



St. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIE MASTER OF BUSINESS  
ADMINISTRATION IN ACCOUNTING AND FINANCE

ASSESSMENT OF MANAGEMENT ACCOUNTING PRACTICE : IN CASE  
OF WANZA FURNISHINGS INDUSTRY PLC

BY  
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OF WANZA FURNISHINGS INDUSTRY PLC

BY

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APPROVED BY BOARD OF EXAMINERS

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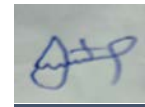
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## ACRONYMS

ABC	Activity Based Costing
IMA	The Institute of Management Accountants
CPV	Cost-Volume-Profit
NPV	Net Present Value
IRR	Internal Rate of Return
ROE	Return on Equity
ROA	Return on Asset
PMS	Performance Management System
ABCM	Activity Based Cost Management
AMAT	Advanced Management Accounting Technologies
TMAT	Traditional Management Accounting Technologies
METEC	Metals and Engineering Corporation
SPSS	Statistical Packages for Social Science
R & D	Research & Development
CFOs	Chief Finance Officers

## ABSTRACT

This paper aims to see the assessment of managerial accounting practice being applied & to assess its result on performance in Wanza Furnishings Industry PLC. A mixed research approach was used to answer the research questions that begin through literature review relevant for the study. The study analyzed data obtained from questionnaire ,interview & document review in the company. The study result indicates that the issues such as Costing system Practices, Budget system Practices, Performance Evaluation Practice and Information for Decision Making Practice are significant in clarifying the practice of Wanza Furnishings Industry PLC. The study also suggest that the company should have to evaluate performance using non-financial measures of performance evaluation systems,the researcher also recommends that various information for decision making practices should be implemented and get serious attention.

**Key words:** Management Accounting Practice.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Accounting for managements can deliver finance related data about the firm in order to collect analyze and interpret the data so as to know the condition of their firm. It is used for internal purpose only. Which includes budget estimates, cost estimates and financial ratios from past data. It helps the firm to see costs and for better decision in the firm.

The development of management accounting is responsive to the demands of management and the environment. Management accounting adapts to organizational change and three major forces cause organizations to evolve: technological change, globalization, and customer needs (McWatters, 2001). In order to remain competitive in today's global market, business must continually improve.

Management Accounting produces information primarily for internal use by the company's management. The information produced is generally more detailed than that produced for external use to enable effective organization control and the fulfillment of the strategic aims and objectives of the entity. Information may be in the form budgets and forecasts, enabling an enterprise to plan effectively for its future or may include an assessment based on its past performance and results. The form and content of any report produced in the process is purely upon management's discretion. Hilton (2011).

Management accounting is the process of identifying, measuring, analyzing, interpreting and communicating information in pursuit of organization's goals. Management accounting is integral part of management process. He also stated that management accountants are important strategic partners in an organization's domestic and international management teams. Usually, the larger the organization is, the greater is management's need for information Hilton (2011).

The manufacturing industry in Kenya is dominated by subsidiaries of multinationals. The players fall in the following categories as represented in the Kenya association of manufacture's listings; food and beverages processing, Paper and paper board, Wood products Pharmaceutical and medical equipment, Leather products, Chemical and allied, Textiles, Tobacco, Plastics and rubber (Association of Manufacturers, 2013). Manufacturing is a significant contributor to the

economy as it contributes 10% of GDP, 12.5% of Exports and 13% of formal employment (CBK, 2013).

The Institute of Management Accountants (IMA), the professional association of practicing and academic management accountants, defines management accounting as “The process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of financial information used by management to plan, evaluate, and control within an organization and to assure appropriate use of and accountability for its resources. Management accounting also comprises the preparation of financial reports for non-management groups such as shareholders, creditors, regulatory agencies, and tax authorities” (Smith, 2009)

It is used to identify, analyze, interpret and to use the information to achieve the goals of the firm. Its aim is giving information to help the management to plan and to control the resources of the firm so as to attain its objectives. Its better to know which product or services, labor target market, sales mix and segment can contribute the most for profitability.

Much has been written about firms in developing countries and in particular about their failure rates (Watson and Everett, 1996). Richard (2000) stated that there are many reasons for the failure rate of companies in developing countries, including lack of adequate working capital, poor market selection, and rapidly changing external market conditions. However, the most significant reason for this high failure rate is the inability of these firms to make adequate use of essential business and management practices. Many firms fail to develop an initial plan, and those that do establish a plan fail to continually adjust and use it as a benchmarking tool.

The primary objective of this study is to assess and highlight the management accounting practices in Wanza Furnishings Industry on financial and non-financial performance. The study aims to contribute its part to have better management accounting practice also encourage other researchers interested on the subject matter and serve as a base for other researchers.

Therefore given the importance of the production industry and the gap in the literature, this research aims to obtain a broad overview of the use of management accounting practice with particular reference of Wanza Furnishings Industry, their roles in the management, and to examine both the factors that lead to their use as well as their result on practice.

## 1.2 Statement of the problem

For an organization to survive in the competitive, ever-changing world, it must put in place sound management accounting practice. Managers need information for decision making. An understanding of cost behavior is fundamental to management and cost accounting, and management accounting information and the way it is used can support or hinder action and change of action in organizations (Bescosand Mendoza, 2000, Anderson, 2000, Abrahamson and Helin, 2000).

Management accounting practices have moved from reporting historical information, especially on variance analysis, to taking part in the strategic planning process of an organization (Kiesler and Sproull, 1982). These authors contend that management accounting skills are actively applied in the business environment where both market intelligence is sought and evaluated, and strategic decisions are made and competitive strategies put in place. The management accountants, especially those in the manufacturing sector, should therefore be at the forefront in the search and development of innovative competitive strategies that may enable an organization to remain profitable and competitive. These measures are particularly important in the manufacturing sector where efficiency and cost effectiveness may be used as a competitive tool for growth and profitability. Studies in other countries have shown that despite the developments in management accounting theory, the practice has not changed as companies still prefer the use of traditional management accounting tools (Uyar, 2010).

As per the findings of Tewodros (2009) and Mintesinot (2013) in Ethiopia manufacturing companies mainly focused on financial accounting, financial management, information technology adoption, and credit accessibility for manufacturing companies on the contrary limited emphasis given to management accounting and its practice especially when it comes to relating management accounting practice in managerial decision making on real estate companies. Moreover, according to Muluye (2018), there is a discouraging practice in the use of management accounting information by marketing and construction managers in decision making. The research work also shows managers that use management accounting information become ineffective in their decisions.

The weakness of industrial purchasing which is the process of buying to convert material into finished goods and product which are related to management accounting may lead the management to take poor decision which may affect the company's business strategy such as

price decision, optimal product mix decision, etc. Thus, by taking the above and similar facts into consideration this research paper will give an insight and whether or not the management accounting practices of the company under investigation is providing the relevant information for managerial control and decision making.

Moreover, based on the preliminary study performed by the researchers the following problems has been found; on the control system, on the assessing of the major factors that influence the inventory control system, on the using of idle record for business process and on the purchasing process. The review has therefore identifies a significant gap in research about management accounting practices in Wanza Furnishings Industry as there are very few studies related to wood work industry in developing countries with special reference of Ethiopia so called Wanza Furnishings Industry PLC. Hence, the researcher become motivated to study the assessment of management accounting practices in Wanza Furnishings Industry PLC.

Management Accounting is used for controlling system. As per the findings of serveral scholars,companies major focus area is on financial performance issues,only little attention is given for management accounting practice. Similarly, most companies in Ethiopia including Wanza Furrnishings Industry uses traditional costing system to allocate overhead costs.Since the company practice shows instead of using multiple overhead rates, a single overhead rate is used for allocating overhead costs to all products.This implies the company do not consider the nature of products.Due to the fact that some products may use more labor others can be used more indirect materials for their output.In addition,the researcher identifies as a gap that there is no the practice of Activity based Cosing in the company .

Thus, this study aimed to fill this gap so that the finding broaden our insights about managerial accounting in enhancing decision making, the use of management accounting information and to examine both the factors that lead to their use as well to assess the practice in Wanza Furnishings Industry PLC.

### 1.3 Objectives of the study

The objective of the study comprises of the General Objective and Specific Objective:-

#### 1.3.1 General objectives of the study

The general objective of this study is to assess management accounting practice in case of Wanza Furnishings Industry in Addis Ababa.

#### 1.3.2 Specific objectives of the study

- To assess costing system practice in the company.
- To identify the usage of budgeting system .
- To find out the result of performance evaluation system in the company
- To assess whether management accounting information helps for decision making system on performance of Wanza Furnishings Industry PLC.

### 1.4 Research Questions

- How costing systems affects the performance of Wanza Furnishings Industry?
- What would be the practice of budgetary system on the performance of the company?
- How does performance evaluation influences the main work results of the organization?
- What is the practice among the decision making methods on company's performance?

### 1.5 Significance of the study

Firstly, the findings of this study helps to create an awareness among managers of the importance of management accounting as a means of improving practice and maintaining competitiveness in the marketplace. The provision of the result also assist policy makers, such as the level of use of management accounting among firms and factors that affect the use of management accounting, that may ensure that future policy decisions made by the government, financial institutions, and other groups are evidence based.

Secondly, the study adds on the theory of management accounting in third world countries by focusing on the practice of manufacturing companies in Ethiopia. The study shows whether Wanza Furnishings Industry PLC still prefer the traditional tools or if there has been developments in practice as has the theory. Next, the study also benefits various other companies in Ethiopia as they understand the methods and tools available for them as far as controlling costs are concerned.

