JURNAL ECONOMINA e-ISSN: 2963-1181
Volume 5, Number 8, August 2026
Homepage: ejournal.45mataram.ac.id/index.php/economina

An Analysis of the Role of Management Accounting in Strategic Decision-Making at MSMEs in Serang City

Efi Tajuroh Afiah[1*], Aris Trismayadi Nurizki[2], Nugrahini Kusumawati[3]
[1,2,3] Bina Bangsa University, Indonesia

**Corresponding Author: efi.tajuroh.afiah@gmail.com*

Article History
Received: 26-07-2026
Revised: 06-08-2026
Published: 30-08-2026

ABSTRACT

This study aims to analyze the role of management accounting in supporting strategic decision-making in Micro, Small, and Medium Enterprises (MSMEs) in Serang City. This study is motivated by the low utilization of accounting information in MSME managerial practices, which has implications for the suboptimal quality of business decisions. The research approach used was a qualitative case study design, using a purposive sampling technique on MSMEs who met certain criteria. Data was collected through in-depth interviews, participant observation, and documentation, then analyzed using thematic analysis techniques. The results show that most MSMEs still use simple financial records and have not utilized management accounting strategically. Decision-making tends to be based on intuition rather than data-driven analysis. However, MSMEs that have implemented management accounting practices more systematically demonstrate better capabilities in managing costs, determining prices, and formulating business strategies. Furthermore, the adoption of digital technology has been shown to increase the effectiveness of the use of accounting information in the decision-making process. This study concludes that management accounting plays a crucial role as a strategic instrument in improving the quality of decisions and the competitiveness of MSMEs. Therefore, it is necessary to improve accounting literacy, strengthen managerial capacity, and provide policy support that encourages the digitalization of MSMEs so that the use of management accounting can be optimized sustainably.

***Keywords:* Management Accounting; Strategic Decision Making; MSMEs; Business Performance; Digitalization**

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the national economy, contributing significantly to job creation, income equality, and regional economic growth. However, amid the dynamics of global competition, technological disruption, and uncertainty in the business environment, MSMEs face the challenge of improving the quality of their strategic decision-making in order to survive and grow sustainably. In this context, management accounting serves as a crucial instrument that functions not only as a recording tool but also as a strategic information system providing relevant data for organizational planning, control, and decision-making processes (Gulo, Laia, Lestari, Nur, & Kurnia, 2025; Oktapiani et al., 2024).

Conceptually, management accounting encompasses the processes of collecting, processing, analyzing, and interpreting both financial and non-financial information used by management to determine the company's strategic direction. This information plays a vital role in supporting operational efficiency, cost control, and performance evaluation focused on achieving the organization's long-term goals. From a strategic perspective, management accounting serves not only as a tool for internal control but also as a mechanism for identifying market opportunities, managing risk, and enhancing business competitiveness through data-driven decision-making and comprehensive analysis (Daud, 2025; Purwanti & Nurhayati, 2025).

Nevertheless, various empirical studies indicate that the implementation of management accounting in the SME sector still faces numerous structural and cultural obstacles (Indriansyah, n.d.; Mahdi, Andriani, Kalsum, Laba'ada, & Wijayanti, 2023). Many SME owners still rely on intuition and experience when making business decisions, without the support of an adequate accounting information system. This situation leads to decisions that tend to be short-term, less systematic, and potentially result in inefficiencies in resource management. Additionally, limited accounting knowledge, low financial literacy, and minimal access to information technology are major barriers to optimizing the role of management accounting among SMEs.

Furthermore, advancements in digital technology actually present significant opportunities for MSMEs to adopt more modern and integrated management accounting systems. The digitization of accounting systems enables improved data accuracy, faster reporting, and more in-depth analytical capabilities to support strategic decision-making. However, the still-low digital readiness of MSMEs, along with limited financial and human resources, has resulted in uneven adoption of these technologies. This creates a gap between the potential benefits of management accounting and the reality of its implementation in the field (Halim & Aspirandi, 2023; Putri, 2025).

In the local context, the city of Serang—as one of the economic growth centers in Banten Province—has a continuously expanding number of MSMEs, particularly in the trade, services, and creative industries sectors. Nevertheless, the characteristics of MSMEs in Serang are not immune to the common challenges faced by MSMEs across Indonesia, such as weak financial management systems, limited use of accounting information in decision-making, and the dominance of experience-based managerial approaches. This situation highlights an urgent need to examine in greater depth how management accounting is utilized by MSME operators to support strategic decisions, as well as the extent to which it contributes to improved business performance (Rohimah, 2025; Sigalingging, Samar, Hasan, Sukriadi, & Nurlin, 2024).

