Adoption, Benefits and Challenges of Strategic Management Accounting Practices: Evidence from Emerging Market

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ABSTRACT

Strategic Management Accounting (SMA) techniques were developed to provide information appropriate for decision making in changing internal and external environments. However, studies in the developed countries demonstrated that firms were slow to adopt such techniques. This study aims to identify the types of management accounting practices currently adopted by Malaysian companies. Subsequently, this study is interested to identify benefits received from the current management accounting practices and challenges in implementing SMA techniques. Based on 118 responses received, the findings revealed that 55.1% of the sample companies adopted ten out of forty five management accounting techniques. This percentage indicates that the adoption rates for management accounting practices by Malaysian companies were relatively lower than other countries. Analysis of the findings also showed that the top five management accounting techniques used were related to traditional management accounting techniques. Those techniques were budgeting, breakeven analysis, variance analysis and cash flow. However, some companies started to adopt SMA techniques such as product profitability analysis, activity based costing, balanced scorecard and benchmarking practices. The top reasons why respondents still use traditional management accounting techniques include top management does not fully understand why it is required to implement SMA practices, *lack of support in terms of resources, time and personnel to encourage changes into the SMA technique, they perceive that implementing such SMA is not part of their job and SMA practices are very complex, it needed special skills to implement.*

Keywords*: strategic management accounting practices, traditional management accounting practices, Malaysian companies*

INTRODUCTION

Previous studies indicated that most companies are still using traditional management accounting (TMA) in producing information for decision making (Bromwich & Bhimani, 1989; Guilding, Cravens & Tayes, 2000; Mamat & Ismail, 2011; Tuan Mat & Smith, 2011). TMA is highly quantitative and internally focused (Bromwich & Bhimani, 1989; Dixon, 1998; Drury, 2004; Lord, 1996) and because of the changes in manufacturing environment and competition, TMA has not been able to produce such a dynamic information for the business in today's competitive environment (Bromwich & Bhimani, 1989; Cooper & Kaplan, 1988; Guilding, Cravens & Tayes, 2000). The failure to produce broad scope information under TMA would lead managers to limit their focus on operational issues and downplay focus on broader issues relating to competitors, quality of products and customer (Bromwich & Bhimani, 1989). While TMA information is deemed important and sufficient for planning, decision making and control in the past, the current landscape has changed and this calls for a demand for broad scope information (Cadez & Guilding, 2008; Kaplan & Norton, 1996). Thus, to fit to the new dynamic and global environment, the employment of SMA techniques is needed.

The adoption of SMA is one of the ranges of new management accounting techniques and approaches that may be used to meet the new challenges facing by companies (Simmonds, 1981). Bromwich (1990) had referred to SMA as a technique that evaluates the enterprise's competitive advantage or value-added relative to its competitors and to evaluate the benefits the firm's products yield over their lifetime to customers and the benefits which this sales yield to the firm over a long decision horizon. This implies that SMA requires accountants to acquire new skills beyond their usual areas of expertise and incorporate with general management, corporate strategies, marketing and product development. Compared to a decade ago, the operating environment of most firms today are dynamic and hyper competitive, hence competitors try to outmaneuver each other with new and improved products and services, more efficient manufacturing and service delivery processes and better quality (Simmonds, 1981).

Bromwich and Bhimani (1989) suggested that TMA technique, which focused on internal orientation and is highly quantitative in nature, had not been able to facilitate management for strategic decision making and organizational competitive advantages. In contrast, SMA can create considerable value by providing more relevant information that are required for the success of today's Organisations (Guilding, Cravens & Tayes, 2000). Besides, SMA could improve company's profitability and efficiency. This was proven when Kaplan introduced Activity Based Costing (ABC) and Activity Based Management (ABM); both techniques are trying to determine the actual cost of a product and eliminate non-value added activity (Roslender & Hart, 2002).

