

**Strategic Role of Strategic Management Accounting Towards Enhancing
SMEs Performance in Iraq**

By

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in Fulfillment of the Requirement for the Masters Degree
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ABSTRACT

The concept of strategic management accounting is related to the provisions and use of accounting information by people in the organization such as the management and the managers, for the purpose of making business decisions that would allow them to have competitive advantage and able to effectively control the firm's activity. The major purpose of this study is to investigate strategic role of strategic management accounting towards enhancing SMEs' performance in Iraq. The study generated data from 101 SMEs in Iraq through a cross-sectional questionnaire survey approach using drop and pick means of data distribution. The findings from the hypotheses tested show that factors such as: information, people and government policy are key factors impacting SMEs' performance. This further suggests that these factors are crucial in enhancing SMEs performance. However, the findings also show that technology does not affect the SMEs' performance. The same finding occurred on the relationship between strategic management accounting and SMEs performance. However, these results should be interpreted with caution bearing in mind the environment upon which this study was conducted. This study would be of benefit to both researchers and SMEs owners as it would provide a guideline upon which decisions regarding SMEs performance are to be made while also acting as springboard for future research. Based on the findings obtained in this study, the study concludes that information, people and government policy are significant factors required to enhance SMEs' performance.

Keywords: Strategic management accounting, SMEs performance, government policy, people

ABSTRAK

Konsep perakaunan pengurusan strategik yang berkaitan dengan peruntukan-peruntukan dan penggunaan maklumat perakaunan oleh orang-orang di dalam organisasi seperti pengurusan dan pengurus, bagi maksud membuat keputusan perniagaan yang akan membolehkan mereka mempunyai kelebihan daya saing dan berupaya untuk mengawal firma aktiviti. Tujuan utama kajian ini adalah untuk menyiasat peranan perakaunan pengurusan strategik ke arah meningkatkan prestasi PKS di Iraq. Data kajian ini yang dihasilkan daripada 101 PKS di Iraq melalui pendekatan keratan rentas tinjauan soal selidik yang menggunakan drop dan memilih cara pengagihan data. Penemuan daripada hipotesis diuji menunjukkan bahawa faktor-faktor seperti: maklumat, sumber manusia dan dasar kerajaan adalah faktor utama yang memberi kesan kepada prestasi PKS. Ini seterusnya menunjukkan bahawa faktor-faktor ini adalah penting dalam PKS meningkatkan prestasi. Namun, penemuan ini juga menunjukkan bahawa faktor teknologi tidak menyumbang kepada prestasi PKS. Dapatan yang serupa di dapah dalaw hubungan diantara pengurusan perakaunan strategik dan prestasi PKS. Walau bagaimanapun, keputusan ini harus ditafsirkan dengan berhati-hati dengan mengambil kira persekitaran di mana kajian ini dijalankan. Kajian ini akan memberi manfaat kepada penyelidik-penyelidik dan pemilik PKS kerana ia akan menyediakan satu garis panduan apabila keputusan mengenai prestasi PKS dibuat pada masa yang sama juga bertindak sebagai batu loncatan untuk masa depan yang research. Based pada penemuan yang diperolehi dalam kajian ini, kajian ini menyimpulkan bahawa maklumat, rakyat dan dasar kerajaan adalah faktor penting yang diperlukan untuk meningkatkan prestasi PKS .

Keywords: Pengurusan perakaunan strategik, prestasi PKS, dasar kerajaan, orang-orang

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CHAPTER 1

INTRODUCTION

1.0 Introduction

The concept of strategic management accounting is related to the provisions and use of accounting information by people in the organization such as the management and the managers, for the purpose of making business decisions that would allow them to have competitive advantage and able to effectively control the firm's activities (Uyar, 2010; France, 2006). Strategic management accounting in particular is more popular among large firms. However, lately the popularity has been extended to SMEs. In other words, the role of strategic management accounting cannot be underestimated (Uyar, 2010). It stands as a foundation for making business decisions that would improve or positively affect the performance of firms. It helps firms to have better competitive advantage over competitors.

However, one major issue confronting SMEs across the globe is the inappropriate financial management resulting from the lack of strategic management accounting practices (Shehab, 2008). Okpara et al. (2007) pointed out that the lack of financial management has contributed to SMEs failures. The case of SMEs in Iraq is no different as many of them are lacking proper financial planning and decision-making (Shehab, 2008). No doubt, a good financial planning and decision making is indispensable for the SMEs performance particularly in these present days where competition seems to be very high among the SMEs firms (Shehab, 2008). To address this problem requires firms to practise strategic management accounting system as suggested by Shehab (2008). This present study therefore investigates the role of strategic management accounting on SMEs performance in Iraq.

1.1 Background

Generally, the concept of strategic management accounting is no longer new in most fields like accounting, marketing management, business management and etc. Hence; it has come across many fields of human endeavour. Strategic management accounting is considered both financial and non-financial in nature and it is often used for the purpose such as making of decisions, execution of decisions and controlling of decisions to ensure it does not go beyond the boundary of such decision. Specifically, the accounting unit or department is responsible to provide management accounting information that is necessary and required by the management.

A few decades ago, strategic management accounting was always associated with the larger firms. However, today, the strategic management accounting has been adopted by small and medium firms (SMEs) and this is due to its strategic role in helping respective firms perform better.

In Iraq, a country that is devastated by war and coupled with decades of economic sanctions has witnessed a stagnant and stifled development. SMEs, which are seen as foundation to a country's economy, have made little progress and this is due to high start-up costs and scant government funding as well as lack of accurate financial information from the SMEs owners.

Abdul-Hussein al-Anbaki (www.international business review.net, 2011), Prime Minister Nuri al-Maliki's economic adviser, said "SMEs contributed very little to Iraq's GDP and had so far failed to attract much funding from the government due to the high cost of establishing projects (www.international business review.net, 2011). Iraq has seven state-owned banks and 36 private lenders, but credit is still costly and hard to get". SuhaSalim (www.international business review.net, 2011), head of the credit department in the private North Bank, said "the company

provides loans of between US\$5,000 and US\$250,000 at an interest rate of 10%, to SMEs in the industrial, healthcare, tourism and agriculture sectors. He said “SMEs in Iraq contributed 0.5% to GDP. “Encouraging, supporting this sector could add a big value to the Iraqi economy,” he said, adding that the company was hoping to arrange 3,000 loans this year which would create 305,000 new jobs”.

Iraq has around 35,000 licensed industrial projects, but 85% of these businesses lie idle and the remaining 15% work at 20% of their designed capacity, Basim Jameel ([www.international business review.net/SouthAsiaTheMiddleEast/NewsInBrief](http://www.internationalbusinessreview.net/SouthAsiaTheMiddleEast/NewsInBrief), 2011). Therefore, reviving Iraq's SMEs industry is crucial in helping to resuscitate the economy and create jobs, said Sherwan Mustafa ([www.international business review.net/SouthAsiaTheMiddleEast/NewsInBrief](http://www.internationalbusinessreview.net/SouthAsiaTheMiddleEast/NewsInBrief), 2011), manager of the Iraqi Company for Financing SMEs, which was established in 2009 by USAID. On this note, the role of strategic management accounting becomes very crucial and important in order to assist the SMEs to improve their performance. Therefore, the study examines the role of strategic management accounting towards the SMEs performance in Iraq.

1.2 Problem Statement

Sherwan Mustafa ([www.international business review.net/South Asia TheMiddle East/News In Brief](http://www.internationalbusinessreview.net/SouthAsiaTheMiddleEast/NewsInBrief), 2011), Manager of the Iraqi Company for Financing SMEs has affirmed that reviving Iraq's SMEs industry is crucial in order to resuscitate the economy and create jobs. He contended that one of the ways by which the SMEs could be revived is through the financial information which is provided through proper and systematic strategic management accounting information for effective decision makings.

In today's competitive environment, SMEs must seek and rely on correct information. This information should be used to analyse and predict future decisions that would affect the firm performance. Therefore, the SMEs should be concerned with what the rate of return on the money is, whether to buy one piece of equipment or another and which one would generate better profit but not necessarily which one will work best on operational basis, and how to maximize profits from future decisions. Thus, achieving this requires the role of strategic management accounting in ensuring that decisions concerning the performance of the firm are duly met.

However, a critical observation would indicate that many SMEs firms have always focused on the traditional financial accounting information in making decisions concerning product quality, operational efficiency, cost reduction and others and this has proven very difficult and sometimes, badly affected the management decisions. Thus, the traditional financial accounting information could not do much for the management in affecting SMEs decisions that could improve the firm performance. This is because the information provided by traditional financial accounting seems very unsystematic and has limited functions (Norma & Paolo 2010). Therefore, SMEs must look for an alternative approach that would help them to improve their decision making, cost efficiency and operational efficiency and in turn, improve their performance. To achieve this, it is critical that firm reevaluate their management practice of decision making and one of the ways of getting this information is through strategic management accounting system. Due to the fact that SMEs are also searching for financial information like the large firms, it becomes very crucial for them to implement strategic management accounting system. Therefore, strategic management accounting has now become must use for SMEs that intend to improve performance.

Shehab(2008) found inappropriate financial management among SMEs resulting from lack of strategic management accounting unit and strategic management accountant in the SMEs firms. Okpara et al., (2007) specifically pointed out that lack of financial management has been identified as the root cause for SMEs failures. Statistics have shown that the failure rate of SMEs are high and thus, is quite sympathetic. For instance, Reiss (2006) noted that more than 50% of small business fails within five (5) years of their start-up. Accordingly, Papulová and Mokroš (2007) reported that 80% of enterprises fail within 5 years. In Australia, Watson (2003) also indicated that in small businesses, failures are as high as 23%. Similarly, in Malaysia, Portal komuniti KTAKI (2006) put small businesses failure rate at 60%. In other words, all these put together have greatly affected the SMEs performance.

Furthermore, as indicated earlier, past studies on accounting information are within the context of the Western world. Therefore, studies on this topic are very rare in the context of developing countries such Libya, Iran, and Iraq. Studies have documented that environment and cultural practice differ greatly (Okpara et al. 2007). Thus, there is a need for a study that would take into account the environment of the developing countries such as Iraq and others; this is because developing countries are known to be prone to corruptions, embezzlement, lack of management accounting information, bad government policies and also have high record of SMEs failures. Thus, within this context, another gap hereby exists in which Iraq is included. Therefore, this study will address this issue by investigating the role of strategic management accounting towards improvement of SMEs performance particularly in Iraq.

Due to the fact that strategic management accounting involves a well and systematic planned system of data collection, processing, storage and dissemination of data and execution of the data

by the management for the purpose of decision making and performance improvement, it is therefore crucial that the role of strategic management accounting in SMEs firms should be investigated. Based on this, the present study investigates the role of strategic management accounting on the SMEs performance.

1.3 Research Question

Based on the problem identified in the problem statement of this study, the following research questions are formulated;

1. What is the strategic role of strategic management accounting in SMEs performance enhancement?
2. What is the relationship between strategic management accounting and SMEs performance in Iraq?
3. What are the factors significantly affecting SMEs performances in Iraq?

1.4 Research Objective

Based on the research question and the problem statement of this study, the following research objectives are formulated;

1. To determine the strategic role of strategic management accounting in SMEs performance enhancement.
2. To investigate the relationship between strategic management accounting and SMEs performance in Iraq.
3. To investigate the factors significantly affecting SMEs performances in Iraq.

1.5 Significance of the Study

1.5.1 Theoretical Implication

Ultimately, the significance of this study is not farfetched; hence, undertaking this study has been justified on the basis of the identification of the theoretical gaps in relation to the strategic role of management accounting in enhancing SMEs performance in Iraq. Therefore, the results of this study have the potential to provide a better understanding on the strategic role of strategic management accounting on the enhancement of SMEs performance in Iraq, as well as that of the effectiveness of strategic management accounting especially among SMEs owners, managers and accountants who are involved in the daily use of accounting information.

1.5.2 Managerial Implication

This study could also provide useful information for all strategic management accounting information users both, the external and internal. The findings would provide better information for the external users (such as Iraq government accounting management board) to have a sound knowledge on how best to evaluate and judge the SMEs performance. Equally, the internal users would also benefit from this, by using the information to make decision for the company and how best company information can be managed.

Accordingly, the public is not left out of this. The findings would provide useful information on how strategic management accounting information can be free of illegality and prevent unauthorized parties from obtaining information about companies without authorization.

Finally, at the end of this study, it is hoped that the findings would provide an avenue and stand as a foundation for further research in this field or specifically on this topic.

1.6 Scope of the Study and Limitation

This study examines the strategic role of strategic management accounting among SMEs in Iraq. The findings of this study may lack a wide generalizability due to small number of respondents. Specifically, this study focuses on SMEs in Iraq only. Time constraint to carry out this research is another limitation. Thus, the quality of this work might be affected. Finally, only a few variables are examined in this research work.

1.7 Thesis Organization

The thesis is organized in five chapters. Chapter one highlights the general introduction, the research problem statement, research question, research objective and the limitations of the study. Finally, summary of chapters are also highlighted in this chapter.

