MANAGEMENT ACCOUNTING PRACTICES OF NEPALESE MANUFACTURING COMPANIES

A Dissertation Submitted to Office of the Dean, Faculty of Management, in Partial Fulfillment of the Requirements for the Degree of Master's Degree

By

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July 2025

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Management Accounting Practices of Nepalese Manufacturing Companies**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

Sunita Khatiwada has defended research proposal entitled "**Management Accounting Practices of Nepalese Manufacturing Companies**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Romakant Bhattaraiand submit the dissertation for evaluation and Viva-Voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled "**Management Accounting Practices of Nepalese Manufacturing Companies**" presented by Sunita Khatiwada for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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ACKNOWLEDGEMENTS

I am delighted to present this dissertation entitled "**Management Accounting Practices of Nepalese Manufacturing Companies**" to the head of the research department, Shanker Dev Campus, in partial fulfillment of the requirement for the degree of Masters in Business Studies (MBS), Faculty of Management. Special thanks to my supervisor, Romakant Bhattarai, whose support, cooperation, and valuable suggestions played a crucial role in the successful completion of this dissertation. Despite his busy schedule, he generously shared his expertise and provided guidance that significantly contributed to the quality of my work.

I would like to extend my appreciation to all the teachers and staff at Shanker Dev Campus for the assistance and cooperation. The willingness to share information and provide necessary resources, even amidst the busy schedules, has been instrumental in the progress of my study. The atmosphere of cooperation and friendliness at the campus has always motivated and inspired me. Furthermore, I am deeply grateful to Asso. Prof. Dr. Sajeeb Kumar Shrestha, Chairperson of the Research Committee, for his valuable insights and contributions to the research process. His feedback and guidance have been invaluable in shaping the direction of my study. I also extend my thanks to Asso. Prof. Dr. Kapil Khanal acting, Campus Chief, for his encouragement and support throughout this academic journey. I am indebted to all those mentioned above and others who have, directly or indirectly, contributed to the successful completion of my dissertation. The collective efforts have made this academic endeavor a rewarding and enriching experience.

Sunita Khatiwada

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ABBREVIATIONS

ANOVA	:	Analysis of Variance
BUD	:	Budgeting
CEO	:	Chief Executive Officer
CFA	:	Confirmatory Factor Analysis
COST	:	Costing
FP	:	Financial Performance
F-value	:	Fishers' Value
IDM	:	Information for Decision Making
MAPs	:	Management Accounting Practices
PE	:	Performance Evaluation
P-value	:	Probability Value
QCDs	:	Quality Control Deficiencies
SA	:	Strategic Analysis
SD	:	Standard Deviation
Sig.	:	Significance
SPSS	:	Statistical Packages for the Social Science

ABSTRACT

This study investigates the perception, relationship, and impact of Management Accounting Practices (MAPs) on the financial performance of Nepalese manufacturing companies. In today's competitive business environment, MAPs have emerged as critical tools for enhancing decision-making, controlling costs, improving strategic planning, and achieving financial efficiency. The study focuses on five key dimensions of MAPs: Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis. A quantitative research approach was adopted using both descriptive and causal-comparative research designs. Data were collected from 384 management personnel working in manufacturing firms within Kathmandu Valley using a structured questionnaire based on a 5-point Likert scale. The questionnaire assessed the perception and frequency of MAP usage and its influence on financial outcomes. SPSS version 25 was used for data analysis, applying descriptive statistics, correlation, and regression analysis.

The results revealed that management personnel generally have a favorable perception of MAPs, with high mean scores for information-based decision-making (4.24) and financial performance outcomes (4.29). Correlation analysis indicated significant positive relationships between MAPs and financial performance, with strategic analysis showing the strongest association ($r = 0.702$). Regression results confirmed that costing, budgeting, strategic analysis, and information for decision-making had statistically significant impacts on financial performance, whereas performance evaluation had no significant effect. The regression model accounted for 59.4% of the variance in financial performance ($R^2 = 0.594$), indicating strong explanatory power. The study concludes that effective implementation of MAPs significantly contributes to financial performance in Nepalese manufacturing companies. Practical implications suggest enhancing strategic planning and decision-support tools, while theoretical implications validate the strategic role of MAPs in organizational success. The study provides a foundation for future research focusing on sector-specific and longitudinal effects of MAPs.

Keywords: Management Accounting Practices, Financial Performance, Strategic Analysis, Decision-Making, Nepalese Manufacturing Firms

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In an increasingly competitive global business environment, the importance of effective financial control and strategic decision-making has heightened the role of Management Accounting Practices (MAPs) across sectors, particularly in the manufacturing industry. MAPs serve as a critical support system for managerial decision-making, planning, performance measurement, and cost control. Within developing economies such as Nepal, the application of MAPs is progressively gaining attention due to the demand for transparency, accountability, and performance optimization in manufacturing operations. Despite this relevance, there is limited scholarly exploration on the extent of MAP implementation and its impact on financial outcomes within Nepalese manufacturing companies. Therefore, understanding the perception of management personnel, the nature of MAP adoption, and the link between MAPs and financial performance presents a significant research agenda.

Management accounting encompasses a range of tools and practices including costing techniques, budgeting, performance evaluation, and information for decision-making, and strategic analysis. Each of these tools contributes to improving internal efficiency and aligning financial goals with organizational strategy. Costing, for example, allows for the accurate measurement of product costs and aids in setting competitive prices. In the context of Nepal, Ghimire (2023) found that costing tools such as activity-based costing (ABC) and variable costing are utilized to some extent in manufacturing firms, although their application is not fully optimized due to a lack of awareness and technical expertise. Tiwari and Neupane (2019) further highlighted that while there is a growing inclination towards contemporary MAPs such as target costing and quality costing, many firms still rely heavily on traditional costing practices, which may not reflect true cost behavior or support strategic planning.

Budgeting is another central component of MAPs that supports resource allocation, expenditure control, and performance monitoring. Zou and Ma (2023) emphasized that practices such as flexible budgeting and zero-based budgeting enable firms to respond dynamically to market changes and uncertainties. In Nepalese manufacturing companies,

Ghimire (2023) observed that budgeting is one of the most commonly practiced MAPs, suggesting that firms are gradually recognizing the importance of forward planning. However, the effectiveness of budgeting depends on how well it is integrated with strategic objectives and operational realities, a challenge often encountered in resource-constrained settings.

Performance evaluation, which includes both financial and non-financial measures, is essential for assessing the efficiency of operations and guiding improvements. Singh and Gupta (2023) noted that performance evaluation practices incorporating customer satisfaction, employee productivity, and benchmarking enhance organizational performance and strategic alignment. In Nepal, the use of non-financial performance indicators remains relatively low (Ghimire, 2023), indicating a potential gap in holistic performance management. Shrestha and Koirala (2019) confirmed that while some manufacturing firms employ financial metrics such as ROI and EVA, there is limited use of balanced scorecards or integrated performance frameworks.

Information for decision-making is another critical area of MAPs, facilitating capital budgeting, risk analysis, and cost-volume-profit analysis. The adoption of tools like discounted cash flow (DCF) analysis and sensitivity analysis ensures data-driven decision-making. Neupane and Subedi (2020) reported that Nepalese firms using digital tools for financial analysis experienced improved accuracy and responsiveness. The importance of such tools has been reinforced by the global trend toward digital transformation in accounting, which enhances the quality and speed of financial reporting (Zou & Ma, 2023). Nevertheless, the digital infrastructure and analytical capabilities within Nepalese manufacturing firms remain underdeveloped, posing a challenge to fully leveraging these MAP tools.

Strategic analysis tools such as SWOT analysis, value chain analysis, and industry benchmarking are increasingly integrated into MAPs to support long-term planning. Shah and Joshi (2019) emphasized that the absence of strategic accounting frameworks in nonprofit organizations across Nepal and India contributed to inefficiencies and a lack of accountability. While the manufacturing sector may differ in structure and operations, similar challenges regarding strategic financial alignment are observed. Khatri (2019) stressed the importance of aligning MAPs with corporate strategy to enhance competitiveness and achieve sustainable growth. In Nepal, strategic analysis is still in the

nascent stage, with limited integration into everyday management accounting practices (Ghimire, 2023).

The growing demand for sustainability and transparency has also influenced the evolution of MAPs globally. Abdelhalim (2024) noted that integrating big data analytics with accounting systems supports sustainability reporting and improves long-term value creation. Bhandari and Shrestha (2019) identified gaps in sustainability accounting within Nepalese firms, particularly due to limited awareness and absence of standard guidelines. This highlights the potential for MAPs to not only improve financial performance but also align with environmental and social governance (ESG) principles.

In terms of financial performance, prior studies have consistently shown a positive relationship between the adoption of MAPs and improvements in profitability, efficiency, and risk management. Shrestha and Koirala (2019) demonstrated that Nepalese SMEs implementing MAPs reported better return on assets (ROA) and return on equity (ROE). Similarly, Sharma and Singh (2020) found that the use of strategic accounting information supports better resource utilization and strengthens financial control. These findings suggest that effective MAP implementation can enhance financial decision-making, improve cash flow management, and reduce operational costs.

Demographic factors such as age, education, experience, and job position also influence the adoption and effectiveness of MAPs. Khatri (2019) argued that strategic management accounting practices are more prevalent among experienced professionals with a strong understanding of financial principles. Ghimire (2020) observed that corporate culture and leadership style significantly affect MAP utilization, implying that organizational behavior must be considered when evaluating MAP outcomes. These moderating variables are critical in the Nepalese context where managerial experience and training often vary significantly across firms.

Despite the acknowledged benefits of MAPs, several barriers hinder their effective adoption in Nepalese manufacturing companies. Bhandari (2020) identified challenges such as insufficient training, lack of standardized practices, limited technological infrastructure, and resistance to change. Moreover, smaller firms often perceive MAPs as costly and complex, thereby limiting their willingness to adopt modern accounting tools (Tiwari & Neupane, 2019). These constraints necessitate targeted policy interventions and

capacity-building programs to foster the development of accounting competencies in the manufacturing sector.

Given the current state of MAPs in Nepal, this study aims to achieve three specific objectives: first, to examine the perception of management personnel regarding the use of MAPs in manufacturing companies; second, to analyze the relationship between MAPs and financial performance; and third, to assess the impact of MAPs on financial outcomes. By addressing these objectives, the research seeks to bridge the gap in existing literature and provide practical recommendations for enhancing the use of MAPs in the Nepalese manufacturing industry.

In conclusion, management accounting practices have become essential for modern organizations to achieve operational efficiency, financial control, and strategic growth. While Nepalese manufacturing firms are gradually adopting MAPs, there remain significant challenges in terms of awareness, infrastructure, and integration. This study contributes to the ongoing discourse on accounting modernization in emerging economies by examining the perceptions, relationships, and impacts of MAPs on financial performance within the Nepalese manufacturing context.

1.2 Problem Statement

The competitive business landscape and global economic shifts have significantly emphasized the importance of effective management accounting practices (MAPs) in enhancing organizational performance. Nepalese manufacturing companies, in particular, face growing challenges due to increasing operational complexities, resource constraints, market volatility, and evolving customer expectations. Despite the global recognition of MAPs in improving financial performance, limited empirical research has been conducted in the Nepalese context to evaluate the practical use, perception, relationship, and impact of MAPs on firm-level performance outcomes. This gap in the literature creates an essential foundation for undertaking a detailed investigation into how MAPs are perceived, how they relate to, and how they influence financial performance across manufacturing organizations in Nepal.

