

Role of Accountant in Township SMEs

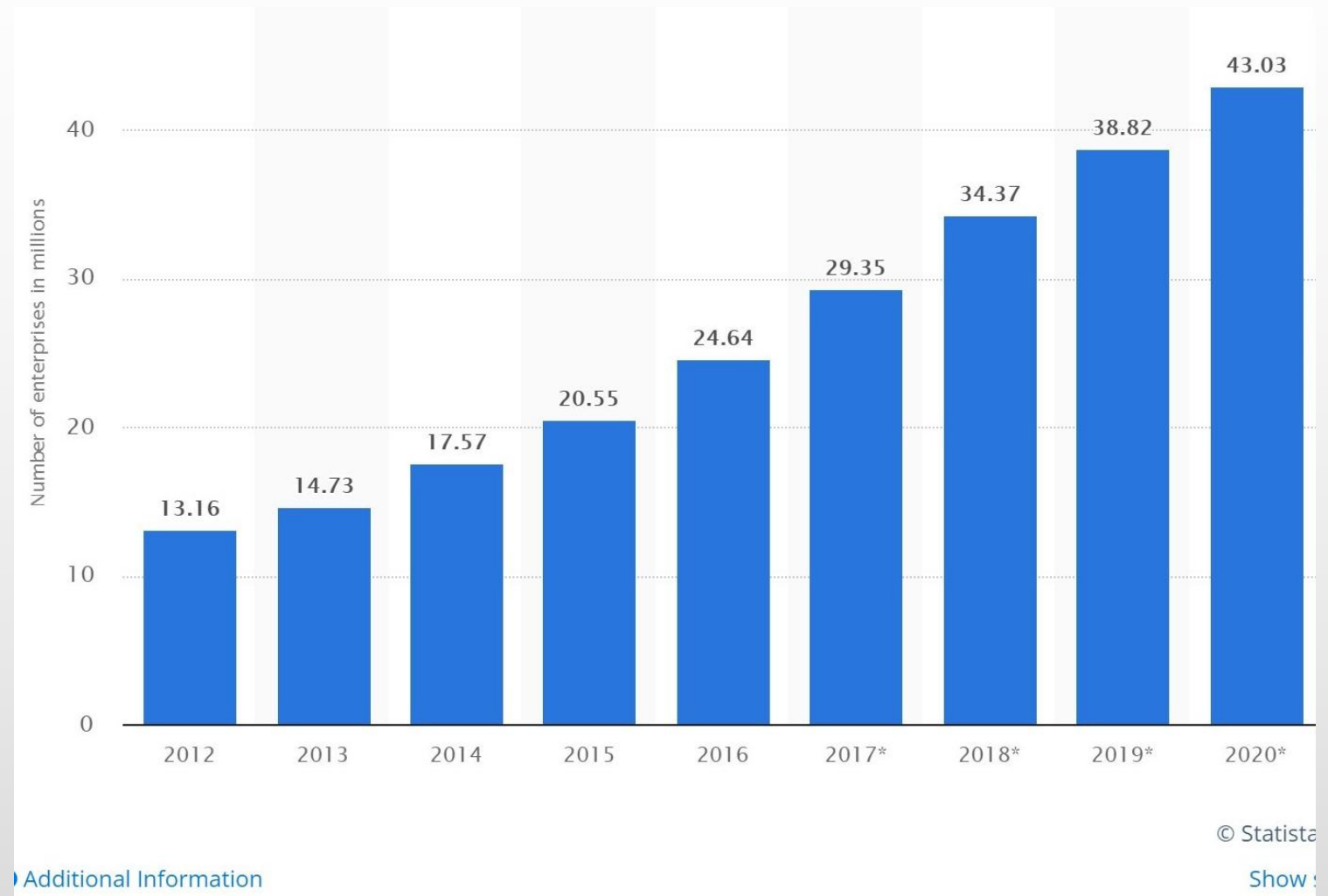
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Choice of the topic

- the [increasing number](#) and [short average business life](#) of SMEs in China
- accounting is important in theory, but under-valued in reality
- SMEs does not have a clear finance management structure and information feedback mechanizm to deal with financial risks.
- hence, the role of accountant in township SMEs are investigated.

