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# "Thematic concern" analysis in the process of developing cost management skills curriculum

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## Abstract

Although the Malaysian government has already provided various entrepreneurial training programmes, Malaysian SME owner managers still lack entrepreneurial skills. Among the important skills that are still lacking are cost management skills. Thus, the current research attempts to develop cost management skills curriculum using action research approach. Action research approach is a cyclical process of planning, acting, observing and reflecting. According to several studies, the planning stage is the most critical stage of the action research cycle. At the planning stage or "thematic concern" stage, the problem or situation that needs to be improved must be clearly analysed. Hence, this paper discusses in detail the "thematic concern" analysis in developing cost management skills curriculum for SME training programmes in Malaysia. This paper triangulates various data sources, such as interviews and other secondary data. Among the important findings of this paper are SME owner managers in Malaysia still lack cost management skills knowledge. Furthermore, entrepreneurial training programmes also lack curriculum related to cost management skills.

**Keywords:** Cost management skills, training programmes, action research, thematic concern, SMEs.

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## 1. INTRODUCTION

As a developing country, the Malaysian government has provided various development programmes for the SMEs. Among the development programmes provided by the government are financial assistance and entrepreneurial training programmes. For example, from 2006 until 2010, the Ministry of Rural and Regional Development (MRRD) has already distributed a total of RM136,341,787 under the Skim Pembiayaan Ekonomi Desa (SPED). Besides the financial assistance, the government and its agencies have also conducted various entrepreneurial training programmes to enhance SME owner managers' knowledge and skills. Based on the MRRD website, from 2006-2009, a total of 666 entrepreneurial training programmes have been conducted by the MRRD and its related agencies, such as Majlis Amanah Rakyat (MARA) and Lembaga Kemajuan Wilayah Kedah (KEDA) ("Malaysian Rural and Regional Development (MRRD)," 2015).

Although the government has already provided various entrepreneurial skills training programmes, SME owner managers still lack entrepreneurial skills, including cost management skills (Jusoh, Ziyae, Asimiran & Abd. Kadir, 2011; Mohamad Salleh & Mohd Sidek, 2011). Based on literature, cost management skills are among the critical criteria to achieve competitive advantage and business sustainability (Miller & Friesen, 1984; Porter, 1980; Reed & DeFillippi, 1990). Lack of cost management skills among the SME owner managers might be due to various factors. Among the factors that has been debated in literature is entrepreneurial training programmes being not as

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effective as they should be (Ariff & Abubakar, 2000). This might be due to inadequate and inappropriate (or maybe absence) cost management skills curriculum in the entrepreneurial training programmes (Gibb, 1987, 2011).

There are various factors contributing to the inadequate and inappropriate (if not absent) content of the current cost management skills curriculum. The most common factor debated in the literature is the curriculum design mainly reflects the training providers' expertise rather than SME owner managers' needs (Honadle & Hannah, 1982; Jennings, Banfield & Beaver, 1996). This is due to SME owner managers not being involved in the curriculum development process. When this module is delivered to the SME owner managers, they cannot understand or some of the contents are too theoretical and beyond the SME owner managers' level of knowledge. To compound matters, the module is not related to the SME owner managers' daily business activities. Thus, to really understand the entrepreneurial skills needed by the SME owner managers, they must be involved from the beginning in the process of developing the entrepreneurial skills curriculum (Dana, 2001; Gibb, 2006; Jullenmaa & Puolamaki, 2008).

As suggested by Elliot (1991) and Akdere (2003), to enable full involvement of the SME owner managers in the process of developing the entrepreneurial skills training curriculum, practical action research approach is the most suitable method to apply. Practical action research is the process of understanding deeply the problematic situation/environment and suggesting or providing solutions to improve current practices (McKernan, 1991). The process of understanding the problematic situation/environment is discussed in detail in the next section.

## 2. "THEMATIC CONCERN" ANALYSIS

Several studies consider Kurt Lewin as the father of action research (Cumming & Worley, 2005; Swanson & Holton III, 2005). Lewin believed that social problems could be resolved through a cyclical process of planning, acting, observing and reflecting (O'Brien, 1998). In action research, understanding the problematic situation/environment is the most crucial part before providing any solution or improvement. Lewin used the term, "thematic concern" analysis for the process of understanding problematic situations/environment (Dick, 2002; Zuber-Skerritt & Fletcher, 2007). Figure 1 shows the connection between "thematic concern" analysis and action research cycle applied in this study as suggested by Kemmis & McTaggart (2005).

