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The impact of management accounting practices (MAPs) on the business performance of small and medium enterprises (SMEs) in India's electronics sector

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Abstract
This study examines the impact of Management Accounting Practices (MAPs) on the business performance of Small and Medium Enterprises (SMEs) in India's consumer electronics sector, a rapidly expanding and competitive industry. By analyzing key MAPs—costing systems, budgeting, performance evaluation, decision-making information, and strategic analysis—this research addresses a critical gap in existing literature on the role of structured accounting practices in enhancing financial sustainability and operational efficiency. Using a quantitative approach, data were collected from 280 SME managers, accountants, and finance professionals through a structured survey, employing a probability-based simple random sampling technique. Multiple regression analysis, conducted via SPSS 24.0, reveals that budgeting, performance evaluation, and strategic analysis significantly contribute to improved business performance, particularly in cost control, profitability, and competitive positioning, while decision-making information exhibits a weaker correlation. These findings underscore the importance of structured management accounting techniques in fostering financial stability and sustainable growth. By offering empirical insights into the relationship between MAP adoption and business performance, this study provides valuable implications for business owners, financial managers, and policymakers, advocating for the integration of robust accounting strategies tailored to the unique challenges of SMEs in the consumer electronics sector. This research not only enriches the literature on management accounting in emerging markets but also serves as a foundation for future studies on SME competitiveness and financial management in India.

Keywords: Costing system, budgeting, performance evaluation, strategic analysis, business performance

Introduction
The consumer electronics sector in India has witnessed exponential growth in recent years, driven by increased demand, government initiatives such as Make in India and Production Linked Incentive (PLI) schemes, and a shift towards domestic manufacturing (Mehrotra, 2022) [37]. Small and Medium Enterprises (SMEs) form the backbone of this industry, contributing significantly to innovation, employment, and economic development. Small and medium-size enterprises (SMEs) have gained attention from management and research experts globally, which has resulted in a surge in SMEs-focused research interests (Mafini & Omuruyi, 2013) [32]. However, despite their crucial role, many SMEs in the consumer electronics sector struggle with financial sustainability due to high production costs, fluctuating demand, and global supply chain disruptions (Kumar & Agarwal, 2021) [28].
The consumer electronics industry in India is one of the fastest-growing segments, valued at approximately ₹7.5 lakh crore ($100 billion) in 2023, with a projected annual growth rate of 10-12% (IBEF, 2023) [22]. This sector encompasses mobile phones, televisions, home appliances, and computing devices, contributing significantly to India's GDP and exports. The government's policy support, such as the PLI scheme, has encouraged domestic production, attracting investments from global manufacturers and fostering SME growth (Deloitte, 2022) [11].

Despite these advancements, consumer electronics SMEs face financial challenges, including high raw material costs, regulatory compliance burdens, and intense competition from multinational brands. Effective management accounting techniques can mitigate these challenges by enabling businesses to control costs, enhance financial transparency, and improve operational efficiency.

Management Accounting Practices (MAPs) have become indispensable for enhancing the financial efficiency and operational performance of Small and Medium Enterprises (SMEs). These practices, including budgeting, cost control, variance analysis, and strategic financial planning, offer a structured framework that enables firms to make informed decisions, optimize resource allocation, and improve profitability (Kaplan & Atkinson, 2015) [26]. Unlike traditional financial accounting, which primarily focuses on regulatory compliance and financial reporting, management accounting emphasizes cost efficiency, strategic decision-making, and sustainable growth, making it particularly relevant for SMEs aiming to enhance their competitiveness (Horngren *et al*., 2018) [21]. Empirical evidence suggests that SMEs implementing well-structured MAPs experience superior cost management, enhanced profitability, and improved risk mitigation strategies, which collectively enable them to navigate financial complexities and achieve long-term stability (Chenhall & Langfield-Smith, 2007) [8].

Despite the well-documented advantages of MAPs, their adoption and influence on business performance within India's consumer electronics SME sector remain largely unexplored. Given the rapid expansion and increasing competition in this industry, it is imperative to examine the extent to which MAPs contribute to financial success, operational efficiency, and competitive advantage. While numerous studies have investigated the role of MAPs in large corporations, research on their impact within the SME context, particularly in the consumer electronics sector in India, is still limited (Ahmad & Zabri, 2016) [1]. Moreover, existing literature lacks a comprehensive assessment of MAPs as key predictor variables of SME business performance, creating a critical gap in understanding their strategic significance.

