Management Accounting System Utilized to Encounter COVID-19: A Case of Small Enterprises in the Service Sector in Thailand

Sareeya WICHITSATHIAN¹, Sumalee EKKAPHOL²

Received: March 25, 2022 Revised: June 06, 2022 Accepted: June 15, 2022

Abstract

The purpose of this study is to investigate COVID-19’s impact on firm survival, as well as the management accounting system’s role in adjusting operation efficiency for business survival. Two sets of data comprising small enterprises in the service sector were used. The first business group serves customers who have changed their lifestyle to a new normal. The second business group serves customers who are affected by social distancing measures. The data was collected based on an in-depth interview method. The data was then evaluated using content analysis and analytic comparison. The results show that the COVID-19 situation positively impacts the business survival of the service businesses group that serves customers who have changed lifestyles. However, COVID-19 has a negative effect on the survival of service business groups that serve customers affected by social distancing measures. In addition, the management accounting used during COVID-19, small enterprises have analyzed the operating environment and used the information stored in the database to determine goals for the operation. This study provides comprehensive economic effects and the utilization of management accounting systems. The accounting systems helped to decide to adjust the operation process during the quick changing of the environment of the small enterprise in the service sector.

Keywords: Management Accounting System, Small Enterprise, COVID-19

JEL Classification Code: H12, M41, L25

1. Introduction

The spreading of the coronavirus 2019 (COVID-19) is a health crisis. This crisis has affected the global economy because of public health measures. It caused a change in people’s lifestyles, and operational limitations led to many organizations having problems operating. As a result, many organizations stop some or all their business activities. However, some enterprises are still able to operate. Businesses must face operational difficulties. Specifically, the crisis greatly affected small and medium enterprises (SMEs) because of the operational limitation. The enterprises must comply with disease control measures, which in turn affect the firm’s performance (Adeniyi Akingbade, 2021; Katare, Marshall, & Valdivia., 2021; Najib, Abdul Rahman, & Fahma, 2021).

Small and medium-sized enterprises (SMEs) are the most common employer in Thailand, thanks to the government’s policy of encouraging and supporting entrepreneurs to build their businesses. Thailand had 3,176,055 SMEs in 2021; however, only 757,957 of them were registered as legal entities. Micro-sized businesses account for 57% of registered legal SMEs, small businesses for 38%, and medium-sized businesses for 5%. While categorizing SMEs by industry, the services sector accounts for 52.79 percent, trading accounts for 33.12 percent, and manufacturing and agriculture account for 14.10 percent (OSMEP, 2021).

Many SMEs in Thailand have the potential to provide the economic added value of up to 34.20 percent of GDP by 2020. However, it is lower than the 35.30 percent GDP
recorded in 2019. Early in 2020, COVID-19 caused a drop in GDP (OSMEP, 2021). Due to the size constraints of their human resources, money, and operating assets, small businesses are the first to be impacted. If SMEs encounter a rapidly changing business environment as a result of the spread of COVID-19. As a result, business activities will cease to operate, potentially jeopardizing the business’ life. (Alvarez, Sensini, Bello, & Vazquez, 2021; Bhundarak, 2020; Giunipero, Denslow, & Rynazewksa, 2021; Katare, Marshall, & Valdivia, 2021; Najib, Abdul Rahman, & Fahma., 2021). The spreading of COVID-19 negatively affects the country’s economy (OSMEP, 2021).

However, when faced with conditions that alter the operating environment, SMEs must be able to handle the situation and adjust operation plans, which are critical for the survival of the firm (Adeniyi Akingbade, 2021; Najib, Abdul Rahman, & Fahma, 2021). Adapt operational business strategy in response to changing circumstances. Quality information relevant to operational planning decisions is required for executives to improve an organization’s management efficiency and boost the likelihood of business survival in a crisis (Alvarez, Sensini, Bello, & Vazquez, 2021; Huynh, 2022; Pedroso & Gomes, 2020).

Therefore, management accounting is an essential tool for management. It provides information to help the manager make decisions for operations according to the organization’s strategic plans and increased operational efficiency (Dasanayaka, Murphy, Nagirikandalage, & Abeykoon, 2021; Do, Le, Luong, & Tran, 2020; Nguyen, 2021; Pedroso & Gomes, 2020; Saukkonen, Laine, & Suomala, 2018). This study attempts to answer the following research questions.

