



Management Accounting Tools and Trends: An Investigation of Its Usefulness and Relationship among the Philippines SMEs

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Abstract:

Small-medium-sized enterprises (SMEs) nowadays provide an important role in the Philippines' economy. They employ around 32% of the workforce. SME is recognized as the point for growth that will ensure that the Philippine economy moves forward despite the unfavourable global environment. They reduce poverty by creating jobs that helps to create employment opportunities and more equitable income distribution. Because businesses are being force to deal with the effects of globalization, even small and medium-sized enterprises (SMEs) need to develop relevant ideas to manage the problems, issues and challenges every day. This study describes the level of usefulness of management accounting tools (MATs) used, test the relationship of MATs used to the level of net income and capital, test of difference between and among the level of its usefulness and the difficulties encountered in applying the tools. Purposive sampling technique was used to obtain information through questionnaire survey from the owners, general managers, finance/accounting managers and accountants of the 300 small-medium-sized enterprises (SMEs) across manufacturing, wholesale and retail trade, accommodation and food service activities, financial and insurance activities and professional, scientific and technical activities established in the National Capital Region of the Philippines. Frequency and mean were used for descriptive analysis, then Spearman Rho to measure the strength and direction of association between the level of its usefulness to net income and capital and Mann-Whitney U and Kruskal Wallis test to compare the difference between and among SMEs levels of its usefulness. The findings of the study suggest that in the present day's business environment, operating budgets and statement of cash flow analysis for small enterprises and capital budgeting decisions, financial budgets, financial statement analysis, managing customers' relationship and operating budgets for medium enterprise are the



very useful MATs necessary to manage their business operations successfully. Likewise, the used of different kinds of analysis developed significant relationship between selected variables of size, level of net income and capital to the level of its usefulness for medium-sized enterprises and sufficient to create significant difference between and among the SMEs levels of its usefulness.

Biography

Joy Lynn Legaspi is an Associate Professor and works at De La Salle University-Manila. She holds a BS in Accountancy and a Certified Public Accountant. She is a graduate of Advanced Professional Diploma in Management Studies at City of London College, Master of Business Administration at Birmingham City University, United Kingdom and Doctor of Philosophy in Business Administration at Wesleyan University-Philippines. She has presented an abstract on "Evaluating Management Accounting Tools in SMEs: Issues and Evidence" at the International House, 2018 International Symposium on Business and Management Conference in Osaka, Japan and "Does Management Accounting Information Meet the Needs of SMEs?" An Investigation of Its Usefulness from Manufacturing Enterprise" at the 5th International Conference on Management Research and Advances in Accounting 2018, Langkawi Malaysia. She grew up in province of Nueva Ecija which is best known for being the "Rice Granary of the Philippines" and passionate about teaching, research, travel, and commitment to expanding the body of knowledge, especially in the area of Management Accounting.

Publication of speakers:

1. Department of Trade and Industry Philippines. (2015) Entrepreneurs in Metro Manila, [Accessed 5th June 2018] Available from the World Wide Web: <http://dtincr.ph/news.php?id=6>.

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