The main objective of the current research is to develop cost management skills curriculum for training programmes provided by the government. However, before the main objective can be achieved, as shown in Figure 1, "thematic concern" analysis was done before the cost management skills curriculum development process. Under the "thematic concern" analysis, the researcher needs to gain understanding on:

1. Current level of cost management skills among the SME owner managers; and
2. Current situation of cost management skills training programme provided by the government.

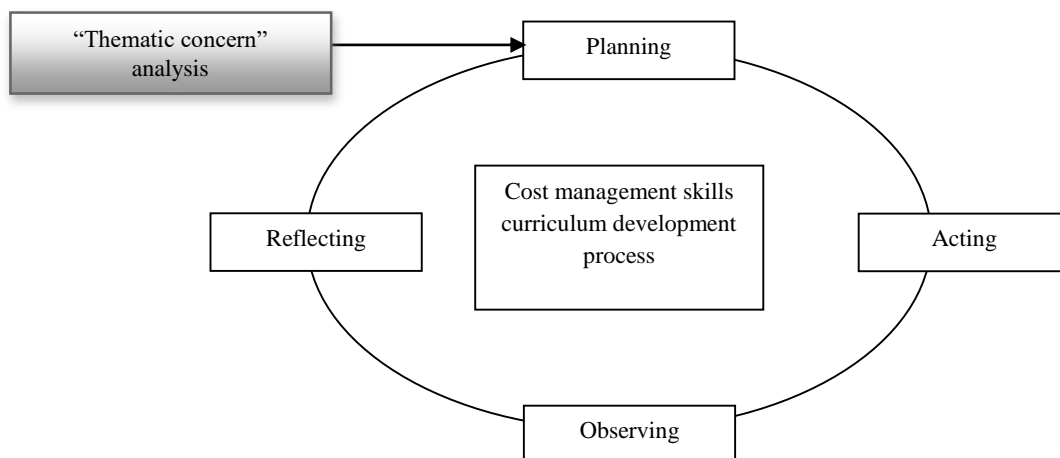


Figure 1. "Thematic concern" analysis and action research cycle

## 3. DATA COLLECTION METHOD

In action research approach, the data collection method can be qualitative and quantitative, ranging from questionnaire, interview, video recording, documentary, field diaries or notes and systematic observation (Koshy,

2005; Mills, 2014; Schmuck, 2006). Thus, for the purpose of this study, to gain understanding on the above phenomena, this study employed data collection methods as stated below:

1. Semi-structured interview with the SME owner managers;
2. Semi-structured interview with the accounting training providers;
3. Analysis of current accounting module; and
4. Analysis of current entrepreneurial training schedule.

This study also employed triangulation of data to reduce bias and to increase the credibility and dependability (Flick, 2007). Data triangulation refers to “*the use of different sources of data as distinct from using different methods in the production data*” (Denzin, 1989).

#### 4. RESEARCH FINDINGS AD DISCUSSIONS

The researcher developed mutual understanding with the Cooperative and Entrepreneurial Development Centre, Universiti Utara Malaysia (CEDI, UUM) to get full access to the data resources. Cooperation with CEDI has been chosen for the purpose of this study because CEDI provides various training programme for SME owner managers especially for the module related with business management (some of the SME training programmes by MRRD in 2009 until 2011 were conducted by CEDI, UUM. Since MRRD discontinue their SME training programme in 2012, CEDI, UUM still providing various SME training programmes with cooperation of various government and private agencies). Accessibility of data is among the most important criteria to conduct a study using action research approach (Cornwall, 1996; Masters, 1995; McKernan, 1991). CEDI, UUM provided various related data, such as data on SME owner managers and accounting training providers as well as accounting training programme modules. Besides that, CEDI, UUM also arranged the training sessions with the SME owner managers. The interview was conducted with (2) different groups of participants comprising SME owner managers and accounting module trainers. Eight (8) SME owner managers and four (4) accounting training providers were involved in the interview session. The SME owner managers who participated in this study were alumni of entrepreneurial training programmes previously conducted by CEDI, UUM.

Table 1. Demographic data of SME owner managers

	Item	Number (N = 8)	Percentage
<b>Gender</b>	Male	4	50%
	Female	4	50%
<b>Age</b>	21– 30 years old	1	12.5%
	31– 40 years old	3	37.5%
	41– 50 years old	1	12.5%
	51– 60 years old	3	37.5%
<b>Educational background</b>	Secondary school/PMR/SPM/STPM	2	25%
	Certificate/diploma	3	37.5%
	First degree	3	37.5%
<b>Working experience</b>	None	2	12.5%
	1 – 10 years	3	37.5%
	11 – 20 years	3	37.5%
<b>Business location</b>	Urban	5	62.5%
	Rural	3	37.5%
<b>Financial assistance/loan</b>	None	2	25%
	Government	5	62.5%
	Private institutions	1	12.5%
<b>Ownership structure</b>	Single	4	50%
	Partnership	2	25%
	Sdn. Bhd.	2	25%
<b>Business type</b>	Manufacturer	6	75%
	Trading	2	25%
<b>Year of operations</b>	1 – 5 years	1	12.5%
	6 – 10 years	3	37.5%
	11 – 15 years	1	12.5%
	16 – 20 years	2	25%
	More than 20 years	1	12.5%
<b>Number of employees</b>	3 – 50 employees		
<b>Annual income</b>	RM200,000.00 – RM6,000,000.00		