Given the identified research gap, it is evident that there is a lack of comprehensive studies examining the impact of Management Accounting Practices (MAPs) on the business performance of Small and Medium Enterprises (SMEs) in India. The limited academic attention to this area underscores the necessity for an empirical investigation to provide deeper insights into the role of MAPs in enhancing SME performance. Furthermore, existing literature has not extensively explored management accounting practices as predictor variables of business performance, creating a significant gap in understanding their strategic importance. Therefore, this study aims to address this limitation by empirically analyzing the relationship between MAP adoption and business performance in India's consumer electronics SMEs, contributing to both theoretical knowledge and practical implications in the field of management accounting and SME financial sustainability.

Problem Statement

Small and Medium Enterprises (SMEs) play a crucial role in India's consumer electronics sector, contributing significantly to economic growth, employment generation, and technological advancements. However, many SMEs struggle with financial instability and operational inefficiencies, which often lead to business failures. Studies suggest that one of the key reasons behind these challenges is the lack of or ineffective use of Management Accounting Practices (MAPs), such as budgeting, cost management, performance evaluation tools, and strategic pricing mechanisms (Ahmad, 2012; Kaplan & Atkinson, 2015) [26]. The inability of SME owners and managers to integrate MAPs into their decision-making processes has been linked to poor financial management, reduced profitability, and increased risk exposure (Reider, 2008) [45].

Several researchers have emphasized that SMEs face unique financial management challenges compared to large enterprises. According to Hopper (1999) [20], the failure to adopt cost management systems and other MAPs in a structured manner, similar to their larger counterparts, often leads to higher failure rates among SMEs. Furthermore, Lavia López and Hiebl (2014) [29] argue that management accounting practices in SMEs are significantly different from those in larger firms due to limited financial resources and managerial expertise. This limitation affects their ability to effectively monitor costs, control expenses, and implement profit-oriented strategies, which are essential for sustainability and competitive advantage.

Despite extensive research on the role of MAPs in large corporations and SMEs in developed economies, there is a scarcity of empirical studies examining their influence on business performance within India's consumer electronics SME sector. Given the increasing competition and financial pressures in this industry, it is crucial to assess the extent to which MAP adoption can enhance business performance, improve cost efficiency, and support strategic decision-making. Addressing this research gap is vital, not only to prevent business failures but also to equip SME owners with practical accounting tools that drive financial success and long-term sustainability. Therefore, this study aims to bridge this gap by empirically investigating the impact of MAPs on the business performance of SMEs in India's consumer electronics sector, providing valuable insights for both academia and industry stakeholders.

Theoretical Framework

A theoretical framework serves as a foundation for research by providing a structured explanation of key concepts, guiding the study, and establishing a connection with existing knowledge. In management accounting research, various theories have been employed to understand the adoption and impact of Management Accounting Practices (MAPs) on business performance. Given the dynamic nature of business environments, especially within Small and Medium Enterprises (SMEs) in the consumer electronics sector, a universal approach to management accounting may not be effective. Instead, this study adopts Contingency Theory as its theoretical foundation, as it is widely used to examine the varying factors that influence MAP adoption and business performance.

Contingency Theory

Contingency Theory asserts that there is no one-size-fits-all approach to organizational structure, management practices, or accounting systems, as their effectiveness depends on specific situational variables (Donaldson, 2001) [12]. Within the context of management accounting, Otley (1980) [42] applied contingency theory to argue that the design and

implementation of MAPs should align with the unique characteristics of an organization, such as its size, industry type, operational complexity, and competitive environment. This perspective is particularly relevant to SMEs in the consumer electronics sector, where financial constraints, market dynamics, and technological advancements require firms to adopt customized MAPs that best fit their operational needs.

Furthermore, Kariuki and Kamau (2016) [25] emphasize that contingency theory is based on the premise that there is no universally applicable management accounting system for all organizations. Instead, the choice and effectiveness of MAPs depend on several internal and external factors, including firm size, market competition, technological capabilities, and regulatory requirements. In the case of consumer electronics SMEs in India, the selection of budgeting techniques, cost control methods, and performance evaluation tools is likely to vary based on these factors.