**RQ1:** How are small service sector enterprises affected by the COVID-19 situation?

**RQ2:** How do small businesses in the service sector use a management accounting system to make decisions to improve their operational efficiency to survive during the COVID-19 situation?

In other words, this research aims to determine the effect of the COVID-19 situation on business survival. Also, to study the management accounting system utilizes decision-making to adjust operations for the business survival of small enterprises in the services sector.

This paper comprised 5 sections. Section 2 presents the literature review about the effect of COVID-19 on the operation of business and management accounting. Section 3 describes the research methodology, including the type of research, collecting data, sampling, and data analysis method. Section 4 presents the research result. Section 5 presents the conclusion and discussion.

2. Literature Review

2.1. The Effect of COVID-19 on Small Business Survival

COVID-19 is a health crisis that has impacted the world economic system, such as trading, investment, economic growth, and employment (Adeniyi Akingbade, 2021; Phornlaphatrachakorn, 2021). The pandemic started in December 2019 in Wuhan, China. The World Health Organization (WHO) declared a public health emergency of international concern (PHEIC) about the spreading of COVID-19 in January 2020. Later, in March 2020, the number of cases worldwide increased dramatically. Mutation of COVID-19 in European countries, America, Brazil, Russia, India, and South Africa caused rapidly increasing infection (DDC, 2021).

During the COVID-19 pandemic, Thailand was affected by this crisis. The Department of disease control (DDC) opened the Emergency operation center (EOC) on January 4th, 2020, to monitor and prevent the spreading of COVID-19. Next, on March 1st, 2020, the Ministry of Public Health stated that COVID-19 is a dangerous infectious disease. As a result, various measures have been issued to control the pandemic. For instance, closing international borders, travel restrictions between provinces, residence time limits, and closing of various locations (DDC, 2021). These result in changing people’s lifestyles and affecting business operations (Giunipero, Denslow, & Rynazewksa, 2021). Thus, the announcement of measures to control the spreading of COVID-19 affects the operation and survival of the business.

Therefore, business survival during the spreading of COVID-19 is an issue that researchers have studied in various aspects. According to Najib, Abdul Rahman and Fahma (2021), business survival is the ability of an entity to adapt to situations that are dangerous to the survival of the business until it can operate continually. The measure of business survival was composed of 3 topics as follows:

- Cash flow is the ability of an entity to manage cash inflow more than cash outflow, resulting in the entity having sufficient cash flow for operation.
- Employment is the ability of an entity to hire all or partial staff to perform the essential functions which are sufficient for the organization’s operation.
- Operation is the ability to produce goods or services during the original COVID-19 situation or changing process for the entity to operate continually.
For an entity to operate in an economic crisis, the entity must be able to adjust its strategy to provide flexibility in its operation. For example, the cost, liquidity, capital, and human resource management, increasing distribution channels, implementation of technology in operations, and an entity’s information sufficiency, are examples of factors that enable a corporation to continue operating during COVID-19. (Adeniyi Akingbade, 2021; Giunipero, Denslow, & Rynazewska, 2021; Katare, Marshall, & Valdivia, 2021; Najib, Abdul Rahman, & Fahma, 2021; Phornlaphatrachakorn, 2021).

2.2. The Utilizing Management Accounting System for Decision-Making in Business Operation

The management accounting system provides information for decision-making support to achieve organizational objectives and improve operational efficiency (Apak & Duman, 2020; Saukkonen, Laine, & Suomala, 2018; Whitecotton, Libby, & Phillips, 2020). Small enterprises focus on adopting traditional cost accounting systems in their operational decisions. However, budgeting and planning, performance appraisal determination, the decision support system, and the applied strategic analysis have adjusted and selected issues appropriate to the organization’s context (Alvarez, Sensini, Bello, & Vazquez, 2021; Apak & Duman, 2020; Dasanayaka, Murphy, Nagirikandalage, & Abeykoon, 2021). Management accounting used to make operational decisions based on the concept of Whitecotton, Libby and Phillips (2020) has three processes as follows:

1) **Planning** both short-term and long-term plans start with analyzing the operating environment (SWOT analysis). The purpose of this SWOT is to evaluate the aspects that affect the entity’s operations. Furthermore, for determining the organization’s performance goals using information collected from the entity’s database system or data storage mechanism.

2) **Implementation** is action per plan. Budgeting represents the resources needed to operate. It uses cost accounting methods and pricing goods or services to effectively carry out the planned operations and achieve the organizational objectives.

3) **Controlling** is the monitoring and evaluation of the performance of the implementation of the planned goals, such as performance measurement and balanced scorecard.