Management accounting has undergone a transformative shift over the past decades, moving beyond traditional cost control and budgetary functions to more strategic roles including performance evaluation, strategic analysis, and decision-making support. According to Ghimire (2023), decision-making based on accurate and timely information

remains the most used MAP among Nepalese manufacturing firms, though other practices like strategic analysis, performance evaluation, and costing have also gained traction. Nevertheless, the implementation of MAPs remains inconsistent and often misaligned with organizational strategy due to a lack of awareness, resource limitations, and insufficient technical know-how.

Further highlighting the changing dynamics, Zou and Ma (2023) emphasized the integration of digital transformation in management accounting, noting its significance in ensuring real-time financial reporting and improved accuracy. Similarly, Abdelhalim (2024) illustrated how big data analytics integrated with management accounting has the potential to enhance corporate sustainability. Despite these innovations, Nepalese manufacturing firms largely struggle to adopt modern MAPs comprehensively due to structural constraints, technological limitations, and a lack of skilled personnel (Bhandari, 2020; Shrestha, 2024). These barriers pose significant limitations to the realization of strategic financial gains through management accounting, necessitating a deeper exploration of the existing gaps in implementation and impact measurement.

A major concern in Nepalese industries is the absence of formal frameworks for performance evaluation and financial measurement tied to strategic accounting tools. Shrestha and Koirala (2019) found a positive correlation between MAPs and financial performance in Nepalese SMEs, confirming the value of such practices in small-scale settings. However, their study also identified significant variability in implementation intensity and outcomes. Such variability raises questions regarding consistency, perception, and contextual relevance of different MAP dimensions in the broader manufacturing sector. The problem extends further to the lack of empirical models that account for how specific MAP elements such as costing, budgeting, or strategic analysis directly contribute to financial outcomes like ROA or ROE, particularly in a resource-constrained environment.

Tiwari and Neupane (2019) discussed the transition from traditional MAPs (TMATs) to contemporary MAPs (CMATs) and highlighted resistance to change among manufacturing firms. This resistance can stem from the lack of supportive organizational culture, insufficient training, and lack of technological adaptation. On a related note, Khatri (2019) observed that strategic management accounting (SMA) practices were increasingly recognized in Nepalese banks but were implemented unevenly based on institutional capacity and leadership alignment. It remains unclear whether similar inconsistencies apply

to the manufacturing sector and how such differences affect financial performance outcomes.

Furthermore, empirical findings by Singh and Gupta (2023) asserted that management accounting information plays a critical role in strategic decision-making within multinational corporations. Such conclusions suggest that accurate, relevant, and strategically aligned MAPs are necessary for long-term sustainability and profitability. For Nepalese firms striving to compete in increasingly liberalized regional markets, understanding how MAPs support strategic objectives becomes vital. However, the lack of consistent integration of MAPs in strategic planning processes within Nepalese manufacturing industries creates a gap in both academic knowledge and practical application.

Digitalization and sustainability have emerged as two additional dimensions impacting the design and implementation of MAPs. As noted by Wang and Li (2022), companies employing advanced MAPs with environmental sustainability components achieved better environmental metrics and reporting standards. Poudel and Adhikari (2019) further demonstrated the importance of environmental MAPs (EMAPs) in promoting sustainable urban development through strategic integration. While these practices show promise, their applicability within Nepalese manufacturing firms remains underexplored and likely limited due to a lack of regulatory enforcement and awareness.

From an operational perspective, Gautam (2021) acknowledged the increasing relevance of digital tools and analytics in modern MAPs. These tools not only improve reporting accuracy but also enable predictive analysis and scenario planning. However, Bhandari (2020) and Shrestha (2019) consistently noted that Nepalese SMEs and even large firms often fail to implement such tools effectively, largely due to constraints in technical expertise and investment capacity. Consequently, decision-making continues to rely on outdated accounting approaches, resulting in suboptimal performance and resource allocation.

Shah and Joshi (2019) further observed that nonprofits in Nepal and India faced considerable challenges in MAP implementation, citing transparency and accountability issues. While the nonprofit context differs from manufacturing, the findings still emphasize a broader regional issue of capacity gaps and MAP integration challenges in South Asia.

Therefore, insights from regional contexts are important in framing the extent of the problem facing Nepalese manufacturing companies.

Given this multifaceted scenario, this study is driven by three core research needs: first, to understand the perceptions of managerial personnel regarding the relevance and effectiveness of different MAP components; second, to examine the statistical relationship between these practices and financial performance indicators; and third, to analyze the degree to which MAPs exert a measurable impact on organizational profitability and sustainability. The problem is magnified by the limited number of empirical studies specifically targeting the Nepalese manufacturing sector using comprehensive models that integrate both qualitative perceptions and quantitative performance outcomes.

In summary, while global research underscores the strategic and operational value of MAPs in improving financial performance, Nepalese manufacturing companies face substantial implementation challenges stemming from structural, technological, and cultural constraints. These challenges result in a fragmented approach to management accounting, ultimately limiting its ability to influence financial outcomes effectively. By addressing these gaps, the present study aims to contribute to both academic literature and managerial practice by providing evidence-based insights into the usage, perception, relationship, and impact of MAPs on financial performance in Nepal's manufacturing sector.

i) What is the perception of management personnel regarding the use of various Management Accounting Practices in Nepalese manufacturing companies?
ii) What is the nature of the relationship between Management Accounting Practices and the financial performance of Nepalese manufacturing companies?
iii) How do Management Accounting Practices impact the financial performance of Nepalese manufacturing companies?

1.3 Objectives of the Study

The main objective of the study is to analyze the management accounting practices (MAPs) on the financial performance of Nepalese manufacturing companies. The specific objectives are as follows;

i) To examine the perception of management personnel towards the use of Management Accounting Practices (Costing, Budgeting, Performance Evaluation,

Information for Decision Making, and Strategic Analysis) in Nepalese manufacturing companies.

ii) To analyze the relationship between Management Accounting Practices and the financial performance of Nepalese manufacturing companies.

iii) To assess the impact of Management Accounting Practices on the financial performance of Nepalese manufacturing companies.

1.4 Research Hypotheses

The following alternative hypotheses have been formulated based on the framework of the study.

H1: There is a significant impact of costing practices on the financial performance of Nepalese manufacturing companies.

H2: There is a significant impact of budgeting practices on the financial performance of Nepalese manufacturing companies.

H3: There is a significant impact of performance evaluation practices on the financial performance of Nepalese manufacturing companies.

H4: There is a significant impact of information for decision making practices on the financial performance of Nepalese manufacturing companies.

H5: There is a significant impact of strategic analysis practices on the financial performance of Nepalese manufacturing companies.

1.5 Rationale of the Study

Management Accounting Practices (MAPs) have become essential tools for enhancing financial performance, especially within the increasingly competitive landscape of manufacturing industries. Costing, budgeting, performance evaluation, information for decision making, and strategic analysis serve as critical components for organizational efficiency and sustainability. Nepalese manufacturing companies, however, often face challenges in adopting modern MAPs due to limitations in awareness, technical expertise, and resource availability. Despite the global shift towards data-driven and performance-based accounting systems, the extent to which Nepalese manufacturers implement these practices remains underexplored. This study seeks to fill this knowledge gap by examining

the perceptions of managerial personnel regarding MAPs, exploring how these practices are integrated into operational processes, and evaluating their contribution to overall financial performance.

The research addresses a practical concern for the Nepalese manufacturing sector: whether the implementation of MAPs translates into measurable improvements in financial outcomes. By analyzing the relationship and impact of each MAP dimension on financial performance, the study aims to provide empirical evidence to support policy formulation and strategic decision-making at both managerial and institutional levels. Furthermore, the findings are expected to guide stakeholders in strengthening internal accounting mechanisms, promoting financial discipline, and aligning managerial actions with long-term financial goals. Through this study, the evolving role of MAPs in fostering accountability, transparency, and sustainability in Nepalese manufacturing companies will be clearly articulated and contextualized.

1.6 Limitations of the Study

The study has the following limitations;

i) The sample of 384 respondents may not fully represent the entire population of Nepalese manufacturing companies, potentially limiting the generalizability of the findings.
ii) The manufacturing companies are taken as sample form Kathmandu Valley only.
iii) The use of a 5-point Likert scale may introduce response biases and may not fully capture nuanced perspectives from participants.
iv) The study focuses on specific variables (Costing, Budgeting, Performance Evaluation, Information for Decision Making, Strategic Analysis), excluding other potential factors such as external economic influences, which could also impact financial performance.
v) As a cross-sectional study, it captures data at one point in time, limiting the ability to assess long-term effects or establish causal relationships between MAPs and financial performance.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

The effective adoption of Management Accounting Practices (MAPs) in manufacturing industries has been widely examined through various theoretical lenses that explain organizational behavior, decision-making, performance management, and strategic alignment. This study focuses on five core MAPs: Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis. The application of these practices is assessed against their influence on financial performance. In support of this investigation, five significant theories have been reviewed: Agency Theory, Contingency Theory, Resource-Based View (RBV), Institutional Theory, and Goal-Setting Theory.

Agency Theory

Agency Theory, proposed by Jensen and Meckling (1976), addresses the relationship between principals (owners) and agents (managers) and the conflicts arising from differing goals. Within the context of MAPs, Agency Theory supports the need for performance evaluation and budgeting as mechanisms to align managerial behavior with organizational objectives. Budgeting enables management to plan, control, and evaluate performance systematically, thereby reducing information asymmetry between stakeholders (Eisenhardt, 1989). Performance evaluation mechanisms, such as variance analysis and KPIs, provide quantifiable measures that help monitor and guide managerial performance, ensuring accountability and goal alignment (Otley, 2016).

Costing methods, particularly standard and activity-based costing, serve as tools for decision-makers to evaluate cost efficiency, thus minimizing agency costs and enhancing financial discipline. Moreover, accurate information for decision-making enables managers to make choices that align with shareholder interests, especially when ownership and control are separated. Thus, the application of MAPs through the lens of Agency Theory is crucial in aligning interests and enhancing financial performance.

Contingency Theory

Contingency Theory posits that there is no universal approach to management practices; rather, their effectiveness depends on internal and external contingencies such as organizational structure, environment, technology, and size (Donaldson, 2001). In the context of MAPs, Contingency Theory provides a framework to understand how different organizational settings influence the adoption and use of accounting practices.

For instance, larger manufacturing firms with complex operations may adopt sophisticated budgeting and costing systems, while smaller firms may use simpler approaches (Chenhall, 2003). Strategic analysis and information for decision-making are also influenced by the level of uncertainty in the external environment. High uncertainty compels firms to rely on advanced MAPs for strategic planning and real-time decision-making (Waweru, 2010). Hence, the selection and implementation of MAPs vary based on situational variables, supporting the need for customized applications to achieve desired financial outcomes.

Resource-Based View (RBV)

The Resource-Based View, introduced by Barney (1991), emphasizes the importance of firm-specific resources and capabilities in achieving sustainable competitive advantage. In this regard, MAPs are considered strategic resources that contribute to superior organizational performance. Costing systems, budgeting procedures, and performance evaluation frameworks form part of the firm's internal capabilities that enhance decision-making and strategic alignment.

RBV suggests that firms with robust MAPs possess valuable, rare, inimitable, and non-substitutable resources that facilitate better financial planning and control. Information for decision-making and strategic analysis are particularly critical in enabling timely and effective responses to market dynamics, thus enhancing competitiveness (Hoque, 2004). Therefore, MAPs, when effectively integrated into organizational routines, contribute to improved financial performance through efficient resource utilization and strategic foresight.