The Number of Chinese SMEs

Since 2012, the number of SMEs in China has been growing





Business Average Life of SMEs

China

2.9

Japan

12.5

the US

8.2

Years

0 1 2 3 4 5 6 7 8 9 10 11 12

The ambiguity of 'Role of Accountant in SMEs'

- A vague term is used in the topic is because
 1. the accounting job in reality has its ambiguity;
 - recording, interpreting economic events
 - view of information system (FASB, 1978; IASB, 1989)
 2. the role of accountant in SMEs is not clear.
 - job description
 - responsibilities
 - not match
- This ambiguity between phenomenon and its context is suitable with the case study approach as Yin suggested (2014).

information relevance- role of theory

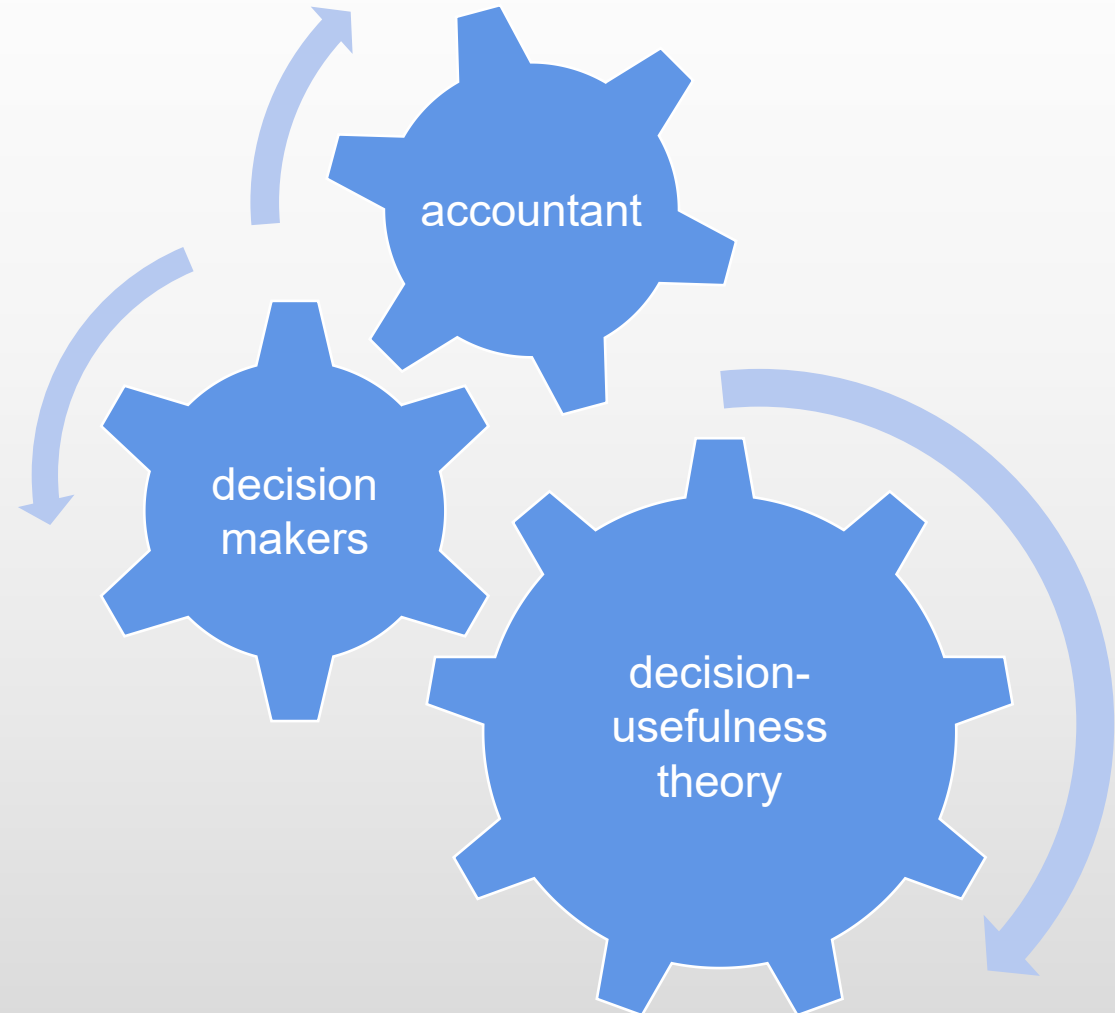
- International Accounting Standard Board (IASB) and Financial Accounting Standard Board (FASB):
 - one of the purposes of accounting conceptual framework is to make the information useful to users (Christensen, 2010)
 - Decision-usefulness theory (Dandago and Hassan, 2013)
- accountants are less involved in the decision making processes in SMEs.
- therefore, this research is focusing on finding out what is the role of accountants in SMEs' decision-making process.