The management accounting used in operations helps small businesses enhance operational efficiency under difficult situations, resulting in improved overall performance and success in accordance with the organization’s objectives (Dasanayaka, Murphy, Nagirikandalage, & Abeykoon, 2021).

The importance of management accounting systems making operational decisions in various situations is obtained from literature and suggested below research framework (see Figure 1).

3. Research Methodology

This research is qualitative research based on a grounded theory study. Data was collected through an in-depth interview method. Small business owners are the important informants since they can provide information on how to use the management accounting system to make operational decisions. In addition, as a research tool, a semi-structured interview was employed. A researcher can use semi-structured interviews to ask questions about linked subjects and complete study objectives. (Najera Ruiz & Collazzo, 2020).

![Figure 1: A Research Framework](image-url)
This study selected a sample using a specific method. The sample is the small businesses in the services industry in Nakhon Ratchasima Province of Thailand. Small-sized enterprises define as having less than 30 employees and revenues of less than 50 million baht per year (OSMEP, 2021). Moreover, this research categorized the sample into two groups. The first service business group served customers who had changed their lifestyle to new normal. The second service business group served customers affected by social distancing measures.

To summarize the management accounting system used for the business’s survival, the interviews were evaluated using the traditional content analysis and analytic comparison approach.

4. Results

The results of an in-depth interview with small business owners about the impact of COVID-19 on firm survival and the management accounting system in adjusting operation efficiency to business survival are shown below.

4.1. The Impact of COVID-19 on the Business Survival

The COVID-19 pandemic since the beginning of 2020 has dramatically affected the survival of small enterprises in the service sector. This study presents the impact COVID-19 situation on small enterprises in two ways. Positively affected are the businesses that have provided services to customers who changed to the new normal. The survival of this group stemmed from travel restrictions or changed operations. Their operations have been modified from the original during the COVID-19 by focusing on marketing strategies, resulting in businesses offering services or goods to customers efficiently.

Another business group that supplied services to customers was negatively impacted by social distancing tactics. Disease control measures, which are uncontrollable external factors, have an impact on the operation of this group. The group’s survival is due to a changing business model and the introduction of new services. During COVID-19, businesses were unable to operate using the previously provided services. Hiring employees to lower operational expenses by paying employees according to workload or service quantity is part of the survival strategy.

The changes in the two business groups are consistent with previous research. A business that can change its operational strategies quickly can operate continuously during an economic crisis (Adeniyi Akingbade, 2021; Giunipero, Denslow, & Rynarzewska, 2021; Katare, Marshall, & Valdivia, 2021; Najib, Abdul Rahman, & Fahma, 2021).

The study of COVID-19 effect on business survival, according to Najib, Abdul Rahman and Fahma (2021) is considered three topics: cash flow, employment, and operation of the sample groups shown in Table 2.

4.2. Utilized Management Accounting for the Decision to Improve Operational Efficiency During the COVID-19

Management Accounting is an information system that helps the owner or manager make decisions about the operations in various situations. Whitecotton, Libby and Phillips (2020) suggested three operational decision-making processes: planning, implementation, and controlling. This study found that the small firms' management accounting system for decision-making and improvement during COVID-19 is as follows.

1) Planning this process begins with a SWOT analysis to understand business characteristics and gather information stored in the business’s various databases to determine the operational goals. In both groups of small enterprises in the service sector, the owners set the business goals. The goal-setting process begins with a thorough examination of the operational environment for internal and external aspects, as illustrated in Table 3.

<table>
<thead>
<tr>
<th>Case</th>
<th>Organization</th>
<th>Organization Age (Years)</th>
<th>Average Annual Revenue (Million Baht)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Web and graphic design, develop and maintain organizational resource system</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>1.2</td>
<td>Installation and maintenance of air conditioning systems, power systems, and information systems</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>2.1</td>
<td>Non-route passenger car hiring service</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>2.2</td>
<td>Design, installation, and event service</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>
### Table 2: The Effect of the COVID-19 Situation on Business Survival