Chapter two focuses on the literature reviews that provide secondary data in addressing the research questions. Therefore topics such as defining SMEs and Strategic management accounting, SMEs in Iraq, technology, information, and government policy are examined in this chapter.

Chapter three focuses on methodological issues such as research design, theoretical framework, construction measurement, sample and data collection procedure, and finally, the chapter takes care of the research hypotheses development.

Chapter four mainly capitalizes on two major issues. First, the chapter focuses on the data presentation and secondly, it provides the analysis of the data. Thus, issues such as, reliability, validity, correlation analysis and regression analysis are all examined.

Finally, chapter five deals on three main topics. It deals with discussion from the research findings, recommendations, limitations and suggestions for future studies.

1.8 Operational Definitions

Small and Medium Enterprises: SMEs in this research refers to any firms with the employee's capacity ranging between 10 and 250 and whose employees are fulltime workers.

Strategic management accounting: it is operationalised as any accounting planning, experience, implementation and execution of strategic management accounting program by the SMEs.

Technology: it is conceptualized as any accounting software, accounting computer knowledge and accounting IT application by the SMEs.

Information: based on American Accounting Association (AAA, 1971), the study operationalised information as any quantitative information of an entity that is based on observation and prepared in accordance to a set of rules or standard that is use for decision makings by the management.

People: the study operationalised people as those who are involved in implementing the strategic management policy in the organization or in the SMEs firms.

Government Policy: Shehab (2008) defines government policy to include any assistance such as financial, training, advisory and regulatory. Based on this, the present study operationlised government policy as any form of government assistance extended to the SMEs.

SMEs Performance: this is operationalised as to the extent to which SMA users perceived SMA to have fulfilled their business requirement (Shehab, 2008).

1.9 Chapter Summary

The study investigates the strategic role of strategic management accounting and how strategic management could be used to enhance the SMEs performance in Iraq. This introductory chapter has provided information on the background of the study. It is followed by the research questions and research objectives. Finally, it highlights the scope of the study which includes the anticipated limitations.

CHAPTER 2

LITERATURE REVIEW

2.0 Strategy and Management Accounting

The concept of strategy is quite ambiguous and it has several definitions. To start with, the concept of strategy could be divided into corporate, business unit and functional strategies. Strategy research could be broadly divided into three phases: the classical strategy and structure research, analytic strategy research including so called generic strategies and more recent subjectivist oriented and process oriented research (Quinn, James and Mintzberg 1988). Cooper (1996) introduced such concepts as survival zone, confrontation strategy and simultaneous importance of product functionality, quality and price under intensive competition. Miles and Snow (1978) categorized different strategic types such as: defenders, prospectors, analyzers and reactors. This is according to the manner firms response to prevailing environmental factors and ways they configure technology, structure and processes to achieve the firms' core strategic objectives.

The first two categories of strategic management orientation and thought treated strategy as quite unproblematic field. Strategies are believed to be formulated in linear, rational, systematical and analytical ways and they are seen as proactive and formal plans for achieving firm objectives in ensuring its survival (Dent 1990). However, Lindblom (1959) saw strategies surviving somehow by "muddling through" of incremental and unrelated decisions and actions. Mintzberg et al. (1976) argued that decision making were continuously interrupted, continued and repeated, thus precluding any element of consistency. Expressing similar position, Pettigrew (1985) averred that the strategic decision making constituted of conflicts and fights between different coalitions

or segments within an organization. These organizationally grounded researches see strategic decision as a messy, disorderly and disjointed activity with conflicting interests. According to the incremental strategy perspective, strategic management is not linear and rational action but strategies are formulated or emerged through social processes, and the emphasis is thus in the process view and the role of actors in this process can be seen as increasing (Pettigrew, 1985).

According to Quinn (1980), incrementalism in strategic management formulation did not arise via muddling through, but it is a purposeful, conscious, effective and systematic executive practice based on iterative series where strategies are generated and implemented incrementally. The interpretative strategy perspective assumes that reality is socially constructed and it holds that complexity of strategic management is due to the attitudinal and cognitive complexity among diverse stakeholders (Johnson 1987, Santala 1996). Thus, it is argued that managers shape the minds and attitudes of the organization's members in a way that is expected to produce favourable results (Chaffee 1985, Pettigrew 1985, Santala 1996), while strategy is a mental image, an abstraction, which exists only in minds. In essence, strategic management is a tool to manage organization's culture while motivation and commitment are essential success factors and the scope of the strategic management is not just on the top management, but it is an organization-wide issue.

2.1 Management Accounting

Management accounting can be conceived as a system of measuring and providing operational and financial information that guides managerial action, motivates behaviours, and supports and creates the cultural values necessary to achieve an organization's strategic objectives (Bell, Ansari, Klammer and Lawrence). There are four key ideas contained in this definition of

management accounting. These are the nature, scope, purpose, and attributes of management accounting. The definition shows that by nature management accounting is a measurement process. It shows that the scope of management accounting includes financial information, such as cost, and operational information, such as percentage of defective units produced. It highlights that the purpose of management accounting is to help an organization reach its key strategic objectives. It is not meant for mandated financial and tax reporting purposes. And, finally it shows that good management accounting information has three attributes which are technical, behavioural and cultural.

This definition of management accounting contains some ideas that are different from other definitions. For example, the Institute of Management Accountants (1981) defines management accounting as the process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of financial information used by management to plan, evaluate, and control within an organization and to assure appropriate use of and accountability for its resources. Management accounting also comprises the preparation of financial reports for non-management groups such as shareholders, creditors, regulatory agencies, and tax authorities. This definition emphasizes what management accountants do while the earlier ones did include this but more importantly emphasizes the purpose that management accounting is deployed to achieve.

Management accounting systems report the results of operations using financial and nonfinancial measures. These systems also help to project and plan future operations. Learning the procedures for measuring, collecting, reporting, interpreting, and presenting these data to managers is the subject matter of managerial accounting. The fundamental purpose of management accounting is

to help an organization achieves its strategic objectives. Meeting these objectives satisfies the needs of its customers and other stakeholders. To have strategic value, management accounting must help accomplish the three strategic objectives of quality, cost, and time by providing information that links the daily actions of managers to the strategic objectives of an organization; enables managers to effectively involve in the entire extended enterprise of customers, suppliers, dealers, and recyclers in achieving the strategic objectives; and takes a long-term view of organizational strategies and actions. Thus, management accounting is not an end by itself rather an important tool for achieving an organization's strategic goals. Hence strategic management and management accounting are intrinsically linked as they are both directed at helping to achieve organizations' strategic objectives.

Management accounting and strategic management are always parts of the same management and control processes. Strategic management belongs in the strategic level while management accounting traditionally belongs more or less in the tactical level. That said, the relationship between the two is however, not so simple as classical planning model implies. According to Simons (1991), management control systems could not only be used to control current strategies, but also to formulate new strategies, if they are used interactively. Thus, the relationship between management accounting and strategic management is not necessarily a unidirectional and linear relationship. Conventionally strategic planning and management accounting have been considered as belonging to different parts of the management process. Strategy is typically outwards oriented while management accounting looks inwards to the company. Strategy is for future reference, qualitative and long term while management accounting is current, quantitative and short term oriented. The focus of strategy is often the whole company or total value chain and strive to create synergy while management accounting splits company into separate

controllable parts (Hartman 1993). Thus, the development of strategic management accounting entails the combination of the processes of strategic management with management accounting with the ultimate aim of aiding the realization of firm's strategic objectives and ensuring its survival.

2.2 Development of Strategic Management Accounting

The academic field and practice of management accounting has undergone tremendous transformation. Roslender and Hart (2002) note that it has been the site for growing array of developments designed to restore the relevance of accounting to management. One of the most noted vanguards in the re-invention of management accounting practices in contemporary time was Kaplan. Kaplan contribution to the re-invention of management accounting practices in the 1980s involves the promotion of Activity-Based Costing. As Otley (2001) notes, Activity-Based Costing has given rise to the prominence of other management accounting sub-issues- the most important being Activity-Based Budgeting, Activity-Based Cost Management and Activity-Based Management. Otley (2001) contends that perhaps it is in the cost management process itself that the biggest adaption in management accounting practices has taken place. Thus, Kaplan's work can be seen as part of a more general movement to adapt and change the management accounting practice. Arguably, one of the most noted outcomes of the process of adaption and change that the work of Kaplan gave rise to in the process of management accounting practice was the emergence of strategic management accounting as a new form of management accounting practices and processes.

Though of profound influence in the practice of management accounting, Roslender and Hart (2002) note that the existence of some form of link between recent developments in management

accounting and strategy literature has resulted in some form of conceptual flux in the way strategic management accounting is used in the literature. Substantiating their claim Roslender and Hart (2002) argued that in the literature where the term strategic management has been used, three related meanings can be identified. First, strategic management accounting is used to refer to the totality of developments with the new management accounting practice, as a synonym for accounting for strategic positioning of firms. It is in this way that Smith, (1997), Innes (1998), and Cravens and Guilding (2000) have made use of strategic management accounting. Second, a number of writers have also referred to a range of attempts to bring together the strategy literature and management accounting as strategic management accounting. It was in this sense that Lord (1996) and Bhimani and Keshtvarz (1999) have used the concept of strategic management accounting. The third usage was that associated with the conceptualization of strategic management accounting as used by pioneers like Simmonds and Bromwich.

Although the term strategic management accounting was coined by Simmonds around 1980, it was however, not taken seriously until the late 1980s. Strategic management accounting in management accounting evolution did not entail the introduction of very many specific new techniques; rather it represents a change in emphasis in the use and application of management accounting information. In developing their ideas, Simmonds and Bromwich have consistently used the term in a narrow sense, Roslender and Hart (2002) note. For these two pioneer scholars strategic management accounting is a specific form of approach to the provision of accounting information to address firm management of related challenges. Simply stated, strategic management accounting refers to a form of management accounting in which emphasis is placed on information which relates to factors that are external to the firm, non-financial information and internally generated information. Simmonds (1981), arguably one of the most important

pioneers on the subject, conceives strategic management accounting as the collection of management accounting information about a business enterprise and its competitors for use in developing and monitoring business strategy and performance. Simmonds (1981) particularly gives great emphasis to the relative levels and trends in real costs and prices, volume, market share, cash flow and the proportion demanded of a firm's total resources relative to the resources available to the firm.

In the words of Otley (2001), strategic management accounting focused attention upon parties and issues external to the organization, most notably customers and competitors. Strategic management accounting could be broadly described as a long range, future and outward looking approach that tries to cope with new views from within a business organization as well as it might include non-financial measure. It is also defined as the provision and analysis of financial information on firm's product markets and competitors costs and cost structures and the monitoring of firm strategies and those of its competitors in the markets over time with the aim of enhancing firm's performance and its long term sustainable cost advantage (Bromwich, 1990). This conceptualization approximates the earlier definition by Simmonds (1983; 1981); Porter (1985) and Shank and Govindarajan (1989) and the latter definition as provided by Bromwich and Bhimani (1994) and Shank and Govindarajan (1993). Strategic management accounting practices exist in different forms within firms seeking to use financial and non-financial information as well as external market-based information. Aside from these, strategic management accounting is also subject to wider contextual influences including industry-specific effects.

Roslender and Hart (2002) note that strategic management accounting can be conceived as management accounting that is focused externally, on the final goods market, and which is concerned with products, customers and competitors. Adding a new dimension to its reach, Wilson (1995) notes that strategic management accounting defining characteristics is the management accounting interface with marketing management. Conceived in this way, strategic management accounting is fundamentally a multidisciplinary development, a novel mix of marketing and management accounting themes and practices to be deployed in the pursuit of enhancing firm sustainable competitive advantage. It represents a much richer development than the forms of marketing and managerial accounting collaboration envisioned by Foster and Gupta (1994) in the conclusion to their study on the overview of the interface between marketing and management accounting.

Roslender and Hart (2002) note that when strategic management accounting is conceived in a multidisciplinary perspective that incorporates ideas drawn from management accounting and marketing management, it represents one of the generic approaches to deploying accounting for firm strategic positioning. When viewed from this perspective, the techniques associated with strategic management accounting include competitor position analysis, target costing and life cycle costing. In addition to these, it is also informed by product attribute analysis, buyer value chain analysis and contestable market theory. The aggregation of the analyses of varying issues that impacted on firm operation highlighted the importance of external and non-financial information to the effective deployment of strategic accounting management information for positioning firm to take advantage of competitors and market information to drive firm sustainable competitive advantage and enhance firm performance and growth. This external

orientation has been viewed as the defining feature of strategic management accounting by the approach proponents, Roslender and Hart (2002) argued.

