

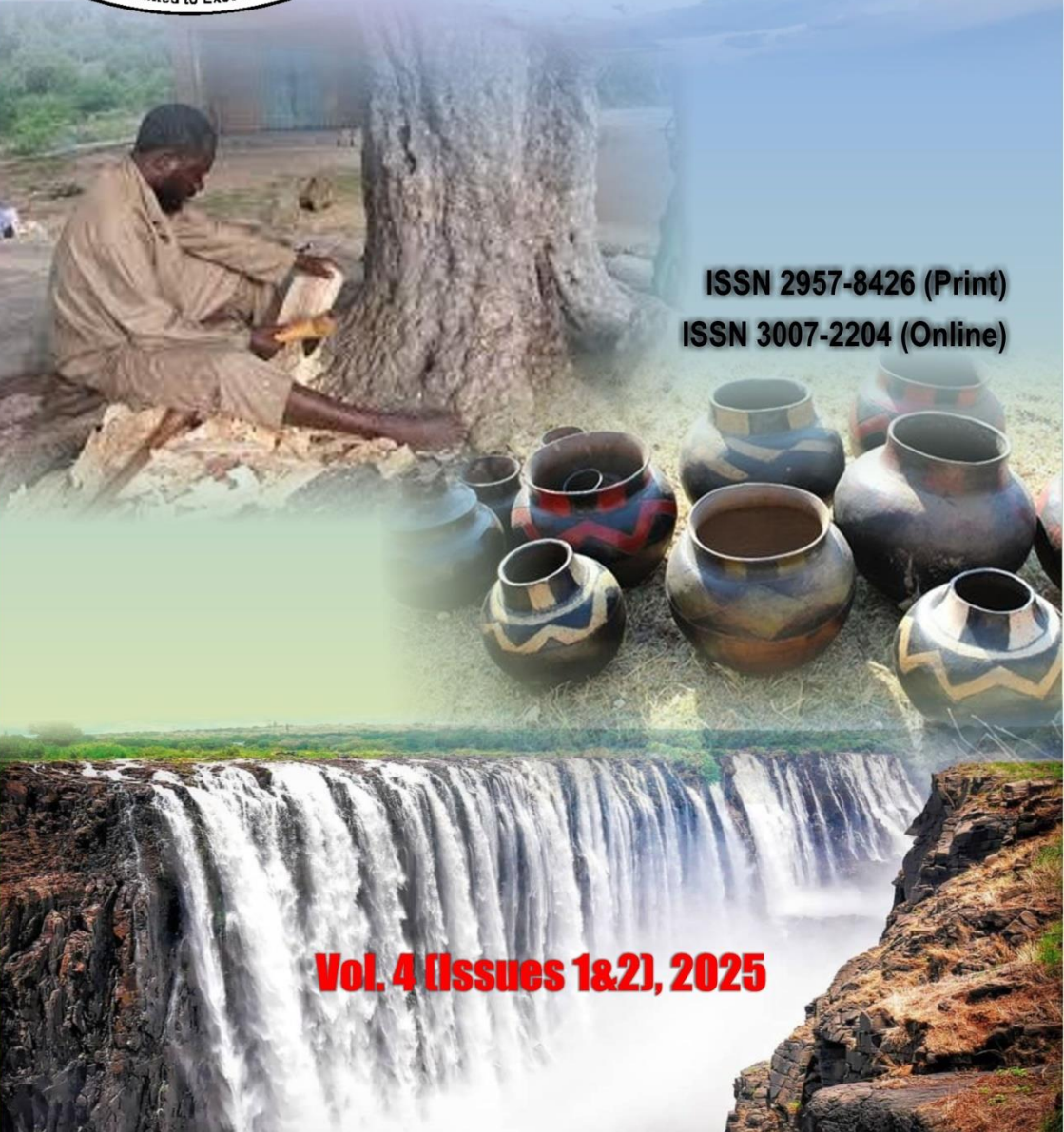


KUVEZA NEKUUMBA

THE ZIMBABWE EZEKIEL GUTI UNIVERSITY
JOURNAL OF DESIGN, INNOVATIVE THINKING AND PRACTICE

ISSN 2957-8426 (Print)

ISSN 3007-2204 (Online)



Vol. 4 (Issues 1&2), 2025

©ZEGU Press 2025

Published by the Zimbabwe Ezekiel Guti University Press
Stand No. 1901 Barrassie Rd,
Off Shamva Road
Box 350
Bindura, Zimbabwe

All rights reserved

“DISCLAIMER: The views and opinions expressed in this journal are those of the authors and do not necessarily reflect the official position of funding partners”

Typeset by Divine Graphics
Printed by Divine Graphics

EDITOR-IN-CHIEF & MANAGING EDITOR

Innocent Chirisa, Zimbabwe Ezekiel Guti University.

EDITORIAL ADVISORY BOARD

Dr Tawanda Mushiri, University of Zimbabwe, Zimbabwe
Professor Trynos Gumbo, University of Johannesburg, South Africa

Dr Peter Kwaira, University of Zimbabwe, Zimbabwe
Professor Chakwizira, North West University, South Africa
Dr Average Chigwenya, National University of Science and Technology, Zimbabwe

Dr Edgar Muhoyi, University of Zimbabwe, Zimbabwe
Mr Brilliant Mavhima, University of Zimbabwe, Zimbabwe
Dr Emily Motsi, Freelance Researcher, Zimbabwe
Dr Samuel Gumbe, University of Zimbabwe, Zimbabwe

SUBSCRIPTION AND RATES

Zimbabwe Ezekiel Guti University Press Office
Stand No. 1901 Barrassie Rd,
Off Shamva Road
Box 350
Bindura, Zimbabwe
Telephone: ++263 8 677 006 136 | +263 779 279 912
E-mail: zegupress@admin.uz.ac.zw
<http://www.zegu.ac.zw/press>

About the Journal

JOURNAL PURPOSE

The purpose of the *Kuweza neKuumba - Zimbabwe Ezekiel Guti University Journal of Design, Innovative Thinking and Practice* is to provide a forum for design and innovative solutions to daily challenges in communities.

