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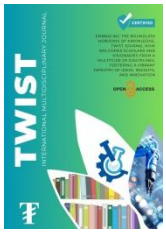

SMEs' Experience: How Years Impact Utilization of MCS for Business Advancement

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Abstract
Small and medium-sized enterprises (SMEs) play a crucial role in economic growth, yet their strategic management practices, particularly in utilizing Management Control Systems (MCS), remain underexplored. While previous research has examined MCS adoption, limited studies have investigated how organizational experience, measured by years in operation, influences MCS utilization. This study fills this gap by analyzing the relationship between SME longevity and the use of MCS across five key constructs: planning and control, decision support, budgets, cost accounting and pricing, and strategic planning.

Using survey data from SMEs, our findings reveal that organizational experience significantly impacts four of the five MCS constructs, with the strongest effect on planning and control mechanisms. These results highlight the importance of accumulated knowledge in shaping financial decision-making and strategic planning within SMEs. However, decision support did not exhibit a significant relationship, suggesting potential barriers in its integration.

Theoretically, this study contributes to the understanding of MCS utilization in SMEs by integrating insights from contingency theory and resource-based perspectives. Practically, the findings offer valuable guidance for SME managers and policymakers to enhance decision-making frameworks and improve strategic management practices. By addressing a critical gap in SME research, this study provides a foundation for future investigations into the evolving role of experience in business management.

Keywords
Management control systems, Small and medium enterprises, Strategic planning, Organizational longevity

INTRODUCTION

Small and medium-sized enterprises (SMEs) play a crucial role in economic growth, employment generation, and innovation. Despite their significance, many SMEs struggle with sustainability and long-term success due to limited strategic management capabilities. One of the key tools that can support SMEs in overcoming these challenges is Management Control Systems (MCS), which help in facilitating informed decision-making, optimizing resource allocation, and improving overall business performance. While extensive research has explored MCS adoption in SMEs, limited studies have examined how organizational experience, specifically the number of years in operation, affects the utilization and sophistication of these systems.

This study seeks to bridge this research gap by investigating the relationship between SME longevity and MCS utilization across five key constructs: planning and control, decision support, budgets, cost accounting and pricing, and strategic planning. Unlike prior studies that primarily focus on the benefits of MCS or the challenges SMEs face in adopting them, this research emphasizes how accumulated organizational experience shapes the effectiveness and depth of MCS integration. By examining these dimensions, we provide deeper insights into how SMEs evolve over time and refine their management practices.

Existing literature on MCS in SMEs generally highlights that smaller businesses often lack the financial resources, expertise, and structural capacity to implement sophisticated control systems. Studies have also demonstrated that MCS adoption varies widely depending on firm size, industry, and management style. However, fewer studies have systematically analyzed the role of time in business—the number of years an SME has been operational—as a determinant of MCS adoption and utilization. This study advances the discourse by offering an empirical examination of whether firms with longer operational histories demonstrate greater sophistication in their use of MCS.

One theoretical perspective supporting this investigation is contingency theory, which suggests that organizational effectiveness is dependent on internal and external contextual factors, such as size, industry, and experience. Under this framework, firms are expected to adapt their management control systems as they gain more experience and encounter varying operational challenges. Similarly, the resource-based view (RBV) emphasizes that firms accumulate knowledge and capabilities over time, allowing them to develop competitive advantages. The integration of these theories in our research provides a robust explanation of how SMEs refine their management practices through experience and learning.

Beyond theoretical contributions, this study has practical implications for SME managers, policymakers, and business consultants. Understanding the relationship between organizational experience and MCS utilization can inform strategies for enhancing business performance. For instance, policymakers can design targeted interventions to support younger SMEs in adopting effective control systems early in their business life cycle. Similarly, business owners can use these insights to benchmark their management practices against more experienced firms and adopt best practices accordingly.

This research also provides valuable contributions beyond previous work by addressing methodological limitations found in prior studies. While many MCS-related studies rely on qualitative case analyses or industry-specific samples, our study employs a broader survey-based approach to capture diverse SME experiences across various sectors. Additionally, we incorporate statistical methods to quantify the impact of organizational experience on MCS adoption, thereby providing a more generalizable and data-driven understanding of this relationship.

Furthermore, this study extends previous research by differentiating the impact of organizational experience across multiple MCS components rather than treating MCS as a single, monolithic construct. By analyzing five key dimensions—planning and control, decision support, budgets, cost accounting and pricing, and strategic planning—we offer a more nuanced understanding of how SMEs integrate management controls at different stages of their development. This level of granularity allows us to identify specific areas where experience plays a critical role and where gaps may still exist despite operational longevity.

Another key distinction of this research is its exploration of decision support mechanisms within SMEs, an area that remains underexplored in existing literature. While prior studies have largely focused on financial planning and cost control, decision support encompasses broader aspects of strategic management, including forecasting, market analysis, and risk assessment. Our findings contribute to this gap by examining whether SMEs with greater experience integrate decision support tools more effectively or whether barriers persist, regardless of firm age.