2.2.1 Bromwich's Perspective of Strategic Management Accounting

To date, the most developed discussion on strategic management accounting has been that contributed by Bromwich (1988; 1990; 1991; 1992; and 1996). Taking insight from Simmonds earlier work, Bromwich (1990) defines strategic management accounting as the provision and analysis of financial information on the firm's product markets and competitors' costs and cost structures and the monitoring of the enterprise's strategies and those of its competitors in these markets over a number of periods. In contrast to Simmonds, the external emphasis that characterizes strategic management accounting is now seen to focus principally on the market rather than on competitors. Bromwich alluded to this when he notes that:

It is in these (final goods) market that customers have to be retained and captured from other firms and where competitors strive to compete, not just in terms of lower product cost, higher quality and better delivery in times, but over the whole range of strategic variables (Bromwich, 1990: 27).

Bromwich perspective on strategic management accounting represents a synthesis of target cost management and Porter's work on competitive advantage and was also underpinned by two economic theories; that of Lancaster on product attributes and Baumol on contestable markets (Bromwich, 1990). In a latter work with Bhimani, Bromwich distinguishes his approach from that of Shank and Govindarajan (1989). In the piece Bromwich and Bhimani (1994: 130) averred:

There seem to be two dominant approaches to strategic management accounting. One seeks to cost the product attributes provided by a company's product. It is these

which are seen as attracting consumers. The other approach is to cost the functions in the value chain which provide value to the consumer.

The novelty of this comparison is the emphasis on products and their attributes, which when taken together with the concern of embracing a market orientation reaffirm the defining interdisciplinary and multi facet approach that have come to characterize the approach of strategic management accounting to the deployment of information for enhancing firm performance and competitiveness.

Bromwich (1994) notes that adding strategic perspective to the traditional management accounting requires the role of accounting to extend in two directions. The first relates to the need to integrate costs into strategy through strategic cost analysis, thus aligning costs with strategy. The second direction involves the need to ascertain, albeit in a fairly general way, the cost structure of competitors and the need to monitor inherent changes over time. Bromwich highlighted two distinct approaches in achieving this end. These approaches are: costing product attributes provided by the company products; and costing the functions in the value chain which are perceived as giving value to the customer. Traditional management accounting is perceived as inadequate in achieving this end as it concentrates on manufacturing and neglects the high cost post-conversion activities, ignores the impact of other activities, fails to assess the relative cost position of competitors and its over reliance on existing accounting systems. In contrast, strategic management accounting has become essential in achieving the integration of costs into strategy given that it places emphasis on relative cost position, the way in which a firm may secure sustainable cost advantage and cost differentiation between firms (Bromwich, 1994).

2.2.2 Simmonds's Perspective of Strategic Management Accounting

Despite Simmonds (1982; 1986) assertions to the contrary, strategic management accounting in the form of competitive position analysis, entailed a major departure from the mainstream of contemporary management accounting. Much of the information that strategic management accounting sought to provide on costs and prices, sales volumes and market shares, cash flows and resource consumption was some distance removed from the usual province of management accounting and its strong external financial reporting underpinnings. This affirmed Roslender and Hart (2002) position that other inclusive of marketing manager might have been able to make a major contribution to promoting strategic management accounting in the assessment of firm competitive position relative to its competitors within the industry.

Given the discussion above, it becomes clear that strategic management accounting systems include a wide array of techniques. The balanced scorecard, profit-linked performance measurement systems and strategic variance analysis are common and well-utilized. Their implementation and effects on companies are best considered in visionary and creative terms. Apart from cost and benefit analysis, understanding organizational context from a long-term spectrum is the key to the implementation of an effective strategic management accounting system. Aside from this, strategic management accounting process also encompasses numbers of identified management accounting practices. These other management accounting techniques includes: attribute costing; brand value budgeting and monitoring; competitor cost assessment; competitive position monitoring; competitor appraisal based on published financial statements; life cycle costing; quality costing; strategic costing; strategic pricing; target costing; and value chain costing (Cravens and Guilding, 2001). It should be highlighted that the criteria adopted for determining whether a management accounting practice qualifies as strategic management

accounting do not need to relate to the proximity of the accounting practice to the needs of those managers charged with managing corporate strategy. Rather, they should relate to the extent to which a management accounting practice embodies strategic orientations directed at enhancing firm sustainable competitive advantage and aiding greater firm performance.

2.3 Technology

ECA (2001) notes that in order to foster the economic performance and competitiveness of SMEs, functional, high-quality basic infrastructure is required. An optimal physical and information technology infrastructure includes a good, well maintained road network, functional airport and seaport, a stable power supply and an extensive telecommunication network. Othman (2005) affirmed that technology infrastructure impact in a significant manner on rural development as it has the potential to stimulate the establishment of new SMEs and buoyed the growth of previously existing ones. Technology which deals with modern computer application and software assist the SMEs in the processing of information for the purpose of effective and efficient organizational management. However, this is contingent on the optimal provision of other infrastructural facilities notably stable power supply. Arowomole (2000) noted that the impact of technology on the SMEs is overwhelming as it facilitates speedy making and communication of management decisions within firms and to other establishments.

While economic policy debate has gone through cycles of arguing for and against state intervention, the provision of infrastructure has always been regarded as one of the main tasks of the state. While the private sector can participate in making infrastructure effective, its regulation is above all a state function. The importance of infrastructure and communication technology to firm performance inclusive of SMEs has increased of recent because of the changing nature of

market competition. A well-developed infrastructure for moving goods from factories to ports and for rapid internal and international communication can greatly reduce business transactional cost and enhance firm performance. On the contrary, long delays in obtaining telephone and electricity connections by firms raise production costs and contribute to waste of scarce resources and management time thus reducing firm performance. Given the scarcity of resources and the enormous need for infrastructural improvements in poor countries, a focus on the connectivity of SMEs (in terms of information and material flows) is required. ECA (2001) notes that ensuring the provision of optimal communication and information infrastructure will greatly aid SMEs performance in developing and transitional economies.

2.4 Information

The present globalization of business has compelled many firms including SMEs to seek and rely on information. This information is used to analyse and predict future decisions that would affect the SMEs performance. Soleman (2008) noted that information system which is part of information could affect organization. Therefore, SMEs must concern themselves with accurate information that would translate to SMEs performance.

However, information depends on three major characteristics. These characteristics include: accuracy of the information, consistent and timely.

- **Accurate:** this implies truthful and correct information that would assist the SMEs managers in their decision makings. Therefore, if SMEs want to survive and continue to exist in the market, they need to source for accurate and correct information. By so doing, they will improve their decision makings.

- **Consistent:** this means that information should mean the same things to everyone in the organization and any other sections that make up the organization. Therefore, the SMEs should ensure that the information available for the managers should be the same with that of the employees.
- **Timely:** It is one thing to get accurate information and it is another thing for this information to be available at the actual time that it is needed for usage purpose. Thus, there is a need to match accurate information with time. This is because information that is late is no longer useful for decision making. Therefore, SMEs managers should try as much as possible to always provide information at the most appropriate for effective decision makings that will further aid the firm performance.

2.5 People

The Economic Commission for Africa in a report on enhancing SMEs performance notes that it is widely acknowledged that the development of a country's industrial and entrepreneur capabilities require investment in human capital (ECA, 2001). ECA (2001) notes that with the increasing pace of technological change, the spread of information technologies and intensifying competitive pressures, the need for specific skills have become even more demanding. People imbued with skills in technologies and entrepreneurship is not just employees, they constitute the heart and driving force of any business whether small or large.

People are the employees in an organization that help to carry its functions and tasks for the purpose of achieving the set organizational goals and objectives. Stajkovic and Luthans (2003) affirmed that people affect the organizational performance in significant manner. Reiterating the importance of employee to firm performance, Pfeffer (2007) argued that "how people are

managed and their attitudes go a long way to positively and significantly predict a number of dimensions that moderate every aspects of organizational performance. The people in the organization help to implement and execute the strategic management accounting policies which affect the performance of an organization. Given the centrality of human resource to firm performance therefore, it can be safely deduced that people are an important aspect that must be considered in any discussion of the contribution of strategic management accounting and firm performance.

2.6 Government Policy

Government actions and policy decision play significant roles in determining firm performance and the level of their contribution to national economic growth and development. Malhotra, et.al (2006) note that over the past two decades, SMEs have become targets of policies aimed at promoting economic growth and employment in developing countries. This was mainly in recognition of the roles that SMEs play in development. Governments and donor agencies have advocated paying special attention to SMEs given their particular contribution to poverty reduction, employment generation, and private sector development. However, Malhotra et.al (2006) note that despite this growing interest, the debate on SMEs remains controversial within the development community, especially in light of the poor results of traditional pro-SMEs government policies especially in developing and transitional economies. In particular, the conceptualization of SMEs assistance in terms of welfare and social protection rather than firm efficiency and sustainability has led to overly protectionist policies that have actually hindered development of the private sector.

Shehab (2008) found that government policy is significant in predicting firm performance. Shehab (2008) argued that government policy play a crucial role in determining the success of SME. For instance, in Iraq it was reported that government policy in terms of paucity of government funding and lack of a robust and coherent financial assistance policy targeted at encouraging entrepreneur activities has slowed down the rate of SMEs growth and development. Much as the importance of SMEs to economic growth and development is touted, it will be difficult to realize the potential of SMEs as it relates to national development without the provision of enabling institutional and business friendly environment by national government.

ECA (2001) notes that in discussing the requirements for a favourable policy environment that can aid SMEs growth, it is important to distinguish between requirements relevant to all enterprises irrespective of size and those which are particularly important for SMEs. ECA (2001) notes that it is commonly agreed that there are two elements which help all enterprises: first, is a stable macroeconomic environment characterized by tight inflation control, low budget deficits, and competitive real exchange rates. The second element relates to an outward-oriented, market friendly trade and industrial policy regime which reduce import controls and tariffs in a more gradual and incremental manner.

Government regulatory laws and policy environment when misdirected often constitute impediment to firm performance, competitiveness and growth thus harming rather than aiding the course of economic growth and development. Spath (1992) highlights four features of government and policy environment which work against SMEs and which government of developing and transitional economies need to change. The first is the bias in overall policy incentive of government. Spath (1992) notes, that many developing countries pursued a strategy

of accelerated industrialization based on the promotion of large-scale enterprises. Government policies directed at grooming large scale enterprises often inadvertently discriminated against SMEs, thus hampering competition and innovation. The second problem relates to the issue of centralized administration and its hampering of innovation that can promote SMEs by local level officials. The third problem is the issue of bureaucratic red tape and its obstruction of SMEs growth and lastly, there is the problem associated with institutional growth traps. This arises when well-intentioned government policies limit the expansion efforts of small firms.

Implementing an appropriate regulatory and policy environment in which business can flourish is a long and costly process that requires the commitment of the different parties involved. This process is however, more contingent on the government. Government regulation and other policies determine business operating environment in a country and the policy on environment to a large extent does encourage or constraint SMEs performance, competitiveness and growth. Poor regulatory environment often results in the substantial increase of transactional cost of SMEs and putting them at a disadvantage. Poor regulatory environments are inimical to the development of good entrepreneur spirit and constitute impediment to SMEs growth and performance. While it is true that government alone cannot create the enterprise culture needed to promote SMEs development, but their actions can destroy or facilitate it (OECD, 2004). Thus, government policies and decisions, laws and regulations are important in any consideration of firm performance.

2.7 Small and Medium Enterprise

Small and medium-sized enterprises (SMEs) are said to be the most important sector of a nation's economy based on their perceived and actual contribution to economic growth and

national development. Ruth (2000) notes that SMEs provide and create jobs; especially during time of economic recession; they are a source of business innovation and entrepreneurial spirit; they harness individual creative effort; and they create competition and are the seed bed for businesses of the future. It is in recognition of their importance, that one can appreciate Hill (2001) positions that SMEs play an increasingly important role in many economies. Ruth (2000) also acknowledges that small and medium-sized firms are of vital importance for a healthy and dynamic market economy.

The SMEs sector is vast as it varies across countries. In the UK, nearly 99 percent of all enterprises fall into the categorization of SMEs. In Europe, around 90 percent of all enterprises are small or medium sized and the percentages are similar in countries all over the world (Ruth, 2000). Advances in technology that allow more flexible production methods, the reorganization, downsizing and outsourcing by large firms and the increase in franchising and self-employment all have encouraged the multiplication in the number of small and medium-sized enterprises. Much as the SMEs are crucial to economic growth and development, they are also plagued by numerous problems that constitute constraints on their performance and dampened their impacts on the economic. More than any other forms of businesses, SMEs are more prone to experience collapse or stunted growth, they suffer more financial problems, they often find it difficult to adapt to changing markets and new business environment; and they lack the human and financial resources to tackle new pressures such as environmental regulation among others challenges (Ruth, 2000).

Any study on small and medium enterprise has to meet head-on the use and abuse of the term small and medium-sized enterprise as the term small and medium enterprise is often used in a

catch-all manner. Though size matter in any definition of small and medium enterprise, however, daily businesses interactions are normally constructed around issues of customers and suppliers, profit margins and cash flow, growth and the markets as Ruth (2000) explains. Although definitions for small and medium enterprise are blunt instruments in the efforts to grapple with the complexity of what constitute SMEs, however this has neither precluded nor deterred attempts at defining SMEs. There are two broad categories of SMEs definition: the operational and theoretical definitions. In an effort to encourage convergence of opinion different national agencies and international institutions have given standardized definitions of SMEs. Most of these definitions like that of the European Union Commission (2005; 1996) use a combination of attributes that includes; number of employee, turnover or balance sheet total, and ownership to classify enterprises. Though effort at standardization of definition is a welcome development, it needs to be noted that standardization of definition has do little to help academics, policy planners, national government, international agencies and entrepreneurs in understanding the diversity and complexity of what small and medium-sized enterprises entail and the challenges they face.