CONTRIBUTION AND READERSHIP

Planners, engineers, social scientists, business experts, scholars and practitioners from various fields.

JOURNAL SPECIFICATIONS

Kuweza neKuumba - Zimbabwe Ezekiel Guti University Journal of Design, Innovative Thinking and Practice

ISSN 2957-8426 (Print)

ISSN 3007-2204 (Online)

SCOPE AND FOCUS

The journal is a forum for the discussion of ideas, scholarly opinions and case studies of multidisciplinary perspectives of design and innovative thinking. The journal is produced bi-annually.

Guidelines for Authors for the Kuveza Nekuumba Journal

Articles must be original contributions, not previously published and should not be under consideration for publishing elsewhere.

Manuscript Submission: Articles submitted to the *Kuveza neKuuumba - Zimbabwe Ezekiel Guti University Journal of Design, Innovative Thinking and Practice* are reviewed using the double-blind peer review system. The author's name(s) must not be included in the main text or running heads and footers.

A total number of words: 5000-7000 words and set in 12-point font size width with 1.5 line spacing.

Language: British/UK English

Title: must capture the gist and scope of the article

Names of authors: beginning with the first name and ending with the surname

Affiliation of authors: must be footnoted, showing the department and institution or organisation.

Abstract: must be 200 words

Keywords: must be five or six containing words that are not in the title

Body: Where the authors are more than three, use *et al.*, Italicise *et al.*, *ibid.*, words that are not English, not names of people or organisations, etc. When you use several authors confirming the same point, state the point and bracket them in one bracket and ascending order of dates and alphabetically separated by semi-colon e.g. (Falkenmark, 1989, 1990; Reddy, 2002; Dagdeviren and Robertson, 2011; Jacobsen *et al.*, 2012).

Referencing Style: Please follow the Harvard referencing style in that:

— In-text, citations should state the author, date and sometimes the page numbers.

— the reference list entered alphabetically, must include all the works cited in the article.

In the reference list, use the following guidelines, religiously:

Source from a Journal

- Anim, D.O and Ofori-Asenso, R. (2020). Water Scarcity and COVID-19 in Sub-Saharan Africa. *The Journal of Infection*, 81(2), 108-09.
- Banana, E, Chitekwe-Biti, B and Walnycki, A (2015). Co-Producing Inclusive City-Wide Sanitation Strategies: Lessons from Chinhoyi, Zimbabwe. *Environment and Urbanisation*, 27(1), 35-54.
- Neal, M.J. (2020). COVID-19 and Water Resources Management: Reframing Our Priorities as a Water Sector. *Water International*, 45(5), 435-440.

Source from an Online Link

- Armitage, N, Fisher-Jeffes L, Carden K, Winter K *et al.*, (2014). Water Research Commission: Water-sensitive Urban Design (WSUD) for South Africa: Framework and Guidelines. Available online: <https://www.greencape.co.za/assets/Water-Sector-Desk-Content/WRC-Water-sensitive-urban-design-WSUD-for-South-Africa-framework-and-guidelines-2014.pdf>. Accessed on 23 July 2020.

Source from a Published Book

- Max-Neef, M. (1991). *Human Scale Development: Concepts, Applications and Further Reflections*, London: Apex Press.

Source from a Government Department (Reports or Plans)

- National Water Commission (2004). Intergovernmental Agreement on a National Water Initiative. Commonwealth of Australia and the Governments of New South Wales, Victoria, Queensland, South Australia, the Australian Capital Territory and the Northern Territory. Available online: <https://www.pc.gov.au/inquiries/completed/water-reform/national-water-initiative-agreement-2004.pdf>. Accessed on 27 June 2020.

The source being an online Newspaper article

- The Herald* (2020). Harare City Could Have Used Lockdown to Clean Mbare Market. *The Herald*, 14 April 2020. Available online: <https://www.herald.co.zw/harare-city-could-have-used-lockdown-to-clean-mbare-market/>. Accessed on 24 June 2020.

Importance, Challenges and Limitations of Management Control Systems' Capability in owner-managed MSMEs for Sustainable Growth in Zimbabwe

ANDREW HWITITI¹ AND EMMANUEL DUMBU²

Abstract

The article is based on a study that critically investigated the importance of strengthening Management Control Systems' (MCS) capability in pursuit of unlocking the sustainable growth potential of owner-managed Micro Small and Medium Enterprises (MSMEs) and examine the challenges they face in developing and implementing effective Management Control Systems. Most studies have documented the transition by these MSMEs from highly informal set-ups in their formative years as they seek to professionalise their operations, however the biggest challenge unearthed by the study is their failure to successfully implement MCSs. Employing a qualitative case study approach, data were collected from 15 owner-managers of MSMEs in Zimbabwe's manufacturing sector, each with at least two years of operational experience. The findings of the study to a broader extent strongly indicate the massive importance of MCSs in protecting and advancing business processes for a sustained business operational performance as they assist in effective decision-making. Further, the study has brought to the fore a plethora of challenges and limitations encountered uniquely by owner-managed MSMEs such as limited resources, lack of expertise, resistance to change, skills gap and cultural barriers when trying to acquire and implement MCSs. In light of the findings, the study

¹ Faculty of Commerce, Zimbabwe Open University, Harare, Zimbabwe, <https://orcid.org/0009-0007-1958-2003>.

² Vice Chancellor's Office, Reformed Church University, Masvingo email profdumbue@rcu.ac.zw

provides practical and useful approaches that can be deployed by owner managers in trying to acquire and implement MCSs for their sustainable operational efficiency and these include focusing on MCS training, enlisting professional consultancy services and ecosystem level interventions.

Keywords: management control systems, sustainable growth, owner-managed MSMES.

