UNIVERSITY OF CAPE COAST

EFFECT OF STRATEGIC MANAGEMENT ACCOUNTING

PRACTICES ON FINANCIAL PERFORMANCE OF SMALL

BUSINESSES IN THE HO MUNICIPALITY OF GHANA

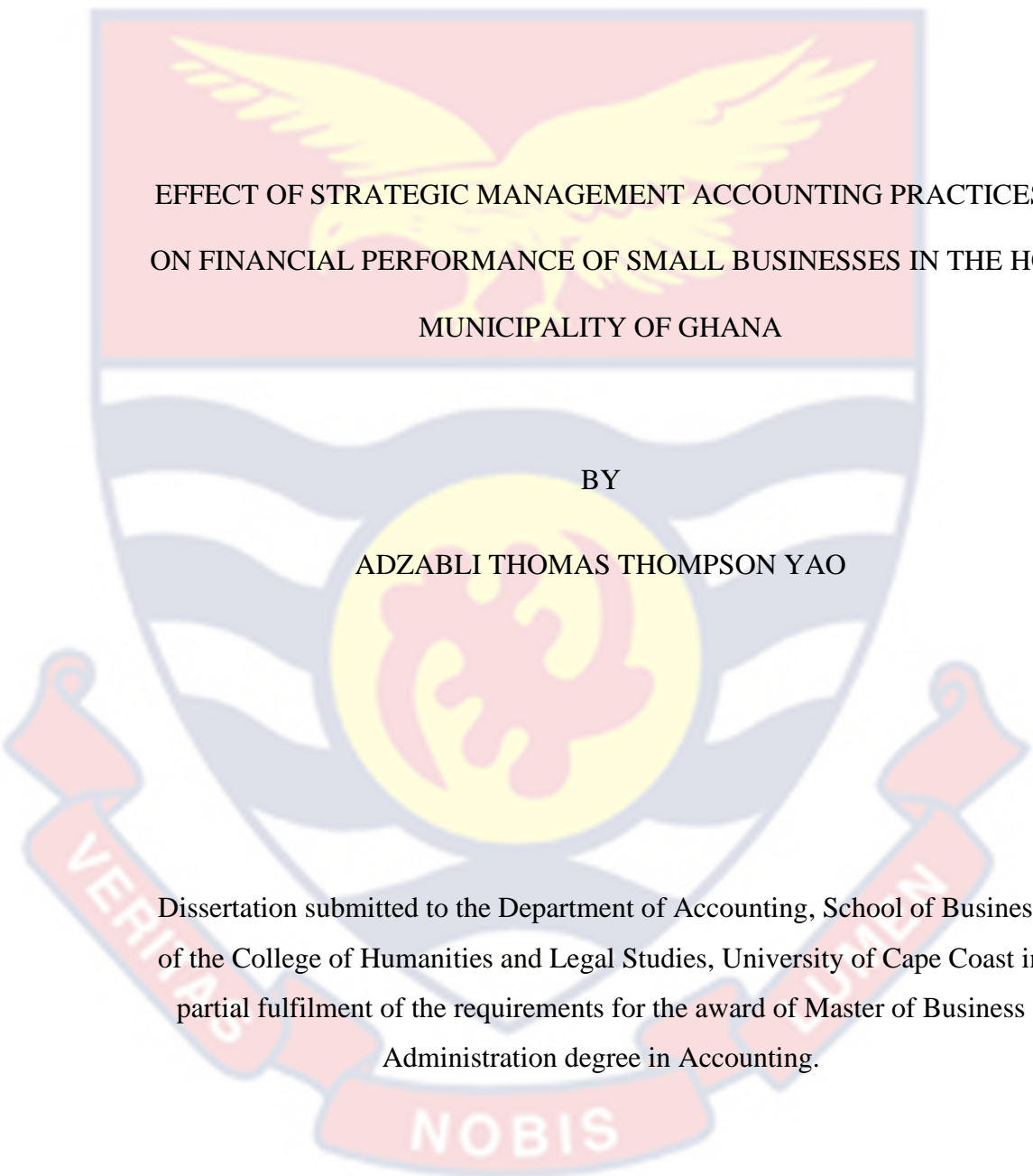**ADZABLI THOMAS THOMPSON YAO**

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UNIVERSITY OF CAPE COAST

EFFECT OF STRATEGIC MANAGEMENT ACCOUNTING PRACTICES

ON FINANCIAL PERFORMANCE OF SMALL BUSINESSES IN THE HO

MUNICIPALITY OF GHANA

BY

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of the College of Humanities and Legal Studies, University of Cape Coast in
partial fulfilment of the requirements for the award of Master of Business
Administration degree in Accounting.

OCTOBER 2022

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

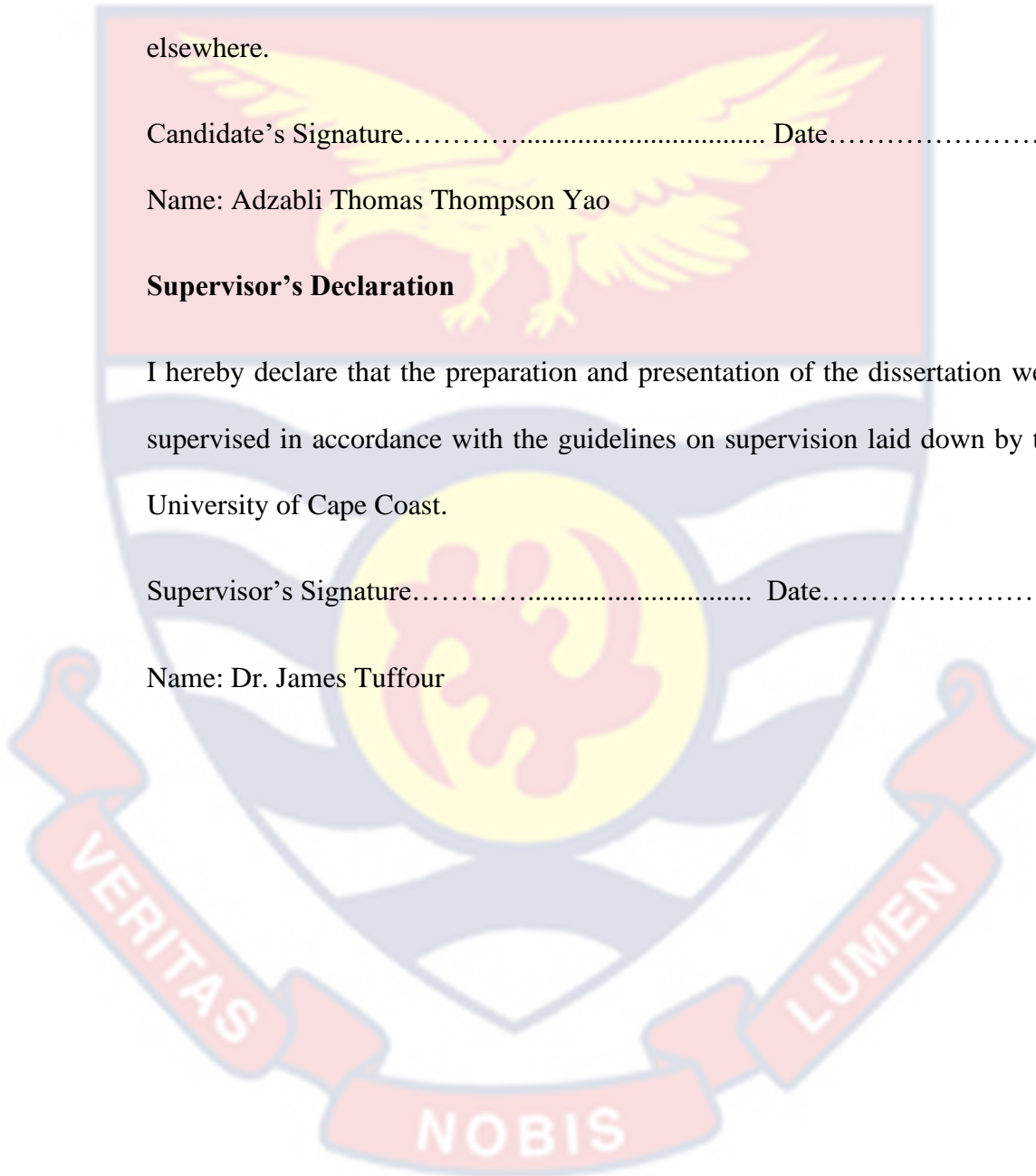Candidate's Signature…………................................ Date……………………

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Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision laid down by the University of Cape Coast.

Supervisor's Signature…………............................. Date……………………

Name: Dr. James Tuffour

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ABSTRACT

The study purposely examined how strategic management accounting practices affect the financial performance of small businesses within the Ho municipality, Ghana. The study specifically investigated the effects of value chain costing, quality cost analysis, strategic costing and activity-based costing on the small businesses' financial performance. The theories underpinning this study included the resource-based view theory and upper echelons theory. The study relied on the quantitative approach, explanatory design while structured questionnaires were used to obtain primary data. The study processed valid data set of 107 using the IBM SPSS Statistics (v. 26) and SmartPLS. The PLS-SEM analytical tool was used to analysis the data and it was found that all the four SMA practices had significant positive effects on the financial performance of the small businesses in the Ho municipality. It was concluded that SMA practices play crucial role in improving these businesses' financial performance. It was recommended that owner/managers should adopt these strategic management accounting practices in identifying, analysing and managing their costs in order to attain higher financial performance.
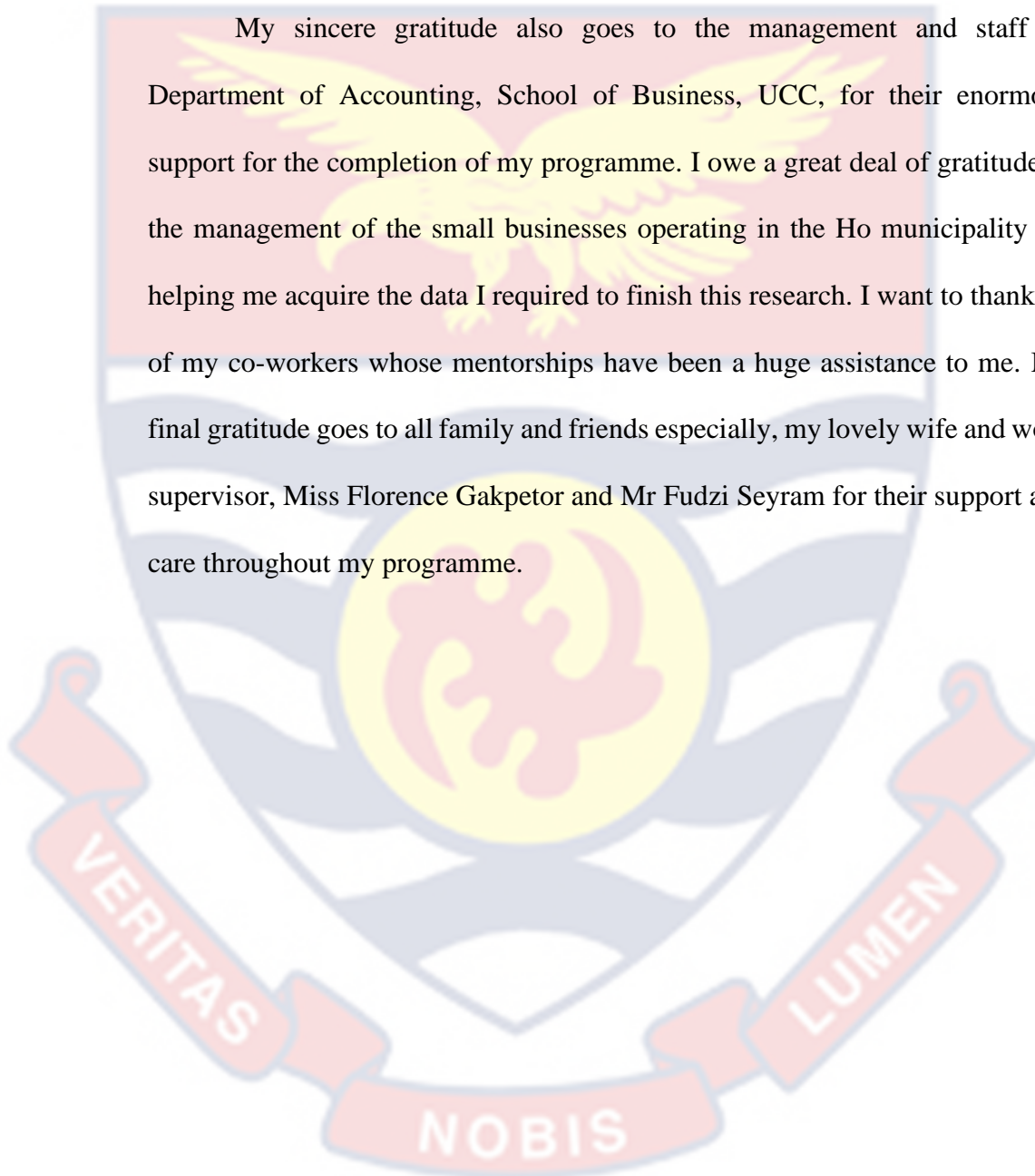
KEYWORDS

Financial performance

Small Businesses

Strategic management accounting

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DEDICATION

To my loving family and my wife Miss Gakpetor Florence.

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LIST OF ACRONYMS

ABC   Activity-based costing

FP   Financial performance

QCA   Quality cost analysis

SC   Strategic costing

SMA   Strategic management accounting

VCC   Value chain costing

CHAPTER ONE

INTRODUCTION

The relevance of small businesses to global economies can never be overemphasised. They are noted as the backbones of any competitive economy due to their immense contributions to revenue generation, innovation and job creation. Despite their immense importance, small businesses in most developing economies like Ghana continue to face performance, competitiveness and survival challenges. It has been found that over 40% of these businesses in Ghana, for instance, undergo liquidation within their first three years of establishment. This menace has largely been attributed to regular power outages, poor record keeping practices and limited access to finance. Although these claims cannot be dismissed, the subject of strategic management accounting (SMA) requires immediate attention. This study, which focuses on the Ho municipality, examines the effects of SMA practices on the financial performance of Ghana's small businesses in line with the resource-based view theory and the upper echelons theory.