2.7.1 Economic Cooperation and Development (OECD) Perspective on SMEs

In its discussion on SMEs, the Organization for Economic Cooperation and Development, OECD (2004), notes that the characteristic of SMEs not only reflects the economic patterns of a country but also the prevailing social and cultural dimensions that are particular to a country. These differing patterns are noticeably reflected within different definitions and criteria of SMEs adopted by different countries, the OECD (2004) contends. Whereas some refer to the number of employees as their distinctive criteria for SMEs, others use invested capital, and some others use a combination of the number of employees, invested capital, sales and industry type. In defining

SMEs within the European Union, the EU Commission (2003) recommendation on SMEs definition states that the category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro. Within the SMEs category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet does not exceed 10 million euro. The commission further states that within the SMEs category, a micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or balance sheet total does not exceed 2 million euro (European Union Commission, 2003).

The definition of SMEs by the European Union Commission takes into consideration three different indicators; staff headcounts, annual sales and assets. Though it is mandatory to abide by the staff headcounts threshold, an SMEs qualifies by falling under either the sales or the assets ceilings in line with commission recommendation to member states. This definition was introduced to ensure that eligible enterprises engaging in different types of economic activities do not lose their status as SMEs. This definition allows enterprises to be treated fairly, as enterprises in the manufacturing industry for example, have lower sales figures than those operating in the trade and distribution industries (USAID, 2007). Contrary to the European Union, the most common criterion used in defining SMEs within the economies of the Asian Pacific Economic Cooperation (APEC) is the number of employed personnel within the business itself. Thus, APEC defines SMEs as enterprises with fewer than 100 employees, whereby, a medium sized enterprise employs between 20 and 99 people, while a small firm is that enterprise that employs between 5 and 19, and a micro firm employs fewer than 5 employees including self-employed managers (USAID, 2007).

2.7.2 National SMEs Development Council of Malaysia Perspective on SMEs

Unlike the two previous definitions, the SMEs definition adopted by the National SMEs Development Council in Malaysia anchors its definition of SMEs on two criteria: number of employees; or annual sales turnover while it also adopts a sector differentiation (UNDP, 2007). Thus for Malaysia, an enterprise is classified as a SMEs if it meets either the specified number of employees or annual sales turnover definition. For instance, in the primary agricultural sector, the council adopted general definition of SMEs is an enterprise with full-time employees not exceeding 50 or annual sales turnover not exceeding RM5 million. In specific term, the Council defines a micro enterprise in primary agriculture as an enterprise with full-time employees of fewer than 5 or with annual sales turnover of less than RM200, 000. A small enterprise in the primary agriculture is an enterprise with full-time employees of between 5 and 19 or annual sales turnover of between 200, 000 and less than 1 million Malaysian ringgit. And lastly, the Council defines a medium enterprise in primary agriculture as an enterprise with full-time employees of between 20 and 50 or with annual sales turnover of between RM1 million and RM5 million (National SMEs Development Council, 2005).

From the scholarly angle, Gore et al. (1992: 115) state that “like the proverbial elephant, the small firm is one of those things that are recognized when seen but difficult to define”. On the discourse surrounding definition of SMEs, Storey (1994), notes that there is no single, uniformly acceptable definition of a small and medium-sized firm. Storey (1994) offers an explanation for this, though noting that a small firm in an industry like petrochemicals, for example, is likely to have much higher levels of capitalization, sales and possibly personnel, than a small firm in the car repairs trade. What this means is that definitions that relate to objective measures of size, such as number of employees, sales turnover, profitability, and net worth when examined at

sectoral level, means that in some sectors all firms may be regarded as small, while in other sectors there are possibly no firms which are small (Storey, 1994: 9). In spite of such an understanding of the nature of small firms, the definitions that do exist tend to focus on such objective measures.

2.7.3 Bolton Committee Perspective on SMEs

One of the most widely accepted definition of SMEs in the literature is still one based on the ideas of the Bolton Committee (1971). They identify three important characteristics that are likely to have a strong effect on management and decision making within a small firm. The Bolton Committee (1971) formulated what they termed an “economic” definition and a “statistical” definition of SMEs. The economic definition suggests that for small firms to be categorized as SMEs, they need to meet three criteria. The first is that they have a relatively small share of their market place; they are managed by owners or part-owners in a personalized way and not through the medium of a formalized management structure; and they are independent, in the sense of not forming part of a larger enterprise. Wynarczyk et al. (1993) discuss key aspects that differentiate small and large firms, noting three issues to be of importance. These are uncertainty, innovation and evolution. There is no doubt that uncertainty is a feature of the smaller enterprise that is characterized by limited resources.

In summary, it is clear that there exists no one uniformly satisfactory definition of a small firm or SMEs. It is also clear that the definitions arrived at by the Bolton Commission are no longer particularly appropriate and have been constantly affected by regional variation in the configuration and operation of SMEs Hill (2001) notes. Whilst it is important to recognize the proliferation of SMEs, it also must be recognized that they are different from large firms. Their

unique characteristics do not always endow them with great influence in their markets but nonetheless, it must be recognized that their size often can afford them competitive advantage. It is also clear that organizational structures in small firms are much less rigid, less sophisticated and less complex than in large firms. This means that the fluid arrangements that prevail in small firms do not inhibit the creativity and flexibility- two of the most important conditions necessary for continued business success Hill (2001) contends.

2.7.4 Global SMEs and SMEs in Iraq

In the foreword to one of its reports, the OECD (2004b) notes that the establishment and nurturing of SMEs is a vital ingredient in creating dynamic market economies in the economic and social development of transition and developing countries. Entrepreneurs are the big drivers of economic growth, innovation, regional development and job creation. A strong and vibrant SMEs sector provides a strong foundation to increase standards of living and to reduce poverty. Small and Medium-sized Enterprises (SMEs) have become one of the best means of economic growth. They also suit emerging economies as proven by the large success of various types of companies. The growth of a healthy, competitive SMEs sector will be maximized when there is a strong enterprise culture in the society at all levels; a continuous growth in the quality stock of independent business; maximum potential for growth of existing small businesses; and a highly supportive economic, social and stakeholder environment.

Despite the internationally recognized importance of SMEs, they still face major challenges in many developing and transitional countries today. The challenges of business entry, survival and growth are often substantial. The availability of financial resources and lack of capacity to handle complex business management issues as well as a complicated and bureaucratic

environment present major obstacles. Addressing these challenges and at the same time enacting policy measures and putting in place policy frameworks that will promote the development of culture of enterprise constitute the broad target areas for policy development in many developing and transitional economies.

In the shaping of public policy framework, it should be recognized that the SMEs sector will be healthy when there are certain support base. According to the OECD (2004b),these includes: the inculcating of a culture of enterprise in society which rewards individual as well as collective initiative and innovation in all its citizens, including the socially excluded and other minority groupings. The first step towards the creation of such a culture lies in education; the promotion of an economic, political and social climate that encourages a high rate of business start up and survival leading to an overall increase of the SMEs stock; a significant proportion of quality businesses contained in the new stock; an economic and social climate which encourages existing SMEs to grow; and lastly, a sympathetic and entrepreneurial stakeholder environment for SMEs.

The last point is of particular importance and highly relevant to the success of policy efforts at promoting the growth of SMEs in developing economies. SMEs development does not take place in a vacuum. If the culture of government, education, regulatory authorities, banks, the professions and the large corporate sector lack empathy with SMEs, it will be difficult for the sector to survive and grow. The stakeholder environment must therefore be as entrepreneurial as the SMEs sector itself. Stakeholder organizations facilitating and supporting entrepreneurship are key elements in the creation of a solid base for enterprise culture. Official policies for SMEs development can be evaluated against their impact upon enterprise culture, start-up, survival and

growth of SMEs, and stakeholder empathy. Each of these criteria feeds off the others. Enterprise culture will be strong where there are high rates of SMEs growth. Where SMEs are dominant features in the local and regional economic and social environment, stakeholders themselves will be influenced and will adjust their behaviour accordingly the OECD (2004b) notes.

Like other developing and transitional economies, SMEs is crucial to economic growth and development in Iraq. The importance of SMEs to sustain growth and development in Iraq is more reify given the destabilizing sectarian violence and general insecurity that emanated from the US led invasion. Iraq is one of the Arab countries located in the greater Middle East and the Persian Gulf. A country devastated by conflict, this coupled with decades of economic sanctions have resulted in the stagnation of development in Iraq. SMEs which are being looked onto as the foundation of a country's economy recovery have made little progress due to high start-up costs and scant government funding as well as lack of accurate financial information from the SMEs owners. Eight years after the 2003 United States led invasion, Iraq's national grid is only able to meet a fraction of its power needs and the country's official unemployment rate sits at 15% although the actual figure is believed to be around 30%. These difficult operating and business environment combined has worked to stifle the success rate of establish SMEs, discourage the establishment of new SMEs by Iraqis and undermine Iraq post-conflict economic recovery programme.

Small and medium enterprises (SMEs) are the engine of economic growth worldwide, and provide many if not most of the jobs outside of the public sector and Iraq is no exception. SMEs access to credit is essential to provide sustainable employment opportunities and improve the living standard of Iraqi people. Unfortunately, SMEs in Iraq have little access to finance from

institutional lenders such as banks. Less than 5 percent of Iraqi SMEs in the formal sector have ever received a bank loan. Indeed, less than 10 percent of SMEs even have a bank account. Without doubt, a SMEs operation in post-conflict Iraq face series of daunting difficulties as is the case in most post-conflict environment. While they face innumerable challenges, the success of SMEs is crucial and pivotal to economic recovery, growth and development in post-conflict Iraq. Indeed, the overall post-conflict peace, stability and development agenda is contingent on vibrant economy of which SMEs operation and success is essential.

Abdul-Hussein al-Anbaki, Prime Minister Nuri al-Maliki's economic adviser, said “SMEs contributed very little to Iraq's GDP and had so far failed to attract much funding from the government due to the high cost of establishing projects ([www.international business review.net](http://www.internationalbusinessreview.net), 2011). Iraq has seven state-owned banks and 36 private lenders, but credit is still costly and hard to get. SuhaSalim, head of the credit department in the private North Bank, said it had financed more than 600 SMEs since 2004 for a total cost of \$191m. Salim notes that the bank, which currently has a capital of \$107m, gives loans of between \$5,000 and \$250,000 at an interest rate of 11 per cent on a monthly pay-back basis. Reviving Iraq's SMEs industry is crucial in helping to resuscitate the economy and create jobs, said Sherwan Mustafa, manager of the Iraqi Company for Financing SMEs, which was established in 2009 by USAID and has helped finance 785 businesses through nine private banks.

Iraqi economists are playing a big role in getting a local SMEs project off the ground. Amin Al-Jabouri, Director Commissioner of the Iraqi Bank Guarantees Company said, “All Iraqi economists are hoping to achieve economic development, and this requires a study of economies that have similar circumstances to Iraq. Al-Jabouri added that although Iraq is in the beginning of

its experiment with SMEs, it has contributed to higher production rates and contained part of the unemployment problem. Al-Jabouri called for more support for work mechanisms for small and medium enterprises, and for a joint mechanism between government and national banks to lend to SMEs because of their effective role in Iraq's economic growth.

An important aspect of policy and programme directed at ameliorating the difficulties that is experience by Iraqi SMEs in accessing funds from institutional lenders notably the banks, is the USAID initiated "*Tijara program*". The core objective of the *Tijara* financial scheme is to facilitate the increase of SMEs access to bank loans that remains the most important institutional source of finance for SMEs seeking loans of \$5,000 or more. The USAID-*Tijara* SMEs Banking strategy is built on three pillars:

- **Risk Reduction:** The Iraqi Company for Bank Guarantees (ICBG - www.icbg-iq.com) will provide guarantees of up to 75 percent of bank loans to SMEs. Capitalized by USAID and 15 Iraqi private banks, ICBG has guaranteed over \$45.041 million of 3,547 bank loans to SMEs since 2007.
- **Funding:** The Iraqi Company for Financing SMEs (ICF-SME-www.icfsme.com) provides attractively-priced finance to Iraqi private banks for lending to SMEs. Capitalized by USAID and nine private Iraqi banks, ICF-SMEs have funded, through its bank network of lenders, over \$20.128 million of 1,080 SMEs loans. Partner banks participating in this programme co-founded more than 24% of the total loan amount from their own deposit resources.
- **Capacity Building:** The USAID-*Tijara* programme offers training and technical assistance to 13 Iraqi private banks. USAID training of the trainers programme is directed

at building in-house training expertise, which in turn improves loan officer lending skills at the USAID partner banks and prepares them to better service the SMEs sector. USAID-*Tijara* has provided information technology equipment and training to one fourth of the SMEs lending units throughout Iraq.