Finally, the recommendations helps companies in Ethiopia like Wanza Furnishings Industry to improve their activities. The study also adds for scholars and academicians interested in pursuing a study in accounting and especially management accounting as a form a foundation for other studies.

## 1.6 Scope of the study

The geographic scope of this study could be confined to Wanza Furnishings Industry. The research was employed with the employees who are working in the company related to management accounting functional areas. In terms of the constructs showing in the research framework only four ways of management accounting underpinnings (costing system, budgeting system, performance evaluation, and information for decision making) and their influence on performance was examined. Methodologically, this research used explanatory research design by applying quantitative approach research. Finally, this research will focus on cross sectional survey. Because, the cross-sectional survey meaning it is end by one-year time period.

## 1.7 Limitation of the study

This survey was organized depends on the response of respondents working in Wanza Furnishings Industry at Addis Ababa. Therefore, it affects the generality of the study's output. In addition, shortage of previous study works on the area was another problem of this study. Further survey on same by addressing the limitations of the study might give better insight to the subject under study.

## 1.8 Organization of the paper

The paper has five units. The first unit is the introduction part which covers statement of the problem, research objectives, research questions, significance and limitations of the study. The second unit contains review of related literature both in theoretical and conceptual framework on the subject matter. The third unit deals with the research methods of the thesis that includes research design, research methods and sample size. The fourth unit shows the analysis and data presentation obtained from questionnaire, interview and document review of the company. The last unit presents major findings, conclusion and recommendation for the company and further research suggestions.

## CHAPTER TWO

### REVIEW OF LITERATURE

#### 2.1 Introduction

This area covers a literature on the issues under study. This part presents literature on the concept of the title in creating an outcome on its performance. The management accounting practice in third world countries, an overview of management in manufacturing which will be discussed. Dimensions of management accounting, the concept organization performance, the link of management accounting is discussed, the empirical studies and conceptual framework follow.

Wanza Furnishings Industry PLC was founded in the early 1950s in Addis Ababa as Joint Venture of an Armenian company (owned by Mr. Vaskin Sician,) and a Norwegian company (owned by Mr. Mozvold). Later on, Mr. Fostad replaced Mr. Mozvold with an additional capital of Birr 250,000 (two hundred fifty thousand) and became known as Fovas Wood Working Factory. When Mr. Fostad left in 1960, Mr. Vaskin became sole owner of the company with an additional capital of Birr 250,000 (two hundred and fifty thousand) and changed its name from Fovas to Vaskin Woodworking Factory and continued operation with 27 employees.

Following the outbreak of Ethiopian Revolution, the company was confiscated by the Provisional Military Government of Ethiopia (Dergue), in 1968 E.C. It was then reestablished as state owned company with a new name "Wanza Woodworking Factory" and organized under the umbrella of Ethiopian Woodworking Corporation, which was accountable to the Ministry of Industry.

The company has recently been reorganized under the dynamic leadership of MIDROC Investment Group, in the manufacturing cluster and relocated its manufacturing premises from Lideta to MIDROC Summit Industrial Zone. It has also impregnation facility at Lideta, Dukem and Hawassa to provide age-old and reputable service in the supply of pole and posts prominently to Ethio Telecom and EEPCO as well as other customers across the country.

The company is currently being equipped with most advanced and state-of-the-art machinery from Europe and Asia; and combined with user friendly and solid wood oriented Conventional Machinery to manufacture multiple varieties of furniture and wood work products as well as impregnation of Pole and Posts to cater for existing and contemporary needs of target customers.

## 2.2 An Overview of Management Accounting

Carenys and Sales (2008) note that deregulation, which has been the general standard in the manufacturing sector, has facilitated the entry of new competitors. They contend that deregulation has given manufacturer a higher degree of freedom with regard to pricing and the product mix that they offer. They note that companies in the manufacturing sector have witnessed the disappearance of the protectionist environment of regulated prices and the advent of new competitors whilst at the same time these companies have been faced with both threats and opportunities. Therefore the management of an organization needs a comprehensive knowledge of the markets, customers, products and must have the drive to search for new competitive advantages in order to remain attractive to customers.

The management of a manufacturing in conjunction with the management accounting function, need to apply competitive manufacturing management skills in order to remain competitive in their industry and maximize profits. Koch and MacDonald (2006) have outlined important manufacturing management issues that may enhance competitiveness. These include adapting to a changing manufacturing environment; analyzing manufacturing performance and establishing profitability and risks; managing interest rate risks; managing the cost of funds, manufacturing capital and liquidity; managing credit given to customers and managing the investment portfolio. These issues will now be discussed in turn.

## 2.3 Definition of Management Accounting

Horngren et al. (2013) explained that management accounting helps managers to measure, analyze and report financial and non-financial information in making decisions to fulfill the goals of an organization, which is similarly defined by Atkinson et al. (2012) that management accounting is also the process of supplying the managers and employees in an organization with relevant information, both financial (cost of producing a product, the cost of delivering a service and the cost of performing an activity or business process) and nonfinancial (measures related to customer satisfaction and loyalty, process quality and timeliness, innovation and employee motivation) for making a decision, allocating resources, and monitoring, evaluating and rewarding performance.

## 2.4 Types of Management Accounting Practice

Shah (2009) is of the view that in the past management accountants were referred to as “controllers” since they were in charge of all financial accounting and cost accounting functions. He notes that the controller’s function entailed accumulating data and reporting to all levels of management as well as directing and helping managers in problem solving and in identifying opportunities that could add value to the organization. However, Shah (2009) argues that modern management accountants play a dual role in the organization. Firstly, they are responsible for the integrity of the top management and reliability of the reports they submit and secondly, they assume a helper’s role in which they are responsible for helping departmental managers in planning and controlling operations.

Moreover, Hilton (2008) points out that the management accountants advise and provide valuable information that guides an organization towards achieving its objectives. Wu and Boateng (2010) argue that the change in management accounting practices may be influenced by factors such as the size of an organization, foreign partners and knowledge of senior managers and employees. They note that the success with which these factors are known can positively influence the growth of an organization and the economy in general. Hence this knowledge could have helped companies to develop strategies that vary with its size, area of operation and the management as a way of creating a competitive advantage.

### 2.4.1 Standard Costing

In the past, more attention was given to variances with an aim of ensuring that products consumed the targeted resources. However, Merchant (1990) points out that variance analysis should be combined with innovative techniques such as lifecycle cost analysis and activity-based costing. He notes that such techniques are designed with specific aspects of the modern business which are driven by the need to produce low-cost and competitive products.

Horngren.(2009) argue that the standards set should be attainable to the employees and achievable with realistic levels of effort. They note that such standards would have a desirable motivational impact on employees especially when combined with incentives for continuous improvements. They also argue that standards represent reasonable future performance and not forceful goals. Hence, unfavorable variances may direct attention to performance that does not

meet reasonable expectations and therefore the managers in organizations like the manufacturing sector should set standards that employees regard as motivating to fulfill. In this view, EVATM may be used in designing standards that motivate employees (Horngren. 2009). Companies has set standards that encourage continuous improvement in such a way that it creates a competitive edge for the manufacturing.

#### 2.4.2 Lifecycle Costing

Seal. (2006) note that lifecycle costing recognizes that the manager's ability to influence the cost of manufacturing a product or offering a service is at its best when the product or the service is at the design stage of its lifecycle. This is because small changes to the product or service design may lead to significant savings in the cost of manufacturing an item or offering a service.

Based on this, the management accounting function in an organization such as a company should evaluate precisely the cost of their products in order to provide a product that is cost effective and that creates competitiveness for the organization. Horngren.(2009), note that periodic comparisons between planned costs and revenues and actual costs and revenues allows managers to assess the true profitability level of a product, determine its current lifecycle stage and modify the strategy.

#### 2.4.3 Activity Based Costing (ABC)

The key to effective cost control may therefore lie in optimizing the efficiency of the activities that relate to a product or a service. Seal.(2006) contend that ABC emphasizes activities that drive costs instead of direct labor being the cost driver.

Therefore, the activities that drive costs are likely to be some of the aspects of interest for the management accounting function whether in a production sector or in a service organization such as in the production sector. With regard to the applicability of the activity based costing (ABC) system to manufacturing institutions, Carenys and Sales (2008) are of the view that there are no substantial differences between the implementation of ABC in cost centers belonging to a production firm and costs centers of a service organization.

#### 2.4.4 Target costing and Kaizen costing

It is used to set a price by first starting the price that the market is willing to pay and then designing a product or service to meet that price (McLaney and Atrill, 2002). They also note that Kaizen costing involves the continuous improvements of products. They contend that these two costing methods represent important concepts for management professionals involved in the development, manufacturing and marketing of products and services in modern globally competitive markets. Target costing and Kaizen costing therefore provide strategies that enable a company to provide cost effective services that may contribute to competitiveness in its industry. Business organizations, particularly manufacturing, face continuous pressure to reduce their service costs in order to remain attractive to customers.

In the calculation and management of the cost of products, Horngren.(2006) contends that the management accounting function of an organization need to investigate the tasks and activities that cause costs to rise. The authors note that managers use the management accounting function to achieve the target costs by eliminating some activities and reducing the costs of performing activities in all the value chain functions. This may enable the firm in the manufacturing sector to achieve the target costs and hence offer services and products at the target price. This observation motivates this research to investigate whether reducing the cost of services in a manufacturing institution may influence the creation of a competitive advantage.

The literature above indicates that traditional costing methods can be combined with modern and innovative costing techniques in adapting a better method that can help to improve their services for a firm. Consequently, the management accounting function may apply the strategies offered by the innovative costing techniques to create effectiveness.

