

STRATEGIC AND FINANCIAL PLANNING IN GROWTH AND SURVIVAL ORIENTED SMALL FIRMS.

*Pasi Syrjä: School Of Business, Lappeenranta University Of Technology,
Lappeenranta, Finland*

*Kaisu Puumalainen: School Of Business, Lappeenranta University Of Technology,
Lappeenranta, Finland*

*Helena Sjögrén: School Of Business, Lappeenranta University Of Technology,
Lappeenranta, Finland*

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Contact: Pasi Syrjä, School of Business, Lappeenranta University of Technology, P.O BOX 20, FI-53851 Lappeenranta, Finland, (T) +358 5 62111, Email: pasi.syrja@lut.fi

ABSTRACT

Business planning plays a crucial role in small firm's growth and survival. Small firms need a formal, sophisticated financial and strategic planning. Past studies that examined successful small firms have also pointed out, that well-developed, soundly implemented, and properly controlled planning processes contribute to a firm's success and to sales growth in particular. This paper aims to contribute to the existing knowledge of small business management in the following ways: firstly, we show how owner-managers growth and survival orientation affects to the length of planning horizon, budgeting and management accounting practices. Secondly, we examine the relationships between the contexts of firm's financial performance to these managerial practices.

INTRODUCTION

Sound financial management and business planning have significant effect to the survival and well-being of small enterprises of all types. Especially in times of economic downturn future business planning might play a crucial role in small firm's success and survival. During the past decade several studies have emphasized that also SMEs use and need formal, sophisticated financial and strategic planning (Gibson et al. 2002, Lyles et al. 1993, Orser et al. 2000). Strategic planning consist of planning processes that are undertaken in firms to develop different strategies which might contribute to performance (Tapinos et al. 2005) Past studies that examined successful small firms have also pointed out that well-developed, soundly implemented, and properly controlled planning processes contribute to a firm's success (Bracker et al. 1986). Growth is often viewed to be necessary for survival (Davidson et al. 1991), but some findings have proved that there are entrepreneurs who do not pursue growth, survival is often enough for them (Gundry et al. 2001, Nummela et al. 2005, Wiklund et al. 2003, Delmar et al. 2008). According to Poutziouris et al. (1999) "growth oriented owner/directors" aim at increasing business size and becoming owners of larger and successful businesses, whereas survival oriented managers do not aim at these. Previous research has extensively studied the effects of these strategic orientations on small firms' actual growth and performance, but largely neglected the implications on the firm's financial management practices. The purpose of the paper is to (a) profile small owner-managed firms in terms of their strategic orientation towards growth and survival, (b) describe the extent and typical time horizons of strategic and financial planning and control according to the strategic orientation profile, and (c) explore the effects of the financial situation of the firms over the years 2005-2009 on strategic and financial planning and control.

THEORETICAL BACKGROUND AND HYPOTHESES

The factors that determine the capacity and willingness of a small firm to grow are mentioned to be owner-manager's competence, entrepreneurial orientation, strategic planning skills, and capability to manage the resources available to business. Penrose (1959) was one of the first researchers to note the importance of owner-manager entrepreneurial orientation. She made the distinction between managerial competence focused on maintenance of the status quo, and entrepreneurial competence focused on risk taking and pursuit of growth opportunities. Behind these differences are entrepreneur's values which affect their strategy making, entrepreneurs can be different in terms of goals and attitudes. Previous research has found that small firm growth is strongly dependent on how strong is entrepreneurs' willingness to grow (Delmar et al. 2008). Entrepreneurs who are aiming to grow and measure their success by business size and growth uses the growth oriented strategy. According to empirical findings of Poutziouris et al. (1999) "growth oriented owner/directors" had aim to increase business size and become owners of larger and successful businesses. Poutziouris et al. discovered in same research that growth oriented owner/directors were willing to use profits for expansion. If an entrepreneur would rather limit growth and is less interested in increasing profits or his own income level, the strategy of the firm was survival oriented. Free time and becoming owner of a successful business is not important for survival oriented entrepreneurs, instead they are interested to continue as they are at the present moment. Growth can be viewed also to be necessary for survival (Davidson et al. 1991). Some findings have proved that there are entrepreneurs who do not pursue growth, survival is often enough for them (Gundry et al. 2001, Nummela et al. 2005, Wiklund et al. 2003).

