

# The Integration of Digital Technologies in Management Accounting Practices and Its Impact on SME Performance in Malaysia: A Conceptual Framework

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## ABSTRACT

Small and Medium Enterprises (SMEs) play a vital role in Malaysia's economic development, nevertheless they face expanding challenges arising from globalization, technological interference, and increased competition. Traditional Management Accounting Practices (MAPs) are often inadequate to support timely and strategic decision-making in a rapidly developing business environment. In response, the integration of digital technologies such as artificial intelligence, cloud accounting, and data analytics has been proved as a potential enabler for enhancing the effectiveness of MAPs. However, previous studies tend to study digital transformation and accounting practices in separation, with inadequate attention given to their combined impact on SME performance. This conceptual paper aims to develop a comprehensive framework that links digital technologies, management accounting practices, and SME performance in the Malaysian context. The study suggests that digital technologies function as strategic resources that improve the design and implementation of MAPs, which in turn improve both financial and non-financial performance results. This is based on the Resource-Based View and Contingency Theory. Digital capabilities are translated into organizational performance through management accounting methods, which are further conceptualized as a mediating mechanism. By combining management accounting viewpoints with digital transformation, the suggested framework adds to the body of knowledge by providing a more comprehensive understanding of SME performance determinants. Practically speaking, the report offers advice on how SME owners, professionals, and legislators can use digital tools to improve accounting operations and promote long-term company expansion. To validate the recommended relationships, further empirical research is advised.

**Keywords:** Contingency Theory, Digital Technologies, Digital Transformation, Malaysia SMEs, Management Accounting Practices, Resource-Based View, SME Performance

## INTRODUCTION

In developing countries like Malaysia, Small and Medium-Sized Enterprises (SMEs) are essential to economic expansion, job creation, and innovation. SMEs in Malaysia maintain the business environment and make a significant contribution to the country's GDP. However, SMEs face numerous difficulties in an increasingly globalized and competitive world, such as rapid changes in technology, instability in the market, and strengthened competition. These difficulties identify immediately by reliable management information systems and supported by efficient decision-making procedures.

SMEs usually use Management Accounting Practices (MAPs) to assist with planning, control, and decision-making processes. However, traditional MAPs are frequently criticized for missing the flexibility needed in dynamic corporate situations and for being excessively obsessed with previous financial data (Ahmad & Zabri, 2016; Morshidi et al., 2021). Because of this, SMEs that rely only on conventional accounting methods may find it difficult to adapt any changes in business needs and strategic planning.

The development of digital technology in the form of cloud computing, AI, data analysis tools, and Accounting Information Systems (AIS) has brought changes in the scope of management accounting. According to Abdullah et al 2023 & Ismail, 2009, the use of digital technology makes it easier to automate accounting processes, enhance accuracy of data, and ensure timeliness of decision-making processes. Additionally, digital technology also plays a critical role in ensuring that financial and non-financial data is integrated excellently, thus supporting systematic strategic planning and performance assessment (Hassan & Maelah, 2023).

Although the concept of digital transformation has become well-established in recent times, there has been very little research in the literature that explores the impact of digitalization and management accounting together as one entity. There is very limited literature in the field that investigates the influence of both factors combined on the performance of SMEs, especially in the Malaysian setting.

Moreover, SMEs encounter several difficulties in embracing digital technology solutions, including high costs of implementation, lack of technical skills, and change aversion (Musa et al., 2019; Chai, Chan, & Chee, 2016). Such difficulties might prevent SMEs from taking advantage of digital capabilities effectively, thus reducing their potential positive influence on the performance of SMEs. Therefore, it is essential to present a comprehensive framework that would help understand the role of digital competencies in improving management accounting processes.

Based on the theories of the Resource Based View (RBV) and contingency theory, this research suggests that digital technology can act as strategic resources that improve the design and quality of management accounting practices. Consequently, better management accounting practices will be used as an intervening variable for managing superior performance among SMEs. This conceptual paper attempts to establish a relationship between digital technology, management accounting practice, and SME performance in Malaysia.