Past studies mainly focused on adoption and benefits derived from traditional and SMA practices in developed economies such as U.S., U.K., Australia, Finland and Greece. (Howell, Brown, Soucy & Seed, 1987; Chenhall & Langfield-Smith, 1998; Hyvonen, 2005; Abdel & Luther, 2008; Angelakis, Theriou & Floropoulos, 2010; Abdel Al & McLellan, 2011). Currently, there is limited evidence on the type of management accounting technique adopted by unlisted companies in emerging markets. In Malaysia, the Securities Commission is looking into trading platforms for unlisted companies since these companies form a substantial market in the country[1]. Thus, this study extends prior researches by examining the types of management accounting practices adopted by Malaysian unlisted companies. Specifically this paper aims:

1. to identify the types of management accounting practices currently adopted by companies in Malaysia;
2. to examine the perceived benefits derived from the type of management accounting practices;

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3. to examine perceived future emphasis of management accounting practices over the next 3 years, and

4. to examine the challenges faced by Malaysian companies in implementing SMA techniques.

This paper is divided into five sections. Section 1 discussed issues related to management accounting techniques. Section 2 reviews the related literature that examined the adoption and benefits of management accounting practices and challenges faced during their implementation. Section 3 outlines the research method and Section 4 presents the findings of this study. Conclusion of the paper and suggestions for future research are presented in the final section.

LITERATURE REVIEW

Chenhall and Langfield-Smith (1998) and Hyvonen (2005) discussed the adoption of certain traditional and newly developed management accounting practices (SMA) and the benefits obtained from those practices. Scholars argued that traditional management practices are less relevant for today's planning and control decisions. However, past studies revealed that the adoption rate of traditional management accounting practices was higher than SMA techniques (Sulaiman et al., 2004). Within the SMA techniques, scholars such as Chenhall & Langfield-Smith (1998) found that the SMA techniques such as ABC were widely adopted and placed greater emphasis by companies because ABC helps to allocate overheads with a greater degree of accuracy. While Hyvonen (2005) found that financial measures such as budgeting for controlling cost and product profitability analysis are likely to be important in the future, it is also clear that greater emphasis will be placed on SMA practices such as employee attitudes and customer satisfaction surveys as methods of linking operations to the organisation's strategies and objectives.

ABC as part of SMA technique was extensively adopted by organisations. Pistoni and Zoni (2000) conducted a survey of 86 undergraduate education institutions among 16 countries in Europe. They found that most of the countries selected the features of traditional costing. In Poland, 90% of 45 companies apply the traditional full costing system, 8.3% of 9 companies apply standard costing, and only one applies standard costing based on variable and fixed cost (Szychta, 2002). In Greece, traditional management accounting practices were found to have higher implementation than the newly developed practices (Angelakis et al., 2010). Abdel Al and McLellan (2011) employed Hofstede's four dimension cultural approaches to study management accounting practices adopted by Egyptian firms. The results showed that Egyptian firms retained traditional management accounting practices because they fit well in their unstable economy. However, they recognised the benefits of adopting advanced management accounting practices.

Guilding et al. (2000) have identified management accounting techniques that exhibit certain orientations that can be classified as SMA techniques. The three orientations were competitor focus, marketing focus and future focus. By employing those criteria, 12 SMA techniques were identified. The SMA techniques were attribute costing, brand value budgeting and monitoring, competitor cost assessment, competitive position monitoring, competitor appraisal based on published financial statement, life cycle costing, quality costing, strategic costing, strategic pricing, target costing and value chain costing. Subsequently, many SMA studies have adopted this definition with some modifications (e.g. Cadez & Guilding, 2008; Cinquini & Tenucci, 2007; Noordin, Zainuddin & Tayles, 2009 and Sari, 2005).

The practices of SMA in Malaysia have not been fully adopted compared to Australia and Europe (Sulaiman et al., 2004). Factors such as risk avoidance by most managers, conservative firms, and expensive implementation may explain why the adoption rate is low in India. Similarly, in Singapore and other developing countries, Sulaiman et al. (2004) concluded that lack of expertise, awareness, and support from top management makes firms hardly change their accounting practice. Malaysia, Singapore and India shared some similarities where in Malaysia and India, budgeting is adopted highly though Singapore uses it mainly as a performance evaluation tool. China does not use budgeting as much as other countries. Exclusion of sales or production planning in their responsibility may be a reason for low adoption rate in budgeting.

