



Implementation of Management Accounting Practices in Micro, Small and Medium Enterprises (MSMEs)

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Abstract. Management accounting practices are considered as additional knowledge for MSME actors in helping to improve managerial functions, both for financial information and non-financial information. However, its use is considered not optimal. Departing from this, the purpose of this research is to find out the extent of the application of management accounting practices in MSMEs. A total of 28 responses were collected through a survey conducted in MSMEs in the city of Makassar, South Sulawesi Province, in Indonesia. The data were then analyzed using descriptive statistical analysis techniques. The survey yielded a number of findings, including: (1) the MSME costing system in the city of Makassar relatively prioritizes performance costs and calculates costs based on activity, (2) the budgeting system concentrates more on the sales budget and production budget, (3) the performance evaluation system often evaluate sales growth, (4) MSME decision support systems pay more attention to operating income, (5) management accounting strategies rely on life cycle costs and strategic pricing. Therefore, the conclusion of this study explains that the management accounting function is considered to have a very important role and it is agreed that management accounting practices are immediately implemented in MSMEs in the city of Makassar.

Keywords: Management Accounting Practices (MAPs) · Micro · Small and Medium Enterprises (MSMEs)

1 Introduction

Economic growth has always been an important conversation before and after the COVID-19 pandemic. All aspects of driving the growth of a country's economy continue to be promoted in order to deal with the crisis, MSMEs are one of them. Several researchers in the accounting field pay attention and show consistent efforts in investigating Micro, Small and Medium Enterprises (Azudin & Mansor, 2018). Most countries

provide opportunities for the private sector to drive their economy, of which MSMEs are the main contributors to this sector (Khurana et al., 2019; Mpi, 2019). Due to globalization, technical advancements, fierce market competition, changes in management, and restrictions on capital funding, MSMEs experience similar issues with company sustainability as major enterprises (Prasanna et al., 2019).

It is not much different from developing countries such as Indonesia. The study reported by Tambunan (2021) underlines the important role of MSMEs in economic development in Indonesia, it can be proven that these businesses are the main drivers of national economic activity with their contribution to the formation of Indonesia's gross domestic product (GDP) above 50 percent, in where they are able to contribute 99 percent of the total number of businesses of all sizes and account for 92 percent of job creation in Indonesia.

Both financial and non-financial information must be taken into account in order for a firm to succeed and continue (Senftlechner & Hiebl, 2015). To facilitate the accessibility process, management accounting is considered as additional knowledge for MSME actors in helping to improve their managerial functions, because management accounting combines and emphasizes financial and non-financial information. That is why management accounting is believed to be an important tool in supporting business functions (Lavia López & Hiebl, 2015).

MSMEs may be smaller, but they have a tendency to be more adaptable when opportunities or risks materialize in their environment (Eggers, 2020). In line with the theory put forward by [5] that MSMEs have more ability to respond flexibly and quickly in dealing with uncertainty, so that it can be an effective way of crisis management. According to Ortiz-de-Mandojana & Bansal (2016), the prerequisites for SMEs to survive in times of crisis are as follows; (a) perform well in difficult conditions, (b) maintain positive adjustments in challenging conditions, (3) restore the original position from bad conditions, (4) have the ability to anticipate, prevent, and adapt to shocks in the environment. One of the real efforts that can be made by MSMEs in order to adapt themselves to any crisis shocks that hit is by paying attention to their management accounting practices. As emphasized by Diegtiar et al. (2021) that with a good management accounting system, it will have a positive impact on MSMEs in any situation, because companies will find it easier to carry out management interactions, marketing systems, and operational processes.

Management accounting practices in MSMEs have the opportunity to be investigated because MSMEs contribute greatly to economic growth in developing countries, such as in ASEAN countries such as MSMEs in Indonesia, Malaysia and Thailand with 98% of the total number of businesses (Tambunan, 2008). Meanwhile, in the regional scale of Makassar city, there are 1654 MSMEs recorded as active with various business fields (Department of Cooperatives & MSMEs of South Sulawesi Province, 2021). In addition, research investigating management accounting practices in MSMEs is also considered to be still limited and requires further exploration [4] for two reasons: First, most of the research was conducted in developed countries, while only a few were conducted in developing countries such as Indonesia.. Second, the most widely adopted management accounting practices are traditional techniques that focus on costing, product profitability, and non-financial performance measurement [2].