Background to the Study

Small businesses which comprise micro, small and medium-sized businesses, continue to play vital roles in economic development through job creation, revenue generation, innovation, poverty reduction and addressing urbanisation challenges (Musah, Gakpetor & Pomaa, 2018). According to the World Bank (2020), Small businesses represent over 90% of businesses in advanced economies like USA, UK and European countries. Similarly, in developing economies like Ghana, Kenya and India, these businesses dominate over 80% of total businesses while contributing over 40% and 50% to Gross

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Domestic Product (GDP), and employment respectively. Precisely, about 7 out of every 10 jobs are small businesses; cementing their importance in economic development (Peprah, Mensah & Akorsah 2016).

Small businesses are privately owned businesses with 0 to 100 employees (Madurapperuma, Thilakerathne & Manawadu, 2016; World Bank, 2020). Small businesses that focus on attaining sustainable financial performance amid turbulent and highly competitive environmental conditions need to embrace strategic management accounting (SMA) (Oboh & Ajibolade, 2017; Pasch, 2019). SMA represents the key tools, strategies and practices that provide quality information to direct, plan and control a firm's decision-making activities in order to attain competitive advantage over others (Soa, Trang & Hang, 2022). It focuses on analysis of a firm's accounting data to develop and monitor its strategies and that of competitors in relation to trends in real prices and costs, cash flow, market share and business performance (Oyewo, 2022).

SMA ensures that firms acquire the needed information (both internal and external) to assess their competitive positions, make concrete decisions in order to remain competitive. Ma, Chen, Zhou and Aldieri (2022) similarly revealed that successful firms view SMA as a common-sense technique to dealing with business issues arising from the ever-changing technological and competitive environment. Previous studies have found key SMA practices to include activity-based costing (ABC), quality cost analysis, strategic costing and value chain costing (Alvarrez, Sensini, Bello & Vazquez, 2021; Ma et al., 2022; Rashid, Ali & Hossain, 2020). The ABC, for instance, provides adequate information on firm's indirect costs. It specifically assists businesses to identify and control indirect-related costs activities to safeguard financial performance.

Quesado and Silva (2021) suggested that the ABC ensures that firms account for the various costs that are indirectly created and usually not captured in financial records. The strategic costing also ensures that firms' cost analysis consider key strategic issues like market penetration and product positioning to gain competitive advantages in the long term (Al-Dhubaibi, 2021; Intakhan, 2021). It documents all the various costs that businesses could incur to achieve competitive advantage; hence, represents a key element for controlling expenditure to achieve financial success. The quality cost analysis (QCA) is an SMA practice that documents the costs associated with producing quality products before they are delivered customers (Cele, Nyide & Stainbank, 2022). Value chain costing (VCC) provides financial information on the total costs involved in ensuring value addition to customers (Cele et al., 2022).

Previous studies (Cele et al., 2022; Oboh & Ajibolade, 2017) have asserted that adopting these SMA practices are crucial to detecting financial malpractices and correct them to guarantee positive financial outcomes. Hence, when small businesses in Ghana pay attention to the SMA practices, their financial and overall firm performance and competitiveness levels would improve significantly. Firm performance basically describes the potential results of conducting a business under uncertain environments (Cele et al., 2022). It assesses a firm's capacity to meet its goals and objectives within a specified time frame (Anita, Nurdiono, Agrianti & Yuliansyah, 2021). Financial and/or non-financial metrics have traditionally been used to assess firm performance (Anita et al., 2021; Fu, Flood & Morris, 2016; Galankashi, Helmi & Rafiei, 2021).

The financial performance focuses on evaluating a firm's overall performance using monetary indicators such as profit margin, sales growth,

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return on equity and assets and operational costs (Fu et al., 2016; Nguyen & Nguyen, 2020). In line with the resource-based view theory, SMEs' ability to obtain internal resources such as strategic management accounting would help them to enjoy higher firm performance (Kamyabi et al., 2011; Pedroso & Gomes, 2020). The theory considers SMA as an important internal resource that promotes managerial efficiency, operational excellence, effectiveness and firm performance. Arguably, the performance, competitiveness and development of modern-day small businesses in developing economies like Ghana are largely dependent on their level of adoption of SMA practices.

In Ghana, small businesses undoubtedly play crucial roles in driving its economic development agenda; hence, strategic tools like the SMA practices are needed to help them succeed, remain competitive and consequently expand. As proposed by the upper echelon's theory, when these small businesses adopt SMA practices like ABC, VCC, QCA and strategic costing, they would be able to achieve their financial performance objectives. The Ho municipality which represents the capital town of Volta region is among the fast-growing areas in Ghana. The economic growth of Ho is dependent on the performance outcomes of the small businesses operating within it; because they account for over 95% of total businesses. To contribute to addressing the performance woes of small businesses in this municipality, this present study investigates SMA practices and financial performance of small business in Ho, Ghana.

Statement of the Problem

The performance of small businesses in Ghana, likewise other developing economies, has remained questionable; succumbing to unhealthy competitions from large or multinational businesses (Oduro, 2020). According

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to the Ghana Enterprise Agency (2020), seven (7) out of every ten (10) small businesses in Ghana undergo liquidation of which over 70 percent of them eventually wind up within the first three years of their establishments. This situation is not any different from such businesses operating within the Ho municipality. An annual report by the Ho Municipal Assembly revealed that about 20 percent of registered small businesses underwent liquidation in 2019 (Ho Municipal Assembly Report, 2020. This figure was expected to rise if data on the informal sector were obtained and included.

According to Zotorvie (2017), the performance challenges facing small businesses within the Ho municipality could be attributed to poor financial accounting practices. Tuffour, Amoako and Amartey (2020), on the other hand, linked this situation to the managers' poor financial literacy levels. Existing research indicate that these businesses within the Ho municipality are facing financial performance challenges. However, they attributed them to factors other than strategic management accounting (SMA). Kornchai and Khajit (2020) and Oboh and Ajibolade (2017) suggested that the adoption of SMA practices is key to acquiring best financial information to build competitive advantages and expand business performance; yet, it remains unclear whether same can be said of small businesses within the Ho municipality.

Moreover, studies conducted on SMA practices and firm performance in Ghana have either suffered from methodological flaws or focused on dimensions other than those considered in this present study. Amoako (2013), for instance, investigated MAPs like bookkeeping among manufacturing enterprises in Kumasi metropolis. Mbawuni and Anertey (2014), however, relied on MAPs such as budgeting techniques and strategic analysis and used only 37 valid data

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for analysis; thereby, exposed to methodological flaws. Yeboah-Martey (2017) focused on small businesses within the Cape Coast metropolis while Adu-Gyamfi et al. (2020) recently investigated how MAPs affect manufacturing firms' performance and analysed data using the linear regression tool in the SPSS software. This present study, therefore, investigates the effects of SMA practices on the financial performance of small businesses within the Ho municipality of Ghana using the PLS-SEM approach.

Purpose of the Study

The study purposely examined the effect of strategic management accounting practices on the financial performance of small businesses within the Ho municipality in Ghana

Research Objectives

The following precise objectives were created to:

1. examine the effect of activity-based costing on financial performance of the small businesses within the Ho municipality;

2. investigate the effect of quality cost analysis on financial performance of the small businesses within the Ho municipality;

3. examine the effect of strategic costing on financial performance of the small businesses within the Ho municipality;

4. analyse the influence of value chain costing on financial performance of the small businesses within the Ho municipality.

Research Hypotheses

The study was guided by the following research hypotheses:

H1: Activity-based costing has a significant positive effect on the financial performance of the small businesses within the Ho municipality

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H2: Quality cost analysis has a significant positive effect on the financial performance of the small businesses within the Ho municipality

H3: Strategic costing has a significant positive effect on the financial performance of the small businesses within the Ho municipality

H4: Value chain costing has a significant positive effect on the financial performance of the small businesses within the Ho municipality

Significance of the Study

Small businesses play vital roles in the Ghanaian economy; however, a number of them including those within the Ho municipality fail to operate for longer periods (Ho Municipal Assembly Report, 2020). In this regard, poor adoption of strategic management accounting (SAM) practices could be considered among the factors affecting the financial performance of small businesses. Therefore, the study's findings would provide a clear picture and better understanding of the relevance of SAM practices to small businesses performance. This would assist key stakeholders such as the government, designated ministries and agencies to develop more comprehensive policies in order to promote the implementation of SAM practices among Ghanaian Small businesses including those within the Ho municipality.

The study's outcomes would also expose Ghana's small businesses to the significance of implementing SAM practices such as strategic costing, value chain costing and activity-based costing in order to expand their current financial performance and consequently help to address their growing survival and competitiveness challenges. The study would also add to the body of knowledge by revealing details about SMA practices and small businesses' financial

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performance in Ghana. This would provide future researchers with relevant information and evidence to support or reject their study's outcomes.

Delimitations

The study was delimited to strategic management accounting practices and how they affect the financial performance of small businesses. The study excluded other predictive variables like access to finance, internal control systems, debt/equity financing and accounting record keeping practice which have all been found to affect the financial performance of small businesses in Ghana. Also, the study focused on only the financial aspect of firm performance, as such, other performance indicators such as operational, employee and market performance were excluded from this study. The study also focused on owner/managers of small businesses within the Ho municipality; excluding small businesses outside this geographical area. Despite these delimitations, the study's outcomes could be useful to other small businesses located in geographical areas that share identical features with Ho municipality.

Limitations

In research, the methodologies used are likely to be exposed to some flaws that could affect the quality of outcomes of any study. With the use of quantitative research approach, for instance, incorrect depiction of the target population could have an impact on the study's findings. Simply put, gathering data from respondents who are not true representatives of the study's target population could affect the outcomes. Also, quantitative studies rely on the use of structured questionnaires during data collection and this could limit the respondents' responses. More precisely, this instrument limits the respondents' opinions because they are guided by structured set of questions. Additionally,

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the researcher's inability to totally regulate the environment (respondents) due to the use of structured questionnaires may have an impact on the data collected and, in turn, the conclusions reached.

Adequate measures were implemented to ensure that these limitations do not affect the quality of the study's outcomes. In terms of ensuring true representation of the target population, for instance, the researcher obtained information on all the registered small businesses within the study area from the Ho municipal assembly. Additionally, the researcher made sure that the data collection exercise only included small businesses whose information was on file with the assembly. Before it was actually used for the data collection exercise, the questionnaire was first written, went through several reviews, and was pretested. This was done to make sure that every test question was accurate and measured what it was intended to measure. Finally, ethical considerations were made to ensure the safety of the respondents and all other relevant stakeholders; thereby, minimising the possibilities of gathering inferior data.

Organisation of the Study

The study was divided into five chapters: Chapter one focused on the study's background, problem statement, purpose, research objectives and questions and its organisation. Chapter two described the literature review under four key sections: theoretical review, conceptual review, empirical review and conceptual framework. Chapter three presented the methods employed in this research and it focused on areas such as research approach, design, population and data processing and analysis. In Chapter four, the results were presented and extensively discussed. The study's key findings, conclusions, and recommendations were finally presented in Chapter five.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

In this chapter, relevant studies on strategic management accounting practices and financial performance were thoroughly discussed. It also discussed relevant theoretical and empirical reviews underpinning the study and finally presented a conceptual framework.

Theoretical Review

The resource-based view theory and the upper echelons theory underpinned this study.

Resource based view theory

Wernefelt proposed the resource-based view theory (RBT) in 1984, based on the resource-based perspective of the firm. This theory explains how a company with strategic resources might outperform other businesses in the sector over the long run and gain a competitive edge (Acedo Barroso & Galan, 2006). According to Barney and Clarke (2007), a company has a competitive advantage when it outperforms its industry's breakeven point in terms of economic value and when rivals struggle to match its advantages. RBT is underpinned by two key assumptions: resource heterogeneity and resource immobility (Barney & Hesterly. 2012; Peteraf & Barney, 2003). Resource heterogeneity, for instance, implies that certain organisations have adequate experience with specific operations because they possess unique resources that are valued, rare, and non-replaceable (Taher, 2012).

Resource immobility, on the other side, is the difficulty of exchanging resources among enterprises, which may be the basis for resource heterogeneity's benefits to endure (Peteraf & Barney, 2003). A firm's accomplishment is dependent on these bundles of resources and relationships. Firms should be attentive to its resources than its external environment since it forms its internal characteristics (strength and weakness). Thus, RBT emphasizes how a firm can maximize its value through valuable resource pool, ownership and exploitation to gain sustainable competitive advantage.

Corte, D'Andrea and Del Gaudio (2017) suggested that RBT is essential because it determines which valuable and rare resources a firm lack and whether the worth of possessing those resources can be reproduced by competitors. They asserted that, the theory gives insight into which resource yields the most sustainable competitive advantage and improves firm performance. According to Milllar (2019), the theory serves as a safety measure for key resources and recognizes the various ways to preserve them when combined with other resources to gain competitive advantage. Assensoh-Kodua (2019) also suggested that a firm gain sustained competitive success over other firms when it uses its valuable, scarce and non-substitutable resources that are inelastic in supply to conceive and implement successful strategies effectively.

According to Yang, Jia and Xu (2019), the control and accumulation of vital resources become a strategic necessity since most potential competitor firms cannot immediately execute the value creating strategy because they do not have access to or control the right resources. Thus, RBT ensures that a firm exploits its strategic resources to gain exceptional performance and remain competitive. As such, in view of lack of resources on the path of competitor

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firms, RBT ensures that strategic alliances are formed to enable such firms to gain access to other firm's valuable resources.