### **Problem Statement and Research Gap**

Though SMEs have grown increasingly significant in contributing to Malaysia's economic growth, there is still evidence that SMEs have been facing difficulties in achieving sustainable performance within a rapidly changing business landscape, driven by technology. This is mostly because SMEs frequently lack the capability to produce relevant, accurate, and timely information needed for decision making. The use of conventional MAPs that lead within SMEs tends to be more focused on historic and financial information, which reduces its effectiveness under dynamic and uncertain conditions (Ahmad & Zabri, 2016; Morshidi et al., 2021).

However, at the same time, developments in digital technology, including AIS, cloud accounting, artificial intelligence, and data analytics, provide opportunities for improving the quality, relevance, and consistency of accounting information. Previous studies have shown that digital technology can be used to improve accuracy, efficiency, and effectiveness of decision-making (Abdullah et al., 2023; Ismail, 2009). Nevertheless, adoption of digital technology by Malaysian SMEs is uneven because of various obstacles such as costs, expertise, and reluctance within organizations (Musa et al., 2019; Chai et al., 2016).

Moreover, past literature has concentrated more on examining digital technology adoption by SMEs and its impact on SME performance in isolation. Also, research on MAPs has generally disregarded the impact of digitalization on the accounting process. Such an uncoordinated approach prevents an understanding of the ways in which SMEs can effectively utilize digital technology to improve their performance.

It is important to note that there is a lack of clarity regarding the relationship between digital technologies and SME performance. In particular, there is insufficient information on the process through which digital technologies are incorporated in management accounting practices, and further, how such incorporation enhances organizational performance. Failure to incorporate digital technologies in the processes will lead to limited exploration of MAPs' strategic function.

Additionally, existing literature has paid more attention to developed nations than developing countries like Malaysia, and there has been inadequate emphasis placed on the particularities of the small business environment

within Malaysia, especially concerning resource limitation, information technology adaptation, and institutional support.

Hence, this research paper aims to fill these gaps through developing a conceptual model, which includes the interaction between digital technologies, management accounting practices, and SMEs' performances. Indeed, Management Accounting Practices will be seen as the mediator in explaining the relationship between digital technologies and business performance.

## Research Questions

Based on the identified gaps, this study seeks to address the following research questions:

1. How do digital technologies influence the adoption and effectiveness of management accounting practices among SMEs in Malaysia?
2. What is the relationship between management accounting practices and SME performance?
3. Do management accounting practices mediate the relationship between digital technologies and SME performance?
4. How can the integration of digital technologies and management accounting practices enhance both financial and non-financial performance of SMEs?

## THEORETICAL FRAMEWORK

This study is based on the combination of RBV and contingency theory to show the impact of information technology on MAPs and subsequently on the performance of small and medium enterprises (SMEs). This approach can give an all-encompassing view of the situation as it will take into consideration the firm's resources and environment.

### Resource-Based View (RBV)

The Resource-Based View (RBV) suggests that a firm acquires sustainable competitive advantage through the proper use of VRIN resources (Barney, 1991). With reference to the above literature review, AIS, cloud accounting, data analytics, and artificial intelligence may be regarded as strategic resources for organizations that aid in better information processing and decision-making. Digital technologies allow small businesses to produce high-quality, current, and useful management accounting information. These competencies are vital in helping SMEs become more efficient in both operations and strategic planning (Abdullah et al., 2023; Ismail, 2009). As per the RBV, the broad occurrence of resources is not sufficient, rather than their effective utilization is necessary. In this context, MAPs are regarded as organizational capabilities for converting information technology into actionable knowledge. Management accounting practices can assist organizations in planning, controlling, measuring performance, and making decisions, and therefore, they become a tool through which information technologies influence the performance of organizations positively. This viewpoint further provides support to the notion that MAPs act as a mediator between information technologies and SME performance.