Table 1. MSME Data in Makassar City

| Subdistrict | Number of MSME |
|---------------|----------------|
| Tamalanrea | 43 |
| Biringkanaya | 59 |
| Manggala | 164 |
| Panakkukang | 266 |
| Tallo | 90 |
| Ujung Tanah | 20 |
| Bontoala | 23 |
| Wajo | 36 |
| Ujung Pandang | 137 |
| Makassar | 142 |
| Rappocini | 310 |
| Tamalate | 179 |
| Mamajang | 70 |
| Mariso | 115 |
| Total | 1654 |

Source: (Department of Cooperatives & SMEs of South Sulawesi Province, 2021)

2 Literature Review

2.1 Characteristics of MSMEs

Micro, Small and Medium Enterprises (MSMEs) are sectors that are considered to play an important role in the progress of a region. The reason is because the sector is able to contribute to employment and equitable development [1]. During the COVID-19 pandemic crisis, MSMEs have experienced a decline in demand for goods and services, resulting in a lack of working capital, accumulation of unsold goods, delayed payments and cash shortages, layoffs, until the end of the business (Metia, 2022). Even so, MSME actors certainly continue to try to recover by compiling a series of accurate strategies to survive through various innovations.

In Indonesia, the regulations that regulate and facilitate MSMEs are contained in the Law of the Republic of Indonesia Number 20 of 2008, which explains that MSMEs are small companies owned and managed by a person or owned by a small group of people with a certain amount of wealth and income.

The number of MSMEs in Makassar is 1,654 spread over 14 sub-districts. The distribution of MSMEs in each sub-district can be seen in Table 1.

Table 2. Management Accounting Stages

| Stage | The Role of Management Accounting |
|-----------------------------|--|
| First stage (before 1950) | Planning (budgeting), product costing, and cost control. |
| Second stage (1951–1965) | Shift to providing information to assist managers in planning and allocating resources and an introduction to responsibility accounting. |
| Third stage (1966–1985) | Reduce wastage through the use of process analysis and cost management |
| Fourth stage (1985–present) | Creating value for important stakeholders such as customers, shareholders, creditors and employees. |

Source: (Jermias et al., 2018)

2.2 Management Accounting Practice (MAP)

The evolving definitions of three main accounting bodies the Institute of Management Accountants (IMA), the Chartered Institute of Management Accounting (CIMA), and the International Federation of Accountants (IFAC) will now be used to study how management accounting has changed through time.

According to IMA (2008), management accounting is the process of identifying, measuring, amassing, analyzing, preparing, interpreting, and communicating financial information that is used by management to make decisions, plan expenditures, and control finances, which helps management develop and carry out organizational strategies.

Meanwhile, according to CIMA (2005), the use of accounting concepts and financial management in the public and commercial sectors to build, safeguard, maintain, and increase value for stakeholders in for-profit and nonprofit organizations is known as management accounting.

Another definition according to IFAC (1998), management accounting is the process of identifying, measuring, compiling, analyzing, preparing, interpreting, and presenting information (financial and operating) used by management to plan, assess, and control inside an organization as well as to ensure use and accountability of its resources.

In its application, we recognize traditional and modern management accounting. Chandrarin & Zuhroh (2021) argues that traditional management accounting includes management accounting systems for costing, budgeting, performance measurement, and decision making. While activity-based management, competitive analysis, industry analysis, long-term forecasting, value chain analysis, target costing, and overall quality management are all examples of strategic management accounting methods.

According to Jermias et al. (2018), Indonesia has undergone the stages of management accounting outlined by the International Federation of Accountants (IFAC), the specifics of which are shown in Table 2:

Based on the above reality and to find out the extent of the application of management accounting practices in MSMEs, we took the initiative to measure the application of management accounting in MSMEs in the city of Makassar.

3 Methodology

We use a survey sourced from [3], the questionnaire has 5 parts: Company profile, Level of use of management accounting practices, Factors that influence the extent to which management accounting practices are used, Company performance, Management accounting function.

The use of MAP is measured by a simple “Yes/No” statement, while the level of implementation and perceived importance is measured by a five-point Likert scale. A total of 28 responses were collected through an attended survey conducted over two months in MSMEs in the city of Makassar, South Sulawesi Province, in Indonesia. The data were then analyzed using descriptive statistical analysis techniques.