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are widely recognised as the backbone of most economies, contributing significantly to employment and economic growth (Das, 2021; Irawan *et al.*, 2021; Shelly *et al.*, 2020). According to various studies that recognise the indisputable MSMEs importance, it has become common knowledge that they are faced with numerous obstacles that impede their development and sustainability (Maina, 2024; Darboe *et al.*, 2023; Judijanto, 2024). Beyond governmental support deficiencies, a critical challenge is the understanding, design, and implementation of effective management control systems (MCS) (Davila, 2005; Chen and Brown, 2019). While extensive research has focused on MCS in large organisations, their application and impact in small businesses remain under-explored (Davila and Foster, 2005). This gap in scholarship is particularly concerning given the significant contribution of MSMEs to economic development and innovation. Effective MCS are essential for MSMEs to monitor performance, mitigate risks, and align organisational activities with strategic goals (Simons, 2013; Broccardo, 2024). However, owner-managers often face unique challenges in developing and implementing robust MCS due to the distinct characteristics of their firms (Ghobakhloo (2013). Owner-managed SMEs typically exhibit concentrated ownership, with the owner-manager acting as the primary decision-maker which aspect can limit the adoption of formal control mechanisms

(Langfield-Smith, 1997; Songini, 2015). This centralised structure can lead to resistance in delegating control or a lack of resources for investing in sophisticated MCS (Merchant and Van der Stede, 2017; Brayshaw, 2020). Consequently, these businesses may rely on compromised or overly flexible systems, potentially undermining their ability to achieve sustainable growth (Simons, 2019). In the context of Zimbabwe's dynamic economic environment, owner-managed MSMEs face increasing pressure to adopt sustainable practices to ensure long-term viability. Management Control Systems (MCSs) play a crucial role in driving sustainable performance by aligning organisational goals, strategies, and operations (Gond, 2012; Rehman, 2021). The article, therefore, is based on an article that critically explored the importance of MCSs and the key barriers and limitations that owner-managed SMEs face in developing and utilising MCS. Drawing on in-depth structured interviews with owner-managers across various sectors in the MSMEs industries, the study provides insights into the organisational, behavioural, and contextual factors that influence the adoption and use of control systems in these firms. The findings offer important implications for researchers and practitioners seeking to understand the unique management control needs and dynamics of owner-led MSMEs businesses.

CONCEPTUAL FRAMEWORK

In the conceptual formulated in the study, Management Control Systems (MCS) capability dimensions such as design, usage and strategy alignment are highly related to business performance and growth in SMEs notwithstanding certain challenges that these MSMEs may face from time to time. The study has formulated a conceptual model that directly links management control systems (MCS) dimensions to the performance and growth of small firms.

The conceptual framework proposes that control systems such as consistent planning and budgeting, deployment of accounting and human resource management systems, strong administrative controls can assist owner-managed small firms to achieve business growth. In the conceptual framework, the design and implementation of management control system (MCS) dimensions positively impact the performance of Owner-managed MSMEs in financial, non-financial, and innovation areas. In between the deployment and from inception, there are challenges that should be overcome such as providing adequate financial backup for MCS deployment, willingness by the owner manager to rope in and implement MCS even in the face of worker resistance as and when necessary, these performance outcomes, achieved through effective MCS deployment, subsequently drive the growth of small firms in sales, employment, and assets. It is also critical to take into consideration that the relationship between MCS dimensions and MSMEs performance and growth is moderated by certain contextual factors such as: Firm age and life cycle stage, competitive environment, entrepreneurial orientation and managerial capabilities. To that extent, MSMEs may need to strike a balance across different MCS dimensions based on their specific strategic priorities and constraints. The implementation of MCS in small firms requires consideration of resource limitations, informality, and owner-manager preferences. The conceptual model suggests that adopting a holistic MCS approach, tailored to specific MSMEs sector and operational context, can be a key driver of superior performance and sustainable growth. Empirical research is needed to validate the proposed relationships and outcomes.

LITERATURE REVIEW

Management Control Systems play a crucial role in guiding, monitoring and evaluating organisational performance in MSMEs businesses (Suárez, 2016; Susanti, 2023). They are

viewed as formal, informational -based routines and procedures managers use to maintain or alter patterns in organisational activities according to Davila and Foster (2005) and Will (1975). The theory of Management Control Systems is mainly hinged on how organisations acquire and put to use information to assess and evaluate performance, ensuring alignment with strategies, and improve operations by setting desired standards, monitoring performance, and identifying areas for improvement (Langfield-Smith, 1997; Malmi, 2008; Simons, 2019). The proposed modern-day theory of MCS is presented as a package that incorporates cultural, administrative and process controls (Hared *et al.*, 2013). Hared *et al* argue that the theoretical framework of MCS control components is categorised into: cultural, administrative and process controls and this framework captures the major MCS areas putting into light internal, external, social, economic and cultural aspects of an organisation's activities. Further, Hared *et al* theory broader reach captures the scope of socio-political, economic and cultural circumstances of developing countries such as Zimbabwe. In addition, hared determines that the theory is intended to offer a bigger picture about MCS themes, both formal and informal practices. To that extent Hared *et al* inadvertently admits to the fact that challenges are inherent in trying deploy MCSs and these challenges can be of a socio-political, economic and cultural dimension regardless of the known and targeted benefits.

Jänkälä (2007) posits that MCS are devices that operate through the use human and financial resources for the purposes of carrying out the firm's objectives through controlling, monitoring, encouraging capacitating or forcing employees to perform in line with the required objectives (Merchant and Stede, 2012). MCSs are viewed as the bridge of transition from highly informal approaches to business activities of a firm to professional management. They are

considered to be important management tools responsible for professionalising a business organisation as they assist the managers and owners of businesses. The MCS factor is highly considered as powerful weapon in the business owner's hands that assist in ensuring that the firm's objectives, strategies and general plans are executed in the required direction and they influence the overall company performance in a unique way (Andreas, 2015). To such extent, there has been a general consensus amounts scholars on the need for modern companies even MSMEs to acquire and implement the correct MCSs for better business results.

