An Assessment of the Effect of Management Accounting Practices on the Performance of Small and Medium Enterprises (SMEs) in Lusaka, Zambia

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ABSTRACT

The study aimed to assess how Management Accounting Practices (MAPs) impact the performance of Small and Medium Enterprises (SMEs) in Lusaka, Zambia, focusing on those in the Mtendere Township market. Research objectives included understanding existing practices, analysing their usage in measuring financial performance, and describing implementation limitations. A cross-sectional approach was employed, utilising a self-administered questionnaire. Out of 132 respondents, 85 returned complete questionnaires for analysis. Microsoft Excel and SPSS 26.0 was used for data analysis, focusing on descriptive statistics and means.

Findings revealed SMEs in Mtendere Township employ various Management Accounting Practices, with Flexible Budgeting being most prevalent, followed by strategic approaches like Competitor Monitoring and Decision Support Tools such as Break-even Analysis. Activity-Based Costing was notably less utilised, while Standard Costing and the Balanced Scorecard saw lesser implementation. Management Finance and Target Costing were the least utilised methods.

Challenges to implementing Management Accounting Practices included limited involvement from accounting personnel and CEOs' insufficient comprehension of such practices, production scale, organisational changes, and corporate strategy. Competitive pressure from other businesses was deemed the least significant barrier. These findings emphasise the diverse application of management accounting practices among SMEs in Mtendere Township and highlight areas for improvement in implementing these practices effectively.

Keywords: implementation, management accounting, practices, smes, financial performance, zambia

I. INTRODUCTION

Management Accounting Practices (MAPs) encompass internal accounting operations aimed at optimising resources and enhancing overall performance within firms, as defined by Kamilah (2017). These practices, both financial and non-financial, are crucial for strategic performance improvement, particularly in resource-constrained or highly competitive markets. MAP responds to evolving market demands, including Target Costing, Activity Based Costing, and Quality Management, alongside traditional resource optimisation methods like Flexible Budgeting. While MAP can enhance market performance, it is particularly vital for SMEs, given their significant role in national economies (Sidik, 2012; Chittithaworn et al., 2011).

SMEs, dominant in entrepreneurial spirit, play a pivotal role in driving economic growth and job creation, especially in developing nations (Alkhajeh & Khalid, 2018; Love & Roper, 2015). Despite their potential, SMEs face challenges such as negative perceptions, limited planning, and poor management (Kamunga et al., 2014). The SME sector, which represents 97% of businesses in Zambia, contributes substantially to the nation's economy (Liyanda, 2017). However, SMEs encounter issues like financial mismatches and lack of access to quality resources, notably evident in Mtendere Township, Lusaka.

Mtendere Township, characterised by its dynamic community and bustling markets, faces infrastructure limitations and restricted access to basic services. Nonetheless, its residents exhibit resilience and community spirit, striving to overcome challenges collectively (Nyirenda, 2016). SMEs in Mtendere confront barriers including negative perceptions, a lack of planning, and limited access to resources, hindering their growth potential (Kamunga et al., 2014).

Research on MAPs and SMEs performance is scarce, with a focus on traditional MAPs like costing and budgeting (Alkhajeh & Khalid, 2018). However, the influence of MAPs such as Activity-Based Costing, Target Costing, Standard Costing, and Balanced Scorecard systems remains unexplored (Etim et al., 2020). This study aims to bridge this gap by examining the impact of these MAPs on SME performance in Mtendere Township, providing valuable insights for enhancing SME growth and development.

By addressing the limitations in existing literature and focusing on under-researched MAPs, this study seeks to contribute to a deeper understanding of how management accounting practices can bolster SME performance, particularly in dynamic environments like Mtendere Township.

Statement of the Problem

Zambian SMEs, notably those situated in Lusaka's Mtendere township, are at risk of premature closures due to inadequate accounting practices, such as mismanagement of accounts receivable (Chilundu, 2022; BoZ, 2016). The Lusaka Chambers of Commerce reported a 75% failure rate in 2016, citing deficiencies in managerial capabilities as a key factor. The lack of comprehensive examination of crucial management accounting practices in current Zambian studies exacerbates this issue, revealing a significant research gap.