Additionally, this research provides a comparative perspective by situating SME practices in the context of broader business management literature. Many prior studies on MCS focus on large corporations, where control mechanisms are well-structured and systematically implemented. However, SMEs operate under different constraints and exhibit unique behavioral patterns in adopting and adapting MCS. By focusing specifically on SMEs and highlighting the role of organizational experience, we offer a fresh perspective that challenges the assumption that MCS effectiveness is solely a function of firm size or industry dynamics.

The findings of this study hold significant implications for theory, policy, and practice. Theoretically, this research contributes to the growing body of literature on SME management by demonstrating that years in operation serve as a crucial factor influencing MCS sophistication. This insight extends contingency theory by emphasizing experience as a determinant of strategic management adaptation. Practically, our results provide actionable recommendations for SME owners looking to enhance their internal control mechanisms based on their stage of business development. Policymakers, too, can use these insights to design support programs tailored to the needs of SMEs at different levels of maturity.

This paper is structured as follows: Section 2 reviews the existing literature on MCS utilization and organizational experience in SMEs, identifying gaps that this study aims to address. Section 2 presents the hypotheses development, followed by the research methodology in Section 3. Section 5 outlines the study's results, and Section 6 discusses their implications for theory and practice. Finally, Section 7 concludes with key takeaways, study limitations, and recommendations for future research.

LITERATURE REVIEW

Management Control Systems (MCS) are essential tools that help businesses, particularly small and medium-sized enterprises (SMEs), navigate financial planning, decision-making, and strategic management. SMEs often operate in dynamic and resource-constrained environments, making effective control mechanisms critical for sustainability and growth. Despite the significance of MCS in business management, much of the existing research has focused on large corporations, leaving gaps in understanding how SMEs, particularly those with varying years of operational experience, implement and benefit from MCS.

The Role of MCS in SMEs

The application of MCS in SMEs has been widely studied, with researchers emphasizing its role in improving decision-making, financial control, and operational efficiency. According to Chenhall and Langfield-Smith (1998), MCS adoption is influenced by factors such as firm size, industry, and managerial expertise. However, many SMEs lack the resources and capabilities to implement sophisticated MCS, leading to variations in their adoption rates (Garengo et al., 2005). Existing research has highlighted that the use of MCS in SMEs is often informal and reactive rather than structured and proactive (Pesalj et al., 2018).

Organizational Experience and MCS Utilization

One critical factor influencing MCS adoption is organizational experience, often measured by the number of years a firm has been in operation. The contingency theory suggests that firms must adapt their management practices based on internal and external factors, including experience accumulation over time. Additionally, the resource-based view (RBV) posits that firms develop unique capabilities, including management control competencies, as they grow and evolve. Prior research has indicated that older firms tend to have more structured control systems, leveraging accumulated knowledge to refine decision-making processes (Lara et al., 2017). However, limited empirical studies have directly tested the relationship between years in operation and MCS utilization.

Components of MCS in SMEs

The effectiveness of MCS in SMEs can be analyzed through five key constructs: planning and control, decision support, budgets, cost accounting and pricing, and strategic planning. These constructs represent core management functions that influence business sustainability and competitive advantage.

- **Planning and Control:** Planning and control mechanisms help businesses set performance goals, monitor outcomes, and adjust strategies accordingly. Previous studies suggest that firms with longer operational experience are more likely to implement structured planning and control frameworks (Wijewardena et al., 2004).
- **Decision Support:** Decision support systems assist managers in evaluating strategic alternatives and making informed choices. However, research has shown that SMEs often lack advanced decision support tools, which may limit their ability to leverage MCS effectively (Cescon et al., 2019).
- **Budgets:** Budgeting is a fundamental component of financial planning, enabling firms to allocate resources efficiently. Older SMEs tend to have more sophisticated budgeting systems due to their exposure to financial challenges and accumulated learning over time (Chenhall, 2003).
- **Cost Accounting and Pricing:** Cost accounting provides businesses with insights into cost structures and profitability. Firms with greater experience are more likely to implement advanced cost accounting techniques, allowing for better pricing strategies (Bragg, 2012).
- **Strategic Planning:** Strategic planning involves long-term goal setting and market positioning. Studies indicate that older SMEs are more likely to engage in structured strategic planning processes compared to younger firms (Singh et al., 2008).

Hypotheses Development

Building on the literature review, this study formulates the following hypotheses to test the relationship between SME longevity and MCS utilization across the five key constructs:

H1: SMEs with more extended operational experience exhibit greater utilization of planning and control mechanisms within MCS

- Contingency theory suggests that firms adjust their management controls over time to align with evolving business conditions. Prior studies (Wijewardena et al., 2004) have found that older firms are more likely to adopt structured planning and control systems.

H2: SMEs with more extended operational experience integrate decision support tools more effectively.

- Decision support tools enhance managerial decision-making, yet SMEs often struggle with adopting formalized decision-support systems (Cescon et al., 2019). Older firms, with accumulated knowledge and exposure to market changes, are expected to incorporate these tools more effectively.

H3: The use of budgeting systems in SMEs increases with years in operation.