Institutional Theory

Institutional Theory explains how organizational structures and practices become institutionalized due to social, cultural, and regulatory pressures (DiMaggio & Powell, 1983). Within this perspective, the adoption of MAPs may be driven not only by efficiency

concerns but also by the need to conform to normative and coercive pressures from industry standards, professional bodies, or regulatory frameworks.

Manufacturing firms may implement budgeting, performance evaluation, and strategic analysis practices to gain legitimacy and align with best practices promoted by governing institutions. Furthermore, the increasing globalization and exposure to international accounting standards influence the integration of sophisticated costing systems and decision-support tools (Moll, Burns, & Major, 2006). As firms strive for legitimacy and survival, MAPs become institutionalized practices, shaping managerial behavior and influencing financial outcomes.

Goal-Setting Theory

Goal-Setting Theory, formulated by Locke and Latham (1990), asserts that specific and challenging goals lead to higher performance compared to easy or vague goals. The theory is particularly relevant in the context of budgeting and performance evaluation, where targets are set to drive employee motivation and performance.

Budgetary targets and performance indicators act as goals that channel managerial efforts toward organizational priorities. The clarity and measurability of these goals influence the effectiveness of MAPs in enhancing financial outcomes. Strategic analysis and decision-making processes also benefit from goal-setting, as they provide direction and criteria for evaluating alternative courses of action (Latham, 2004).

Furthermore, the theory supports the use of feedback mechanisms as part of performance evaluation, which enables managers to assess progress and take corrective actions. Hence, Goal-Setting Theory offers a psychological basis for understanding the motivational effects of MAPs on organizational performance.

The integration of the above theories into the research framework provides a comprehensive understanding of how MAPs influence financial performance in Nepalese manufacturing companies. Agency Theory explains the control mechanisms behind budgeting and performance evaluation, while Contingency Theory justifies the varied application of MAPs based on organizational contexts. RBV highlights MAPs as internal resources that drive competitive advantage, and Institutional Theory accounts for external pressures leading to the adoption of MAPs. Goal-Setting Theory underpins the behavioral impact of MAPs through target setting and feedback mechanisms.

Each of these theories offers a unique lens to assess the effectiveness, adaptability, and strategic contribution of MAPs in improving financial performance. By grounding the study in these theoretical perspectives, the research establishes a robust conceptual framework that supports the examination of relationships between Costing, Budgeting, Performance Evaluation, and Information for Decision Making, Strategic Analysis, and financial performance.

2.2 Empirical Review

Shrestha (2024) conducted a case study on three companies to examine the integration of big data analytics in management accounting and its effects on corporate sustainability. The study found that big data analytics significantly contributed to improved decision-making by providing real-time insights, trend analysis, and predictive capabilities. Companies using data-driven approaches were able to better align their strategies with sustainability goals and enhance stakeholder reporting transparency. The research also highlighted major challenges such as data quality, system interoperability, and the lack of trained personnel to handle complex analytical tools. Despite these limitations, the study concluded that big data analytics is a powerful enabler of sustainability-focused accounting practices, transforming traditional accounting roles into strategic advisory functions. The integration of big data allowed firms to assess long-term risks and environmental impacts more effectively, supporting comprehensive sustainability initiatives. This transformation emphasized the strategic importance of data analytics within the evolving landscape of management accounting.

Abdelhalim (2024) conducted a qualitative case study to examine the integration of big data analytics into management accounting systems and its subsequent impact on corporate sustainability. The study revealed that organizations adopting big data tools experienced enhanced sustainability performance due to improved decision-making capabilities, predictive analytics, and real-time insights. Big data facilitated a shift from traditional backward-looking financial reporting towards forward-looking sustainability metrics, allowing firms to better assess risks, optimize resource allocation, and align business practices with environmental and social objectives. The findings emphasized that big data-enabled management accounting supports transparent reporting and promotes a proactive approach to sustainability. Furthermore, the study highlighted challenges related to data quality, system integration, and employee readiness. Despite these obstacles, the

integration of big data into accounting functions was considered a strategic necessity for achieving long-term sustainability goals, indicating a transformative shift in the scope and role of management accounting in the digital age.

Ghimire (2023) employed a descriptive survey research design using simple random sampling and SPSS-based analysis to investigate the use of management accounting practices (MAPs) in Nepalese manufacturing companies. The study focused on variables such as decision-making information, strategic analysis, budgeting, performance evaluation, costing, company size, and leverage. Results indicated that the most widely implemented MAP was the provision of information for decision-making, which was considered essential in supporting operational and strategic choices. In addition, strategic analysis, budgeting, performance evaluation, and costing were also actively practiced, though to varying extents based on firm size and resource capacity. The study further emphasized that while awareness of MAPs has increased, significant gaps remain in technical expertise and systematic adoption. The findings suggested that efforts to enhance training, technological infrastructure, and leadership support would be necessary to further the integration of MAPs in Nepalese manufacturing industries, thus strengthening overall financial and strategic performance.

Zou and Ma (2023) examined the effects of digital transformation on financial reporting accuracy within management accounting systems by employing a mixed-methods approach that included surveys and case studies. The independent variable, digital transformation, encompassed the use of technologies such as cloud computing, automation, and advanced analytics. The study found that organizations implementing these technologies achieved significant improvements in real-time financial reporting, which contributed to greater transparency, data consistency, and reduced reporting errors. The integration of digital tools also facilitated faster decision-making and enhanced the quality of financial information available to managers. Case studies illustrated how firms leveraged digital systems to streamline accounting workflows and adapt more efficiently to regulatory and market demands. However, the study also noted challenges such as high implementation costs and the need for ongoing employee training. Ultimately, the findings underscored that digital transformation serves as a critical enabler of accuracy and agility in contemporary management accounting practices.

Singh and Gupta (2023) conducted a quantitative study through surveys to analyze the influence of management accounting data on strategic decision-making in multinational corporations. The study identified management accounting data as a critical input for strategic planning, investment evaluation, and risk management in complex global environments. The empirical results demonstrated that access to timely, relevant, and accurate accounting information significantly enhanced the quality of strategic decisions. The study emphasized that accounting data provided a foundation for aligning strategic goals with operational capabilities, particularly in diversified and geographically dispersed corporations. Respondents highlighted that management accounting tools such as variance analysis, performance dashboards, and forecasting models enabled data-driven strategies. Despite the positive impact, challenges such as data overload and integration of global accounting systems were identified. The study concluded that the strategic role of management accounting is expanding beyond traditional reporting functions, increasingly serving as a key component in corporate governance and strategic leadership frameworks.

Wang and Li (2022) conducted a longitudinal study to investigate the role of environmental metrics in shaping management accounting practices within organizations. The study focused on how firms with advanced accounting systems integrated sustainability-oriented indicators to support environmental performance tracking and decision-making. Findings revealed that companies with robust accounting systems were more likely to adopt environmental metrics such as carbon footprint tracking, waste reduction goals, and energy efficiency measures. These firms demonstrated improved environmental outcomes, which were attributed to the systematic use of accounting tools in monitoring and guiding eco-friendly practices. The research emphasized that the inclusion of environmental variables in management accounting supports strategic planning and enhances stakeholder trust. Moreover, the study highlighted the importance of aligning financial and environmental performance through integrated reporting systems. The longitudinal approach provided insights into the evolving nature of accounting functions as organizations increasingly prioritize sustainability. The findings underscored the need for continuous innovation in accounting practices to address emerging environmental challenges.

Garcia and Lopez (2022) utilized a case study approach to explore the impact of artificial intelligence (AI) technologies on management accounting, particularly in enhancing reporting accuracy. The study demonstrated that AI significantly improves the precision of financial data by automating routine tasks and minimizing human error. Furthermore, AI

implementation was found to expedite the reporting process, enabling real-time financial monitoring and decision-making. The case study highlighted applications such as machine learning for anomaly detection and natural language processing for data interpretation, which contributed to more accurate and timely financial statements. The authors noted that while the adoption of AI can be resource-intensive, the long-term benefits outweigh initial costs. Key challenges identified included data privacy concerns, integration with existing accounting systems, and the need for upskilling personnel. Overall, the study concluded that AI represents a transformative tool in management accounting, driving operational efficiency and enhancing the reliability of financial reporting processes.

Gautam (2021) conducted a literature review to analyze recent advancements in management accounting, focusing particularly on the integration of digital tools and data analytics. The review highlighted the increasing relevance of technologies such as artificial intelligence, cloud computing, and big data in transforming traditional accounting roles. These tools were found to enhance the accuracy, timeliness, and relevance of accounting information, thereby enabling more strategic decision-making. The study identified that digital transformation led to the automation of repetitive tasks, real-time reporting, and more sophisticated performance measurement systems. Furthermore, the review emphasized the shift in management accounting from a reactive to a proactive function within organizations. However, challenges such as cybersecurity risks, data governance, and resistance to technological change were also noted. Gautam concluded that future competitiveness in management accounting would depend on the integration of advanced digital tools and the upskilling of accounting professionals to leverage these technologies effectively.

Bhandari (2020) conducted a survey of 100 small and medium-sized enterprises (SMEs) in Nepal to investigate the implementation of management accounting practices (MAPs) and their influence on decision-making processes. The findings revealed that although SMEs recognized the importance of MAPs such as budgeting, performance evaluation, and cost control the actual implementation remained limited due to constraints in technical expertise, financial resources, and awareness. The lack of skilled human capital and training was identified as a major barrier to effective MAP adoption. The study also observed that decision-making in these enterprises often relied on informal practices rather than structured accounting data. Bhandari recommended targeted interventions such as professional training programs, government support, and simplified accounting tools to

facilitate broader MAP adoption. The study concluded that enhancing the capacity of SMEs to implement MAPs would lead to more informed decisions, improved operational efficiency, and stronger financial performance in the long term.

Neupane and Subedi (2020) explored the impact of digital transformation on accounting practices through a mixed-methods study involving surveys and case studies of various organizations. The research focused on how digital tools, including accounting software, cloud systems, and automation technologies, influence accounting accuracy and operational efficiency. Results demonstrated that the adoption of digital technologies significantly enhanced data precision, reduced processing time, and improved overall efficiency in financial reporting. Participants acknowledged the benefits of real-time data access, streamlined workflows, and better decision-making supported by digital systems. However, the study also noted challenges such as cybersecurity concerns, high implementation costs, and the need for employee training. Despite these barriers, digital transformation was identified as essential for modernizing accounting functions and improving performance standards. The researchers concluded that successful digital integration requires strategic planning, investment in technology, and organizational readiness, making it a crucial factor for sustainable accounting evolution in both public and private sectors.

Poudel (2020) used a case study method to examine the application of management accounting practices (MAPs) in Nepal's public sector, specifically within selected government departments. The study aimed to explore how MAPs influence performance measurement and resource management. Findings revealed that while MAPs such as budgeting, performance evaluation, and cost control had been introduced, their effectiveness was limited by bureaucratic inertia, rigid procedures, and lack of accountability. The absence of performance-based incentives and limited managerial autonomy further constrained MAP implementation. The study identified a mismatch between the design of MAP tools and the administrative culture prevalent in the public sector. Despite these challenges, departments that adopted MAPs with external technical support showed improvements in transparency and financial planning. The study concluded that reforms targeting administrative flexibility, capacity development, and accountability frameworks are essential for enhancing the role of MAPs in public sector performance management.

