The Effects of Management Accounting Practices on Financial Performance of Manufacturing Small and Medium Enterprises in Zimbabwe

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Abstract: Objectives: This study examined the effects of management accounting practices on financial performance of manufacturing small and medium enterprises (SMEs) in Zimbabwe. **Prior work:** Literature acknowledges that companies fail due to poor financial performance attributed to under-utilisation of management accounting practices. Consequently, management accounting has a role in strategic decision-making and enhancing organizational performance and are key drivers to economic development and growth. **Approach**: The study analyzed the adoption of informal, traditional and contemporary management accounting practices and integration of practices. The study adopted a quantitative research approach and a cross-sectional survey research design. The study utilized primary data collected through online questionnaires from 315 manufacturing SMEs in Harare, Zimbabwe. **Findings/Results**: The study found that informal and traditional management accounting practices are widely used compared to contemporary management accounting practices. Significant positive direct relationships among informal, traditional and contemporary management accounting practices and financial performance were found. Study results also show that management accounting practices effects are evident on asset value and revenue turnover of SMEs. **Implications:** The study concluded that business nature and size affect complexity of management accounting practices used. The use of ccontemporary and informal management accounting practices proffer improved quality, efficiency and competitiveness that responds to global competition. Manufacturing SMEs can leverage management accounting practices to improve their asset value and revenue turnover, ultimately enhancing their overall financial performance. This can be achieved by integrating formal and informal practices and adopting contemporary practices. **Value:** This study contributes to the management accounting literature by offering strategies on adoption and implementation of management accounting practices by manufacturing SMEs in developing countries and improve sustainability and competitiveness.

Keywords: financial performance; management accounting practices; small and medium enterprises

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1. Introduction

The Small and Medium Enterprises (SME) sector contributes much to the nation's economy and is crucial for the achievement of the nation's development objectives which include poverty alleviation, employment creation and increasing indigenous ownership of resources in the economy, (Dlamini, 2023). However, most SMEs worldwide struggle to sustain their operations. Studies show that failure among SMEs is very high and the rate of survival within the first years is very slim, (Zhao & Wang, 2015; Maduekwe & Kamala, 2016; Mbogo et al., 2023, Deku et al., 2021). SMEs fail despite the finance and other resources they receive from government and other development partners, (Hariyati et al 2023; Marimuntu, 2020; Nyamwanza et al., 2015; Ylä-Kujala et al., 2023). Dlamini and Schutte (2021) postulate that financial performance of SMEs is significantly influenced by the adoption and implementation of management accounting practices (MAPs).

SMEs account for 99.8% of enterprises in the European Union and 99.9% in the UK, 98% in Germany, while employing approximately 67% in EU and 61% in the UK of the working population, (Ylä-Kujala et al., 2023). In Ghana, SMEs contribute 92% of the firms providing 85% of manufacturing jobs and 70% of Gross Domestic Product (GDP). In Zimbabwe, SMEs contribute 60% of the GDP, (Zimbabwe National Statistics Agency, 2023) and employ 79,3% of the working population according to the 2023 Fourth Quarterly Labour Force Survey. Dwindled growth in large manufacturing companies contributed to the growth in SME manufacturing sector. When Zimbabwe attained its independence in 1980, the manufacturing sector was contributing 22.1% of the country's GDP. This figure dropped to 7.1% in 2008, at the peak of the country's hyperinflation and worst economic crisis (Zimbabwe National Statistics Agency, 2022; Confederation of Zimbabwe Industries, 2022). According to World Bank (2023), the SME sector currently contributes 13.81% to Zimbabwe's GDP. Capacity utilization declined from 83% in 1980s to 10% between 2000 and 2008 then 43.7% in 2010, 56.3% in 2021 to 56.1% in 2022 and 45.6% in 2023 (Confederation of Zimbabwe Industries, 2023). Nyamwanza (2014), projects that if there are no major changes in either the domestic or external environments and present trends continue, the SME sector outlook is dreadful. Large companies are closing down and others are downsizing operations due to the current economic problems and this has necessitated the creation of manufacturing SMEs which have the capacity to absorb people for employment (Nyamwanza, 2014). SMEs are flexible, need low start-up capital and have innovation and rapid development potential (Goriwondo, 2012). Ylä-Kujala et al. (2023) posit that the SME sector help resuscitate the economy by creating jobs, introducing new products and services and new technology which work positively to the growth of the economy. In Zimbabwe, a National Policy on SMEs was formulated in July 2002 to develop the sector. The closure of SMEs is contributing to high unemployment rate due to low demand of highly priced goods backed by low disposable income and is therefore imperative to study the role of management accounting practice on performance of manufacturing SMEs.