Although a number of empirical studies have examined the factors which influence the probability of firm's survival, the focus of these studies is on the structural features of the firm or on differences in the external environment (Cefis et al. 2006). The most essential factors for firm's survival are age, size, industry sector and location (Storey et al. 1996). Much has been concentrated on entry of new enterprises, because new firms are the most susceptible to risk of exit. It has also been recognized that while most small firms grow strongly after start up only a minority experience sustained growth through the full lifecycle and become large firms (Mazzarol et al. 2009). Empirical studies have established that the first 1-3 years is the most critical time for new firms as regards their survival and possibility to die is much bigger for small businesses than larger firms (Davidsson et al. 1991, Littunen 2000, Storey et al. 1996). The importance of entrepreneur's personality type and entrepreneur's strategic choices has been shown to be an important factor to surviving firms (Ciavarella et al. 2004, Littunen 2000, Storey et al. 1996).

The literature on the financial management and business planning of small firms suggests there is a considerable number of reasons for believing that the financial management and business planning of small firms is qualitative and quantitative different from that of large firms (LeCornu 1996). Kraus et al. (2006) have analyzed the earlier studies on strategic planning in small firms and they concluded that smaller enterprises do in fact plan and most small firms do it even in a formal way and use rather large time spans. Mazzarol et al. (2009) have also mentioned that if the use of formal business planning and strategy formulation in small firms is low, this does not mean that such firms are not engaged in planning behavior. The planning process in small business is seldom supported by planning instruments. Kraus et al. (2006) observed also that the literature tends to support a positive relationship between strategic planning and performance, but also opposite findings have been reported. Despite the commonly agreed benefits of strategic planning there is little empirical research investigating the drivers that cause a small firm to engage in strategic planning and control systems (Blumentritt 2006).

The agency theory considers the formal governance and administrative control systems as a way to align interests and actions of managers and owners (Jensen et al. 1976). Especially in small firms the conflict of interest between owners and stakeholders may lead to arising agency costs and this may derive to the need for better information systems. According to company growth theory successful growth leads to critical stage, namely professionalization, which requires the owner-managers to change entrepreneurial approach to more professional one (e.g. Perren et al. 1999). For example Moores et al. (2000) have found that after this stage of the life cycle, firms tend to adopt formal control mechanisms and to decentralize decision-

making processes. On the other hand management accounting, budgeting and reporting favors delegation of responsibilities.

Based on previous discussion, we propose the following hypotheses:

H1: growth orientation is positively related to the length of planning horizon, extent of budgeting and financial control

H2: survival orientation is negatively related to the length of planning horizon, extent of budgeting and financial control

Roper (1999) found that small business growth and profitability will depend on the firm's operating environment, its market position and choice of business strategy. A particular strategic approach is dependent on the business environment and the capabilities, aspirations and background of the owner-manager. However there are several previous empirical studies concluding that strategic planning and control are positively related to performance of small firms and to sales growth in particular (Rue et al. 1998, Wijewardena et al. 2004). Wijewardena et al. (2004) found especially that sophistication of budgeting practises had a positive and significant correlation with the sales growth. Gul (1991) has reported that the use of management accounting tools have significant association with performance when also environmental uncertainty is intertwined in the analysis. McMahon (2001) studied the impact of financial reporting practices upon business growth and performance outcomes amongst SMEs. In this study he did not find any significant relationship between use of financial reporting practises and firms' performance. As typically in studies that were focused on relation between management accounting practises and firms' performance, financial information was self reported by the respondents due the for getting objective performance data (Jänkälä 2007). This may be one reason to conflict founding in few studies.

The most widely-used instrument of managerial planning and control is budgeting. Budgets are very common in large business but also used in SMEs. Luoma (1967) reported that preparation of budgets was more prevalent than was their use for managerial control purposes. Schabacker (1960) could not find significant relationship between financial health and growth and the use of formal cash flow forecasting. Grablowsky (1984) found that younger small business were more likely to prepare cash budgets than longer-established businesses.