#### 2.5 Theories of Management Accounting

This section presents two theories. The first theory is contingency theory of management accounting while the second is the new institutional sociology theory of management accounting as discussed by Ribeiro and Scapens (2006).

## 2.5.1 Contingency Theory of Management Accounting

### 2.5.1.1 Definition of contingency theory

Contingency theories, or the contingency approach to management, are multifaceted and have many implications. For now, however, it will suffice to provide an overview and some relevant highlights. Contingency theories, in a sense, question the universal applicability implied by some of the theories already discussed (although they do more readily relate to Lewin's open system concept). In a nutshell, contingency theories posit that good management will look different based on situational variables. Early research on contingency theory points out that such variables as style of leadership, job design, participation in decision-making and organizational structure are critical to understanding what will lead to a good overall managerial outcome (Shepard and Hougland, 1978). A more recent definition of contingency theories in the Encyclopedia of Management breaks them down into two categories: environmental contingencies and internal contingencies (Helms, 2000).

Environmental contingency theories focus mainly on the relative stability of the environment. In relation to libraries, as has already been mentioned, change is occurring at a rapid pace, leading to a significant degree of instability. This alone seems to suggest an emphasis on flexibility. Internal contingencies concern factors such as the size of an organization. A larger library with more staff will have to be managed differently and probably require more formality, for example, all other factors being equal, than a library with fewer staff. The types of employees in an organization also play a role here within the internal contingency context.

Otley (1980) applied contingency theory looks at certain influential factors that will assist management to decide on an appropriate management accounting practice. These factors can either be technological changes and the infrastructure of an organization. For example, a manufacturing food company may want to change the technology used to a more modern hygienic and efficient way of handling, processing and packaging its food. It may then consider installing a computer based system that mass produces its products. However, the type of qualified personnel that is required to operate such highly complex equipment will influence the type of management accounting practices selected and production costs.

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modern hygienic and efficient way of handling, processing and packaging its food. It may then consider installing a computer based system that mass produces its products. However, the type of qualified personnel that is required to operate such highly complex equipment will influence the type of management accounting practices selected and production costs.

Those that were highly favoured were budgeting for controlling costs and performance evaluation. His findings revealed that budgeting plays an important role in the managing and directing process of the organization. This tells managers what costs to expect over the next budgeted period and also gives an indication when the company might expect to go through a seasonal change and the impact it will have on the company's cash flows and revenues. Perhaps this is the main reason why this particular management accounting practice is highly rated over many other practices. Dugdale (1994) further went on to mention that budgeting enables organisations to effectively plan and develop strategies to achieve their goals. Luther & Longden (2001) also observed that the budgeting process is an integral part of managing and controlling costs in the manufacturing sector, for example, in the UK, South Africa and Australia.

### 2.5.2 New Institutional Sociology

The new institutionalism in sociology is part of an emerging paradigm in the social science. Interest in the new institutional paradigm is being driven by advances in interdisciplinary directed at understanding and explaining institutions. In economics this has evolved rejecting of the neoclassical assumptions of efficiency in transactions that purportedly are costless and based on complete information. In political science, intellectual trade in economics has given rise to the field of positive political economy, which is extending the paradigm to the analysis of political institutions and the politics of market. There this paradigm has established itself as the most influential but political science has had the long history of being the "beneficiary as well as the victim of many intellectual currents from other disciplines" (Ordeshook 1990)

The key contention of NIS is that some organisations exist in highly institutionalized environments. In this sense, "environment" is not merely conceptualized as a source of task constraints or a relational network (of customers, suppliers and other near constituencies) that poses demands for operational coordination and control on an organization. Rather, it includes the cultural rules and social norms that are reflected in specific formal structures and procedures of the organization. That is, institutionalized organisations tend to adopt structures and

procedures that are valued in their social and cultural environment. They do this in order to achieve legitimacy and to secure the resources that are essential for their survival.

This search for legitimacy and resources explains why specific organizational forms and procedures are diffused across organisations operating in similar settings –, e.g. similar environments (Scott, 1992), societal sectors (Scott and Meyer, 1992), or organizational fields (DiMaggio and Powell, 1983). Developing this insight, DiMaggio and Powell (1983) suggested that this process of diffusion can create pressures that lead organisations to become isomorphic with other organisations in their institutional setting. Competitive isomorphism (Hannan and Freeman, 1977), such as market forces, is not dismissed, but the emphasis is placed instead on three types of institutional isomorphism – coercive, normative and mimetic isomorphism – that highlight the social and political dimensions of the environment in which organisations are located. An important aspect that runs through Meyer and Rowan's (1977) paper is that the formal structures and procedures of institutionalized organisations may become decoupled from actual work practices. Formal structures and procedures are adopted in order to acquire legitimacy and guarantee the resources required for the survival of the organization, but they are detached from the everyday organizational practices so as not to disturb the normal processes of daily operations.

Some argues that organisational success is not merely based on blind conformity to institutional pressures, but that active organisational resistance varies from passive conformity to proactive manipulation. These strategic responses are acquiescence, compromise, avoidance, defiance, and manipulation. Reinforcing Oliver's view, Bromley and Powell (2012). They may purposefully comply with regulations or adopt specific formal structures and procedures, but do so in a manipulative fashion, in order to gain legitimacy and thereby secure resources, grants, etc. on which they depend (Edelman, 1992). However, this idea of “window-dressing” and decoupling from actual operations has been critiqued in another stream of NIS theorizing (Zucker, 1977). Specifically, the observation that institutionalized structures are decoupled from actual practices conflicts with Berger and Luckman's (1966) definition of institution: a reciprocal typification of habitualized action by types of actors.

## 2.6 Decision Making and Management Accounting Information

This plays a role in giving necessary information to managers for decision throughout the organization. Management accounting is concerned with gathering and reporting internal financial information to facilitate the decision-making process. As management accounting is not required to conform to national accounting standards, it allows businesses to customize the management accounting techniques as per the demand of the company. As a process of this customization, some advanced quantitative as well as a number of qualitative techniques accompany the traditional techniques, have been emerged to cater to the information need in decision making (Yeshmin and Hossan, 2011).

The other area they mentioned the importance of management accounting information is on the process of decision making. Management accounting helps in this crucial area by providing relevant information to the management. Techniques like marginal costing help to generate information, which will be useful for making decisions. Decisions include make or buy decisions, adding or dropping a product line, working of additional shifts, shut down or continue operations, capital expenditure decisions, and so on. Decisions based on the information are expected to be more rational and objective rather than subjective. The last are they mentioned is performance measurement. Management accounting helps immensely for the measurement of the performance of the organization. The main aspect of performance measurement is the comparison between the targets and actual. There are several tools and techniques like budgets and budgetary control, standard costing, and marginal costing, which are used in measuring the actual performance against the target performance. This will facilitate introspection and corrective action can be taken for further improving the performance.

## 2.7 The Role of Management Accountants in an Organization

In addition to other roles in today's organizations, management accountants have a dual reporting relationship. Lavery (2004) suggests that as a strategic partner and a provider of decisions based on financial and operational information, management accountants are responsible for managing the business team. Lavery (2004) also notes that management accountants report relationships and responsibilities on the organization's financial situation. This management accounting role is important in the creation of a significant competitive edge for an organization especially in the

manufacturing industry where financial and competitive information is used to build a competitive advantage.

Laverty (2004) is also of the view that the activities of management accountants that have dual accountability to both the finance and the business team include forecasting and planning, performing variance analysis, reviewing and monitoring costs.

## 2.8 Dimensions of Management Accounting

The majority of the studies have dimensioned Management Accounting Systems to costing systems; budgeting, decision making, performance evaluation and controlling and reporting.

### 2.8.1 Costing System

Research indicates that the information on product costs generated by costing systems has a wide number of uses. It includes pricing decisions; cost control (Yoshikawa 1989; Van Triest and Elshahat, 2007); an evaluation of production processes; and transfer pricing (Yoshikawa 1989). The two main costing methods adopted were absorption costing and direct (variable) costing in previous researches. Absorption costing system is general preferred globally (Drury. 1993, Scherrer, 1996), Shields. 1991).

Joshi (2001) reported half of Indian firms adopted this technique and Firth (1996) revealed 66% of Chinese foreign-based companies applied this technique. Likewise, the use of direct (variable) costing is also widespread. Similarly, Abdel-Kader and Luther (2006) indicated just over 50% of British firms implemented this technique. In contrast, in developing countries, Firth (1996) reported an adoption rate of 76 % by locally based Chinese companies in China. Contrary to the results in European countries and developing countries, U.S and Australia, results reveal a much higher uptake of Activity Based Costing systems.

Costing systems are a set of Process and procedures which is implemented to monitor and control the costs for management decision making. According to Ahmad. K (2012), Costing system was divided as cost collection methods and costing techniques and studied effect of management accounting on organization of Malaysian SMEs of Manufacturing sector had adopted 2 main cost methods which was absorption costing and direct (variable) costing. Ahmad, K (2012), emphasized cost collection methods, which have been tested using batch, job, contract and process costing. Further highlighted, costing technique which has been measured using absorption costing, variable costing, activity-based costing.

### 2.8.2 Budgeting system

Budgeting is perceived as an important control system in almost all organizations (Hansen and Van der Stede, 2004). The main focus on budgeting has been on uptake rates and the purposes underlying its use. Previous research indicates that the main purposes of budgeting are planning future performance; planning the future financial position; planning future cash flows; planning future day to day operations; and controlling costs (Chenhall and Langfield- Smith, 1998; Abdel-Kader and Luther, 2006).