Review of literatures, revealed that that SMA techniques have not been widely adopted by companies (Cadez & Guilding, 2008). There are many challenges that may be faced by the companies when implementing SMA. The most common challenge faced by the companies are both middle-level managers and subordinates will try to resist the new practice that companies decided to adopt. The reasons are they fear the unknown and fear that their skills and expertise will lose value. Anything that has the potential to reduce that value will be resisted because everyone likes to feel valued by others. Hence, they may resist the implementation of new practices for fear the change will make them less wanted by the company (Sulaiman et al., 2004).

Large investment is expected in implementing SMA technique such as target costing, balanced scorecards and ABC as employees may lack expertise and knowledge on these areas (Sulaiman et al., 2004). Furthermore, companies need to employ more people who are expert in those areas and give training to the existing staff so they can handle the new techniques more easily and quickly. As a result, the implementation of new techniques would increase the expenses of the company.

Lastly, the challenge also comes from the regulation of the country's government as it might act as a trigger or a barrier to the implementation of the practices. A planned or highly protected economy might provide less incentive for firms to acquire new approaches. It may be due to traditional technique being more than enough to meet the need of the company. The government might take initiatives, such as dropping protection schemes, if the firms, in their need to be more competitive, hastily acquire more recently developed and sophisticated accounting techniques. The absence of government's effort or the presence of centralised control might stifle the expansion of the new techniques (Chenhall & Langfield-Smith, 1998).

METHODOLOGY

This study used primary data which is questionnaire survey as sources of information. The questionnaires were mailed to accountant of 156 selected companies. Each questionnaire was mailed together with a cover letter and a self-addressed return envelope. Out of 156 questionnaires sent, 118 companies responded to the questionnaires. Table 1 shows the demographic profile of the respondents and the companies' background.

The questionnaire is divided into five sections. Part A of the questionnaire contained questions on types of management accounting practices and purposes of such adoption. Part B of the questionnaire asked about the benefits gained from the management accounting technique adopted over the last three years using Likert scale ranging from "0" = no benefit, "1"= low benefit, "2" = no opinion, "3" = moderate benefit and "4" = high benefit. Part C requires respondents to indicate the degree of emphasis on each management accounting practice over the next three years ranging from "0" = no emphasis, "1" = low emphasis, "2" = no opinion, "3" = average emphasis and 4 = high emphasis). Part D contained questions on the main challenges faced by the companies in implementing SMA technique. Part E asked respondents their demographic profiles as well as the companies' background such as industry type, organisation size, organisation age, ownership and position of respondents. The questions were adopted with modification from Chenhall and Langfield-Smith (1998) to suit the objective of this study.

RESULTS AND DISCUSSION

The findings in Table 1 show that 59% of the sample companies are from trading and services, 36% have sales more than RM100,000,000, 19% have more than 1,000 employees and 81.1 % are from the private sector. Most of the companies have been established for 20 years or more. In terms of respondents, 33 are financial managers, 26 are financial controllers and 48 are accountants, senior accountants and senior management accountants.

Table 1: Background of Companies

Industry type	Frequency	Number of employees	Frequency
Consumer	8 (6.7%)	Less than 5	11(9.3%)
Construction/Property	5(4.2%)	5 to 49	37(31.3%)
Trading and Services	70(59.3%)	50 to 149	26(22.0%)
Plantations/Mining	4(3.4%)	150 to 249	8(6.7%)
Industrial	19(16.1%)	250 to 499	8(6.7%)
Finance	12(10.1%)	500 to 749	4(3.3%)

Total	**118**	750 to 999 1,000 to 1,249 More than 1,250 **Total**	1(0.8%) 5(4.23%) 18(15.2%) **118**
Sales in Ringgit Malaysia			
Less than 250,000	11(9.3%)		
250,000 to 10,000,000	29(24.5%)		
10,000,001 to 25,000,000	15(12.7%)	**Ownership type**	
25,000,001 to 40,000,000	5(4.2%)	Private sector	98(83.1%)
40,000,001 to 55,000,000	4(3.3%)	Multinational	20(16.9%)
55,000,001 to 70,000,000	4(3.3%)	Total	**118**
70,000,001 to 85,000,000 **85,000,001 to 100,000,000** **More than 100,000,000** **Total**	4(3.3%) 4(3.3%) 42(35.5%) 118	**Organisation age** Less than 19 years 20 to 50 years More than 50 years **Total**	 45(38.1%) 60(50.8%) 13(11.0%) **118**