Based on the literature review, we propose the following hypothesis.

H3: The firm's financial performance is positively related to the length of planning horizon, extent of budgeting and financial control

RESEARCH DESIGN

Sampling and data collection

The empirical data used to test the hypotheses were drawn from a mail survey conducted in spring 2009 by means of a structured questionnaire. The initial population consisted of Finnish small private limited companies (they typically have few shareholders and are usually owner-managed family businesses) with a sales turnover between 1 and 10 million euro.

Hypotheses were tested in a multiple industry setting, because of a greater generalizability. A total of 13 495 firms were identified from the Voitto+ database, and a systematic random sample of 1 026 firms was drawn. The pre-tested survey questionnaire with an introductory cover letter was mailed to the respondents, assured of confidentiality and promised a summary of the results. A follow-up was sent to those who had not responded within two weeks. Final responses were received from 193 companies, yielding a satisfactory effective response rate of 19 % (193/1026). It was possible to get financial information about the companies via Voitto+ database; these financial measures are based on the financial statements of years between 2005 and 2009. Although we used firms' financial information, anonymity was implemented,

because data has been analyzed and reported in a format that will not permit identification of individual respondents or their businesses.

Non-response bias was examined by comparing the early (first-round) respondents with the late respondents (second-round) with the assumption that there are no differences between early and late respondents (Armstrong and Overton 1977, Covin and Slevin 1989). No significant differences were found between these groups in the distributions of the sum variables. Another test for the representativeness of our data was the comparison of respondent and non-respondent firms in terms of size which was retrieved from Voitto+ -database for the full sample of 1026 firms. The size distributions of non-responding and responding firms turned out similar ($\text{Chi}^2=1.62$). Using self-reported data from single informants may bear a risk of common method bias (Podsakoff et al. 2003). However, the owner-manager is considered to be the most knowledgeable of the strategic vision and managerial practices, which would be very hard to measure without some degree of subjectivity. Furthermore, researchers of entrepreneurship often use self-reports and they have been shown to be reliable (Chaganti et al. 2002).

Description of the sample

Firms' ages were between 4-107 years (see Table 3). Average age was 20 and median was 18 years. The life cycle phase of most businesses (based on the respondents' own opinion) was established operations (76 %) and only 1 % thought that their business was in the early stage. 18 % of the firms were in the growth stage and 5 % were declining. A majority (59 %) of the respondents had established their firms by themselves and 21 % had bought their businesses. The most prevalent (66 % of firms) owner structure was 2-5 owners and 65 % of respondents considered their business as family business.

Measures

The applied measures for strategic orientations, planning horizons, budgeting and controlling are multi-item measures, mainly adapted from previous studies. Factor analyses were applied to ensure the dimensionality of the measures and the reliabilities were checked with Cronbach alpha coefficient of internal consistency.

Length of planning horizon The items were adapted from Barringer et al. (1999) and Beaver (2007). The principal component analysis with Varimax rotation resulted in two factors explaining together 72% of the total variance, see Table 1. The first factor relates to the time horizon of strategic planning of competitive advantage, whereas the second factor describes the time span of financial planning.

Table 1. Factor analysis results for the length of planning horizon

Variable	Factor 1 <i>Strategic planning</i>	Factor 2 <i>Financial planning</i>	Communalities
How much do you invest in planning following strategic choices in short or long term ? 1 = no, 2 = under 1 year perspective, 3 = 1-5 years pers. 4 = over 5 years pers.			
Product and service assortment	.899		.810
Market segment and customers	.886		.794
Competition advantage	.732		.581
Debt financing		.883	.781
Planning of assets and liabilities		.740	.636
Eigenvalue	2.43	1.17	
% of variance	44.37	27.67	
cumulative % variance	44.37	72.04	
KMO .693			

Accounting practice The empirical evidence about management accounting practices has almost totally been based on data from larger companies. Small business and family business studies have been rare. However, some studies management accounting practices in small business context have been conducted (e.g. Reid et al. 2000, Haldma et al. 2002, Collis et al. 2002, Jänkälä 2007, Abdel-Kader 2008, Syrjä 2010). It has also been recognised that financial management in small firms plays a critical role in their success and survival. The earlier literature suggests that the financial management practises range from informal tacit methods of control to more formal and sophisticated methods. According to Jänkälä (2007) sophisticated management accounting practices are not necessary or beneficial for every single firm. Therefore lower adoption of financial management and management accounting practices may not indicate necessarily a poor planning and control in small firm. Earlier studies have found that larger the business, the more likely it is that management need formal than informal information systems to help planning and controlling activities (Perren et al. 1999). This fits in with the finding that budgeting and target accounting is positively correlated with sales (Table 5), which can be considered to be a one proxy for the complexity of the business.