Management Control Systems (MCS) are fundamental in controlling and managing the organisations, however in the case of small businesses their application comes with numerous issues. One of the major issues is the fact that most small and medium owner-managed businesses are resource constrained and do have limited financial and human resources, that hinders their plans for development and implementation of comprehensive control systems. Simons (2019) posits that control systems are key in directing organisations towards their strategic goals, however, small businesses often do not have the necessary expenditure and workforce to put these systems in practice. Consequently, this resource scarcity can result in very basic systems being implemented that do not have the necessary features for useful decision-making such as analytics. As a result, misaligned operational activities can also occur in small businesses due to lack of appropriate controls and insights, that in turn waste resources, etc. performance is not optimised at every turn.

Furthermore, the dynamic nature of the market can complicate the establishment of a stable framework for MCS. Small and medium businesses, particularly owner-managed often operate in rapidly changing markets and the nature MCS requires up to

date frequent adjustments to remain relevant and in control and this can be resource-intensive. Further, MSMEs are frequently subject to fluctuations in demand, competitive pressures, and economic shifts which can render their management control approaches inadequate. A study by Akpan, *et al.* (2022) emphasise how the COVID-19 pandemic has necessitated rapid adaptation among small businesses, exposing the inadequacies in their existing MCS. These organisations often lack the built-in flexibility to swiftly respond to market changes, making it challenging to maintain alignment between their business strategies and operational tactics. This misalignment can result in missed opportunities and increased vulnerability to risks that further exacerbate the limitations of MCS in these contexts. Thus, the inability to adapt MCS effectively to dynamic environments remains a critical challenge for small businesses striving for stable growth and competitive advantage.

In addition to financial and environmental challenges, the management and cultural factors within small businesses can hinder effective MCS implementation. Most owner-managed MSMEs extensively rely on informal management practices and deep-rooted personal relationships, making it difficult to establish standardised MCS that require more formalized processes. Resistance to change is a common phenomenon, as many small business owners may be accustomed to informal management practices and may therefore view structured control systems as unnecessary or overly bureaucratic. Smith and Merritt (2020) highlight that proactive risk management which is a core component of MCS, requires a culture that embraces change and innovation. However, in small businesses, especially those with long-standing personnel, there can be a strong attachment to traditional practices, making the transition to structured MCS difficult. This cultural inertia can lead to reluctance in adopting new technologies and practices

essential for the effective functioning of MCS. As a result, MSMEs businesses face an uphill battle not only in conceiving the theoretical framework of MCS but also in embodying the necessary mind-set to foster a culture of accountability, continuous improvement, and strategic alignment.

Yet crucial MCS has several limitations that affect MSMEs in terms of its efficiencies and effectiveness. A major concern is the inflexible designs of the structural systems that can suppress creativity and flexibility. MCS that management often employs in larger firms are usually complicated with very elaborate procedures and a lot of reporting that may not suit the fast-moving trends of small and medium owner-managed businesses. According to Simons (2019), MCS seeks to align internal processes for the strategic goal of enhancing competitive advantage within the competition, but if abused with conquest locks businesses to devising value offers with rapidity rising competitive innovations. During the extreme cases of emerging trends and changes in consumer needs, this inflexibility becomes worse. This is simply because there is a need to be flexible and to change course of action immediately.

Additionally, small enterprises often face difficulties in collecting and analysing the data required for effective MCS. Limited resources frequently result in inadequate IT infrastructure and a lack of expertise, hindering comprehensive data collection and interpretation. Ritz, Wolf, and McQuitty (2019) emphasise the critical role of adopting contemporary technologies to enhance decision-making capabilities. However, financial constraints and technological gaps can prevent small businesses from implementing advanced data analytics tools necessary for robust MCS. This deficiency often forces reliance on anecdotal decision-making rather than strategies informed by precise performance metrics, reducing overall competitiveness and adaptability in the marketplace. Moreover, the subjective nature

of control criteria is another limitation of MCS in small businesses. These enterprises often prioritise financial metrics as primary indicators of success, potentially neglecting non-financial metrics like customer satisfaction, employee engagement, and innovation capacity. Smith and Merritt (2020) argue that effective risk management in product development requires a multi-faceted approach to performance assessment, extending beyond traditional financial measures. However, small businesses often default to easily measurable indicators, overlooking critical areas essential for long-term success. This narrow focus can obscure broader performance dimensions, leading to decisions driven by short-term financial goals rather than strategic sustainability.

Finally, Management Control Systems (MCS) as has shown by the literature review in the study, are vital tools for guiding and evaluating the performance of micro, small, and medium enterprises (MSMEs), enabling them to align their operational activities with strategic goals. However, the implementation of MCS in MSMEs is fraught with challenges, including limited financial and human resources that hinder the development of comprehensive control systems. The dynamic market environment further complicates the application of MCS, demanding constant adjustments that small businesses may find hard to sustain due to resource constraints.

Ultimately, while MCS can provide a framework for improving operational efficiency and strategic alignment, they, according to the timbre of the accessed literature, must navigate the unique limitations and challenges they face to ensure these systems contribute positively to their growth and competitive advantage. Adopting a more adaptable and inclusive approach to MCS, considering the specific needs and contexts of small businesses, is essential for fostering a culture of accountability and continuous improvement that can drive long-term success.