- Budgeting practices are essential for financial sustainability. Research suggests that firms with longer operational histories are more likely to implement structured budgeting systems, improving financial performance (Chenhall, 2003).

H4: Cost accounting and pricing mechanisms are more sophisticated in older SMEs compared to younger firms.

- Effective cost management is crucial for profitability. Older SMEs are expected to utilize advanced cost accounting and pricing techniques due to their accumulated financial experience (Bragg, 2012).

H5: Strategic planning practices are more developed in SMEs with greater operational experience.

- Strategic planning enables firms to set long-term objectives. Previous research suggests that firms refine their strategic planning processes as they gain experience, leading to improved market positioning (Singh et al., 2008).

By testing these hypotheses, this study aims to determine whether SME longevity is a significant determinant of MCS sophistication. The next section outlines the research methodology employed to analyze these relationships empirically.

METHODOLOGY

A cross-sectional survey was utilized as the primary data collection method, supplemented by in-depth qualitative interviews to provide contextual depth. The combination of quantitative and qualitative data mitigates the limitations of a purely cross-sectional design, allowing for triangulation and validation of findings.

The study was conducted among SMEs in the Philippines, specifically in Misamis Occidental, a province with a diverse mix of small and medium-sized enterprises across different industries. The selection of this region was based on its representation of typical SME challenges, including financial constraints, market competition, and strategic management practices.

A purposive sampling strategy was used to target SMEs with at least 10 years of operational experience, ensuring that respondents had sufficient business maturity to reflect meaningful MCS adoption trends. The study initially surveyed 46 SMEs but supplemented this with additional qualitative interviews with business owners and financial managers to provide deeper insights into MCS utilization.

To address concerns about sample size, statistical power analysis was conducted to determine the adequacy of the sample. While 46 SMEs provided valuable preliminary insights, future research aims to expand the sample size to increase the generalizability of findings. Additionally, efforts were made to include firms from multiple industries to enhance representation and minimize industry-specific biases.

The survey instrument was adapted from validated MCS assessment tools used in prior studies. The questionnaire consisted of multiple sections assessing the five key constructs: planning and control, decision support, budgets, cost accounting and pricing, and strategic planning. Responses were measured using a Likert scale ranging from 1 (Not Used) to 5 (Systematically Used). The reliability of these constructs was tested using Cronbach's alpha, and factor analysis was conducted to ensure construct validity.

The accuracy of measures of use of MCS information supporting the business management was (re-evaluated) measured using principle component analysis via the orthogonal rotation with the varimax method. The analysis reveals a Kaiser Meyer Olkin measure of sampling adequacy value of 0.86, which is in the approved range from 0.8 to 1.0. This indicates that the data collected is sufficient for factor analysis. The number of constructs is fixed to five, that is retained from the original questionnaire. These constructs are (1) planning and control during a financial year, (2) decision support, (3) budgets, (4) cost accounting and pricing and (5) strategic planning and management. The item/s with a correlation value of less than 0.5 with respect to the construct in which they are loaded, and items that load to the same construct, are deleted since this may affect the validity of the scale. The re-assignment of the retained items to their appropriate construct is summarized in Table 1 (rotated component matrix). The cumulative variance of the five constructs in scale C is 71.22 %, which is greater than 70%. This implies that the five constructs identified possessed a satisfactory validity.

Table 1 Rotated Component Matrix[a]

	Component				
	A	**B**	**C**	**D**	**E**
CON1C					.622
CON2C					.662
CON3C					
CON4C				.728	
CON5C				.715	
CON6C					
CON7C		.741			
CON8C		.560			
CON9C					.685
CON10C					
CON11C	.509				
CON12C		.533			
CON13C					
CON14C		.542			
CON15C			.798		
CON16C			.725		
CON17C			.822		
CON18C			.782		
CON19C			.775		
CON20C			.646		
CON21C					.569
CON22C			.578		
CON23C					.526
CON24C	.586				
CON25C		.690			
CON26C		.777			
CON27C		.584		.529	
CON28C		.815			

	Component				
	A	B	C	D	E
CON29C		.703			
CON30C		.730			
CON31C		.787			
CON32C				.701	
CON33C	.561			.542	
CON34C	.511				.526
CON35C	.816				
CON36C	.748				
CON37C	.797				
CON38C	.775				
CON39C	.794				
CON40C	.686				
CON41C	.567				
CON42C				.621	
CON43C				.658	
CON44C			.569		
CON45C	.543		.654		
CON46C	.675				
CON47C	.732				
CON48C	.756				
CON49C	.581		.622		
CON50C	.674		.530		
CON51C	.561				
CON52C	.702				
CON53C	.566				
CON54C	.706				
CON55C	.693				
CON56C			.555		

Quantitative data were analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression modeling to examine the relationship between years in operation and MCS utilization. Qualitative data from interviews were used to triangulate the results, with key excerpts highlighting SME-specific challenges in adopting MCS and providing contextual insights into the quantitative findings.

Limitations

The cross-sectional nature of the study restricts the ability to infer causality, though qualitative insights help mitigate this issue. While efforts were made to improve sample size and diversity, future research should expand the dataset to include a larger number of SMEs across different regions. Furthermore, longitudinal studies are recommended to track MCS evolution over time within SMEs.

