

# **Budgeting Practices in Malaysian Small and Medium-Sized Enterprises During the Covid-19 Outbreak**

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The pandemic Covid-19 has been transmitted to a wide range of countries, including Malaysia, and has affected large populations worldwide. This outbreak had a negative impact on the Malaysian economy due to both internal and external factors, including a devastating effect on supply chains. Significantly, the adverse effect on socioeconomic wellbeing, which affects not only low-income individuals and workers, but also small and medium-sized businesses. Small and Medium-sized Enterprises are the backbone of Malaysia's economy, accounting for 98.5 percent of all business entities established in Malaysia. They contribute significantly to the country's economic development. However, the current Covid-19 outbreak has had a significant negative impact on Malaysia's economy, with approximately 100,000 businesses closing their doors since March 2020, when the first Movement Control Order was declared. Throughout Covid-19, the government continues to support and initiate initiatives, including the introduction of an Economic Stimulus Package to assist Small and Medium-sized Enterprises in maintaining their business operations. However, this package is only available for a limited time and is unable to cover all the company's cost and expenditure. As a result, it is critical for small and medium-sized businesses to develop a strategy for surviving and sustaining their operations during this outbreak. As such, the study aims to explore the extent to which Small and Medium-sized Enterprises rely on budgeting practices to sustain their businesses during a pandemic. Additionally, to explore the impact of budgeting practices on small and medium-sized businesses. This study employed a qualitative approach, conducting in-depth semi-structured interviews with six business owners or managers who oversee the organization's financial operations, have direct influence over accounting decisions, and are familiar with the organization's management accounting practices. The interviews were conducted via the Zoom platform and each interview session lasted approximately 60 to 90 minutes. All interviews were conducted in English and recorded by using a Sony voice recorder with the consent of the participants, then transcribed by the researchers, and securely stored along with the transcriptions. The results of the interviews indicate that Small and Medium-sized Enterprises made greater use of budgeting practices during the pandemic than they did prior to the pandemic. By implementing budgeting practices, Small and Medium-sized Enterprises can plan, control, and monitor their operating costs, ensuring that they do not exceed a predetermined limit or the amount necessary to sustain

the business. The implications of this study shed light on the use and impact of budgeting practices in small and medium-sized businesses in order to facilitate effective decision-making regarding resource allocation which will sustain operations during a pandemic. This will result in an increase in the company's competitive capabilities, ensuring business sustainability and growth during the Covid-19 pandemic.

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