By adopting Contingency Theory, this study seeks to examine how different organizational and environmental factors influence the adoption of MAPs in India's consumer electronics SME sector and how these practices, in turn, impact business performance, cost efficiency, and strategic decision-making. This theoretical lens will provide valuable insights into the context-specific nature of MAPs, helping SME managers and policymakers optimize accounting strategies for enhanced financial performance and long-term sustainability

Empirical Literature Review

A comprehensive review of existing literature is essential to establish a strong foundation for this research. By analysing prior studies on Management Accounting Practices (MAPs) and their impact on business performance in Small and Medium Enterprises (SMEs), this section aims to identify research gaps, avoid duplication, and enhance the understanding of the subject matter. The review will offer insights into the role of MAPs in financial decision-making, cost control, and performance evaluation, particularly within the consumer electronics SME sector in India.

Small and Medium Enterprises (SMEs)

The definition of Small and Medium Enterprises (SMEs) varies globally, depending on factors such as annual turnover, number of employees, industry type, and asset size (Ilori, 2014) [23]. While some economies categorize Micro, Small, and Medium Enterprises (MSMEs) separately, others group them under a single classification (Maladzhi, 2012) [31]. Internationally, SMEs are often identified based on their financial scale and workforce size, with thresholds differing from country to country.

In developing economies, SMEs play a crucial role in employment generation and economic growth, yet they often face challenges such as limited access to capital, lack of managerial expertise, and inefficiencies in financial management (Maphiri, 2015) [34]. Modimogale and Kroeze (2009) [39] define SMEs as businesses employing fewer than 150 people and operating independently of large corporations, further highlighting their reliance on structured financial strategies to enhance cost control, pricing decisions, and operational efficiency.

In the context of this research, Small and Medium Enterprises (SMEs) in India's consumer electronics sector are classified based on the Micro, Small, and Medium Enterprises (MSME) Development Act, 2006, as revised in 2020. The classification considers investment in plant & machinery/equipment and annual turnover, ensuring a standardized approach for both manufacturing and service enterprises.

According to the revised criteria, Micro Enterprises are those with an investment of up to ₹ 1 crore and an annual turnover of up to ₹ 5 crore, Small Enterprises have an investment of up to ₹ 10 crore and an annual turnover of up to ₹ 50 crore, while Medium Enterprises include businesses with an investment of up to ₹ 50 crore and an annual turnover of up to ₹250 crore.

Given the dynamic and technology-driven nature of the consumer electronics industry in India, SMEs within this sector often face challenges such as fluctuating production costs, high competition, and the need for continuous innovation. Therefore, implementing effective Management Accounting Practices (MAPs) becomes crucial for these firms to achieve financial stability, cost efficiency, and strategic growth. This study focuses on examining the adoption and impact of MAPs in India's consumer electronics SMEs, highlighting their role in enhancing business performance and maintaining a competitive edge in the industry.

Defining Management Accounting

Management accounting plays a crucial role in modern business operations by providing financial and non-financial information essential for effective decision-making and strategic planning. Ashfaq, Younas, Usman, and Hanif (2014) [4] define management accounting as a comprehensive discipline that equips businesses and managers with financial insights to enhance decision-making and gain a competitive edge. Similarly, Talha, Raja, and Seetharaman (2010) [51] describe management accounting as a systematic process of supplying financial and operational information to managers, enabling them to formulate strategic plans, monitor performance, and control business activities.

Botes (2009) [6] highlights that management accounting serves as a critical tool for financial planning, control, and performance evaluation, providing essential data that helps organizations achieve their objectives. Mayanga (2010) emphasizes its significance in facilitating decision-making at all levels of an organization, reinforcing its role as an integral part of business success. Furthermore, Stefanou and Athanasaki (2012) [46] argue that management accounting is indispensable for effective business management, as it ensures managers receive timely and relevant information to guide operational and strategic decisions.

Drury (2015) [13] expands on this perspective, stating that management accounting is primarily concerned with delivering relevant financial insights to individuals within an organization, aiding in performance enhancement and operational efficiency. Similarly, Ghorbel (2016) [16] asserts that management accounting is designed to improve organizational performance and profitability by providing decision-makers with valuable financial and non-financial data. From these definitions, it is evident that management accounting serves as a foundation for strategic decision-making, supporting managers in directing and controlling business operations effectively.

Management Accounting Practices (MAPs)

Management Accounting Practices (MAPs) encompass a range of techniques and tools designed to support internal decision-making and enhance organizational performance. Ndwiga (2011) [52] defines MAPs as internal management tools that provide solutions for financial planning, cost control, and strategic management. Epstein and Lee (2008) [14], along with Nuhu, Baird, and Appuhami (2016) [41], argue that MAPs function as organizational information systems, equipping businesses with data-driven insights to create customer value and improve operational efficiency.