The 9 management accounting practices items were developed for the purposes of this study. The measures can be considered exploratory. By these items we wanted to find out what kind of management accounting

practices concerning the planning and control the entrepreneurs really have. Principal component factor analysis was conducted to verify whether the dimensions of management accounting practices constructs. After rotation, the factor analysis suggested the existence of two factors with eigenvalues greater than one. The rotated factor solution is shown in Table 2. Significant loadings are those of .70 or higher (Hair et al. 1998), but loadings higher than .50 are satisfactory. Factor 1 (explaining 41.43 % of variance) consists of six items all clearly linked to firm's budgeting practices. This factor was named as *budgeting*. Factor 2 explains 26.46 % of variance. It is called *target accounting*. This factor encompassed three items all related to the level of financial controlling. The internal consistencies of the factors were good despite the exploratory nature of the measures, as the Cronbach's alpha values were quite high (budgeting .863, target accounting .701).

Table 2. Factor analysis results for extent of budgeting and financial control

Variable	Factor 1 <i>Budgeting</i>	Factor 2 <i>Target accounting</i>	Communalities
In our company we do budget every year	.885		.784
We control realization of budget.	.855		.784
In our company budgeting is insignificant.	-.821		.675
Differences in the budget cause action	.797		.736
Financial calculation have significant role in the strategic planning of our company	.642	.478	.640
Financial calculation have significant role in the strategic decision making of our company	.635	.497	.650
In our company we control the level of result		.820	.673
In our company we have clear target level of operating result or result for financial year.		.781	.642
In our company we control regular during the accounting period financial ratios such as profitability, liquidity and degree of solvency.		.685	.524
Eigenvalue	4.55	1.56	
% of variance	41.43	26.46	
cumulative % variance	41.43	67.89	
KMO .789			

Growth and survival orientation The growth and survival orientations were measured on five Likert-scaled items (1=totally disagree, 5=totally agree), adapted from Nummela et al. (2005), Runyan et al. (2008). Growth orientation was defined as the degree to which the entrepreneurs intend to engage in specific strategies to grow and expand their business. Activities measured included adding a new product or service, expanding operations to new customer groups and aiming at growth without risking profitability. Survival orientation is the degree to which entrepreneurs are pursuing stability. The items included satisfaction with the present size of the firm and aim to keep operation of the firm sustainable. The growth orientation scale consisted of three items (Cronbach's alpha .693), and survival orientation two items (Cronbach's alpha .603).

Next respondents clustered according to their growth and survival orientation to the three groups. Ward's error sum of squares method of cluster analysis was used to identify these groups. These three groups named as follows: growth dominated, both GO and SO dominated and survival dominated. The naming of these groups based on the score of GO and SO sum variables (see Table 5.) The first group included 40 % of the firms, the second group 37 % of the firms and the third group 23 % of the firms.

RESULTS

Descriptive statistics and correlations

The descriptive results based on 195 respondents are shown in Table 3. We had chosen firms with a sales turnover between 1 and 10 million euros. The minimum value is not within the chosen range, because we have sampled the firms on the basis of financial statements of 2007 and our data consist of the financial statements from year 2005 to year 2009. The sales distribution of respondent firms was somewhat skewed as the mean was about 2.480 000 € and median was only 1.775 000 €. In spite of the fact that small firms have often survival difficulties, the mean age of the firms was 20 years and median was near that. Average quick ratio between years 2005 and 2009 was 2.1, return on investment was 26.2 and equity ratio 49.1. All these key ratios were at quite good level. The results in Table 3 indicate that there are distinct differences in management accounting practices across Finnish small firms. On an average, the target accounting is more important than budgeting. Strategic planning horizon is typically between 1 and 5 years, whereas financial planning horizon is clearly shorter in Finnish small firms. In terms of business strategic goals, the main emphasis is on profitability, and the respondent firms are slightly more survival- than growth-oriented.