However, the RBT has been criticised for its failure to tackle the influence of the firm's activities on the effectiveness of the resource (Kozlenkovs, Samaha & Palmatier, 2013); thus, making it static which in turn affects sustainable competitive advantage in dynamic markets. Also, the theory is deemed to be tautological in the sense that they are untestable (Kraaijenbrink, Spender & Groen, 2010). Despite these critics, the theory has still been widely used to explain issues associated with firm resource and performance. In line with this study, for instance, the theory suggests that firms that possess strategic resources such as strategic management accounting are bound to perform exceptionally well and hence achieve a sustainable competitive success. RBT assumes that small businesses can increase their financial performance when they possess unique resources like SMA practices including strategic costing, value chain costing and activity-based costing that competitor firms may lack.

Upper echelons theory

Donald C. Hambrick and Phyllis A. Mason proposed the upper echelons theory (UET) in 1984 to explain how the expertise, experiences, and personalities of senior executives in an organization influence a firm's output linearly (Dorcas, Celestin & Yunfei, 2021; Neely, Lovelace, Cowen & Hiller, 2020). They suggest that an organisation's results are a reflection of senior executives' values and cognitive bases which eventually forms their choices, perceptions and actions. According to Carr, Vardaman, Marler, McLarty and Blettner (2021), UET has been acknowledged as a fundamental perspective to highlight the impact of top executives' traits and characteristics on a firm's

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performance. The UET also posits that the top managers' views or perception of their corporate environment can have an impact on their strategic choices which consequently affect their firm's performance.

Research has revealed that, a firm's performance and strategic choices can be predicted by top management's characteristics (Bromiley & Rau, 2016; Neilsen, 2014). Oppong (2014) further suggested that top managers influence their organisations through the knowledge, experience and skills they possess in addressing a given issue. This determines top manager's relationship to the performance of the organisation. Nishii, Gotte and Raver (2007) similarly suggested that top manager's knowledge and experience could directly impact an organisation's performance. However, Juravich (2012) claims that though top managers' cognitive bases and values are difficult to assess, a firm's performance can be estimated to some extent using some characteristics of top managers.

Some scholars (Dorcas et al., 2021; Nishii et al., 2007; Oppong, 2014) assert that UET emphasises on how a manager's traits could improve the performance of his or her firm. In line with this study, the theory suggests that small businesses could perform better when it considers their top management's level of experience and knowledge about particular subjects of interest. Precisely, the theory contends that small businesses can perform better if their management team has sufficient expertise and experience with strategic management accounting procedures. This is because, these practices are gathering quality information to make strategic decisions to the benefit of the SMEs.

Conceptual Review

This section describes the study's concepts in terms of strategic management accounting and financial performance. It extensively discussed

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four strategic management accounting practices; activity-based costing, value chain costing, quality cost analysis and strategic costing.

Concept of strategic management accounting

Due to increased technological innovation and adoption of computers in information processing, there has been massive revolution in strategic management accounting (SMA) (Ward, 2012). Its basic purpose was to examine information concerning businesses and their competitors as well as to advance and monitor business strategy (Sedevich-Fons, 2018). SMA is a modern accounting approach that focuses on providing and analysing financial information about a company and its competitors, the product market, and costs, as well as monitoring the company's strategy and its competitors in a market place (Alamri, 2018). SMA is also defined as the collecting of competition data, the use of cost-cutting opportunities, and the alignment of accounting with strategic views (Rashid, Ali & Hossain, 2020).

SMA allows businesses to obtain a competitive advantage in today's business environment by providing access to relevant data and avoiding the drawbacks of standard management accounting systems (Alabdullah, 2019). SMA, dwells on a firm's external environment including customers, product, suppliers and competitors as well as the development of strategic values through efficient resource allocation and forecasting the firm's competitive position. Petera and Šoljaková (2020) suggest that SMA focuses on internal resources and organisational competences which sustain external competitive bases.

Li (2018) argued that, a firm's performance is not only measured by profits but also by strategic tools such as SMAs that are used. According to Flayyih, Mirdan and Elkhaldi (2021), the SMA is made up of integrated

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financial and non-financial metrics that are used to strike a balance between a company's strategy, vision, internal business processes, multi-dimensional client viewpoints, firm growth, and financial situation. Internal resources are significant to sustain a firm's strategy and competitive advantages if they are difficult to imitate. External, non-financial, and future information are also used to achieve and maintain competitive advantage (McManus, 2013).

SMA is different from conventional management accounting in that it takes into consideration both financial and non-financial elements that support rational and strategic decision-making (Shah, Malik & Malik, 2011). SMA also has both direct and indirect impact on an organisation. In order words, internal financial information and the external dimensions of business operations are the focus of SMA. External dimensions focus on the product offer that satisfies needs whilst considering the product attribute cost. The in depth understanding of these dimensions assists firms in devising strategic business plans, enhancing in-depth review of decision making and at the same time improving the firm's performance on a more strategic level (Flayyih et al., 2021; Kaya, Türkyılmaz & Birol, 2019).

Dearman et al. (2018) also suggest that SMA ensures that firm's executives are cautious of their competitors' business practices and methods which is essential to its performance. This permit firm's executives to be cognizant and tackle customers' needs and competitive markets. Similarly, Li (2018) posits that SMA promotes the development and implementation of total quality management process which enhances product quality and ensure cost efficiency. SMA approve external and forward-looking orientation to develop

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and monitor strategic business orientations by obtaining financial information, business products, markets and competitors' cost structures (Flayyih et al., 2021)

Despite the fact that SMA is an advancement of the traditional MA, it constitutes some shortfalls (Ahmed, 2018; Hoque, 2018; McManus, 2013). According to McManus (2013), SMA's concentration is limited to specific types of information, such as competition intelligence, rather than having diverse information (i.e., information on customers, general business environment, competitors, among others). The formulation and monitoring of a sustainable company plan is complicated by a lack of varied information (Ahmed, 2018). Also, SMA focuses on only financial information and does not take into consideration non-financial information. This is a main component in overcoming the challenges of financial information and hence ascertains essential drivers of business success and performance.

Non-financial data is also considered an important aspect of modern management control systems (Zhang & Cai, 2020). Coad (1996) suggested that SMA lacks a definite conceptual framework with an uncertain progress for the future since it's an emerging management accounting area. According to Roslender and Hart (2010), SMA techniques can be implemented and practiced without the involvement of management. SMA is still considered among the key management accounting tools that could be used as a key internal resource to attain competitive advantage over competitors.

Activity-based costing dimension of strategic management accounting

ABC is a costing system that considers manufacturing overhead costs by assigning costs to activities using a dependent approach (Cidav, Mandell, Pyne, Beidas, Curran & Marcus, 2020). It is known as the major source of discovering

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indirect costs because it focuses on a firm's activities (Rajabi & Dabiri, 2012). ABC is a costing technique which ensures that any firm's activity is identified and allocated costs based on its actual consumption (Alsayegh, 2020; Shah, Malik & Malik, 2011). The aim of this SMA technique is to help firms identify and control all indirect cost-related activities in order to attain competitive advantage. However, some scholars suggest that this technique does not consider external orientation since it makes available internal and historical information which computes the products and service costs more accurately (Cadez & Guilding, 2008; Pietrzak, Wnuk-Pel & Christauskas, 2020).

Quality cost analysis dimension of strategic management accounting

This costing technique is deemed as a key strategic management tool for determining firm performance (Biadacz, 2020). Quality costing is categorised as prevention, appraisal and failure cost which are interrelated. In order to become relevant in the competitive market, product quality has become a necessity (Masoudi & Shahin, 2021). This practice prompts management to be attentive to quality problems; thus, it is related to the costing of quality activities (Rajabi & Dabiri, 2012). Similarly, quality cost analysis encompasses the whole cost of preventing poor quality as well as the costs suffered as a result of product and service failure (Glogovac & Filipovic, 2018). It determines the quality performance of a firm, as such, most firms adopt it because it supports the pursuit of quality for customers (Monday, Akinola, Ologbenla & Aladeraji, 2015).

Strategic costing dimension of strategic management accounting

The strategic costing as a strategic management practice is cost of strategic relevance. Thus, it emphasizes strategic analysis of the costs which creates and achieves competitive advantage (Hadid & Al-Sayed, 2021).

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Specifically, this technique confirms that cost analysis must consider strategic issues (product positioning and market penetration) to gain long term competitive advantages. Strategic costing also involves using market information to create and identify long-term strategies that will ensure competitive advantage (Intakhan, 2021). It is based on rivals' actions and reactions and take into account external and forward-looking factors (Marlina et al., 2020). It is also often used to compare marketing and price expenditures of competitors while playing an important role minimising overall business costs in order to improve the firm's strategic position.

Value chain costing dimension of strategic management accounting

Given the strategy's forward-looking perspective, value chain costing is a key component in strategy formulation (Phornlaphatrachakorn & Na-Kalasindhu, 2020). As a SMA practice, value chain costing was generated purposely for achieving competitive advantage. Rashid et al. (2020) claim that value chain studies—in which the value-creating processes involved in the production of a good or service are connected in a chain—were the foundation for the development of this technique. Value-adding activities, interdependent networks, supplier-customer interactions, and continuous improvement are all crucial components of value chain costing (Ussahawanitchakit, 2017). Thus, it posits that competitive advantage is achieved at the market place when customers are provided with value for equivalent cost.

Value chain costing makes sure that costs are allocated to the tasks necessary to plan, acquire, produce, sell, distribute, and provide customer service for a good or service (Gadez & Guilding, 2008). Krutova, Tarasova, Nesterenko, Blyzniuk and Nosach (2020) recommended an approach in

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generating the value chain model. This strategy took into account all operations, from the product's design through its distribution. These activities are essential for adding value to the product and also, enhancing operational effectiveness, customer response quality and sustainable organisational success. The strategic outcome of this approach is to take advantage of the economies and efficiencies gained by external connections between the company, suppliers, and customers.

Financial performance of small businesses

Firm performance refers to how successfully a firm can produce money from its primary way of operation. It also has to do with a company's ability to operate efficiently, recognize unusual commercial profits, survive difficult competition, and adapt favourably to environmental dangers and opportunities (Wanjara, 2014). Antony and Bhattacharyya (2010) pinpoint financial performance to be fragment of vital performance measurement dimensions. It explains the extent to which a firm attain sets of financial objectives. Thus, financial performance aids in measuring and evaluating an organization's achievements in accomplishing its goals. (Saeidi, Sofian & Siti Zaleha, 2014). There are two main procedures for measuring financial performance of firms; the market-based and the accounting-based approach.

Accounting measures include profitability and asset utilization. Accounting-based measures, according to Beurden and Goessling (2008), represent a firm's internal effectiveness, which is influenced by the firm's success. Both financial performance indicators have positive and negative impact in evaluating a firm's financial performance. On the positive side, accounting tools are historic and available to all firms and are fairly comparable.

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It also evaluates a company's financial health over time and serves as a comparison across similar firms, sectors or industry.

According to Cadbury (1992), a firm's performance can be judged by growing its value, future cash flow magnitude, cash flow receipt, or making the firm less risky. There are indicators which measure a firm's financial performance (Jackson & Singh, 2015). These indicators include fees, budget, operating profits, expenditures, sales growth, cash flows, financial soundness, operating income, among others (Mwaniki, 2017). Examples of financial performance measurements include ROA, ROE, Profitability ratio, Market Value Ratio, Leverage Ratios, and Asset Management Ratios are. These indicators are recognised as subjective financial indicators which include financial soundness, return on investment, sales growth, operating income, cash flows and net profit (Maduekwe & Kamala, 2016; Umar & Dikko, 2018).

Overview of small businesses

Small businesses have been defined differently by different institutions, researchers and organisations. Small businesses, for instance, is defined as businesses owned by individuals through sole proprietorship, partnership or corporation with fewer employees and small fixed assets. These businesses generally obtain fewer annual revenues as compared to the large ones; hence, their overall business risk is low. According to the US Small Business Administration, small businesses are defined based on standards defined by the industry within which they operate. For manufacturing and mining, small businesses have a maximum of 500 employees, wholesale trade has not more than 100 employees.

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Similarly, in Ghana, small businesses have been characterised by their total number of employees and total assets. Small businesses basically comprise micro, small and medium-sized enterprises and are majorly owned by private people. The popularly known definition for small businesses is the one defined by the National Board for Small Scale Industries (NBSSI), now known as Ghana Enterprise Agency (GEA). The NBSSI (1990) classified small businesses as, "micro enterprise with less than 5 employees; small enterprise with 6 – 29 employees and medium enterprise with 30 – 99 employees respectively. The Ghana's Venture Capital Fund Act 2004 (Act 680) defined small businesses as those businesses with not more than 100 employees and their total asset, other than land and building, do not exceed US$1 million. In relation to the study, the classification of small businesses by the latter was adopted.

Empirical Review

This section contains thorough reviews of related literature on SMA practices and firm performance. In Ghana,

Effect of strategic management accounting practices on firm performance

Previous studies have linked SMA practices to firm performance, but the findings have been inconsistent, and some have relied on shoddy study methodology. Ussahawanitchakit (2017) used 91 surveys to investigate the influence of strategic costing strategies on Jordanian Listed Manufacturing Companies (JLMC). The findings of the multiple regression analysis revealed that strategic costing strategies like cost of quality and activity basis costing (ABC) had a significant positive impact on JLMC's financial performance. Similarly, Kalkhouran and Nedaei (2017) looked into the indirect impact of SMA in CEO qualities and networking activities, as well as firm performance.

The study's findings demonstrated that SMA has considerable indirect influence on firm performance.

In a like vein, Adeniran et al. (2020) also investigated the relevance of SMA to the performance of Nigeria's transport business. The analysis was done using linear regression after collecting 230 primary data using cross-sectional questionnaires. SMA has been shown to boost the performance of the country's transportation businesses. Berliantiningrum et al. (2017) investigated the effectiveness of strategic management and the SMA system in East Java industrial companies. The population of the study was made up of 1088 companies of which 292 companies were sampled. The results show that return on assets, return on investment, and production value all increased for the vast majority of the businesses. Performance both financially and non-financially is enhanced by SMA. The financial performance of East Java's manufacturing businesses is consequently improved using SMA approaches.