Ghimire (2020) conducted a survey of 200 companies in Nepal to analyze the influence of corporate culture on the adoption of management accounting practices (MAPs). The study found that organizations with a supportive corporate culture marked by openness to innovation, employee involvement, and strategic orientation were more likely to adopt and effectively utilize MAPs. In contrast, firms with hierarchical and risk-averse cultures exhibited resistance to adopting new accounting tools. The research demonstrated that organizational values and leadership attitudes significantly influenced how accounting information was perceived and utilized in decision-making. Moreover, cultural alignment with change and learning was found to facilitate smoother implementation of budgeting, performance evaluation, and strategic cost management systems. The study concluded that beyond technical readiness, cultural compatibility plays a crucial role in shaping the success of MAP adoption. Recommendations included fostering a learning culture and encouraging participative decision-making to strengthen the strategic impact of MAPs in Nepalese organizations.

Sharma and Singh (2020) employed a mixed-methods design, combining surveys and interviews, to examine the relationship between management accounting practices (MAPs) and corporate governance structures in South Asian firms. The study found that robust MAPs encompassing internal controls, performance monitoring, budgeting, and strategic analysis were instrumental in reinforcing good corporate governance practices. Organizations with well-developed MAPs demonstrated greater financial transparency, accountability, and stakeholder trust. The research identified a strong alignment between effective governance structures and the use of MAPs for oversight and strategic planning. Interviews with board members and senior managers highlighted that accounting information served as a foundation for policy decisions and risk management. However, the study also noted gaps in MAP utilization in smaller firms, where governance mechanisms were often informal or underdeveloped. The researchers concluded that promoting MAPs not only supports operational efficiency but also strengthens governance frameworks, particularly in emerging markets where regulatory oversight may be limited.

Khatri (2019) adopted a mixed-methods approach involving surveys and interviews to assess the implementation of strategic management accounting (SMA) practices in Nepalese banks. The research focused on the relationship between SMA adoption and organizational alignment. Findings revealed that SMA practices, including competitor analysis, customer profitability analysis, and strategic costing, were increasingly

implemented, though adoption levels varied significantly based on bank size and technological capabilities. Larger banks demonstrated higher integration of SMA tools, often supported by better infrastructure and skilled personnel, while smaller institutions faced challenges related to resource constraints. The study also highlighted the role of top management support and organizational culture in facilitating successful SMA implementation. Respondents emphasized the importance of aligning SMA techniques with strategic goals to improve decision-making and competitive positioning. The research concluded that while SMA practices are gaining traction in the Nepalese banking sector, sustained efforts in training, system development, and strategic alignment are essential for long-term effectiveness.

Tiwari and Neupane (2019) conducted a comparative analysis of traditional management accounting techniques (TMATs) and contemporary management accounting techniques (CMATs) within manufacturing firms using surveys and interviews with 50 companies. The study aimed to understand the evolving landscape of cost management practices. Findings indicated a gradual shift from TMATs such as standard costing and variance analysis towards CMATs including activity-based costing, balanced scorecard, and target costing. This transition was driven by increasing competition, demand for efficiency, and the need for strategic decision-making tools. However, the study also reported resistance to change among firms due to perceived complexity, lack of technical knowledge, and initial implementation costs. Firms with larger operational scales were more likely to adopt CMATs effectively. The research concluded that while CMATs offer superior cost management capabilities and strategic alignment, overcoming institutional inertia and investing in training and infrastructure are essential for their broader adoption in Nepal's manufacturing sector.

Poudel and Adhikari (2019) employed qualitative methods, including interviews and document analysis, to investigate the role of environmental management accounting practices (EMAPs) in urban service delivery. The study aimed to understand how EMAPs integrate environmental considerations into municipal planning and operations. Findings revealed that EMAPs were essential for promoting sustainable urban development, as they facilitated the identification and management of environmental costs associated with waste management, water supply, and energy usage. The study found that the integration of environmental data into financial decision-making enhanced accountability and improved resource allocation. Despite the evident benefits, challenges such as institutional rigidity,

limited technical capacity, and weak regulatory enforcement hindered widespread adoption. The study emphasized the need for training urban planners in environmental accounting and strengthening policy frameworks to encourage EMAP use. Ultimately, EMAPs were portrayed as critical tools for aligning financial and environmental priorities in urban governance.

Shah and Joshi (2019) examined management accounting practices (MAPs) in nonprofit organizations across Nepal and India using surveys and case studies. The study aimed to evaluate the extent to which MAPs contribute to transparency and accountability in nonprofit management. The findings revealed significant challenges in the implementation of robust accounting systems due to limited financial resources, insufficient training, and lack of standardized accounting procedures in the nonprofit sector. Despite these constraints, some organizations had adopted practices such as budgeting, financial monitoring, and donor reporting, primarily to comply with funding agency requirements. However, these practices were often fragmented and lacked strategic integration. The study emphasized the importance of institutional capacity building and policy-level reforms to enhance accounting transparency. It concluded that while MAPs have the potential to strengthen governance in nonprofit entities, their effective adoption requires comprehensive training programs, technological investment, and standardized reporting guidelines across the sector.

Shrestha and Koirala (2019) conducted a quantitative study involving a survey of 150 SMEs in Nepal, complemented by financial data analysis, to examine the relationship between management accounting practices (MAPs) and financial performance. The findings indicated a significant positive correlation between the use of MAPs and improved financial outcomes. Practices such as budgeting, performance evaluation, and cost control were found to enhance financial discipline, leading to better resource allocation and strategic decision-making. The study emphasized that firms actively employing MAPs experienced higher profitability and operational efficiency. However, the extent of MAP adoption varied based on firm size, managerial competence, and access to accounting tools. The researchers recommended further investment in training and system upgrades to optimize the benefits of MAPs across SMEs. Overall, the study reinforced the strategic value of MAPs in driving financial success, especially in resource-constrained environments where efficient management is critical to business sustainability.

Bhandari and Shrestha (2019) used a mixed-methods approach, incorporating surveys and interviews, to assess sustainability accounting practices in Nepalese organizations. The study aimed to determine the extent to which sustainability factors were incorporated into financial reporting. Findings revealed significant gaps in sustainability reporting, particularly in integrating environmental and social dimensions into mainstream accounting systems. Most firms reported a lack of standardized frameworks and technical expertise necessary for effective sustainability accounting. While some organizations had initiated sustainability reporting due to regulatory or donor pressure, such efforts remained fragmented and lacked coherence. The study also highlighted the need for capacity-building initiatives and the development of national guidelines to promote uniformity and accountability. It concluded that without formalized structures and institutional support, sustainability accounting in Nepal would continue to be underdeveloped, thereby limiting the ability of firms to report and manage their environmental and social impacts effectively.

Shrestha (2019) conducted a qualitative study using interviews with senior accountants and finance managers in large corporations to evaluate the application of strategic management accounting (SMA) techniques and their alignment with corporate objectives. The research revealed that SMA tools, including value chain analysis, customer profitability analysis, and benchmarking, played a significant role in aligning financial practices with strategic goals. These techniques helped in formulating long-term strategies, monitoring competitive performance, and enhancing value creation. However, implementation challenges such as lack of technical expertise, resistance to change, and insufficient data infrastructure were reported. The study emphasized the importance of managerial commitment and organizational learning in embedding SMA into strategic planning processes. It concluded that although SMA techniques contribute to achieving corporate objectives, their effective adoption depends on internal capacities and cultural readiness. Thus, fostering strategic thinking and building SMA capabilities were identified as essential steps for enhancing strategic alignment in large enterprises.

Koirala (2019) conducted a qualitative study based on interviews with finance professionals and policymakers to explore the challenges and opportunities associated with implementing advanced management accounting practices (MAPs) in Nepal. The research identified several barriers, including a widespread lack of technical expertise, limited exposure to modern accounting tools, and organizational resistance to change. These constraints hindered the adoption of techniques such as activity-based costing, strategic cost

management, and performance scorecards. Despite these challenges, the study also highlighted emerging opportunities driven by increasing digitization, global best practices, and the growing demand for transparent financial reporting. Participants emphasized the potential of professional training, international collaboration, and government-led reforms in overcoming implementation hurdles. The study concluded that while the environment for advanced MAPs is currently constrained, strategic investment in education and technology can transform accounting practices in Nepal, enabling firms to move beyond traditional methods and adopt more innovative, performance-oriented approaches.

Table 1

Summary of Empirical Review

Author(s)	Objectives	Variables	Methodologies	Findings
Shrestha (2024)	Examine integration of big data analytics in accounting	IV: Big data analytics; DV: Corporate sustainability	Case study of 3 companies	Enhances decision-making and sustainability; challenges in data management
Abdelhalim, A.M. (2024)	Integration of big data analytics with management accounting	Independent: Big data analytics, Dependent: Corporate sustainability	Qualitative case study	Enhanced corporate sustainability through data integration
Ghimire, K. (2023)	To explore the uses of management accounting practices in Nepalese manufacturing companies.	Management accounting practices, decision-making information, strategic analysis, budgeting, performance evaluation, costing, size, leverage.	Descriptive survey design, simple random sampling, primary data collection, analysis using SPSS.	Creation and enhancement of awareness of the importance of information for decision-making is the most highly used management accounting practice among Nepalese manufacturing companies. Other practices used include strategic analysis, budgeting,

				performance evaluation, costing, size, and leverage.
Zou, X., & Ma, Y. (2023)	Digital transformation in management accounting	Independent: Digital transformation, Dependent: Financial reporting accuracy	Mixed-methods (surveys, case studies)	Real-time financial reporting improvements
Singh, S., & Gupta, A. (2023)	Strategic decision-making in multinational corporations	Independent: Management accounting data, Dependent: Strategic decisions	Quantitative (surveys)	Critical role of management accounting in strategic planning
Wang, L., & Li, J. (2022)	Environmental sustainability and management accounting practices	Independent: Environmental metrics, Dependent: Accounting practices	Longitudinal study	Better environmental metrics in companies with advanced accounting
Garcia, M., & Lopez, R. (2022)	Impact of AI on management accounting	Independent: AI technologies, Dependent: Reporting accuracy	Case study	AI improves data accuracy and reduces reporting time
Gautam (2021)	Review advancements in management accounting	IV: Digital tools, data analytics; DV: Accounting practices	Literature review	Digital tools and data analytics are increasingly important
Bhandari (2020)	Investigate MAPs in Nepalese SMEs	IV: MAPs; DV: Decision-making processes	Survey of 100 SMEs	Lack of expertise and resources hinder MAP implementation
Neupane & Subedi (2020)	Investigate digital transformation in accounting practices	IV: Digital tools; DV: Accounting accuracy, efficiency	Mixed-methods: Surveys, case studies	Improved accuracy and efficiency; digital transformation crucial