Mtendere township hosts a majority of SMEs among the over 1000 establishments in the area, yet many lack fundamental financial literacy skills. This scarcity of financial knowledge compounds challenges faced by SMEs in Mtendere, hindering their ability to manage finances effectively and make informed decisions. While existing research often focuses on specific regions like Gauteng Province in South Africa or Cape Coast Metropolis in Ghana, there is an opportunity for comparative analysis across countries or a broader global perspective to uncover similarities and differences in management accounting methods. Additionally, there is a noticeable research gap regarding how the size of SMEs (small, medium, or micro) influences the adoption and consequences of management accounting methods.

This study aims to address these gaps by examining the effects of important Management Accounting methods, including Standard Costing, Activity-Based Costing, Target Costing, and Balance Scorecards, on small businesses in Lusaka's Mtendere township. By providing insights into how these practices impact SME resilience and success, particularly in the face of prevalent financial literacy challenges, this research aims to inform strategies for enhancing economic stability and fostering growth within the Zambian SME sector.

II.   EMPIRICAL LITERATURE REVIEW

Small and Medium Enterprises (SMEs) lack a universal definition but are generally characterised by factors like turnover, employee count, and Organisational structure. In Zambia, SMEs encompass various business entities, including cooperatives and NGOs, with formal registration, tax obligations, and community contributions defining their status (Wise, 2014).

MAPs involves techniques and practices that provide financial and non-financial information for managerial decision-making, aiming to improve Organisational performance and profitability (Stefanou & Athanasaki, 2012). Management Accounting Practices (MAPs) encompass systems like budgeting, performance evaluation, decision support, and strategic management accounting (Gichaaga, 2013). For instance, costing methods such as Activity-Based Costing (ABC) aid in pricing decisions, while budgeting serves purposes like future planning and cost control (Abdel-Kader & Luther, 2016).

MAPs are crucial for internal management solutions, offering Organisations valuable information to enhance performance and add value to customers (Ndwiga, 2011). Performance evaluation involves assessing Organisational success using measures like Value-Based Management and Balanced Scorecards (Ittner & Larcker, 1998), while decision support systems assist in making quality decisions in dynamic business environments (Wu et al., 2007). Strategic Management Accounting (SMA) aligns accounting systems with Organisational strategies to gain a competitive edge (Chapman, 1997).

Understanding financial performance is essential for measuring and managing Organisational success, involving factors like cost reduction, revenue enhancement, and competitiveness (Hove et al., 2014). Business performance is evaluated based on effectiveness and efficiency in achieving set goals and meeting stakeholders' needs (Maziriri & Chinomona, 2016). It encompasses both the processes involved in carrying out work and the outcomes achieved (Vieira, 2010).

AlKhajeh and Khalid (2018) delved into the impact of Management Accounting Practices (MAPs) on the performance of SMEs in South Africa's Gauteng Province, employing a quantitative approach. Through regression analysis and a meticulously crafted questionnaire, they unveiled that augmenting MAPs significantly enhances SME performance. Ahmad's (2017) research focused on MAP adoption within Malaysian SMEs and its consequential effect on performance. Surveys with 160 respondents showcased variations in MAP utilisation between traditional and advanced approaches, with larger enterprises showing a preference for advanced MAPs. The study further elucidated that certain MAPs correlated noticeably with performance metrics, shedding light on the direct relationship between adoption and Organisational effectiveness.

Alvarez et al. (2021) delved into the adoption and influence of Management Accounting systems in small hotels across Buenos Aires, Argentina. Employing a stratified sampling strategy, they established a strong correlation between MAP utilisation and hotel profitability, highlighting the advantageous edge of businesses leveraging MAPs. Adu-Gyamfi and Chipwere's (2020) investigation centred on the influence of management accounting methods on the performance of manufacturing firms in Ghana. By analysing data from 200 managers and employing regression analysis, they unveiled the positive impact of MAPs such as costing systems and budgetary frameworks on enhancing manufacturing firms' performance in Ghana.

Osim et al. (2020) embarked on a study to probe the impact of MAPs on the performance of SMEs in Nigeria. Through a survey research design, they gathered data from 40 SMEs, revealing robust associations between MAP utilisation and firm performance indicators. Their findings underscored the pivotal role of MAPs in bolstering SME performance. Jaradat et al. (2021) directed their attention to assessing MAP usage among Small and Medium-sized Enterprises (SMEs) in Jordan. Through surveys and interviews, they unearthed relatively low adoption rates compared to industrialised nations, yet highlighted MAPs' crucial role in enabling SMEs to control costs and overcome challenges. Limited adoption was attributed to factors like lack of experience and financial constraints, signalling avenues for potential enhancement in MAP utilisation among Jordanian SMEs.