Emiaso and Egbunike (2018) investigated the association between the use of strategic management strategies and the organizational performance of Nigerian manufacturing firms. The population consisted of all manufacturing enterprises in Delta State, Nigeria, of which 15 were chosen at random for the study, and questionnaires were given to the sampled companies' managers and accountants. The hypotheses for the study were tested using regression and the t-test. The findings demonstrated that using SMA tools had favourable impacts on financial performance. SMA's role in supply chain outcomes and logistic firm profitability was investigated by Doktoralina and Apollo (2019). Employees of logistics companies were given questionnaires to fill out. The surveys were distributed using a technique known as area cluster sampling. The

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data was analysed using PLS-SEM and it was revealed that SMA practices had a strong positive link with supply chain outcomes.

Bransah (2019) investigated how management accounting methods in Ghana impact the financial performance of manufacturing companies. The study employed a target population of 455 manufacturing companies in Ghana and a descriptive survey design. The study obtained data using both qualitative and quantitative methods of which analysis was carried out using both descriptive and linear regression. The study concluded that management accounting practices including budgeting, strategic analysis, costing and performance evaluation leads to improved financial performance of the manufacturing firms in Ghana. Vetchagool, Augustyn and Tayles (2020) also investigated the effect of ABC on organisational performance and found that extensively using ABC for cost strategy, analysis and evaluation lead to improved financial and operational performance of manufacturing SMEs.

Similarly, Adu-Gyamfi et al. (2020) investigated how management accounting procedures affected manufacturing company performance. Using a structured questionnaire, the study's quantitative methodology collected primary data from 200 managers of manufacturing enterprises. Regression analysis was performed for analysis while processing the data using SPSS version 18.0. A considerable favourable impact on the performance of Ghanaian manufacturing enterprises was shown to be caused by management accounting methods such strategic management and information, budgetary systems, and costing systems. It was determined that any unit increment in the accounting management practices would result in a unit increment in the productivity levels of manufacturing enterprises.

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Also, Adde-Kroankye and Aryee (2021) examined the relationship between strategic management practices and growth of SMEs. Using the purposive sampling, 190 SMEs within the Accra metropolis were involved in the data collection exercise. structured questionnaires were used to collect data which was then analysed using the multiple regression tool. The study found a positive relationship between effective and efficient application of the practice and firm growth of SMEs in Ghana. The study concluded that strategic management practices play crucial roles in improving SMEs growth.

Dang, Le and Pham (2021) investigated the impact of SMA on the profitability of sugar businesses in Vietnam. By involving managers and accountants from sugar enterprises in Vietnam, the study used a mixed research approach. A total of 306 questionnaires were administered, collected, and processed for analysis, with a sample size of 350 managers and accountants. The study's findings revealed that SMA, particularly quality costing and value chain, have a favourable impact on sugar businesses' commercial performance in Vietnam. The PLS-SEM results suggest that the link between SMA and business performance are satisfactory (p 0.05), with SMA having a significant impact on both financial and non-financial performance of Vietnamese sugar enterprises.

From these reviews, studies on SMA practices and firm performance have been conducted in various developing economies including Ghana. However, studies within the Ghanaian context have largely focused on manufacturing firms with little focus on SMEs. Also, the existing studies in Ghana have used the linear regression analytical tool which has been considered weak in recent times. As such, this study addresses this limitation by adopting the PLS-SEM technique which has been deemed to provided more rigorous

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analysis and concrete findings. Also, the individual effects of strategic costing, activity-based costing, quality cost analysis, and value chain costing on SMEs' performance have not been thoroughly studied in relevant studies. This study, therefore, addresses these gaps by examining SMA practices and financial performance of small businesses in Ghana, focusing on those at Ho.

Conceptual Framework

The conceptual framework was offered in this section to help explain and connect the concepts studied. The framework was created to help organize the study's ideas and distinguish between them. It was particularly beneficial for organizing empirical research since it provided a graphical representation. From Figure 1, the framework was built around two key variables: the independent variable (SMA practices) and the dependent variable (FP).
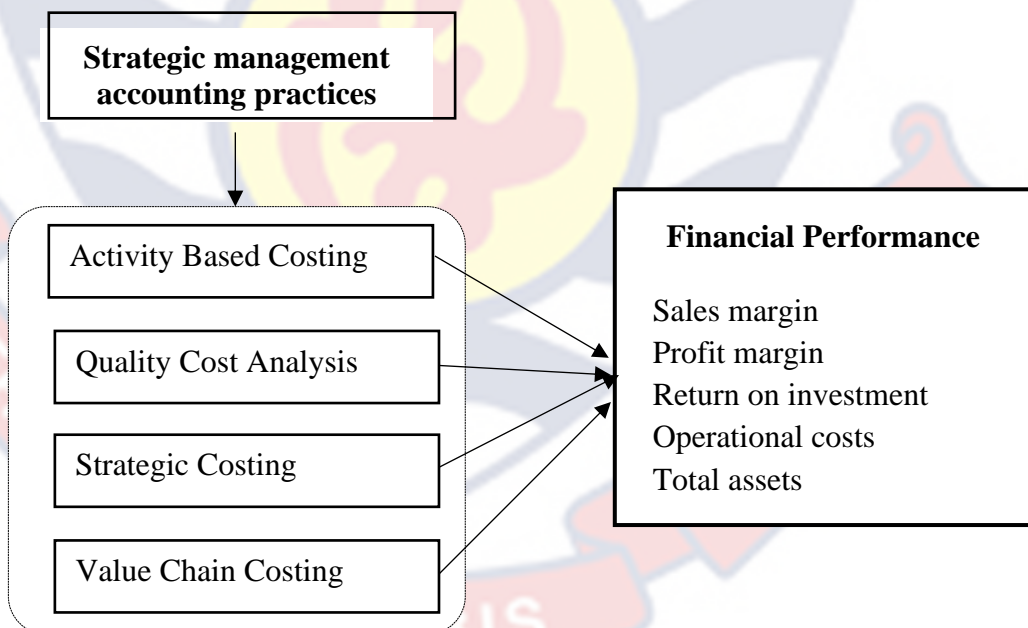
Figure 1: Conceptual Framework of the Study
Source: Author's Own Construct (2022)

From Figure 1, financial performance (FP) was measured in terms of sales margin, return on investment, operating costs, profit margin, and total

assets, as shown in Figure 1. SMA practices included activity-based costing, quality cost analysis, strategic costing, and value chain costing. Four arrows could be seen moving from the independent variables to the dependent variably; implying that a direct relationship could exist between these variables. Simply put, the framework suggests that a causal relationship could exists between SMA practices and financial performance; as a result, a single change in any of the practices could have a direct impact on financial results.

Chapter Summary

The resource-based view theory and upper echelons theory were adopted and discussed in this chapter. The chapter also covered important topics such as SMA practices and financial performance. It also included an empirical analysis of the effect of SMA practices on firm performance. The conceptual framework was discussed in the chapter to provide a visual picture of its research objectives.

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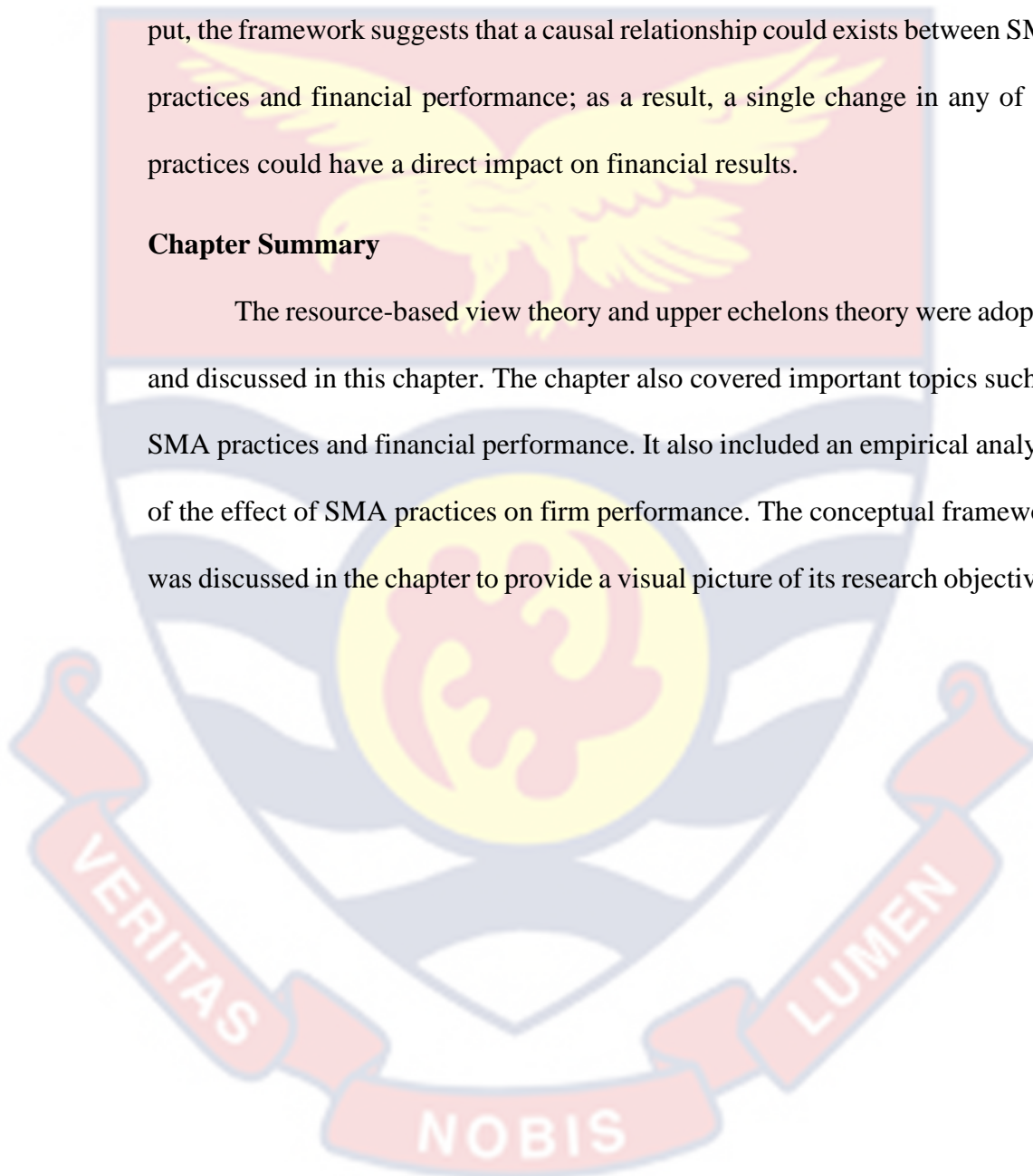
CHAPTER THREE

RESEARCH METHODS

Introduction

The chapter presented the research approach, design, area of study, population, sampling techniques and ethical considerations. It also discussed the study's data processing and analysis techniques.

Research Approach

The quantitative approach was employed on the basis of obtaining and interpreting data that is objective in nature and thus, devoid of subjectivity (Salaria, 2012). The approach is the use of quantitative instruments and statistics such as descriptive and inferential to describe or explain relevant issues (Creswell & Creswell, 2017). This approach is associated with obtaining adequate primary or secondary data from a relatively large population size in quantifiable terms in order to attain its objective (Ishtiaq, 2019; Salaria, 2012). It can be used to investigate the effect of one variable (the independent) on another (the dependent), as well as the direction and size of the connection and its associated effects.

The quantitative technique is effective for acquiring fact-based information about a sample, deriving solid conclusions, and offering superior generalisation of findings over an entire community (Creswell & Creswell, 2017). This approach uses the deductive reasoning strategy where conclusions are deduced from existing theories other than propounding the theories (Saunders, Lewis & Thornhill, 2009). With respect to the study, the quantitative approach is relevant because the study investigated how SMA practices affect financial performance. As such, this research can only be achieved when primary

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data are obtained from a relatively large population size and analysed using quantitative tools like linear regression.

Research Design

In terms of research design, the study used an explanatory design to explain the interaction between the exogenous and endogenous variables (Saunders et al., 2009). The explanatory study design, according to Creswell and Clark (2017), is suited for explaining the causal relationship between variables where one variable is predicted to have an effect on the other. Due to the study's emphasis on how SMA practices affect SMEs' financial performance quantitatively, it was determined that its approach was adequate. The strategy is especially pertinent to this study because it largely makes use of structured questionnaires to collect data from respondents dispersed throughout a geographical area (Rahi et al., 2018). More specifically, the design is suitable for collecting new data from representatives of small businesses located in the Ho municipality in Ghana.

In addition, the explanatory design analyses causal linkages using statistical tools that require a large amount of numerical data (Beins & McCarthy, 2017; Wahyuni, 2012). In conclusion, the approach was chosen because the study establishes cause and effect linkages between SMA practices and small businesses' financial performance. The study investigates the financial performance of small businesses using activity-based costing, strategic costing, quality cost analysis, and value chain costing. Finally, the study aims at generalising its findings from the sample across all small businesses in Ho and the country at large to improve existing policies and practices.

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Study Area

The Ho municipal is among the 261 Metropolitan, Municipal and District Assemblies in Ghana (Ho Municipal Assembly Report, 2020). It is one of the 18 municipalities and district assemblies located in Volta region. It was first created as a district assembly in 1989 and thus, was called Ho District until its southern part was split off in 2004 to create Adaklu-Anyigbe district (Ghana Statistical Service [GSS], 2020). In June 2012, the western part was also split off to form Ho West district and the remaining district was elevated to municipal assembly status under the Legislative Instrument (L.I.) 2074. Ho is the administrative capital of the region and shares boundaries with Ho West (west), Republic of Togo (east), Agotime-Ziope district (south) and Hohoe municipality (north). It has a total land size of 367km with a population of 114,472 people where 59,579 of them are females and 54,893 are males (GSS, 2020).