### Contingency Theory

While the RBV focuses on the internal resource endowments, Contingency theory suggests that there does not exist an ideal management accounting approach because its efficiency is a function of the degree of congruence between the organization and the contextual environment (Otley, 1980). Such environmental conditions include uncertainty, technology, size, and manager expertise.

In the context of Malaysian SMEs, the adoption and effectiveness of MAPs are influenced by the level of digitalization, market competition, and resource availability. Digital technologies create a more dynamic and information-rich environment, requiring SMEs to adapt their accounting practices to remain relevant and effective.

For instance, in highly uncertain environments, SMEs require broader scope of information, real-time reporting, and integrated systems to support decision-making. Digital technologies enable these features, but their effectiveness depends on how well they align with the firm's operational context and managerial needs (Hassan & Maelah, 2023).

Contingency Theory therefore matches RBV by explaining how and when digital technologies and MAPs contribute to performance. It emphasizes that the success of digital transformation in management accounting is not automated, but dependent upon appropriate configuration between technology, organizational practices, and external conditions.

### **Integration of RBV and Contingency Theory**

As discussed in the Resource-Based View of the organization, competitive advantage could be created by digital technology as a resource. But having resources alone would not help an organization sustain its competitive advantage because in the ever-changing and dynamic environment, having the resources will not help the organization survive for a long time. It is imperative that the organization should have these resources to complement the needs of the organization as technological changes shape the business environment. Hence, the contingency approach was included in the study. The combination of RBV and Contingency Theory provides a more complete explanation of SME performance. RBV explains what resources are important (i.e., digital technologies and MAPs), while Contingency Theory explains how these resources should be configured and aligned to achieve most favorable results.

## **LITERATURE REVIEW**

### **Management Accounting Practices (MAPs) in SMEs**

Management Accounting Practices (MAPs) are important tools that support planning, control, and decision-making in organizations. In the context of SMEs, MAPs commonly used include budgeting, cost control, performance evaluation, and strategic decision-making systems. However, prior studies indicate that SMEs manage to rely heavily on traditional and basic MAPs, focusing primarily on financial reporting and cost tracking (Ahmad & Zabri, 2016; Morshidi et al, 2021).

Such traditional practices are often criticized for being conservative and limited in their ability to provide timely and relevant information for strategic decisions. As business environments become more dynamic and competitive, these limitations reduce the effectiveness of MAPs in supporting organizational performance.

Recent studies emphasize the importance of management accounting information (MAI) characteristics such as broad scope, timeliness, aggregation, and integration in enhancing decision-making quality and organizational responsiveness (Maelah, Aman, Mohamed, & Ramli, 2019; Hassan & Maelah, 2023). From a Contingency Theory perspective, the effectiveness of MAPs depends on their alignment with organizational needs and environmental conditions (Otley, 1980).

### **Digital Technologies in Management Accounting**

The evolution of digital technology has immensely affected management accounting systems. Some of the technologies that have been adopted in management accounting include AIS, cloud accounting, artificial intelligence, and data analytics.

The significance of AIS in an organization cannot be underestimated because it helps in integrating and processing accounting information for decision-making (Ismail, 2009). Studies have shown that effectiveness in AIS increases information quality, system reliability, and organizational performance (Abdullah et al, 2023).

The use of cloud-based accounting systems also improves flexibility, as users can gain immediate access to financial information while also minimizing the cost of infrastructure, making them ideal for SMEs (Musa et al, 2019). In addition, the use of data analytics and artificial intelligence allows SMEs to obtain understandings about future events, thus assisting strategic decisions (Nain, Ahmad, & Rahman, 2025). However, even though

the benefits are accompanying with the application of digital technology, SMEs face difficulties in implementing digital technology due to financial constraints, among other issues (Chai et al, 2016).

### **Digital Technologies and SME Performance**

A substantial body of literature indicates that digital technologies positively influence SME performance. These technologies enhance operational efficiency, reduce costs, and improve decision-making through better information quality.