Poudel (2020)	Examine MAPs in Nepal's public sector	IV: MAPs; DV: Performance measurement	Case study of government departments	Bureaucratic challenges impede effective MAP use
Ghimire (2020)	Study corporate culture's impact on MAP adoption	IV: Corporate culture; DV: MAP adoption	Survey of 200 companies	Supportive culture enhances MAP adoption
Sharma & Singh (2020)	Examine MAPs and corporate governance structures	IV: MAPs; DV: Corporate governance	Mixed-methods: Surveys, interviews	Robust MAPs essential for good governance
Tiwari & Neupane (2019)	Compare TMATs and CMATs in manufacturing companies	IV: TMATs and CMATs; DV: Cost management	Survey of 50 companies, interviews	Shift towards CMATs; resistance to change noted
Khatri (2019)	Explore implementation of SMA practices in Nepalese banks	IV: SMA practices; DV: Organizational alignment	Mixed-methods: Surveys and interviews	SMA practices are increasingly adopted; varies by bank size
Poudel & Adhikari (2019)	Review EMAPs in urban service delivery	IV: EMAPs; DV: Environmental consideration integration	Qualitative: Interviews, document analysis	EMAPs crucial for sustainable urban development
Shah & Joshi (2019)	Study MAPs in nonprofits in Nepal and India	IV: MAPs; DV: Transparency, accountability	Surveys, case studies	Significant challenges in robust accounting practices
Shrestha & Koirala (2019)	Explore MAPs and financial performance in SMEs	IV: MAPs; DV: Financial performance	Quantitative: Survey of 150 SMEs, financial data analysis	Positive correlation between MAPs and financial outcomes
Bhandari & Shrestha (2019)	Assess sustainability accounting practices in Nepal	IV: Sustainability factors; DV: Financial reporting	Mixed-methods: Surveys, interviews	Gaps in sustainability reporting practices
Shrestha (2019)	Evaluate SMA techniques in	IV: SMA techniques; DV:	Qualitative: Interviews	SMA techniques align with

	large corporations	Corporate objectives alignment		corporate goals; challenges in implementation
Koirala (2019)	Discuss challenges and opportunities in advanced MAPs	IV: Technical expertise, innovation; DV: MAP implementation	Qualitative: Interviews	Barriers include lack of expertise; opportunities in training and technology adoption

2.3 Research Gap

Despite the growing global relevance of Management Accounting Practices (MAPs) in enhancing corporate financial performance, limited empirical research has been conducted within the Nepalese manufacturing context. Existing studies in Nepal have primarily focused on either the descriptive status of MAPs or specific techniques such as budgeting and costing, without establishing a comprehensive relationship between diverse MAP dimensions and financial performance indicators. Furthermore, studies conducted by Ghimire (2023), Bhandari (2020), and Shrestha and Koirala (2019) tend to emphasize qualitative observations or small sample case analyses, thereby lacking statistical generalizability. This study addresses this gap by empirically analyzing the influence of multiple MAPs dimensions namely Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis on the financial performance of Nepalese manufacturing companies through descriptive and causal-comparative research designs. The use of structured Likert scale-based primary data from 384 respondents and inferential statistical tools (e.g., correlation and regression analysis using SPSS v25) provides a more rigorous and comprehensive evaluation than past studies.

Moreover, there is a notable lack of research integrating contemporary developments such as digital transformation or sustainability within MAPs in Nepal, as highlighted in works by Abdelhalim (2024) and Zou and Ma (2023). While international literature (e.g., Chenhall, 2003; Otley, 2016) provides theoretical underpinnings through contingency and institutional frameworks, few Nepalese studies have adapted or validated these theories in local manufacturing settings. Additionally, the current study's limitations, including its focus on Kathmandu Valley and the use of convenience sampling, indicate that while the findings are valuable, they are not fully representative of all Nepalese manufacturing firms. This highlights the need for future longitudinal or cross-regional studies that incorporate

broader geographic and sectorial diversity. Thus, the study fills a critical research gap by offering empirical insights into the influence of MAPs on financial performance within a specific and under-researched sectorial and geographical context.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

The study adopts both descriptive and causal-comparative research designs. The descriptive design is employed to explore the perception of management personnel regarding the adoption and frequency of Management Accounting Practices (MAPs) such as Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis. This aligns with the first objective that focuses on understanding perception-based insights. On the other hand, causal-comparative research design is justified to fulfill the second and third objectives, which are to analyze the relationship and assess the impact of MAPs on financial performance.

The causal-comparative approach facilitates the identification of cause-and-effect relationships between the independent variables (MAP components) and the dependent variable (Financial Performance). This design is essential in a cross-sectional study that does not involve manipulation of variables but aims to statistically infer the influence of MAPs on business performance outcomes in the Nepalese manufacturing sector. Hence, the dual research design enhances both descriptive depth and explanatory power of the study.

3.2 Population, Sample and Sampling Design

The population comprises all management personnel working within Nepalese manufacturing companies operating in the Kathmandu Valley. This region is selected for its high concentration of manufacturing industries and easier accessibility for data collection. The study utilizes a sample of 384 respondents, calculated based on Cochran's formula for an infinite population to ensure adequate representation. The sampling technique employed is convenience sampling, which is appropriate for exploratory research and when access to respondents is limited. Although convenience sampling may have limitations in terms of generalizability, it provides valuable insights into perception and experience-based responses from relevant management professionals. The sample size is sufficient to perform correlation and regression analysis with acceptable power and confidence levels. This sampling technique allows the researcher to reach out to decision-makers directly involved in implementing MAPs and evaluating financial performance,

thus strengthening the relevance and validity of the data collected in line with the stated objectives of the study.

The Cochran formula is a widely utilized statistical method to determine an ideal sample size based on a desired level of precision, confidence level, and the estimated proportion of the population. According to Cochran (1977), the formula is: $n_0=Z^2 \cdot p \cdot (1-p)/ e^2$

For a 95% confidence level (Z = 1.96), maximum variability (p = 0.5), and a 5% margin of error (e = 0.05):

$n0= (1.96)^2 \cdot 0.5 \cdot (1-0.5)/ (0.05)^2$

Thus, the sample size is approximately 384.

3.3 Nature and Source of Data

The study is based exclusively on primary data, as the primary objective is to analyze firsthand insights and experiences regarding the use of MAPs within Nepalese manufacturing firms. Data is collected using a structured questionnaire distributed online via Google Forms, making the process efficient and cost-effective. The questionnaire includes close-ended items constructed on a 5-point Likert scale. Each independent variable Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis is represented through five perception-based items, rated on a scale from 1 (strongly disagree) to 5 (strongly agree). Similarly, the dependent variable, Financial Performance, is measured through five outcome-based items rated from 1 (Strongly Disagree) to 5 (Strongly Agree). The use of primary data ensures real-time and context-specific findings. Moreover, the structured approach minimizes ambiguity in responses and facilitates consistent quantitative analysis, thereby supporting all three research objectives in examining perceptions, relationships, and impacts of MAPs on financial outcomes.

3.4 Data Collection Procedure

The data collection procedure involves the development and digital dissemination of the survey instrument. The questionnaire is designed in Google Forms, providing an accessible and efficient platform for both the researcher and the respondents. To maximize reach, the form is distributed via social media platforms including WhatsApp, Viber, Messenger, Instagram, and email (Gmail). This method is suitable for a geographically focused study and supports convenience sampling. The collection strategy ensures that only managerial personnel from relevant manufacturing firms respond. Following data collection, the

responses are screened, cleaned, and coded for statistical analysis. A preliminary reliability test using Cronbach's Alpha is conducted to assess the internal consistency of the items for each construct. Only those constructs with alpha values above the acceptable threshold (generally 0.70) are included in further analysis. The systematic procedure ensures that the collected data is reliable, representative of the study population, and suitable for advanced statistical processing required to meet the study's objectives.

3.5 Instruments of Data

The primary instrument for data collection is a structured questionnaire built to capture the dimensions of MAPs and their effect on financial performance. Each of the five independent variables Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis is measured using five specific perception statements based on practices adopted in management accounting literature. The dependent variable, Financial Performance, is also operationalized using five items reflecting financial improvement indicators such as ROA, ROE, and profitability. After responses are gathered, data is input into SPSS version 25 for processing. SPSS is utilized due to its robust functionalities in handling large datasets and its capabilities for performing both descriptive and inferential statistical tests. The output tables generated by SPSS provide clarity in understanding the frequency distribution, central tendencies, and relationship metrics between variables. This instrument design directly aligns with the objectives by enabling precise measurement and analysis of MAPs' application and their outcome on organizational performance.

3.6 Methods of Analysis

Statistical Tools

To meet the objectives of the study, both descriptive and inferential statistical tools have been utilized for analyzing the collected data. Descriptive statistical tools such as mean, standard deviation (SD), and weighted mean are used to assess the perception, attitude, and level of understanding of respondents regarding the use of Management Accounting Practices (MAPs). These tools assist in summarizing the characteristics of the dataset and identifying trends in the perceptions of management personnel across various MAP dimensions namely, Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis. On the other hand, inferential statistical tools, particularly correlation and regression analysis, are employed to examine the cause-and-

effect relationship between independent variables (MAPs components) and the dependent variable (Financial Performance). These tools support testing of hypotheses and provide empirical evidence to validate or refute the relationships proposed in the study framework.

Descriptive Analysis

Descriptive analysis plays a vital role in presenting quantitative data in an interpretable and organized manner. It simplifies complex data sets through statistical summaries such as mean, standard deviation, minimum and maximum values, allowing a comprehensive understanding of the data's distribution and variability. Specifically, descriptive statistics are used to examine respondents' demographic profiles and their responses on the perception towards each MAP component. Frequency and percentage distributions are used to summarize demographic variables like age, gender, educational qualification, managerial position, and years of experience. Weighted mean and standard deviation are computed for each independent variable to understand the intensity and consistency of perceptions regarding the application of MAPs in Nepalese manufacturing companies. This aids in fulfilling the first objective of the study: examining the perception of management personnel toward the use of MAPs.

Correlation Analysis

Pearson’s Bivariate Correlation analysis is employed to examine the direction and strength of association between independent and dependent variables. This statistical method is essential for identifying the magnitude of linear relationships between the various MAP components (Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis) and Financial Performance. The analysis helps in determining whether a positive, negative, or no correlation exists between each pair of variables. The correlation coefficient (r-value), ranging from -1 to +1, indicates the direction and strength of the relationship. An r-value close to +1 denotes a strong positive correlation, whereas an r-value close to -1 indicates a strong negative correlation. A significance level of 0.05 is applied to determine whether the observed correlations are statistically significant. This analysis supports the second objective of the study, which is to analyze the relationship between MAPs and the financial performance of Nepalese manufacturing firms.

Regression Model

To assess the predictive influence of MAPs on financial performance, multiple linear regression analysis is applied. This model evaluates how the independent variables Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis impact the dependent variable, Financial Performance. Regression analysis enables the estimation of the degree and significance of these impacts, thus directly supporting the third objective of the study. The multiple regression model used in the study is structured as follows:

$$FP = \beta_0 + \beta_1(COST) + \beta_2(BUD) + \beta_3(PE) + \beta_4(IDM) + \beta_5(SA) + \varepsilon$$

Where:

- FP = Financial Performance (Dependent Variable)
- β_0 = Constant
- β_1 to β_5 = Coefficients of Independent Variables
- COST = Costing
- BUD = Budgeting
- PE = Performance Evaluation
- IDM = Information for Decision Making
- SA = Strategic Analysis
- ε = Error Term

The regression outputs include R-square, adjusted R-square, beta coefficients, t-statistics, and p-values, which indicate how much variation in financial performance can be explained by MAPs and which components have statistically significant effects. This analytical method provides a comprehensive understanding of the influence of MAPs and is essential for concluding the empirical findings of the study.