RESEARCH METHODOLOGY

The methodology adopted for the study is primarily qualitative, employing an interpretive descriptive approach. This choice is informed by the flexibility it offers in exploring the complexities of Management Control Systems (MCS) in small businesses. Thompson Burdine, Thorne, and Sandhu (2021) contend that interpretive description is particularly well-suited for understanding phenomena within specific contexts, as it encourages the exploration of varied perspectives and experiences related to a central theme. This qualitative design allows for a richer understanding of how small businesses perceive and implement their management control systems, capturing nuances that quantitative methods might overlook. The target population for the study includes MSMEs business owners and management personnel within their enterprises, specifically in sectors where MCS are critical for operational efficiency. A purposive sampling technique was employed to ensure that participants could offer relevant insights into the research topic. Following the guidelines of Gupta and Gupta (2022), a sample of 15–20 small businesses located in emerging markets was selected, representing a variety of industries and environments. This diverse sampling not only enhances the validity of the findings but also allows for comparative analysis across different business contexts. The data for the study were generated through semi-structured interview questions and open-ended questionnaires that allowed the study to use some other prompts depending on the answers of the participants for further clarification if needed. The study's focus is on the impact of management control systems capabilities on the performance of MSMEs and the challenges in implementation through the lenses of key participants such as owners and managers, therefore their perceptions, feelings and views are critical as they help to position the role and importance of management control systems capabilities within such enterprises and how they may solve the performance deficit

according to them. In view of data generation, the study chose the owners of the MSMEs enterprises to provide a comprehensive vision of the management control systems aspect and its implementation challenge in the respective and selected enterprises. The use of semi-structured interviews was chosen to gather comprehensive insights. This approach aligns with the recommendations of Peterson (2019), who emphasises the effectiveness of qualitative interviews in facilitating in-depth exploration of participants' experiences and views. The interview guide was developed to include open-ended questions, allowing participants to elaborate on their experiences with MCS in their businesses. This flexibility encourages participants to share personal anecdotes and insights that are invaluable for understanding the real-world challenges and limitations they face regarding management control systems. Data collection procedure involved conducting face-to-face interviews and, when necessary, virtual interviews to accommodate participants' schedules and geographic distribution. Each interview lasted approximately 45 to 60 minutes, ensuring sufficient time for participants to express their thoughts. Interviews were audio-recorded with participants' consent to ensure accurate transcription and analysis. Sileyew (2019) suggests that meticulous attention to detail during data collection is critical to achieving reliable and valid research outcomes. Following each interview, field notes were recorded by the study to capture non-verbal cues and contextual information that may enrich the data.

The qualitative data collected through interviews were analysed using thematic analysis, as outlined by Harris (2019); which research approach entails identifying, analysing, and reporting patterns (themes) within the data. This method allows for an organised interpretation of the data, helping to synthesise the responses of participants into coherent themes relevant to the research questions. The steps of thematic analysis involve

familiarisation with the data, generating initial codes, searching for themes, reviewing themes, and defining and naming them. By employing this structured approach, the study can ensure that the analysis is rigorous and systematic.

FINDINGS

The findings of study are segmented in two parts capturing the themes that emerged firstly on the importance of the MCSs and secondly on the challenges and limitations faced by the SMEs in implementation.

The study engaged the participants who are owners of MSMEs on the importance of MCSs and they showed that whilst it was a big task to properly acquire the control systems, having them on board can bring a lot of positive changes to their business. The study of management control systems within owner-managed businesses reveals their essential role in fostering sustainable growth. Most participants were in agreement that MCS not only aids in tracking performance and resource management but also enhances strategic alignment, risk management, and stakeholder engagement but by acquiring and utilising MSCs, small business owners can create a resilient foundation for long-term prosperity.

Several Themes emerged regarding importance of MSCs from the Participants and are discussed as follows;

- Participants in the study agreed that Management Control Systems has the effect of assisting the organisation to align business activities with strategic goals and this could be achieved through a synergised system that allows for the establishment of clear objectives and performance metrics through MCS that ensures that all aspects of the small business work towards common growth aspirations.

- The participants determined that proper implementation of MCS facilitates optimal allocation of limited resources. One participant pointed out that, *“in small businesses, where resources can be scarce, proper control systems enable owners to assess financial and human capital deployment, ensuring that investments contribute to sustainable growth”*
- The other important theme that emerged from the owners of the SMEs in appreciation of MCSs was that they provide frameworks for measuring performance against predefined benchmarks particularly in owner-managed businesses where quantifiable performance indicators help in evaluating operational efficiency and effectiveness, leading to better-informed decision-making.
- The participants recognised several operational risks they encounter in running their business and appreciated if they could afford MCSs, it was going to be easier in helping them to identify, assess, and mitigate these risks, ensuring business continuity. One participant of immense experience gained from his past history with larger firms who implemented MSCs, acknowledged that effective risk management practices foster resilience and adaptability in dynamic markets such as Zimbabwe.
- Most participants who had a considerable relative experience in business operations determined that implementing robust control mechanisms enhances financial accountability. A senior SMEs owner actually pointed out that *“for owner-managed businesses, transparent reporting and financial controls can improve trust with stakeholders and investors, while also facilitating better financing options for growth initiatives.”*
- The other view from participants was that MCS encourages a long-term growth perspective rather than a short-term profit focus through fostering sustainable practices and considering the broader impacts of business decisions, owner-managed businesses can achieve enduring success.

- Further, findings of the study also laid bare the challenges faced by several owner-managed SMEs in acquiring and implementing MCS for business performance as reflected in the following issues raised during the study.

Small businesses frequently operate with constrained financial and human resources. This limitation, according to owners of the businesses, impacts the development, implementation and maintenance of MSCs often resulting in rudimentary or informal systems that do not support effective management. Owners of MSMEs confessed about the lack of sufficient financial resources to support the human, and technological resources required and this according to the participants has the sum effect of constraining their ability to dedicate time and effort to effective MCS implementation. The owners of the MSMEs expressed that implementing and maintaining a comprehensive MCS can be expensive for small firms with limited budgets. The costs associated with software, hardware, training, and ongoing maintenance proved to be prohibitive. As a result of their small financial capacity to acquire MCSs or even employ an inhouse expertise to design, implement and manage a robust MCSs capability, most MSMEs are left with the option of doing it informally, that is having the owner or the senior manager doing most of the control activities physically. Whilst the expression that relying on physical control had serious down sides as compared with established control mechanisms, it was established that financial capacity is the biggest challenge. The study also found out that most MSMEs focus on immediate operational needs therefore they struggle to allocate resources for long-term MCS investments required for sustainable growth. According to owners of these MSMEs, the perceived benefits of MCS may not be as immediate or tangible as addressing pressing day to day challenges of the business. The other key finding regarding financial constraints was that most MSMEs find it extremely difficult either to upgrade or

acquire up to date systems in line with new technology as this posed a significant financial burden hence, they continue using outdated or limited technological infrastructure. The other issue was the apparent lack of understanding and perceived complexity of MCSs that resulted in owners and managers of MSMEs become reluctant to invest.