The use of AIS has been proven to boost the performance of small and medium-sized enterprises in terms of increasing the quality of information, reliability, and usage of data (Ismail, 2009; Abdullah et al., 2023). The cloud accounting system also plays a significant role in improving financial management, flexibility, and efficiency (Musa et al., 2019).

The more recent studies on digital technology note that these factors affect the performance of an organization indirectly, through mediators like system effectiveness and capability of the organization (Hang & Kim, 2025).

### **The Mediating Role of Management Accounting Practices**

Digital technologies offer the framework for better data management, but they have meaning if used efficiently within organizations. Management accounting practices (MAPs) are very instrumental in converting raw data into useful information for use in strategy implementation. Using the RBV, digital technologies become strategic resources and MAPs are organizational competencies to be used in harnessing strategic resources (Barney, 1991). In other words, MAPs are an important link between digital technologies and organizational performance. Prior literature is consistent with the RBV view of digital technologies as it indicates that there is a mediation effect played by accounting systems and information quality in relation to technology use and organizational performance (Hassan & Maelah, 2023; Abdullah et al., 2023). Yet, there has been no study on MAPs as mediators in Malaysia specifically among SMEs.

### **Digital Capability and Contextual Factors**

The effective use of digital technology is contingent upon the digital capability of the organization, comprising its competence, skill, knowledge, and managerial support. Organizations that have higher digital capabilities are more capable of using digital technologies successfully. Nevertheless, SMEs can face difficulties such as lack of technical knowledge, training, and budget allocation for adopting digital technologies (Chai et al., 2016; Musa et al., 2019). These problems emphasize the importance of organizational readiness in the context of successful implementation of digital technology. According to Contingency Theory, the effectiveness of digital technology and management accounting practices depends on the match between organizational capabilities and the environment (Otley, 1980). Therefore, digital capabilities are expected to positively influence the relationship between digital technology and management accounting practices.

### **Synthesis and Research Gap**

From previous literature, it can be seen that digital technology helps to increase information quality and efficiency, whereas management accounting practice aids decision-making and organizational performance. Three main gaps exist in the existing literature:

1. Digital technology and MAPs have been researched independently.
2. The role of MAPs as mediators is underexplored.
3. Small businesses in Malaysia have not been focused on sufficiently.

Hence, this paper suggests an integrative approach for investigating the relationship between digital technology, MAPs, and SME performance, with digital capability as the moderator. Although prior studies have examined digital transformation, accounting information systems, and SME performance, limited studies have integrated

digital technologies and management accounting practices within a single framework. Furthermore, the mediating role of management accounting practices in translating digital capabilities into SME performance remains underexplored, particularly in the Malaysian SME context.

The table below is the summary of recent literature.

Table 1: Summary of Recent Literature Review

Author(s)	Year	Study Focus	Methodology	Key Findings
Kusumawardhani, F. K., Ratmono, D., Wibowo, S. T., & Rokhman, N..	2024	The impact of digitalization in accounting systems on information quality, cost reduction and decision making: Evidence from SMEs.	Quantitative survey among SMEs in Indonesia	Digitalization improves accounting information accuracy, timeliness, cost reduction, and management decision-making effectiveness.
Ratmono, D., Frendy, & Zuhrohtun, Z.	2023	Digitalization in management accounting systems for urban SMEs in a developing country: A mediation model analysis.	Quantitative study using questionnaire responses from 536 SMEs	Digitalized management accounting systems positively affect information quality, cost reduction, and management decision-making. Information quality mediates the relationship between digitalization and decision-making.
Salim, Ridha, & Jumaah	2024	Integration of Artificial Intelligence (AI) and management accounting methods in supporting corporate governance	Quantitative survey using questionnaires distributed to 500 accountants in Iraqi companies	AI integration enhances transparency, strategic decision-making, operational efficiency, and accounting quality. Effective governance depends on ethical and legal frameworks.
Fejjoó González et al.	2024	Digital transformation in accounting among SMEs in Ecuador	Quantitative research approach	Adoption of digital technologies improves financial information quality and operational efficiency, although challenges such as high implementation costs and resistance to change remain significant.
Teoh, Ahmad, Abdul-Halim, & Ramayah	2025	Digital business model innovation (DBMI) and SME competitiveness	Qualitative semi-structured interviews with SME managers	DBMI improves competitiveness and sustainability of SMEs in the digital era. Challenges include digital adaptation and resource limitations.
Amir, Hamzah, & Maelah	2024	Digitalization as sustainability-oriented innovation among Malaysian MSMEs	Conceptual/ book chapter analysis	Digital transformation promotes innovation, sustainability, and business growth among MSMEs. However, limited capital and lack of digital expertise hinder adoption.
Gui et al.	2024	Cloud accounting adoption readiness among Indonesian SMEs	Quantitative survey research	Technology-Organization-Environment (TOE) factors