<table>
<thead>
<tr>
<th>Case</th>
<th>Topics of Business Survival</th>
<th>Effect</th>
<th>Cause</th>
<th>Effect</th>
<th>Cause</th>
<th>Effect</th>
<th>Cause</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash Flow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>The Service Businesses Group that Serves Customers Have Changed Lifestyle as New Normal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>+20%</td>
<td>Customers are interested in the system design to support the management of the organization</td>
<td>+40%</td>
<td>Amount of system development and the increase in website design</td>
<td>Creating distribution channels through social networks for:</td>
<td>The business wants to increase the channel for advertising, and customers can contact the business at any time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+40%</td>
<td>Creating distribution channels through social networks for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>+40%</td>
<td>Customers need to increase products and services during the COVID-19 situation through the social networks</td>
<td>+10%</td>
<td>Increasing customer contact via social networks causes the need to add staff to provide customer information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>The Service Business Group that Serves Customers is Affected by Social Distancing Measures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>-80%</td>
<td>People are restricted from travel due to disease control measures</td>
<td>-</td>
<td>The business has expanded the customer group and adjusted the service of employees</td>
<td>Service extension by:</td>
<td>Master customers are unable to use the Company’s services due to compliance with disease control measures</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>-70%</td>
<td>Various agencies refrain from organizing activities with many participants by disease control measures.</td>
<td>-75%</td>
<td>Reduce the hiring of full-time staff to reduce costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 3: SWOT Analysis of the Small Enterprises in the Service Sector

#### Panel A: The Service Businesses Group that Serves Customers Have Changed Lifestyle as New Normal

**Strengths**  
- The service details are uncomplicated, making it possible to show on social networks.  
- The advertising channels are simple and low cost.

**Weaknesses**  
- Operational funds are limited to make the business expansion complex.

**Opportunities**  
- Disease control measures make organizations interested the using information systems in operations.  
- More people buy products through online networks.

**Threats**  
- There are many competitors in the same business, causing price competition.

#### Panel B: The Service Business Group that Serves Customers is Affected by Social Distancing Measures

**Strengths**  
- The assets of the business can be easily modified for use.  
- Business operations can use freelance, making it possible to adjust the policy of hiring employees.

**Weaknesses**  
- Operational funds are limited to make the business expansion complex.

**Opportunities**  
- The establishment of assistance measures of government and funding sources enable debt moratorium and low-cost financing.

**Threats**  
- Disease control measures affect the organization of activities of various agencies.  
- Access to customers is many conditional.
The two groups of small businesses have different strengths. The simplicity of operation is a strength of firms that serve customers who have changed their lifestyles. Customers may easily reach out to businesses without having to travel to them to offer their services. Customers can research the specifics of their service on the internet or through social media. Businesses can continue to operate normally while disease control measures are implemented. The assets that may offer diverse services are the strength of the business group that serves clients affected by social distancing. When this set of enterprises is unable to operate due to the pandemic, they may change their service to attract new customers to compensate for the loss of revenue from former targeted customers. Additionally, businesses might use freelancers to replace full-time employees in operations. During COVID-19, this employment allows the company to change employee work schedules and reduce the cost of hiring full-time personnel.

The two groups of small enterprises have similar weaknesses. Because of their size, businesses are forced to be cautious in their operations due to capital constraints. Small businesses first spent heavily on assets, resulting in a lack of cash flow. If the business is unable to operate, it may be unable to provide adequate cash, affecting operations and the business’ survival.

According to external factor analysis of small business operations, the COVID-19 control methods provide an opportunity to provide service. Many organizations have adjusted their operation ways to survive during the implementation of disease control measures. As a result, clients were more likely to use this group’s services. However, the businesses in this sector faced a lot of competition and had to compete on pricing. Hence, the company’s marketing strategy must be adjusted to attract target customers and expand sales channels to stay competitive.

The COVID-19 control measures were viewed as a threat to the operation by the service business group, which served consumers who were affected by social distancing. Because the target clients have limited activities or travel options, they are unable to employ this group’s services. This organization’s service necessitates travel and in-person assistance. Additionally, government support and financing sources are possibilities for this organization’s existence. After the pandemic is over, companies in this group may be eligible for low-cost funding for purchases and refurbishment of operational assets.

Furthermore, the SWOT analysis reveals that the small business in the service sector used information from the Company’s database to set goals. The database system was created, or Microsoft Office applications were used in a way that was appropriate for the firm.

Because it is difficult to forecast effects, the short-term goal is to set operation goals during COVID-19. During the pandemic, the entities changed their aims for cash flow, employment, and operations to stay in business. Table 4 shows the outcome of defining operational goals for two groups during the COVID-19 circumstance.