According to Axelsson, Laage-Hellman, and Nilsson (2002) [53], MAPs facilitate effective decision-making and organizational control, ensuring that managerial actions align with business objectives. These practices include a diverse set of financial techniques, such as budgeting, performance evaluation, cost control, and strategic analyses, all of which contribute to achieving long-term business sustainability (Gichaaga, 2013) [17].

In the context of India's consumer electronics sector, MAPs play a pivotal role in maintaining competitiveness and financial stability. Given the rapidly evolving technological landscape, the adoption of structured MAPs can significantly enhance profitability, cost management, and strategic agility. By integrating robust management accounting systems, consumer electronics SMEs can optimize resource allocation, improve decision-making efficiency, and mitigate financial risks, ultimately fostering sustainable growth in a highly competitive industry.

Business Performance in the Indian Consumer Electronics Sector

Understanding business performance is crucial for assessing and managing organizational success, particularly in dynamic and competitive industries like the Indian consumer electronics sector. Business performance refers to the ability of a firm to achieve its strategic objectives while maintaining efficiency and effectiveness across all operational activities (Maziriri & Chinomona, 2016) [35]. It encompasses key aspects such as cost management, revenue growth, market competitiveness, and stakeholder satisfaction. In a rapidly evolving market characterized by technological advancements and shifting consumer preferences, firms must continuously adapt their business models to sustain growth and profitability. Vieira (2010) [47] suggests that business performance can be evaluated both in terms of the execution of strategic initiatives and the outcomes achieved.

The Relationship between Management Accounting Practices and Business Performance

Management Accounting Practices (MAPs) play a crucial role in enhancing business performance, particularly in industries that require agile decision-making and cost efficiency. Ahmad and Zabri (2016) [1] emphasize that MAPs contribute to managerial effectiveness by ensuring better financial planning, control, and resource optimization. The Indian consumer electronics sector, characterized by high competition, price sensitivity, and fluctuating demand patterns, requires firms to leverage MAPs to gain a competitive advantage. Effective budgeting, cost control mechanisms, and performance evaluation tools enable firms to streamline operations, reduce waste, and improve profitability (Gichaaga, 2013) [17].

Empirical research suggests that firms that adopt contemporary MAPs tend to outperform their counterparts in terms of operational efficiency and financial sustainability. For instance, Nuhu, Baird, and Appuhami (2016) [41] found that organizations implementing advanced management accounting techniques experienced significant improvements in performance due to better alignment of accounting practices with strategic goals. In the Indian consumer electronics sector, where profit margins are often squeezed due to pricing pressures and supply chain constraints, MAPs serve as essential tools for driving cost efficiency and maintaining market relevance. Additionally, Mitchell and Reid (2000) [38] argue that businesses that fail to integrate MAPs effectively are more susceptible to financial instability and market failures.

Given the limited empirical research focusing on the impact of MAPs in the Indian consumer electronics sector, this study aims to bridge the gap by examining how management accounting techniques influence business performance. By analyzing the adoption and effectiveness of MAPs in this industry, the research will provide insights into how firms can enhance financial stability, optimize decision-making, and sustain competitive advantage in a rapidly evolving marketplace.