The operational budget covers revenues and expenses surrounding the day-to-day core business of a company. Revenues represent sales of products and services; expenses define the costs of goods sold as well as overhead and administrative costs directly related to producing goods and services. While budgeted annually, operating budgets are usually broken down into smaller reporting periods, such as weekly or monthly. Managers compare ongoing results to budget throughout the year, planning and adjusting for variations in revenue.

A financial budget outlines how a business receives and spends money on a corporate scale, including revenues from core business plus income and costs from capital expenditures. Managing assets such as property, buildings, investments and major equipment may have a significant effect on the financial health of a company, particularly through the peaks and troughs of daily business. Executive managers use financial budgets to leverage financing and value the company for mergers and public offerings of stock.

### 2.8.3 Decision Making System or decision support system

This management accounting practices discuss how business use Information to make decisions. Ahmad. K. (2012) divided the decision support system in long run and short run basis, establishing that there is a positive effect of decision support system an organization performance Maziriri, E. and Mapuranga, M. (2017) discovered that the decision support system is not a statistically significant indicator of firm performance, claiming decision making process of SMEs are diverse and therefore their strategic decision-making model may not appropriate for explaining such differences.

In contrary, Abdel-Kader et al. (2006) found majority of the companies exercised these techniques, emphasizing for decision-making in short time period respondents used stock control models, cost volume-profit, product profitability and custom profitability analysis.

Thus, it is undeniable that decision support systems have been the subject of numerous studies, all of which have revealed that these systems have had diverse effects on organizations' performance. Today's rapid and changing competitive environment. The decision support analysis can be divided into short term and long term analysis. Abdel-Kader and Luther (2006) argued that for regular or short-term decisions management accountants can use cost-volume-profit (CVP) analysis, product profitability analysis, customer profitability analysis, and stock control models. For longer-term capital investment decisions management accountants can produce and review accounting rates of return and payback periods as well as complex signals based on discounted cash flow. Capital budgeting techniques capture both non-discounted and discounted approaches. Drury. (1991) argued that the superiority of internal rate of return (IRR) and net present value (NPV) analysis has been repeatedly demonstrated under conditions of certainty.

Wu. (2007), hold that effective decision making is the most important key factor in today's rapid and changing competitive environment. The decision support analysis can be divided into short term and long term analysis. Abdel-Kader and Luther (2006) argued that for regular or short-term decisions management accountants can use cost-volume-profit (CVP) analysis, product profitability analysis, customer profitability analysis, and stock control models.

For longer-term capital investment decisions management accountants can produce and review accounting rates of return and payback periods as well as complex signals based on discounted cash flow. Capital budgeting techniques capture both non-discounted and discounted approaches. Klammer. (1991) argued that the superiority of internal rate of return (IRR) and net present value (NPV) analysis has been repeatedly demonstrated under conditions of certainty. Under uncertainty, the techniques used are sensitivity analysis, increased required rates of return, game theory, and Monte Carlo computer based simulation.

#### 2.8.4 Performance Evaluation System

Performance evaluation reports determine variances between actual results from desired results. According to Abdel-Kader and Luther (2006), this practice is contributed for comparison of present results with results from earlier periods to determine whether there has been improvement or regression. In their study benchmarking was introduced as an organization improvement tool to improve organization in performance. In contrast, Kaplan, R.S. et al.

(1992), used the balance scorecard performance management tool which allows the assessment of business performance from four key perspectives, including those that are related to customers, finances, internal business processes, learning, and growth.

Emmanuel. (1990) noted that performance evaluation was an important function of management accounting. Performance evaluation provides information for managers to support the achievement of their organization's strategic objectives (Jusoh and Parnell, 2008). Hall (2008) argued that in recent years organizations have sought to develop more comprehensive performance measurement systems (PMS) to provide managers and employees with information to assist in managing their operations. Hall (2008) also stated popular techniques for delivering a wider set of performance measures are the balanced scorecard (Kaplan and Norton, 1996), and performance hierarchies (Lynch and Cross, 1992).

CIMA (2002) highlighted the frameworks for performance measurement and management which are the value-based management (VBM); ABC and activity-based management; balanced scorecard; European Foundation for Quality Management (EFQM) excellence model; benchmarking; strategic enterprise management (SEM); and six sigma. However the literature indicates that in general both financial and non-financial measures are used to measure performance (Gomes. 2004). Financial measures such as return on investment (ROI) and profit measures were extensively used in most countries: in U.K (Abdel-Kader and Luther, 2006); in Japan (Abdel-Maksoud. 2008); in Singapore Ghosh and Kai-Chan (1997); in India (Joshi, 2001).

## 2.9 Empirical Studies

As per the study conducted by Chan (2002) in Singapore, the aim was to investigate the management accounting practices of companies in that country. The results showed that there was a little improvement in the practice of management accounting since 1997. In addition, it was found that Singapore companies were ineffective in the use of costing tools and that the local Singapore companies would involve with high levels of complexity and a high amount of resources were needed for its implementation.

Wijeywardena and Zoysa (1999) in a comparative analysis of management accounting practices in Australia and Japan investigated the differences in the adoption of management accounting techniques through a survey questionnaire which was mailed to 1000 largest manufacturing

companies in each country. The size of the company was based on total assets. A total of 217 Japanese companies and 231 Australian companies responded to the 31 questions asked covering various aspects of managerial accounting techniques. This analysis involved comparisons of techniques in different cultural contexts. Major cultural differences identified in the study were collective decision making, unique company philosophy, usage of small firms as sub contractors, company specific cost accounting training for each employee, and the difference in educational background of management accountants as seen in Japan compared to Australia. Based on responses, the profile (e.g. type, asset size, export ratio, annual sales, number of employees and nature of market competition) of the sample firms was tabulated in percentage terms. Other variables explored were; importance of management accounting tools, uses of cost accounting data, purposes of standard costing, investment appraisal methods, components of budgets, timings of budget, main overhead allocation bases, manufacturing cost structure, inventories as a percentage of total assets, quantitative techniques, performance evaluation measures, product costing methods, major participants in new product cost estimation, costing systems and significant changes to costing systems.

Findings of the comparative survey revealed that management accounting practices of Australian companies placed emphasis on cost control tools (e.g. budgeting, standard costing and variance analysis) at the manufacturing stage while Japanese companies focused attention on cost planning and cost reduction tools such as target costing at the product planning and design stage. This finding is in agreement with another study of Howell and Sukarai (1992) that “Japanese companies seem to understand better than their western counterparts that cost should be managed and avoided during the product planning and product cycle stages rather than when products have entered full scale production”.

Isa & Thye (2006) examined the usage of management accounting practices in manufacturing firms in Malaysia. They also studied the relationship between product variety, complexity of production process, level of competition, company size, overhead expenses and usage of advanced management accounting practices. Management accountants in 500 manufacturing firms were randomly selected from the 2004/2005 Federation of Malaysian Manufacturers Directory. A total of 75 usable responses were received, that represented a response rate of 15%. Respondents comprised of senior level managers, including Chief Executive Officers, General Managers and Management Accountants. In this study, the measures for traditional management

accounting techniques (TMAT) and advanced management accounting techniques (AMAT) were adopted from Waldron and Everett (2004). The TMAT were represented by four techniques: full costing, standard costing, job order costing and process costing. The AMAT comprised thirteen techniques: Activity-Based Costing, Activity-Based Management, Target Costing, Kaizen Costing, Value Added Accounting, Cost of Quality, Economic Value Added, Life Cycle Costing, Target Cost Planning, Cost Modeling, Strategic Management Accounting, Throughput Accounting and Back Flush Costing.

Salawu et al., (2012) did a survey of Activity Based Costing Adoption Among Manufacturing Companies in Nigeria. The study reveals that inability of the traditional cost systems to provide relevant cost was the most highly ranked reason in their decision to adopt ABC. Traditional methods of allocating overhead were therefore believed to be deficient in terms of improving global competitiveness. Also, 60% of the respondents have adopted ABC due to increased ranges of products, competition and increased overhead. Familiarity with and adoption of ABC was found to be across the manufacturing, more than half of the sample are familiar with it. The 40% of respondents who have not adopted ABC cited the cost and complexity involved with implementation as the main reason in non-adoption. However, cost of implementing ABC was enormous which hinder the small scale manufacturing from adopting it. This result may reflect the fact that larger firms are more likely to have the diverse mix of products or services that makes the use of ABC advantages. Consequently, the study recommends that the companies who have not adopted ABC because of its high cost of implementation should endeavor to consider its adoption because in the long run the benefits derive from it will outweigh its cost. It helps to identify inefficient products, departments and activities and helps to allocate more resources on profitable products. In conclusion, the senior management should also give their utmost support to the implementation and success of Activity Based Costing.

Tewodros (2009), examines the use of management accounting information in decision making and management control in the case of some selected manufacturing companies in the city of Addis Ababa. The aim of the study is to identify the types of decisions that managers often make and areas that need management control and assess whether managers use management accounting information in decision making and control. In doing the study, primary data was obtained through questionnaires and interviews. The questionnaire was distributed to finance

managers, marketing managers, production managers, and accountants. An unstructured Interview is also made to collect data. The findings of the study reveal that there is modest use of management accounting information in manufacturing companies in the city of Addis Ababa and it also shows managers that who use management accounting information are effective in their decision and control.

Mintesnot (2013), conducted a study on the role of management accounting in enhancing decision making at Metals and Engineering Corporation (METEC). The purpose of this study is to identify the impact of management accounting information on decision-making. In doing the study the researcher employed both qualitative and quantitative research approaches. Data was gathered through questionnaires and interviews. As per the results, the prevailing management accounting system has many drawbacks. Although the results indicate the use of management accounting information for decision making is very low and the management's focus towards management accounting is below the required level. In addition to this, the research result shows that the accounting policy is financial accounting oriented and not helpful in making management accounting reports.