On the other hand, the academic literature indicates that the effective application of management accounting can improve operational efficiency, optimize resource utilization, and enhance the ability of SMEs to formulate competitive business strategies (Adibah Yahya et al., 2025; Nasution & Liniarti, 2025; Prasetyo, 2025; Sianipar, Simanullang, Galingging, Sihotang, & Saragi, 2025). In fact, management accounting is viewed as a catalyst for business value capable of driving competitive advantage through a strategic cost management approach and integrated cost control. However, most studies still focus on general contexts or specific regions, resulting in limitations in contextual understanding regarding the implementation of management accounting in MSMEs in specific areas such as the city of Serang.

Based on this discussion, there is a significant research gap between the importance of management accounting's role in strategic decision-making and the low level of its implementation in MSMEs, particularly in local contexts. Therefore, this study is relevant to empirically analyze the role of management accounting in supporting strategic decision-making among MSMEs in Serang City. This study is expected not only to contribute theoretically to the development of MSME-based management accounting literature but also to provide practical implications for business owners and policymakers in formulating strategies to enhance managerial capacity and accounting literacy in the MSME sector.

Management accounting is an internal information system designed to provide relevant, timely, and forward-looking data to support an organization's planning, control, and decision-making processes. Unlike financial accounting, which focuses on external reporting, management accounting emphasizes the provision of flexible and contextual information tailored to managerial needs. From a strategic perspective, management accounting has evolved into strategic management accounting, which encompasses not only cost analysis but also the integration of market, competitor, and customer value information. This approach enables organizations, including MSMEs, to formulate data-driven strategies that are more adaptable to the dynamics of the business environment. Thus, management accounting serves as a cognitive tool that strengthens the rationality of decisions and minimizes uncertainty in managerial processes (Prasetyo, 2025; Saraswati, Ghofar, & Maghfiroh, 2021).

Strategic decision-making is a complex process involving the evaluation of long-term policy alternatives while considering risks, opportunities, and resource constraints. In the context of SMEs, strategic decisions often relate to pricing, market expansion, cost efficiency, and product innovation. However, limited managerial capacity and low accounting literacy mean that many SMEs still rely on intuition rather than data-driven analysis. Theoretically, the evidence-based decision-making approach emphasizes the importance of using valid quantitative and qualitative information to improve decision quality. Therefore, the integration of management accounting into the strategic decision-making process is a key factor in enhancing the accuracy, consistency, and accountability of business decisions in SMEs (Daud, 2025; Purwanti & Nurhayati, 2025).

The Role of Management Accounting in Improving the Performance and Competitiveness of SMEs

Empirical literature indicates that the effective implementation of management accounting contributes significantly to improved organizational performance through cost control, increased operational efficiency, and optimized resource allocation. Within the framework of the resource-based view, the information generated by management accounting can be viewed as a strategic asset that provides a sustainable competitive advantage. For MSMEs, the ability to interpret information on costs, margins, and profitability forms the basis for formulating competitive strategies in both local and regional markets. Furthermore, the adoption of management accounting practices integrated with digital technology further strengthens MSMEs' analytical capacity to respond to changes in the business environment. Thus, management accounting serves not only as an administrative tool but also as a strategic enabler in driving the sustainability and growth of MSMEs (Halim & Aspirandi, 2023; Putri, 2025).

METHOD

This study employs a qualitative approach using a case study design to gain an in-depth understanding of the role of management accounting in strategic decision-making at MSMEs in Serang City. This approach was chosen because it is capable of capturing phenomena in context, particularly regarding managerial practices influenced by cognitive, social, and structural factors within the MSME business environment. The research focuses on exploring how MSME owners utilize accounting information in formulating and evaluating strategic decisions (Nasution & Liniarti, 2025; Rohimah, 2025).

Research subjects were selected using purposive sampling based on the following criteria: (1) SME owners who have been in operation for at least three years, (2) maintain financial records—whether simple or structured—and (3) are directly involved in business decision-making. Primary data were obtained through in-depth interviews and participatory observation, while secondary data were collected from financial documents, business reports, and relevant internal policy records. Interviews were conducted using a semi-structured approach to allow flexibility in exploring experiences, perceptions, and actual practices regarding the use of management accounting (Adibah Yahya et al., 2025; Sigalingging et al., 2024).

Data analysis was conducted using thematic analysis techniques through iterative stages of data reduction, categorization, and drawing conclusions. This process involved open coding to identify key patterns, followed by axial coding to link relevant categories to theoretical concepts such as strategic management accounting and evidence-based decision making. Data validity was ensured through source and method triangulation, as well as member checking to verify that the researchers' interpretations aligned with the informants' perspectives (Indriansyah, n.d.; Mahdi et al., 2023).

With this approach, the study is expected to yield findings that are not only descriptive but also analytical in explaining how management accounting contributes to the quality of strategic decision-making in MSMEs, particularly within the local context of Serang City, which has distinctive socioeconomic characteristics.

