DECISION-MAKING AND ITS IMPACT ON MANAGERIAL ACCOUNTING IN A PERUVIAN MYPE

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ABSTRACT

Objective: The objective of this research was to determine the impact of managerial accounting on decision making in a small company in the food sector in West Lima.

Theoretical framework: Small companies in this sector have serious problems of administrative management, production, high talent turnover and precarious financial controls because their owners do not take into account the risks of investing in order to grow rapidly.

Methodology: The study was based on a quantitative, applied, non-experimental, causal correlational, cross-sectional approach. The sample consisted of the organisation's financial statements. Documentary analysis and the documentary guide were used as techniques. The questionnaire was used as an instrument. In addition, the coefficients of the structural model to clarify the impact of management accounting on decision making will be used for hypothesis testing. In order to consequently establish the goodness-of-fit indicators of the structural model to establish the degree of incidence between the variables. This will be achieved by using the statistical software Amos V.20.

Results: Managerial accounting has a significant and positive impact on decision-making in a small company in the food sector in West Lima, since the observed significance 0.000 is less than the theoretical significance 0.05 and positive or direct since the value of the standardised coefficient is 0.893, from which it is concluded that managerial accounting contributes 89% to decision-making.
**Conclusions:** The impact of managerial accounting on decision making and the contribution of each dimension was observed. The financing decision contributes 86% to decision making, the decision on risk contributes 84%; and, the decision on profitability contributes 93% in decision making. In addition, the contributions to the decision-making dimension are shown as; infringing 80%, intolerant 87% and distrustful 94%.

**Originality/value:** Decision-making is of vital importance in every company as it helps management to make good choices.

**Keywords:** Accounting, decision-making, micro-enterprises, impact.

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**Resumo**

**Objetivo:** O objetivo desta pesquisa foi determinar o impacto da contabilidade gerencial na tomada de decisões em uma pequena empresa do setor de alimentos em West Lima.

**Quadro teórico:** as pequenas empresas desse setor têm sérios problemas de gestão administrativa, produção, alta rotatividade de talentos e controles financeiros precários porque seus proprietários não levam em conta os riscos de investir para crescer rapidamente.

**Metodologia:** O estudo se baseou em uma abordagem quantitativa, aplicada, não experimental, correlacional causal e de corte transversal. A amostra consistiu nas demonstrações financeiras da organização. A análise documental e o guia documental foram usados como técnicas. O questionário foi usado como instrumento. Além disso, os coeficientes do modelo estrutural para esclarecer o impacto da contabilidade gerencial na tomada de decisões serão usados para o teste de hipóteses. Para, consequentemente, estabelecer os indicadores de adequação do modelo estrutural para estabelecer o grau de incidência entre as variáveis. Isso será feito com o uso do software estatístico Amos V.20.

**Resultados:** A contabilidade gerencial tem um impacto significativo e positivo na tomada de decisões em uma pequena empresa do setor de alimentos em Lima Ocidental, uma vez que a significância observada de 0,000 é menor que a significância teórica de 0,05 e positiva ou direta, uma vez que o valor do coeficiente padronizado é de 0,893, a partir do qual se conclui que a contabilidade gerencial contribui com 89% para a tomada de decisões.

**Conclusões:** Observou-se o impacto da contabilidade gerencial na tomada de decisão e a contribuição de cada dimensão. A decisão de financiamento contribui com 86% para a tomada de decisão, a decisão sobre o risco contribui com 84%; e a decisão sobre a lucratividade contribui com 93% na tomada de decisão. Além disso, as contribuições para a dimensão de tomada de decisão são mostradas como: infratoras 80%, intolerantes 87% e desconfiadas 94%.

**Originalidade/valor:** A tomada de decisões é de vital importância em todas as empresas, pois ajuda a gerência a fazer boas escolhas.

**Palavras-chave:** contabilidade, tomada de decisões, microempresas, impacto.
1 INTRODUCTION

The current situation of small food companies demonstrates the importance of adopting management accounting practices that, combined with the degree of independence enjoyed by private companies, will give the executive team access to key performance indicators that will help them make more informed decisions and run their businesses more effectively (Correa et al., 2021). Fundamentally, these types of organizations are hampered by their inability to foresee how their decisions will affect their financial, equity, human resources and production situation (Romero et al., 2022).

Particularly in Peru, small companies in this area have serious problems of administrative management, production, high talent turnover and precarious financial controls because their owners do not take into account the risks of investing to grow rapidly (Castillo, 2021). This makes the business indirectly limited and its resources weak as a result of hasty decisions, leading to its eventual collapse (Zavaleta, 2023; Mejía et al., 2020).