SMEs often face constraints in financial, human, and technological resources, making it challenging for them to invest in advanced management accounting systems or hire experienced personnel proficient in implementing such procedures (Yahaya, 2019). Managers of SMEs may lack expertise in management accounting principles, hindering their understanding of the benefits and proper application of these practices (Osim et al., 2020). Additionally, cost considerations pose a significant barrier to implementing management accounting procedures, particularly for small organisations with limited financial resources (AlKhajeh & Khalid, 2018). Resistance to change among SMEs, stemming from successful past operations without formal management accounting methods, further complicates adoption efforts (Yahaya, 2019). Time constraints and inadequate IT infrastructure further impede the planning, training, and implementation of management accounting procedures (Gyamera, 2023). Certain complex methods, like activity-based costing and budgeting, may require simplification or alternative approaches for feasibility in SMEs (Gichaaga, 2014). External factors, such as legal constraints and economic conditions, also affect the implementation of MAPs. Addressing these limitations is crucial for ensuring the successful integration of management accounting techniques into SME operations and enhancing their decision-making processes.

The existing research predominantly focuses on specific regions like Gauteng Province in South Africa, Buenos Aires Province in Argentina, Gusau Metropolis in Zamfara State, and Cape Coast Metropolis in Ghana, among others. However, there is a potential avenue for further exploration by conducting a comparative analysis across different countries or adopting a broader global perspective to identify similarities and differences in Management Accounting Practices. Moreover, while studies often examine SMEs in a generalised manner, there appears to be a research gap in investigating how the size of SMEs (small, medium, or micro) affects the adoption and outcomes of management accounting methods.

III.   THEORETICAL LITERATURE REVIEW

Resource Based Theory

The Resource-Based View (RBV) theory, introduced by Wernerfelt in 1986, explains the correlation between Management Accounting Practices (MAPs) and the performance of Small and Medium-sized Enterprises (SMEs) (Wernerfelt, 1986). RBV highlights the critical role of an Organisation's resources in determining its short- and long-term success, with corporate profitability closely tied to the availability and utilisation of resources (Barney, 1991). These resources encompass tangible assets like inventory and cash as well as intangible assets such as skilled personnel, including accountants proficient in management accounting techniques (Grant, 1991). By leveraging these resources effectively, businesses can enhance efficiency, competitiveness, and overall profitability. RBV theory thus provides a theoretical framework for understanding how MAPs enable SMEs to optimise their resource utilisation and drive performance improvements. This perspective underscores the importance of aligning Management Accounting Practices with Organisational resources to achieve sustainable success (Barney, 1991; Wernerfelt, 1986).

Contingency Theory

The Contingency theory, originating from Joan Woodward's work in 1958, posits that numerous internal and external factors influence the functioning and performance of corporate units (Harash, 2017). These factors encompass macroeconomic, microeconomic, industry-specific, and firm-specific variables, among others, which impact management style, accounting systems, Organisational structure, and market performance. Consequently, there is no one-size-fits-all solution to Organisational challenges but rather a need for tailored approaches that consider the unique circumstances of each entity (Harash, 2017). This theory underscores the importance of flexibility in designing and implementing management accounting

practices to suit specific organisational contexts, a task well-suited for accountants given their expertise in accounting principles and methods. Moreover, research suggests that organisations, particularly SMEs, should adopt management accounting practices that align with their distinct requirements to enhance performance (Harash, 2017). In this framework, MAPs play a pivotal role in addressing the multifaceted challenges encountered by SMEs, necessitating their customisation to fit the Organisation's specific conditions and expectations, ultimately contributing to improved performance.

IV.   RESEARCH METHODOLOGY

Research Design

This study was conducted using a quantitative research paradigm, which is deemed suitable for use to ascertain the relationships between the constructs under investigation. Cross-sectional research design was used in the study. This design's adoption was justified by the need to give the researcher quick access to a large number of students in order to acquire information about the variable under investigation, which is one of its benefits. Making assumptions about potential links is the primary objective of cross-sectional research (Akeredola, 2005).

Population of the Study

The population for this study was 1,000 SMEs which were registered in Mtendere according to PACRA records. The target population identified for gathering information regarding this concern is SMEs from Lusaka, Zambia from among the firms in the various industries in Mtendere compound.