RESULTS AND DISCUSSION

In this section, we present the results of our investigation into the relationship between the number of years in business and the utilization of Management Control Systems (MCS) information for business management support among small and medium-sized enterprises (SMEs). Through descriptive analysis, we summarize the demographic characteristics of the sample and provide an overview of respondents' perceptions regarding the five key constructs: planning and control, decision support, budgets, cost accounting and pricing, and strategic planning. Subsequently, we delve into the findings of the correlation analysis, examining the strength and direction of the relationship between organizational experience and MCS utilization across these constructs. Through a comprehensive discussion, we interpret the implications of our results, highlighting the nuances of MCS utilization within SMEs and offering insights into the strategic management practices that emerge over time in response to organizational experience. Additionally, we address the limitations of our study and suggest avenues for future research to further elucidate the dynamics of MCS utilization within the SME sector.

Table 2 presents the demographic profile of respondents, delineating the distribution of SMEs based on the number of years in operation. The data reveal a diverse range of organizational experiences, with the majority of respondents (59%) falling within the 10 to 16 years bracket, indicating a prevalence of relatively younger enterprises in the sample. Conversely, a smaller proportion of respondents are situated in the higher years brackets, with only 9% representing SMEs operating for 17 to 23 years, and a mere 4% for 31 to 37 years. Interestingly, the distribution demonstrates a downward trend in representation as the number of years in operation increases, with a notable decline in respondents beyond the 23-year threshold. This disparity suggests a potential skew towards newer entrants within the SME landscape, possibly reflecting the dynamic nature of the sector characterized by high turnover rates and entrepreneurial ventures (Qalati et al., 2022, Xie et al., 2023). Conversely, the relatively fewer respondents in the higher years brackets may indicate a survival bias, with more established enterprises demonstrating resilience and longevity

amidst competitive pressures (Muriithi, 2017; Addae-Korankye & Aryee2021). These findings underscore the importance of considering organizational experience as a determinant of strategic management practices, prompting further exploration into the implications of varying tenure on the utilization of Management Control Systems information within SMEs.

Table 2 Demographic Profile of Respondents

Years	Number	Percentage
10 to 16	27	59%
17 to 23	4	9%
24 to 30	8	17%
31 to 37	2	4%
38 to 45	5	11%
Total	46	100%

The provided Table 3 delineates the utilization of Management Control Systems (MCS) information across various domains of business management practices within small and medium-sized enterprises (SMEs) (Anonymous. 2022).

Planning and Control

Sub-group A focuses on planning and control during a financial year, revealing mean scores ranging from 1.78 to 2.65. Constructs such as "Budgets" (2.65) and "Product and/or service profitability analysis" (2.45) exhibit relatively high mean scores, indicating a significant utilization of MCS information in these areas. Conversely, constructs like "Comparisons of financial ratios to industry averages and competitors' ratios" (1.63) and "Monthly or quarterly income statements including determination of depreciation and change in stock" (1.78) demonstrate lower mean scores, suggesting a comparatively lower level of integration of MCS information. During the interview, one SME owner emphasized, "We monitor our sales performance every month, and we make adjustments based on our yearly targets. Budgeting is essential to ensure that we allocate our resources properly." However, the same owner admitted, "We don't really analyze financial ratios because we rely more on our experience rather than industry comparisons."

This implies that the emphasis on utilizing Management Control Systems (MCS) information in areas such as budgeting and product/service profitability analysis suggests that SMEs prioritize allocating resources and optimizing their core operations to enhance profitability and performance (El Deeb, 2012) and the comparatively lower integration of MCS information in tasks like comparing financial ratios and including depreciation in income statements poses potential gaps in decision-making processes related to financial analysis and resource allocation (Sunday, 2011).

Decision Support

In Sub-group B, which examines decision support constructs, mean scores range from 1.23 to 2.53. "Weekly forecasts or budgets for sources and uses of cash" (2.53) stands out with a relatively high mean score, indicating a significant utilization of MCS information for cash flow forecasting. The overall mean for decision support constructs is 1.90, suggesting a moderate level of integration of MCS information in decision-making processes within the sample of SMEs. This finding is consistent with the highlighted answer of an interviewee emphasizing the importance of cash flow forecasting, stating, "In our business, timing is everything. We need to know when cash is coming in and going out to avoid shortages. We keep a close eye on it, but we don't use complicated financial models—just what we know works for us." This statement aligns with the observed reliance on informal yet practical decision-making processes in SMEs.

The finding that SMEs exhibit a significant utilization of Management Control Systems (MCS) information for cash flow forecasting implies a proactive approach to managing liquidity and financial stability. By prioritizing weekly forecasts or budgets for sources and uses of cash, SMEs can better anticipate and mitigate potential cash flow challenges, thereby enhancing their resilience to financial uncertainties (Afrifa & Tingbani, 2017). However, the moderate level of integration of MCS information in decision support constructs suggests room for improvement in leveraging MCS for broader decision-making processes beyond cash flow management. Addressing this gap could empower SMEs to make more informed and strategic decisions across various facets of their operations, ultimately fostering greater efficiency, agility, and competitiveness in the marketplace (Ahmad & Zabri, 2016).

