

The Impact Of Digitalization On Management Accounting Practices Among Smes In China

Yu Xiaoli^{1*}, Nik Herda Nik Abdullah²

¹Taylor's Business School, Taylor's University, Subang Jaya, Malaysia, School of Economics and Management, Yiwu Industrial & Commercial College, Zhejiang, China

²School of Accounting and Finance, Taylor's University, Subang Jaya, Malaysia

*Corresponding author: Yu Xiaoli

*Email address: yuxiaoli@sd.taylors.edu.my

Citation: Yu Xiaoli, et.al (2024), The Impact Of Digitalization On Management Accounting Practices Among Smes In China, *Educational Administration: Theory And Practice*, 30(4) 10140-10153, Doi: 10.53555/kuey.v30i4.6184

ARTICLE INFO

ABSTRACT

Small and Medium Enterprises (SMEs) have a significant impact on the economics of many countries, especially in emerging nations including China. The 19th National Congress of the Communist Party of China and the revised "Small and Medium Enterprises Promotion Law" in 2023 provided clear guidelines on expenditures. The China's government encouraged SMEs to adopt modern technologies for innovation in production methods, operation modes, and management practices. However, there is a limited study investigates the significance of digitalization in assisting the adoption of MAPs, specifically in China. This study aims to analyses the influence of digitalization on MAPs, with a special emphasis on the strategies used by SMEs in China. The study used AMOS Structural Equation Modelling (SEM) to examine data obtained from 599 questionnaires using purposive sampling. The research results indicated that digitalization has a substantial impact on the MAPs among SMEs in China through IT capabilities, employees' digital culture, digital technologies and digital culture. This study adds to the growing literature on the MAPs and digitalization in China SMEs. Thus, the use of MAPs in organizations can significantly improve business performance and digitalization will not only enhances the effectiveness of MAPs, but also ensures the long-term viability of the firm and encourages the adoption of MAPs in China SMEs.

Keywords: management accounting practices, digitalization, small and medium-sized enterprises, IT capabilities, employees' digital capabilities, digital technologies, digital culture

INTRODUCTION

Small and medium-sized enterprises (SMEs) play a crucial role in the majority of economies, with particular significance in China (MIIT, 2020). Given the intricate and ever-changing economic circumstances both domestically and internationally, the Chinese government has decided to give more importance to SMEs. MIIT announced the "Special Action Plan for Digital Empowerment of Small and Medium Enterprises (SMEs)" in March 2020. This endeavour used digital, network, and cognitive technologies to assist small and medium-sized enterprises in resuming industrial operations. During the 2020 Symposium on Private Enterprises, Chinese President Xi Jinping acknowledged the distinctive and substantial role that SMEs play in terms of employment, economic stability, and the development of innovation. Furthermore, their significance in the overall national economy begins to escalate (Xi, 2022). Therefore, it is crucial for many SMEs to enhance their performance in order to achieve long-term success and contribute to China's economic and social progress. From an accounting perspective, SMEs could adopt management accounting practices to improve their performance; hence, it is crucial for SMEs to understand the factors that influence the adoption of MAPs.

Previous research indicates that the implementation of digitalization mostly affects the management accounting systems and controls in organizations rather than the management accounting practices (MAPs) in SMEs in China. MAPs provide essential data for company planning, analysis, control, and decision-making. MAPs have a vital role in providing essential information to support strategic decision-making and the