Sample and Sampling Procedure

The sample size refers to the elements to be included in a research study (Gupta, 2011). Out of 1000 registered business only 200 operated at the study site as calculated by RaoSoft sample size calculator; at 5% significance level and a confidence level of 95% the representative sample size was about 132 (Raosoft website, 2016). simple random sampling technique was used in this study, since each element of the population has an equal and known chance of being selected as part of the sample (Weideman, 2014).

Data Collection

The data was collected from primary sources since the measurement model is adapted from (Khan, 2014). A self-administered, structured questionnaire were used as the research instrument to collect data.

Data Analysis

The data was analysed using Microsoft Excel and analysed using Statistical Package for Social Sciences, SPSS version 26.0 to run frequencies and means. In order to have a statistical description of the data were used. The data for SMEs' responses was statistically analyzed using descriptive statistics.

V.   RESEARCH RESULTS AND ANALYSIS

Descriptive Statistics

Table 1 below presents statistical summaries of variables under study over the period of interest produced by Stata version 12 software.

Several questions were posed to the respondents as part of the background information in line with the research aimed at examining the effect of Management Accounting Practices on the performance of SMEs in Lusaka, Zambia.

a) Gender of Respondents

Figure 1 which provides a representation of the gender of the respondents, shows that the majority of respondents (63.7%) were male, and the minority were female (43.5%).
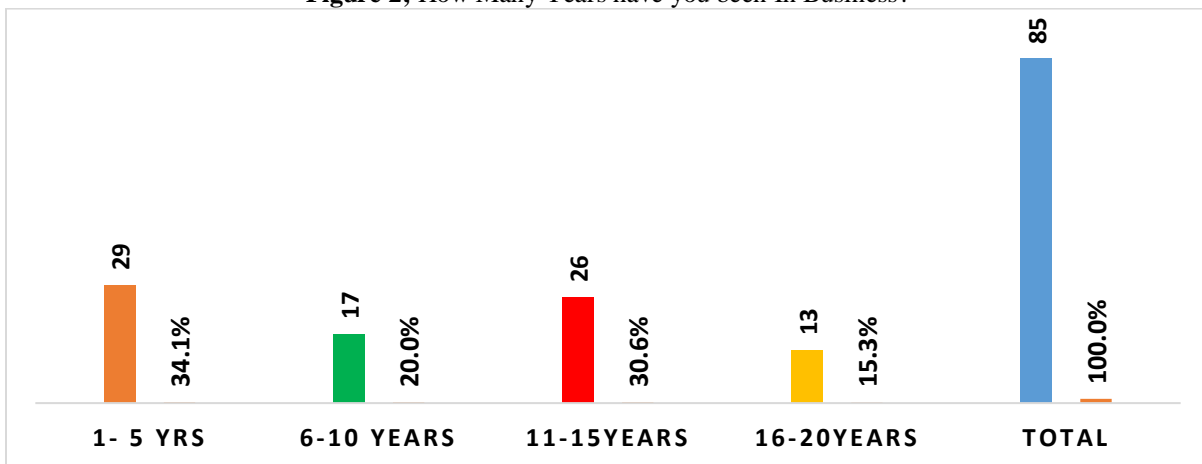
Figure 1: Gender of Respondents
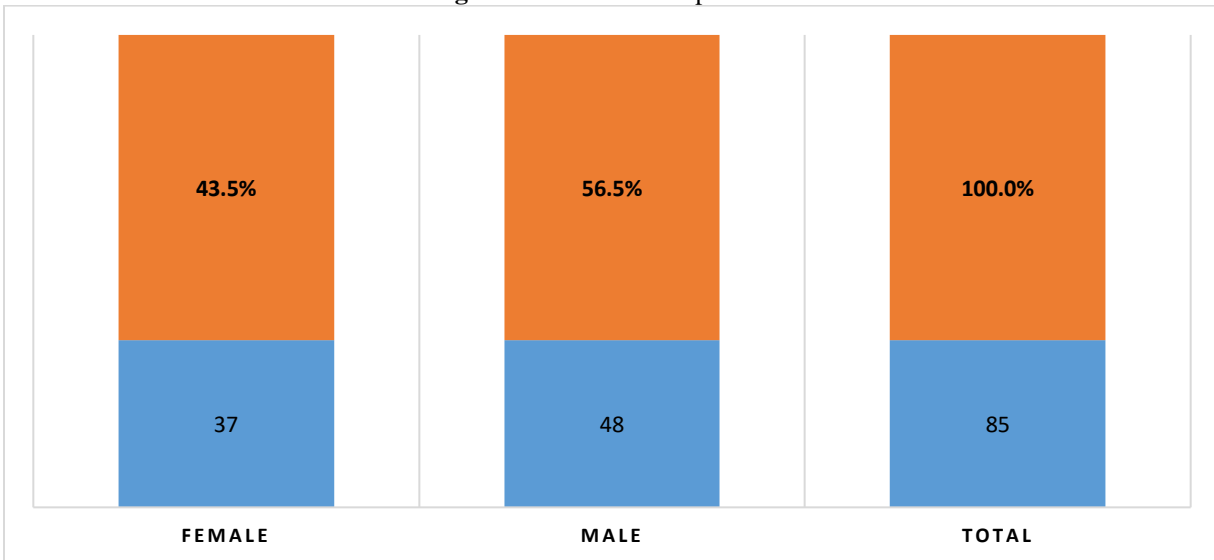
b) Age of Respondents