The municipality has over 49,000 households with 4 persons, on the average, in each household (GSS, 2021). The economic activities in the municipality are dominated by micro, small, medium-scale businesses; providing over 80 percent of employment to its residents (GSS, 2021). Due to inadequacy of government jobs, majority of the residents at Ho are into agriculture and other small and medium-scale businesses such as trading, craft and services in order to survive (Ho Municipal Assembly Report [HMAR], 2020). These businesses continue to face numerous financial performance challenges which continue to impede the overall growth of the metropolis and region in general. The HMAR (2020) has documented the small businesses performance challenges to include poor government support, lack of capital, overreliance on outmoded technologies and poor access to finance.

Given these challenges, some interventions by both government and non-governmental institutions have been provided and documented. Notable among these intervention programmes include creation of flexible small business loan schemes, increased government subsidies and organising training programmes for owner/managers. Similarly, the World Bank and United Nations Development Programme (UNDP) have carried out extensive training programmes to equip owner-managers of MSMEs at Ho and other areas across the country. Despite these interventions, SMEs at Ho continue to face financial performance issues which threaten their survival and overall competitiveness. This calls for attention to the SMA practices of these small businesses in the metropolis. In view of this, the study investigates whether SMA practices affect the financial performance of these businesses at Ho.

Population

Population of a study represents the complete group of entities with specific characteristics and features (Creswell, 2014). As a result, the study's population includes all small businesses in the Ho municipality, Volta region of Ghana. The total number of these businesses was derived from a report published by the Ghana Enterprise Agency (GEA) in 2020. GEA is mandated to oversee the activities of small businesses in Ghana; thus, appropriate to obtain data on the number of small businesses operating at Ho from them. Although, there are over 400 of such businesses; the GEA report revealed that 127 of them are currently registered. Hence, the study's target population comprised a representative (i.e., owners-managers) from each of the 127 small businesses. Deductively, 127 owners-managers of the registered small businesses in the Ho metropolis represented the study's target population.

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Sampling Procedure

The census technique was used for this study because of the adequacy of target population size. Census technique is used when all members of a target population participate in a data collection activity. It ensures that the conclusions of a study's findings are reliable, accurate and generalisable. This is because, involving all members of a target population helps in gathering large and rich data effective for drawing objective conclusions. Data was gathered from one key personnel (owners or managers) in each of the 127 small businesses at Ho. The rationale for the choice of the owners or managers was because of their direct involvement in their businesses' strategic decisions with respect to accounting management practices. These members are also in charge of their businesses' daily operations, so they can provide useful information to improve the study's overall quality.

Data Collection Instrument

The structured questionnaire was utilized to obtain the primary data for this research. A structured questionnaire, according to Soiferman (2010), is the best method for acquiring primary data in any quantitative study. This instrument also contains standardised question items which enables the researcher to gather uniform information from several respondents. This tool also allows researchers to scientifically compare and contrast the study's results by ensuring that the data obtained are converted into numerals, processed using statistical software and analysed quantitatively. The questionnaire plays a vital role in gathering data from a large population size at minimised costs while reducing interviewer bias. However, questionnaire, as a data collection

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instrument, could be marred with possible literacy issues, ambiguous statements, poor grammar, irrelevant question items and non-responses.

Regardless of these limitations, structured questionnaire is deemed appropriate and its question items were self-developed from related empirical studies. The researcher put the questionnaire in three major folds: Part A focused on the respondents' socio-demographic features; Part B focused on the strategic management accounting practices with 20 question items; that is, the four practices had five question items each. Finally, Part C contained eight indicators to measure the small businesses' financial performance. The question items were then ranked on a five-point Likert scale, with 1 denoting weak agreement and 5 denoting highest agreement. This measuring scale was adopted due to its tremendous role in quantitative studies.

Measurement of Variables

This section presented the measurement indicators for the key constructs in this study. Also, the sources from which these indicators were obtained were also presented in Table 1.

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Table 1: Measurement of Variables

Variable	Measurement indicators	Source
Activity-based costing	Pricing decisions, activity analysis, cost allocation, cost tracing,	Alsayegh (2020), Cidav et al. (2020)
Strategic costing	Strategic cost analysis, use of market information, identification of strategies, strategic price	Hadid and Al-Sayed (2021)
Quality cost analysis	Control of costs on product defects and quality issues, cost identification related to service failure, attentiveness to costs	Biadacz (2020)
Value chain costing	Cost allocation to procuring, supplier and customer relationship building, continuous improvement and service provision	Cinquini and Tenucci (2010), Nuhu et al. (2017)
Financial performance	Sales volume, market share, profitability, total assets, operational costs	Pushpakumari and Watanabe (2009), Slack (2005)

Source: Author's Construct (2022)

Validity and Reliability

Validity refers to how well a test instrument meets the accuracy, precision, and relevance criteria and so accomplishes its measuring goals (Haele & Twycross, 2015). To determine validity of a given instrument, peer and experts involvements are key (Mohajan, 2017). In addition, key respondents are involved in the instrument's development to ensure that the question items are

relevant to their businesses. In terms of peer review, three peers with sufficient research knowledge were given the study's drafted questionnaire to assess each question item and its structure. As such, the peer review exercise focused on relevance of each question item, sentence structure, possible grammatical errors and ambiguous statements, wrong spellings, inconsistent information, among others. All relevant issues raised during the peer review were addressed and the updated questionnaire was forwarded to the researcher's supervisor for further review and scrutiny.

Reliability, on the other hand, considers how well a research instrument can be used repeatedly over time (De Souza, Alexandre & Guirardello, 2017). An instrument is deemed reliable if its content can be used over and over again on respondents with same or similar characteristics. Creswell (2017) added that, an instrument is considered reliable if the study's result can be reproduced under similar methodological stances. Reliability is addressed when the instrument's Cronbach alpha after reliability testing is 0.7 or more. As a result, the closer the alpha value is to 1, the more reliable the instrument. To do this, the study conducted a pre-test, after which the data was subjected to a reliability test.

Pretesting Result

Pretesting was carried out using 30 owners/managers of small businesses within the Hohoe municipality. Hunt, Sparkman, and Wilcox (1982) recommended a sample size of 12 to 30 respondents for pre-testing an instrument; hence, obtaining a 30 data set for the pretesting was justified. Lesschaeve and Bruwer (2010) suggested a sample size of 25 to 100 people. The pretesting was done to examine and fix any potential defects in each question item in the data collection instrument in order to achieve reliability and

validity. Ishtiaq (2019) suggested that pretesting a questionnaire can help find unclear and biased question items while doing situational analysis. It ensures that the instrument is reliable; thus, can be reused in similar settings.

The reliability test was undertaken after the data was gathered through pretesting, and the Cronbach Alpha (α) values were reported. From Table 2, all the constructs had α values > 0.70; suggesting that they are reliable and as such, could be used for developing the final questionnaire. Table 2 summarized the results for each construct.

Table 2: Reliability Test Score

Construct	No. of Items	α Value
Activity-based costing	5	0.810
Quality cost analysis	5	0.816
Strategic costing	5	0.825
Value chain costing	5	0.860
Financial Performance	5	0.821

Source: Field survey (2022)

Data Collection Procedure

The researcher prepared copies of an introductory letter obtained from the Department of Accounting, School of Business, UCC, and attached them to each questionnaire before to the data collection exercise. This was done to formally notify and invite the owners/managers to take part in the data collection activity. With the emergence of the Covid-19 pandemic, all directives from the government and relevant authorities were strictly adhered to. For instance, wearing of nose masks, ensuring social distancing, regular usage of hand sanitizers, among others were strictly adhered to by all three data collectors. The

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exercise was completed with three weeks (7th January, 2022 - 31st January, 2022) with support from three well trained research assistants. The research assistants were involved in this exercise due to how scattered the respondents' businesses were in the municipality. Also, the assistants played crucial roles by assisting respondents who had difficulties responding to any item.

Data Processing and Analysis

Credible checks were carried out to amend and ensure error-free data after the data gathering process. As a result, before coding the data, any incomplete and inconsistent responses were properly handled. The data was then meticulously coded to eliminate any missing values. The data was finally screened and then processed using the IBM SPSS Statistics (version 26) and Smart-PLS 3. After data processing, both descriptive and inferential statistical methods were employed for data analysis. Precisely, the descriptive tool comprising frequencies and percentages were adopted to describe the respondents' socio-demographic features and business profile.

The partial least square-structural equation modelling (PLS-SEM) technique was finally employed to analyse the study's research objectives. Precisely, the effects of each SMA practice on financial performance of small businesses were analysed using the PLS-SEM analytical tool. The analytical tool was employed due to its ability to provide more rigorous analysis by handling normality violations and missing data (Hair et al., 2017). It also does not require any significant assumptions about the distributional characteristics of the raw data (Hair et al., 2019). PLS-SEM has the strength in analysing causal relationships between/among variables. When using PLS-SEM, the researcher

is required to assess the model's quality in terms of measurement model and structural model assessments respectively.

The measurement model, for instance, was assessed by checking for the model's multicollinearity, reliability (indicator and composite) and validity (discriminant and convergent) (Hair et al., 2019; Ringle Sarstedt & Straub, 2012). Regarding the structural model, the study assessed the following: predictive relevance (Q^2), effect size (f^2) and coefficient of determination (R^2). After meeting the model's quality criteria using these assessment tools, the hypotheses were finally tested using 5000 bootstraps. The outputs from the bootstrap were then reported in tables and discussed extensively.

Ethical Considerations

In order to ensure quality data with reliable findings, conclusions and recommendations, the study acknowledged the ethical issues it was likely to encounter. Research ethics seeks to prevent respondents from suffering damage or other unfavourable outcomes as a result of taking part in research (Connelly, 2014). For instance, the responders were assured that all of their information would be kept absolutely private and would not be disclosed to the public in any way. This was done to ensure data security while also protecting the respondents' confidentiality. The researcher also ensured that the respondents understood each question item to overcome ethical issues associated with deception.

Before the exercise, permission was also obtained from every respondent in order to ensure voluntary participation. The respondents were also promised anonymity in order to ensure that none of their personal details were leaked. This was accomplished by barring responders from filling out the questionnaire with their names and other contact information (Soboan, Bertotti, & Strom-Gottfried,

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2019). Also, the issue of plagiarism was ensured where every information was appropriately paraphrased and referenced. The study also provides honest responses to respondents who are likely to have issues with any question item. As such, adequate measures are put in place to address possible ethical issues the researcher could face which could undermine the quality and objectiveness of the study's findings.

Chapter Summary

Following the discussion of the study's research methodologies, it was determined that the explanatory research design, taking into account the study's goal, was the most appropriate research design. In order to collect primary data, self-administered questionnaires were used and quantitative methods notably the inferential statistic (i.e., PLS-SEM) was used to interpret the data. The next chapter summarised the conclusions and discussion of the report.
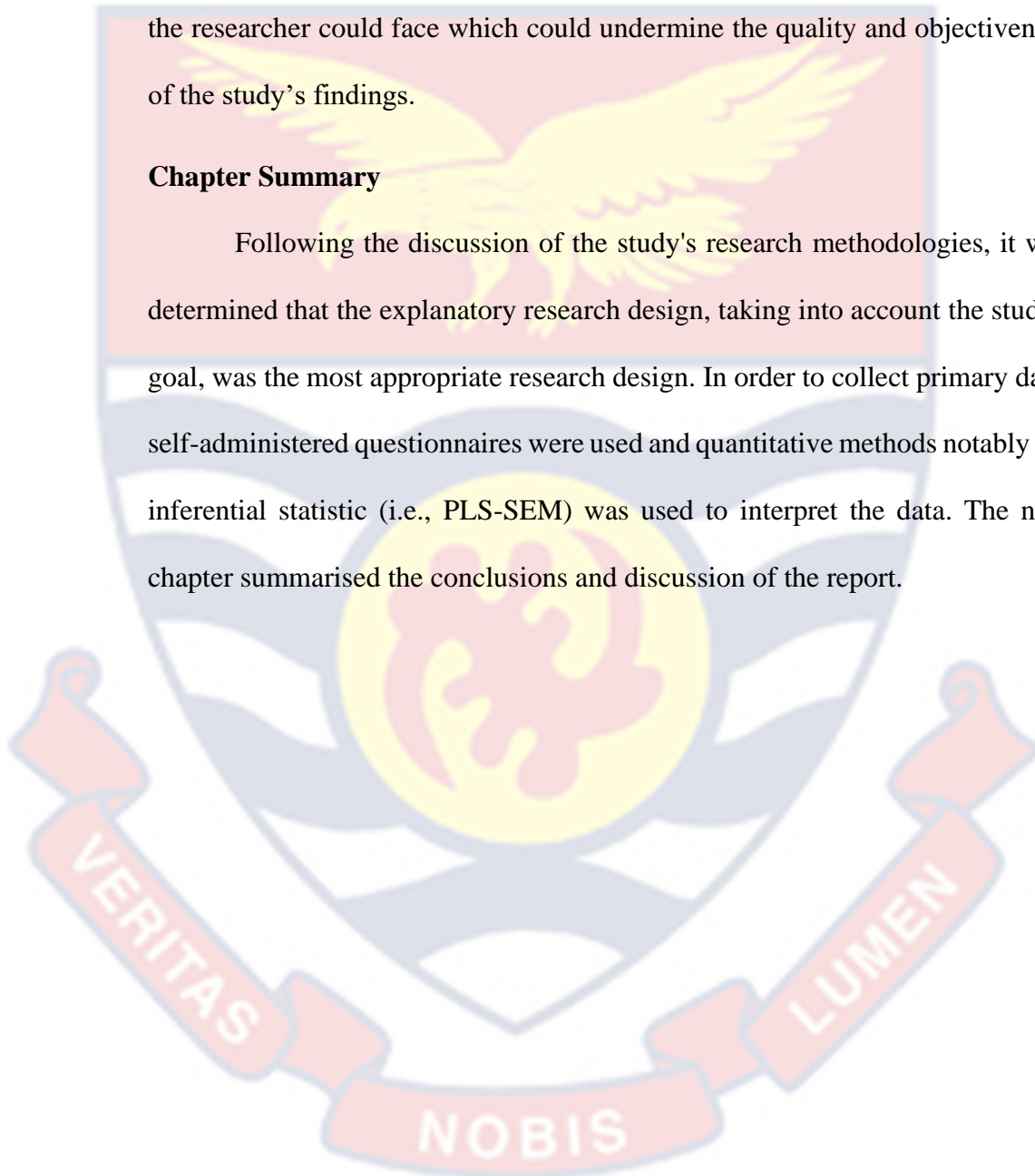
CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

The results of the analysis were presented in this chapter, along with a discussion of how they related to the research goals. It outlined the four research objectives in relation to how strategic management accounting practices affect financial performance and explicitly described the respondents' socio-demographic characteristics.