The study also discovered that the lack of expertise and management control systems knowledge can be a significant obstacle for small firms in implementing effective management control systems (MCS). The study discovered that, many MSMEs proprietors do lack formal training in management or control systems. Their expertise is often derived from practical experience rather than academic or professional backgrounds in management practices, leading them to rely on familiar informal techniques and in the end, they view employing professionals as a threat to their business set ups. Further most MSMEs owners have established ways of operating, although informal, have often proven effective for these businesses in the past. Owner-managers may resist adopting formal systems due to the perception that they are unnecessary or could disrupt established processes that work well. Participants pointed out that, the lack of trained personnel capable of implementing advanced MCSs poses a significant challenge in the use of MCSs by SMEs. It was discovered that, the lack of necessary skills to effectively utilise MCSs by the business owners leads to underutilisation or misappropriation of control systems.

The study has brought to the fore the fact that most MSMEs do not have sufficient in-house expertise with skills and experience in designing, implementing, and managing MCS and such a lack can make it challenging to navigate the complexities of the implementation process. The study also found out that the lack of expertise resulted in most MSMEs owners struggling to

evaluate and select the most suitable MCS solution for their specific business needs and context. The study established that without a clear understanding of the available MCS options and their features, it can be challenging to make an informed decision. The study also noted that there is need for adequate maintenance and continuous improvement that required most MSMEs to have in-house expertise to ensure the long-term effectiveness and relevance of the MCS. The study found out that, once the MCS is implemented, small firms may face difficulties in maintaining, updating, and continuously improving the system to adapt to evolving business needs. The study also noted the lack of experience with change management as owner-managed MSMEs managers may have limited experience in managing large-scale organisational changes, such as implementing an MCS that is further compounded by the absence of a structured and well-planned change management approach

The study also discovered that as a result of the unstable business environment obtaining in the country that is normally seized with currency fluctuations, erratic supply chains that complicate sound financial planning and control, the net effect is that those uncertainties create a difficult backdrop for the establishment of stable management control systems.

The study discovered that resistance to change and organisational inertia can be significant obstacles for owner-managed firms in implementing effective management control systems (MCS) as most owners may resist adopting MSCs due to a preference for traditional practices or fear of complexity. The participants expressed lack of confidence in the benefits of MSCs and a misunderstanding of their functional capabilities. The study observed that most owners are comfortable with the status quo arguing that the obtaining system is working well and also the absence of potential benefits of and MCS may not

be immediately apparent. The owners of the MSMEs also argued that the implementation of MCS can disrupt the established routines, processes and power structure within the firm and can cause serious apprehension amongst the workers about the changes and the potential impact on their roles and responsibilities.

The study has also brought to the fore the fact that cultural and social barriers also pose some significant challenges for owner-managed MSMEs in trying to implement effective management control systems (MCS). These cultural and social obstacles according to the findings has the potential to bring a lot of implications. Owners of these MSMEs who were probed indicated their preference of traditional or informal control mechanisms that involved a lot of interfering duties from the managers. The issue of varied and deep-rooted cultural norms is another challenge, in many regions, particularly in family-owned or community-based businesses, informal practices are culturally ingrained. These norms can discourage the introduction of standardised procedures, as they may be viewed as impersonal or excessively bureaucratic. The other weakness inherent in owner-managed MSMEs is their appetite for immediate results and this results in often focusing on day-to-day operations and immediate outcomes rather than long-term strategic planning. Formalized MCS typically require a longer-term perspective that may not align with the urgent demands of running a small business.

It was also discovered that most employees in MSMEs are very much reluctant to adopt new systems and processes, preferring the familiar ways of operations that seemed easy to them. The study also discovered that the other challenge had to do with the lack of understanding of the benefits of MCS by the team therefore it becomes difficult to get the buy in or secure the necessary resources and commitment for implementation.

Furthermore, the study noted the difficulty and hindrance in adopting and integrating MCS within owner-managed firms without a strong top-down support from employees.

The other finding of the study relating to constraints of implementation was that owner-managed MSMEs have inherently been practicing a culture that prioritises flexibility, informality, and personal relationships over structured control systems therefore the introduction of management control systems may be perceived as a threat to the existing culture, leading to resistance and reluctance to embrace the changes. In Micro, Small, and Medium Enterprises (MSMEs), especially those that are owner-managed, reliance on informal management practices stems from several inherent characteristics of these businesses such as personal relationships where Owner-managers are often intimately involved in every aspect of their business, leading to strong personal relationships with employees, customers, and suppliers. These relationships foster trust and communication but can also create an informal environment where decisions are made based on personal judgment rather than established protocols and systems. The other issue is the these MSMEs do prioritise flexibility and quick decision-making to adapt to changing market conditions therefore, formalized management control systems (MCS) can introduce bureaucracy that may slow down operations, making owner-managers hesitant to implement them.

DISCUSSION

The study explored the importance of Management Control Systems (MCS) within owner-managed Micro Small Medium Enterprises (MSMEs) and the challenges these firms face in implementing them. The findings highlight a dual perspective: the recognised value of MCS in fostering sustainable growth and the significant obstacles hindering their effective adoption.

As captured in the study, Management Control Systems (MCS) are critical for the effective functioning of Micro, small and medium enterprises (MSMEs). Particularly in Zimbabwe, where economic challenges and market dynamics fluctuate, understanding the importance and challenges of MCS is vital for owner-managed (MSMEs). This section summarizes in discussion the significance of MCS for these businesses, exploring specific benefits, and highlights the challenges they face in implementing these systems.