Figure 2 which provides a representation of the age of the respondents, shows that the majority of respondents (36.5%) were in the age group of 31-40years, followed by 32.9% were in the age group of 41-50years, and the rest of the respondents were in the age groups of 51-60years (18.8%) and 21-30years (11.8%), respectively.

c) Period of operating Business

Figure 2 which provides a representation of the period of operating business for the targeted SMEs in Mtendere. shows that the majority of respondents (30.6%) had been in business for a period of 11 to 15years, followed by 34.1% who had been in business for 1-5years, and the rest of the respondents had been in business for 6-10 years (20%), and 16-20years (15.3%) respectively.

Figure 2; How Many Years have you been In Business?

d) SMEs Sector

Figure 3 which provides a representation of the sectors in which the targeted SMEs were undertaking their respective operations. The majority of respondents (64.7%) were operating in the retail sector, followed by 24.7% which were operating in the service sector, and the minority, 5.9% were operating in food processing, and manufacturing (4.7%) sectors respectively.

Figure 3: SMEs Sector of operations
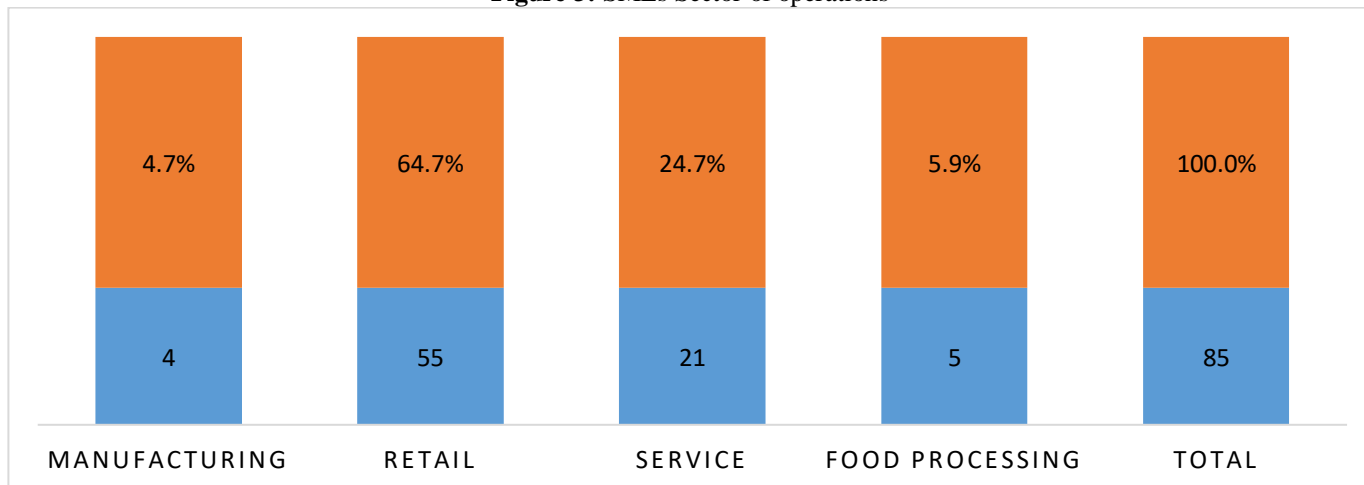
Descriptive Statistics

The findings of the descriptive statistics tabled below are in line with ranking which the Management Accounting Practices that exist among SMEs in Lusaka. These findings are tabulated below.

