

# **The role of accounting information on business strategy formulation of small- and medium- sized enterprises in Greece**

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## **Abstract**

Although strategy development in large corporations has been well documented, the process of strategy deployment in Small and Medium Enterprises (SMEs) has not been extensively investigated by academic researchers. This study tries to provide new empirical evidence and the practical realities on the nature and practice of strategic planning in Greek companies. Its primary target is to examine the formulation of strategic planning in Greek SMEs and also to understand the nature and extent of information and advice sought and received by these firms, and their connection with strategic planning.

This study presents the respondents views and beliefs towards planning procedures, their own individual characteristics, their commitment to strategic activities; emphasis on areas of strategic planning, strategic objectives and their views on strategic planning processes. A postal survey of 159 companies in the Athens region, that fall within the 1999 EU size thresholds for a small and medium sized enterprise, was used.

The results of the research indicate that there is a positive relationship between strategic planning implementation and accounting information used by SMEs. It was also found that there is a difference in beliefs between higher and lower educated owner managers towards strategic planning. A positive relationship was identified between strategic planning and advice received from accountants and no relationship with other sources of advice such as government agencies or bank advisors. Another positive relationship was found between strategic planning implementation and some of the strategic activities undertaken from the SMEs while other activities had no relationship with strategic planning implementation proving that for some owner managers strategic planning has a different meaning. Finally the human resource capital of the SMEs was found to have no relationship with strategic planning.

**Keywords:** Business strategy, Strategic planning, Accounting information, SMEs