International experience has shown that the best way to increase bank credit to SMEs is to show banks that SMEs banking can be good business. Worldwide, banks successful lending to SMEs have shown that, even on a risk-adjusted basis, SMEs can be highly profitable, even more so than corporate or retail customers. To this end, USAID-*Tijara* is complementing its ongoing capacity building at the operational and middle-managerial levels with discussions with discussion at its partner banks' most senior levels that emphasize the strategic importance of SMEs.

Iraqi government efforts are also been directed at the initiation and implementation of policies and programmes that will promote private sector growth and development as part of the overall post-conflict national economic growth and development agenda. In late 2010, Simon White partnered with the government of Iraq in providing technical advice to the Private Sector Development Programme in Iraq (PSDP-I) regarding the development of a policy framework for micro, small and medium enterprise (MSME) development. The Private Sector Development Programme in Iraq (PSDP-I) aims to:

- Create new sustainable employment opportunities;
- Reduce poverty;
- Improve the legal and regulatory framework for sustained domestic and international investment;

- Develop a legal and regulatory framework that is conducive to economic environment; and
- Diversify and grow the economy in a gender inclusive and environmentally sustainable manner.

The PSDP-I pursues two broad outcomes: improving the policy and regulatory environment for enterprise development; and stimulating local economic recovery in three governorates through private sector development (PSD). Reform of the policy and legal framework for Private Sector Development remains a clear priority for the Iraqi government. Within this, specific attention is been paid to the task of improving the legal, regulatory and administrative arrangements for starting a business (i.e., registering a business and obtaining the necessary permits) and the administration of taxation. The reform of government ministries and agencies that regulate the economy and service the private sector is also been pursued.

While oil continue to dominate Iraq's economy, providing over 90 percent of government revenue and 80 percent of foreign exchange earnings, it is generally recognized that Iraq needs to diversify its economic base and grow through increased levels of international trade. Within this context, the promotion of SMEs, along with other forms of investment promotion and Private Sector Development, is considered an important development strategy for the country. Iraq is making modest progress in building the institutions needed to implement economic policy; it has amended investment laws and pursued a range of international trade opportunities. However, while there are signs of economic and reform activity, true economic growth, which would address high unemployment, is still a critical development challenge. This lengthy discussion leads to the discussion on the following factors that affect SMEs performance.

2.8 Underpinning Theory: Strategic Management Accounting

Theories play a vital role in any research work since they provide a clear background upon which the study derives all its variables it intends to investigate. Although so many theories exist, one particular theory was utilized to underpin the study. In particular, the contingency theory by Scott (1998) was used to underpin the study. The theory assumes that no simple one right way. It is used to explain how SMEs should be managed with regard to the prevailing or current environment. The theory argues that the approach one applies in managing the enterprises should align with the current environment because achieving success is very crucial to the SMEs firms as well as to the nation. Within the context of this study, which is being conducted in a war tore environment where SMEs have recorded little progress, it is suggested that the present situation should determine the kind or style to be adopted in helping the SMEs owners to achieve their success.

The theory takes a broader view that includes contingent factors and other variables within the situation. This therefore, justifies the selection of the variables utilized in this study. Hence, the variables selected are contingent.

2.9 Firms Performance

Trkman (2009) noted that performance measure is indispensable for small firms because it helps them to ascertain the success or failure of the firm and also acts as an indicator to achieve sustainable improvement in entrepreneurial and business activities. In the same vein Murphy, Trailer and Hill, (1996) argued that accurate performance measurement is critical to understanding small businesses success and/or their failure. This implies that one cannot rule out the issue of performance in the discussion of small firms since their success and/or failure is hinged on performance measurement.

Lockett (1992) defined performance as a multidimensional construct and the common factors that are frequently associated with organizational performance includes; efficiency, quality, responsiveness, cost and overall effectiveness. Armstrong (1994) broadened the definition when he looks at it with respect to management. He viewed it as an avenue by which results are obtained from the organization, teams and individuals through the understanding that agreed framework of stated goals, objectives including the standards of achievement and competence are meticulously arrived at.”

According to Neely et al. (1995), measurement could be viewed as the process of quantification and by which action is assessed against outcome seen as performance. However, there are two major methods by which measurement can be achieved. They include: the objective and the subjective methods of performance measurement. According to Simons (2000) objectives methods are mostly measure independently and also verified independently. On the other hand, subjective measures are based on subjective evaluation. Thus, it can be argued that subjective measure provides us with data for determining the worth (substance) of the object being evaluated.

Al-Turki & Duffuaa (2003) in a related study claimed that performance measure should be based on a set of objectives that could be linked to firm mission and its visions for the future. Tangen (2005) highlighted that performance measures should be designed in such a way that it will show all the essential factors that are capable of influencing the productivity of the different process in a firm operation network. Thus, a robust and systematic performance measurement system should be designed in such a way that it will give room for the collecting, analyzing and

reporting of data and information which are related to the performance of all of a firm department (Al-Turki and Duffuaa, 2003).

Notwithstanding the ease with which the above mentioned indicators help in measuring firm performance, Anthony et al. (2007) however, warned that firm should be very careful in selecting a way of assessing their employee's performance, meaning that every task should have a better means that fit or suit its performance measure. This can be further interpreted as meaning that every task should be in conformity with its performance measure system. Anthony et al. (2007) argued that whatever performance a firm uses, it has some sort of impacts or effects on employee's motivation and performance. They concluded that those managers while measuring performance should take cognizance of what they called group-level performance measure and cross-functional business process measure.

Much as the importance of performance measures is been reiterated, Mohammed (2009) noted that until now there are no common acceptable ways of measuring firm performance. He noted that the adoption of profitability as measure of firm performance takes the following elements as core indicators; total sales, assets, net income, stockholder's equity, number of employees, earning per share, growth rate among other indicators of profitability.

Finally, Dimitratos, Lioukas & Carter (2004) argued that due to the arguments about small firm performance measurement on which researchers have taken different stands, authors should use and justify at least two different dimensions of firm performance which they argued to be both financial and non-financial measures. Based on the several arguments above, this study adopts performance measurement by Shehab (2008) as the extent to which SMA users perceived SMA to have fulfilled their business requirement.

CHAPTER 3

METHODOLOGY

3.0 Introduction

In the previous chapter, the relevant literatures were reviewed in order to assist in providing secondary answer to the research questions of this study. The chapter equally guided the study in the identification of the main variables and their adequate understanding. Therefore, this chapter, examines the followings; research design, population of the study, sampling technique, data collection procedure and the formulation of the various hypotheses.

3.1 Research Design

According to Bryman & Bell (2008), a research design is a framework that offers procedure for data collection and data analysis. Zikmund (1991) refers to research design as a more or less an outline that gives the detail of the method and procedure for data collection of a research work that would be approached. It further assists the researcher to provide answers to the research questions that have been raised in the course of doing the research. Therefore, the issues of validity, reliability and others are very crucial in this regard. Research design could be any of the following; experimental design, longitudinal design, cross-sectional or called social design and lastly, case-study design. For instance, the longitudinal designs deal with changes, most especially in the organizations. Samples are being surveyed for more than once. Therefore, they are being examined again and again. This could be one time or occasion or more than once. This kind of design could very time and cost consuming.

In this study, a cross-sectional research design which is also referred to as social design is selected. This research design is often used by the social scientists or social science field in

carrying their research work (Neil, 2009). It mainly concentrates on collecting data on a single point not only that but also in a particular time unlike the longitudinal design which has to collect data in various period of time and in different points. The research design of this study will assist to establish the relationship between the independent variables and the dependent variable as indicated in figure 3.1.

3.2 Theoretical Framework

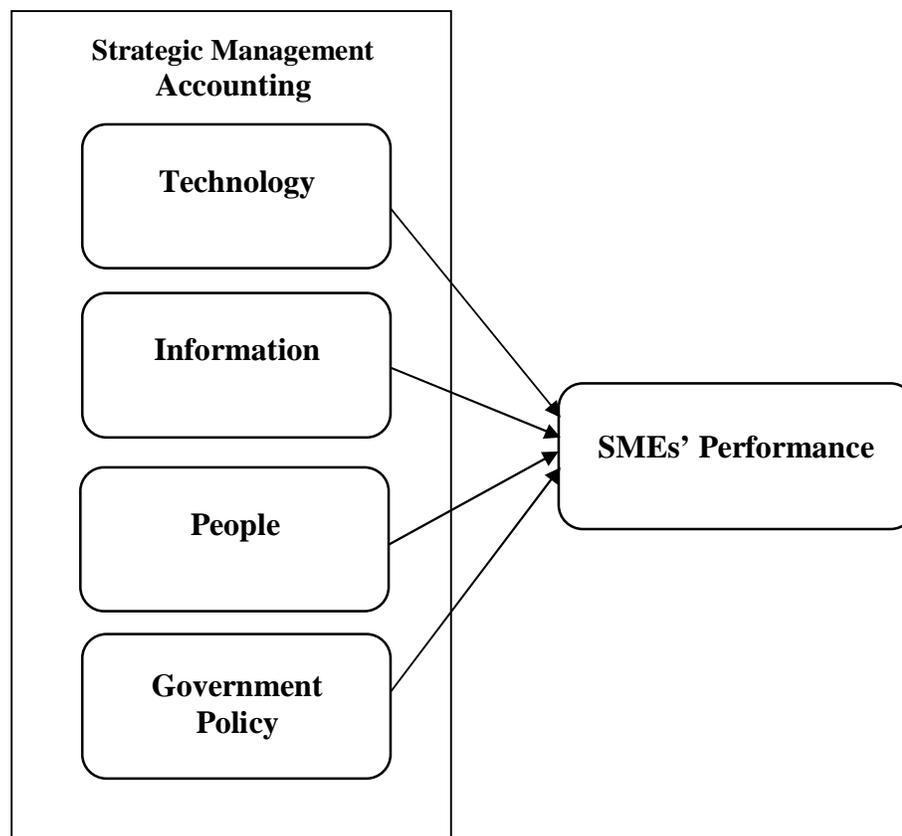


Figure 3.1 Research Framework

The study is based on the above framework that is developed through information from several dimensions by several authors (Lucky et al., 2011; Shehab, 2008). For the independent variable, four dimensions are identified. These four dimensions are based on the works of previous

authors (Shehab, 2008 and Simmonds, 1981). For technology, information and government policy, they are adopted from Shehab (2008). For people dimension, it is adopted from the work of Stajkovic et al. (2003). With regard to the dependent variable; there is only one dependent variable which is called “SMEs performance”. It is duplicated from the works of Lucky et al. (2011) and Shehab (2008). The framework indicates that the independent variables; strategic management accounting- technology, information, people and government policy influence the SMEs performance. Hence, the framework demonstrates that there is a relationship between the independent variables and the dependent variable-SMEs performance.

3.3 Measurement of Construct

For strategic management accounting, it is adopted from the work of Simmonds (1981) and consists of 5 items. With respect to technology dimension, it is adopted from Shehad (2008) and this dimension consists of 5 items used to measure it. For information dimension, it is equally duplicated from the work of Almoawi (2011) and Shehab (2008); the dimension consists of 5 items. People is another dimension adopted from Stajkovic et al. (2003), the dimension consists of 5 items. Next is the government policy dimension adopted from Shehab (2008), the dimension also consists of 5 items and finally, is the SMEs performance factor. It is adopted from several Lucky et al. (2011) and Shehab (2008) and it consists of 5 items used to measure it. Table below presents the information.

Table 3.1 Measurement of Variables

S/N	Variables	Items No	Sources
1	Strategic management accounting	5	Shehab (2008)
2	Technology	5	Shehab (2008)
3	Information	5	Almoawi (2011)
4	People	5	literature
5	Government policy	5	Shehab (2008)
6	SMEs Performance	5	Lucky and Minai (2011), Shehab (2008)

3.4 Population and Sampling Technique

Based on the work of Shehab (2008), the unit of analysis of this study is an organization that is, the small and medium enterprises which comprise the SMEs owners and the accountants, in line with the main objective of this study which is to determine the role of strategic management accounting in SMEs performance enhancement. According to Shehab (2008), “these individuals are the most suitable to provide information about the dimensions of this study”. The population of this study comprises the SMEs in Iraq which was obtained via the local business directory. This was done due to lack of appropriate record or data of the SMEs in Iraq. 751 lists of Small and Medium Enterprises were sorted out from the business directory. A systematic simple random sampling was applied to draw 253 SMEs by picking every 3rd element from the main population of the study. Specifically, the questionnaires were distributed to the SMEs owners and the accountants. This is in line with Sekaran et al. (2001) who argued that when the population of the study is within the range of 750, then the sample of the study should be within 250. In all, a total of 253 SMEs firms were contacted in this study and these form the sample of this study. However, a total of 150 questionnaires were returned filled but only 101 were properly filled and qualified to be used in the study. Hence, the actual sample of the study is 101 giving a response rate of 40%.