According to the 2020 report of the Peruvian Chamber of Commerce and Industry, MSEs drive the country's economic growth by constituting 95% of companies in 2019 and employing 47% of the economically active population. They also contributed 19% of the country's Gross Domestic Product (GDP) (Varona and Gonzalez, 2021; Chavez and Burgos, 2021).

Likewise, the National Superintendence of Tax Administration and Customs describes microenterprises as those with no more than ten (10) employees and a maximum annual sales volume of one hundred and fifty (150) Tax Units (UIT), of which the National Superintendence of Tax Administration and Customs (2019) confirms this definition (Véliz and Véliz, 2021). Therefore, the manager becomes a decision maker on issues such as where to obtain resources from, what to invest in, what the benefits or profits are, and when and how to pay external sources of financing and internal customers. Therefore, management accounting should be used, making use of various financial techniques and tools such as financial ratios, statement of financial position, results and cash flow, profitability indicators, break-even point, degree of imbalance, risk management, among others (Párraga et al., 2021; Vite et al., 2022).
1.1 STATE OF THE ART

Salazar et al. (2021), have said that companies need accurate and timely financial data to support their decisions, which requires keeping financial records that provide details on the accounting of key processes. Here we want to examine management accounting as a crucial tool to provide the decision maker with information tailored to their specific needs. To this end, a literature review has been conducted from various angles, such as Evia (2005), Garrison et al. (2007) and Chacón (2007). The methodology used is descriptive, or documentary, which required a review of specialized sources on the subject, which were then analyzed in their content to extract relevant information on accounting from each source. Among the results, we highlight the importance of management accounting, which, supported by cost accounting, can provide valuable accounting information for decision making. In order to make safe and timely management decisions, it is crucial to keep detailed records and classify them according to the real needs, objectives and nature of each organization. This is the only way to obtain accurate information about the company's operations and transactions.

Achulla (2023), found out how management accounting is related to decision making in the manufacturing sector of Villa El Salvador. The sample included 35 workers and the design used was correlational. A Likert-type questionnaire with 40 items (20 for general accounting and 20 for decision making) was used. The instruments were found to be reliable based on Cronbach's alpha coefficient, which was 0.742 for general accounting and 0.868 for decision making. The results showed that there is a weak correlation between general accounting and decision making in the industrial sector of Villa El Salvador (Spearman's Rho = 0.423, p < 0.05). The results suggested that managerial accounting was useful for decision making in the industrial sector of Villa El Salvador.

Huacchillo et al. (2020), used a correlational, non-experimental, cross-sectional methodology, and a land-based company in Piura served as the case study for the period 2017-2018. The accounting and administration departments made up the population, which included 14 workers; therefore, the sample size was representative of the whole. The census was conducted using a convenience sample of less than 50 people, and the data collection methods included questionnaires, interviews, and a documentary file. The results showed that 35.71% of the respondents rated the level of financial resources as inadequate, while 28.57% rated the state of financial resources as satisfactory, and
35.71% rated the financial indicators as satisfactory, with a growth in the overall liquidity ratio of 2.853 and the net profit margin ratio of 0.008, respectively.

Zumba and Bermudez (2023), after noting that "The objective of financial management is to consolidate itself as a tool for companies, so that it provides adequate information for decision making", this report considers the development of the theoretical and conceptual foundations of financial management and its effect on business decision making through a literature review and an analytical synthesis. This preliminary review process was designed to lay the theoretical foundations for defining the analytical variables of the study and, from there, to create a system for collecting the data and information needed to build a statistical model. In this research, the key characteristics of financial management, medium-sized companies and decision making were studied; the data collected allow for further research and, from there, it was concluded that a financial management model is crucial for decision making.

2 DATA AND METHODOLOGY

The research had a quantitative approach, since the same obtained real data to demonstrate the hypotheses with numerical appreciations and statistical analysis in the verification of the raised problematic (Hernández et al., 2014), according to the peculiar characteristics of the observed phenomenon, regarding the impact of managerial accounting on the decision making of the organization in question.

Likewise, the research was of an applied type, according to Sánchez and Reyes (2015), a study of this characteristic is one where "different theoretical knowledge is applied to determined or specific situations, as well as to the practical effects that result from it" (p.37).

The research design responded to a non-experimental design, because the study variables were not directly manipulated; that is, only the phenomena were evaluated and observed under their natural state to then address the descriptive and inferential analyses to respond to the study objectives.

In addition, the research responded to a cross-sectional causal correlational study, because it sought to consolidate the intrinsic link between the study variables and their causal sense; that is, it has a causal or incident character that always had an effect. Likewise, it responded to a transversal cut since in a finite time interval the information
could be collected and the corresponding analysis could be carried out. Therefore, the research model is represented by figure 1.

