

ZAID ABDUL KARIM ABDULQADER JARADAT

DOCTOR OF PHILOSOPHY

2018

**A CONTINGENCY PERSPECTIVE ON USAGE AND
IMPLICATIONS OF MAPs AND ORGANIZATIONAL
PERFORMANCE: EVIDENCE FROM JORDANIAN SMEs**

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**Thesis Submitted in Fulfillment of the Requirements for the Degree of
Doctor of Philosophy in the School of Maritime Business and Management
Universiti Malaysia Terengganu**

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DEDICATION

This work is dedicated to the most important people in my life...

To the soul of my father, may Allah mercy on him – for his perseverance and sincerity which endorse me the strength and support. To my beloved mother – for her infinite love and prayers. I will not forget ever my sisters, brothers and many friends who supported me throughout my years of study.

Abstract of thesis presented to the Senate of Universiti Malaysia Terengganu in fulfillment of the requirement for the degree of Doctor Philosophy

A CONTINGENCY PERSPECTIVE ON USAGE AND IMPLICATIONS OF MAPs AND ORGANIZATIONAL PERFORMANCE: EVIDENCE FROM JORDANIAN SMEs

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Main Supervisor : Roshaliza Binti Taha, PhD
**Co-Supervisor : Associate Professor Rosliza Binti Mat Zin, PhD
Wan Zuriati Binti Wan Zakaria, PhD**
School : School of Maritime Business and Management

The purpose of this study is to investigate the use of Management Accounting Practices (MAPs) and organizational performance in Jordanian Small and Medium Sized Enterprises (SMEs). The calls for additional research using a contingency perspective to improve understanding of MAPs usage in SMEs and the increasing importance of SMEs globally, especially in developing countries has motivated this study. Therefore, among Jordanian SMEs, this study explores MAPs in terms of usage, roles, factors impacting usage extent, their relationship with organizational performance, and their mediating effects on the relationship between influencing factors and organizational performance. A survey study was carried out on a sample comprising of 291 Jordanian SMEs. Information was gathered by providing surveys to the heads of accounting departments and financial managers in SMEs. Data were collected using a questionnaire, and 159 usable questionnaires were received, which gives a 54.6% response rate. Descriptive statistics data analysis was performed using

the statistical procedures of SPSS, while hypotheses were tested using PLS-SEM. Data from semi-structured interviews with six Jordanian manufacturing SMEs were analyzed via thematic analysis using NVivo-software.

The findings show that most manufacturing SMEs apply a lot of MAPs, except for so-called advanced MAPs, such as Activity-Based Costing (ABC) and non-financial measures. Furthermore, the usage rates of MAPs are lower in comparison to the usage rates reported in studies conducted in developed countries, and are comparable to the rates reported in studies conducted in developing countries. The shortcomings of the traditional system, previous experiments on large companies, as well as organizational and external reasons were the main reasons for MAPs usage among SMEs. Meanwhile, insufficient knowledge and awareness about MAPs, insufficient MAPs skills and experience amongst accountants, MAPs expenditure negligence, lack of financial resources, and the high cost of MAPs implementation were considered the most crucial reasons that forced SMEs to neglect the use of a lot of MAPs. MAPs have an essential role in SMEs by enabling the determination of product cost information, planning and controlling, issue discovery, evaluation of employee efforts, customization of management bonuses, generation of relevant information for decisions involving the expansion process, issuance of new products, price modification and estimation, as well as predictions for potential risks. Environmental uncertainty, differentiation strategy, cost leadership strategy, decentralization, and training have a positive effect on MAPs and led to improved MAPs usage. Meanwhile, financial accessibility constraints negatively influenced MAPs and organizational performance. MAPs, decentralization, and training are important factors that should be considered for the sake of enhancing organizational

performance. Additionally, MAPs fully mediate the relationship between environmental uncertainty, cost leadership strategy, and organizational performance, and partially mediate the relationship between differentiation strategy, decentralization, training, financial accessibility constraints, and organizational performance. This study contributes to the literature on the usage of MAPs and organizational performance by providing insights into MAPs and their purpose in Jordanian SMEs. Its outcomes can generate awareness among SMEs managers about the importance of MAPs alongside other factors as a method for improving organizational performance. Its outcomes can assist interested bodies, including the Jordanian government and Jordanian financial institutions, in formulating evidence-based policies for SMEs while stimulating interest among Jordanian researchers to embark on further investigations.

Abstrak tesis yang dikemukakan kepada Senat Universiti Malaysia Terengganu sebagai memenuhi keperluan untuk ijazah Doktor Falsafah.