Budgeting Practices

Sub-group C delves into budgeting practices, with mean scores ranging from 2.55 to 2.95. Constructs such as "Cash flow statement for the financial year" (2.95) and "Monthly purchasing forecasts or budgets" (2.88) exhibit relatively high mean scores, indicating a significant utilization of MCS information in these aspects of budgeting. The overall mean for budgeting constructs is 2.75, indicating a relatively high level of integration of MCS information in budgeting practices within the surveyed SMEs. This finding is further explained by one SME manager who said,

"We don't set strict sales quotas, but we make sure that expenses are controlled. Our budgeting helps us keep track of our financial health without making things too complicated."

This perspective highlights the tendency of SMEs to prioritize cash flow and cost control over rigid budget structures.

The results show that the items highly used pertain to traditional financial management practices. Cash flow, purchases, and sales budgets are among the top in the high usage and indicate that the appreciation of traditional MCS is greater than for sophisticated MCS. This result conforms with the result of Ahmad and Zabri (2016). Davila & Foster (2005) also concluded that budgets, cash flows, and sales projections are the first management control instruments implemented in a business.

Cost Accounting and Pricing

Sub-group D explores cost accounting and pricing constructs, revealing mean scores ranging from 1.85 to 2.83. The finding that SMEs demonstrate a significant utilization of Management Control Systems (MCS) information in pricing strategies, particularly with "Pricing based on full-costing approach" (2.83), underscores the importance of adopting comprehensive costing methodologies in decision-making processes. A business owner described their pricing approach, stating, "We always check what our competitors are doing, but at the end of the day, our costs dictate our prices. We calculate everything from materials to labor before setting a price that ensures profitability." Despite this reliance on cost-based pricing, the owner admitted, "We don't have a detailed accounting system—just basic calculations that work for us." This reflects the moderate level of integration of MCS information in cost accounting and pricing constructs, suggesting potential opportunities for SMEs to further enhance their cost management practices. By deepening their utilization of MCS information in cost accounting and pricing, SMEs can refine their cost structures, optimize pricing strategies, and improve overall financial performance (Wijewardena et al., 2004).

Strategic Planning and Management

Lastly, Sub-group E examines strategic planning and management constructs, with mean scores ranging from 1.48 to 2.88. The noteworthy utilization of Management Control Systems (MCS) information in "Personnel analysis" (2.88) and "Customer analysis" (2.78) within SMEs underscores the critical role of data-driven insights in informing strategic planning decisions (Alsem, 2019). By leveraging MCS information in personnel and customer analyses, SMEs can gain valuable insights into workforce performance, customer behavior, and market trends, enabling more informed and targeted strategic initiatives (Biswas & Akroyd, 2022).

One entrepreneur stressed the importance of understanding customer needs, stating, "Our customers are the backbone of our business. We analyze their feedback and buying patterns, even if it's just through informal conversations. That's how we make decisions about what products to focus on." However, formal strategic planning remains limited, with another interviewee admitting, "We plan things as we go along. We don't have a five-year plan, just a general direction of where we want to be."

However, the moderate level of integration of MCS information in strategic planning and management constructs suggests potential areas for further enhancement in leveraging MCS for strategic decision-making. Deepening the utilization of MCS information in strategic planning can empower SMEs to develop more robust growth strategies, enhance customer engagement, and optimize resource allocation, thereby driving sustainable competitive advantage and long-term success (Singh et al., 2008). This implies that SMEs should prioritize strengthening the integration of MCS information across all facets of strategic planning, ensuring alignment with organizational goals and market dynamics. By doing so, SMEs can unlock new opportunities for growth, innovation, and market leadership in an increasingly dynamic business landscape.

The summary of mean results across the five constructs reveals intriguing insights into the utilization of Management Control Systems (MCS) information in SMEs' business management support practices. Notably, constructs such as "Budgets" and "Cost accounting and pricing" exhibit relatively high mean scores, suggesting a robust integration of MCS information in these areas. This indicates that SMEs prioritize budgeting, cost analysis, and pricing strategies, recognizing their importance in driving financial performance and strategic decision-making (Chenhall, 2003, Cinquini & Tennuci, 2010) . Conversely, constructs like "Decision Support" and "Strategic planning and management" demonstrate comparatively lower mean scores, highlighting potential areas for improvement in leveraging MCS information for broader decision-making processes and long-term strategic planning (Cescon et al., 2019) . This implies that while SMEs excel in certain aspects of business management support, there is a need for a more holistic approach to integrating MCS information across all facets of strategic management. By addressing these gaps and deepening their utilization of MCS information, SMEs can enhance their decision-making capabilities, foster innovation, and drive sustainable growth, ultimately positioning themselves for success in an increasingly competitive marketplace.