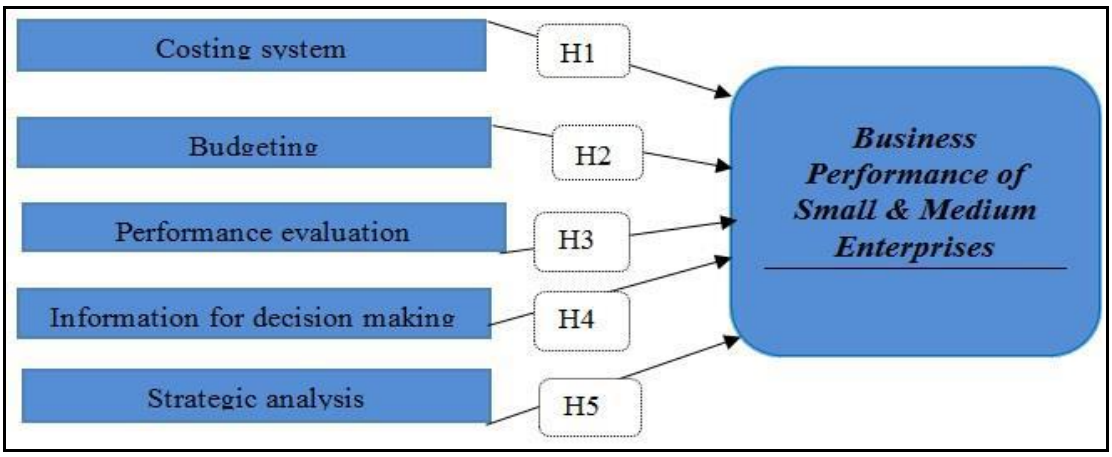
Research Objectives

1. To examine the influence of the costing system on business performance in the Indian consumer electronics sector.
2. To analyse the impact of budgeting on business performance within SMEs operating in the consumer electronics industry.
3. To assess the role of performance evaluation in enhancing business performance among consumer electronics SMEs.
4. To investigate how information for decision-making contributes to business performance in the Indian consumer electronics sector.
5. To explore the effect of strategic analysis on business performance within SMEs in the consumer electronics industry.

Conceptual Model and Hypothesis Development

To empirically examine the relationship between Management Accounting Practices (MAPs) and business performance in the Indian consumer electronics sector, a conceptual framework has been developed based on the existing literature in management accounting and business performance. This model conceptualizes MAPs—comprising costing systems, budgeting, performance evaluation, decision-making information, and strategic analysis—as independent variables influencing business performance, which serves as the dependent variable. The proposed conceptual model provides a structured approach to investigating how these practices contribute to organizational success in the consumer electronics industry. The hypothesized relationships between the key constructs of this study will be further elaborated in subsequent sections.

Management Accounting Practices



Proposed research framework

Building upon the insights derived from the reviewed literature, the following hypotheses have been formulated to examine the relationship between Management Accounting Practices (MAPs) and business performance in the Indian consumer electronics sector:

H1: The adoption of an effective costing system has a significant impact on business performance.
H2: Budgeting practices positively influence business performance.
H3: Performance evaluation influences the business performance;
H4: Information for decision making influences the business performance;
H5: Strategic analysis influences the business performance.

Methodology and Design of Research

This study employed a quantitative research approach, which is considered appropriate for examining the relationships between the variables under investigation. The survey method was utilized, as it facilitates data collection through questionnaires while minimizing bias by allowing participants to express their perceptions independently, without researcher influence (Mokoena & Maziriri, 2016) [35].

Target Population

Malhotra (2010) [30] defines a target population as a collection of homogeneous elements or objects that possess the information sought by the researcher and about which inferences are to be made. The target population for this study consists of consumer electronics SMEs operating in India, particularly within key industrial clusters known for electronics manufacturing, including Noida (Uttar Pradesh), Gurugram (Haryana), and Baddi (Himachal Pradesh). These locations were selected based on their strong presence of small and medium-sized enterprises engaged in the production, assembly, and distribution of consumer electronics. The choice of these regions is further supported by the increasing role of these industrial zones in India's Production-Linked Incentive (PLI) schemes, aimed at boosting domestic electronics manufacturing (IBEF, 2023) [22].

Sample Frame

The sampling frame represents a practical subset of the study population that the researcher can identify and access (Davis, Gallardo & Lachlan, 2012) [10]. It consists of a comprehensive list of all eligible sampling units or a database that facilitates the selection of a representative sample from the target population (Malhotra, 2010) [30]. For this study, SMEs operating within Noida (Uttar Pradesh), Gurugram (Haryana), and Baddi (Himachal Pradesh) were surveyed. These were obtained from the database of Ministry of Micro, Small, and Medium Enterprises (MSME), Government of India. The researcher made random telephone calls to the identified companies, pre-informing them and requesting their participation in the survey. This procedure was followed because pre-notices improve response rate (Creswell, 2003) [9].

Sampling Method

The choice of the sample method depends on factors such as the nature of the research problem, the research objectives, cost and time limitations (McDaniel & Gates, 2008) [36]. The selection of an appropriate sampling method is influenced by several factors, including the nature of the research problem, research objectives, as well as cost and time constraints (McDaniel & Gates, 2008) [36]. This study adopted a probability sampling approach due to its ability to ensure a representative sample, thereby enhancing the generalizability of findings to the broader population (Berndt & Petzer, 2011) [5]. Specifically, a simple random sampling technique was employed, as it provides each element within the target population an equal and known probability of selection, reducing selection bias and increasing the reliability of the results.