We used an attended survey to make sure everyone understood every question due to the possible issues with language and financial literacy. This process is critical because of the complexity in each MAP, and relying solely on surveys can lead to potential personal bias and misjudgment (Cuzdriorean, 2017). Each MAP was reviewed to establish a standard language and to achieve common understanding among the surveyors in an effort to elicit consistent responses to the questionnaire.

4 Results

4.1 Company Profile

The results of the Table 3 show that most of the companies (57%) have only been operating for 1 - 3 years. Respondents who have been in business for between 4–10 years (39.5%). In contrast, the number of companies that have been operating for more than 10 years is only 3.5%. As a result, the majority of the organizations who answered were well-established enterprises that could be anticipated to employ management accounting principles and have created a management accounting system suitable for their particular business requirements.

In general, the MSME activity sector from companies that responded the most came from the food and beverage sector (57%), and the MSME activity sector with the lowest response rate came from the Clothing & Merchandise, Electronics, Retail & Entertainment, Conventional Pawnshops, Sports, Furniture, and Mobile with 3.5% each. The table above also shows the response rate for the number of employees in Makassar City SMEs is less, it can be seen that the number of employees 0 to 4 is 86%, the rest is 5 to 50 with a percentage value of 14%. The information collected also shows an annual sales turnover, MSMEs reported an annual sales turnover of IDR 10,000,000.00 to IDR 50,000,000.00 more with a percentage of 32%, followed by IDR 50,000,000.00 to IDR 100,000,000.00 with a percentage of 28%, and turnover below IDR 5,000,000.00 has a percentage of 11%.

4.2 Level of Use of Management Accounting

4.2.1 Costing System

The results of the Descriptive Statistical Analysis of the Costing System can be seen in Table 4:

Table 3. MSME Profile

| Year of Business Operation | Frequency | Percentage |
|---|-----------|------------|
| 1 - 3 years old | 16 | 57% |
| 4 – 10 years old | 11 | 39,5% |
| More than 10 years | 1 | 3,5% |
| Total | 28 | 100% |
| MSME Activity Sector | Frequency | Percentage |
| Clothing & Merchandise | 1 | 3,5% |
| Food & Beverages | 16 | 57% |
| Electronic | 1 | 3,5% |
| Retail & Entertainment | 1 | 3,5% |
| Garment | 3 | 11% |
| Conventional Pawnshop | 1 | 3,5% |
| Laundry service | 2 | 7,5% |
| Sport | 1 | 3,5% |
| Furniture | 1 | 3,5% |
| Handphone | 1 | 3,5% |
| Total | 28 | 100% |
| Number of Employees | Frequency | Percentage |
| 0 to 4 | 24 | 86% |
| 5 to 50 | 4 | 14% |
| 51 to 150 | - | - |
| More than 150 | - | - |
| Total | 28 | 100% |
| Annual Sales Turnover | Frequency | Percentage |
| Under IDR 5,000,000.00 | 3 | 11% |
| IDR 5,000,000.00 to IDR 10,000,000.00 | 5 | 18% |
| IDR 10,000,000.00 to IDR 50,000,000.00 | 9 | 32% |
| IDR 50,000,000.00 to IDR 100,000,000.00 | 8 | 28% |
| More than IDR 100,000,000.00 | 3 | 11% |
| Total | 28 | 100% |

The results of the analysis of the costing system above show the percentage, average, and standard deviation. There are 15 respondents from 28 samples who use a costing system. In the cost collection system, it is known that work costs get the highest percentage of 16.4% with a mean of 4.00, while the lowest is batch costs which get a percentage of 12.8% with a mean of 3.13. As for the costing system, it is known that activity-based

Table 4. Descriptive Statistics

| | N | Percentage (%) | Mean | Std. Deviation |
|------------------------|----|----------------|------|----------------|
| Cost collection system | | | | |
| Job costing | 15 | 16.4 | 4.00 | 1.069 |
| Batch costing | 15 | 12.8 | 3.13 | 1.302 |
| Contract costing | 15 | 14.6 | 3.60 | 1.352 |
| Process costing | 15 | 14.6 | 3.60 | 1.454 |
| Costing system | | | | |
| Absorption costing | 15 | 13.6 | 3.33 | 1.175 |
| Variable costing | 15 | 13 | 3.20 | 1.146 |
| Activity-based costing | 15 | 15 | 3.67 | 1.291 |
| Valid N (listwise) | 15 | | | |

cost calculations obtain the highest percentage of 15% with a mean of 3.67, while the lowest is variable costs that obtain a percentage of 13% with a mean of 3.20. The above description concludes that MSMEs in Makassar City tend to pay more attention to work costs and activity-based costing in the costing system.