Table 3. Descriptive statistics

Variable	Mean	Std. dev.	Min	Max	Median
Firm age	20.0	12.0	4	107	18.0
Sales (1000 €), mean 2005-2009	2481.5	1844.0	404.2	9787.8	1775.1
Strategic planning	2.45	0.63	1.00	4.00	2.33
Financial planning	2.16	0.85	1.00	4.00	2.00
Growth orientation	3.53	0.87	1.00	5.00	3.67
Survival orientation	3.74	0.84	1.00	5.00	4.00
Operating margin-%, mean 2005-2009	11.7	9.6	-2.0	84.5	9.2
Quick ratio, mean 2005-2009	2.1	2.1	0.1	20.7	1.5
Return on investment, mean 2005-2009	26.2	17.6	-5.4	91.3	22.3
Equity ratio, mean 2005-2009	49.1	24.1	-17.6	92.0	49.6
Budgeting	2.94	1.03	1.00	4.50	3.00
Target accounting	4.16	0.82	1.00	5.00	4.33

The correlations in Appendix 1 show that the lengths of strategic and financial planning horizons, budgeting and target accounting are generally positively related. Larger firms are more growth oriented, and use more actively management accounting information in business planning. The financial performance indicators are somewhat surprisingly negatively related to the length of financial planning horizon whereas it seems logical that growth orientation is negatively related to quick and equity ratio.

The statistically significant correlations are summarized in Figure 1.

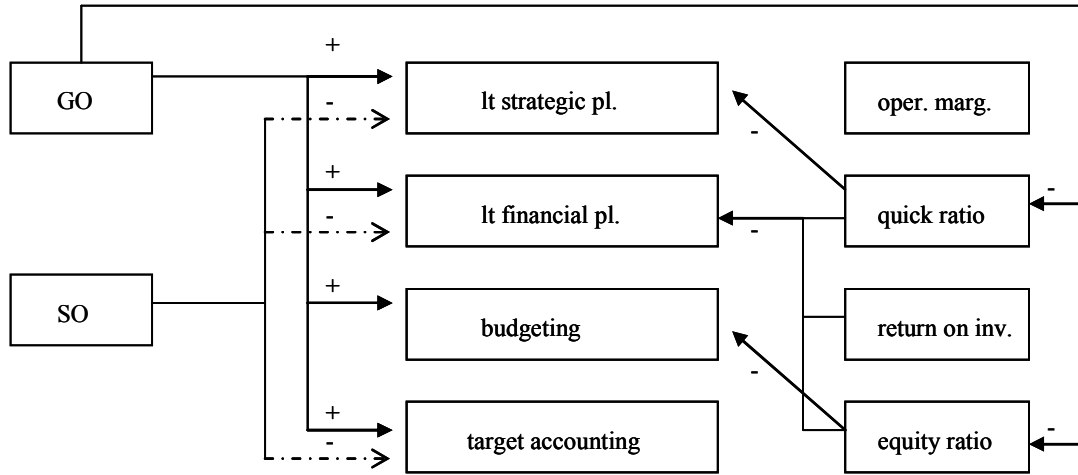


Figure 1. The statistical significant correlations.

The descriptive information is shown separately for three clusters in Table 5. The one-way analysis of variance (ANOVA) was applied to test for differences between these three clusters. In terms of size, long term financial planning and financial performance the clusters did not differ significantly. The only exception was quick ratio, where survival oriented firms had the highest value (2.76). Growth oriented firms have significantly longer strategic planning horizon and for these firms target accounting and budgeting is more important than for other firms.

Table 5. Descriptive statistics and F-values for comparing the difference between three clusters.

