

A Framework of Contingencies Factors, Government Support and Management Accounting Practices in Malaysian Small and Medium-Sized Enterprises

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Article Info	Abstract
Received : 2021-07-13 Accepted : 2022-01-12 Published : 2022-01-31	Small and medium-sized enterprises (SMEs) are critical in developing countries, as they create significant job opportunities and contribute to global economic development. Numerous Malaysian SMEs are struggling to survive in the aftermath of the COVID-19 outbreak. As a result, the adoption of management accounting practices (MAPs) plays an important role in supporting decision making, which aids in the sustainability of SMEs' economic growth and leads to long-term performance. However, there is limited research on MAPs being used in SMEs across various industries. This paper aims to propose a conceptual framework for the factors affecting MAPs in Malaysian SMEs from a contingency theory perspective. This paper employs a qualitative approach by reviewing all pertinent literature on the subject from various databases and relating it to the current environment, which attempts to bring the entire concept of MAPs into focus based on the findings of previous research and a proposed conceptual framework that can be used for future research. This research has contributed to the literature by providing a conceptual framework for MAPs from the perspective of contingency theory, with an addition on government support, which can improve industry competitiveness, business prosperity, and long-term performance. Based on the proposed framework, further empirical study is needed to examine whether the factors that contribute significantly to the adoption of MAPs in SMEs.
Keywords: contingency theory; government support; management accounting practices; small and medium-sized enterprise	

INTRODUCTION

Small and medium-sized enterprises (SMEs) are critical in developing countries, as they create significant job opportunities and contribute to global economic development (World Bank, 2020). Malaysia, as a developing country, has over a million SMEs, accounting for 98.5 percent of total business across a wide range of sectors (DOSM, 2020). SMEs contributed to 38.9 percent of Malaysia's GDP and employed 48.4 percent of the country's workforce in 2019 (DOSM, 2020). This demonstrates that SMEs are critical to Malaysia's economic growth and employment generation. Despite this, a persistent divide exists between small and large businesses, impeding potential growth and income distribution (The Star, 2020a). Additionally, SMEs are impacted by the globalization of the business economy, which results in issues such as business discontinuity and survival struggles (Ahmad, 2014). Hence, effective policies that enable SMEs to grow and innovate are required to empower SMEs to participate in the global economy, innovate, and grow (The Star, 2020a). This explains the government's enormous support for SMEs. Numerous Malaysian SMEs are struggling to survive in the aftermath of the COVID-19 outbreak. Malaysia's government announced a RM110 billion stimulus package, and