4.2.2 Budgeting System

The results of the Descriptive Statistical Analysis of the Budgeting System can be seen in Table 5:

The results of the analysis of the budgeting system above show 3 parts: types of budgeting, budgeting time, and budgeting methods. There are 18 respondents from 28 samples who use a budgeting system. The type of budgeting shows that the sales budget and production budget each get the highest score of 10.2% with a mean of 4.00, while the lowest is the financial position budget with a value of 8.8%. In terms of budgeting time, the majority of respondents chose a monthly budget with a percentage of 9.7%. Part of the budgeting method, the highest is additional budgeting with a percentage of 8.5% or a mean of 3.39. It is clear from the research above that the production and sales budgets receive more attention in Makassar City's MSME budgeting system.

4.2.3 Performance Evaluation System

The results of the Descriptive Statistical Analysis of the Performance Evaluation System can be seen in Table 6:

The results of the analysis of the performance evaluation system above show 2 parts: financial measures and non-financial measures. There are 19 respondents from 28 samples who use a performance evaluation system. In the financial measures section, it can be seen that sales growth got the highest score of 9.4% with a mean of 4.16, while the lowest was analysis of variance with a value of 7%. In the non-financial measures section, the majority of respondents chose on-time delivery with a percentage of 8.8%,

Table 5. Descriptive Statistics

| | N | Percentage (%) | Mean | Std. Deviation |
|---------------------------|----|----------------|------|----------------|
| Types of budgeting | | | | |
| Sales budget | 18 | 10.2 | 4.00 | .970 |
| Purchasing budget | 18 | 11 | 4.11 | .832 |
| Production budget | 18 | 10.2 | 4.00 | 1.085 |
| Cash flow budget | 18 | 9.8 | 3.89 | .900 |
| Financial position budget | 18 | 8.8 | 3.50 | 1.295 |
| Budgeting Time | | | | |
| Monthly budget | 18 | 9.7 | 3.83 | 1.200 |
| Annual budget | 18 | 8 | 3.28 | 1.227 |
| Continuous/rolling budget | 18 | 8.4 | 3.33 | 1.237 |
| Budgeting Method | | | | |
| Flexible budget | 18 | 8.4 | 3.33 | 1.029 |
| Incremental budgeting | 18 | 8.5 | 3.39 | 1.145 |
| Zero-based budgeting | 18 | 7 | 2.83 | 1.295 |
| Valid N (listwise) | 18 | | | |

while the lowest was employee turnover of 4.7% with a mean value of 2.11. From the description above, it can be concluded that the MSME performance evaluation system in Makassar city evaluates sales growth more often.

4.2.4 Decision Support System

The results of the Descriptive Statistical Analysis of Decision Support Systems can be seen in Table 7:

The results of the analysis of the decision support system above show 2 analyzes: short-term and long-term. There are 15 respondents from 28 samples who have a decision support system. In the short-term analysis section, it can be seen that break-even analysis obtained the highest percentage of 14.4% with a mean of 3.93, while the stock control model was the lowest percentage with a value of 11.4%. Meanwhile, in the long-term analysis section, it can be seen that payback have a percentage value of 12.8% with a mean of 3.60, and the internal rate of return is the lowest with a value of 11.6%. Based on this information, it can be concluded that the MSME decision support system in the city of Makassar that is most concerned is break-even analysis.

4.2.5 Management Accounting Strategy

The results of the Descriptive Statistical Analysis of Management Accounting Strategy can be seen in Table 8 below:

Table 6. Descriptive Statistics

| | N | Percentage (%) | Mean | Std. Deviation |
|---------------------------------|----|----------------|------|----------------|
| Financial measures | | | | |
| Operating income | 19 | 9.3 | 3.95 | 1.177 |
| Return on investment | 19 | 7.5 | 3.32 | 1.250 |
| Variance analysis | 19 | 7 | 3.16 | 1.167 |
| Sales growth | 19 | 9.4 | 4.16 | .898 |
| Cash flow | 19 | 9.3 | 3.95 | 1.129 |
| Non-financial measures | | | | |
| Number of customer complaints | 19 | 8.2 | 3.63 | 1.012 |
| Survey of customer satisfaction | 19 | 7.5 | 3.32 | 1.336 |
| Number of warranty claims | 19 | 6.8 | 3.05 | 1.353 |
| On-time delivery | 19 | 8.8 | 3.89 | 1.197 |
| Manufacturing lead time | 19 | 8.3 | 3.68 | 1.336 |
| Defect rate | 19 | 6.7 | 3.00 | 1.414 |
| Employee turnover | 19 | 4.7 | 2.11 | 1.243 |
| Absentee rates | 19 | 6.5 | 2.89 | 1.663 |
| Valid N (listwise) | 19 | | | |

Table 7. Descriptive Statistics

| | N | Percentage (%) | Mean | Std. Deviation |
|---------------------------------|----|----------------|------|----------------|
| Short-term analysis | | | | |
| Break-even analysis | 15 | 14.4 | 3.93 | .961 |
| Stock control model | 15 | 11.4 | 3.20 | 1.265 |
| Product profitability analysis | 15 | 11.6 | 3.27 | 1.033 |
| Customer profitability analysis | 15 | 13.8 | 3.87 | .743 |
| Long-term analysis | | | | |
| Payback | 15 | 12.8 | 3.60 | 1.121 |
| Accounting rate of return | 15 | 12.4 | 3.47 | 1.060 |
| Net present value | 15 | 12 | 3.33 | .900 |
| Internal rate of return | 15 | 11.6 | 3.27 | 1.033 |
| Valid N (listwise) | 15 | | | |

There are 14 respondents who have a management accounting strategy, the results of the analysis show life cycle costs and strategic prices as indicators that get the highest score, each of which is 17.4% with a mean value of 4.36. The lowest value is strategic

Table 8. Descriptive Statistics

| | N | Percentage (%) | Mean | Std. Deviation |
|--------------------------------|----|----------------|------|----------------|
| Target costing | 14 | 16.3 | 4.07 | .829 |
| Strategic costing | 14 | 15.9 | 4.00 | .877 |
| Value chain | 14 | 16.5 | 4.14 | .770 |
| Life cycle cost | 14 | 17.4 | 4.36 | .633 |
| Strategic pricing | 14 | 17.4 | 4.36 | .633 |
| Competitor position monitoring | 14 | 16.5 | 4.14 | .864 |
| Valid N (listwise) | 14 | | | |

Table 9. Descriptive Statistics

| | N | S1 | S2 | S3 | S4 | S5 | Mean | Std. Deviation |
|---|----|----|----|----|----|----|------|----------------|
| How intense is the competition for the company's main product/product line? | 28 | 1 | 3 | 7 | 8 | 9 | 3.75 | 1.143 |
| Valid N (listwise) | 28 | | | | | | | |

cost which gets a value of 15.9% with a mean of 4.00. The description above concludes that the MSME management accounting strategy in Makassar City prioritizes life cycle costs and strategic prices the most.

4.3 Factors Affecting the Use of Management Accounting Practices

4.3.1 Market Competition

The results of the Descriptive Statistical Analysis of Market Competition can be seen in Table 9:

On a Likert scale with a maximum of five points, respondents are asked to indicate the level of competition that exists for their product in the market. On a Likert scale with a maximum of five points, respondents are asked to indicate the level of competition that exists for their product in the market. The scale is from 1; "Very Intense" to 5; "very intense". Of the 28 respondents to this question, the Table above shows that 17 respondents reported "intense" or "very intense" competition. The mean value obtained is 3.75 and most respondents choose "very intense", so it can be concluded that the average market competition is considered tight.

4.3.2 Qualified Internal Accountant

The results of the table above show that most of the qualification levels of the company's internal accountants are bachelor degrees in accounting/finance. There are only

Table 10. Qualification Level of Internal Accountant

| Qualification level | Frequency | Percentage |
|---|-----------|------------|
| SMK | 1 | 11% |
| PMR/SRP | 2 | 22% |
| Bachelor’s Degree in accounting/finance | 6 | 67% |
| Total | 9 | 100% |

Table 11. Descriptive Statistics

| | N | S1 | S2 | S3 | S4 | S5 | Mean | Std. Deviation |
|--------------------------------|----|----|----|----|----|----|------|----------------|
| Participation of owner/manager | 28 | 4 | 5 | 7 | 6 | 6 | 3.18 | 1.362 |
| Valid N (listwise) | 28 | | | | | | | |

9 MSMEs that have qualified internal accountants, 6 of whom have a bachelor’s degree in accounting/finance with a percentage of 67% (Table 10).