The first objective of this study is to identify the types of management accounting practices currently adopted by companies in Malaysia. Table 2 displays the findings on what type of management accounting practices are currently adopted by companies in Malaysia. The top five management accounting practices are related to TMA techniques of budgeting for controlling cost, budgeting for planning cash flows, breakeven analysis, strategic plans developed with budgets, performance evaluation: budget variance analysis and performance evaluation via cash flow. The findings also discovered some SMA techniques are highly adopted by the sample companies. Among the SMA techniques highly adopted are product profitability analysis (ranked 6); ABC (ranked 8); strategic planning (ranked 9); target costing (ranked 16); benchmarking practices (ranked 23); value chain analysis (ranked 28) and shareholder value analysis (ranked 30). In summary, out of a total of 45 management accounting practices, the highest adoption is 78% (92 items) and the lowest is 11% (13 items). Malaysian unlisted companies' implementation rates for management accounting practices of between 11% and 78% fall behind Finland companies for which the rates are between 51% and 100% (Hyvonen, 2005) and Greek firms with rates ranging between 45% and 100% (Angelakis et al., 2010).

The findings also revealed that 11 out of 45 TMA are adopted by at least 55.1% of the sample companies. Management accounting practices by budgeting category (B) achieved the highest number of practices (4 out of

11 practices), namely budgeting for controlling cost, budgeting for planning cash flows, budgeting for planning financial position and budgeting for linking financial position. Two practices from decision support category (DS), two practices from performance evaluation category (PE) and two practices from product costing category (PC) are widely adopted by the sample companies. Budgeting for controlling cost and budgeting for planning cash flows achieved the highest adoption rate at 78% and 73.7% respectively. These findings are consistent to the findings discovered by Abdel Al and McLellan (2011) and Hyvonen (2005). Both studies reported budgeting for controlling costs ranked the highest adoption rate at 100%. Chenhall and Langfield-Smith (1998) found that the adoption rate for budgeting for planning cash flows and budgeting for controlling cost ranked second at 99%. Abdel Al and McLellan (2011) reported that budgeting for planning cash flows ranked third in adoption at 98%. Another study by Angelakis et al. (2010) also found that the adoption rate for budgeting for controlling cost ranked second at 98% and budgeting for planning cash flows ranked seventh at 92%.

Table 2: Types of Management Accounting Practices Adoption

Category	Management Accounting Practices	Adoption %	Rank	N
B	Budgeting for controlling cost	78.0	1	92
B	Budgeting for planning cash flows	73.7	2	87
DS	CVP/breakeven analysis	68.6	3	81
LTP	Strategic plans developed with budgets	65.3	4	77
PE	Performance evaluation: budget variance analysis	64.4	5	76
PE	Performance evaluation: cash flow	64.4	5	76
DS	Product profitability analysis	61.9	6	73
B	Budgeting for planning financial position	60.2	7	71
B	Budgeting for linking financial position	60.2	7	71
PC	Product costing: ABC	55.1	8	65
PC	Product costing: variable costing	55.1	8	65
LTP	Formal strategic planning	48.3	9	57
PE	Performance evaluation: ROI	47.5	10	56
LTP	Long range forecasting	45.8	11	54
PE	Performance evaluation: controllable profit	45.8	11	54
PE	Performance evaluation: team performance	45.8	11	54