Sample Size

The sample size represents the number of elements included in a research study (Gupta, 2011) [18]. In this study, the sample size was determined using the historical sample size technique, wherein reference was made to prior research to ensure methodological consistency and relevance. Zikmund (2000) [54] suggests that determining an appropriate sample size is often a subjective yet informed decision, guided by the researcher's expertise and insights from previous studies. Table 1 presents a selection of past studies that served as a benchmark for finalizing the sample size for this research.

Table 1: Sample size of related studies

Year	Authors	Title of study	Sample size
2012	Dubihlela, J	Barriers to and determinants and enablers of market orientation: impact on business performance for small and medium enterprises in South Africa	273
2012	Sandada, M	Strategic planning and its relationship with the performance of small and medium-sized enterprises in Gauteng	415
2014	Badenhorst Weiss, J.A. & Cilliers, J.O.	Competitive advantage of small businesses in Soweto	497
2015	Chinomon, R & Hove, P.	The Influence of Supplier Involvement on Communication, Relationship Longevity and Business Performance in Small, Medium and Micro Enterprises in South Africa	302
2016	Ebitu, E. T	Marketing strategies and the performance of Small and Medium Enterprises in Akwa Ibom State, Nigeria	240

Therefore, drawing from previous research, a sample size of 280 was considered appropriate and sufficiently large to ensure a representative depiction of SMEs. While prior studies served as a reference for determining the sample size, the researcher also took into account four critical factors highlighted by Kumar (2002) [27]: the number of groups within the sample, the significance and reliability of the information, the level of precision required in the results, the cost implications of sampling, and the degree of variability within the population.

Questionnaire Design and Format

A structured, self-administered questionnaire was employed as the primary data collection instrument for this study. According to Leedy and Ormrod (2010) [55], a questionnaire serves as a research tool in which participants respond to a series of questions, enabling the researcher to summarize responses using statistical measures such as frequencies, percentages, or advanced analytical techniques to derive meaningful conclusions about a population.

The questionnaire was systematically divided into seven sections. Section A captured respondents' demographic details, including gender and age. Sections B, C, D, E, and F comprised questions related to the independent variables, while Section G focused on the outcome variable, business performance. The measurement scales used in this study were adapted from validated sources to ensure reliability and relevance. Specifically, questions related to management accounting practices—such as costing systems, budgeting, performance evaluation, information for decision-making, and strategic analysis—were derived from Gichaaga (2013) [17]. Meanwhile, items measuring business performance were adapted from Maziriri and Chinomona (2016) [35].

To assess participants' perceptions, a five-point Likert scale was utilized, where responses ranged from 1 (Strongly Disagree) to 5 (Strongly Agree). This approach facilitated the quantification of attitudes and ensured consistency in data collection for statistical analysis.

Results Pertaining to the Sample Composition

The study relies on primary data collection through a structured survey questionnaire, which was distributed to finance managers, accountants, and business owners of consumer electronics SMEs.

Survey Response Rate and Participant Demographics

Out of the 280 distributed questionnaires, 213 were returned, yielding an initial response rate of approximately 76%. However, after data screening for completeness and accuracy, only 180 responses were deemed usable for analysis, resulting in a final valid response rate of 64%.

Table 2 presents the descriptive statistics of the respondents, comprising finance managers, accountants, and business owners from SMEs operating in the Indian consumer electronics sector. The gender distribution indicates that male participants constituted 61% (n=110) of the total sample, while female respondents accounted for 39% (n=70).

In terms of age distribution, the majority of respondents (64%; n=115) were between the ages of 18 and 35 years, suggesting that younger professionals are actively involved in the financial and managerial operations of consumer electronics SMEs. Additionally, 26% (n=47) of respondents were aged 36 to 50 years, while 10% (n=18) were 51 years or older, reflecting a relatively smaller proportion of senior professionals in decision-making roles.

These demographic insights provide a foundational understanding of the sample composition, ensuring that the findings of this study are representative of the key stakeholders within the Indian consumer electronics sector.

Table 2: Demographic Profile of Respondents

Gender	N	%
Male	110	61%
Female	70	39%
Total	180	100
Age Group	N	%
18-35 years	115	64%
36-50 years	47	26%
51+ years	18	10%
Total	180	100

Multiple Regression Analysis

To examine the influence of management accounting practices on business performance, multiple regression analysis was conducted. The enter method of regression was utilized, incorporating costing systems, budgeting, performance evaluation, information for decision-making, and strategic analysis as independent variables. These variables were then regressed against the dependent variable, business performance, to determine their overall impact.