By aligning their management accounting practices with the resource-based view and the contingency factors specific to their organizations, manufacturing SMEs in Zimbabwe can optimize the impact on their financial performance, leading to improved profitability, growth, and sustainability. The resource-based view posits that firms can achieve sustainable competitive advantage by exploiting their unique and valuable resources, including their management accounting practices (Barney, 1991). Management accounting practices, when implemented effectively, can be considered unique and valuable resources that can contribute to the financial performance of manufacturing SMEs in Zimbabwe. The ability to accurately cost products, efficiently manage cash flow, and leverage data

analytics are potential unique resources that differentiate high-performing SMEs from their competitors (Chenhall, 2003). The ability to effectively manage costs can be a valuable and rare resource that manufacturing SMEs in Zimbabwe can leverage to improve their financial performance.

The contingency theory states that there is no one acceptable accounting information system that fits all businesses. Otley (1980) posits that the effectiveness of management accounting practices is contingent on the specific organizational and environmental factors faced by the firm. Firms strategically choose their best MAPs that suit their internal and external environment and are fit for improved firm performance, (Mbogo et al., 2023). In the context of manufacturing SMEs in Zimbabwe, the contingency factors that may influence the impact of management accounting practices on financial performance include organizational, environmental, and managerial factors (Chenhall, 2003; Gerdin & Greve, 2004). Contingency factors such as the SMEs' size and the expertise of the management team, may determine the specific performance measurement and reporting practices that are most effective (Chenhall, 2003). Factors such as regulatory environment and the SME's risk-taking propensity, may influence the specific strategic MAPs that are most effective (Langfield-Smith, 1997). The level of technological advancements and the SME's organizational structure may determine the specific technological integration practices that are most effective (Chenhall, 2003).

This study contributes to management accounting literature by offering evidence on how the use of traditional and contemporary MAPs affect performance of manufacturing SMEs in Zimbabwe, a developing country. There is a dearth in literature on MAPs adoptions in manufacturing SMEs in Africa and the current study covers the gap. To the best of our knowledge, none of the existing studies provide any evidence of manufacturing SMEs in developing countries, although manufacturing SMEs in developing countries such as Zimbabwe are resuscitating the manufacturing industry. On the methodology, the current study employs quantitative approach which generalize results from a large sample size, previous studies mainly used the qualitative approach.

The rest of the paper is structured as follows: Section 2 reviews the related literature. In Section 3, we present the research methodology that we used to conduct the study. Findings and discussions are presented in Section 4 and Section 5 presents study conclusions and recommendations.

2. Literature Review

2.1. Management Accounting Practices and Financial Performance

Management accounting include techniques, practices and processes that provide financial and non-financial information for better organizational decision-making. MAPs are frameworks, models, tools or processes that facilitate performance improvement by management accountants using comparisons, reviews and control measures to enable the attainment of strategic goals and objectives, thus adding value to the business (Cerqueira et al., 2023). These practices encompass performance measurement, cost management and planning and control, (Okolocha & Nwagu, 2023; Ylä-Kujala et al., 2023). There is low usage of sophisticated management accounting tools in SMEs, and this could be due to resource limitation which include, funding, time and knowledge, (Ylä-Kujala et al., 2023; Chenhall, 2003). Okolocha and Nwagu (2023) alluded that Information and Communications Technology (ICT) such as big data, blockchain, robotic process automation and artificial intelligence are changing accounting practices and the existing roles of accountants. They further posit that modern systems come in handy but are largely underused. Despite the growing importance of SMEs in the global

economy, management accounting practices among SMEs especially in the manufacturing sector remains under researched. Generally, SMEs management accounting in Africa remains largely under-researched (Chenhall, 2003; Ylä-Kujala et al., 2023).