Table 1: Descriptive Statistics for Management Accounting Practices: Decision Support Systems

Decision Support Systems	N	Minimum	Maximum	Mean
Break-even analysis/cost-profit volume analysis (CPV)	85	2	5	4.21
Net Present Value (NPV)	85	1	5	3.66
Stock Control Model	85	1	5	3.45
Product Profitability Analysis	85	1	5	3.32
Payback Period	85	1	5	3.12
Accounting Rate of Return	85	1	5	2.9
Valid N (listwise)	85			

The mean score of 4.21 indicates that the surveyed SMEs value and rely on Break-even Analysis/CPV. This decision support system is most likely regarded as a beneficial instrument for determining the point of financial equilibrium, hence assisting in strategic decision-making and financial planning. Its high mean score reflects its critical importance in understanding cost structures and profit dynamics.

Table 2: Descriptive Statistics for Management Accounting Practices: Budgeting Tools

Budgeting Tools	N	Minimum	Maximum	Mean
Flexible Budget	85	2	5	4.8
Purchasing Budget	85	1	5	4.2
Annual Budget	85	1	5	3.6
Sales Budget	85	1	5	3.2
Cash Flow Budget	85	1	5	2.8
Valid N (listwise)	85			

The findings of the descriptive statistics table below are in line with ranking which the Management Accounting Practices that exist among SMEs in Lusaka.

The high mean score of 4.81 shows that the examined entities greatly value and depend on flexible budgeting. It is clear that SMEs view this budgeting tool as essential, especially in changing business environments. It is extremely important for accurate financial planning and resource allocation due to its versatility to absorb changes in business situations. The higher score highlights how important it is to improving the businesses' strategic flexibility and financial stability.

Table 3: Descriptive Statistics for Management Accounting Practices: Performance Measurement

Performance Measurement	N	Minimum	Maximum	Mean
Cash Flow Analysis	85	1	5	4.11
Sales Growth	85	1	5	4.02
Stock Turnover Period	85	1	5	3.91
Operating Income	85	1	5	3.68
Number of Customer Complaints	85	1	5	3.51
Valid N (listwise)	85			

The findings of the descriptive statistics table below are in line with ranking which the management accounting practices that exist among SMEs in Lusaka. The mean score of 4.11 indicates a strong focus on and acknowledgement of the significance of cash flow analysis as a tool for measuring performance.

Table 4: Descriptive Statistics for Management Accounting Practices: Strategic Techniques

Strategic Techniques	N	Minimum	Maximum	Mean
Competitor position monitoring	85	1	5	4.43
Value Chain Analysis	85	1	5	3.79
Product Lifecycle Cost	85	1	5	3.68
Balanced Scorecard	85	1	5	3.59
Target Costing	85	1	5	3.34
Valid N (listwise)	85			

The findings of the descriptive statistics table below are in line with ranking which the Management Accounting Practices that exist among SMEs in Lusaka. The high mean score OF 4,43 for competitor position monitoring underscores its strategic importance for SMEs in Lusaka's retail and service sectors. Monitoring competitor positions is crucial for informed decision-making, market positioning, and maintaining competitiveness.

Table 5: Ranking of the Management Accounting Practices that exist among SMEs in Lusaka, Zambia

Management Accounting Practice	Type	Mean Score
Flexible Budget	Budgeting Tools	4.81
Competitor position monitoring	Strategic Techniques	4.43
Break-even Analysis/Cost-Profit Volume Analysis	Decision Support Systems	4.21
Cash Flow Analysis	Performance Measurement	4.11

The highest mean score for flexible budgeting indicates that SMEs in the retail and service sectors in Lusaka place a high importance on this budgeting technique. The second highest mean score for competitor position monitoring underscores its strategic importance for SMEs in Lusaka's retail and service sectors. The third highest mean score for break-even analysis/CPV analysis demonstrates the system's importance as a decision support system for SMEs in Lusaka. Lastly, the cash flow analysis had the lowest mean score which underlines its vital function as a performance measuring tool for SMEs in Lusaka's retail and service sectors.