**PERSPEKTIF KONTINGENSI MENGENAI PENGGUNAAN DAN
IMPLIKASI MAPs DAN PRESTASI ORGANISASI: BUKTI DARI PKS
JORDAN**

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2018

Penyelia Utama : Roshaliza Binti Taha, PhD
**Penyelia Bersama : Profesor Madya Rosliza Binti Mat Zin, PhD
Wan Zuriati Binti Wan Zakaria, PhD**
**Pusat Pengajian : Pusat Pengajian Perniagaan dan Pengurusan
Maritim**

Tujuan kajian ini adalah untuk menyiasat Penggunaan Amalan-Amalan Perakaunan Pengurusan (MAPs) dan prestasi organisasi dalam SMEs Jordan. Anjuran kepada kajian tambahan berdasarkan pandangan ‘*contingency*’ bagi menambah baik pemahaman penggunaan MAPs dalam SMEs dan peningkatan kepentingan global SMEs terutamanya dalam negara-negara membangun telah mendorong kajian ini. Oleh itu, di kalangan SMEs Jordan, kajian ini menyiasat MAPs dari segi: penggunaan, peranan, faktor yang memberi kesan terhadap tahap penggunaan, hubungan mereka MAPs dengan prestasi organisasi dan kesan-kesan mediasi MAPs terhadap hubungan di antara faktor-faktor yang mempengaruhi dan prestasi organisasi. Satu tinjauan telah dijalankan terhadap sampel yang terdiri daripada 291 SMEs Jordan. Maklumat telah dikumpul melalui tinjauan terhadap ketua-ketua jabatan perakaunan/pengurus-pengurus kewangan dalam SMEs. Data telah dikumpul menggunakan soal selidik dan sebanyak 159 kaji selidik yang boleh digunakan telah

diterima, memberikan kadar tindak balas sebanyak 54.6%. Analisa data statistik deskriptif telah dijalankan menggunakan prosedur statistik SPSS, sementara hipotesis-hipotesis telah diuji menggunakan PLS-SEM. Data daripada temuramah separa berstruktur dengan enam SMEs pembuatan Jordan telah dianalisa menggunakan Analisa Tematik (*Thematic Analysis*) menggunakan perisian NVivo.

Hasil-hasil dapatan menunjukkan bahawa kebanyakan SMEs pembuatan menggunakan banyak MAPs kecuali MAPs yang lebih canggih seperti Activity-Based Costing (ABC) dan Kaedah Penilaian Bukan Kewangan (*Non-Financial Measurements*). Tambahan lagi, kadar-kadar penggunaan MAPs adalah rendah berbanding kadar-kadar penggunaan yang dilaporkan dalam kajian-kajian yang dijalankan di negara maju, dan hasil-hasil dapatan ini adalah setanding dengan kadar-kadar yang dilaporkan dalam kajian-kajian yang dijalankan dalam negara-negara membangun. Kelemahan-kelemahan dalam sistem tradisi, ujikaji-ujikaji terdahulu terhadap syarikat-syarikat besar, dan juga sebab-sebab organisasi dan luaran adalah sebab-sebab utama penggunaan MAPs di kalangan SMEs. Sementara itu, kurangnya pengetahuan dan kesedaran tentang MAPs, kurangnya kemahiran-kemahiran dan pengalaman MAPs di kalangan akauntan, kecuaiian perbelanjaan MAPs, kurangnya sumber-sumber kewangan dan kos pelaksanaan MAPs yang tinggi, adalah dianggap sebagai sebab-sebab paling utama yang telah memaksa SMEs untuk tidak menggunakan MAPs. MAPs mempunyai peranan penting dalam SMEs dengan membolehkan penentuan maklumat kos produk, perancangan dan kawalan, penemuan masalah-masalah, penilaian terhadap usaha-usaha pekerja dan penyesuaian bonus-bonus pengurusan, penjanaan maklumat berkaitan bagi keputusan untuk proses pengembangan, pengeluaran produk-produk baru,

pengubahsuaian dan anggaran harga dan ramalan potensi risiko. Ketidakpastian persekitaran, strategi pembezaan, strategi kepimpinan kos, disentralisasi, dan latihan, mempunyai kesan positif ke atas MAPs dan menjurus kepada penggunaan MAPs yang lebih baik. Sementara itu, kekangan akses kewangan secara negatifnya memberikan kesan kepada MAPs dan prestasi organisasi. MAPs, disentralisasi dan latihan adalah antara faktor penting yang patut diambil kira dalam menambah baik prestasi organisasi. Tambahan pula, MAPs sepenuhnya memediasi hubungan di antara setiap ketidakpastian persekitaran dan strategi kepimpinan kos, dan prestasi organisasi, dan separa memediasi hubungan di antara strategi pembezaan, disentralisasi, latihan, kekangan akses kewangan dan prestasi organisasi. Kajian ini menyumbang kepada literatur berkenaan MAPs dan prestasi organisasi dengan memberikan pandangan ke atas MAPs dan tujuannya dalam SMEs Jordan. Hasil-hasil dapatannya boleh menjana lebih lagi kesedaran di kalangan pengurus SMEs tentang pentingnya MAPs termasuklah faktor-faktor lain sebagai kaedah meningkatkan prestasi organisasi. Hasil-hasil dapatan boleh membantu badan-badan yang berminat termasuklah kerajaan Jordan dan institusi-institusi kewangan dalam membentuk polisi-polisi berasaskan bukti ke atas SMEs dan pada masa yang sama merangsang minat di kalangan penyelidik-penyelidik Jordan untuk memulakan penyiasatan selanjutnya.