MAPs are divided into traditional management accounting practices (TMAPs) and contemporary management accounting practices (CMAPs). TMAPs encompass costing and budgeting systems. Costing systems are designed to monitor costs incurred by an organization by assessing product or services costs for their profitability analysis, inventory valuation, and cost control. Budgeting systems are used for planning, implementing and controlling the activities of a business entity for optimum use of scarce resources. Budgeting provides organizational targets and directions, (Susilawaty, 2023). CMAPs are modern-day MAPs that link operations with the firm's objectives, strategies and management accounting. Generally, MAPs provide timely and accurate information, enabling better and more effective decision-making for planning and control, (Kalifa et al., 2020; Mbogo et al., 2023). TMAPs are more financial, narrower, internal and short term in nature while the CMAPs are broader, more strategic, external and long term in nature. They integrate operations, activities and/or processes with strategic outcomes and provide information for strategic use and incorporating information about competitors, customers, suppliers, and communities. CMAPs incorporate both financial and non-financial information; costing and cost management, performance measurement and management. (Chenhall, 2003; Nuhu et al., 2023; Oyewo, 2022).

2.2. SME Performance Measures

Performance refers to the degree of efficiently achieving organizational objectives, Ankrah (2015). The performance for SMEs is measured in terms of economic value as a percentage, effort realization, customer focus, and profitability. Performance is multidimensional; it includes both financial and non-financial measures. However, SMEs are usually measured by growth. Financial and growth performance are distinct kinds of performance, and that each discloses crucial performance data. Financial and growth performance, when combined, offer a deeper depiction of the real success of a company than does separately (Zahra, 1991). Business performance is aimed at financial, customer, internal process and learning and growth of an organization. Chenhall (2003) and Kaplan and Norton (2001) postulates that performance measures are important for an organization to turn its strategy into desired results. Mbogo et al. (2023) attests that, financial performance measures are quantitative measures calculated from a firm's available financial statements and these include return on equity, return on assets, return on investments, amongst other established measures. The performance measures are not always appropriate for SMEs but mainly apply to large companies with the capacity for extensive research on financial performance measurement systems, (Anggadwita & Mustafid, 2014). Where challenges are confronted in getting financial statements or objective measures, perceived financial performance indicators such as self-reporting opinion questions are supported (Korir, Naibei & Cheruiyot, 2021; Onyiego, 2019). This study used asset value and turnover as profitability measures. MAPs adoption and implementation by Zimbabwean manufacturing SMEs can have a significant effect on their financial performance. Okolocha and Nwagu (2023) and Gunawansha (2021), affirm that firms benefit immensely from the effective and efficient adoption of MAPs. The impact can be seen through integration of formal and informal practices, the effects MAPs have on asset value and turnover. Gunawansha (2021) alludes that the level of adoption varies among different industries in the manufacturing sector and due to reasons, that are explained using the contingency theory framework.

2.3. Integration and Financial Performance

Studies have explored the blending of formal and informal management accounting practices within organizations. Effective integration of formal and informal MAPs can enhance organizational performance. Formal MAPs refer to the structured, documented systems and processes, while informal MAPs encompass the silent, unwritten practices (Ahrens & Chapman, 2007; Jabbour et al., 2023). The combination demonstrates a balanced approach, leveraging both formal budgeting systems and informal, interactive controls that allows managers to balance competing demands leading to improved decision-making and responsiveness to market changes, (Jabbour et al., 2023; Järvenpää, 2022). Similarly, Jansen (2023) attest that the hybrid approach enables SMEs to remain flexible and responsive to market changes. Hoque and Chia (2023) argue that organizations should not view these practices as mutually exclusive, but rather as complementary elements that can be strategically combined to leverage their respective strengths. According to Ahrens and Chapman (2007), the interplay between the two practices enables flexibility and responsiveness to changing circumstances. Likewise, Tessier and Otley (2012) highlighted that the combination can be used to reinforce each other.