The second research objective which was aimed at analyzing the extent to which Management Accounting Practices are used in measuring financial performance by Small and Medium Enterprises. Findings in line with the second research objective are presented below as follows:

Extent to which Management Accounting Practices (MAPs) are used in Measuring Financial Performance

The second research objective which was aimed at analyzing the extent to which Management Accounting Practices are used in measuring financial performance by Small and Medium Enterprises. Findings in line with the second research objective are presented below as follows:

Table 6: Extent to which management accounting practices are used in measuring financial performance by SMEs

In the last 3 years, indicate what extent the following techniques have been used in your company.	N	Minimum	Maximum	Mean
Activity-based Costing	85	1	5	4.92
Standard Costing	85	1	5	4.37
Balanced Scorecard	85	1	5	3.95
Target Costing	85	1	5	3.83
Management Finance	85	1	5	3.68
Valid N (listwise)	85			

The interpretation of the findings above is provided below as follows:

The very high extent of activity-based costing (ABC) usage, as indicated by the ranking of 5, suggests that ABC is recognised as valuable for understanding cost drivers accurately. This could imply that SMEs in Lusaka, place a significant emphasis on precise cost allocation and management, aligning with the study's focus on examining the effect of such practices on performance.

The high extent of Standard Costing usage (Ranking: 4) indicates that it is commonly employed, likely for its simplicity and effectiveness in establishing costs. The high extent of balanced scorecard usage (ranking: 3) suggests that it has gained popularity for providing a holistic view of organisational performance.

The low extent of Target Costing usage (Ranking: 2) implies that it is rarely used or employed to manage costs in design and production, aligning with market conditions amongst SMEs in Lusaka. The not at all management finance usage (ranking: 1), with its broad term, likely indicates that it is not widely used for financial management practices in SMEs.

Limitations if any of SMEs Implementing MAPs

The third and final objective which was aimed at describing the limitation (if any) of Small and Medium Enterprises in implementing Management Accounting Practices. Findings in line with the last research objective are presented below as follows:

Table 7: The limitation of Small and Medium Enterprises to implementing Management Accounting

Limitation	Impact Ranking
Lack of involvement of accounting personnel	1
The CEO's awareness of management accounting	2
Scale For Production and Business Characteristics	3
Changes In Organisational Structures or Management	4
Business Strategy	5
Increase in Competition from Other Businesses	6

Based on the findings above, the main limitation for limitation of SMEs operating Mtendere Township in Lusaka with respect to implementing Management Accounting was the lack of involvement of accounting personnel, followed by the CEO or owners' awareness of management account, and the scale for production and business characteristics. In addition, changes in the organisation structure, ranked fourth followed by business strategy, and lastly increase in competition from other businesses as the limitation of Small and Medium Enterprises to implementing Management Accounting Practices.

Discussions of Findings

The study was aimed at examining the effect of Management Accounting Practices on the performance of SMEs in Lusaka, Zambia, with the focus on SMEs in Mtendere Township Market. The study was guided by the following research objectives: To investigate the management accounting practices that exist among SMEs in Lusaka, Zambia; to analyse the extent to which management accounting practices are used in measuring financial performance by Small and Medium Enterprises; and to describe the limitations of SMEs to implementing MAPs.

Findings revealed that the SMEs employed different MAPs. The main MAPs used were the Flexible Budgeting Tool, followed by Strategic Techniques, namely Competitor Position Monitoring, and Decision Support Systems, namely the Break-Even Analysis and CVP analysis. Lastly, the least used management accounting practice was Performance Measurement, namely Cash Flow Analysis, as could be seen from the ranking in comparison to other MAPs being used by the SMEs in the

Mtendere Township market. Both the empirical literature and the research objective highlight the implementation of various MAPs among SMEs. AlKhajeh and Khalid (2018) found that small and medium-sized enterprises (SMEs) in Gauteng Province, South Africa, implemented a range of MAPs. Similarly, Ahmad (2017) observed variations in the adoption of MAPs among Malaysian SMEs, while Alvarez et al. (2021) noted the adoption of MAPs in small and medium-sized hotels in Buenos Aires, Argentina.