Table 3 Utilization of Management Control Systems Information across Business Management Practices in Small and Medium-sized Enterprises

Business Management Support Constructs	N	Mean	SD
A. Planning and control during a financial year			
1. Monthly or quarterly income statements excluding determination of deprecation and change in stock	46	1.88	1.34
2. Monthly or quarterly income statements including determination of depreciation and change in stock	46	1.78	1.29
3. Analysis of working capital and its parts (stocks, debtors, creditors) including use of ratios	46	1.78	1.29

Business Management Support Constructs	N	Mean	SD
4. Fund flow statements of the financial year describing sources and uses of earnings and capital	46	2.10	1.13
5. Budgets (annual, flexible, or rolling)	46	2.65	1.29
6. Budget follow-ups, at least quarterly, and variance analysis	46	2.30	1.24
7. Use of financial ratios in analysis of profitability, leverage and liquidity	46	1.85	1.31
8. Comparisons if financial ratios to industry averages and competitors' ratios	46	1.63	1.33
9. efficiency of analysis of production and operations (levels of action, lead times, labor hours, delivery, etc.)	46	2.10	1.37
10. Product and/or service profitability analysis	46	2.45	1.28
11. Customer profitability analysis	46	2.50	1.30
12. Calculations and analysis of financial risks	46	2.38	1.27
13. Project follow-ups and reports	46	2.15	1.29
14. Quality improvement analysis	46	2.33	1.14
Overall Mean		2.13	
B. Decision Support			
15. Monthly or quarterly income statements excluding determination of deprecation and change in stock	46	1.60	1.17
16. Monthly or quarterly income statements including determination of depreciation and change in stock	46	1.63	1.29
17. Analysis of working capital and its parts (stocks, debtors, creditors) including use of ratios	46	1.23	1.10
18. Fund flow statements of the financial year describing sources and uses of earnings and capital	46	1.83	1.24
19. Budgets (annual, flexible, or rolling)	46	2.03	1.33
20. Budget follow-ups, at least quarterly, and variance analysis	46	2.15	1.23
21. Analysis of buy-or-make/produce alternatives	46	1.85	1.33
22. Reports relating to the alternatives for production/operation processes	46	1.75	1.19
23. Market surveys and other marketing reports alike	46	1.95	1.38
24. Estimates and plans for the number of employees	46	2.38	1.23
25. Weekly forecasts or budgets for sources and uses of cash	46	2.53	1.38
Overall Mean		1.90	
C. Budgets			
26. Monthly or quarterly budgets of cash flows	46	2.70	1.38
27. Cash flow statement for the financial year	46	2.95	1.30
28. Monthly sales forecasts or budgets	46	2.60	1.26
29. Annual sales forecasts or budgets	46	2.55	1.26
30. Monthly purchasing forecasts or budgets	46	2.88	1.09
31. Annual purchasing forecasts or budgets	46	2.83	1.13
Overall Mean		2.75	
D. Cost accounting and pricing			
32. Calculations of product or service-level costs	46	2.48	1.38
33. Calculations for cost centers	46	2.55	1.34
34. Calculations based on target costing (price and target profit are known, so planning is used for reaching allowed producing costs)	46	2.30	1.36
35. Product life-cycle analysis (all costs from product development to the end of production and exit from markets)	46	2.23	1.29
36. Calculations based on activity-based costing (for example, selling, purchasing, delivering etc.)	46	2.50	1.40
37. Calculations of customer costs	46	2.35	1.21
38. Calculations of project costs	46	2.13	1.36
39. Calculations of quality costs (for example failures and their prevention)	46	2.20	1.47
40. Calculations of environmental costs	46	1.85	1.39
41. Pricing based on variable costing and contribution margin	46	2.73	1.30
42. Pricing based on full-costing approach	46	2.83	1.26
Overall Mean		2.38	
E. Strategic planning and management			
43. Long-run budgets (for example, including 2-5 years)	46	1.95	1.22
44. Benchmarking reports and analysis (for example comparisons to a respective top-firm for learning purposes)	46	1.68	1.29

Business Management Support Constructs	N	Mean	SD
45. Market share analysis and forecasts	46	1.78	1.23
46. Competitor analysis and forecasts	46	1.98	1.12
47. Customer analysis (satisfaction, behavior etc.)	46	2.78	1.27
48. Analysis and forecasts of customer's value added	46	2.58	1.20
49. Business partner analysis and reports	46	1.80	1.40
50. Value chain analysis	46	2.00	1.32
51. Personnel analysis (performance, satisfaction etc.)	46	2.88	1.14
52. Analysis and scenarios for the development of external business environment	46	2.33	1.25
53. Analysis of business strengths and weaknesses, etc.	46	2.70	1.14
54. Reports and analysis of innovation and development	46	2.38	1.17
55. Analysis and scenarios for alternative strategies	46	2.33	1.19
56. Shareholder value analysis/EVA	46	1.48	1.20
Overall Mean		2.19	

Next, we present the findings of our investigation into the correlation between organizational longevity, as measured by the number of years in operation, and the utilization of MCS information across five pivotal constructs: planning and control, decision support, budgets, cost accounting and pricing, and strategic planning and management. Through a systematic analysis of these correlations, we aim to uncover the nuanced relationship between organizational experience and the integration of MCS information within SMEs. This examination offers valuable insights into how the trajectory of organizational growth shapes managerial practices, informs strategic decision-making, and ultimately influences the performance and sustainability of SMEs in today's dynamic business environment.