PE	Performance evaluation: employee attitudes	44.9	12	53
LTP	Capital budgeting measures like ROI & payback	44.1	13	52
B	Budgeting for planning day-to-day operations	43.2	14	51
DS	Activity-Based Management	42.4	15	50
PE	Performance evaluation: customer satisfaction surveys	42.4	15	50
DS	Target costing	41.5	16	49
PE	Performance evaluation: divisional profit	41.5	16	49
B	Budgeting for coordinating activities across the business units	40.7	17	48
LTP	Capital budgeting measures (IRR& NPV)	39	18	46
PC	Product costing: absorption costing	36.4	19	43
PE	Performance evaluation: qualitative measures	36.4	19	43
PE	Performance evaluation: balanced scorecard	32.2	20	38
B	Budgeting for evaluating managers' performance	31.4	21	37
LTP	Strategic plans developed separately from budgets	30.5	22	36
DS	Benchmarking: operational processes	29.7	23	35
PE	Performance evaluation: production processes	29.7	23	35
DS	Benchmarking: product characteristics	28	24	33
PE	Performance evaluation: ongoing supplier evaluations	27.1	25	32
DS	Product life cycle analysis	26.3	26	31
DS	Benchmarking: management processes	25.4	27	30
DS	Value chain analysis	24.6	28	29
PE	Performance evaluation: non-financial measures	23.7	29	28
DS	Economic or shareholder value analysis	21.2	30	25
DS	Benchmarking: strategic priorities	19.5	31	23
PE	Performance evaluation: residual income	16.1	32	19
B	Budgeting for compensating managers	15.3	33	18
DS	Benchmarking with outside organisations	13.6	34	16
DS	Benchmarking within organisations	12.7	35	15
DS	Operations research techniques	11	36	13

B= budgeting systems, DS = decision support, LTP = long term planning, PC = product costing, PE = performance evaluation.

The second objective of this study is to examine the perceived benefits derived from the type of management accounting practices. This study classified the benefits into "high benefit", "moderate benefit" and "low benefit" based on the computation used by Abdel Al and McLellan (2011). The range between the highest number of ranking and the lowest number of ranking is divided by three categories of benefits (high benefit, moderate benefit and low benefit).

Table 3 presents the perceived high benefit types of management accounting practices. The respondents classified three "budgeting" categories as "high benefits", namely budgeting for controlling cost (ranked 1st), budgeting for cash flows (ranked 2nd) and budgeting for planning financial position (ranked 8th). Cash flow and budget variance analysis under "performance evaluation" category are ranked 3rd and 5th respectively. Table 3 also reveals that respondents will emphasise all these budgeting and performance evaluation practices for the next three years. These findings are consistent with those of Chenhall and Langfield-Smith (1998) who found that all these practices provided relatively "high benefits" to Australian manufacturing firms except for cash flow under performance evaluation category. Egyptian manufacturing organisations also perceived to receive high benefits for all three "budgeting" categories (AbdelAl & McLellan, 2011).

Table 3: Management Accounting Techniques perceived as "High" Benefits

Category	Management accounting practices	Relative benefits (past 3 years)			Relative future emphasis (3 years)		
	High benefit	Mean	SD	Rank	Mean	SD	Rank
B	Budgeting for controlling cost	3.43	0.756	1	3.54	0.712	1
B	Planning cash flows	3.37	0.793	2	3.41	0.840	2
PE	Cash flow	3.25	0.898	3	3.31	0.965	3
DS	Cost-volume-profit analysis (CVP)	3.22	0.786	4	3.24	0.940	4
PE	Budget variance analysis	3.19	0.850	5	3.19	0.951	5
DS	Product profitability analysis	3.18	0.854	6	3.16	0.924	6
LTP	Strategic plans developed with budgets	3.14	0.945	7	3.19	0.908	5
B	Planning financial position	3.12	0.869	8	3.12	1.023	7

Table 4 exhibits the types of management accounting practices perceived to provide moderate benefit to the companies. The findings reveal that all three items under the product costing (PC) category, seven items under the performance evaluation (PE) category, three items under long term planning (LTP) category, two items under the budgeting systems (B) category, and two items under the decision support category are perceived as providing moderate benefit. These findings are consistent with the study by Chenhall and Langfield-Smith (1998) where budgeting for planning day-to-day operations (ranked 19th), product costing: variable costing (ranked 21st), long range forecasting (ranked 26th) and performance evaluation: team performance (ranked 28th) were accorded moderate benefits.