3.7 Conceptual Framework and Definition of Variables

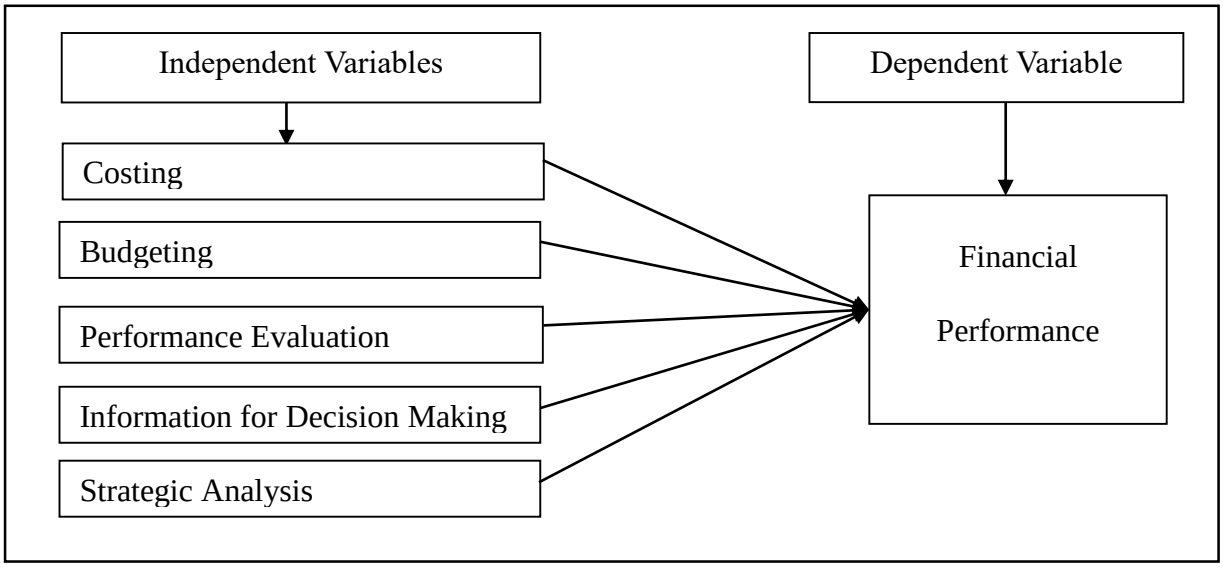
The conceptual framework for this study is grounded in the relationship between Management Accounting Practices (MAPs) and the financial performance of manufacturing companies. MAPs encompass practices such as costing, budgeting,

performance evaluation, information for decision-making, and strategic analysis, each contributing differently to the enhancement of financial outcomes within an organization. The framework follows the premise that proper and effective implementation of MAPs leads to improved decision-making, better allocation of resources, and enhanced financial performance.

The study by Ghimire (2023) identified several variables, including decision-making information, strategic analysis, budgeting, performance evaluation, and costing, as the core MAPs. These variables interact with the company's financial performance, which is measured through key performance indicators such as Return on Assets (ROA) and Return on Equity (ROE). Additionally, factors like company size and leverage were identified as moderating variables that influence the strength and nature of the relationship between MAPs and financial performance.

Figure 1

Conceptual Framework



Source: Ghimire (2023)

Costing

Costing refers to the process of determining the cost of producing goods or services, involving methods like activity-based costing (ABC) and cost allocation strategies. Costing allows companies to track expenses, set competitive pricing, and make informed decisions regarding production. According to Ghimire (2023), proper costing techniques support strategic decisions and improve operational efficiency in manufacturing companies.

Costing practices enable better financial planning and resource allocation, enhancing overall business performance. Companies that efficiently apply costing methods are better positioned to manage costs and optimize profitability, contributing significantly to the financial success of Nepalese manufacturing firms.

Budgeting

Budgeting is a critical MAP used to plan and control financial resources over a specified period, typically annually or quarterly. It involves forecasting revenues and expenditures to ensure resources are allocated efficiently. Ghimire (2023) emphasizes the importance of budgeting in Nepalese manufacturing companies, highlighting its role in setting financial goals, managing cash flows, and aligning operations with strategic objectives. A robust budgeting process aids in cost control, supports long-term planning, and allows businesses to remain competitive. Effective budgeting practices also facilitate financial monitoring, helping firms identify discrepancies between expected and actual performance.

Performance Evaluation

Performance evaluation involves assessing the effectiveness of a company's operations using various financial and non-financial metrics. These assessments enable managers to track progress toward organizational goals, identify areas for improvement, and make adjustments where necessary. Ghimire (2023) indicates that performance evaluation plays a crucial role in enhancing operational efficiency and financial outcomes in manufacturing firms. By incorporating key performance indicators (KPIs) such as profitability ratios and employee productivity, performance evaluations provide insight into areas where resources may be better utilized, ultimately leading to improved financial performance in Nepalese manufacturing companies.

Information for Decision-Making

Information for decision-making refers to the use of accurate, relevant, and timely data to support management decisions. In the context of MAPs, this involves financial analysis, cost-volume-profit analysis, and other tools that provide insights into the financial health of the company. Ghimire (2023) underscores the significance of timely information for strategic and operational decisions, especially in Nepalese manufacturing firms. Effective decision-making relies on the availability of accurate data, which can improve risk

management, profitability, and long-term planning. As such, this MAP is essential for enhancing business performance through informed choices based on data-driven insights.

Strategic Analysis

Strategic analysis involves evaluating both internal and external factors that affect a company's long-term direction, focusing on areas such as market conditions, competition, and organizational strengths and weaknesses. Ghimire (2023) highlights that strategic analysis is integral to the adoption of MAPs in Nepalese manufacturing companies, as it helps organizations to align their objectives with market opportunities. By analyzing factors like competitive advantage, customer preferences, and industry trends, firms can adapt their strategies to improve financial outcomes. Strategic analysis enables companies to make proactive adjustments to their operations and strategy, ensuring long-term profitability and competitiveness.

Financial Performance

Financial performance refers to a company’s ability to generate profits, manage costs effectively, and create value for stakeholders, contributing to long-term business sustainability. In this study, financial performance is measured using a 5-point Likert scale, where respondents rate statements that reflect the impact of management accounting practices (MAPs) on financial outcomes. Statements such as "Management accounting improves profitability," "Management accounting reduces financial risks," and "Management accounting supports competitive advantage" are evaluated. The scale ranges from 1 (Strongly Disagree) to 5 (Strongly Agree), enabling an assessment of how management perceives the influence of MAPs on financial results. Higher ratings indicate a stronger belief in the positive effect of MAPs on financial performance, reflecting effective cost management, decision-making, and strategic positioning.

3.8 Reliability Analysis

Table 2 presents the results of the reliability analysis conducted using Cronbach’s Alpha to assess the internal consistency of the measurement items for each construct. Cronbach’s Alpha values range between 0 and 1, where a value of 0.70 or higher is generally considered acceptable, indicating that the items used to measure a construct are consistent and reliable (Nunnally & Bernstein, 1994).

Table 2

Perception towards Costing

Variables	Chronbach's Alpha	No. of Items
Costing	.846	5
Budgeting	.890	5
Performance Evaluation	.833	5
Information for Decision Making	.799	5
Strategic Analysis	.725	5
Financial Performance	.835	5

Source: Opinion Survey, 2025

The construct "Costing" has a Cronbach's Alpha value of 0.846, reflecting a high level of internal consistency among its five items. "Budgeting" demonstrates the highest reliability with a Cronbach's Alpha of 0.890, suggesting excellent reliability for measuring perceptions related to budgeting practices. Similarly, "Performance Evaluation" and "Financial Performance" show strong reliability scores of 0.833 and 0.835 respectively, indicating robust consistency across their respective items. The construct "Information for Decision Making" also maintains a reliable score of 0.799, which is considered acceptable. "Strategic Analysis," although having the lowest score at 0.725, still meets the acceptable threshold for reliability.

These findings confirm that all constructs in the study exhibit satisfactory internal consistency and are suitable for further statistical analysis. The results enhance the credibility of the data collected and ensure that the scales used are valid tools for measuring managerial perceptions across various financial and strategic domains.

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Respondent's Profile Analysis

Analyzing the demographic profile of respondents is vital to understanding the background characteristics of the sample and evaluating the relevance and applicability of the study findings. Variables such as gender, age, experience, position, and education offer essential context for interpreting patterns in organizational behavior and financial decision-making. This information ensures the credibility of responses and helps determine whether the results can be generalized across similar populations, thereby supporting the validity of insights drawn from the research.

Table 3

Respondent's Profile Analysis

Category	Sub-Category	Frequency	Percent (%)
Gender	Male	209	54.4
	Female	175	45.6
Age	Below 20 years	79	20.6
	21–30 years	116	30.2
	31–40 years	114	29.7
	41–50 years	57	14.8
	51 years and above	18	4.7
Experience	Less than 1 year	83	21.6
	1–3 years	188	49.0
	4–6 years	65	16.9
	7–10 years	20	5.2
	More than 10 years	28	7.3
Position	Junior/Entry-level	100	26.0
	Mid-level	130	33.9
	Senior/Executive-level	93	24.2
	Managerial	32	8.3
	Top Management/Director	29	7.6
Education Level	School Level	98	25.5
	Bachelor's Degree	131	34.1
	Master’s Degree and Above	155	40.4
Total		384	100.0

Source: Opinion Survey, 2025

The demographic distribution reveals that the sample consists of a slightly higher proportion of male respondents (54.4%) compared to female respondents (45.6%). In terms of age, the majority of participants fall within the 21–30 years (30.2%) and 31–40 years (29.7%) brackets, indicating a concentration of respondents in their early to mid-career stages. This age structure suggests that the insights gathered may be reflective of younger professionals' perceptions and experiences.

With respect to professional experience, a large portion (49.0%) of respondents reported having 1–3 years of work experience, followed by 21.6% with less than one year. This implies that the workforce sample is predominantly composed of early-career professionals, which may influence their responses in terms of career aspirations, job satisfaction, and organizational expectations. Only a small segment (7.3%) has more than 10 years of experience, indicating limited seniority in the dataset.

Position-wise, the majority are employed at the mid-level (33.9%) and entry-level (26.0%), with fewer respondents in managerial (8.3%) and top management (7.6%) roles. Educational attainment shows a strong representation of highly educated individuals, with 40.4% holding a master’s degree or higher. This suggests a potentially informed and critically aware respondent pool, enhancing the reliability of responses in analytical or attitudinal questions.

4.2 Descriptive Analysis

Descriptive analysis provides a statistical summary of respondents' perceptions regarding various dimensions of management accounting practices. It helps in understanding the central tendency and variability of responses across different constructs, including costing, budgeting, performance evaluation, information for decision making, strategic analysis, and financial performance.

The weighted average mean reflects the general agreement level, while the standard deviation indicates the degree of response variation. This analysis serves as a foundation for identifying strengths and weaknesses in the implementation of management accounting tools, thereby offering insights into organizational practices, operational efficiency, and strategic effectiveness across different managerial levels.

Table 4

Perception towards Costing

Costing	Mean	SD
Activity-Based Costing (ABC) is used for accurate product costing.	4.21	0.94
Costs are regularly separated into variable, fixed, and incremental categories.	4.06	0.85
Target costing is applied to control costs and enhance profitability.	4.03	1.06
Overhead rates are determined for each department or for the entire plant.	4.09	0.98
Cost of quality is regularly analyzed to minimize waste and improve production.	4.16	0.95
Weighted average	4.11	0.96

Source: Opinion Survey, 2025

Table 4 presents the descriptive statistics related to respondents' perceptions of various costing practices within management accounting systems. The data includes five specific costing techniques, each evaluated through mean and standard deviation (SD) values, reflecting the level of agreement and consistency among respondents. The overall weighted average mean for the costing construct stands at 4.11 with a standard deviation of 0.96, indicating a generally strong agreement with the statements presented, and moderate variability in responses. A mean value above 4.00 suggests that most respondents perceive costing tools as actively applied and effective within their respective organizations.