Management Control Systems allows as determined in the study MSMEs should align their daily operations with broader strategic objectives centered on growth and sustainability. For example, an owner-managed bakery may set a goal to expand its market share by launching new products. An MCS can provide performance metrics that track sales of these new products against the set targets. This alignment is essential as it ensures that every team member understands the company's direction and works towards achieving designated goals. The study also has established the importance of resource allocation in environments where financial constraints are prevalent. It is therefore a further determination made in the study that MCS helps MSMEs to allocate resources wisely by identifying cost centres and areas where efficiency can be improved. For instance, a small manufacturing business might use MCS to analyse the costs associated with production lines, enabling them to optimize operations and reduce wastage, thereby directing resources towards more profitable ventures. Relating to performance measurement, the study positively identifies that MSMEs can utilise MCS to measure performance against predefined benchmarks and these measurements can include monitoring sales figures, customer satisfaction ratings, and operational efficiency metrics. By regularly evaluating performance, an owner-managed grocery store, for example, may identify trends in customer purchases that inform

inventory management and promotional strategies, ultimately leading to improved profitability. In Zimbabwe, economic instability poses significant risks to businesses. An effective MCS as established in the study enables MSMEs to identify and assess operational risks, such as fluctuations in local currency or supply chain disruptions. A clothing retailer, through MCS, may monitor vendor performance closely and have contingency plans in place for when a supplier fails to deliver, thereby mitigating potential losses and ensuring business continuity.

The study identified Financial Accountability as a critical MCS. The study posits that accountability fosters trust among stakeholders, including investors and customers. With the implementation of MCS, owner-managed farms, for example, can provide comprehensive financial reports that enhance transparency, attracting potential investors interested in the agricultural sector, that is vital to Zimbabwe's economy. Further, MCS encourages MSMEs to prioritise sustainable practices. An owner-managed craft business, for example, can implement controls that promote eco-friendly sourcing and waste reduction practices. This not only helps in contributing to environmental sustainability but also appeals to a growing segment of eco-conscious consumers.

In terms of numerous challenges that impede the successful implementation of MCS in MSMEs. The study posits that many MSMEs operate with limited financial resources as discussed and determined in other studies. This restricts their ability to invest in necessary MCS tools such as software, hardware, and employee training. For example, a small restaurant may rely on rudimentary methods for tracking sales and expenses that can lead to inaccuracies and missed growth opportunities. This reliance on outdated technology becomes a barrier to effective competitive practice. The study determines that, Owner-managed businesses might not possess sufficient in-house

expertise to design and manage sophisticated MCS as discovered in the study. For instance, a small tech start-up may struggle with implementing an effective MCS due to a lack of personnel trained in data analysis or systems management. The study opines that, the complexity of MCS can be daunting, and without proper understanding, businesses may fail to configure systems that suit their needs. It was evident during the time the study was carried out that Zimbabwe's unstable economic climate creates additional challenges for MSMEs looking to establish stable management control systems for their businesses. Factors such as hyperinflation, currency devaluation, and erratic supply chains make it difficult for businesses to predict cash flow and set long-term financial benchmarks. Consequently, many MSMEs might hesitate to implement formal MCS, fearing that the investment will be undermined by an unstable economy. Further, the study determines owners of MSMEs have operated in the same traditional manner for years and there is an element of resistance in shifting to formal MCS due to fear of complexity. For example, a family-run grocery store may prefer to stick with traditional bookkeeping methods rather than adopting a computerised system, citing concerns over the learning curve involved. This resistance can stall the transition towards more effective management practices.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the study contributes to the existing literature by providing empirical evidence of the importance of MCS in owner-managed SMEs and the specific challenges these firms face in their implementation. The findings suggest that while SME owners recognise the potential benefits of MCS, several factors including financial constraints, lack of expertise, economic instability, resistance to change, and cultural barriers, impede their effective adoption. To promote the successful implementation of MCS in MSMEs, the study

recommends the provision of financial assistance or incentives where necessary to help owner-managed MSMEs invest in MCS-related resources, such as software, training, and expertise. Further, the study recommends training and education of MSMEs on the importance of MCSs to their businesses as this will logically help owner-managers understand their value and improve their implementation. It is further recommended that a gradual implementation of MCSs by MSMEs be taken as an initial step towards full acquisition and focusing on critical metrics, and fostering a culture that embraces structured management practices. This can be done in an incremental standardised manner and will eventually assist to mitigate resistance and ease the transition. The study also recommends a tailored approach solution, where MCSs are developed in a scalable and adaptable manner that is responsive to the specific needs of the business and this helps them to be more acceptable and useful. Finally, the study assessed the importance of MCS in the performance of owner-managed MSMEs and the challenges face by these MSMEs in designing and implementing the MCS. The challenges associated with management control systems in small business in Zimbabwe are complex and multifaceted. The study contends that, by understanding both the challenges faced by this small business and implementing strategies recommended to overcome them, the SMEs can enhance their operational effectiveness and long-term sustainability while respecting their unique operational culture.

The practical implication of the study is the need to assist owner-managed MSMEs to realise and appreciate the importance of MCS and at the same time be assisted in overcoming the challenges they face in trying to design and implement MCSs in their businesses. To that end, future research could explore the specific types of MCS that are most effective for owner-managed MSMEs in different industries and

the impact of MCS implementation on SME performance. Additionally, further investigation into the cultural and social factors that influence MCS adoption in MSMEs is recommended.