Respondents' Socio-Demographic Features

This part depicted the respondents' socio-demographic features in Ghana's Ho municipality; detailing their sex, age, highest level of education, job status, and the number of years their businesses have been in operation. This outcome was based on the 107 (84.3%) valid responses acquired during the data gathering exercise. It is to note that, 127 questionnaires were distributed and 116 of them were retrieved. After screening the data retrieved, 107 of them were deemed valid and thus, worthy of analysis. Table 3 presented the demographic features of the respondents.

Table 3: Respondents' Socio-demographic Characteristics

Item	Frequency	Percent (%)
Sex		
Male	61	57.0
Female	46	43.0
Total	107	100.0
Age		
18-30	25	23.4
31-40	33	30.8
41-50	34	31.8
Over 50	15	14.0
Total	107	100.0
Level of Education		
No formal education	38	35.5
HND or lower	54	50.5
Degree	15	14.0
Total	107	100.0
Employment Status		
Owner	24	22.4
Owner/manager	52	48.6
Manager	31	29.0
Total	107	100.0
Number of Years in Operation		
Below 5	21	19.6
5– 10	32	29.9
11 – 15	27	25.2
16 – 20	14	12.1
>20	13	12.1
Total	107	100.0

Source: Field survey (2022)

Table 3 first presented the respondents' sex and revealed that, majority (57%) of them were males whereas 43% were females. Majority of Small businesses in the Ho municipality are owned or managed by males; as a result,

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more females are urged to start small businesses at Ho to help close the gender gap. Also, female owners in the informal settings are encouraged to register their businesses with GEA in order to safeguard their businesses. The table shows that the majority of the respondents (31.8%) and (30.8%) were between the ages of 31 and 50 years. These findings were followed by 23.3% of respondents between the ages of 18 and 30, and then 14% of those aged 50 and above.

Table 3 also revealed that majority of respondents (50.5 percent) had an HND or lower, which includes high school certificates; 35.5 percent had no formal education; and finally, 14 percent obtained degrees from various tertiary universities. This result means that, although majority of them have undergone formal education, a sizeable number have had no formal education. As such, the researcher provided the necessary assistance to all the respondents, especially those who had no formal education during the data collection exercise.

This section also presented the employment status of the respondents and it was revealed that, 48.6 percent of them were both owners and managers of the small businesses; 29 percent were employed as managers, while, 22.4 percent of them were the actual owners of these businesses. This suggests that all of the respondents hold strategic roles in their companies and might thus contribute useful information to help produce high-quality results. Finally, Table 3 showed the number of years the firms have been in operation and it was revealed that, majority of them (29.9%) have been operating for 5-10 years; (25.2%) of them have been operating for 11-15 years; (19.6%) have been in operation for less than 5 years; (13.1%) of them have been operating for16-20 years; and finally, 12.1 percent of them have been operating for over 20 years. This indicates that

the majority of the owners/managers have been operating for reasonable number of years; thus, could be abreast with strategic management accounting practices.

Analysis of PLS-SEM

The section presented the discussion of the research's outcomes based on the PLS-SEM output. The model was first assessed for quality purposes and used to test the study's hypotheses by reporting the outcome of the bootstrap.

Model Assessment

Prior to the actual hypotheses testing, the qualities of the PLS-SEM were first assessed using "item loadings, indicator reliability (IR), convergent validity (CV), construct reliability (CR), multicollinearity (i.e., inner VIF) and discriminant validity (i.e., HTMT)". Hair et al. (2019) and Henseler et al. (2017) stressed that the model qualities are assessed and reported to make meaning out of the structural model results. They also ensure that the model meets the expected criteria and thus, its findings could be relied upon to influence policies and practices in any organisational setting.

Item Loadings (Structural and Measurement)

This section presented the item loadings of the research's variables. The model was developed using four exogenous variables under strategic management accounting (SMA) practices comprising activity-based costing, value chain analysis, quality cost analysis and strategic costing; whereas, the endogenous variable was financial performance. Figure 2 presented the initial model structure comprising the constructs and their associated item loadings.

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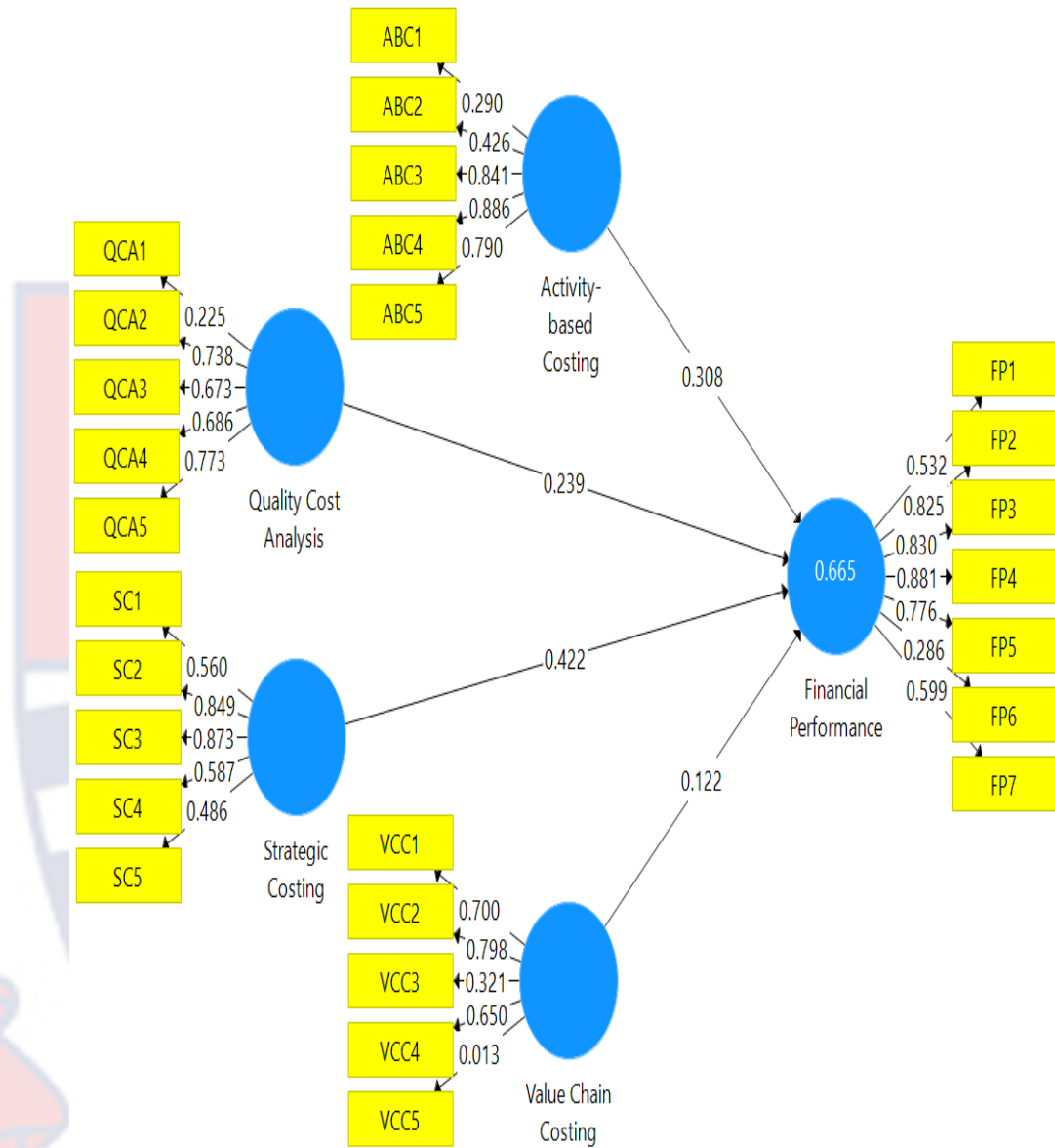
Figure 2: Inner and Outer Model Output
Source: Field survey (2022)

Figure 2 showed that all the exogenous constructs had five indicators each; while, the endogenous construct had seven indicators. More precisely, activity-based costing (ABC) comprised ABC1, ABC2, ABC3, ABC4 and ABC5; quality cost analysis (QCA) comprised QCA1, QCA2, QCA3, QCA4 and QCA5; strategic costing (SC) comprised SC1, SC2, SC3, SC4 and SC5; value chain costing (VCC) also had VCC1, VCC2, VCC3, VCC4 and VCC5 and finally, financial performance (FP) had loadings comprising FP1, FP2, FP3,

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FP4, FP5, FP6 and FP7. These constructs together with their indicators were used to draw the four paths using arrows to signify relationships between the exogenous and endogenous variables (see Figure 2).

Also, from Figure 2, the four arrows moved from the independent variables and pointed at the dependent variable to show that ABC, QCA, SC and VCC could have significant relationships with FP. Simply put, the path arrows suggested the following correlations: ABC and FP; QCA and FP; SC and FP and finally, VCC and FP. This model was then assessed by evaluating the constructs' indicator values. The assessment was done to ensure that each indicator provides a quality measure of its assigned construct. The rule suggests that, each indicator's loading should be > 0.70 to signify a quality measure of its construct (Hair et al., 2021; Henseler et al., 2009). Thus, item loadings of each construct < 0.70 should be removed from the model because they were assumed to be inferior measures of their assigned constructs.

Hair et al. (2019) suggested that item loadings which are removed from the model do not provide true and quality measures of their assigned constructs. As such, failure to remove them could affect the quality of the model's outcome. In view of this, all item loadings < 0.7 in the initial model were duly removed; indicating that not all the items that were gathered from previous studies were quality measures of their assigned constructs within the context of this study. Figure 3 presented the final model structure after all indicator loadings < 0.60 were removed as suggested by Hair et al. (2017) and Henseler et al. (2009).

It could be deduced from Figure 3 that all the constructs' indicators had item loadings > 0.70 because all the indicators below the suggested threshold were removed. This was done to make sure that all of the construct indicators

were reliable and accurate metrics for this study. More specifically, in terms of ABC, items such as ABC1 and ABC2 were removed; QCA also had QCA and QCA5 removed; SC had SC1, SC2 and SC3 removed; VCC had VCC3 and VCC5 removed and finally, FP had FP1, FP3, FP4 and FP7 removed respectively. This implies that all the ensuing assessments and analysis were based on the final model structure in Figure 3.
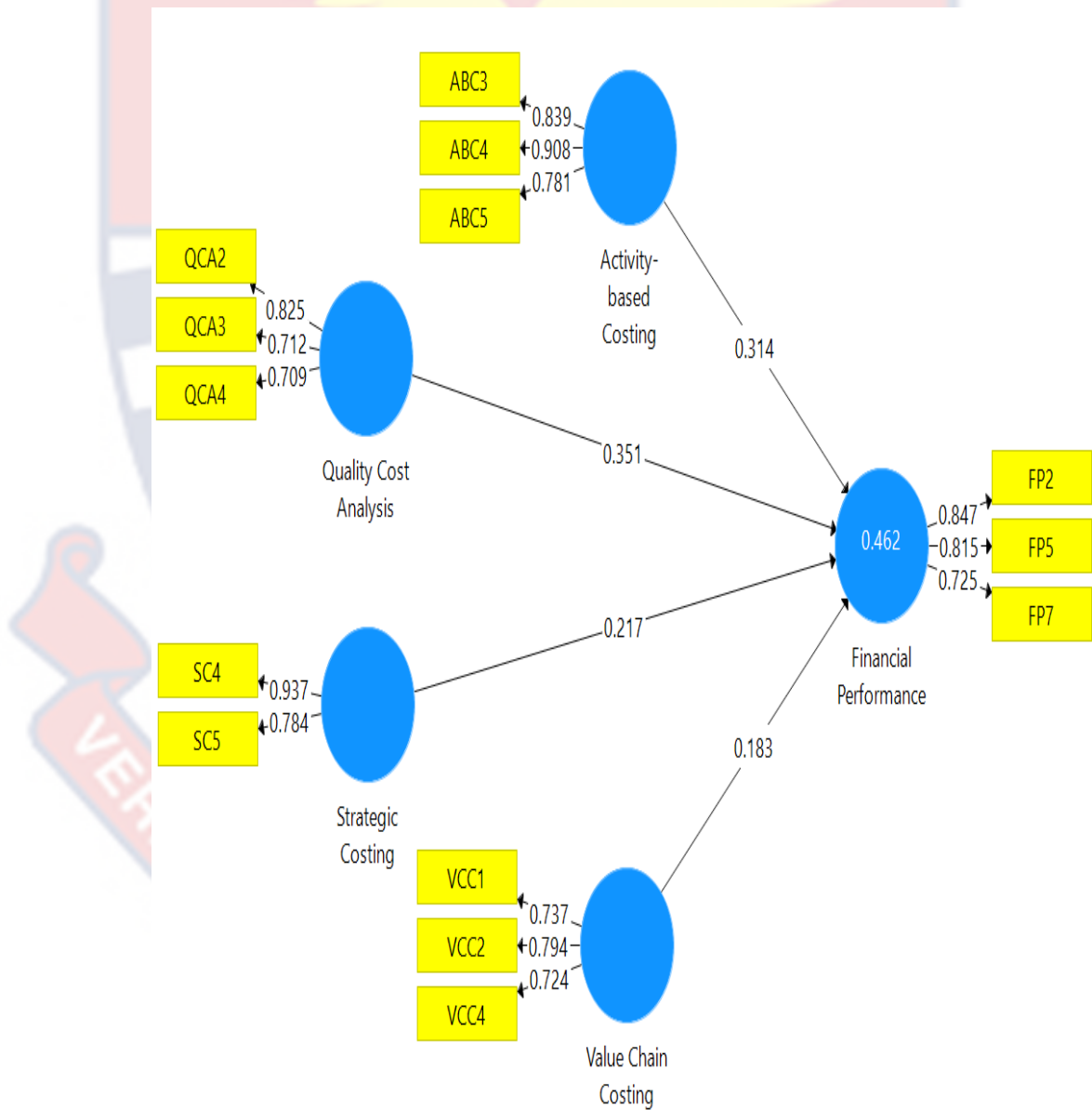
Figure 3: Final Model Structure
Source: Field survey (2022)

Assessment of Measurement Model

Table 4 presented the quality assessment of the measurement model using indicator reliability (IR), construct reliability (CR) and convergent validity (CV) using the average variance extracted (AVE) scores. Also, discriminant validity and multicollinearity based on inner VIF values were all assessed and discussed in this section.