				significantly influence cloud accounting adoption among SMEs.
Minh & Toan	2024	Impact of management accounting information and cloud computing on SME decision-making	Quantitative analysis using data from 184 SMEs in Vietnam	Management accounting information improves decision-making, while cloud computing strengthens this relationship.
Kurniawan, Karmawan, & Rusgowanto	2025	Cloud accounting adoption among MSMEs in Jakarta	Quantitative study using PLS-SEM analysis	Competitive advantage and compatibility significantly influence cloud accounting adoption, while perceived risk and satisfaction show limited impact.
Kargas et al.	2026	Systematic review of digital transformation processes in SMEs	Systematic Literature Review (SLR)	Digital transformation improves efficiency, productivity, competitiveness, and sustainability. SMEs still face barriers such as financial constraints, lack of digital skills, and resistance to change.

The discussed literature often points out that digital transformation contributes to the improvement of management accounting, the quality of decision-making, efficiency, and business performance of SMEs. Digital tools such as artificial intelligence, cloud accounting, and digital accounting systems contribute to the higher quality and timely provision of accounting information, which allows SMEs to take better business decisions.

Additionally, a certain number of studies indicate the mediating effect of information quality, cost savings, and management accounting systems on establishment performance. Nonetheless, despite all the advantages associated with digital transformation, SMEs still encounter several significant obstacles to digitalization, including financial, technological, organizational, and infrastructural ones. Overall, the literature proves the need for implementing digital technologies within management accounting systems for improving business performance.

### Comparative Analysis of Previous Studies and Theoretical Perspectives

The existing literature shows that there is a strong positive correlation between digital technology and performance of firms. But the process through which digital technology influences the performance of SMEs varies from study to study. For instance, Kusumawardhani et al. (2024) indicated that digitalization influences the quality of accounting information, lowers costs, and makes decisions effective in the case of SMEs. In another instance, Ratmono et al. (2023) explained that digitalization of management accounting increases the quality of information and helps in making good decisions by managers. But the existing literature does not give adequate insight into management accounting practices as a strategic mechanism connecting both concepts.

On the other hand, research by Hang and Kim (2025) and Tan et al. (2025) focused on the significance of digital transformation and digital maturity in enhancing SME performance. Nevertheless, the above studies considered digital technologies as direct influences on business performance without investigating how such capabilities might mediate the effects through internal accounting skills. In light of this, current literature remains segmented with little overlap between digital transformation and management accounting concepts.

Theoretically, the Resource-Based View (RBV) and the Contingency Theory provide alternative frameworks to explain the research paradigm. Specifically, RBV proposes that digital technologies are organizational resources that can create a competitive edge (Barney, 1991). Nevertheless, simply having digital resources is insufficient in creating superior organizational performance. According to the Contingency Theory, the effectiveness of

organizational systems, including management accounting, depends on their fitness within the environment (Otley, 1980). Therefore, the proposed study uses the two concepts in suggesting that digital resources will only add value where they become part of management accounting systems.