**Table 4: The Operational Goals of Two Groups of Small Enterprises During COVID-19**

<table>
<thead>
<tr>
<th>Case</th>
<th>The Changing Operational Goals for Business Survival</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash Flow</td>
</tr>
<tr>
<td><strong>The Service Businesses Group that Serves Customers Have Changed Lifestyle as New Normal</strong></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>The changing of cash flow goal in the business has increased amount of cash reserves if there is a situation that cannot operate normally.</td>
</tr>
<tr>
<td>1.2</td>
<td>The change in staffing goal adds full-time staff to the technical Department for service flexibility.</td>
</tr>
<tr>
<td><strong>The Service Business Group that Serves Customers is Affected by Social Distancing Measures</strong></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>The changing of the cash flow goal is reducing the cash flow goal to enough cash for each month’s operations only.</td>
</tr>
<tr>
<td>2.2</td>
<td>There has been a change in employee hiring goals from hiring full-time employees as freelance to reducing the fixed cost of operations.</td>
</tr>
</tbody>
</table>
During the COVID-19 scenario, small businesses in the service sector adjusted their cash flow, employment, and operation goals, as shown in Table 4. As a result, the positive cash flow goals for the service enterprises group that serves customers who have changed their lifestyle as the new normal have changed. Because the COVID-19 situation presents an opportunity for these enterprises, jobs will be created. They may be able to add a number of new clients. To reduce the cost of subcontracting and adjust marking strategies to reach more potential customers to increase the chances of making the income.

Furthermore, social distancing measures have an impact on the service business group that serves clients. Because the group’s operations are dependent on external factors over which the entity has no control, the cash flow target is sufficient for operating expenses. As a result, the ability to earn an income is independent of the business’ ability to adapt to changing economic conditions. The compensation policy has shifted in part due to the employment goal. The operational focus has shifted to increasing income to offset the master income that will not be serviced during COVID-19.

Although the study discovered that the business deciding goals have not been written down, they have been communicated to employees through the Company’s meetings. Major small enterprises have defined operational goals as well as short- and long-term targets, but they have not written them down, according to Najera Ruiz and Collazzo’s (2020) research. In addition, operational goals are used to monitor performance rather than strategic goals.

1) **Implementing** include budgeting, costing, and pricing. The study found that the implementation of both groups’ management accounting systems is similar, as shown in Table 5.

The implementation of management accounting for the business survival during the COVID-19 situation of the small enterprise in the service sector found that:

(2.1) **Budgeting** is making a financial plan to use as the guide of the operation. Both groups’ Budgeting is similar to income budgeting and cash budgeting. However, social distancing measures rather than expense budgets affect the service business group that serves customers. The operation of this group is a negative effect on the COVID-19 situation. As a result, during the COVID-19, the company places a greater emphasis on effective spending management compatible with their cash budgets. As previously stated, small businesses have three forms of budgeting. Because COVID-19 is an unusual and unpredictable scenario, the budgeting priority should be to prepare in the short term. Management accounting information, according to Apak and Duman (2020), is data that assists managers in making decisions about how to operate to operate efficiently under changing economic conditions.

(2.2) **Costing**, small enterprises used costing to calculate the cost of services. Thus, the service cost of both groups is the summation of all cash expenses from the serving customers of each project. The cost calculation objective is used for pricing and income from operation in cash. The cost transaction is the direct cost of each project’s service, and there is no complexity concerning allocation because the operation can segregate expenses for

Table 5: The Management Accounting System Implemented in the Small Enterprise

<table>
<thead>
<tr>
<th>Case</th>
<th>Management accounting system implementing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash flow</td>
</tr>
<tr>
<td>The Service Businesses Group that Serves Customers Have Changed Lifestyle as New Normal</td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Make an income budget and a cash budget.</td>
</tr>
<tr>
<td>1.2</td>
<td>Total cost on cash basis plus margin 10%.</td>
</tr>
<tr>
<td>The Service Business Group that Serves Customers is Affected by Social Distancing Measures</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Make an income budget, an expense budget, and a cash budget.</td>
</tr>
<tr>
<td>2.2</td>
<td>Total cost on cash basis plus margin 40%–45%.</td>
</tr>
</tbody>
</table>
each project. Nonetheless, administrative and depreciation charges are not included in the service calculation. The residence is used as an establishment since small business owners provide operational help without fixed rates, therefore, depreciation charges are not charged. Thus both types of expenses are not included as operating expenses. Najera Ruiz and Collazzo (2020) found that management accounting implementation was a combination of raw material costs, labor costs, and expenses. These costs are directly related to the production and are used to determine the product’s price.