Among the individual items, the highest mean value is observed in the statement "Activity-Based Costing (ABC) is used for accurate product costing," with a mean of 4.21 and SD of 0.94. This suggests that respondents strongly agree on the relevance and usage of ABC, which enables more accurate assignment of overheads and improves product-level cost visibility. The statement "Cost of quality is regularly analyzed to minimize waste and improve production" also receives high agreement with a mean of 4.16. These responses underscore the emphasis placed on modern costing techniques that enhance operational efficiency, reduce waste, and support value-driven production processes. The low standard deviations further indicate a consistent perception across the respondent base.

On the other hand, the statement "Target costing is applied to control costs and enhance profitability" reports the lowest mean value of 4.03 and the highest standard deviation of 1.06 among all items. This implies that while target costing is acknowledged as relevant,

its practical implementation may vary across organizations or respondent roles. Similarly, the mean value for “Costs are regularly separated into variable, fixed, and incremental categories” is slightly lower at 4.06, though still above the neutral point. The variation in responses, as indicated by the standard deviation, reflects differing levels of awareness or institutional emphasis on systematic cost categorization. The moderate perception of overhead rate determination (mean = 4.09) indicates that traditional costing elements are still being used alongside more advanced tools.

Table 5

Perception towards Budgeting

Budgeting	Mean	SD
Long-term (strategic) budgets are prepared and followed for future planning.	4.33	0.96
Zero-based budgeting is used to justify each expense from scratch.	3.99	0.95
Flexible budgeting is employed to adjust to changes in the business environment.	4.10	0.98
"What-if" analysis is regularly conducted to evaluate budgetary scenarios.	4.07	0.95
Budgets are designed specifically to control costs effectively.	4.20	0.96
Weighted average	4.14	0.96

Source: Opinion Survey, 2025

Table 5 presents descriptive statistics related to the respondents’ perception of budgeting practices within organizations. The table includes five key items, with mean and standard deviation values summarizing agreement levels and response variability. The overall weighted average mean is 4.14, and the standard deviation is 0.96, indicating a strong and consistent perception of effective budgeting practices among respondents. A mean score above 4.00 reflects widespread agreement, suggesting that budgeting is recognized as an essential financial planning and control mechanism across most organizational settings.

The highest-rated item is “Long-term (strategic) budgets are prepared and followed for future planning,” with a mean of 4.33 and standard deviation of 0.96. This signifies strong agreement regarding the role of strategic budgeting in aligning resources with long-term objectives. The high mean value suggests that organizations prioritize financial foresight and structured allocation of resources. The low variation in responses implies consistency across various employee levels, reinforcing that strategic planning is widely

institutionalized. Similarly, “Budgets are designed specifically to control costs effectively” receives a high mean of 4.20, reflecting agreement that budgeting functions as a key tool for financial discipline and cost management.

Conversely, “Zero-based budgeting is used to justify each expense from scratch” records the lowest mean score of 3.99, though it still approaches the agreement threshold. This finding suggests that while zero-based budgeting is acknowledged, its practical implementation might be limited due to the complexity and time-intensive nature of the approach. The moderate standard deviation (0.95) reflects variability in practice or understanding, indicating that only certain organizations or departments adopt zero-based budgeting consistently. The mean score for “Flexible budgeting is employed to adjust to changes in the business environment” is 4.10, suggesting moderate agreement on the importance of budget adaptability. This reflects responsiveness to dynamic external conditions, which is critical for modern businesses operating under uncertainty. “What-if” analysis, with a mean of 4.07, also highlights the role of scenario planning in strengthening financial decision-making and forecasting accuracy.

Table 6

Perception towards Performance Evaluation

Performance Evaluation	Mean	SD
Non-financial measures, like customer satisfaction, are used to evaluate performance.	4.40	0.80
Benchmarking against industry standards is practiced regularly.	4.13	0.75
Economic Value Added (EVA) or residual income is used for performance evaluation.	4.19	0.89
Employee performance metrics are consistently tracked and reviewed.	4.11	0.83
Financial performance is reviewed on a regular basis to guide decision-making.	4.22	0.93
Weighted average	4.21	0.84

Source: Opinion Survey, 2025

Table 6 provides descriptive statistics reflecting respondents’ perceptions of performance evaluation practices within organizations. The table lists five key indicators used for evaluating performance, alongside their respective mean scores and standard deviations. The overall weighted average mean of 4.21 and a relatively low standard deviation of 0.84

indicate a strong and consistent consensus on the importance and application of performance evaluation measures. The mean values above 4.00 highlight that both financial and non-financial metrics are widely recognized and integrated into organizational performance management systems.

The highest-rated item, “Non-financial measures, like customer satisfaction, are used to evaluate performance,” has a mean score of 4.40 with a standard deviation of 0.80. This reveals that respondents strongly agree on the increasing relevance of non-financial indicators, reflecting a broader approach to performance management that goes beyond traditional financial metrics. Emphasizing customer satisfaction and other qualitative measures indicates a shift towards balanced scorecards and stakeholder-focused evaluations. The relatively low standard deviation suggests that this perception is shared consistently among respondents, regardless of their roles or departments.

Other significant items include “Financial performance is reviewed on a regular basis to guide decision-making,” with a mean of 4.22 and “Economic Value Added (EVA) or residual income is used for performance evaluation,” with a mean of 4.19. These statistics imply that financial performance remains a central criterion for evaluating organizational success and guiding managerial decisions. The practice of EVA as a performance measure indicates an advanced financial evaluation technique aimed at assessing value creation beyond mere profit figures. “Benchmarking against industry standards,” which scored a mean of 4.13, highlights the importance of comparative performance analysis to maintain competitiveness and adopt best practices. The item “Employee performance metrics are consistently tracked and reviewed,” with a mean of 4.11, underscores the value of monitoring human capital as a critical component of organizational effectiveness.

The consequences of these findings suggest that organizations are adopting comprehensive and multidimensional performance evaluation systems that integrate financial results, operational benchmarks, and employee contributions. This holistic approach supports improved strategic decision-making, enhances accountability, and fosters continuous improvement. However, the moderate standard deviations indicate some variation in the extent to which these practices are embedded, possibly due to differences in organizational size, industry, or management commitment. Overall, the positive perceptions toward performance evaluation underscore its essential role in achieving organizational goals and sustaining competitive advantage in dynamic business environments.

Table 7

Perception towards Investment for Decision Making

Information for Decision Making	Mean	SD
Discounted Cash Flow (DCF) is used for evaluating capital investment decisions.	4.44	0.82
Customer profitability analysis is conducted to guide business decisions.	4.09	0.80
Product profitability analysis is regularly performed to identify cost drivers.	4.20	0.88
Sensitivity analysis is used to evaluate business risks and uncertainties.	4.23	0.81
Cost-volume-profit (break-even) analysis is used to determine the financial feasibility of products or services.	4.22	0.86
Weighted average	4.24	0.83

Source: Opinion Survey, 2025

Table 7 summarizes the descriptive statistics regarding respondents' perceptions of the use of information for decision-making in investment contexts. The table includes five key techniques commonly employed in managerial accounting and finance, along with their respective mean scores and standard deviations. The overall weighted average mean of 4.24, coupled with a standard deviation of 0.83, indicates a strong consensus on the importance and application of these analytical tools in guiding investment decisions. Mean scores above 4.0 across all items highlight the widespread acceptance and frequent use of quantitative methods to evaluate business risks, profitability, and financial feasibility.

Among the individual items, the highest mean is observed for the statement "Discounted Cash Flow (DCF) is used for evaluating capital investment decisions," with a mean score of 4.44 and a standard deviation of 0.82. This suggests a robust agreement on the utilization of DCF as a critical tool for assessing the value and viability of long-term investments. The relatively low standard deviation reflects consistent perceptions across respondents, indicating that DCF is a widely recognized and trusted method in capital budgeting. Similarly, "Sensitivity analysis is used to evaluate business risks and uncertainties" shows a high mean of 4.23, reflecting the importance of scenario-based evaluations to anticipate potential financial impacts and mitigate risks. These practices demonstrate an advanced level of financial sophistication among organizations and managers.

Other notable items include “Cost-volume-profit (break-even) analysis,” with a mean of 4.22, and “Product profitability analysis,” scoring 4.20, which emphasize the role of these tools in operational decision-making. These techniques help identify critical cost drivers and assess the minimum sales required to cover costs, thus informing pricing and production strategies. “Customer profitability analysis,” with a slightly lower mean of 4.09, indicates moderate but significant recognition of its value in optimizing customer-related decisions. The standard deviations for these items remain below 0.90, suggesting relatively uniform agreement.

The consequences of these findings imply that organizations rely heavily on quantitative, data-driven methods to enhance the precision and reliability of their investment decisions. The widespread use of these tools supports improved resource allocation, risk management, and profitability optimization. However, slight variations in means and standard deviations suggest some disparities in how deeply these practices are embedded within different organizational contexts. Organizations not fully leveraging such analytical techniques may face challenges in accurately evaluating investment opportunities and managing uncertainties, potentially impacting their long-term sustainability and competitive advantage. Thus, continuous training and capacity development are recommended to further strengthen decision-making frameworks.

Table 8

Perception towards Strategic Analysis

Strategic Analysis	Mean	SD
Competitor strength/weakness analysis is regularly conducted to shape strategy.	3.74	1.07
Value chain analysis is used to identify areas for improving operational efficiency.	3.59	0.97
Industry trend analysis is regularly performed to stay competitive.	3.36	1.17
Long-range forecasting is utilized to predict future business conditions.	3.50	1.14
Shareholder value analysis guides strategic decision-making.	3.24	1.21
Weighted average	3.49	1.11

Source: Opinion Survey, 2025

Table 8 presents descriptive statistics relating to respondents’ perceptions of strategic analysis practices within their organizations. The data comprises five key strategic tools

and techniques, each assessed with mean scores and standard deviations to measure agreement and variability in responses. The overall weighted average mean of 3.49, coupled with a relatively high standard deviation of 1.11, indicates moderate agreement among respondents regarding the use of strategic analysis tools, along with notable differences in perceptions or practices across organizations or roles. This suggests that while strategic analysis is recognized as important, its application is inconsistent or less institutionalized compared to other management accounting areas.

Among the specific items, “Competitor strength/weakness analysis is regularly conducted to shape strategy” records the highest mean score of 3.74 with a standard deviation of 1.07. Although this reflects a moderate level of agreement, the variability indicates that some respondents perceive this practice as common while others may experience limited use. The item “Value chain analysis is used to identify areas for improving operational efficiency” follows closely with a mean of 3.59, suggesting a reasonable but varied adoption of this approach. These findings highlight that organizations may focus on operational insights to optimize processes but may not uniformly apply strategic tools across departments or management levels.

The remaining items show lower mean scores, reflecting weaker agreement on the regular use of broader strategic practices. “Industry trend analysis” has a mean of 3.36 and a high standard deviation of 1.17, indicating that while some organizations actively monitor market and industry shifts, others do so less frequently or with less rigor. Similarly, “Long-range forecasting,” with a mean of 3.50 and SD of 1.14, reveals mixed perceptions regarding the anticipation of future business conditions, which is critical for strategic resilience. The lowest mean score appears in “Shareholder value analysis guides strategic decision-making” at 3.24, coupled with the highest standard deviation of 1.21. This suggests significant disparities in the extent to which organizations incorporate shareholder value considerations into strategic planning, possibly due to differences in ownership structure, organizational priorities, or awareness.

The consequences of these findings point to a strategic analysis gap within many organizations. Moderate agreement and high variability indicate that strategic tools are either underutilized or applied inconsistently, which may impair long-term competitiveness and adaptability. The limited focus on shareholder value and industry trend analysis could restrict the ability to respond effectively to external market forces. To address these

challenges, organizations may need to strengthen strategic management processes, invest in training, and foster a culture that prioritizes forward-looking analysis to enhance decision-making quality and sustainability.