This combined theory contributes to the field in explaining the disconnect between resource possession and resource use. Integration also helps explain why some SMEs derive more value than others from digital resources.

### Conceptual Framework

Based on the integration of the Resource-Based View (RBV) and Contingency Theory, this study proposes that digital technologies improve SME performance both directly and indirectly through management accounting practices (MAPs). MAPs are placed as a mediating mechanism, explaining how digital capabilities are transformed into organizational outcomes.

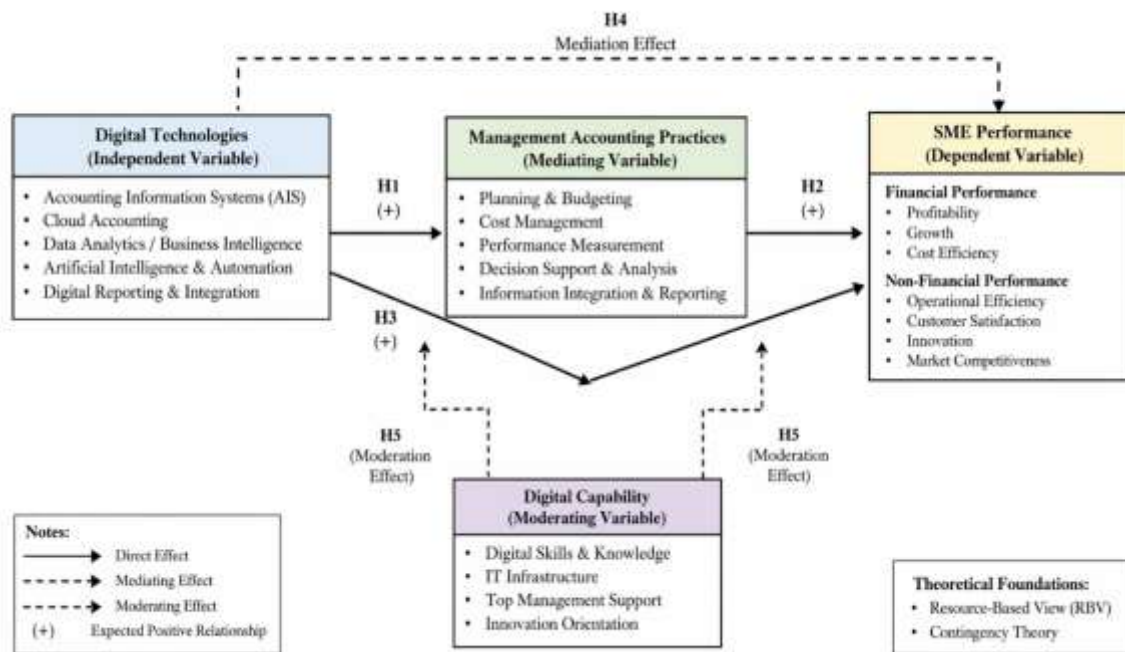


Figure 1: Proposed Conceptual Framework

The proposed framework consists of three main components:

- Independent Variable (IV): Digital Technologies
- Mediator: Management Accounting Practices (MAPs)
- Dependent Variable (DV): SME Performance
- Moderator : Digital Capability

The framework demonstrates how digital technologies affect SMEs' performance not only directly but also indirectly through the MAPs. In other words, the MAPs act as the mediator through which the digital resources are translated into decision-making results. Moreover, digital literacy enables the influence of digital technology adoption on the MAPs.

To provide greater conceptual clarity and support future empirical validation, the key constructs in the proposed framework are operationally defined as follows.