The prevalent use of informal MAPS in Zimbabwean SMEs can make it challenging to solely adopt formal MAPs hence the need for integration of formal into the existing business operations. Hariyati et al. (2022), posits that SMEs ownership is mainly individuals concentrated and with centralised decision-making. Business activities are influenced by a few individuals with no expertise which hinders MAPs adoption. Therefore, no sophisticated management accounting software is put in place for the generation of information other than basic accounting software (Dlamini, 2020). Ylä-Kujala et al. (2023) attest that company size influences a firm's accounting system. SMEs have relatively narrow ownership base and scarce resources, including available time, funding and unique competences. Owner-managers often hold accounting information and operations of the firm often reflect said manager's personal skills, values, attitudes and displays of power and influence. Smaller businesses therefore, seem to use informal practices and less MAPs than larger businesses, and their MAPs are consequently less developed. Organizational structure matters, more complex the organizational structure leads to more decentralized decision-making, hence require more sophisticated management accounting information for sound business decisions. SMEs tend to evaluate performance in relation to budgets or other targets, analyse the differences between actuals and targets, compute profitability, make variance analyses and take remedial actions if performance is unfavourable relative to targets. These studies suggest that the integration of formal and informal MAPs can enhance an organization's ability to adapt and respond to dynamic environments, though the specific mechanisms and outcomes may vary across contexts.

2.4. Asset Value and Financial Performance

The integration of formal and informal MAPs has also been linked to the impact on asset value. Weetman and Ndubisi (2024) state that organizations with a more holistic approach to MAPs, incorporating both formal and informal practices, are better equipped to capture the true value of their intangible assets. Conversely, Agyei-Mensah and Buertey (2023) found that a reliance on solely formal MAPs, without the integration of informal practices, can lead to an underestimation of asset value. Their study highlighted the importance of incorporating tacit knowledge and contextual factors into the asset valuation process. Ding et al. (2022) argued that the implementation of sophisticated

MAPs can improve decision-making, leading to more efficient resource allocation and enhanced asset utilization. Similarly, Callahan et al. (2023) opined that the use of a balanced set of financial and non-financial performance measures can increase a firm's market valuation, as it signals to investors the organization's ability to create long-term value. Conversely, Hartmann and Moers (2022) found that the overreliance on formal MAPs can have a negative impact on asset value, as it may lead to a rigid and myopic focus on short-term financial metrics at the expense of broader strategic considerations. These studies suggest that the impact of MAPs on asset value is contingent on the specific mix of formal and informal practices employed, as well as the alignment between MAPs and the organization's strategic objectives.

2.5. Gross Revenue Turnover and Financial Performance

The relationship between MAPs and annual gross revenue has also been explored in the literature. Mahlendorf et al. (2022) found that the use of interactive control systems that foster dialogue and learning can enhance performance, leading to increased gross revenue. In contrast, Speklé and Verbeeten (2023) attest that an overemphasis on formal, diagnostic control systems that focus on monitoring and feedback can have a negative impact on gross revenue, as they may create a perception of a rigid and controlling work environment, which can undermine employee motivation and engagement. Rieg and Küpper (2024) suggest that a culture of trust and empowerment can help mitigate the negative effects of formal control systems on gross revenue performance. These findings highlight the importance of striking a balance between formal and informal MAPs, as well as aligning them with the organization's culture and employee engagement strategies, in order to maximize gross revenue.

2.6. Ownership and Financial Performance

Hariyati et al. (2022), posit that SMEs ownership which is mainly individuals concentrated and with centralised decision-making hinder business performance. SMEs often lack the managerial expertise and technical skills required to understand and utilize advanced MAPs, leading to a hesitance to adopt these practices (Dlamini, 2022). Susilawaty (2023), posits that owner-managers possibly lack knowledge about the usefulness of MAPs. According to Moore and Moore (2008), MAPs adoption depends mainly on the level of knowledge that the owner managers have in accounting. However, Jayabalan and Dorosamy (2009) posit that the major stumbling block has been the exorbitant costs of hiring these professional accountants which explains why SME owner-managers tend to neglect these financial aspects of the business. According to Okolocha and Nwagu (2023), factors that determine the extent of adoption of MAPs by manufacturing firms include academic qualifications and working experience. In addition, limited financial resources in many SMEs in Zimbabwe hinder ability to invest in the necessary systems, tools, and training required for effective MAP implementation. According to Dlamini (2022), inadequate capitalization compromises the ability to purchase accounting software with management accounting modules. Dlamini further argued that it is difficult to retain qualified management accountants because of lack of resources to adequately pay them. As a result, SMEs resort to informal practices and outsourcing accounting expertise for statutory compliance and tax-related issues.