(2.3) Pricing: Small enterprises determine the service price, including expenses paid in cash and the entity’s defined margin. Each entity determined the margin to the difference based on calculation data such as the opportunity cost of using assets, depreciation expense, and profit margin. Determining ratios are often set at rates that can compensate for the operating costs and profits required. Because the purpose of a small business is to collect data for decision-making for short-term operations, cash transactions are prioritized as information that is simple to understand and can be organized. Furthermore, small businesses must consider historical pricing because the majority of their consumers are repeat customers or referrals, causing the price to be recognized from previous services. As a result, pricing is only designed to cover the cost of paying in cash plus further increments. In COVID-19, it is a price at which the company may compete with its competitors. Consistent with Apak and Duman (2020), management accounting tools determine the price of goods. Different pricing techniques affect the firm’s performance depending on the type of the entity’s operations.

2) Controlling is monitoring and performance assessment. The small enterprises in the service sector, both groups have been tracked and evaluated in 2 types, shown in Table 6.

According to this study, both groups’ service quality and performance assessments are similar. The service quality assessment was done every time after the completion of the service. Accordingly, a business can monitor the service quality feedback directly from customers. As a result, customers are satisfied and return to use the service again or tell other customers.

In addition, during the performance evaluation, the firm owners compared each month’s income and annual profit. However, the cash balance was not compared with historical data. Instead, the owners assessed the adequacy of cash used in operations and whether cash meets the entities’ goals. The cash balance follow-up in these two groups is different. The changing lifestyle customer businesses group had daily, weekly, and monthly cash balance tracking. In contrast, the group that provided services to customers impacted by social distance was only monitored monthly. This difference is due to the two groups’ service incomes being different. The income characteristics of the changed lifestyle customer business groups were converted into a contract and long-term services or serving multiple customers at the same time. This feature enables the company to accept payments from several clients at the same time. Therefore, cash balance tracking, follow-up on customer payments, and controlling sufficient cash for an operation are needed. However, the service model of the service business group that serves customers is affected by social distancing measures provided by project service or monthly service. Thus, this group received monthly cash only after providing service. Thus, the cash balance monitor controls sufficient cash for monthly business operations.

**Table 6: The Monitor and Performance Assessment of the Small Enterprises**

<table>
<thead>
<tr>
<th>Type of Evaluation</th>
<th>Topic of Evaluation</th>
<th>Assessment Method</th>
<th>Monitor Time</th>
</tr>
</thead>
</table>
| 1. Service quality | • Employee competence and behavior  
• Availability of resources in service  
• Service satisfaction | Inquire customers via phone and online. | Every time after the completion of the service. |
| 2. Performance | • Income  
• Profit  
• Cash balance | • Income report  
• Annual report  
• Bank account | • Monthly  
• Yearly  
• Daily, weekly, and monthly |
Financial and non-financial metrics are used to evaluate performance in small service businesses. Furthermore, because small firms have limited resources, performance is measured based on service company features and cash flow received from customers. Business owners must be cautious in their operations. Especially liquidity during the COVID-19, to help business owners use data to make informed decisions and optimize their operations. This finding is in line with Najera Ruiz and Collazzo’s (2020) research on a small business that assesses performance by various methods such as sales, cash flow, expense and profit, the number of customers, and cash is the bank balance. Moreover, the time difference in performance assessment focuses on information relevant to firm operational decisions.

5. Conclusion

The result findings of this research are in line with Whitecotton, Libby and Phillips (2020). The management accounting system has three processes: planning, implementation, and control. Operation procedure identified processes help business survival. Cash flow, employment, and efficient operation witnessed significant changes during COVID-19. The results of this study are in Figure 2.

According to Figure 2, the planning process of management accounting system in small service enterprises analyzed the effect of internal and external factors on the operational capability. Additionally, these small enterprises use their internal data stored in an appropriate database for

---

**Figure 2: Utilized Management Accounting for Small Business Survival**
determining operational goals. After the small enterprises set operational goals, they apply management accounting to budget for a financial plan. They also assessed operation costs and prices to enable the firm to operate during COVID-19 and control the operation following the specified operation plan.

Furthermore, small enterprises regularly tracked and evaluated their firm performance. They could assess their ability to operate and improve their processes effectively under changing economy. However, a sufficient focus on business cash flow management is required to operate. The operational staff has been hired in sufficient numbers. It has altered employee work schedules and the business’ operating style to ensure that employees can continue to work during the pandemic.

References