REFERENCES

- Akpan, I.J., Udoh, E.A.P. and Adebisi, B. (2022). *Small business awareness and adoption of state-of-the-art technologies in emerging and developing markets, and lessons from the COVID-19 pandemic*. Journal of Small Business and Entrepreneurship, 34(2), 123-140.
- Andreas, K. (2015). *Banking Management Control Systems in Greece*. International Journal Of Management and Information Technology. Available online: 10. 2507-2519. 10.24297/ijmit.v10i9.2021.
- Brayshaw, Simon M.T. (2020) *How do owner managed businesses transform into ambidextrous organisation?* DBA thesis, University of Warwick. <https://wrap.warwick.ac.uk/id/eprint/153594/>
- Broccardo, L., Ballezio, E., Crocco, E., and Giordino, D. (2024). *Performance Management Systems in Micro, Small, and Medium Enterprises: Lessons learned from Times of Uncertainty*. Management Control, (3), 15-38.
- Darboe, M., and Jallow, I. B. (2023). *Towards Understanding Factors that hinder The Sustainable Growth of Gambian-owned SMEs*. Available online: <https://www.diva-portal.org/smash/get/diva2:1820109/FULLTEXT01.pdf> [Accessed 04 December 2024]
- Das, D. K. (2021). *Role of micro, small, and medium enterprises (MSMEs) in economic development of India*. International Journal of Multidisciplinary Research and Explorer, 1(9), 1-7.
- Davila, T. (2005). *An exploratory study on the emergence of management control systems: formalizing human resources in small growing firms*. Accounting, Organisations and society, 30(3), 223-248.

- Davis, F. D., and Granić, A. (2024). *The Technology Acceptance Model: 30 Years of TAM*. Springer International Publishing. Available online: <https://doi.org/10.1007/978-3-030-45274-2> [Accessed 04 December 2024]
- Ghobakhloo, M., and Tang, S. H. (2013). *The role of owner/manager in adoption of electronic commerce in small businesses: The case of developing countries*. Journal of small business and enterprise development, 20(4), 754-787.
- Gond, J. P., Grubnic, S., Herzig, C., and Moon, J. (2012). *Configuring management control systems: Theorizing the integration of strategy and sustainability*. Management accounting research, 23(3), 205-223.
- Gregson, G. (2015). *Justifying the Case Study in Business Research* (No. 1). Applied Research Working Paper. Available online: [Applied_Research_Working_Paper_1_Case_Method_GG_15-03-15-libre.pdf](#)
- Gupta, A. and Gupta, N. (2022). *Research methodology*. SBPD Publications.
- Hared, B. A., Abdullah, Z., and Rafiul Huque, S. M. (2013). *Management Control Systems: A review of literature and a theoretical framework for future researches*. European Journal of Business and Management, 5(26), 1-13.
- Harris, D. (2019). *Literature review and research design: A guide to effective research practice*. Routledge. <https://doi.org/10.4324/9780429285660> [Accessed 10 January 2025]
- Irawan, A., and Sukiyono, K. (2021). *The Role of Small and Medium Enterprises (SME) on the Economy*. International Journal of Social Science, 1(4), 467-472.
- Jänkälä, S. (2007). *Management control systems (MCS) in the small business context: Linking effects of contextual factors with MCS and financial performance of small firms*. University of Oulu. <https://urn.fi/URN:ISBN:9789514285288> [Accessed 12 January 2025]

- Judijanto, L., Utami, E. Y., Apriliani, D., and Rijal, S. (2024). *A holistic review of MSME entrepreneurship in Indonesia: The role of innovation, sustainability, and the impact of digital transformation*. *International Journal of Business, Law, and Education*, 5(1), 119-132.
- Langfield-Smith, K. (1997). *Management control systems and strategy: a critical review*. *Accounting, organisations and society*, 22(2), 207-232.
- Maina, B. (2024). *Navigating market conditions: Analysing the systemic challenges and efficient solutions for MSMEs financing in emerging economies— A Kenyan perspective* (Doctoral dissertation, FH Vorarlberg (Fachhochschule Vorarlberg). Available online: <https://doi.org/10.25924/opus-5456> [Accessed 10 December 2024].
- Malatji, W.R., Eck, R.V. and Zuva, T., 2020. *Understanding the usage, modifications, limitations and criticisms of technology acceptance model (TAM)*. *Advances in Science, Technology and Engineering Systems Journal*, 5(6), 113-117.
- Malmi, T., and Brown, D. A. (2008). *Management control systems as a package—Opportunities, challenges and research directions*. *Management accounting research*, 19(4), 287-300.
- Merchant, K.A. and Van Der Stede, W.A.(2012) , *Management Control Systems- Performance Measurement, Evaluation and Incentives*,3rd ed., *Pearson Education*
- Rehman, S. U., Bhatti, A., Kraus, S., and Ferreira, J. J. (2021). *The role of environmental management control systems for ecological sustainability and sustainable performance*. *Management Decision*, 59(9), 2217-2237.
- Ritz, W., Wolf, M. and McQuitty, S., 2019. *Digital marketing adoption and success for small businesses: The application of the do-it-yourself and technology acceptance models*. *Journal of Research in Interactive Marketing*, 13(2), 179-203.

- Shelly, R., Sharma, T., and Bawa, S. S. (2020). *Role of micro, small and medium enterprises in Indian economy*. International Journal of Economics and Financial Issues, 10(5), 84.
- Sileyew, K. J. (2019). *Research Design and Methodology*. In *Cyberspace (pp. 1-12)*. IntechOpen..
- Simons, R. (2019). *The role of management control systems in creating competitive advantage: new perspectives*. In *Management Control Theory (pp. 173-194)*. Routledge.
- Smith, P.G. and Merritt, G.M. (2002) *Proactive Risk Management—Controlling Uncertainty in Product Development*. Productivity Press, New York.
- Songini, L., and Gnan, L. (2015). *Family involvement and agency cost control mechanisms in family small and medium-sized enterprises*. Journal of Small Business Management, 53(3), 748-779.
- Suárez, C. A. (2016). *Best management practices: SMEs' organisational performance management based on internal controls in Mexico*. Journal of International Business and Economics, 4(2), 41-58.
- Thompson Burdine, J., Thorne, S. and Sandhu, G. (2021). *Interpretive description: A flexible qualitative methodology for medical education research*. Medical Education, 55(3), 336-343.
- Will, H. (1975). *Model management systems*. In E. Grochla and N. Szyperski (Ed.), *Information Systems and Organizational Structure (pp. 467-484)*. Berlin, Boston: De Gruyter. Available online: <https://doi.org/10.1515/9783110833485-029>