Regression Analysis Results

The results obtained in the regression analysis of the data collected from finance managers, accountants, and business owners of consumer electronics SMEs operating in India, particularly within key industrial clusters known for electronics manufacturing, including Noida (Uttar Pradesh), Gurugram (Haryana), and Baddi (Himachal Pradesh) are reported in Table 3.

Table 3: Regression Analysis: Management account practices and business performance

Independent Variables (Management Account Practices)	Standardized Beta	T (t)	Sig (P)
Costing system	0.064	1.722	0.048
Budgeting	0.184	2.235	0.002
Performance evaluation	0.337	5.412	0.000
Information for decision making	-0.163	-1.139	0.001
Strategic analysis	0.424	3.421	0.011

- $R = 0.412$
- Adjusted $R^2 = 0.424$
- *Significant at the 0.05 level

Model Fit and Explanation of Variance

In the regression model (Table 3), the model fit was assessed using R-squared, also referred to as the coefficient of determination. As highlighted by Friedman (2012) [15] and Mafini and Meyer (2016) [33], R-squared measures the extent to which the data align with the fitted regression model, represented as a percentage of variance explained. A higher percentage indicates a stronger model fit, with 100% signifying a perfect fit (Mafini & Meyer, 2016) [33]. In this study, the adjusted R-squared value was 0.424, indicating that the selected management accounting practices accounted for approximately 42% of the variation in business performance. The remaining 58% can be attributed to other external factors beyond the scope of this study.

Discussion

This study aimed to examine the impact of management accounting practices on the business performance of companies in the Indian consumer electronics sector. The discussion centers on the findings of the regression analysis, specifically evaluating the individual effects of five key management accounting practices—costing systems, budgeting, performance evaluation, information for decision-making, and strategic analysis—on overall business performance. The results provide insights into how these practices contribute to competitive advantage and operational efficiency within the industry.

Costing System and Business Performance

The costing system, as a key management accounting practice, was identified as a statistically significant predictor of business performance ($\beta = 0.064$; $t = 1.722$; $p = 0.048$) in the regression analysis. This indicates a positive relationship between the adoption of costing systems and improved business performance. Furthermore, greater involvement in effective costing methods enhances operational efficiency and profitability. These findings align with the study by Elhamma and Zhang (2013) [56], which concluded that advanced costing techniques, such as activity-based costing, contribute to superior business performance. In the context of the Indian consumer electronics sector, implementing robust costing systems can lead to better cost control and a stronger competitive advantage.

Budgeting and Business Performance

The regression analysis identified budgeting as a statistically significant predictor of business performance ($\beta = 0.184$; $t = 2.235$; $p = 0.002$). These findings suggest that structured budgeting practices contribute to enhanced business performance, particularly in the Indian consumer electronics sector. This aligns with the study by Qi (2010) [44], which examined the impact of budgeting processes on small and medium-sized firms in China. Qi's empirical findings highlighted that a formalized budgeting process leads to increased sales revenue and that clearly defined budgetary goals positively influence overall firm performance. Similarly, businesses in the consumer electronics sector can benefit from effective budgeting strategies to optimize resource allocation and drive financial stability.

Performance Evaluation and Business Performance

The regression model (Table 3) further established performance evaluation as a significant predictor of business performance ($\beta = 0.337$; $t = 5.412$; $p = 0.000$). These results suggest that systematically assessing business performance enhances operational efficiency and overall success. When managers actively evaluate their performance, they can identify areas for improvement, leading to better decision-making and competitive advantage. This is consistent with existing literature, as studies by Joseph (2015) [24] emphasize that performance appraisals play a crucial role in improving organizational performance. In the Indian consumer electronics sector, integrating structured performance evaluation mechanisms can support business growth and long-term sustainability.

Information for Decision-Making and Business Performance

The regression analysis indicated that information for decision-making was not a statistically significant predictor of business performance ($\beta = -0.163$; $t = -1.139$; $p = 0.001$). This suggests that, contrary to conventional understanding, access to decision-relevant information does not significantly influence business performance in the Indian consumer electronics sector. These findings challenge the widely accepted notion that effective decision-making enhances performance. One possible explanation is that decision-making processes in businesses vary, and traditional strategic decision-making models may not be fully applicable to firms in this sector. Additionally, Busenitz and Barney (1997) [7] argue that entrepreneurs, particularly in smaller firms, often rely on heuristics and biases rather than structured decision-making frameworks, potentially leading to different performance outcomes compared to large organizations.