Pearson's correlation and multivariate regression analysis was performed to verify the relationship between the number of years in business and Scale C, which is measured by five constructs, i.e. *planning and control, decision support, budgets, cost accounting and pricing, and strategic planning.*

Table 4, the model fitting information suggest that there is a significant improvement of the regression model to predict if the expansion variables are included in the model compared to intercept model only (no variables model. a p-value of 0.046 means that we come up with a regression model which is better than model 0 (intercept model only) and can significantly explain a variation in the dependent variable.

Table 4 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	399.238	5	79.848	.784	.046[b]
	Residual	4073.197	40	101.830		
	Total	4472.435	45			

The analysis highlights the relationship between the number of years in operation and five key constructs: planning and control, decision support, budgets, cost accounting and pricing, and strategic planning. Table 5 elucidates that four out of these five constructs exhibit a significant relationship with the dependent variable, which suggests that organizational experience, as measured by the number of years in operation, has a notable impact on these aspects of business management within SMEs.

Among the examined constructs, planning and control (CONS A SUM) emerges as the most strongly related factor, evidenced by its highest beta value of 0.479. This robust relationship suggests that variations in the number of years in operation exert a considerable impact on the planning and control mechanisms adopted by SMEs. Furthermore, the significant relationships observed with budgeting (CONS SUM C), cost accounting and pricing (CONS SUM D), and strategic planning (CONS SUM E) further accentuate the profound influence of organizational experience on strategic management practices, financial planning processes, and the formulation of long-term strategic objectives within SMEs. These findings offer valuable insights into the intricate dynamics at play within SMEs, highlighting the pivotal role of experience in shaping decision-making processes and strategic orientation. Such nuanced understanding is essential for both academic discourse and practical applications, offering researchers and practitioners alike a deeper appreciation of the factors driving SME success and resilience in today's dynamic business environment.

However, the analysis reveals that decision support (CONS SUM B) does not exhibit a significant relationship with the improvement of the regression model (p=0.712). This suggests that, unlike other constructs, decision support may not significantly contribute to the variation in the dependent variable. While decision support remains an integral aspect of managerial decision-making processes, its impact on organizational outcomes within SMEs may be less pronounced compared to other factors examined in this analysis.

Table 5 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.792	4.656		3.821	.000
	CONS A SUM	.223	.119	.479	1.882	.037
	CONS B SUM	.154	.223	.052	.240	.712
	CONS C SUM	.337	.307	.283	1.098	.027
	CONS D SUM	.540	.509	.222	1.060	.029
	CONS E SUM	.161	.448	.180	.359	.042

a. Dependent Variable: year

ANALYSIS

This study offers a nuanced understanding of the relationship between organizational longevity and the utilization of Management Control Systems (MCS) within SMEs. The integration of both quantitative and qualitative data enhances the depth of analysis, allowing for a more comprehensive interpretation of findings.

The quantitative analysis revealed significant positive correlations between years in operation and key MCS components, such as planning and control ($\beta = 0.479$, $p < 0.05$) (H1), budgeting ($\beta = 0.283$, $p < 0.05$) (H3), cost accounting and pricing ($\beta = 0.222$, $p < 0.05$) (H4), and strategic planning ($\beta = 0.180$, $p < 0.05$) (H5). However, decision support systems did not exhibit a statistically significant relationship with firm age ($\beta = 0.052$, $p = 0.712$) (H2).

To deepen our understanding of these trends, qualitative interviews were conducted with SME managers and business owners. The insights gathered suggest that while experience fosters the development of structured financial management practices, decision support systems face adoption barriers due to factors such as technological resistance, lack of expertise, and perceived costs.

One entrepreneur emphasized the challenge of integrating decision-making tools, stating, "I don't set any monetary amount as the goal to be achieved. I just set an estimated value of gross profit rate per transaction per business unit. But sometimes, even when I want a good performance in business, the situation does not warrant it. So I just have to make do with what I make in a given year." Another business owner shared a similar sentiment, explaining, "We really don't do formal budgeting. We just make sure that expenses incurred in every business unit are well-documented, and when there are deviations, they should be justifiable."

Interviewees expressed concerns about the complexity of integrating advanced decision-making tools and emphasized a preference for traditional financial analysis techniques. One entrepreneur described his reliance on experience rather than digital systems: "I am a person that learns by experience. I admit that this is a good and a bad trait at the same time. It's good because I am not afraid to fail, and I am willing to try anything I believe in. But sometimes, I need to fail twice before I fully accept a mistake." This reliance on experiential learning over data-driven decision-making underscores the hesitation among SME owners to adopt new financial management technologies.

Another business owner highlighted his reliance on informal but continuous monitoring: "I personally monitor all my business units daily. I don't wait for another day or week to bring up observations—I address issues right away with the employees involved. This way, misunderstandings or inaction are minimized." This sentiment was echoed by another SME manager who stated, "Every day, I walk around and visit each department to see what is really happening in and out of the business. I personally talk to erring employees and settle disputes immediately."