Table 1 shows the demographic data of SME owner managers who were involved in the interview. About 75 percent of the participants have higher education level (certificate/diploma/first degree); 37.5 percent have more than ten (10) years working experience before starting their own business; and 62.5 percent have received financial assistance from the government in the form of grants and loans. Only 25 percent of the participants have registered their businesses as Sdn. Bhd. and the rest have registered as single or partnership enterprise. A total of 75 percent

are manufacturers who produce food and beverages, fertilisers and cosmetics. The maximum number of employees is 50 and annual income is between RM200,000 to RM6mil.

The first objective of this “thematic concern” analysis is to understand the level of cost management skills of SME owner managers. All the SME owner managers involved in this study agreed that they lack cost management skills knowledge. This is because most of the SME owner managers did not learn costing during their formal education (school, college or university level). Although one (1) of the participants graduated in accounting, her 10 years’ working experience is in the business management area. Thus, she faced difficulties in costing when she started to run her own fast food chain in Perlis. She developed her costing knowledge through experience and through trial and error process without learning it via proper training. Until now, she still faces difficulty in costing; when there are changes in the business environment, she cannot adapt immediately because of lack of knowledge in costing systems.

The SME owner managers also realise that cost management skills are crucial for their businesses, especially for those involved in the manufacturing industry or in providing services. This is because most of the SME owner managers’ products and services are involved in “perfect market competition” where the price is already set by the market. To maximize the profit, SME owner managers need to have cost management skills knowledge to make sure their products and services are being sold above the cost. However, most of the SME owner managers just calculate their costs based on very minimal knowledge and assumption.

Second, related to the current training on cost management skills provided by the government, some of the SME owner managers said that they have attended related training programmes but the knowledge sharing is very limited and superficial. Most of the SME owner managers said that they have never attended or some said they have never been invited to any specific cost management skills training programme provided by the government. Lack of cost management skills in training programmes provided by the government was also supported by accounting training providers. Most of the current training programmes on accounting focus on financial report preparation and book-keeping. According to accounting training providers, they have given accounting training on topics, such as basic book-keeping, financial management or basic accounting. Based on these topics, the accounting providers develop the training module. Some of the accounting training providers include basic costing knowledge, such as product costing and pricing decision for trading companies.

To support the absence of cost management skills curriculum in the current training programme provided by the government, this study reviewed the accounting module (the module cannot be disclosed in this study due to copyright issue) developed by the government authority in charge of SME development. The module contents were mainly on financial reporting, such as income statement, balance sheet and cash flow preparation. The module also discussed the use of financial reporting information in ratio analysis and cost, volume, profit (CVP) analysis. The assumption of product cost calculation in CVP analysis was price above cost which is only suitable for trading companies. Thus, SME owner managers involved in manufacturing and providing services did not receive full benefits from the minimal cost management skills provided in the current accounting training module.

Based on the Table 2 below, CEDI, UUM provided various entrepreneurial training programmes in 2012-2014. However, the cost management skills module was not on the list.

Table 2. Entrepreneurial training programme modules provided by CEDI, UUM in 2012-2014

<b>Modules</b>
Business administration
Marketing
Business plan
Business laws and ethics
Book-keeping and financial reporting
Operations management
Financial management
Human resource management
Being creative and innovative in business
Basic entrepreneurship
Motivation and leadership
Operations and quality management
Networking
Business communication
Business sustainability
Business opportunity, growth and modelling

## 5.0 CONCLUSION

This paper deliberately discusses the “thematic concern” analysis in the process of developing cost management skills curriculum for training programmes of SMEs. “Thematic concern” analysis in action research involves understanding the process of problematic situation/environment before suggesting potential solutions and improvement. This study employed various data collection methods, such as interview with SME owner managers, interview with accounting training providers, reviewing the current accounting module and reviewing current entrepreneurial skills training schedule. The results from triangulation of data show that SME owner managers realise the importance of costing in their business and that they still lack cost management skills. The training programmes provided by the government also lack cost management skills. Thus, the next objective of this study is to develop cost management skills curriculum for SME training programmes.

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