academic contextual information

- A case study shows in Ghana that most of their SMEs have failed to use their financial information properly (Amoako, 2013).
- There is an empirical study in Portugal shows that larger companies; companies with more strict requirements in financial statements providing; and older companies are more benefit from using financial information. (Cepêda and Monteiro, 2020)
- However, these are characteristics that opposite with SMEs in China

research design framework

- to investigate relationship between accountants and decision makers to analyse the practice decision-usefulness theory in Township SMEs in China.



research philosophy

- As there are numerous of failures of SMEs happened, and the number of SMEs in China is still increasing, this research is aiming to use a case study approach to find out is what is the role of accountant in township SMEs, how are they involved in decision making processes (what is happening); also the relationship between accountants and decision makers will be assessed (why).

Research methodology

- Case study in two SMEs from different industry (traditional manufacturing and internet trading);
- Data collection:
 1. semi-structured in-depth interview
 2. participant observation (observer - as - participant)
 3. secondary data collection
- Data analysis

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Commentary on the Presentation: Xialiang Yao

The idea for my presentation.

As it has been mentioned in the first assignment, the idea of investigating the role of accountants in township businesses are come from the comparative short business life of Chinese SMEs. Researching for characteristics of Chinese SMEs in small towns allows me to have a better understanding on the corporate finance management structure status quo. This gave me the inspiration of to present my ideas about the research. Dr. Jawad and Dr. Griffiths have been very helpful in enlightening me with the approaches of doing qualitative researches and their differences. This has been very helpful when I select an approach.

Giving that the main objective of assignment 1 was to justify the choice of the research approach. It have not got enough space for justifying the choice of the topic, the philosophy behind the research, and ethical issues might be arisen. These aspects will be all discussed in this presentation.

This presentation will be focusing on why is 'the role of accountants' matter in township businesses; and how would it be important for an SME can cooperate with their private accountants to achieve a better survivability.

This research is basing on the principles that the conceptual framework of accounting provides to guide financial information reporting as a part of decision process (i.e. the usefulness of financial information in decision). However, giving that the requirements of financial information reporting of SMEs are less strict than the requirements for listed companies or state-owned ones. This might leads to that the function of 'accounting as an information system (FASB, 1978; IASC, 1989) that assists decision making' is hard to fulfill in SMEs. As there is no one unified evaluation for information system (Christensen and Demski, 2003), this research starts with investigating the role of accountants in these firms, providing that accountants are the financial information producers of an organization.

Plan for improvements in my skills and knowledge.

As the organizations I research in is comparably small in size and simpler in structure, this might not represent those more developed SMEs. However, to achieve a better and more generalizable result, I hope I can develop my communicating skills in getting more access in different types of firms, so that a sufficient diversity in samples can be achieved.

Other than that, it is also very important to have the knowledge of accounting practice in different knowledge. Whereas I only understand these knowledge in theory.

Bibliography: Included in my final slides