As shown in the above empirical literature review researches were conducted by many researchers on the effect of management accounting practice. Fewer studies have been conducted in the area of management accounting practice in developing countries especially in Ethiopia.

as far as the knowledge of the researcher is concerned, there are very few researches made in Ethiopia on management accounting practice focused mainly on its effect on decision making such as (Mintesinot H, 2013; Tewodros T, 2009). Furthermore, previous studies conducted on the topic of effect of management accounting practice in other countries identified some other variables in their finding. In corroborating the evidence with a Kenyan study regarding effect of management accounting practice by PM Gichiga (2014)

### Knowledge Gap

There is no strong empirical support for the association between management accounting practice, with an increased use of non-financial information. Baines and Langfield- Smith (2003) show that a greater reliance on financial accounting information resulted improved organizational performance. However, Chenhall and Langfield-Smith (1998) found a greater use of advanced management accounting practices, such as quality improvement programs,

benchmarking and activity-based management, in firms that placed a strong emphasis on product differentiation strategies, ultimately resulting in high performance. According to management accounting system information and requirement of decision maker will improve the decision quality to be taken and in the end will improve the strategic business unit performance. Mia and Clarke's (1999) expressed the usefulness of management accounting system information that could assist the company for the implementation of their plans in response of competitive environmental. Management accounting system information by managers can assist them in making more accurate decision, which will lead to improvement in performance (Mia, 1993, Chenhall and Morris, 1995). Simand Killough (1998), Mia (2000). Similarly, Patiar and Mia (2008) indicate that the interaction effect of market competition and the use of management accounting system information enhance the non-financial performance of hotels.

There are several limitations to study by Diana Weekes-Marshall, (2011). Firstly, this study is conducted in a one company, which may limit the generalisability or the representativeness of the results to the population. Future studies should seek to target a larger sample. Secondly, this study used a qualitative approach which may not allow confidential and anonymous reporting by respondents. Future research should use a questionnaire (survey design) to obtain information on management accounting practices. Thirdly, self-report bias may exist. That is, respondents may have painted a favorable picture of their organisations.

The review has therefore identified a significant gap in research about management accounting practices among real estate firms as there are very few studies related to manufacturing companies in developing countries. Addressing the stated research questions of the thesis is try to narrow this gap and add to existing knowledge about the use of management accounting practices by manufacturing firms in a developing country like Ethiopia.

## 2.10 Research Gap

Wanza Furnishings Industry is a manufacturing company which produces multiple varieties of furnitures such as House hold furnitures (sofa, beds, kitchen cabinets & chairs), Building Furnitures (hand rails, doors & windows) and Office furnitures (swivel chairs, tables & shelves). To manufacture these products the cost of production comprises the cost components of direct material, direct labor and product overhead costs.

To allocate the product overhead cost, the company used by dividing the total overhead cost to the actual total units produced during the period and allocates for each units in order to get product cost per unit of out put. This traditional approach is unrealistic or unfair because different products consumes different amount of overheads according to its nature.

Thus, the company should have to use Activity based costing or multiple overhead rates for different products based on the nature of products because it creates more accurate picture of the total cost of production and it is a better approach to control costs incurred during the production process. Therefore, this is the research gap identified by the researcher in Wanza Furnishings Industry PLC.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Research Approach

This study primarily used quantitative method research approach. However, to have a better insight and gain a richer understanding about the research problem, the quantitative method is supplemented by the qualitative method of inquiry. That is, to get the benefits of a mixed methods approach, as presented below, and to mitigate the bias in adopting only either quantitative or qualitative approach, this research combines both quantitative and qualitative research approaches. In order to achieve the objective of this study and answer the research questions researcher adopts mixed research approach to assess management accounting practice in Wanza Furnishings Industry PLC to converge across qualitative and quantitative methods.

#### 3.2 Research Design

To conduct this study the researcher designed a structured questionnaire to the respondents who are working in the company. It helps for the success of the subject matter under study for clarification, completeness and helps to discuss the issues stated in the statement of the problem. Data collection is done through questionnaire and interviews from 44 purposely selected employees of the company. The questionnaire were given for purposely selected respondents to assess management accounting practice of the company.

#### 3.3 Target population

The total population of the study are all employees who are working in the company here in Addis Ababa. The company has 410 permanent employees found at Addis Ababa.

#### 3.4 Sample and Sampling Techniques

The researcher used purposive sampling method to draw the sample from the company and meet the study objective. Due to this fact, the researcher selected various staff members of the company who are involved in the practice of management accounting that provides information for decision making.

And the researcher distributed up to 50 questionnaires for those that are purposely selected as a sample from the population of 410 employees in Wanza Furnishing Industry PLC; because it is

often impossible or too much expensive to collect data from all the potential units. Hence samples are chosen to represent the relevant attributes of the whole population. Therefore, this research paper is used to assess management accounting practice in case of Wanza Furnishings Industry on purposely sampled employees of the company.

### 3.5 Instruments of Data Collection

This study used both primary and secondary data. The researcher used questionnaire, interviews and document reviews as instruments of data collection method. The appropriateness of questionnaire is measured by its easiness and simple to collect basic information from respondents.

### 3.6 Data Collection Method

The method of data collection depends on the availability of financial resources, time and facilities in order to get proper data from the respondents. Hence, with this in mind the researcher used different data collection tools to have better insights about the title of the research. To conduct this study both primary and secondary data are used.

Questionnaires were distributed to manufacturing department employees, department managers and finance and marketing employees of Wanza Furnishings Industry. The research evidence is gathered by using both close-ended questionnaire and open-ended questions are presented in the form of interview.

The respondents of purposely selected staffs of Wanza Furnishings Industry are included in the survey. Questionnaires were distributed to 50 respondents of purposely sampled staffs of the company. Questions are presented in the form of affirmative statements, relating to the concepts on Management Accounting and to assess Management Accounting practice in such a way to enable measurement of the respondent's opinions. The questionnaires are divided into two parts. The first part covers basic personal information of the respondents such as age, gender, salary, work experience & educational background, and the next part covers issues related to the assessment of management accounting practice in Wanza Furnishings Industry PLC.

The review of documents also helps the researcher to understand the key facts of the organization. The documents are reviewed by referring most recent information from authorized documents and different reports. Annual reports, legislations, directives and other documents

related to management accounting are used. The document reviews used to triangulate the data collected by the questionnaires and interviews.

### 3.7 Data Analysis Method

As explained in the preceding part, this research was designed to follow a mixed research method. To this end, both qualitative and quantitative analyses are used. The collected data using questionnaire are analyzed through descriptive statistics and frequency distribution using Statistical Package for the social Scientists (SPSS). The SPSS is used to find out percentage, frequencies, etc. as main means for summarizing the data. Data Collected from reviews interviews were interpreted qualitatively.

### 3.8 Ethical Considerations

The data is collected from those of willingness sample respondents without any unethical behavior or forceful action. The results of the study is used for academic purpose only and response of the participants is confidential and to be analyzed in aggregate without any change by the researcher. In addition, the researcher respects the work of previous investigations or study and cited appropriately those works taken as a basis.

## CHAPTER FOUR

### ANALYSIS AND PRESENTATION OF DATA

#### 4.1 Introduction

The major aim of the study is to assess management accounting practice in case of Wanza Furnishings Industry. Therefore, this chapter would present a discussion of the final results and the process through which the results were obtained. In addition to this, background information of respondents was presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis of frequencies through statistical package for social science. In order to archive the objective of the study and tackle the key research questions the researcher has tried to conduct a detailed and technical investigations related to the study matter. In doing so the researcher has must collected relevant and reliable data from primary sources. And thus, the gathered data have been completed and analyses meaningfully with Satatstical Packages for Social Science(SPSS).

#### 4.2 Response Rate

Table 1-The Respondents Rate of Questionnaires

Target Number of Respondents	Number of Questionnaire Returned	Response Rate (%)
50	44	88%

Source: Own servey

A total of fifty (50) questionnaires were distributed to the respondents of Wanza Furnishings Industry staffs and out of these questionnaires a total of 44 questionnaires were successfully completed and returned. The total response rate was 88%. As a result, the analysis of this research was based on the number of questionnaires collected.

#### 4.3 Descriptive statistics

In this section, the basic information of the respondents is explored. The table below is about the demographic characteristics of the respondents. This information is presented in order to make the reader understand the size of population taken, the age, gender, education level and working experience of respondents. Consequently, the findings are presented as follows.

Table 2-Demographic Characteristics

		Frequency	Percent
Gender	Male	39	88.6
	Female	5	11.4
	Total	44	100.0
Age	18-27	3	6.8
	28-37	21	47.7
	38-47	10	22.7
	48-57	8	18.2
	58 and above	2	4.6
	Total	44	100.0
Education Level	Diploma	8	18.2
	Degree	33	75.0
	Masters	3	6.8
	Total	44	100.0
Working Experience	1-4	6	13.7
	5-8	17	38.6
	9-12	21	47.7
	Total	44	100.0

Source: Own survey

In the table above, the gender specification of the respondents is presented. A total percent of male respondents was 88.6% and female respondents were 11.4%. This shows that male workers are more than female workers with in Wanza Furnishings Industry..

At the same time, the highest and lowest frequency of the age groups is mentioned. The highest age frequency among these employees is between 28-37 years of age. This means most of the workers of Wanza Furnishings Industry are young, productive and middle age employees. Whereas the lowest frequency is from 58 and above years, which shows that fewer employees work under the retirement age group.