Where:

M: is represented by the study analysis sample
O1: Independent variable: Managerial accounting
O2: Dependent variable: Decision making
r: Relationship of incidence or causality between the study variables.

The population consisted of the financial statements distributed on a quarterly basis for the company under study, established within a specific time period of 5 years (2019-2023). In addition, the sample was represented by the same study population.

Reviewed documentation, such as e-mails, memos and reports, to ensure that they are consistent with the latest changes resulting from participation in the corporate financial statements.

It measures the relationship between variables and their optimal application within organizational contexts.

For hypothesis testing, the coefficients of the structural model were used to clarify the impact of managerial accounting on decision making. This promoted the correlative structural equation model between variables and dimensions to then establish the standardized coefficients of said structural model; to, consequently establish the goodness-of-fit indicators of the structural model to establish the degree of incidence between variables. This will be achieved through the use of the statistical software Amos V.20.
Finally, the participants provided their data voluntarily and were clearly informed of the objectives of the study and how it would benefit the men and women in the organization's accounting staff (without restricting their initiative or making them feel threatened). Finally, anonymity was taken into account from the beginning of the research, basing this principle on the Helsinki Declaration and Peru's Personal Data Protection Law No. 29733.

3 RESULTS

The normality test was performed to determine whether the data follow a normal distribution, which determined the type of inferential statistical analysis (parametric or nonparametric) used for the study. The Kolmogorov-Smirnov normality test was performed to ensure that the study samples are statistically representative of the population, and its p-value was analyzed in light of the following null and alternative hypotheses.

\[ H_a = p < 0.05 \text{ Los datos no tienen un comportamiento de distribución normal} \]
\[ H_0 = p > 0.05 \text{ Los datos tienen un comportamiento de distribución normal} \]

<table>
<thead>
<tr>
<th>Management accounting</th>
<th>Kolmogorov-Smirnov*</th>
<th>Statistician</th>
<th>gl</th>
<th>Sig.</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental management</td>
<td>.321</td>
<td>10</td>
<td>.000</td>
<td>Not normal</td>
<td></td>
</tr>
<tr>
<td>Social management</td>
<td>.419</td>
<td>10</td>
<td>.000</td>
<td>Not normal</td>
<td></td>
</tr>
<tr>
<td>Financial management</td>
<td>.529</td>
<td>10</td>
<td>.000</td>
<td>Not normal</td>
<td></td>
</tr>
<tr>
<td>Decision making</td>
<td>.431</td>
<td>10</td>
<td>.000</td>
<td>Not normal</td>
<td></td>
</tr>
<tr>
<td>Financing decision</td>
<td>.522</td>
<td>10</td>
<td>.000</td>
<td>Not normal</td>
<td></td>
</tr>
<tr>
<td>Risk decision</td>
<td>.354</td>
<td>10</td>
<td>.000</td>
<td>Not normal</td>
<td></td>
</tr>
<tr>
<td>Decision on profitability</td>
<td>.347</td>
<td>10</td>
<td>.000</td>
<td>Not normal</td>
<td></td>
</tr>
</tbody>
</table>

Source: Database

Since the normality test of the data in Table 1 indicated that the variables and dimensions did not exhibit normality (the p-value is lower than the theoretical significance value \( \alpha = 0.05 \)), the structural equation model was used to perform hypothesis testing using the asymptotic free distribution estimation method approach.

3.1 RESEARCH HYPOTHESIS

Managerial accounting has a significant and positive impact on decision making in a small company in the food sector in West Lima.
3.1.1 Statistical hypothesis

H1: Managerial accounting has a significant and positive impact on decision making in a small company in the food sector in West Lima.

Ho: Managerial accounting does not have a significant and positive impact on decision making in a small company in the food sector in West Lima.

3.1.2 Test function

This was done by means of structural equation modeling using the "free asymptotic distribution" method. Likewise, the relationship is direct (or positive) if the standardized coefficient between both variables is positive, otherwise the relationship is indirect (or negative).

3.1.3 Decision rule

Reject Ho when the observed significance "p" of the coefficients of the structural model is less than α.

Do not reject Ho when the observed significance "p" of the coefficients of the structural model is greater than α.

<table>
<thead>
<tr>
<th>Table 2: Managerial accounting and its impact on decision making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relation</td>
</tr>
<tr>
<td>F2: decision making</td>
</tr>
<tr>
<td>a1: Financing decision</td>
</tr>
<tr>
<td>a2: Risk decision</td>
</tr>
<tr>
<td>a3: Decision on profitability</td>
</tr>
<tr>
<td>a1: Environmental management</td>
</tr>
<tr>
<td>a2: Social management</td>
</tr>
</tbody>
</table>

*** Values close to zero

Source: own elaboration
From Table 2, it can be seen that there is a strong positive and significant impact of managerial accounting in the decision making process of a small company in the food sector in West Lima.