2.7. Educational Level

Holmes and Nicholls (2003), Okolocha and Nwagu (2023), and Ylä-Kujala et al. (2023), purport that the extent to which an entity is involved in MAPs depends on a variety of factors including size, age and complexity of business operations. Major factors include the socio-economic environment, availability of funds, costs and benefits associated with use of MAPs, organizational size, accounting personnel qualifications, financial literacy of owners and technology, (Dlamini, 2022). Nyamwanza et al. (2020), found that MAPs adoption was compromised by technological advancement. The development of information systems and the increased provision of accounting services enable a more diverse gathering and use of financial information. Due to their size, ownership and lack of adequate resources, SMEs mostly use ICT for administrative purposes and not as an intellectual tool and capital for competitive advantage, (Hariyati et al., 2022). These intangible assets aid in product and services creation and hence value addition for the firm. Okolocha and Nwagu (2023) content that ICT technologies such as big data, blockchain, robotic process automation and artificial intelligence are changing accounting practices and the existing roles of accountants. Dlamini and Schutte (2021) and Susilawaty (2023), contend that modern systems come in handy but are largely underused in developing countries.

3. Methodology

This study is based on data collected through a survey from a population of 73.603 SMEs operating in Harare and outside Harare. Proportionate sampling was applied to the sample of 398 SMEs that was calculated using the Yamane (1967) formula. The Cronbach's Alpha coefficient was used to measure the inter-correlations of items. Data were collected through a self-administered, closed-ended online questionnaire. Out of the 398 questionnaires distributed as per the sample size, 315 were correctly filled and returned, representing a responsive rate of 79% which was considered adequate.

4. Findings and Discussions

In Table 1, we present demographic statistics by gender, age, education and respondents' status. It is observed that a majority of the participants were females (59.4%) compared to males (40.6%). The predominance of women who participated in this study was rather stirred by the fact that in as much as accounting and administrative occupations are concerned, women tend to be more than men. The result is contrary to a study by Majama & Magang (2017) in Botswana where 80.6% were male and 19.4% female. Furthermore, this finding may also have been influenced by the fact that in Zimbabwe female respondents were more willing to participate in the study than men, female respondents being more open than male respondents. The 18-25, 26-35 and the 36-45 age groups respectively constituted 14.6%, 35.6% and 32.4% of the participants. This finding depicts that SMEs are dominated by young people who are energetic. The education levels reported in this study show that, 35.6% were certificate holders, with 31.2% and 20% being diploma and first-degree holders and 13.3% were Masters degree holders. Consistent with the findings of Dlamini (2022), Okolocha and Nwagu (2023), and Susilawaty (2023), this study found that most participants were not well-educated to apply the contemporary MAPs. Organizations with highly qualified employees perform better. Academic qualifications affect MAPs adoption by manufacturing firms and manufacturing firms should consider hiring qualified management accounting staff if they are to be successful in this diverse global environment. It

therefore stands to reason that the sampled entrepreneurs which had a lower academic level, might not have been benefiting much from MAPs. Majority of the respondents, 53.4% were owner managers, while 36.4% were assistant accountants, and 10.2% being accountants. SME owner-managers are strategically myopic, without long-term vision of the company. (Nyamwanza, 2014) alluded that, the development of sound strategies requires skilled management of diversity within a group to ensure that the variety of opinions does not artificially restrict the process. Familiarity and usage of management accounting techniques is questionable since owner-managers and assistant accountants may lack the required knowledge of accounting.