This table shows the level of qualification each respondent had. Respondents that had BA degree level have the highest 33 (75%) level of frequency which shows that most of the Wanza

Furnishings Industry have First degree holder's employee. After that come diploma holders 8 (18.2%) and then masters holders 3(6.8%). These results show that level of qualification among employee of the company is high and that most of the employees are educated more than a diploma certificate.

Regarding to work experience years of respondents in Wanza Furnishings Industry reveals 21(47.7%) of the respondents had 9-12 years of experience., 17(38.6%) respondents are under 5-8 years of work experience and finally 6(13.7% ) of the respondents had 1-4 years of experience. From this we can understand that most of the respondents are under the range of 9-12 years of experience and 1-4 years of experience respondents are the lowest as compare to others.

#### 4.4 Descriptive Statistics for management accounting practice Dimensions

Descriptive statistics in the form of frequencies for the respondents were computed for the multiple dimension of management accounting that have been examined through the questionnaires collected from employees in Wanza Furnishings Industry. Hence, this descriptive analysis is used to look at the data collected and to describe data captured through the questionnaire and it is also desired to determine the employee perception to management accounting practices.. Four indicators of management accounting dimensions are considered for the study. Each factor has incorporated their sub-statements. These statements have the ability to explain the broad dimension (management accounting), while making interpretation of the results of frequencies. These questionnaires filled by respondents are collected and analyzed by Statistical Package for Social Science (SPSS Version 24.0).

##### 4.4.1 COSTING SYSTEM

The two main costing methods adopted were absorption costing and direct (variable) costing in previous researches. The respondents were asked to indicate the extent to which they agreed with statements concerning the usage of costing system practices in the company. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).The results are stated as per the following tables:

Table 3: Costing System

S/No.	Description		Frequency	Valid Percent
1	Our company has separation of variable cost, incremental costs and fixed costs	Disagree	3	6.8%
		Agree	26	59.1%
		Strongly Agree	15	34.1%
2	Our company use of plant - wide overhead rate	Disagree	4	9.1%
		Agree	27	61.4%
		Strongly Agree	13	29.5%
3	Our company incorporates multiple plant-wide overhead rates	Strongly Disagree	3	6.8%
		Disagree	19	43.2%
		Neutral	10	22.7%
		Agree	9	20.5%
		Strongly Agree	3	6.8%
4	Our company has activity- based costing	Strongly Disagree	12	27.3%
		Disagree	28	63.6%
		Neutral	1	2.3%
		Agree	2	4.5%
		Strongly Agree	1	2.3%
5	There is activity analysis in our company	Agree	24	54.5%
		Strongly Agree	20	45.5%
6	Our company forwards a decisions	Disagree	1	2.3%
		Neutral	3	6.8%
		Agree	24	54.5%
		Strongly agree	16	36.4%

Source: Own survey

As the above table indicates, respondents have responded the question whether Wanza Furnishings Industry has separation of variable cost, incremental costs and fixed costs .The result indicates that majority of the respondents 26 (59.1%) agree , 15(34.1%) strongly agree and 3(6.8%) disagree but none of them strongly disagree or neutral with the issue stated above,. Which implies the company is working or gives better attention on issues associated with separation of variable cost, incremental costs and fixed costs.

As table above shows, respondents have replied the question whether use of plant - wide overhead rate with 27(61.4%) agree and 13(29.5%) agreed strongly,4(9.1%) disagree but no one replied strongly disagree or neutral that Wanza Furnishings Industry used plant - wide overhead rate.

As it is indicated above, respondents have responded the question whether Wanza Furnishings Industry have incorporates multiple plant-wide overhead rates is that 19 (43.2%) disagree, 3(6.8%) strongly disagree, where as 9 (20.5%) and 3(6.8%) agree & strongly agree on the issue respectively .On the other hand the remaining 10 (22.7%) of the respondents are neutral. This shows that the company has a gap with incorporates multiple plant-wide overhead rates.

As indicated above, respondents have answered the question whether Wanza Furnishings Industry has activity- based costing as 28(63.6%) disagree,12(27.3%) strongly disagree,2(4.5%) agree whereas the rest of the respondents answered strongly agree and neutral in which each contains one respondent or 2.3% respectively. This infers that the company has a gap with activity- based costing. Our respondents concludes that there is on activity- based costing practices in Wanza Furnishings Industry .

The table above reveals us that respondents have replied the question wheather there is activity analysis in Wanza Furnishings Industry and the majority agreed strongly and agree in 24(54.5%) and 20(45.5%) respectively. Here none of them replied strongly disagree,disagree or neutral on the subject matter. Which implies the company activity analysis is attractive with respect to the obtained result.

The table indicates that more than half of the respondents 24(54.5%) agree and 16(36.4%) strongly agreed with the issue stated above. Whereas 3(6.8%) neutral and only one responedent did not agree but on one answered with the matter. Which implies the company activity analysis is attractive with respect to the obtained result. As the analysis revealed above, the respondents stated the importancy of cost management practice for cost effectiveness and for proper allocation of resources.

#### 4.4.2 BUDGETING SYSTEM

The budgeting process is a complex one that can involve the entire organization, i.e., the executive director, financial staff, and the finance committee. Organizations develop specific plans for saving and spending income and these plans, or budgets, are essential for developing

spending and saving priorities. A budget allows businesses to meet specific goals by creating a system of saving and spending money efficiently.

The respondents were asked to indicate the extent to which they agreed with statements concerning the usage of budgeting system practices in their Company. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Table 4: Budgeting System

S/No.	Description		Frequency	Valid Percent
7	Our company focuses budgeting for planning	Agree	26	59.1%
		Strongly agree	18	40.9%
8	Our company Attentions budgeting for controlling costs	Disagree	3	6.8%
		Agree	27	61.4%
		Strongly agree	14	31.8%
9	Our company takes activity- based budgeting	Strongly Disagree	3	6.8%
		Disagree	24	54.5%
		Agree	17	38.6%
10	Our company Budgeting is flexible budgeting	Disagree	1	2.3%
		Agree	34	77.3%
		Strongly Agree	9	20.5%
11	Our company Budgeting is long-term (strategic) plans	Neutral	1	2.3%
		Agree	19	43.2%
		Strongly agree	24	54.5%
12	Our company Budgeting frequency prepares annually	Disagree	3	6.8%
		Agree	20	45.5%
		Strongly agree	21	47.7%

Source: Own survey

The table depicts respondent's responses on Wanza Furnishings Industry focuses budgeting for planning, and this shows that, most of the respondents agreed that the focuses budgeting for planning with 26(59.1%) and 18( 40.9%) agree and strongly agreed respectively with the issue stated above. In this case nobody is reacted for strongly disagree,disagree or neutral for the issue.

The above table indicates respondent's responses on Wanza Furnishings Industry whether the management gives attentions budgeting for controlling costs, and this shows that, most of the respondents agreed 27 (61.4%) and 14(31.8%) agreed strongly but none of them replied strongly disagree or neutral in which internal auditors are professional qualified in internal auditing so that they have a great attentions budgeting for controlling costs.

The table indicates respondent's responses on Wanza Furnishings Industry whether the company takes activity- based budgeting, and this shows that, most of the respondents moderately 24 (54.5%) disagreed and 3(6.8%) of them strongly disagreed about that the company management does not take activity- based budgeting, on the other hand, 17(38.6%) were agreed but no one is answered strongly agree or neutral with the issue.

As it is shawn in the above table, respondent's responses whether the company budgeting is flexible budgeting or not ,majority of them replied that 34(77.3%) agree and 9(20.5%) strongly agree on the contrary only one of the respondant or 2.3% disagree but none of them responded strongly disagree or neutral in the matter.Since the internal auditors of Wanza Furnishings Industry are professional and qualified in internal auditing they are working on the budgeting system of Wanza Furnishings Industry to be flexible.

The table depicts respondent's result on Wanza Furnishings Industry about whether budgeting is long-term (strategic) plans, and this shows that, more than half of the respondents strongly agree and agree with 24(54.5%) and 19(43.3%) respectively that the compay budgeting is long-term (strategic) plans.In this issue no one is replied strongly disagree or disagree with the subject matter.

As it is indicated in the above table, nearest to half that is 21(47.7%) respondent's strongly agree and 20(45.5%) of them agreed on Wanza Furnishings Industry budgeting frequency prepares annually, except three or 6.8% of the respondents disagrees but nobody responded strongly disagree or neutral in the issue.

Our respondents share their awareness on the subject matter . In similar manner this budgeting system practice is supported by different theories in which budget summarizes revenues and costs and also it is used to manage capital investments because its main objective is to collect all costs in order to allocate resources to attain the company's goal and objectives.