Table 4: Management Accounting Techniques perceived as "moderate benefits"

Category	Management accounting practices	Relative benefits (past 3 years)			Relative future emphasis (3 years)		
	Moderate benefit	Mean	SD	Rank	Mean	SD	Rank
B	Linking financial position, resources and activities	2.92	0.948	9	2.97	1.045	10
PE	Controllable profit	2.90	0.955	10	2.98	0.934	9
PE	Divisional profit	2.87	0.930	11	2.97	0.978	10
PE	Team performance	2.86	0.866	12	2.95	1.011	11
LTP	Formal strategic planning	2.86	0.986	12	2.90	1.073	14
LTP	Long range forecasting	2.85	0.966	13	2.94	0.927	12
PE	Employee attitudes	2.84	0.943	14	2.89	1.028	15
PC	Activity-based costing	2.83	0.955	15	3	1.029	8
PC	Variable costing	2.82	0.949	16	2.87	1.042	16
PE	Return on investment	2.81	1.012	17	2.92	0.997	13
LTP	Capital budgeting measures like Return on Investment, Payback	2.79	0.994	18	2.84	1.062	17
DS	Target costing	2.79	0.932	18	2.82	0.993	18
PE	Customer satisfaction surveys	2.75	0.942	19	2.82	0.957	18
PE	Qualitative measures	2.74	0.919	20	2.74	1.026	21
DS	Activity-based management	2.73	0.893	21	2.77	0.919	20
B	Planning day-to-day operations	2.72	0.895	22	2.77	0.982	20
PC	Absorption costing	2.70	0.890	23	2.78	0.898	19

Table 5 highlights the types of management accounting practices perceived to provide low benefit to the companies. The findings revealed that balanced scorecard, capital budgeting measures product life cycle analysis, evaluating managers' performance, coordinating activities across the business units, production processes and all benchmarking techniques have relatively low benefits. These findings are consistent with the study by Abdel Al and McLellan (2011). Separate studies by Chenhall and Langfield-Smith (1998), Hyvonen (2005) and Angelakis et al. (2010) found that product life cycle analysis, shareholder value analysis, value chain analysis and operations research techniques were accorded low benefits by their respondents.

The third objective of the study is to examine perceived future emphasis of management accounting practices over the next 3 years. The results presented in tables 3, 4 and 5 show that the respondents will retain the same management accounting practices in the future. Generally, they perceived that almost all of the same management accounting practices as continuing to be emphasised over the next 3 years. However, table 3 shows that strategic plans developed with budgets and planning financial position are perceived as becoming more important in the future. They are ranked 5th and 7th respectively for the future as compared to 7th and 8th respectively for the past three years. Table 4 shows that ABC will be given increased emphasis in the future (ranked 8th), it will be widely used for internal reporting and analysis tool (Drury, 2012). The results provide interesting findings, as the respondents perceived that the moderate benefits management accounting technique is likely to be emphasised in the future (table 4). Few management accounting techniques perceived as low benefits in the past have moved up ranking in the future (table 5). In contrast, management accounting techniques perceives as high benefit techniques tend to have higher mean scores for the future (table 3).

Table 5: Management Accounting Techniques perceived as "Low" Benefits

Category	Management accounting practices	Relative benefits (past 3 years)			Relative future emphasis (3 years)		
	Low benefit	Mean	SD	Rank	Mean	SD	Rank
PE	Balance scorecard	2.61	0.961	24	2.66	1.072	24
LTP	Capital budgeting measures (e.g. Internal Rate of Return, Net Present Value)	2.59	1.023	25	2.73	1.059	22
DS	Product life cycle analysis	2.57	0.832	26	2.60	0.988	26
B	Evaluating managers' performance	2.57	0.929	26	2.69	0.922	23
B	Coordinating activities across the business units	2.55	0.966	27	2.74	1.066	21
PE	Production processes	2.54	0.921	28	2.57	1.105	28
DS	Benchmarking: operational processes	2.52	0.814	29	2.55	0.892	30
DS	Benchmarking: product characteristics	2.47	0.844	30	2.52	0.949	31
DS	Benchmarking: management processes	2.47	0.792	30	2.47	0.834	33