Table 1. Demographic statistics of the participants

Demographic variables		Summary statistics		
		Frequency	Percent (%)	Cumulative Percent (%)
Gender	Male	128	40.6	40.6
	Female	187	59.4	100
Age	18-25	46	14.6	14.6
	26-35	112	35.6	50.2
	36-45	102	32.4	82.6
	Above 45	55	17.4	100
Respondent status	Owner-Manager	168	53.4	53.4
	Employee/ Accounting Assistant	115	36.4	89.8
	Accountant	32	10.2	100
Education level	Certificate	112	35.6	35.6
	Diploma	98	31.1	66.7
	Degree	63	20.0	86.7
	Doctorate	42	13.3	100
Asset size (USD$)	Below 200 000	155	49.2	49.2
	200 000-400 000	85	27.0	76.2
	400 000-600 000	41	13.0	89.2
	Above 600 000	34	10.8	100
Management Accounting Practices employed	Informal	126	40.0	40.0
	Traditional	114	36.2	76.2
	Contemporary	87	27.6	103.8

Source: Authors' construction based on data collected

The tables provide a clear and concise summary of the statistical analyses performed using SPSS. The t-test and chi-square test results demonstrate the statistical significance of the relationships between the key variables and financial performance.

Table 2. Extent of use of Management Accounting Practices

MAP Type	**Mean Usage**
Informal	4.2
Traditional	3.8
Contemporary	2.9

Source: Survey results

Table 2 shows that informal MAPs have the highest mean usage, followed by traditional MAPs, and contemporary MAPs have the lowest mean usage.

Table 3. Comparisons of MAP Usage

Comparison	t-statistic	p-value
Informal vs. Traditional	3.47	< 0.01
Informal vs. Contemporary	7.14	< 0.001
Traditional vs. Contemporary	4.65	< 0.001

Source: Survey results

The comparisons reveal that the differences in usage between all three types of MAPs are statistically significant. Specifically, informal MAPs are used significantly more than traditional MAPs, informal MAPs are used significantly more than contemporary MAPs, and traditional MAPs are used significantly more than contemporary MAPs.

Table 4. Relationship between MAP Usage and Financial Performance

MAP Type	Improved Financial Performance	No Improvement	χ^2-statistic	p-value
Informal	72%	28%	11.84	< 0.01
Traditional	65%	35%	8.92	< 0.01
Contemporary	54%	46%	3.71	< 0.10

Source: Survey results

The Chi-square analysis shows that the use of informal and traditional MAPs is significantly associated with improved financial performance, while the relationship between contemporary MAP usage and financial performance is weaker, albeit still statistically significant. Results show that most respondents use informal practices and TMAPs with more costing and budgeting practices. A reasonable number of organisations adopted activity-based costing. Contemporary MAPs have the lowest usage. The differences in usage between all three types of MAPs are statistically significant. Odonkor (2024) and Susilawaty (2023), carried out similar studies and observed similar results. Possible reason for the usage of informal and costing practices by companies is lack of expertise, experience, size, nature and complexity of business operations, (Okolocha and Nwagu, 2023; Ylä-Kujala et al., 2023; Dlamini, 2022). Some tools may be too sophisticated to be utilized, large firms adopt more sophisticated MAPs than small firms.

Organizations that integrate informal and traditional MAPs have a significantly higher rate of improved financial performance (73%) compared to those that do not integrate these practices (51%). The Chi-square test shows a statistically significant relationship between the integration of informal and traditional MAPs and improved financial performance ($p < 0.01$).

Table 5. Integration of Informal and Traditional MAPs

Integration of Informal and Traditional MAPs	Improved Financial Performance	No Improvement	χ^2-statistic	p-value
Yes	73%	27%	12.46	< 0.01
No	51%	49%		

Source: Survey results

Organizations that integrate informal and contemporary MAPs have a significantly higher rate of improved financial performance (62%) compared to those that do not integrate these practices (47%). The Chi-square test shows a statistically significant relationship between the integration of informal and contemporary MAPs and improved financial performance ($p < 0.05$). These findings suggest that the integration of informal MAPs with both traditional and contemporary MAPs is associated with

better financial performance. Findings confirms observations made by Hoque and Chia (2023), Jabbour et al. (2023), Jansen (2023), and Järvenpää (2022).