Table 2: Operational Definitions and Suggested Measurement Indicators

Construct	Operational Definition	Possible Measurement Indicators
<b>Digital Capability</b>	The ability of SMEs to acquire, integrate, and utilise digital technologies to support business operations and decision-making.	Cloud accounting adoption, AI utilisation, accounting software usage, digital infrastructure, real-time data accessibility, employee digital skills.
<b>Management Accounting Practices (MAPs)</b>	The use of accounting techniques and information systems to support planning, control, performance evaluation, and managerial decision-making.	Budgeting practices, cost management, performance measurement systems, forecasting activities, variance analysis, strategic planning support.
<b>SME Performance</b>	The extent to which SMEs achieve desired financial and non-financial outcomes.	Profitability, sales growth, cost efficiency, customer satisfaction, operational effectiveness, business sustainability.

Future empirical studies may adapt measurement scales from previous literature and validate the constructs using Structural Equation Modelling (SEM) or Partial Least Squares Structural Equation Modelling (PLS-SEM).

## RESEARCH DESIGN AND METHODOLOGY

The research will adopt a conceptual and qualitative research approach in order to investigate the connection between digital technology, MAPs, and the performance of SMEs in Malaysia. Primary data collection will not be used in this research, since the main aim of the research is to critically evaluate and synthesize existing literature concerning digital technology, management accounting, and SME performance.

The research will be investigative and theoretical, involving the creation of a conceptual framework that begins with Resource-Based View and Contingency Theory. The framework will attempt to describe how digital technology can enhance MAPs and ultimately lead to better performance by SMEs in Malaysia.

Secondary data would be gathered from a variety of sources such as journal articles, conference papers, books, industry reports, government publications, and online databases like Scopus, Google Scholar and ScienceDirect. Literature concerning digital transformation, accounting technology, and the performance of SMEs.

A literature review approach is used in this study in order to examine the main themes, theoretical perspectives, and gaps in existing literature. Special emphasis would be made on those works that address the use of digital accounting system, management accounting, and problems of operations faced by SMEs. By using thematic analysis and theoretical synthesis, this study would formulate propositions and a conceptual model depicting the inter-relationships between the variables involved.

This conceptual methodological approach is well suited to this study because it enables the researcher to build up a theoretical base for the study and formulate relationships between variables without undertaking extensive fieldwork/data collection. The results of this study would offer some valuable theoretical contribution and can be used as a basis for future research into digital transformation and management accounting practices on SMEs' performance in Malaysia.

### Findings

Based on the review of current literature, theoretical framework, and previous research in relation to digital transformation, MAPs, and performance of SMEs, some key findings have been generated. These findings underscore the importance of digital technology in improving the functions of management accounting and performance of organizations in Malaysia.

Table 3: Summary of the Finding

Bil	Finding	Description
1.	Digital technologies enhance management accounting practices in SMEs	The use of digital technology, like cloud accounting, artificial intelligence, and data analysis, increases the efficiency of MAPs. Digital technology boosts real-time accounting, budgeting, cost control, and decision making by SMEs.
2.	Adoption of digitalised MAPs among SMEs remains relatively low	Though digital technology can be useful to SMEs in Malaysia, they continue to use conventional accounting practices and show little or no inclination towards digital accounting technology. This is mostly because of financial barriers, technological know-how, resistance to change, and ignorance of the benefits of digital transformation.
3.	Operational efficiency plays a critical role in SME performance	From the literature review, it is evident that efficient MAPs enabled by digital technologies play a major role in operational efficiency through improved inventory management, cost control, resource management, and minimization of wastage. Operational efficiency leads to increased SME performance.
4.	Mediating and moderating factors influence the effectiveness of digitalised MAPs	<p>The effectiveness of digital technologies and MAPs is influenced by several factors, including:</p> <ul style="list-style-type: none"> <li>• Owner/manager digital literacy</li> <li>• Access to digital infrastructure and accounting software</li> <li>• Government support and digitalisation initiatives</li> <li>• Employee readiness and training</li> </ul> <p>Furthermore, organisational characteristics such as firm size, financial capability, and business complexity may moderate the successful implementation of digitalised MAPs.</p>
5.	Strategic integration of digital technologies and MAPs improves SME sustainability	SMEs that use digital technology in their management accounting systems will be better equipped to make improvements in terms of long-term planning and business adaptability. Through this alignment, SMEs can better cope with the uncertainties in the market and maintain business performance.