#### 4.4.3 PERFORAMNCE EVALUATION SYSTEM

The respondents were asked to indicate the extent to which they agreed with statements concerning the Usage of performance evaluation practices in their Company. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Table 5: Performance Evaluation (Financial and Non-Financial)

S/No.	Description		Frequency	Valid Percent
13	How often sales growth evaluation is used in your company	Disagree	6	13.6%
		Agree	30	68.2%
		Strongly agree	8	18.2%
14	How repeatedly operating income evaluation is applied in the company	Strongly agree	2	4.5%
		Agree	39	88.6%
		Neutral	3	6.8%
15	Does the company done variance analysis frequently	Strongly disagree	1	2.3%
		Disagree	28	63.6%
		Neutral	7	15.9%
		Agree	8	18.2%
16	Non-financial measure(s) related to customers	Agree	29	65.9%
		Strongly agree	15	34.1%
17	Non-financial measures(s) related to operation and innovation	Disagree	5	11.4%
		Neutral	7	15.9%
		Agree	25	56.8%
		Strongly agree	7	15.9%
18	Non- financial measure(s) related to employees	Disagree	2	4.5%
		Agree	33	75%
		Strongly agree	9	20.5%
19	Non- financial measure(s)employee turnover	Strongly disagree	1	2.3%
		Disagree	5	11.4%
		Neutral	2	4.5%
		Agree	30	68.2%
		Strongly agree	6	13.6%

20	Non- financial measure(s)absentee rates	Ssrongly disagree	5	11.4%
		Disagree	29	65.9%
		Neutral	6	13.6%
		Agree	4	9.1%

Source Own survey

When we see the performance evaluation interms of financial aspect the results of respondents with respect to the performance evaluation of sales growth in Wanza Furnishings Industry the result indicates 38(68.2%) and 8(18.2%) them are agree and strongly agree respectively whereas the rest of respondents 6(13.6%) disagreed but nobody answered strongly disagree or neutral with the issue stated earlier. With respect to operating income evaluation is functional in the company the survey indicates that 39(88.6%) and 2(4.5%) of respondents agree and strongly agree & 3(6.8%) are neutral but none of them replied strongly disagree or disagree in which the company is used the operating income performance evaluation in a proper manner .On the other hand ,concerning the variance analysis performance evaluation method more than half of the repondents that is 28(63.6%) disagree, 2(4.5%) strongly disagree and 7(15.9%) of them are neutral whereas the remaining 8(18.2%) agreed but nobody answered strongly agree on the indicated idea.

About the importance of non-financial performance measures is related to customers in Wanza Furnishings Industry respondents agreed with 29(65.9%) and 15(34.1%) strongly agree but none of thr resspndents replied strongly disagree,disagree or neutral for the case the company is highly related to customers. This can explicitly indicate that most of the respondents did appreciate Wanza Furnishings Industry non-financial measures is related to customers.

Regarding with the importance of non-financial measures is related to operation and innovation in the company the result indicates 25(45.8%) of respondents agreed with and 7(15.9) strongly agreed up on the company in related to operation and innovation. On the other hand, 5(11.4%) of them were not agreed and 7(15.9%) are neutral but no one respond strongly disagreed on the subject matter.

Regarding with the importance of non- financial measure is related to employees in Wanza Furnishings Industry the result indicates except two or 4.5%of them were disagreed , surprisingly most of the respondents 33(75%) agreed and 9(20.5%) strongly agreed but nobody ansvere strongly disagree or neutral with the company have a great concern in employees related issues.

This can obviously indicate that most of the respondents did raise the value of the non- financial measure is related to employees.

Regarding with the importance of non- financial measure in employee turnover in Wanza Furnishings Industry the respondents result indicates that majority of them 30(68.2%) agreed and 6(13.6%) strongly agree that the company worried highly about employees turnover. On the other hand only few of them disagree 5 (11.4%) and a single respondent or 2.3% became silent on the subject matter. This can overtly indicate that most of the respondents agreed with the non- financial measure is employee turnover.

Concerning with the importance of non- financial measure is absentee rates in Wanza Furnishings Industry, the result indicates majority of the respondents 29(65.9%) disagree, 5(11.4%) strongly disagree and 6(13.6%) are silent but only 4(9.1%) of them shows their agreement about the issue but none of them replied strongly agree on the subject matter. This can openly indicate that most of the respondents negatively affected with the non- financial measure is absentee rates. As per the response given by our respondents discussing about performance evaluation, the ultimate goal of companies are to be efficient, effective and to be more profitable.

#### 4.4.4 INFORMATION FOR DECISION MAKING

The respondents were asked to indicate the extent to which they agreed with statements concerning the usage of information for decision making practices in their Company. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The results are listed below;

Table 6: Information for decision making

S/No.	Description		Frequency	Valid Percent
21	Evaluation of major capital investment based on discounted cash flow method(s)	Agree	33	75%
		Strongly agree	11	25%
22	The evaluation of non-financial aspects are documented and reported	Disagree	1	2.3%
		Agree	30	68.2%
		Strongly agree	13	29.5%
23	Performing sensitivity “what if” analysis	Neutral	2	4.5%

	when evaluating major capital investments projects	Agree	29	65.9%
		Strongly agree	13	29.5%
24	Desired Cash Balance information	Disagree	2	4.5%
		Agree	24	54.5%
		Sstrongly agree	18	40.9%
25	Determine the selling price	Agree	25	56.8%
		Strongly agree	19	43.2%
26	Complexity of the report	Disagree	35	79.5%
		Agree	9	20.5%
27	Sufficient time to read accounting information	Agree	37	84.1%
		Strongly agree	7	15.9%
28	Comprehensive decision	Disagree	1	2.3%
		Agree	30	68.2%
		Strongly agree	13	29.5%
29	Provided at the time it is needed	Agree	33	75%
		Strongly agree	11	25%

Source: Own survey

A the result shown in the table above ,the respondents were asked if they are agreed or not with the evaluation of capital investment is based on discounted cash flow method. Based on the result of the employee response all of them are coinciding with the evaluation of capital investment is based on discounted cash flow method. It indicates that the employee 33(75%) were agreed and the rest 11 (25%) strongly agree with the managements are accessible to review the strategic direction of the organization valuation of capital investment is based on discounted cash flow method. In this case there is no respondent replied strongly disagree,disagree or nutural in the issue stated above.

As the result indicated, it is possible to see that the respondents were asked if they are agreed or not with the decision making evaluates non-financial issues are documented and reported proper manner. Based on the result except one or 2.3% respondent disagreed, all are agreed with 30(68.2%) and also the remaining 13(29.5%) strongly approve as it can be said that the

employee respondents were agreed with the decision making evaluates non-financial practices documented and reported in appropriate way. There is no one says strongly disagree or neutral.

As per the result indicated above it is possible to see that the respondents were asked if they are agreed or not with Performing sensitivity “what if” analysis when evaluating major capital investments projects . Therefore, it can be said that the employees replied were 29(65.9) agreed and 13(29.5%) strongly agree whereas two respondents or 4.5% keeps silent about performing sensitivity “what if” analysis when evaluating major capital investments projects but no respondent strongly disagree or disagree with the issue stated above.

As per the result it is possible to see that the respondents were asked if they are agreed or not with the decision making desired cash balance information. Based on the result , it can be said that the employee respondents were agreed jointly with 24(54.5%) and 18(40.9) strongly agree. Whereas two respondents ( have similar idea on the decision making desired cash balance information but no one replied strongly disagree or neutral in the substance.

In this table it is possible to see that the respondents were asked if they are agreed or not with the decision making determines .Therefore, the result indicates that almost all 25(56.8%) agree and 19(43.2%) strongly agreed employees were possible to say agreed up on in having proper determination the selling price. Whereas none of them replied for strongly disagree ,disagree or neutral in selling price issues.

The result indicated in the above , it is possible to see that the respondents were asked if they are agreed or not with the decision making has complexity of report. Based on result 35(79.5%) said the report is not complex but only 9(20.5%) of the employees believed that their company report is so complex..Therefore, it can be said that the employee respondents were disagreed with the decision making has complexity of report. Here none of them answered strongly disagree, strongly agree or neutral on the substance.

The result indicates regarding the above table ,it is possible to see that the respondents were asked if they are agreed or not with the decision making is sufficient time to read accounting information. The result revealed that all of the respondents approves with 37(84.1%) agreement and the rest 7(15.9%) of them also strongly agreed up with the issue stated above. It is possible to say that all of the employee respondents were agreed with the decision making is sufficient time to read accounting information but nobody said strongly disagree,disagree or neutral in the issue indicated earlier.

As per the table above, it is possible to see that the respondents were asked if they are agreed or not with the decision is comprehensive. Based on the result except one respondent or 2.3% disagreed, all are approved in which the company decisions are so comprehensive since 30(68.2%) agreed and 13(29.5%) strongly agree with the subject matter. Therefore, it is easy to say that the employee respondents were agreed with the decision is very comprehensive but none of the respondents answered strongly disagree or neutral in the subject matter..

As the table indicates above, it is likely to see that the respondents were asked if they are agreed or not with the decision making is provided when it is needed. The result shows all of the respondent approves that the management decisions of Wanza Furnishings Industry are Provided at the time it is needed. Note that 33(75%) and 11(25%) agrees and strongly agree respectively. Therefore, it can be said that the employee respondents were agreed with the decision making of the company is provided when it is needed. It should be known that none of them responded strongly disagree, disagree or neutral for the situation indicated above.

As per the the respondents observation it is understood that the main objective of management Accounting is to provide information for decision making in the organization in which cost-volume-profit, pay back period, rate of return and profitability analysis.

#### 4.5 Results obtained from interviews

The interview is conducted for two respondents. Respondent "A" who is working now as a Finance manager in Wanza Furnishings Industry. He has been working around ten years in different position within the company. Respondent "B" is also a Marketing and sales manager, she is working for more than five years with the company.

The result of the interview is summarized as follows:

- Does the company uses Activity based costing to allocate overhead cost? The finance manager replied that the company uses traditional costing because Activity Based Costing system tends to be more costly and time taking than the traditional methods of applying costs to products. The researcher advises the company to use activity based costing because it increases understanding of overheads and cost drivers; and makes costly and non-value adding activities more visible, allowing managers to reduce or eliminate them. It also enables effective challenge of operating costs to find better ways of allocating and eliminating overheads. It also enables improved product and customer profitability analysis..