Strategic Analysis and Business Performance

In contrast, strategic analysis emerged as a strong and statistically significant predictor of business performance ($\beta = 0.424$; $t = 3.421$; $p = 0.044$). These results highlight the critical role of strategic analysis in driving business success. Companies that engage in systematic strategic assessment tend to perform better by refining their competitive positioning and resource utilization. These findings align with Parnell (2013) [43], who found that businesses with high strategic clarity tend to outperform those with moderate clarity, while even firms with low strategic clarity may sometimes surpass those with moderate strategic focus. In the context of the Indian consumer electronics industry, robust strategic analysis can provide firms with a significant competitive edge, fostering better market adaptability and long-term growth.

Limitations and Future Research Directions

While this study provides valuable contributions to both

academic literature and industry practice, it has certain limitations that open avenues for future research.

First, the study's data were collected from a specific segment of the Indian consumer electronics SMEs operating in India, particularly within key industrial clusters known for electronics manufacturing, including Noida (Uttar Pradesh), Gurugram (Haryana), and Baddi (Himachal Pradesh). Expanding the study to include other industries or regions across India could offer a more comprehensive understanding of the impact of management accounting practices on business performance. A broader dataset may reveal industry-specific variations and improve the generalizability of findings.

Second, this study employed a quantitative research approach, which, while effective for statistical validation, may not fully capture the managerial perspectives and contextual nuances influencing business performance. Future research could adopt a mixed-method approach, incorporating qualitative insights from industry professionals, supply chain managers, and financial experts to provide a deeper understanding of how management accounting practices drive competitive advantage.

Third, the study's conceptual framework could be expanded by examining a wider range of management accounting techniques. Future research may explore the influence of cost accounting systems, manufacturing accounting practices, activity-based costing (ABC), as well as inventory valuation techniques such as First-In-First-Out (FIFO) and Last-In-First-Out (LIFO) on business performance. Investigating the role of emerging cost management strategies, such as lean accounting and sustainability-focused costing, could further enrich the understanding of their impact on operational efficiency and profitability in the consumer electronics sector.

Additionally, this study was cross-sectional, capturing data at a single point in time. A longitudinal approach could offer insights into how management accounting practices evolve and their long-term effects on business performance. Future studies should also consider external factors such as technological advancements, regulatory policies, and macroeconomic conditions, which may influence the effectiveness of accounting practices in a rapidly changing market.

By addressing these limitations, future research can contribute to a more comprehensive understanding of how advanced management accounting practices enhance business performance and competitive positioning in the Indian consumer electronics industry.

Conclusions and Implications of the Study

This study contributes to the growing body of knowledge in management accounting by offering contemporary insights into both literature and research methodologies. As such, it serves as a valuable reference for future researchers examining similar themes.

The findings validate that key management accounting practices—including costing systems, budgeting, performance evaluation, information for decision-making, and strategic analysis—play a critical role in enhancing business performance. Specifically, in the context of the Indian consumer electronics sector, firms that actively implement these practices gain a competitive edge by improving cost efficiency, financial planning, and strategic decision-making. The study reinforces that companies integrating advanced management accounting techniques are better positioned to optimize resource allocation and drive sustainable growth.

This research carries both theoretical and managerial implications. Theoretically, it advances the understanding of management accounting by systematically analyzing the relationship between various accounting practices and business performance. By doing so, it adds to the existing literature and extends the discourse on the role of strategic cost management in shaping competitive advantage.

From a managerial perspective, the study underscores the importance of adopting structured management accounting practices to enhance decision-making, operational efficiency, and financial performance. Managers in the Indian consumer electronics sector can leverage these insights to refine their cost management strategies, improve budgeting accuracy, and implement performance evaluation mechanisms that align with business objectives.

Furthermore, this study highlights the relevance of management accounting in emerging economies, particularly in industries facing intense competition and cost pressures. It opens avenues for further research on how firms can integrate digital accounting tools, automation, and real-time financial analytics to strengthen their strategic positioning in the market.

Overall, by bridging theoretical frameworks with practical implications, this study provides a solid foundation for future research and managerial decision-making in the realm of management accounting and business performance.

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