3.5 Data Collection Procedure and Analysis Techniques

In this study, the research adopted a well-structured questionnaire to elucidate data from the respondents. The questionnaire was personally distributed to the SMEs owners and accountants of the firms. Thus, it was a self-administered questionnaire (Shehab, 2008). Shehab (2008) noted that in a study of this nature, survey seems better due to the fact that it involves people and the analysis of the data collected from people. Hence, it does not need visual or direct observation of the respondents.

With respect to analysis technique, several analysis techniques were applied in analyzing the data collected from the potential respondents of this study. Descriptive analysis was used to summarize the particulars and demographic or profile of the respondents such as age, marital status, experience etc. presented in this section. After this, a correlation analysis was used to determine the strength of the relationship among variables. For instance, the nature of relationship between the independent variables and the depend variable- SMEs performance was revealed through the correlation analysis. A factor analysis was also adopted to reduce the number of items that tend to measure each variable. In this case, a component factor analysis with a varimax rotation was utilized. Therefore, all items meeting acceptable limit were accepted while those not meeting the acceptable limit were dropped. Hence, they were used for further analysis in this study (Lucky, et al., 2011). Finally, the multiple regression analysis was used in this study as it was helpful in determining the relationship between all the independent variables and the dependent variable. It demonstrated whether the independent variables in their capacity were able to predict the dependent variable-SMEs performance.

3.6 Hypotheses Formulation

Figure 3.1 above indicates the research framework of this study; it indicates five independent variables and a dependent variable which stands as SMEs performance. The framework shows that there is association between the independent variables and the dependent variable, SMEs performance.

Therefore, based on the literature review and coupled with the framework of this study, the following hypotheses are formulated;

H1: there is a positive relationship between Technology in SMA and SMEs performance.

H2: there is a positive relationship between Information in SMA and SMEs performance.

H3: there is a positive relationship between People in SMA and SMEs performance.

H4: there is a positive relationship between government policy in SMA and SMEs performance.

H5: there is a positive relationship between SMA and SMEs performance.

3.7 Chapter Summary

This section has specifically dwelled on the methodological part of this study. The aspect includes methodology and design of the study. Within this chapter, the researcher has identified the sampling technique to be used and most importantly the method of collecting data from the respondents. Additionally, he also indicated issues relating to the sampling, data collection and data analysis of this present stud

CHAPTER 4

ANALYSIS AND FINDINGS

4.0 Introduction

This chapter presents the data collected from the field survey consisting of the response of the respondents from 101 SMEs located in Iraq, in particular Baghdad. The result of the analysis in this chapter includes the followings: descriptive analysis, factor analysis, reliability and validity tests, correlation and regression analysis output.

4.1 Data Screening

To ensure that all data collected from the field survey was devoid of wrong data; the researcher first, screened the data. One of the major reasons for screening the data is to detect error if any, in particular those data which are out of range. Julie (2007) suggests that data screening is necessary in order to ensure that data is error free. However, in this study, no data was found of error or out of range. This therefore, gave the green light for the analysis to be done.

4.2 Descriptive Analysis

Table 4.1 Statistics

	JOBTITLE	COMPANY	COM.POSI	NOEMPLOY	COMP. SECTOR	SMATYPE
Valid	101	101	101	101	101	101
Missing	0	0	0	0	0	0
Mean	3.28	4.47	2.99	2.84	3.28	1.40

From the descriptive analysis conducted, the result as displayed in table 4.2 below shows that out of 101 respondents that participated in the survey, 15.8% are chief executive officers, 9.9% are

managing directors, 19.8% are chief operating officers, 39.6% are general managers while 14.9% are managers. Table 4.2 below shows the details.

Table 4.2 Jobs or Titles

	Frequency	Percent
Chief Executive officer	16	15.8
Managing Director	10	9.9
Chief operating Officer	20	19.8
General Manager	40	39.6
Manager	15	14.9
Total	101	100.0

Table 4.3 below shows that out of 101 SMEs that participated in the study, 29.7% are private limited company, 14.9% are for public limited, 21.8% represents the sole proprietors and 33.7% represents partnership.

Table 4.3 Company Incorporated

	Frequency	Percent
Private Limited	30	29.7
Public Limited	15	14.9
Sole Proprietor	22	21.8
Partnership	34	33.7
Total	101	100.0

Table 4.4 below indicates that out of 101 SMEs that participated in the study, 9.9% of them are operating as headquarters, 5.9% them are operating as division, 59.4% as subsidiary while 24.8% of them are others which may include all own- SMEs located at Baghdad.

Table 4.4 Company Position

	Frequency	Percent
Headquarters	10	9.9
Division	6	5.9
Subsidiary	60	59.4
4 Others	25	24.8
Total	101	100.0

With respect to number of employees, table 4.5 below indicates that 55.4% of the participating SMEs employs fewer than 50 employees, 33.7% employs between 50-100 employees, 9.9% employs between 101-200 employees while 1% of them employ between 201-400 employees. However, no SMEs employ workers between 401-600, 601-1000 and more than 1000 employees as indicated in the questionnaire.

Table 4.5 Number of Employees

	Frequency	Percent
< than 50	56	55.4
50-100	34	33.7
101-200	10	9.9
201-400	1	1.0
Total	101	100.0

To ascertain the company's sectors, table 4.6 below shows that 15.8% of the SMEs are in the electrical and electronics sector, 9.9% is in the chemical and petroleum sector, 19.8% is in the food and beverage sector, 39.6% is in the fabricated and metal sector while 14.9% is in other sectors not mentioned in the questionnaire.

Table 4.6 Company Sectors

	Frequency	Percent
Electrical & Electronics	16	15.8
Chemical & Petroleum	10	9.9
Food & Beverages	20	19.8
Fabricated Metal	40	39.6
5 OTHERS	15	14.9
Total	101	100.0

Table 4.7 below indicates that out of 101 SMEs that took part in the study, 60.4% of them apply computerized strategic management accounting method while 39.6% applies manual method of strategic management accounting.

Table 4.7 Type of Strategic Management Accounting

	Frequency	Percent
COMPUTERISED	61	60.4
MANUAL	40	39.6
Total	101	100.0

4.3 Descriptive Analysis of the Research Variables

Table 4.8 below shows the descriptive statistics result of each of the variable utilized in this study. The sample mean for strategic management accounting is 2.94 with a standard deviation of a .92. Technology has a mean of 3.0 with a standard deviation of .87. Also, information has a mean score of 3.84 and a standard deviation of .71. People have a mean score of 4.0 with a standard deviation of .55. Accordingly, the mean sample for government policy is 4.3 with a standard deviation of .57 while performance has a mean of 4.2 and with a standard deviation of .57.

Table 4.8 Descriptive Statistics

	N	Mean	Std. Deviation
STRATEGIC MGT. ACCOUNTING	101	2.9386	.92379
TECHNOLOGY	101	3.0020	.86510
INFORMATION	101	3.8396	.70994
PEOPLE	101	4.0455	.55345
GOVERNMENT POLICY	101	4.3267	.57182
SMEs PERFORMACE	101	4.2099	.57228

4.4 Factor Analysis Result

Factor analysis serves two major purposes. First, it is used to determine or uncover the dimensions of the research variables in a study. Second, it is used to reduce the number of items that is measuring a variable or a construct. In this study, factor analysis was applied to determine the number of items that measured each variable in the study. In addition, a principle component

factor analysis with varimax rotation was applied to all variables. Eigenvalues larger than 1 and factor loading exceeding 0.5 were selected for the analysis while items with lower factor loading less than 0.5 were dropped (Lucky and Minai, 2011; Hui and Idris, 2009). All items measuring the variables in this study recorded factor loading greater than 0.5 except items 3 and 4 in variable named “people” which was dropped for the reason indicated above. Tables 4.9, 4.10, 4.11, 4.12, 4.13 and 4.14 demonstrate the factor results for each variable in this study.

Table 4.9 Component Matrix for SMA

	Component
	1
STRATEGIC MGT. ACCOUNTING 1	.741
STRATEGIC MGT. ACCOUNTING 4	.720
STRATEGIC MGT. ACCOUNTING 5	.639
STRATEGIC MGT. ACCOUNTING 3	.623
STRATEGIC MGT. ACCOUNTING 2	.534

Extraction Method: Principal.

Table 4.9 above indicates the factor analysis result for strategic management accounting. It shows that all the five items loaded on the same factor with acceptable factor loadings ranging from .74, .72, .64, and .62 to .53.

Table 4.10 Component Matrix for Technology

	Component
	1
TECHNOLOGY 2	.734
TECHNOLOGY 5	.707
TECHNOLOGY 3	.700
TECHNOLOGY 4	.663
TECHNOLOGY 1	.502

Extraction Method: Principal Component Analysis.

Table 4.10 above indicates that all the five items loaded on the same factor with acceptable factor loadings ranging from .73, .71, .70, and .66 to .50.

Table 4.11 Component Matrix for Information

	Component
	1
INFORMATION 2	.803
INFORMATION 5	.629
INFORMATION 1	.580
INFORMATION 3	.533
INFORMATION 4	.525

Extraction Method: Principal Component Analysis.

Table 4.11 above indicates that all items loaded on the same factor with acceptable factor loadings ranging from .80, .63, .58, and .53 to .53.

Table 4.12 Component Matrix for People

	Component
	1
PEOPLE 2	.799
PEOPLE 1	.688
PEOPLE 4	-.580
PEOPLE 5	.555
PEOPLE 3	-.312

Extraction Method: Principal Component Analysis.

Table 4.12 above indicates that all items loaded on the same factor with acceptable factor loadings.79, .69, -.58 and .55. However, the last item (People 3) was dropped due to low factor loading (-.31).

Table 4.13 Component Matrix for Govt. Policy

	Component
	1
GOVERNMENT POLICY 1	.773
GOVERNMENT POLICY 2	.770
GOVERNMENT POLICY 4	.748
GOVERNMENT POLICY 3	.698
GOVERNMENT POLICY 5	.621

Extraction Method: Principal Component Analysis.

Table 4.13 above indicates that all items loaded on the same factor with acceptable factor loadings ranging from .77, .77, .75, and .69 to .62.

Table 4.14 Component Matrix for Performance

	Component
	1
SMEs PERFORMANCE 3	.842
SMEs PERFORMANCE 1	.728
SMEs PERFORMANCE 2	.693
SMEs PERFORMANCE 4	.661
SMEs PERFORMANCE 5	.607

Extraction Method: Principal Component Analysis.

Table 4.14 above indicates that all items loaded on the same factor with acceptable factor loadings ranging from .84, .73, .69, and .66 to .61.

4.5 KMO Result

The Kaiser-Meyer-Olkin (KMO) statistics which is part of the factor analysis result was used to measure the construct validity. It validates the scale or the index by showing that items measuring variables load on the same factor or variable it is expected to load on (Shehab, 2008). The KMO statistics also reveals whether data is factorable. In KMO statistics, variables indicating 0.50 above are considered fit while variables with less than 0.50 are considered unfit (Lucky et al. 2011). In this study, all variables indicated KMO greater than 0.50 and therefore, considered fit for further analysis. Table 4.15 below shows the summary of KMO result for each variable of this study.

Table 4.15 KMO Result

VARIABLES	NO. ITEMS	KMO RESULT
STRATEGIC MGT. ACCOUNTING	5	.69
TECHNOLOGY	5	.69
INFORMATION	5	.62
PEOPLE	5	.53
GOVERNMENT POLICY	5	.78
SMEs PERFORMANCE	5	.71

4.6 Reliability Test

According to Salkind (2009), reliability “occurs when a test measures the same thing more than once and results in the same outcome”. Shehab (2009) defines reliability as the ability of an adopted technique utilized in a research to produce the same result when applied repeatedly to the same object. All variables in this study were measured using a five-point Likert scale. This seems to be the most popular and widely used scale in business and management studies (Shehab, 2008). The scale-response is categorized as “strongly disagree”, “disagree”, “neutral “, “agree” and lastly “strongly agree”.

To determine the reliability of the items for each variable used in this study, internal consistency reliability test was conducted. Items with a high factor loading and no cross loading greater than 0.50 were retained for the study. A Cronbach alpha greater than 0.50 for the items is considered fit for the study. The Cronbach alpha for each variable in this study is greater than 0.50 as indicated in table 4.16 below.

Table 4.16 Reliability Test Result

VARIABLES	NO. ITEMS	Cronbach alpha
STRATEGIC MGT. ACCOUNTING	5	.66
TECHNOLOGY	5	.67
INFORMATION	5	.56
PEOPLE	5	.62
GOVERNMENT POLICY	5	.77
SMEs PERFORMANCE	5	.71

4.7 Validity Test

The construct validity was conducted using the KMO. The result is indicated in table 4.15 in the previous section above. However, before the construct validity test, the content validity was also conducted. The instrument was submitted to the expert in this field to see if the instrument is within the capability of the study. Based on the expert comments, the instrument was re-adjusted and some questions were re-phrased in order to make the instrument clearer for the respondents.