## DISCUSSION OF FINDINGS

The results imply that the use of digital transformation has become an integral element of current management accounting procedures used by SMEs. The incorporation of digital technology increases the quality, precision, and promptness of accounting data. As a result, the decision-making process becomes more effective and efficient for organizations.

At the same time, it is evident that the use of digitalized management accounting procedures by SMEs varies widely. There is still an array of problems connected with the adoption of technological readiness, budget constraints, and digital capabilities. Therefore, digital transformation is dependent on both technological adaptation and integration into the current organizational accounting and operational processes.

Moreover, operational efficiency also appeared to be another important factor through which there is a relationship between management accounting practices and the performance of SMEs. The SMEs which have been able to use digital MAPs effectively are able to control their costs and manage their resources effectively. As a result, it helps them improve their overall operations and performance as well.

## CONCLUSION AND CONTRIBUTIONS

This study establishes a theoretical framework by which the utilization of digital technology within management accounting practices improves the performance of Small and Medium Enterprises in Malaysia. In terms of its theoretical basis, the RBV and contingency theory have been adopted to analyze how digital technology serves as strategic resources and MAPs as organizational capabilities that transform strategic resources into improved performance results. Accounting information systems, cloud accounting, and data analytics are the types of digital technologies that enhance accounting information efficiency and effectiveness. Although there might be certain effects of digital technology on the performance of SMEs directly, MAPs prove to be an important mediator in transforming strategic resources into better performance.

Also, this study highlights the importance of several other contextual factors that contribute to the success of digital technology. For example, if a company has sufficient digital capabilities, skill level, and support from its leadership, then digital technology can be effectively used by the firm and help improve its accounting processes. This research therefore supports the importance of aligning technological capabilities and organizational context. In general, the current study provides a wider approach for examining SME performance based on three perspectives.

From a practical perspective, this study provides valuable insights for SME owners, practitioners, and policymakers:

1. For SME owners and managers, the findings emphasize that adopting digital technologies alone is insufficient. Greater attention must be given to strengthening management accounting practices to fully realize the benefits of digital transformation.
2. For accounting professionals, the study highlights the need to shift from traditional, transaction-based roles toward more strategic and analytical functions, leveraging digital tools to support decision-making.
3. For policymakers, the study underscores the importance of supporting SMEs through digital transformation initiatives, including training programs, financial incentives, and infrastructure development to enhance digital capability.

The findings of this study have important implications for policymakers and SME development agencies in Malaysia. Despite the government's commitment to accelerating SME digitalization through initiatives under the Malaysia Digital Economy Blueprint (MyDIGITAL), many SMEs continue to face challenges related to digital adoption, technological expertise, and financial constraints.

Agencies such as SME Corporation Malaysia, Malaysia Digital Economy Corporation, and Malaysian Investment Development Authority should strengthen programmes that promote digital accounting adoption, financial management training, and digital capability development among SMEs. Financial incentives, digital transformation grants, and specialized accounting technology training programmes may further accelerate digital integration within SME operations. By encouraging SMEs to integrate digital technologies into management accounting systems, policymakers can contribute to improving business productivity, competitiveness, and long-term sustainability in Malaysia's increasingly digital economy.

## Limitations And Future Research

As a conceptual paper, this study does not provide empirical justification of the proposed framework. Future research should conduct empirical testing using quantitative methods such as Structural Equation Modeling (SEM or PLS-SEM) to validate relationships. Additionally, future studies may explore other moderating variables such as firm size, industry type, or environmental uncertainty to further enhance the explanatory power of the model. Comparative studies across different countries or industries may also provide deeper insights into the generalizability of the framework.

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