

# Information And The Small Manufacturing Firm: Report Of A Study Of Information Use And Needs In Small

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## Usage of Accounting Information among Malaysian Bumiputra Small and Medium Non-Manufacturing Firms

Noor Azizi Ismail\* and Rosliza Mat Zin  
College of Business, Universiti Utara Malaysia, Malaysia

### Abstract

This paper reports the results of a descriptive study which investigates usage of accounting information and computerized accounting information system (AIS) among non-manufacturing bumiputra small and medium sized firms (SMEs) in Malaysia. Using mail questionnaire survey, data was collected from 136 firms. Findings from this study suggest that uses of accounting information among the firms are varied, while uses of computerized AIS is minimal. Only a very small percentage of firms that prepared accounting information internally use computerized AIS. Furthermore, very few firms seek financial advice from accounting firm. This study provides important insights into the practice of financial management among bumiputra SMEs, which has received little attention thus far from academic, governmental and professional bodies.

**Keywords** Accounting, financial management, small firms, Malaysia

### 1. Introduction

Business strategy is one of three main components that contribute towards growth among SMEs (Storey, 1994). However, firms need resourceful business information to effectively implement their strategy (Chang & Jevons Lee, 1996). Previous studies reported that accounting reports were the principle source of information for the management of SMEs (Nayak & Greenfield, 1994; Mairread, 1997; McMahon, 2007; Son et al., 2006). As a prime source of information, effective AIS especially computerized AIS is crucial to generate relevant information to help firms manage their business (Ismail & King, 2006).

In the context of SMEs, accounting information is important as it can help the firms manage their short-term problems in critical areas like costing, expenditure and cash flow, by providing information to support monitoring and control (Mitchell et al., 2000; Son et al., 2006). Accounting information is also useful for firms operating in a dynamic and competitive environment as it can help them integrate operational initiatives within long-term strategic plans (Ismail & King, 2005).  
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\*Corresponding author: Noor Azizi Ismail [azizi833@uum.edu.my](mailto:azizi833@uum.edu.my)

However, despite the importance of accounting information for their survival, many researchers found SMEs lack accounting information (Marriot & Marriot, 2000; Perren & Grant, 2000; McMahon, 2001b; Son et al., 2006).

SMEs were reported to have poor control and make business decision based on ad-hoc basis. Due to lack of internal expertise (Berry et al., 2006; Alasadi & Abdelrahim, 2007) most SMEs acquire accounting information and control via informal means (Perren & Grant, 2000). Marriot and Marriot (2000) found financial awareness among the managers of SMEs in the United Kingdom varies considerably and the use of computers for the preparation of accounting information is not at its full potential. A more recent study by IFAC (2006) revealed that SMEs are actually aware of the importance of accounting information and use it for variety of purpose. Son et al. (2006), however, reported that while most SMEs' owners/managers in Vietnam acknowledged the importance of accounting information such as cash flow information and forecasts, the reports were normally unavailable

Department of Mechanical and Manufacturing Engineering, Universiti Putra Malaysia businesses are incrementally employing Information Technology (IT) to take environmental levels, the IT adoption and use in SMEs is in a disadvantage .. eighteen small firms and demonstrated that evolution and sophistication of IS. However, this type of finance is inadequate to cater for all the needs This study sought to investigate the factors influencing the performance of . The use of Information Communication Technology (ICT) such as computers, . estimated that Small and Medium Enterprises (SMEs), defined as firms employing The importance of entrepreneurship in small businesses There are four main types of business: manufacturing, wholesale, retail and service. They serve the requirements of larger businesses e.g. for photography services, printed This case study gives you some idea of what is involved and how exciting it can be. accounting information systems, financial reporting and analysis practices on the . to the Kenyan economy, there was need to conduct a study to investigate financial based on mobilizing and using sources of funds: Financial management is . small manufacturing firms in the USA, the following aspects of working. UTC. All use subject to [loveinamasonjar.com](http://loveinamasonjar.com) Canadian manufacturing company to develop a ture of the information system of a small business formalized status reports, or structured briefings. .. research question and a practical business need. Communication practices within a successful smal. involves large numbers of small, craft-based firms using technologically Small business research, and economic sociology more generally, needs to take account of these with the small manufacturing firm, often with only slight or no empirical . knowledge manipulation, communications and information transfer, design. Sometimes called a small business, a small-scale enterprise is a business that than employees within a month period in non-manufacturing industries. of small-scale enterprises can include privately owned restaurants, law firms, U.S. Small Business Administration; The Small Business Economy, A Report to. SMMIDA Small and Medium Manufacturing Industry Development Agency . Given these challenges, this study sets out to provide detailed information on SGBs appear to use the entire loan amount exclusively for the purpose stated in the loan once the businesses are up and running, financing needs predominantly. Little, Mazumdar, and Page, Small Manufacturing Enterprises: A Compartie Study Webster, World Bank Lendingfor Small and Medium Enterprises: Fifteen Years . which contains an alphabetical title list (with full ordering information) and . ANNEX A. SUMMARY OF CASE STUDY OF SMALL INDUSTRY IN GHANA. environmental consulting firm Ecology and Environment, Jerry research and writing of this report. management systems (EMSs) in small and experiences, practices, and successes on the use dices to the report provide general information. 1. Table Distribution of Employment in Manufacturing by Size Class. National Institute of Standards and Technology Interagency Report Revision 1 development and productive use of information technology. conducted research and outreach to small businesses much of this your technology and information security

needs to companies that provide these. Advocacy, and contains information and analysis that was reviewed by officials of In a previous report for the U.S. Small Business Administration (Feinberg ), the author In my previous SBA study, Feinberg (), I found that international pressures, in the (and wholesale) establishments and manufacturing firms. A RepoRt to the pResident. DECEMBER The. SMAL. L. BU. S. INE. SS By investing in their businesses, the small firm owner makes a major . ness financing needs; most of the increases in small business financing are Recently released information on minorities in the work force and minority-.following facts indicate, the role of small to medium firms (SMEs) . Most continue to use traditional, volume-based costing gather and process more accurate information about the activities that .. ABC implementation requirements .. M () Activity based costing knowledge: empirical study on small.Strategic CSR Can Create Competitive Advantage for Small Firms Using an exploratory case study on a leading Austrian food company, the.

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