4.3.3 Owner/Manager Participation

The results of the Descriptive Statistical Analysis of Managers’ Participation can be seen in Table 11:

Respondents were asked to indicate the perceived level of participation of the owner/manager of the company as measured by a five-point Likert scale where 1; “Very Low” to 5; “Very high”. Of the 28 respondents for this question, the table above shows that 7 respondents have a perception of “Medium”, while the perception of “High” and “Very High” with a total of 12 respondents. The respondents who have a perception of “Low” and “Very Low” are also quite This means that there are still many MSME managers in the city of Makassar who have not maximized their participation in developing management accounting practices for their companies.

4.3.4 Technology

The results of the Technological Descriptive Statistical Analysis can be seen in Table 12:

Based on the findings of the aforementioned technology use analysis, it can be seen that the flexible manufacturing system indicator obtained an average or mean of 2.71 with a standard deviation of 1.182. The numerically controlled computer engine indicator obtained an average or mean of 2.57 with a standard deviation of 1.069. However, based on the measurement results from the Likert scale, there were 13 respondents who answered “Not used” and “Low used” for the first indicator. Likewise with the second indicator, there are 14 respondents who answered “Not used” and “Low used”. This

Table 12. Table Descriptive Statistics

| | N | S1 | S2 | S3 | S4 | S5 | Mean | Std. Deviation |
|---------------------------------------|----|----|----|----|----|----|------|----------------|
| Flexible manufacturing system | 28 | 4 | 9 | 9 | 3 | 3 | 2.71 | 1.182 |
| Computer numerical controlled machine | 28 | 4 | 10 | 10 | 2 | 2 | 2.57 | 1.069 |
| Valid N (listwise) | 28 | | | | | | | |

Table 13. Descriptive Statistics

| | N | S1 | S2 | S3 | S4 | S5 | Mean | Std. Deviation |
|------------------------------|----|----|----|----|----|----|------|----------------|
| Level of productivity | 28 | 0 | 1 | 7 | 17 | 3 | 3.79 | .686 |
| Product quality | 28 | 0 | 2 | 6 | 17 | 5 | 3.96 | .637 |
| Number of deliveries on time | 28 | 0 | 2 | 11 | 11 | 4 | 3.61 | .832 |
| Sales growth rate | 28 | 0 | 2 | 7 | 13 | 6 | 3.82 | .863 |
| Operating profit growth rate | 28 | 0 | 2 | 7 | 14 | 5 | 3.79 | .833 |
| Cash flow growth rate | 28 | 0 | 2 | 7 | 16 | 3 | 3.71 | .763 |
| Valid N (listwise) | 28 | | | | | | | |

means that there are still so many MSMEs in the city of Makassar that have not yet optimized technology for their business activities.

4.3.5 Company Performance

The results of the Descriptive Statistical Analysis of Company Performance can be seen in Table 13:

From the results of the analysis of the company's performance above, it can be seen that the answers to most respondents chose "increase" for all company performance indicators. The productivity level is perceived as increasing by 20 respondents, the product quality is considered to have increased by 22 respondents, the number of on-time deliveries is considered to be increased by 15 respondents, the sales growth rate is considered to be increased by 19 respondents, the operating profit growth rate is considered increased by 19 respondents, and the cash flow growth rate is considered to be increased by 19 respondents. Also considered increased by 19 respondents. Therefore, it can be concluded that the company's performance has improved over the last few years.