RESULTS AND DISCUSSION

Characteristics of Informants and Financial Management Practices of MSMEs

The research findings show that the majority of informants are MSME operators in the trade and services sectors with micro- to small-scale businesses that have been in operation for between 3 and 10 years. Although most informants have been keeping financial records, these practices remain rudimentary and have not been standardized. Record-keeping is generally limited to cash inflows and outflows, without systematic cost classification or periodic financial statement analysis. This indicates that management accounting has not yet been fully utilized as a strategic information system but is still viewed as a basic administrative activity (Gulo et al., 2025; Oktapiani et al., 2024).

This finding aligns with the theoretical framework stating that limited accounting literacy and managerial capacity are the primary factors behind the low adoption of management accounting practices among MSMEs. In the context of Serang City, this situation is exacerbated by limited access to accounting training and low utilization of digital technology in financial management. Consequently, the information generated is insufficient to support data-driven strategic decision-making (Daud, 2025; Purwanti & Nurhayati, 2025).

The Role of Management Accounting in Strategic Decision-Making

Thematic analysis reveals that management accounting has significant potential to support strategic decision-making, although its implementation remains limited. Informants with a better understanding of accounting tend to use information on costs, profit margins, and sales trends as a basis for setting prices, managing inventory, and planning business expansion. Conversely, informants without adequate record-keeping systems rely more on intuition and experience when making decisions, which may increase the risk of strategic errors (Indriansyah, n.d.; Mahdi et al., 2023).

From the perspective of evidence-based decision making, the use of accurate and relevant accounting information has been shown to improve decision quality by reducing uncertainty and enhancing rationality. However, this study found a gap between the potential benefits of management accounting and actual practices in the field. This gap is caused by internal factors, such as limited human resources and resistance to change, as well as external factors, such as a lack of institutional support and access to information technology (Halim & Aspirandi, 2023; Putri, 2025).

Furthermore, several informants who have adopted digital financial record-keeping applications reported improvements in their business analysis capabilities, including the ability to identify the most profitable products and control operating costs. This indicates that digitalization can serve as a catalyst for optimizing the role of management accounting, particularly in the context of MSMEs with limited resources.

The Impact of Management Accounting on the Performance and Competitiveness of MSMEs

Research findings show that MSMEs that implement management accounting practices more systematically tend to have more stable performance and are more adaptive to changes in the business environment. The information generated by management accounting systems enables business owners to conduct periodic performance evaluations, identify inefficiencies, and formulate more targeted improvement strategies. Within the framework of the resource-based view, the ability to manage and utilize accounting information can be viewed as a strategic resource that provides a competitive advantage (Rohimah, 2025; Sigalingging et al., 2024).

Conversely, MSMEs that do not optimally utilize management accounting tend to face difficulties in controlling costs, setting competitive prices, and responding to market changes. This results in low competitiveness and high vulnerability to economic fluctuations. These findings reinforce the argument that management accounting serves not only as an internal control tool but also as a strategic enabler for improving business performance and sustainability (Adibah Yahya et al., 2025; Nasution & Liniarti, 2025).

Furthermore, this study also found that the integration of management accounting and digital technology has a significant impact on improving operational efficiency. The use of digital applications enables more accurate record-keeping, faster reporting, and more comprehensive analysis. However, the adoption of this technology remains limited to certain SMEs with higher levels of digital literacy, thereby creating a gap in managerial capacity among business owners (Prasetyo, 2025; Sianipar et al., 2025).

Theoretical and Contextual Implications

Theoretically, this study reinforces the concept of strategic management accounting, which positions accounting information as a key element in the strategic decision-making process. The research findings indicate that the relevance of management accounting lies not only in its technical functions but also in its ability to foster a more rational and data-driven managerial mindset. Thus, management accounting serves as a cognitive mechanism that mediates the relationship between information and strategic actions (Saraswati et al., 2021).

In the local context of Serang City, this study provides an empirical contribution regarding the dynamics of management accounting implementation in MSMEs that are still in the transition phase from traditional practices toward a more modern and integrated approach. Socioeconomic characteristics, the educational level of business owners, and access to resources are key factors influencing the adoption rate and effectiveness of management accounting.

CONCLUSION

This study confirms that the role of management accounting in strategic decision-making at MSMEs in Serang City is still in its developmental stage and has not yet been systematically optimized. Although, conceptually, management accounting has the potential to serve as a strategic tool capable of enhancing the rationality, accuracy, and quality of decisions, its practical implementation remains dominated by an intuitive approach with minimal data support. Limited accounting literacy, low utilization of digital technology, and other structural constraints are the main factors hindering the integration of management accounting into the managerial processes of MSMEs. However, the research findings indicate that MSMEs that have adopted management accounting practices more systematically tend to demonstrate more adaptive, efficient, and competitive performance. This indicates that accounting information serves not only as an administrative tool but also as a strategic asset that supports competitive advantage. Therefore, optimizing the role of management accounting requires a managerial paradigm shift that emphasizes a data-driven approach (evidence-based decision making), as well as policy support aimed at improving accounting literacy and accelerating the digitalization of MSMEs.

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