The triangulation of survey data and qualitative narratives highlights that while organizational experience enhances strategic financial planning, the transition to data-driven decision support mechanisms requires targeted interventions, such as managerial training and technological support. One business owner acknowledged the benefits of modern tools but remained skeptical about their practicality: "If only I could have a good monitoring system for all my operations, I would invest in it. But for now, I rely on performance reports, which I consider reasonable." Another manager explained, "We need to run the business properly to save funds for new projects every year. But since I have multiple businesses to monitor, I can't give as much time to each one as I want."

These insights reveal a clear pattern: while SME owners recognize the importance of financial management and strategic planning, they often default to informal and experience-based decision-making rather than utilizing formal management control systems. Deepening the utilization of data-driven approaches in strategic planning can empower SMEs to develop more robust growth strategies, enhance customer engagement, and optimize resource allocation, thereby driving sustainable competitive advantage and long-term success.

Theoretical Implications

This study contributes to the growing body of literature on SME management by challenging the assumption that all MCS components improve with firm age. Prior research has often treated MCS as a uniform system applied consistently across

organizations (Chenhall & Langfield-Smith, 1998; Garengo et al., 2005). However, our findings indicate that while planning and control mechanisms, budgeting, and strategic planning evolve with experience, decision support tools do not exhibit the same trajectory.

These findings refine contingency theory (Donaldson, 2001) by suggesting that adaptation is not uniform across all control mechanisms. The qualitative interviews provide further evidence that barriers to decision support adoption are not solely organizational but are also influenced by external environmental factors, such as technological accessibility and industry norms. This aligns with the resource-based view (Barney, 1991), which posits that competitive advantage emerges from accumulated knowledge and capabilities rather than from mere operational longevity.

Practical Implications

For SME managers, the findings underscore the need to prioritize structured financial and strategic planning while actively addressing barriers to decision support adoption. The strong correlation between experience and budgeting and cost accounting practices suggests that firms refine their financial processes over time. However, qualitative insights indicate that a lack of technical proficiency hampers the integration of data-driven decision tools. To bridge this gap, SMEs should invest in managerial training programs focused on financial analytics and digital decision support platforms. Policymakers and industry stakeholders can leverage these insights to design targeted interventions that facilitate decision support adoption. Training initiatives on business intelligence tools and financial analytics can enhance managerial expertise. Furthermore, financial institutions and technology providers could collaborate to offer subsidized access to decision support software, reducing the cost barriers that SMEs often face.

Contributions to the Literature

This study extends the discourse on SME management by differentiating the adoption trajectories of various MCS components. Unlike prior studies that have primarily focused on large enterprises (Chenhall, 2003; Cinquini & Tenucci, 2010), this research highlights the unique challenges and opportunities that SMEs face in integrating MCS. The mixed-methods approach allows for a richer understanding of the contextual factors influencing MCS utilization.

Additionally, the finding that decision support tools do not naturally evolve with firm age challenges conventional wisdom and calls for further research on external influences, such as regulatory changes, technological advancements, and industry best practices. Future research should adopt a longitudinal design to assess how decision support adoption evolves over time and explore cross-industry comparisons to identify sector-specific adoption barriers and enablers.

By integrating qualitative perspectives, this study provides a more comprehensive understanding of SME management practices, offering both theoretical advancements and actionable insights for practitioners and policymakers alike**.**

CONCLUSION AND RECOMMENDATION

In conclusion, this study provides a deeper understanding of the intricate relationship between organizational experience, as measured by years in operation, and key constructs of business management within SMEs. The findings underscore the importance of structured financial management practices, demonstrating that planning and control, budgeting, cost accounting and pricing, and strategic planning significantly influence organizational outcomes. However, the absence of a significant relationship between decision support systems and firm age suggests that SMEs continue to face challenges in integrating advanced decision-making tools.

The results highlight the role of organizational experience in shaping strategic management practices and financial decision-making. Effective planning mechanisms stand out as critical components in driving business resilience and success, reinforcing the need for SMEs to adopt structured approaches to budgeting, cost control, and strategic direction.

While these findings provide valuable insights, several limitations should be acknowledged. The study's sample size and scope may limit the generalizability of its conclusions, and the reliance on cross-sectional data restricts the ability to establish causality. Future research should employ longitudinal studies with larger and more diverse samples to provide a more comprehensive examination of the evolving dynamics between organizational experience and business management practices.

Additionally, the lack of a significant relationship between decision support systems and firm age suggests a need for further investigation into the barriers preventing SMEs from embracing data-driven decision-making. Future research should explore factors such as technological readiness, managerial training, and the cost-benefit perceptions of digital tools to better understand how SMEs can enhance their decision-support mechanisms.

Despite these limitations, this study contributes to the broader discourse on SME management by highlighting the critical role of organizational experience in shaping financial and strategic decision-making. The findings offer practical implications for business owners, policymakers, and industry stakeholders seeking to enhance SME performance and sustainability in an increasingly complex and competitive business environment.

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