Table 4: Assessment of Measurement Model

Items	rho_A	CR	CV	Inner VIF values
CA	0.817	0.881	0.713	1.090
FP	0.862	0.875	0.640	
IN	0.712	0.817	0.528	1.232
PR	0.819	0.855	0.748	1.193
RT	0.734	0.796	0.566	1.036

"IR (CA and rho_A) – Indicator reliability; CR – Construct reliability; AVE – Convergent validity"
Source: Field survey (2022)

Table 4 first presented the model's IR using the rho_A scores. The IR, according to Hair et al. (2017), describes "the portion of an indicator's variance that is explained by its associated latent variable". To test for IR, this study reported the rho_A scores instead of the Cronbach Alpha (CA) scores because of the former's ability to provide a better and reliable outcome (Hair et al., 2014; Henseler, Hubona & Ray, 2016). The rule for assessing IR suggests that the rho_A values should be > 0.70 (Wong & Yeh, 2019; Hair et al., 2017). According to Wong & Yeh (2019), IR is an important tool for evaluating the uni-dimensionality of scale items to ensure reliability. From the model's rho-A scores, all the constructs had values > 0.7; thus, suggesting reliability. More precisely, QCA had the lowest rho_A value of 0.712, while FP had the highest

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rho_A score of 0.862. Also, ABC, SC and VCC had values of 0.817, 0.819 and 0.734 respectively.

The construct reliability (CR) was also assessed to explain the degree to which a particular construct is properly measured by its assigned indicators when combined. According to Hair et al. (2019), attaining CR means that all the indicators of a particular construct have strong correlations among them. The rule proposes that a construct's CR score should be >0.70 (Ringle et al., 2012). From Table 4, all the constructs had CR outcomes >0.7; with the least value of 0.796 (VCC) and the highest value of 0.881 (ABC). This result implies that all the indicators assigned to their constructs had strong correlations; thus, suitable for further analysis.

The result of the regression model's convergent validity (CV) was also assessed and reported in Table 4. The CV is generally described based on the average variance extracted (AVE) values (Hair et al., 2017; Henseler et al., 2014). The AVE values show the degree to which an indicator's variance is captured by the latent construct with respect to the sum of variance and its resulting measurement error. The study complied with the rule that all AVE values should be > 0.50 for CV to occur (Bagozzi & Yi, 1988). It could be deduced from the table that all the AVE scores were > 0.50 with the lowest value of 0.528 (QCA) and the highest value of 0.748 (SC). Simply put, the model's validity was convergent; thus, meets the quality criteria.

Table 4 also reported the inner VIF scores to specifically help in testing for possible multicollinearity. It is also useful for reducing common method bias in the study. Multicollinearity is tested to see if the path coefficients are bias-free, according to Hair et al. (2021). It also ensures that the significant points of

possible collinearity among the exogenous variables are minimised drastically. The rule for checking for multicollinearity is that all the inner VIF values should be < 10 (Pallant, 2007). According to Pallant (2007), multicollinearity exists when the VIF scores are > 10 and this could affect the model's quality. It could be deduced that all the VIF scores were well below 10 suggesting absence of multicollinearity. More precisely, the VIF values ranged between 1.036 and 1.232 to show no multicollinearity among the constructs.

The study also assessed the model's quality by testing for discriminant validity (DV) as proposed by Henseler et al. (2012). DV checks for possible collinearity issues in a model (Hair et al., 2017). Hair et al. (2017) proposed that DVs that are discriminantly valid mostly lack significant levels of collinearity. Previous studies (Fornell & Larcker, 1981; Hair et al., 2019; Henseler et al., 2012) have offered three major approaches for checking for DV in a PLS-SEM model. These approaches included Fornell and Larcker (1981), cross loadings and Heterotrait-Monotrait (HTMT) ratio. However, this study employed the HTMT approach (i.e., in Table 5) because of its ability to produce superior output. More precisely, HTMT has the strength of easily detecting absence of DV in basic research unlike the others.

Table 5: Heterotrait-Monotrait (HTMT) Ratio

	ABC	FP	QCA	SC	VCC
ABC					
FP	0.628				
QCA	0.347	0.779			
SC	0.227	0.511	0.530		
VCC	0.159	0.360	0.242	0.199	

Source: Field survey (2022)

The correlation between the constructs must be less than 0.90 as a general guideline for evaluating HTMT (Wetzels, Odekerken-Schroder & Vab Oppen, 2009). Simply put, discriminant validity is achieved if the HTMT scores are < 0.90. It could, therefore, be deduced from Table 5 that all the HTMT values for the constructs are < 0.90 with the highest value of 0.779 in the relationship between QCA and FP. This result suggests that the constructs are clearly different from each other.

Explanation of Target Endogenous Variable Variance

This section reported the model's predictive accuracy by reporting the coefficient of determination (R^2) score. It also reported other key estimations such as, "predictive relevance (Q^2) based on the Stone-Giesser's test and effect size (f^2)" (Hair et al., 2019, p.25). The output of these elements was displayed in Table 6 and discussed. These elements were assessed to determine whether the constructs are quality measures of the model and as such, the model's output could be relied upon to draw factual conclusions.

Table 6: Explanation of Target Endogenous Variable Variance

L.V	R^2	f^2	Q2
ABC		0.288	0.432
FP	0.574		0.422
QCA		0.398	0.403
SC		0.046	0.417
VCC		0.034	0.422

"Note: L.V. = latent variable, R^2 = R squared, f^2 = effect size, Q^2 = predictive relevance"
Source: Field survey (2022)

The predictive relevance score using the R^2 value was first reported. Hair et al. (2017) suggested that the R^2 represents the combined contributions of the predictors (ABC, QCA, SC, VCC) to the dependent construct (FP). Simply put,

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R^2 suggests the change in FP that is linearly accounted for by combining the four SMA practices. According to Henseler et al. (2009), R^2 values <0.29, 0.29 - 0.67 and >0.67 represent weak, moderate and strong contributions of the predictor constructs to the exogenous construct.

From Table 6, the R^2 value was 0.574; meaning that when the SMA practices are combined, they linearly account for about 57.4 percent of change in the small businesses' financial performance at the Ho municipality. Thus, or any change in financial performance, SMA practices with respect to QCA, SC, ABC and VCC combine to linearly account for about 57 percent of such change. SMA practices moderately contribute to any change in the small businesses' financial performance. Thus, 57 percent of any change in their financial performance is contributed by SMA practices.

Table 6 also reported the effect size (f^2) of each independent construct by adopting Cohen's (1988) impact criterion. Cohen (1988) suggested that values of 0.02 signify small, 0.15 signify medium and 0.35 indicates large effect size (f^2) respectively. From the table, VCC had the lowest f^2 value of 0.034; followed by SC with 0.46. However, QCA had the highest f^2 value of 0.398; followed by ABC with 0.288. Based on Cohen's (1988) criterion, VCC and SC had small f^2; while, ABC had medium f^2 and QCA reported large f^2. These results suggest that when the four SMAs are individually implemented, QCA would have the largest effect on the small businesses' FP; followed by ABC (medium), SC (small) and VCC (small) respectively.

Finally, the model's predictive relevance based on Stone-Geisser's (Q^2) test (Hair et al., 2014) was reported. Q^2 is analysed by removing a portion of the data matrix, analyse the model and predict the removed part based on the

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estimations (Roldán & Sanchez-Franco, 2012). Chin (2010) suggested that Q^2 is achieved if it is > 0 for the construct. Henseler et al. (2009) proposed that, "0.02 $\leq Q^2 < 0.15$ shows weak effect, $0.15 \leq Q^2 < 0.35$ indicates moderate effect and $Q^2 > 0.35$ signifies strong effect. It could be deduced that all the Q^2 values were > 0 indicating that the predictors can relevantly predict the endogenous variable in the model". However, VCC had the highest Q^2 of 0.326; followed by SC (0.322), ABC (0.257) and QCA (0.239) respectively. This means that although VCC has a small effect size, it is a better predictor of financial performance when compared with QCA which had the largest effect size.

Significance of Path Coefficients

After assessing the PLS-SEM for quality purposes, the study tested the hypotheses to show whether significant effects exist among the relationships. This was achieved by analysing the data using 5000 bootstraps as proposed by Hair et al. (2017). Table 7 presented the results with five columns representing structural paths, path coefficients, t-stats, p-values and decision rule of each hypothesis.

Table 7: Structural Equation Model Output and Decision Rule

Structural Path	(β)	t-stats	p-values	Decision Rule
ABC ➔ FP	0.314	3.520	0.000	H₁ (supported)
QCA ➔ FP	0.351	3.893	0.000	H₂ (supported)
SC ➔ FP	0.217	2.524	0.012	H₃ (supported)
VCC ➔ FP	0.183	2.519	0.012	H₄ (supported)

Note: * = t > 1.96; p < 0.05
Source: Field survey (2022)

This study tested the hypotheses by reporting the t-stats values as recommended by Hair et al. (2021) and Ringle et al. (2017). The rule suggests that the t-stat should be > 1.96 (i.e., $p<0.05$) to show that the proposed

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relationship is significant (Hair et al., 2014; Henseler et al., 2014). Simply put, a t-stat > 1.96 is synonymous with p value < 0.05; thus, the directional hypothesis (as shown in the study) is supported. The hypotheses outcomes were reported and discussed in the following sections.

Activity-based Costing and Financial Performance

This section discussed the study's objective one in relation to the effect of activity-based costing (ABC) on the financial performance of small businesses in Ho. The study was underpinned by the resource-based view theory which supports the claim that small businesses require intangible resources like ABC to meet their financial performance outcomes. The study hypothesised that The ABC dimension of SMA has a significant positive effect on financial performance (FP). Given a t-stat value of 3.520>1.96, the study's hypothesis one (H1) was statistically supported. This finding indicates that ABC and FP have a substantial association; thus, ABC can directly predict any change in FP. Table 6 also reported a β value of 0.314 to indicate that the link between ABC and FP is positive. This also implies that any unit change in ABC would lead to a significant unit change in FP by 31.4 percent.

Also, per the β value, ABC was found to have a medium effect on FP. Deductively, FP would dramatically increase by 31.4 percent for any improvement in ABC. Thus, the small businesses within the Ho municipality would be able to improve their financial performance by 31.4 percent if they implement the ABC practice. The result also suggests that small businesses in Ho that adopts the ABC to analyse all the activities that lead to actual costs including overheads are likely to experience improved financial performance. The result highlights the conceptual framework which showed that ABC is

directly related to FP. This indicates that financial performance of the small businesses can improve significantly if the ABC dimension of SMA is adopted.

The ABC practice helps firms to easily identify activities and assign costs to those activities based on their actual consumptions; thereby, making it easier for these firms to control such costs. Cidav et al. (2020), who emphasized that ABC is a crucial SMA strategy that helps organizations achieve improved performance by detecting and regulating any activity that generates indirect costs, bolster this conclusion. Dang et al. (2021) also concluded that SMA including ABC plays an important role in improving the business performance of Sugar firms in Vietnam. Vetchagool, Augustyn and Tayles (2020) concluded that ABC implementation in cost analysis, strategy and evaluation leads to improved financial performance.

Quality Cost Analysis and Financial Performance

This section discussed the study's research objective two regarding the effect of quality cost analysis (QCA) on the financial performance of small businesses in Ho. The objective was underpinned by both the resource-based view theory and the upper echelon's theory. These theories support the claim that when small businesses adopt quality cost analysis to identify and control all costs associated with producing and delivering quality products and services to customers, their financial performance (FP) level would improve. However, the objective was achieved by testing the hypothesis that QCA has a significant positive effect on the FP of small businesses at Ho. After the PLS-SEM analysis, the study obtained a t-stat of 3.893 (i.e., >1.96); indicating support for the hypothesis. Hence, QCA and FP of are significantly correlated.

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Table 6 also revealed a β value of 0.351 to indicate that a positive relationship. It also indicates that QCA significantly contributes about 35.1 percent of any change in FP; thus, for any unit change in QCA, FP significantly changes by 35.1 percent. The result also suggests a medium significant effect of QCA on FP. This implies that small businesses at Ho would be able to improve their financial performance by 35.1 percent if they implement QCA as part of their SMA practices. The outcome strengths the conceptual framework by revealing that the relationship between QCA and FP is significant. Hence, the more the small businesses adopt the QCA practice, the higher their financial performance levels. The finding is buttressed by the resource-based view theory which claims that small businesses can meet and exceed their performance targets if they adopt strategic resources like QCA.

The study's finding is buttressed by Kalkhouran and Nedaei (2017) who claimed that implementing SMA practices is key to improving the performance of service small businesses in Malaysia. They concluded that SMA practices including QCA play valuable roles in attaining positive firm performance and competitive advantage. Biadacz (2020) added that quality cost analysis is an important tool for determining firm performance. Masoudi and Shahin (2021) similarly stressed that QCA helps firms to identify, evaluate and prevent failure costs in order to become competitive by offering quality products and services at competitive cots. Their outcomes, therefore, strengths the study's assertion that small businesses must actively engage in QCA if they intend to achieve their financial performance targets and become competitive.