4.3.6 Management Accounting Function

The results of the Descriptive Statistical Analysis of the Management Accounting Function can be seen in Table 14:

Table 14. Descriptive Statistics

| | N | S1 | S2 | S3 | S4 | S5 | Mean | Std. Deviation |
|--|----|----|----|----|----|----|------|----------------|
| Planning the future strategies, tactics and operations | 28 | 0 | 0 | 6 | 18 | 4 | 3.93 | .604 |
| Controlling current activities | 28 | 0 | 0 | 5 | 20 | 3 | 3.93 | .539 |
| Measuring and evaluating performance | 28 | 0 | 0 | 5 | 19 | 4 | 3.96 | .576 |
| Optimizing the use of firm's resources | 28 | 0 | 0 | 5 | 19 | 4 | 3.96 | .576 |
| Reducing subjectivity in decision making process | 28 | 0 | 0 | 9 | 16 | 3 | 3.79 | .630 |
| Improving internal and external communication | 28 | 0 | 0 | 6 | 19 | 3 | 3.89 | .567 |
| Valid N (listwise) | 28 | | | | | | | |

From the results of the analysis of the management accounting function above, it can be seen that the majority of respondents also chose “agree” for all indicators of the management accounting function. Planning strategies, tactics and future operations approved by 22 respondents, controlling current activities approved by 23 respondents, measuring and evaluating performance approved by 23 respondents, optimizing the use of company resources approved by 23 respondents, 19 respondents supported lowering subjectivity in decision-making, whereas 22 others supported enhancing internal and external communication. Thus, it can be inferred that the management accounting function is regarded as being quite beneficial and that many respondents agreed that it should be used in MSMEs in the city of Makassar.

5 Discussion

Based on the analysis's findings and the research's interpretation, it was discovered that the majority of the MSMEs who replied worked in the food and beverage industry. This finding can show that food and beverage companies are becoming a popular field and becoming a trend in society in doing business. On the other hand, MSMEs that are just starting a business process need innovation, the innovation process has a high risk of failure, so MSME owners need accurate calculations in making decisions. As emphasized by Latifah et al. (2021) that the accounting information system is a component of management control, which lowers risk by establishing standards and guiding business objectives.

The budgeting system, performance evaluation, and decision support for MSMEs in Makassar City are more concentrated on the sales and production budget. If you look back at IFAC, MSME budgeting practices are still in the first place, namely cost determination and financial control. In addition, IFAC (1998) also requires the operation of MSMEs to the third stage by reducing waste originating from MSME activities. Therefore, this

study also hopes that MSMEs should pay attention to this. Moreover, waste processing activities can also be carried out by providing budget items disclosed in financial reports (Husni et al., 2022).

Another important thing is that the decision support system in MSMEs must also achieve a sustainable competitive advantage, and must pay attention to the seven dimensions of business management in MSMEs. The seven aspects are 1) Business strategy. 2) human resources; 3) information technology; 4) product; 5) promotion; 6) cooperation; 7) corporate social responsibility (CSR) (Jatmiko et al., 2021).

The effectiveness of SMEs is indirectly impacted by management strategy. The association between management strategy and MSME performance is positively mediated by both innovation and accounting information systems. Strategy alignment and innovation play an important role in improving MSME performance. Innovation is needed to provide value to products and customers as part of a differentiation strategy that emphasizes product originality and quality (Latifah et al., 2021). This is significant because management accounting functions, qualified internal accountants, owner and manager participation, technology, market competition, and firm performance all have an impact on the usage of management accounting methods.

6 Conclusion

There are a number of things that researchers can conclude to answer the questions in this study, especially in tracing management accounting practices in MSMEs in Makassar city which combines 28 companies. The involvement of MSMEs with their participation provides new knowledge related to management accounting, both from the system to the effectiveness of its implementation.

In terms of the level of use of management accounting, there are several points that can be concluded, including: (1) the MSME costing system in the city of Makassar relatively prioritizes performance costs and calculates costs based on activities, (2) the budgeting system concentrates more on the sales budget and budget. Production, (3) performance evaluation systems often evaluate sales growth, (4) MSME decision support systems pay more attention to operating income, (5) management accounting strategies rely on life cycle costs and strategic pricing.

Finally, respondents also admitted that the competition in the MSME business in the city of Makassar was very tight. However, the intense business competition has not been able to encourage the awareness of SMEs to develop their existing potential. This can be indicated by the fact that the number of qualified internal accountants is only 9 out of 28 MSMEs, there are still many MSME managers who have not maximized their participation in developing management accounting practices, and the use of technology has not been properly optimized for business activities. Although respondents consider their company's performance to have improved over the last few years, they also admit that the management accounting function is still very helpful and they strongly agree that management accounting practices are immediately implemented in MSMEs in the city of Makassar. All of these are important and urgent so that the planning, controlling, and decision-making processes can be carried out effectively in order to achieve company goals.

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