Additionally, the findings based on the second research objective, revealed that most management accounting practices were being used at different levels; some were being used to a high extent, others to a moderate extent, and others were not being used at all. For example, results showed that activity-based costing was being used to a high extent, which implies that SMEs are serious about using this method to measure financial performance. This indicates that SMEs understand the importance of Activity-Based Costing in offering precise insights into cost structures and supporting informed financial decision-making. Firstly, there was a similarity in terms of the varying extent of MAP utilisation observed in both the findings and the literature. For instance, the study by Ahmad (2017) on Malaysian SMEs and the research by Gichaaga (2014) on Kenyan manufacturing enterprises also highlight differences in the adoption levels of MAPs, ranging from traditional to more advanced approaches. Similarly, the findings in the Lusaka area reveal disparities in the utilisation levels of different MAPs, with some being highly utilised (e.g., activity-based costing), while others are moderately used (e.g., standard costing and balanced scorecard) or not used at all (e.g., management finance).

Secondly, there is a consistency in the importance attached to certain MAPs across different contexts. For example, both the findings in Zambia and studies such as Adu-Gyamfi and Chipwere (2020) in Ghana and Osim et al. (2020) in Nigeria underscored the significance of costing systems, budgeting systems, performance evaluation systems, and strategic management accounting in enhancing SME performance. Additionally, the findings in Zambia reveal some MAPs, such as target costing and management finance, being least utilized or not used at all, which aligns with the findings of studies like Kaharti (2023) in Indonesia and Kefasi (2019) in South Africa, where certain advanced MAPs are reported to be less commonly employed by SMEs.

Lastly, the third objective aimed at describing the limitation of Small and Medium Enterprises to implementing Management Accounting, revealed that the main limitation for limitation of SMEs operating Mtendere Township in Lusaka with respect to implementing Management Accounting Practices was the lack of involvement of accounting personnel, followed by the CEO or owners' awareness of management account, and the scale for production and business characteristics. In addition, changes in the organisation structure, ranked fourth followed by business strategy, and lastly increase in competition from other businesses as the limitation of Small and Medium Enterprises to implementing Management Accounting.

Yahaya (2019) study highlights that SMEs frequently operate with limited resources, including financial, human, and technological resources. This limitation is in line with the research findings, which also emphasise the constraints of limited resources faced by SMEs in the Lusaka area of Zambia. Additionally, Osim et al. (2020) suggest that managers of SMEs might lack the expertise and knowledge of management accounting principles and practices. This aligns with the research findings, which identify the lack of involvement of accounting personnel and awareness of management accounting among CEOs or owners as significant limitations. **Furthermore, AlKhajeh & Khalid (2018)** study highlights cost considerations as a significant barrier to implementing management accounting procedures in SMEs.

VI.   CONCLUSIONS

From the summary of findings in the study, it is hereby concluded that MAPs have a statistically effect on SMEs financial performance in Mtendere Township of Lusaka. The study set out to investigate the impact of Management Accounting Practices on the performance of SMEs in Lusaka, Zambia, with a specific focus on SMEs in the Mtendere Township market. The research objectives aimed to understand the existing management accounting practices, analyse their extent of usage in measuring financial performance, and describe the limitations faced by SMEs in implementing these practices.

Based on objective one, the study found that SMEs in Mtendere Township used a variety of management accounting practises in their daily operations. The principal practice arose as flexible budgeting, followed by strategic tactics such as competitor position monitoring and decision support tools like as break-even analysis.

In line with objective two, the study concluded that the extent to which different Management Accounting Practises were used differed among SMEs. While Activity-Based Costing was widely used, Standard Costing and the Balanced Scorecard were used to a lesser extent. Notably, target costing and Management Finance were the least used, with the latter being used by no SMEs at all.

Lastly, in line with the third objective, the study concluded that the lack of involvement of accounting personnel was highlighted as the key barrier to implementing management accounting. The CEOs' or owners' understanding of Management

Accounting, scale for production and business features, changes in Organisational structure, and Business Strategy were also identified as significant limitations.

RECOMMENDATIONS

To ensure a well performing and growing use of MAPs amongst SMEs in Zambia, the following recommendations are made: Prioritise Flexible Budgeting to adapt to business changes and enhance financial planning. Invest in Competitor Analysis for Strategic Decision-Making and Market Competitiveness. Use Break-Even and CVP analysis tools for pricing and Profitability Decisions, and train staff regularly. Leverage Activity-Based Costing to understand cost structures and manage expenses. Provide training for accountants and CEOs to improve their understanding of financial performance. Tailor Management Accounting Practices to industry demands, regularly assess Organisational Structure, and approach financial management holistically. Stay updated on new accounting methods and align financial planning with Organisational Strategy for long-term success.

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