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Strategic Costing and Financial Performance

Regarding objective three, the study investigated whether financial performance is affected by strategic costing by relying on the resource-based view theory and upper echelons theory. In line with the objective, the study hypothesised that strategic costing has a significant positive effect on financial performance. After testing the hypothesis via the PLS-SEM, the results were presented in Table 7; revealing a t-stat of 2.524 ($p=0.012<0.05$) with β of 0.217. These results mean that the hypothesis was supported; thus, SC has a significant positive effect on FP. This implies that any unit change in SC is likely to cause a significant unit change in FP by 21.7 percent. This outcome suggests that the effect of SC on FP was significant, positive but weak. Deductively, SC plays a significant positive but weak role in causing a change in FP.

The result was supported by the resource-based view theory which suggests that small businesses need to adopt SMA practices like strategic costing as a key resource for improving firm performance. Hence, small businesses that adopt strategic ways of determining their costs and price of their products or services, their financial performance improve significantly. According to Hadid and Al-Sayed (2021), strategic costing ensures that during costs analysis, firms consider strategic issues such as product prices or service charges and market penetration in order to obtain competitive advantage. Similar to Intakhan (2021), it was emphasized that strategic costing aids businesses in identifying and developing strategies that would assist reduce total business expenses and ultimately result in sustainable competitive advantages.

Berliantininggrum et al. (2017) also stressed that strategic costing, a dimension of SMA, leads to improved firm performance of manufacturing

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companies in East Java. Doktoralina and Apollo (2019) also noted that implementing SMA practices such as strategic costing is key to improving the profitability of logistics companies. Findings of these previous studies conclude that strategic costing represent an important component for achieving stronger financial performance. The findings, in line with this study's outcomes, is supported by the conceptual framework which clearly shows the relationship between strategic costing and financial performance. The framework reveals that strategic costing and financial performance are correlated; hence, small businesses that intend to improve their financial performance need to embrace strategic costing as a key SMA practice.

Value Chain Costing and Financial Performance

The study's objective four examined the effect of value chain costing (VCC) on the financial performance of small businesses at Ho. This objective was grounded on the resource-based view theory. The theory assumes that VCC is one of the intangible resources that small businesses can adopt to improve financial performance. In line with the theory, the study hypothesised that VCC has a significant positive effect on financial performance. From Table 7, a t-stat of 2.519 (t > 1.96) was obtained, thereby, supporting the hypothesis. This result means that VCC occupies a significant position when expansion of small businesses' FP within the Ho municipality is concerned. The model produced a β value of 0.183 to suggest a positive but weak effect of VCC on FP. Hence, VCC plays a significant, positive but weak role in causing any change in FP.

The result implies that any variation in VCC would lead to a significant and positive variation in FP by 18.3 percent. This result, therefore, implies that small businesses that implement VCC as part of their SMA practices are likely

to attain higher FP. This is because, VCC is a vital SMA practice that focuses on planning a firm's cost strategy to yield the needed value. The resource-based view theory strengthens the study's finding by suggesting that financial performance of small businesses can be attained when they embrace strategic resources like VCC. The finding also makes a strong case for the conceptual framework by revealing that a significant and positive relationship exists between VCC and FP of the small businesses.

Gadez and Guilding (2012) noted that VCC ensures that any cost associated to any activity necessary to procure, design, produce and distribute a service or product are identified and controlled in order to achieve value. Krutova et al. (2020) similarly stressed that this practice emphasises value addition without compromising competitive costs in order to achieve high performance and competitive advantage. Cescon et al. (2019) revealed that VCC helps in identifying and analysing all the costs associated with delivering value to a firm and its chain network. Emiaso et al. (2018) revealed that SMA practices are significantly associated with higher performance of manufacturing firms in Nigeria. Doktoralina and Apollo (2019) concluded that VCC plays a strategic role in improving the financial performance of logistics enterprises.

Chapter Summary

The chapter discussed the results after testing the hypotheses using the PLS-SEM. The model was first assessed for quality purposes and its outcome were extensively discussed. After meeting all the quality criteria, the hypotheses were then tested and it was revealed that all the four SMA practices comprising QCA, VCC, SC and ABC had significant and positive effects of FP of the small businesses understudy.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The study examined strategic management accounting practices and financial performance of small businesses in Ghana. This chapter emphasised the summary of the study's key findings and associated conclusions drawn. It also presented relevant recommendations to policy makers, management and potential researchers.

Summary of the Study

The study investigated whether SMA practices affect the financial performance of small businesses in the Ho municipality, Ghana. The study specifically examined whether activity-based costing, value chain costing, strategic costing and quality cost analysis significantly influence these small businesses' financial performance. The study adopted the quantitative approach, explanatory research design and relied on the resource-based view theory and upper echelons theory. Using the census method, 127 owner-managers of small businesses in Ho provided information via structured questionnaires. A 107 valid dataset with an 84 percent response rate was attained, processed analysed. The data processing tools included the IBM SPSS Statistics (v. 26) and Smart-PLS3; whereas the PLS-SEM technique was used for data analysis. The results were extensively discussed in Chapter four and the ensuing sections present the concluding aspects of the study.

Summary of Key findings

This section presents the key findings of the study.

1. In terms of objective one, the study revealed that activity-based costing (ABC), an SMA practice, has a significant positive effect on the small businesses' financial performance at Ho. This implies that ABC ensures that all the indirect costs associated with any activity are identified and controlled to minimise overall total costs and improve financial performance.

2. Regarding objective two, the study revealed that QCA had a considerable positive and moderate impact on FP. Hence, any unit rise in QCA will cause a sizable yet moderate unit increase in the FP of the businesses under consideration. The study, therefore, found that QCA plays an important role in expanding the financial performance of small businesses at Ho.

3. Considering research objective three, the study found strategic costing to have a significant positive effective on financial performance of the small businesses. The implication is that when the small businesses continue to adopt strategic costing, their financial performance levels would rise significantly.

4. Under the research objective four, the study revealed that VCC, an SMA practice, is critical to improving the financial performance of small businesses in Ho. This implies that small businesses that find ways of detecting and controlling their actual costs in order to improve their value chains stand the chance of enjoying higher financial performance. Hence, VCC is a positive predictor of small businesses' FP at Ho.

Conclusions

The study aimed at examining how SMA practices affect the small businesses' financial performance within the Ho municipality. The study attained this purpose by developing four key objectives which were largely achieved. The ensuing conclusions were drawn from the key findings:

Considering objective one, the study found ABC to significantly improve small businesses' financial performance. This finding was largely supported by empirical evidence suggesting that ABC which emphasises on the identification of all the various activities in the business and allocating costs to them based on their actual consumption is key to minimising actual costs; thereby, improving financial performance. Hence, the conclusion that ABC plays a crucial role in improving the small businesses' financial performance.

The study also found the QCA to significantly improve the FP of small businesses at Ho. This outcome has been buttressed by empirical studies which revealed that QCA emphasises identification and avoidance of costs arising from product or service quality issues; thereby, playa a key role in achieving financial performance. The study, therefore, concluded that adopting QCA is key to minimising actual costs to expand financial performance in areas of high sales margin, return on investment, profitability amid reducing operational costs.

Regarding objective three, the study found strategic costing to improve the financial performance of small businesses in the Ho municipality. In line with empirical evidences, the study concluded that strategic costing leads to a significant improvement in small businesses financial performance at the Ho municipality if they are implemented.

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Concerning objective four, VCC, an SMA practice, has a significant positive but weak effect on the small businesses' financial performance at Ho. This result has been in line with previous studies which found that firms are likely to improve financial performance if they adopt and invest into VCC. It was, therefore, concluded that VCC is a key SMA practice that yields in higher financial performance if they are implemented.

Conclusively, all the four SMA practices comprising VCC, QCA, ABC and strategic costing crucial roles in improving the financial performance of small businesses at Ho. Hence, small businesses that implement the SMA practices in identifying, analysing, controlling, strategizing and evaluating their total costs would minimise operating costs and, thereby, attain higher financial performance. These businesses are likely to face financial performance woes if they fail to properly implement SMA practices. In line with the conceptual framework, the study concludes that SMA practices are significant predictors of financial performance of small businesses in Ho, Ghana.

Recommendations

The research presented the following suggestions on the conclusions' strengths:

In terms of objective one, the study recommended that owner/managers of the small businesses should implement the activity-based costing practice during cost analysis in order to attain higher financial performance. They can achieve this by ensuring that all their firms' activities are identified and costs are assigned to them based on their actual consumption. Simply put, adopting the ABC practice would help the owners and or managers to easily identify and

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control their indirect costs and this would help them minimise their overall actual costs; thereby, reflecting in improved financial performance.

In terms of quality cost analysis and its significant contribution to firms' financial performance, the study recommended that policy makers including financial analysists and practitioners should organise training programmes for the owners and or managers in order to help them understand the relevance of this cost analysis practice. The training programmes should specifically focus on exposing the owners and or managers to the relevance and ways of implementing the strategic management accounting practices especially quality cost analysis during costs analysis. This would go a long way to help them implement this practice and in turn minimise their actual business costs without compromising their financial performance objectives.

In terms of objective three, the study recommended that owners/managers of the small businesses should emphasise on strategic costing when identifying, analysing and controlling their overall business costs. This is because, adopting the strategic costing technique would help them to strategically price their products and services in order to outweigh competitors and invariably enjoy higher financial performance. Also, this strategic management accounting practice plays a crucial role in identifying and managing unnecessary costs that could hamper their firms' ability to attain their strategic goals; thus, its adoption would be key to attaining corporate plans and subsequently improving their financial performance levels.

Finally, the study recommended that the owner/managers should adopt the value chain costing management technique when analysing their actual costs. This is because, this practice would them to strategically manage or avoid costs

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associated with activities that do not add value to their products and or services. Also, implementing this practice would help the owner/managers to allocate costs to activities that would directly yield value to them, their chain network and invariably consumers; thereby, improving their financial performance levels.

Suggestions for Further Research

This study investigated the contributions of strategic management accounting practices to the financial performance of small businesses within the Ho municipality, Ghana. Although the study's purpose was largely achieved, it was limited in geographical area, methodology and generalisation of findings. This is because, the study focused on only small businesses within the Ho municipality, as such, further studies could consider such businesses in order municipalities or across the country. This would help enrich the current data and in turn, promote generalisation of findings across all small businesses in Ghana. Also, this study relied on the quantitative approach; thus, future researchers could adopt the mixed approach to obtain both qualitative and quantitative outcomes. Finally, other studies could also improve this current literature by specifically considering sectors such as manufacturing, education or services, etc., across the country or other developing economies.

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APPENDICES

Department of Accounting

School of Business

University of Cape Coast

QUESTIONNAIRE

Dear Sir/Madam,

I am a Master student at the Department of Accounting, School of Business University of Cape Coast and I am carrying out my dissertation work on the topic, "**Strategic management accounting Practices and Financial Performance of Small businesses within the Ho Municipality, Ghana.** Your views are much important to the study. Every information you provide would remain highly confidential. Thank you for accepting to participate in the study.

Kindly tick in the box

PART A: SOCIO-DEMOGRAPHIC INFORMATION

1.   Sex: Male [ ]   Female [ ]

2.   Age: 18- 30 years [ ]   31-40 years [ ] 41-50 years [ ]

    Over 50 years [ ]

3.   Highest Level of education

    No formal education [ ]   HND or lower [ ]   Degree [ ]

    Other [ ], please specify........................

4.   Employment status:

    Owner   [ ]   Owner/Manager [ ]   Manager [ ]

5.   How long have you been operating?

    < 5 years [ ]   5-10 years   [ ]   11-15 years   [ ]

    16-20 years [ ]   > 20 years [ ]

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PART B: STRATEGIC MANAGEMENT ACCOUNTING PRACTICES

7. On a scale of 1 – 5, please rate the extent to which you agree with each statement. **With 1 – Least agreement and 5 – Highest Agreement**

No.	Factors	1	2	3	4	5
Activity-based Costing						
ABC1	My firm makes accurate pricing decisions using this technique					
ABC2	My firm carries out activity analysis to reduce overall costs					
ABC3	My firm uses this technique to allocate customer driven indirect costs					
ABC4	My firm uses the ABC to facilitate product mix decisions					
ABC5	My firm traces its resource costs activities which create them in order to achieve accurate costs					
Quality Cost Analysis						
QCA1	The firm identifies and controls costs associated with products or service defects					
QCA2	The firm ensures that costs are allocated to improving product and service quality at all times					
QCA3	The firm is attentive to quality issues related to its products or services that could lead to unnecessary costs					
QCA4	The firm is ready to incur costs in pursuit of quality for customers					
QCA5	The firm incurs quality costs to prevent poor quality and other costs associated with product and service failure					
Strategic Costing						
SC1	The firm analyses its operating costs in order to minimise overall spending					
SC2	The firm considers strategic issues during its costs analysis					
SC3	The firm sets strategic prices to achieve competitive advantages					
SC4	The firm ensures that its total costs are in line with its business strategies					
SC5	The firm continue to minimise its overall costs in order to attain competitive advantage					

Value Chain Costing						
VCC1	The firm allocates costs to activities that aim at procuring products along the industry's value chain					
VCC2	The firm allocates costs to providing services that improves the industry's value chain					
VCC3	The firm channels part of its overall costs to improving relationships with suppliers					
VCC4	The firm channels part of its overall costs to improving relationships with customers					
VCC5	The firm continues to invest in activities that improve its overall value chain					

PART C: FINANCIAL PERFORMANCE

On a scale of 1 – 5, please rate the extent to which you agree with each statement.
With 1 – Least agreement and 5 – Highest Agreement

	Statement	1	2	3	4	5
FP1	The firm enjoys adequate returns on its investments					
FP2	The market share of my firm has increased over the years					
FP3	The firm experiences increasing sales volumes					
FP4	The firm's returns on its total assets have increased					
FP5	The firm's return on equity has improved					
FP6	The firm's profit levels have increased over the years					
FP7	The firm's operational cost has reduced					