Table 6. Integration of Informal and Contemporary MAPs

Integration of Informal and Contemporary MAPs	Improved Financial Performance	No Improvement	χ^2-statistic	p-value
Yes	62%	38%	5.84	< 0.05
No	47%	53%		

Source: Survey results

The integration of informal MAPs with traditional MAPs appears to have a stronger relationship with improved financial performance compared to the integration of informal MAPs with contemporary MAPs. Operations of the firm often reflect said owner-manager's personal skills, values and attitudes. Lack of expertise and financial resources affect smooth integration from informal to formal practices. (Ylä-Kujala et al., 2023). The implication is that organizations should focus on integrating their informal MAPs with both traditional and contemporary practices to leverage the benefits of a comprehensive management accounting system and potentially achieve better financial outcomes.

4.1. Impact of MAPs on Asset Value

Generally, it is evident that the greater proportion of the SMEs researched on in this study (76.2%) had an asset value pegged below $400 000. It is evident from using asset value as a measure of performance that majority of the SMEs are not performing well hence resent formal practices especially sophisticated MAPs. In a study carried by Nyamwanza (2014), the results study indicates that 80% of the responding SMEs identified a lack of resources as a major impediment to the successful introduction of performance measures. The majority of the respondents used TMAPs that are less expensive, more financial, narrower, internal and short term in nature (Chenhall, 2003; Nuhu et al., 2023; Oyewo, 2022). However, those who used CMAPs realized business performance out of them. It follows that adoption of CMAPs is linked to improved asset value by incorporating and capturing of the value of MAPs as intangible assets (Weetman & Ndubisi, 2024). The use of informal MAPs by SMEs impedes efficient resource allocation and enhanced asset utilization, (Ding et al., 2022; Callahan et al., 2023). A combination of formal and informal practices can increase a firm's market valuation that attracts investments hence long-term improved performance. Results emphasize the need for organizations to carefully manage their asset portfolios and optimize asset utilization to enhance overall business performance, (Brealey et al., 2020).

4.2. Impact of MAPs on Turnover

SMEs had less than $100.000 annual turnover, constituting 55%. The second rated was $100.000-250.000, with a frequency of 35%. Only 10% had a turnover of $250.000-500.000. The concentration of the turnovers less than $100 000 tends to suggest that most of the SMEs studied were running less profitable businesses, and possibly sustenance-driven enterprises. The low turnover could be a result of low usage of formal and sophisticated practices. Use of interactive control systems enhance performance leading to increased turnover (Mahlendorf et al., 2022). However, overemphasis on formal control systems may create an unconducive work environment that negatively affect gross revenue performance (Rieg & Küpper, 2024; Speklé & Verbeeten, 2023). These findings highlight the importance of striking a balance between formal and informal MAPs, as well as aligning them with

the organization's culture and employee engagement strategies, in order to maximize gross revenue. According to Nyamwanza (2014), personnel's commitment to strategy implementation mediates between participative strategic planning and company performance because participative strategic planning increases employees' understanding of the company's purpose and strategic targets, clarifies why strategies are implemented and creates a sense of shared purpose. However, as has been argued earlier, despite the perceived non-utility of CMAPs, they all contribute towards an improved annual turnover.

5. Conclusion and Recommendations

Despite availability of different MAPs that any business can use, the findings show that respondents are more familiar with and used informal and costing practices, particularly TMAPs due to the size, ownership and nature of manufacturing SMEs. We therefore recommend that manufacturing SMEs should employ people with appropriate knowledge and skills and engage in continuous training and advancement so that employees become knowledgeable of the various MAPs and how to use them. Organizations should keep up with the current changes and developments in the accounting curricula and the market in general. Financial and technical assistance should be offered to SMEs by the government and financial institutions so that have resources that are necessary for implementation of MAPs.

CMAPs though complex were inferentially validated as being applicable. However, those who used CMAPs realized business performance out of them. It follows as a conclusion, therefore, that, infrequency of use does not necessarily relate to non-efficacy, but rather could be a question of ignorance among SMEs to their functionality. In addition, despite the perceived non-efficacy of most techniques, they are indeed useful towards business performance, albeit the differences in the magnitude of the impact. SMEs are therefore encouraged to analyze the environment in which they are operating and employ MAPs that help in achieving their goals. Each of the practices has its merits and de-merits therefore the use of several techniques would counter the disadvantages of other practices. Zimbabwean SMEs are characterized by informal management practices and integrating with formal practices improves performance of manufacturing SMEs.

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