3.1.4 Calculations

Likewise, the four dimensions corresponding to managerial accounting explain the variable in a unifactorial manner, with positive and high standardized factor loadings (0.860, 0.836, 0.793 and 0.930, respectively).

In addition, the three dimensions of the decision making variable explain the variable in a unifactorial manner, with positive and high standardized factor loadings (0.803, 0.865 and 0.942 respectively), showing indirect relationships, first between the errors of infringing and intolerant and the second between the errors of intolerant and distrustful, indicating that there is something indirect in common linking both dimensions.

**Structural model:**  
\[ F2 = 0.89xF1 + e8 \]

F1= Management accounting  
F2= Decision-making: 0.89 = equal to the standardized coefficient.

**Measurement models:**

\[ z1 = 0.86xF1 + e1 \]
\[ z2 = 0.83xF1 + e2 \]
\[ z3 = 0.79xF1 + e3 \]
\[ z4 = 0.93xF1 + e4 \]
\[ m21 = 0.80xF2 + e5 \]
\[ m22 = 0.86xF2 + e6 \]
\[ m23 = 0.94xF2 + e7 \]  

(1)
According to the fit indicators, it could be said that the estimated structural model is acceptable since it satisfies its dimensions as well as its variables.

On the other hand, management accounting has a significant and positive impact on decision making in a small company in the food sector in West Lima, since the observed significance 0.000 is lower than the theoretical significance 0.05 and positive or direct, since the value of the standardized coefficient is 0.893, from which it is concluded that management accounting contributes 89% to decision making.

Likewise, the impact of managerial accounting on decision making and the contribution of each dimension is observed. The financing decision contributes 86% to decision making, the risk decision contributes 84%, and the profitability decision contributes 93% to decision making. In addition, the contributions to the decision making dimension are shown as; infringes 80%, intolerant 87 and distrustful 94%.

4 DISCUSSIONS

A company's ability to pay its debts is measured by its liquidity ratio; if this ratio is greater than one, the company is considered to be financially stable at a moderate level;
if it is less than one, the company is not financially stable at all. However, for the purposes of this study, in 2019, following the implementation of general accounting, liquidity ratios are less relevant. Solvency ratios indicate a company's ability to borrow, or the degree to which its assets are pledged in relation to its liabilities. In the case of the company in question, the ratio exceeded 50% in 2018, but after implementing the solution through amendments within its financial statements, the company was able to increase its assets and decrease its liabilities.

Also, within the business documentary analysis, the company's ability to generate profits is shown in profitability ratios; for example, the net profit ratio doubled between 2019 and 2020, indicating more profits for management. In addition, return on equity (ROE) improved by 20% as a result of increased operating efficiency even as the company's equity investment remained unchanged through bank financing, indicating financial stability. In addition, the microenterprise's return on total assets (ROA) nearly tripled in percentage terms between 2019 and 2020, thanks to an increase in the value of its assets (both tangible and intangible). This is a crucial metric when applying for a loan from a financial institution. Notably, Return on Investment (ROI) grew a staggering 270% in 2019 versus 12% in 2020, making it a fantastic indicator for the investor (manager) who took advantage of the metrics and solutions provided by management accounting.

The statistical results show that, according to the fit indicators, it could be said that the estimated structural model is acceptable since it satisfies its dimensions as well as its variables.

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In relation to this, Achulla (2023), mentioned that there is a weak correlation between managerial accounting and decision making in the industrial sector of Villa El
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For their part, Huacchillo et al. (2020), showed that 35.71% of the respondents rated the level of financial resources as inadequate, while 28.57% rated the state of financial resources as satisfactory, and 35.71% rated the financial indicators as satisfactory, with a growth in the overall liquidity ratio of 2.853 and the net profit margin ratio of 0.008, respectively.

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5 CONCLUSION

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Managerial accounting has been shown to significantly impact decision making in a small food sector company in West Lima by facilitating access to key financial and administrative data to those who need it to make better investments and obtain higher profits; this was achieved by verifying and refining, through observational data and statistical analysis, the substantial benefits obtained by adopting a centralized accounting
system. However, to support the claims made, a quantitative analysis of the company's financial situation, results, ratios and management team was conducted using the management reports collected during the course of the study; a qualitative analysis of members' perceptions of the effectiveness of decision-making was also conducted using a before-and-after test, the results of which supported the claims made. Thus, this work is intended to serve as a model for other small companies operating in various sectors that should be studied and encouraged by researchers, shedding light on the underlying issue and improving the adaptability of general accounting to the specific needs of each company.
REFERENCES