LTP	Strategic plans developed separately from budgets	2.47	0.893	30	2.58	1.025	27
DS	Economic or shareholder value analysis	2.45	0.883	31	2.38	1.085	35
PE	Ongoing supplier evaluations	2.45	0.939	31	2.61	1.021	25
DS	Benchmarking of strategic priorities	2.43	0.790	32	2.56	0.948	29
PE	Non-financial measures	2.38	0.857	33	2.38	0.924	35
DS	Value chain analysis	2.38	0.784	33	2.42	0.982	34
PE	Residual income	2.37	0.913	34	2.50	0.903	32
DS	Benchmarking with outside organisations	2.31	0.779	35	2.31	0.940	38
DS	Benchmarking carried out within the wider organization	2.25	0.715	36	2.31	0.892	38
DS	Operations research techniques	2.22	0.681	37	2.36	0.929	36
B	Compensating managers	2.21	0.914	38	2.33	0.988	37

The fourth objective of this study is to examine the challenges faced by Malaysian companies in implementing SMA techniques. Table 6 highlights the findings for objective 4 of this study. Among the top challenges are management do not understand why it is required to implement/use SMA (43.2%), there is no time and no personnel resources to make these changes into the SMA (36.4%) and management perceive that implementing/using SMA technique is not part of their job (34.7%). However, the respondents disagreed that the management do not aware of SMA technique.

Table 6: Challenges of Implementing Strategic Management Accounting Practices

Challenges faced by sample companies	**Percentages (%)**	**N**
Management do not understand why it is required to implement/use SMA technique	43.2	51
Rapid changes in internal & external environment, but there is no time and no personnel resources to make these changes into the management accounting system	36.4	43
Management perceive that implementing/using SMA technique is not part of their job	34.7	41
SMA techniques are very complex; it needs special skills to implement/ use	33.9	40
Management do not aware of SMA technique.	32.2	38
There are no experienced people to implement SMA technique	28.8	34

If key person leaves the company, knowledge of SMA techniques will be lost from the company	23.7	28
There is a lot of data required for SMA techniques but there are no technology to capture the data	22.9	27
Cost of implementing SMA techniques exceed benefits of implementing/using such practices	21.2	25
There is no time to use other than traditional management accounting practices	18.6	22
Management does not aware on SMA techniques such management accounting practices	13.6	16

CONCLUSION

This study aims to examine the types of management accounting practices adopted by Malaysian unlisted companies. Subsequently, this study attempted to assess the perceived benefits of the management accounting practices currently adopted by the companies and their perceived emphasis of the techniques for the next three years. This paper also attempted to identify barriers for companies to adopt SMA techniques. At least 55.1% of the sample companies adopted eleven out of forty five management accounting practices. This percentage indicates that the adoption rates for management accounting practices by Malaysian unlisted companies were relatively lower than other countries. Analysis of the findings disclosed that the top five management accounting technique used were related to traditional management accounting techniques. Those techniques include budgeting, breakeven analysis, variance analysis and cash flow. However, some companies started to adopt SMA techniques such as product profitability analysis, ABC, balanced scorecard and benchmarking practices. The top reasons why respondents still use traditional management accounting techniques include they do not understand the benefit of implementing SMA techniques and the requirement to implement such practices, lack of support from top management in terms of time, resources and personnel to make these changes, they perceived that implementing SMA techniques is not part of their job and SMA practices are very complex; it needed special skills to implement. The respondents disagreed that they do not understand SMA as the main reason to not adopting the technique. This study also found six management accounting practices to have contrasting evidence in term of benefits received by sample companies in comparison to similar studies done on other countries. These contrasting evidences may be due to differences in the internal operation of the organisations and working conditions relating to their environment.

However, this study is not without limitations. To measure the variables, the respondents were asked to rate subjectively on a Likert scale for all variables listed in the questionnaire. These evaluations are subject to personal bias and judgment errors. Thus, future research should include data collection from multiple sources such as internal record of companies and interviews. Besides that, multiple sources also could be a tool of balance check between the respondents' perception of management accounting practices and the actual practices. Future research can also be carried out to examine why firms in emerging markets like Malaysia emphasise more on traditional management accounting techniques (budgeting, variance analysis and cash flow) instead of SMA techniques.

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