4.8 Correlation Test Result

Spearman correlation was used to access and understand the direction and the significance of the bivariate relationship of the variables utilized in this study. It provided an initial picture of the interrelationship among the variables of under study particularly between the independent and dependent variables. The analysis also confirms the strength of the relationship between the variables. The summary of the overall result is tabulated in table 4.17 below. The result indicates that both strategic management accounting and technology are not significantly correlated with performance. The result shows that information ($r=.20$, $p<.05$), people ($r=.36$, $p<.05$) and government policy ($r=.57$, $p<.05$) are significantly correlated with performance. Based on the result of the analysis, hypotheses H3, H4 and H5 are confirmed.

Table 4.17 Correlation Test Result

VARIABLES	SMACCT	TECHNO	INFORM	PEOPLE	GOVTPOLY	PERF
SMACCT	1					
TECHNOLOGY	.207*	1				
INFORMATION	.166	.295**	1			
PEOPLE	-.031	-.010	.197*	1		
GOVT. POLICY	.004	.009	.160	.478**	1	
PERFORMANCE	.109	.045	.201*	.364**	.565**	1

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

4.9 Regression Analysis – Hypotheses Testing

To test the hypotheses in this study, a multiple linear regression analysis was conducted between the independent and dependent variables. This was used to assess the nature of the relationship between the independent (Strategic management accounting, technology, information, people, and government policy) and dependent (SMEs performance) variables under study.

Hypothesis H1

Test Result

Table 4.18 Regression Analysis Summary for Strategic Management Accounting

Variable	R	R ²	Adjusted R ²	Std. Error	F	Std.Beta	t	Sig.
of the Estimate								
SMA MGT. ACT	.109	.012	.002	.57176	1.182	.109	1.087	.280 ^{NS}

*P<0.001, **<0.05, ***p<0.001, Sig =Significant, NS = Not Significant

Interpretation

The result in table 4.18 above shows that strategic management accounting is not statistically significant. Thus, the hypothesis is not supported. It further indicates that there is no significant relationship between strategic management accounting and SMEs performance. However, the result indicates a low adjusted R² of 2% which suggests that strategic management accounting did not significantly explain SMEs performance.

Hypothesis H2

Test Result

Table 4.19 Regression Analysis Summary for Technology

Variable	R	R ²	Adjusted R ²	Std. Error of the Estimate	F	Std.Beta	t	Sig.
Technology	.045	.002	-.008	.57457	.203	.045	.450	.654 ^{NS}

*P<0.001, **<0.05, ***p<0.001, Sig =Significant, NS = Not Significant

Interpretation

The result in table 4.19 above shows that technology is not statistically significant. Thus, the hypothesis is not supported. The result further indicates that there is no significant relationship between technology and SMEs performance. Similarly, the result also indicates a low adjusted R² of -8% which suggests that technology does not significantly explain SMEs performance.

Hypothesis H3

Test Result

Table 4.20 Regression Analysis Summary for Information

Variable	R	R ²	Adjusted R ²	Std. Error of the Estimate	F	Std.Beta	t	Sig.
Information	.201	.040	.031	.56344	4.162	.201	2.040	.044**

*P<0.001, *<0.05, **p<0.001, Sig =Significant, NS = Not Significant

Interpretation

The regression analysis result in table 4.20 above shows that information is statistically significant at 0.001 level. Thus, the hypothesis is supported. It indicates that there is significant relationship between information and SMEs performance. The adjusted R² of 31% indicated in the result reflects that information factor is very significant to SMEs performance.

Hypothesis H4

Test Result

Table 4.21 Regression Analysis Summary for People

Variable	R	R ²	Adjusted R ²	Std. Error of the Estimate	F	Std.Beta	t	Sig.
People	.364	.133	.124	.53567	15.136	.364	3.891	.000**

*P<0.001, *<0.05, **p<0.001, Sig =Significant, NS = Not Significant

Interpretation

The regression analysis result in table 4.21 above shows that people is statistically significant at 0.05 level. Thus, the hypothesis is supported. It indicates that there is significant relationship

between people and SMEs performance. The adjusted R^2 of 12.4% indicated in the result reflects that people is an important factor in predicting SMEs performance.

Hypothesis H5

Test Result

Table 4.22 Regression Analysis Summary for Government

Variable	R	R ²	Adjusted R ²	Std. Error of the Estimate	F	Std.Beta	t	Sig.
Government	.565	.319	.312	.47475	46.306	.565	6.805	.000**

*P<0.001, *<0.05, **p<0.001, Sig =Significant, NS = Not Significant

Interpretation

The result in table 4.22 above shows that government policy is statistically significant at 0.001 level significant. Thus, the hypothesis is supported. It indicates that there is significant relationship between government policy and SMEs performance. The adjusted R^2 of 31.2.4% indicated in the result shows that government policy is an important factor in predicting SMEs performance and very relevant to the SMEs owners.

Table 4.23 Summary of the Hypotheses Testing

Hypotheses	Result
H1: there is a significant relationship between strategic management accounting and SMEs performance.	Not Supported
H2: there is a significant relationship between technology and SMEs performance.	Not Supported
H3: there is a significant relationship between information and SMEs performance.	Supported
H4: there is a significant relationship between people and SMEs performance.	Supported
H5: there is a significant relationship between government policy and SMEs performance.	Supported

CHAPTER 5

DISCUSSION AND CONCLUSION

5.0 Introduction

The previous chapter presents the results of the data analysis used in testing the research model of this study. This chapter presents the summary and discussion of the empirical tests conducted. Both the practical and theoretical implications are also highlighted. Finally, the chapter also presents the possible limitations of the study with recommendation for future studies.

5.1 Discussion of Research Findings

The major objectives of this study are to investigate the SMEs performance in relation to strategic management accounting and identify factors that are impacting on SMEs performance among SMEs in Iraq. SMEs performance is conceptualized as SMEs owners/managers perception towards the success of strategic management accounting in providing accounting information for decision makings by the management. As a result of this, data was generated from 101 SMEs operating in Iraq through drop-off and pick procedure of data collection. The high mean value score of SMEs performance at 4.20 out of 5.0 point scale suggested that SMEs owners in Iraq perhaps were satisfied with their companies performance.

From the correlation analysis result, three key variables have been identified to have significant impact on the SMEs performance. These variables include: information, people and government policy. This result provided the initial supports for the research hypotheses in this study. These variables were found to have significant relationship with the SMEs performance. However, two variables namely strategic management accounting and technology were not supported by this

analysis. These variables were found not to have significant relationship with the SMEs performance.

In order to determine which variable among the five variables has the most influence on SMEs performance, the multiple regression analysis was conducted and the result from the testing demonstrated that only information, people and government policy had significant impact on the SMEs performance. The result further indicated that government policy among all other variables had greater impact on the SMEs performance. This also validates previous study by Shehab (2008) that government policy and information are very relevant in determining SMEs performance. On the other hand, the result shows that both strategic management accounting and technology were not significant factors impacting on SMEs performance. It further suggests that strategic management accounting and technology may not be relevant in determining SMEs performance particularly in Iraq.

5.2 Implication of the Study

The implication of this study could be view in two perspectives which are theoretical and practical implication.

5.2.1 Theoretical Implication

To the researchers, the study will act as a springboard for further research to be conducted in this area. That is, information provided by this study will be of assistance to any researcher who wants to conduct research in this area. Furthermore, the study has contributed to the existing knowledge by examining the role of strategic management accounting on the SMEs performance in a war torn environment. Thus, the study has succeeded in proving new knowledge in this domain. In addition, the study also has also advanced the available knowledge by contributing to

the literature that already exists in the domain. Thus, academicians will find this study very helpful.

5.2.2 Practical Implication

Within this context, the study would be of benefit to the following people:

To the SMEs owners, the study will inform them on the important factors that need to be considered in their effort to effectively enhance their firm performance. It would also guide them toward making a better strategic management decision that would assist them to enhance the firm performance. The study will motivate the SMEs owners to always to think of factors such as: information, people and government policy towards SMEs performance enhancement. In conclusion, the findings obtained in this study would very useful to the SMEs owner since it would be based upon which they make important decisions concerning the SMEs performance enhancement.

To the policy makers and government, the study will be of enormous benefit as it would serve as a guideline for making polices relating to SMEs strategic management accounting intended to enhance the SMEs performance. The framework proposed in this study would be a roadmap for the government and policy makers in knowing those important and relevant factors to be considered towards thinking of enhancing SMEs performance. Thus, it would give direction to their policies thereby saving resources, time and cost.

5.3 Limitation of the Study

There seems to be no study without its own share of limitations. The study is a cross-sectional study in nature and thus open to a number of limitations which future studies in this area can

address. Therefore, the limitations of study could be viewed in two major folds. The first limitation of this study is related to the sample bias which is perceived to have effect on the generalization of the findings obtained in this study. The sample was generated from the list of SMEs in Iraq in particular Baghdad and thus, findings obtained might not be generalized to other areas in Iraq or other countries. Other countries may be more stable than Iraq which is a war torn country where SMEs are still at the crawling or stagnant stage. Subsequent research on this area should be conducted in a similar environment of this nature with a larger sample in order to validate the findings obtained in this study.

Second, the study is based on a cross-sectional questionnaire survey. Some researchers have argued on the limitations of the approach due to the fact that it only collects data or captures event at a specific or particular point in time. This therefore, might affect the findings obtained in this study. On this note, future studies in this area should endeavour to utilized other research approaches or techniques such as qualitative and triangulation.

5.4 Conclusion

The major aim of this study is to examine the role of strategic management accounting towards enhancing SMEs performance in Iraq. The background of this study is unique since the environment upon which this study is conducted is considered a war crisis area. Therefore, in achieving the above objective, the following sub-objectives are achieved.

The conclusion of the study is based on the findings obtained from the various analyses conducted. Thus, the following conclusions are made:

1. That the study did not confirm the impact of strategic management accounting and technology on the SMEs performance in Iraq. It is further concluded that the result of this analysis should be interpreted with caution.

2. That the study confirmed the influence of information, people and government policy on the SMEs performance in Iraq. The study further concluded that information, people and government policy factors should be given serious consideration and attention in an attempt enhance SME performance in particular Iraq.

3. That studies on strategic management accounting are expected to give a different result in different environment other than the environment upon which this present study was conducted.

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Part 1: DEMOGRAPHIC DATA: Respondent's profile & Company. Please cross (X) ONE ONLY in the box.

1: What is your job or title?

- | | |
|--|---|
| <input type="checkbox"/> Chief Executive Office | <input type="checkbox"/> Managing Director |
| <input type="checkbox"/> Chief Operating officer | <input type="checkbox"/> General Manager |
| <input type="checkbox"/> Manager (please specify)
..... | <input type="checkbox"/> Others (please specify)
..... |

2: How is your company being incorporated?

- | | |
|--|---|
| <input type="checkbox"/> Private Limited Company | <input type="checkbox"/> Public Limited Company |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Partnership |

3: What is position of your company within parent company system?

- | | |
|---------------------------------------|--|
| <input type="checkbox"/> Headquarters | <input type="checkbox"/> Subsidiary |
| <input type="checkbox"/> Division | <input type="checkbox"/> Others: (please specify)
..... |

4: What is the total number of employees in the organization?

- | | |
|---|-------------------------------------|
| <input type="checkbox"/> Fewer than 50 | <input type="checkbox"/> 50 – 100 |
| <input type="checkbox"/> 101 – 200 | <input type="checkbox"/> 201 – 400 |
| <input type="checkbox"/> 401 – 600 | <input type="checkbox"/> 601 – 1000 |
| <input type="checkbox"/> More than 1000 | |

5: Which of the following best describes the sector of your company's business?

- | | |
|--|---|
| <input type="checkbox"/> Electrical & Electronics | <input type="checkbox"/> Chemical including Petroleum |
| <input type="checkbox"/> Food & Beverages | <input type="checkbox"/> Fabricated Metal |
| <input type="checkbox"/> Others: (please specify)
..... | |

6: What type of strategic management accounting is used at your company?

- | | |
|---------------------------------------|---------------------------------|
| <input type="checkbox"/> Computerized | <input type="checkbox"/> Manual |
|---------------------------------------|---------------------------------|

Part 2: GENERAL INSTRUCTION (for part 2, 3, and 4)

For these parts below, please respond to the questions using the likert-scale of

1-Strongly Disagree, 2-Disagree, 3- Neutral, 4-Agree, 5-Strongly agree

Part 2

Section A: These statements relate to Strategic Management Accounting

1.	I have been using strategic accounting management in my business for many years.	1	2	3	4	5
2.	I have experience in strategic accounting management discipline	1	2	3	4	5
3.	I always provide feedback among the management and employees during the strategic management accounting implementation and execution.	1	2	3	4	5
4.	I understand the implementation and execution of strategic management accounting.	1	2	3	4	5
5	I solve most of my company's problem through strategic management accounting information.	1	2	3	4	5

Section B: These statements relate to technology.

1.	My business accounting information is generated by software system.	1	2	3	4	5
2.	I always do the upgrading of the accounting information system	1	2	3	4	5
3.	Accounting information technology can provide the incentives in improving strategic accounting information performance.	1	2	3	4	5
4.	My business is fully computerized.	1	2	3	4	5
5	All of the employees have sufficient knowledge in strategic accounting IT application.	1	2	3	4	5

Section C: These statements relate to Information.