•What are the major challenges in handling of customers? Respondent “B” explained that as a marketing manager the feedback of customer indicated that they are not satisfied in which the company did not deliver their product at the promised date of delivery due to many reasons. What ever is the reason this makes our customer offended and unsatisfied but as a management we are working to improve it. Respondent “A” also adds that now adays our management gives special attention to have a progress in keeping the date of delivery. Both respondents admits the existence of the problem concening date of delivery.

•What are the Non-financial performance measures related employees found in Wanza Furnishings Industry? Both respondents replied that our company has annual employees’ day in which prizes are prepared and given for out smart employees during the budget year. The other one is employees are motivated to attend their education at the expense of the company. These helps employees to be motivated and to feel sense of ownership. To sum up, the summarized interviews supports the results obtained from the questionairre.

#### 4.6 Results obtained from document review

The researcher review documents of annual budget so as to evaluate how budgets are prepared and implemented. The document indicates that eventhough budgets are organized and implemented budget variance analysis do not applied with in the company.

From the financial reports it is possible to evaluate the company based on its sales growth and the operating income for the last five years. At the same time, from the human resource policy or employees administration manual the researcher tries to understand how the company gives great attention for employees rights and obligations with respect to annual leave , bonus, penalties, medical coverage and so on. The researcher identified that the company do not have proper employees absentee rates as it was discussed in questionirre. There fore, the document review gives insight that the company has proper policy manuals and annual reports with good documentation.

## CHAPTER FIVE

### SUMMARY OF MAIN FINDINGS, CONCLUSION AND RECOMMENDATION

#### Introduction

This chapter deals with main findings, conclusions and recommendations. The data collected through questionnaire were presented, analyzed, interpreted and discussed using statistical package for social science. Thus, based on the analysis the following findings were written, conclusions drawn, and recommendations forwarded for the practitioners of the management accounting in Wanza Furnishings Industry and researchers who are interested to conduct in-depth study on this issues on the same organization or other sectors in the country in general and Addis Ababa in particular.

#### 5.1 Summary of Findings

The study carried out the assessment of management accounting practice in Wanza Furnishings Industry found at Addis Ababa. The researcher used the review of the related literatures and questionnaires in the company mentioned earlier.

Based on the research finding outlined in the previous sections, the researcher summarize and concludes with some recommendations to provide insight in management accounting on performance in Wanza Furnishings Industry. However, it should be emphasized again that the limited research on management accounting, mainly in the context of Ethiopia limit the scope of the study. The researcher collected 44 questionnaires filled by respondents of the company. The issues included in this study are Costing system, Budgeting System, Performance Evaluation and Information for Decision Making in Wanza Furnishings Industry. The analysis was conducted by frequencies of descriptive statistics using statistical package for Social Science (SPSS) .

Costing system usage by the company indicates that most of the respondents come to an agreement that the company gives better attention in using separation costs and believes that the company uses costing system to forward a decision. All of them supports that the activity analysis is attractive as per the result obtained from the company. Whereas half of the respondents are not happy on the company practice of multiple plant-wide overhead rates and also all of them do not agree on activity based costing system since it is not still implemented in the company.

As research indicates that the information on product costs generalized by costing system used for pricing decision and used to monitor & to control the costs for management decision making. It is also supported by several studies that target costing and activity base costing are the two main techniques for organizations to create benefits for the firms as a whole.

Budgeting System practice habit gives a positive response by respondents in the focuses of their company on budgeting for planning, in usage of Budgeting for controlling costs and flexible budgeting and often uses Budgeting usage of long-term (Strategic) planning .And also appreciates their company in budgeting frequency prepares on annual basis. On the other hand, More than half of the them believes that the company does not implement activity- based budgeting .

It is possible to say that except variance analysis and absentee rates, the majority of respondents can be witness for the implementation of both financial and non-financial Performance Evaluation practices in the company.

All of the respondents come to agreement with information for decision making management practice is implemented well by the company but they also admits for the complexity of the report with in the company.

## 5.2 Conclusion

A product costing system or costing system can be assessed by the framework used by firms to estimate the cost of their products for profitability analysis, inventory valuation and cost control. Estimating the accurate cost of products is critical for high profitable operations. The finding of the study also indicates that, Wanza Furnshings Industry have a good culture in costing system based on their capability and firm performance for the subject matter of the program.

The budgeting system is perceived as an important control system in almost all organizations. The finding of the study also indicates that, Wanza Furnshings Industry has budgeting system in terms of organizational goal, measurable in terms of outcome, attainable and time bounded in terms achievable and on time schedule of budgeting system.

Information for decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. The finding of the study also infers that Wanza Furnshings Industry is in a position with the availability for information for decision

making. Because, having or fulfillment of adequate information is very vital for wisely approved decision making process.

Performance evaluation can be done through assessment and validation tools to provide the data for the evaluation. Evaluation of the performance is necessary to determine whether the management accounting accomplished its objectives. Unfortunately, the finding of the study also indicates that, Wanza Furnshings Industry have proper performance evaluation approached. Therefore, without evaluation mechanism of before, during and after management accounting is concerned with determining what impact the management accounting practice has had on the Wanza Furnishings Industry PLC.

Moreover, the result further shows that, researcher found out that all of the management accounting dimensions has positive effects on the practice of the company. The results of this study further indicates that management accounting practice have positive and significant result on the company and this is the most important factor to have a positive and significantly affects its practice.

As a conclusion, management accounting practice of Wanza Furnshings Industry should play a more prospective role by increasingly becoming part of the management team within a business process. This is to ensure that management accounting remains relevant in the new challenging business world. The best practice of management accounting is an integrated approach, where the management accountants work very closely with other parties like engineers, construction managers and marketing managers. With regard to this, management accounting relates employees should double their efforts of promoting and practicing the advanced management accounting techniques in Wanza Furnshings Industry.

### 5.3 Recommendation

Based on the conclusion of the study, the following sound recommendations are forwarded to minimize currently encountered problems in Wanza Furnshings Industry with related to the assessment of management accounting practices:

- The finding shows that evaluation of performance of the company is highly depend on financial measure of performance evaluation methods, thus non-financial measures of performance evaluation such as Non- financial measure(s) related to

employees absentee rates should be improved in addition to their financial measure of performance evaluation.

- To be able to produce the necessary management accounting information, finance department should have to have capable and adequate number of workers.
- The management needs to make sure the availability of modern and updated accounting software. Specifically software's which are helpful to make management accounting reports should be offered.
- Training related to management accounting should be given to employees. Because the finance employees might have limited knowledge of accounting is one of the barriers for not using management accounting information. So that Wanza Furnishings Industry should design trainings on accounting so as to improve employee's knowledge of management accounting.
- Accounting policy which is intentionally designed for management accounting or cost Accounting policy should be prepared and used.
- The management has to Share different work experiences from organizations which has proper practicing of management accounting system. And also further research should be done in investigating the practice and evolution of management accounting in Ethiopia.

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APPENDIX  
QUESTIONNAIRE

St. Mary's University

School of Graduate Studies

Questionnaire to be filled by Employees

Dear respondent:

The objective of this questionnaire is to secure the necessary and relevant first-hand information that may be helpful to conduct a research on the topic of “Assessment of Management Accounting Practice in case of Wanza Furnishing Industry PLC” in partial fulfillment of the requirement for MBA in Accounting & Finance.

Here, I kindly request you to attempt all the questions in the questionnaire to meet the aim of the study. Whatever information is provided will be treated with confidentiality and strictly to be used for academic purpose only. There is no need to write your name. Please try to make a thick mark [√] in the appropriate box.

I thank you in advance

Meseret Yimer

(Graduating student)

PART I: Demographic profile of respondents

1. Gender:

Male ☐ Female ☐

2. Age:

18-27 ☐ 28-37 ☐ 38-47 ☐ 48-57 ☐ 58 and above ☐

3. Working Experience:

1-4 year ☐ 5-8 year ☐ 9- 12 year ☐ 13 and above year ☐

4. Education level:

Diploma ☐ Degree ☐ Masters ☐ PhD and above ☐

How often your company does use the following management accounting practices? Score using the key which ranges from:

Strongly disagree (1)      Disagree (2)      Neutral (3)      Agree (4)      Strongly agree (5)

TYPES OF MANAGEMENT ACCOUNTING PRACTICES	SD(1)	D(2)	N(3)	A(4)	SA(5)
<b>COSTING SYSTEM</b>					
Our company has separation of variable cost, incremental costs and fixed costs					
Our company use of plant - wide overhead rate					
Our company incorporates multiple plant-wide overhead rates					
Our company has activity- based costing					
There is activity analysis in our company					
Our company forwards a decisions					
<b>BUDGETING SYSTEM</b>					
Our company focuses budgeting for planning					
Our company attentions budgeting for controlling costs					
Our company takes activity- based budgeting					
Our company budgeting is flexible budgeting					
Our company budgeting is long-term (strategic) plans					
Our company budgeting frequency prepares annually					
<b>PERFORMANCE EVALUATION</b>					
How often sales growth evaluation is used in your company					
Does the company done Variance Analysis frequently					
How repeatedly operating income evaluation is applied in the company					
Non-financial measure(s) related to customers					
Non-financial measures(s) related to operation and innovation					
Non- financial measure(s) related to employees					
Non- financial measure(s)employee turnover					
Non- financial measure(s)absentee rates					
<b>INFORMATION FOR DECISION MAKING</b>					
Evaluation of major capital investment based on discounted cash flow method(s)					

The evaluation of non-financial aspects are documented and reported					
Performing sensitivity “what if” analysis when evaluating major capital investments projects					
Desired Cash Balance information.					
Determine the selling price					
Complexity of the report.					
Sufficient time to read accounting information					
Comprehensive decision					
Provided at the time it is needed					

THANK YOU SO MUCH!!