Variable	N	Mean	Std. dev.	F value
<i>sales (t€) mean 05-09</i>				
growth dominated	72	2594.3	1980.0	.80
both GO and SO	71	2429.5	1661.0	
survival dominated	42	2376.0	1929.0	
<i>GO</i>				
growth dominated	76	3.98	.58	108.70***
both GO and SO	72	3.76	.58	
survival dominated	45	2.39	.66	
<i>SO</i>				
growth dominated	76	2.91	.61	181.60***
both GO and SO	72	4.15	.35	
survival dominated	45	4.47	.47	
<i>budgeting</i>				
growth dominated	76	3.20	.97	4.40**
both GO and SO	72	2.84	1.05	
survival dominated	45	2.68	1.05	
<i>target accounting</i>				
growth dominated	74	4.36	.70	3.66**
both GO and SO	68	4.06	.79	
survival dominated	44	3.99	.98	
<i>long term str. planning</i>				
growth dominated	75	2.61	.55	6.59**
both GO and SO	67	2.44	.65	
survival dominated	45	2.20	.64	
<i>long term fin. planning</i>				
growth dominated	75	2.67	.86	1.18
both GO and SO	68	2.12	.79	
survival dominated	45	2.03	.91	
<i>operating margin-% mean 05-09</i>				
growth dominated	72	11.93	7.94	.249
both GO and SO	71	11.09	8.65	
survival dominated	42	12.32	13.20	
<i>quick ratio mean 05-09</i>				
growth dominated	72	1.96	1.62	2.53*
both GO and SO	71	1.89	1.63	
survival dominated	42	2.76	3.27	
<i>return on investment mean 05-09</i>				
growth dominated	72	27.4	18.04	.31
both GO and SO	71	25.1	17.34	
survival dominated	42	25.9	17.69	
<i>equity ratio mean 05-09</i>				
growth dominated	72	47.3	23.4	.66
both GO and SO	71	48.8	25.6	
survival dominated	42	52.6	22.7	

*** p< 0.01, ** p< 0.05, *p<.10

Hypotheses testing

The hypotheses were tested using multiple linear regression analysis, controlling for the effect of firm size. The analysis of the residuals did not reveal any violation of the basic assumptions for ordinary least squares estimation. The tolerance values varied between .964 and .999, implying that multicollinearity was not a problem either.

Table 6 shows the effects of, growth and survival orientation and financial performance indicators on the length of planning horizon and management accounting practises. The R-squared values and F-values indicated that the constructs selected for this analysis explain a significant proportion of the variance in the dependent variables. The model explains financial planning moderately at the 0.05 level of significance. The significant effect appeared for strategic planning, budgeting and target accounting, the models for these dependent variables had explanatory power at the 0.01 level of significance. Hypothesis 1 stated that growth orientation is positively related to the length of planning horizon (strategic planning and financial planning) and extent of budgeting and financial control (target accounting). The results in Table 6 showed that growth orientation (GO) has positive statistical significant relation to budgeting and target accounting but not to length of planning horizon. These results supported the hypothesis 1 partially. Hypothesis 2 predicted that survival orientation (SO) is negatively related to extent of budgeting and financial control. This hypothesis was also partially supported. Linear regression results show that GO was statistical significantly negatively related to long term strategic planning and budgeting.

Hypothesis 3 predicted that firm's financial performance has positive effect to the length of planning horizon, extent of budgeting and financial control. Our linear regression results show that firm's financial performance (return on investment and equity ratio) has a statistical significant effect only on financial planning and budgeting but effect is negative. The hypothesis 3 was not supported.

Table 6. Linear regression results, firm's planning horizon and management accounting practises as dependent variable