1.	I always use strategic management accounting information to support the business's decision making.	1	2	3	4	5
2.	I always take decision in coordination with accounting department's employees.	1	2	3	4	5
3.	A good capital investment decision can reduce the firm's capital outlay.	1	2	3	4	5
4.	Strategic accounting information gives a positive effect for my business decision making.	1	2	3	4	5
5.	Strategic accounting information is easy to use for support decision making process.	1	2	3	4	5

1-Strongly Disagree, 2-Disagree, 3- Neutral, 4-Agree, 5-Strongly agree

Section D: These statements relate to People						
1.	I support strategic management accounting policy.	1	2	3	4	5
2.	I perform strategic management accounting function.	1	2	3	4	5
3.	I ensure that accounting information is always available whenever it is needed for decision making.	1	2	3	4	5
4.	I am involved in planning for strategic management accounting policy in the organization	1	2	3	4	5
5.	I am involved in implementing and executing strategic management accounting in the organization.	1	2	3	4	5

Section E: These statements relate to Government Policy.						
1.	Government always attends to my business needs.	1	2	3	4	5
2.	Government ever provides accountancy training programs and seminars for my business.	1	2	3	4	5
3.	Government provides access for useful relationship with private agencies.	1	2	3	4	5
4.	Government provides business adversary service when I need them.	1	2	3	4	5
5.	Government always provides easy procedures when I need to raise my business capital.	1	2	3	4	5

Section F: These statements relate to Performance of SMEs strategic management accounting						
1.	Strategic accounting information is one of the business tools that can facilitate the business.	1	2	3	4	5
2.	Strategic accounting information is the common measurement of the business performance.	1	2	3	4	5
3.	Strategic accounting information can help to plan the cost effective process.	1	2	3	4	5
4.	Strategic accounting information can help the SMEs to monitor and control business performance.	1	2	3	4	5
5.	Strategic accounting information can help business's financial management become easier.	1	2	3	4	5

APPENDIX B: DATA ANALYSES RESULTS OF THE STUDY

Strategic Management Accounting

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.692
Bartlett's Test of Sphericity	Approx. Chi-Square	69.804
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
SMACCT1	1.000	.549
SMACCT2	1.000	.285
SMACCT3	1.000	.388
SMACCT4	1.000	.519
SMACCT5	1.000	.408

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.149	42.981	42.981	2.149	42.981	42.981
2	.941	18.814	61.795			
3	.796	15.928	77.723			
4	.638	12.764	90.488			
5	.476	9.512	100.000			

Extraction Method: Principal Component Analysis.

Technology

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.690
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.
	82.286
	10
	.000

Communalities

	Initial	Extraction
TECHNO1	1.000	.252
TECHNO2	1.000	.538
TECHNO3	1.000	.490
TECHNO4	1.000	.440
TECHNO5	1.000	.500

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.219	44.373	44.373	2.219	44.373	44.373
2	1.058	21.169	65.542			
3	.686	13.724	79.265			
4	.561	11.227	90.493			
5	.475	9.507	100.000			

Extraction Method: Principal Component Analysis.

Information

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.628
Bartlett's Test of Sphericity	Approx. Chi-Square
	52.982
	df
	10
	Sig.
	.000

Communalities

	Initial	Extraction
INFORM1	1.000	.337
INFORM2	1.000	.645
INFORM3	1.000	.284
INFORM4	1.000	.276
INFORM5	1.000	.396

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.938	38.750	38.750	1.938	38.750	38.750
2	.948	18.964	57.714			
3	.854	17.075	74.789			
4	.794	15.890	90.679			
5	.466	9.321	100.000			

Extraction Method: Principal Component Analysis.

People

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.533
Bartlett's Test of Sphericity	Approx. Chi-Square
	87.493
	df
	10
	Sig.
	.000

Communalities

	Initial	Extraction
PEOPLE1	1.000	.473
PEOPLE2	1.000	.639
PEOPLE3	1.000	.098
PEOPLE4	1.000	.337
PEOPLE5	1.000	.308

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.855	37.095	37.095	1.855	37.095	37.095
2	1.473	29.461	66.556			
3	.785	15.707	82.263			
4	.525	10.498	92.761			
5	.362	7.239	100.000			

Extraction Method: Principal Component Analysis.

Government Policy

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.781
Bartlett's Test of Sphericity	Approx. Chi-Square	123.190
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
GOVPOLICY1	1.000	.597
GOVPOLICY2	1.000	.593
GOVPOLICY3	1.000	.487
GOVPOLICY4	1.000	.560
GOVPOLICY5	1.000	.385

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.622	52.447	52.447	2.622	52.447	52.447
2	.891	17.823	70.270			
3	.536	10.720	80.990			
4	.489	9.784	90.774			
5	.461	9.226	100.000			

Extraction Method: Principal Component Analysis.

SMEs Performance

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.714
Bartlett's Test of Sphericity	Approx. Chi-Square
	125.671
	df
	10
	Sig.
	.000

Communalities

	Initial	Extraction
SMAPERF1	1.000	.529
SMAPERF2	1.000	.480
SMAPERF3	1.000	.709
SMAPERF4	1.000	.437
SMAPERF5	1.000	.368

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.523	50.469	50.469	2.523	50.469	50.469
2	.956	19.113	69.582			
3	.665	13.299	82.882			
4	.534	10.686	93.567			
5	.322	6.433	100.000			

Extraction Method: Principal Component Analysis.

Reliability

Strategic Management Accounting

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.664	.664	5

Item Statistics

	Mean	Std. Deviation	N
SMACCT1	2.88	1.551	101
SMACCT2	3.15	1.417	101
SMACCT3	2.73	1.326	101
SMACCT4	2.79	1.344	101
SMACCT5	3.14	1.421	101

Technology

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.677	.681	5

Item Statistics

	Mean	Std. Deviation	N
TECHNO1	2.15	1.396	101
TECHNO2	3.19	1.339	101
TECHNO3	3.63	1.120	101
TECHNO4	3.41	1.305	101
TECHNO5	2.63	1.369	101

Information

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.568	.593	5

Item Statistics

	Mean	Std. Deviation	N
INFORM1	3.63	1.247	101
INFORM2	4.01	1.082	101
INFORM3	3.60	1.320	101
INFORM4	3.38	1.377	101
INFORM5	4.57	.712	101

People

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.625	.630	3

Item Statistics

	Mean	Std. Deviation	N
PEOPLE1	4.50	.716	101
PEOPLE2	4.27	.958	101
PEOPLE5	4.31	.869	101

Government Policy

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.771	.771	5

Item Statistics

	Mean	Std. Deviation	N
GOVPOLICY1	4.34	.930	101
GOVPOLICY2	4.26	.820	101
GOVPOLICY3	4.27	.760	101
GOVPOLICY4	4.37	.703	101
GOVPOLICY5	4.41	.724	101

SMEs Performance

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.719	.750	5

Item Statistics

	Mean	Std. Deviation	N
SMAPERF1	4.54	.641	101
SMAPERF2	4.21	.816	101
SMAPERF3	4.36	.687	101
SMAPERF4	4.04	.774	101
SMAPERF5	3.90	1.153	101

Correlation Result

MSMACCT	Pearson Correlation	1	.207*	.166	-.031	.004	.109
	Sig. (2-tailed)		.037	.097	.757	.966	.280
	Sum of Squares and Cross-products	85.339	16.572	10.886	-1.857	.226	5.741
	Covariance	.853	.166	.109	-.019	.002	.057
	N	101	101	101	101	101	101
MTECHNO	Pearson Correlation	.207*	1	.295**	-.010	.009	.045
	Sig. (2-tailed)	.037		.003	.924	.927	.654
	Sum of Squares and Cross-products	16.572	74.840	18.112	-.538	.455	2.238
	Covariance	.166	.748	.181	-.005	.005	.022
	N	101	101	101	101	101	101
MINFORM	Pearson Correlation	.166	.295**	1	.197*	.160	.201*
	Sig. (2-tailed)	.097	.003		.048	.110	.044
	Sum of Squares and Cross-products	10.886	18.112	50.402	9.041	6.493	8.160
	Covariance	.109	.181	.504	.090	.065	.082
	N	101	101	101	101	101	101
MPEOPLE	Pearson Correlation	-.031	-.010	.197*	1	.478**	.364**
	Sig. (2-tailed)	.757	.924	.048		.000	.000
	Sum of Squares and Cross-products	-1.857	-.538	9.041	41.613	17.638	13.444
	Covariance	-.019	-.005	.090	.416	.176	.134
	N	101	101	101	101	101	101
MGOVGT	Pearson Correlation	.004	.009	.160	.478**	1	.565**
	Sig. (2-tailed)	.966	.927	.110	.000		.000
	Sum of Squares and Cross-products	.226	.455	6.493	17.638	32.698	18.473
	Covariance	.002	.005	.065	.176	.327	.185
	N	101	101	101	101	101	101
MPERF	Pearson Correlation	.109	.045	.201*	.364**	.565**	1
	Sig. (2-tailed)	.280	.654	.044	.000	.000	
	Sum of Squares and Cross-products	5.741	2.238	8.160	13.444	18.473	32.750
	Covariance	.057	.022	.082	.134	.185	.328
	N	101	101	101	101	101	101

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Regression Analysis

Strategic Management Accounting

Descriptive Statistics

	Mean	Std. Deviation	N
MPERF	4.2099	.57228	101
MSMACCT	2.9386	.92379	101

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.109 ^a	.012	.002	.57176	1.950

a. Predictors: (Constant), MSMACCT

b. Dependent Variable: MPERF

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.386	1	.386	1.182	.280 ^a
	Residual	32.364	99	.327		
	Total	32.750	100			

a. Predictors: (Constant), MSMACCT

b. Dependent Variable: MPER

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	4.012	.191		21.054	.000	3.634	4.390					
MSMACT	.067	.062	.109	1.087	.280	-.056	.190	.109	.109	.109	1.000	1.000

a. Dependent Variable: MPERF

Technology

Descriptive Statistics

	Mean	Std. Deviation	N
MPERF	4.2099	.57228	101
MTECHNO	3.0020	.86510	101

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	MTECHNO ^a	.	Enter

a. All requested variables entered.

b. Dependent Variable: MPERF

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.045 ^a	.002	-.008	.57457	1.981

a. Predictors: (Constant), MTECHNO

b. Dependent Variable: MPERF

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.067	1	.067	.203	.654 ^a
Residual	32.683	99	.330		
Total	32.750	100			

a. Predictors: (Constant), MTECHNO

b. Dependent Variable: MPERF

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1(Constant)	4.120	.207		19.864	.000	3.709	4.532					
MTECHNO	.030	.066	.045	.450	.654	-.102	.162	.045	.045	.045	1.000	1.000

a. Dependent Variable: MPERF

Information

Descriptive Statistics

	Mean	Std. Deviation	N
MPERF	4.2099	.57228	101
MINFORM	3.8396	.70994	101

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.201 ^a	.040	.031	.56344	1.968

a. Predictors: (Constant), MINFORM

b. Dependent Variable: MPERF

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.321	1	1.321	4.162	.044 ^a
Residual	31.429	99	.317		
Total	32.750	100			

a. Predictors: (Constant), MINFORM

b. Dependent Variable: MPERF

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	3.588	.310		11.581	.000	2.973	4.203					
MINFORM	.162	.079	.201	2.040	.044	.004	.319	.201	.201	.201	1.000	1.000

a. Dependent Variable: MPERF

People

Descriptive Statistics

	Mean	Std. Deviation	N
MPERF	4.2099	.57228	101
MPEOPLE	4.3564	.64508	101

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.364 ^a	.133	.124	.53567	1.999

a. Predictors: (Constant), MPEOPLE

b. Dependent Variable: MPERF

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.343	1	4.343	15.136	.000 ^a
	Residual	28.407	99	.287		
	Total	32.750	100			

a. Predictors: (Constant), MPEOPLE

b. Dependent Variable: MPERF

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	2.802	.366		7.664	.000	2.077	3.528					
	MPEOPLE	.323	.083	.364	3.891	.000	.158	.488	.364	.364	.364	1.000	1.000

a. Dependent Variable: MPERF

Government Policy

Descriptive Statistics

	Mean	Std. Deviation	N
MPERF	4.2099	.57228	101
MGOVT	4.3267	.57182	101

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.565 ^a	.319	.312	.47475	2.047

a. Predictors: (Constant), MGOVT

b. Dependent Variable: MPERF

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.437	1	10.437	46.306	.000 ^a
	Residual	22.313	99	.225		
	Total	32.750	100			

a. Predictors: (Constant), MGOVT

b. Dependent Variable: MPERF

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
	1 (Constant)	1.765	.362				4.873	.000	1.047	2.484		
MGOVT	.565	.083	.565	6.805	.000	.400	.730	.565	.565	.565	1.000	1.000

a. Dependent Variable: MPERF