Model fit	Str. plan.	Fin. plan.	Budg.	TA
R square (Model 1)	.088	.017	.131	.102
F	5.649***	1.041	9.111***	6.622***
R square (Model 2)	.108	.110	.151	.118
F	2.950***	3.025**	4.505***	3.274***
F change	.931	4.452***	1.043	.787
Model 1 estimates	b (std.err.)	b (std.err.)	b (std.err.)	b (std.err.)
Constant	2.559*** (.344)	1.800*** (.486)	2.670*** (.551)	3.271*** (.440)
Sales mean 05-09	.000 (.000)	.000 (.000)	.000*** (.000)	.000** (.000)
GO	.091 (.058)	.127 (.081)	.209** (.092)	.227*** (.074)
SO	-.139** (.056)	-.013 (.080)	-.199** (.090)	-.021 (.072)
Model 2 estimates	b (std.err.)	b (std.err.)	b (std.err.)	b (std.err.)
Constant	1.955*** (.484)	2.326*** (.494)	2.987*** (.584)	3.052*** (.466)
Sales mean 05-09	.000 (.000)	.000 (.000)	.000*** (.000)	.000** (.000)
GO	.077 (.059)	.094 (.080)	.202** (.094)	.236*** (.076)
SO	-.139** (.057)	-.020 (.077)	-.198** (.091)	-.019 (.072)
Operet. margin mean 05-09	.004 (.005)	.011 (.007)	-.004 (.008)	-.002 (.006)
Quick ratio mean 05-09	-.046* (.026)	-.054 (.036)	.037 (.042)	.011 (.033)
Return on investment mean 05-09	-.002 (.003)	-.011*** (.004)	.000 (.924)	.005 (.003)
Equity ratio mean 05-09	.002 (.002)	-.003 (.003)	-.007* (.004)	.001 (.003)

*** p< 0.01, ** p< 0.05, *p<.10, b: estimated regression coefficient

Discussion and conclusions

The analyses revealed that growth and survival orientations are significantly related to the strategic planning horizons and also short-term financial planning and control. This study contributes by offering empirical evidence about the relationship between growth and survival orientations and strategic planning and financial control. The study has some limitations. For example the data was drawn from single country and a population that may be somewhat atypical in nature. Nevertheless, the present findings have implications for owner-managers of SMEs. The differences found between growth and survival oriented firms raised some important considerations for owners and managers of those firms. Growth oriented small firms seem to be more sophisticated in strategic planning and management accounting than firm seeking to just maintain the status quo. However the longer time horizon for strategic and financial planning should probably be applied also in survival oriented firms. Too many small business owner-managers are characterised by a short sighted focus. It is important that all small business owner-managers develop their

long term strategic thinking skills. It might be also beneficial to increase owner-managers awareness of business planning instruments.

The results of our study indicate that firms' financial performance has weak negative connection to the strategic and financial planning and financial control. In the other words it seems to be that poor financial performance increase the need of the usage of the management accounting and planning horizon become longer. And vice versa when firms' financial situation is more stable firms tend to neglect the usage of the management accounting tools and long term strategic and financial planning is less relevant. This kind of behaviour may indicate, that although in this study we could not find statistically significant positive effect between firms' financial performance and strategic planning and control, small firms' owner-managers' have confidence in that by using effort on business planning it is probably beneficial to firms' performance.

Even though the connection between firms' management accounting practises and firms' financial performance is not very clear, it can be said that the usage of the management accounting tools support the strategy execution of SMEs and the selected strategy of the firm itself possible drives firms' financial performance.

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APPENDIX

Appendix 1. Correlation matrix.

Variable	1	2	3	4	5	6	7	8	9	10	11
1 Sales	1										
2 GO	.161**	1									
3 SO	-.036	-.355***	1								
4 Budg.	.237***	.277***	-.210***	1							
5 TA.	.205***	.328***	-.126*	.434***	1						
6 Str.	.141*	.246***	-.236**	.422***	.346***	1					
7 Fin.	-.014	.173**	-.078	.164**	.069	.249***	1				
8 Oper.	-.115	-.010	.051	-.100	.003	-.004	.007	1			
9 Quick	.013	-.182**	.095	-.069	.010	-.145*	-.192***	.285***	1		
10 Ret.	-.024	.003	-.031	-.043	.113	-.040	-.237***	.280***	.138*	1	
11 Eq.	.067	-.122*	.056	-.139**	.044	-.032	-.180**	.308***	.583***	.233***	1

Variables: 1 turnover mean 2005-2009, 2 growth orientation, 3 survival orientation, 4 budgeting 5 target accounting, 6 strategic planning, 7 financial planning, 8 operating margin -% mean 2005-2009, 9 quick ratio mean 2005-2009, return on investment-% mean 2005-2009, equity ratio 2005-2009
 *** p< 0.01, ** p< 0.05, *p<.10