Table 9

Perception towards Budgeting

Financial Performance	Mean	SD
Management accounting improves Return on Assets.	4.40	0.89
Management accounting enhances Return on Equity.	4.17	0.74
Management accounting reduces financial risks and improves financial stability.	4.29	0.85
Management accounting helps in achieving and maintaining competitive advantage.	4.32	0.82
Management accounting supports sustainable growth in the organization.	4.30	0.86
Weighted average	4.29	0.83

Source: Opinion Survey, 2025

Table 9 provides descriptive statistics on respondents' perceptions regarding the impact of management accounting on financial performance. The table highlights five critical statements, each with corresponding mean scores and standard deviations, reflecting the degree of agreement and consistency among respondents. The weighted average mean of 4.29, accompanied by a standard deviation of 0.83, indicates a strong and generally uniform consensus on the positive role management accounting plays in enhancing financial outcomes within organizations. These results signify widespread recognition of management accounting as a key driver of financial efficiency and stability.

The highest mean score is recorded for the statement, "Management accounting improves Return on Assets (ROA)," at 4.40 with a standard deviation of 0.89. This reflects robust agreement that management accounting practices directly contribute to better asset utilization and operational efficiency, ultimately enhancing profitability. The relatively low variation in responses suggests that this perception is consistent across various organizational roles and sectors. Similarly, "Management accounting helps in achieving and maintaining competitive advantage" reports a mean of 4.32, highlighting the strategic importance of management accounting in supporting organizational positioning and long-term success.

Other statements also show strong agreement, such as “Management accounting supports sustainable growth in the organization” (mean = 4.30, SD = 0.86) and “Management accounting reduces financial risks and improves financial stability” (mean = 4.29, SD = 0.85). These results indicate that respondents perceive management accounting not only as a financial control tool but also as a mechanism for promoting sustainability and mitigating risks. The slightly lower mean of 4.17 for “Management accounting enhances Return on Equity (ROE)” suggests some variation in perceived effectiveness regarding shareholder returns, although the score remains well above neutral.

The consequences of these findings demonstrate that organizations widely appreciate the financial benefits derived from management accounting systems. The strong positive perceptions indicate that these practices are integral to achieving critical financial objectives, including profitability, risk reduction, competitive advantage, and sustainable development. Such recognition underscores the necessity for organizations to continuously develop and integrate management accounting frameworks to maintain and enhance financial performance. However, the moderate standard deviations imply some variability in implementation or impact, which may result from organizational size, sector differences, or management commitment levels. Addressing these disparities through standardized practices and training could further improve financial outcomes and organizational resilience in dynamic business environments.

Table 10

Descriptive Analysis

Variables	Weighted Average Mean	Weighted Average SD
Costing	4.11	0.96
Budgeting	4.14	0.96
Performance Evaluation	4.21	0.84
Information for Decision Making	4.24	0.83
Strategic Analysis	3.49	1.11
Financial Performance	4.29	0.83

Source: Opinion Survey, 2025

Table 10 presents the weighted average mean and standard deviation for six core variables assessing perceptions towards management accounting practices. Among these variables, Financial Performance records the highest weighted average mean of 4.29 with a standard

deviation of 0.83. This indicates strong agreement among respondents regarding the role of management accounting in improving return on assets, enhancing return on equity, and supporting sustainable financial growth. A mean above 4.00 signifies that respondents acknowledge management accounting as a crucial tool in achieving financial stability and competitive advantage. The relatively low standard deviation implies consistency in respondents' views, suggesting that the perceived financial benefits of management accounting are broadly recognized across various organizational roles.

The variable Information for Decision Making follows closely with a mean of 4.24 and a standard deviation of 0.83. This high mean highlights the frequent use and importance of tools such as discounted cash flow analysis, cost-volume-profit analysis, and sensitivity analysis in evaluating capital investment decisions and guiding business strategies. The consistency in responses demonstrates widespread adoption and trust in these decision-making tools. Furthermore, Performance Evaluation also shows a strong mean of 4.21 (SD = 0.84), emphasizing the integration of both financial and non-financial performance indicators, including benchmarking, employee metrics, and economic value added (EVA). These results reflect the growing organizational focus on comprehensive performance management frameworks that link operational efficiency with strategic outcomes.

In contrast, the variable Strategic Analysis records the lowest weighted average mean of 3.49 and the highest standard deviation of 1.11. This relatively moderate agreement and higher dispersion suggest varied implementation of strategic tools such as industry trend analysis, competitor benchmarking, and value chain analysis. The high standard deviation implies inconsistencies across organizations or employee levels regarding the use of strategic management accounting practices. The implications are significant, as limited engagement in strategic analysis may hinder long-term forecasting, shareholder value creation, and sustained competitive positioning. Meanwhile, Costing and Budgeting show moderate to high means of 4.11 and 4.14 respectively, both with standard deviations of 0.96. These figures indicate that while cost control and budgeting techniques such as activity-based costing, target costing, and flexible budgeting are commonly applied, there exists some variation in their perceived effectiveness or usage across firms.

Overall, the descriptive results suggest that although operational and decision-oriented accounting practices are widely accepted, strategic accounting applications still face inconsistent adoption. This may affect long-term planning, innovation, and adaptability in

dynamic market environments. Greater emphasis on training and strategic integration could address these gaps to enhance overall organizational effectiveness.

4.3 Correlation Analysis

Correlation analysis is a statistical technique used to examine the strength and direction of relationships between variables. It helps identify how changes in one variable are associated with changes in another, providing insights into potential connections within the data. In management research, correlation analysis is crucial for understanding the interdependencies among key factors, such as accounting practices and financial performance. This method enables researchers to determine whether variables move together positively, negatively, or independently, thereby supporting the identification of significant predictors and informing decision-making and strategic planning.

Table 11

Correlation Analysis

Variables	COST	BUD	PE	IDM	SA	FP
COST	1					
BUD	.563**	1				
	0.000					
PE	0.075	0.089	1			
	0.143	0.083				
IDM	.470**	.513**	.127*	1		
	0.000	0.000	0.013			
SA	.538**	.575**	0.083	.713**	1	
	0.000	0.000	0.103	0.000		
FP	.566**	.588**	.113*	.650**	.702**	1
	0.000	0.000	0.027	0.000	0.000	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 11 illustrates the Pearson correlation coefficients between the dependent variable, Financial Performance (FP), and five independent variables: Costing (COST), Budgeting (BUD), Performance Evaluation (PE), Information for Decision Making (IDM), and Strategic Analysis (SA). The significance levels are indicated with ** for $p < 0.01$ and * for $p < 0.05$, showing the strength and reliability of the relationships. The correlations range from weak to strong positive associations, highlighting how various management accounting practices relate to financial performance within organizations.

The strongest correlation is observed between Financial Performance and Strategic Analysis ($r = 0.702$, $p < 0.01$), indicating a very strong positive relationship. This suggests that organizations that actively engage in strategic analysis, such as competitor evaluation and shareholder value assessment, tend to exhibit superior financial outcomes. This finding underscores the importance of long-term strategic planning and analysis in driving financial success. The significance at the 0.01 level confirms the robustness of this relationship across the sample.

Budgeting also shows a strong positive correlation with Financial Performance ($r = 0.588$, $p < 0.01$). This indicates that effective budgeting practices, including long-term, flexible, and zero-based budgeting, are closely associated with better financial results. The strong association reinforces budgeting's role as a critical control and planning tool that facilitates resource allocation and cost management, which ultimately contribute to enhanced profitability and financial stability.

Costing is positively correlated with Financial Performance ($r = 0.566$, $p < 0.01$), signifying that precise costing techniques like Activity-Based Costing and target costing contribute meaningfully to financial outcomes. This moderate-to-strong correlation reflects the necessity of accurate cost measurement for profit maximization and operational efficiency. Organizations that implement detailed costing methods are likely to achieve better financial management and competitive advantage.

Information for Decision Making (IDM) also presents a strong positive correlation with Financial Performance ($r = 0.650$, $p < 0.01$). This indicates that the use of analytical tools such as discounted cash flow, sensitivity analysis, and profitability analysis enhances the quality of investment and operational decisions, leading to improved financial performance. The significance of this relationship emphasizes the value of data-driven decision-making frameworks.

Lastly, Performance Evaluation (PE) has a weak but statistically significant positive correlation with Financial Performance ($r = 0.113$, $p < 0.05$). While the association is modest, it suggests that organizations that systematically track both financial and non-financial performance metrics can experience slight improvements in financial outcomes. The lower correlation may indicate that performance evaluation, though important, needs to be integrated more effectively with other management accounting practices to maximize its impact on financial results.

The results indicate that strategic analysis, budgeting, information for decision-making, and costing are key drivers of financial performance, highlighting the importance of adopting comprehensive management accounting systems. The weaker correlation with performance evaluation suggests potential areas for improving how performance data is utilized to influence financial outcomes. Organizations should therefore focus on enhancing the integration and application of these practices to strengthen overall financial health and competitive positioning.

4.4 Regression Analysis

Regression analysis is a statistical method used to examine the relationship between a dependent variable and one or more independent variables. It helps quantify the impact of predictors on the outcome, allowing for the assessment of their significance and the prediction of future values based on the model developed.

Table 12

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770	.594	.588	.41475

Predictors: (Constant), COST, BUD, PE, IDM, SA

Table 12 presents the model summary of a multiple regression analysis examining the combined effect of costing (COST), budgeting (BUD), performance evaluation (PE), information for decision making (IDM), and strategic analysis (SA) on financial performance. The model shows a multiple correlation coefficient (R) of 0.770, indicating a strong overall relationship between the predictors and the dependent variable. The R Square value of 0.594 suggests that approximately 59.4% of the variance in financial performance is explained by these five independent variables.

The adjusted R Square of 0.588 accounts for the number of predictors and provides a more precise estimate of the model's explanatory power. The standard error of the estimate (0.41475) reflects the average distance between the observed and predicted values, indicating a reasonably good fit. These statistics confirm that the model reliably explains a substantial portion of the variation in financial performance, emphasizing the collective importance of these management accounting practices in driving organizational success.

Table 13

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	94.965	5	18.993	110.414	.000
	Residual	65.022	378	.172		
	Total	159.987	383			

Dependent Variable: FP

Predictors: (Constant), COST, BUD, PE, IDM, SA

Table 13 presents the ANOVA results for the regression model assessing the impact of costing (COST), budgeting (BUD), performance evaluation (PE), information for decision making (IDM), and strategic analysis (SA) on financial performance (FP). The regression sum of squares is 94.965 with 5 degrees of freedom, while the residual sum of squares is 65.022 with 378 degrees of freedom. The total sum of squares equals 159.987, reflecting the total variance in financial performance.

The calculated F-value of 110.414 is highly significant ($p < 0.001$), indicating that the overall regression model is statistically significant and that the independent variables collectively predict financial performance effectively. This confirms the model's robustness and suitability for explaining the variance in the dependent variable.

Table 14

Coefficient Analysis

		Unstandardized Coefficients			
Model		B	Std. Error	t	Sig.
1	(Constant)	.553	.182	3.032	.003
	COST	.151	.037	4.121	.000
	BUD	.139	.035	3.968	.000
	PE	.025	.030	.809	.419
	IDM	.243	.050	4.879	.000
	SA	.338	.051	6.665	.000

Dependent Variable: FP

Table 14 presents the results of the multiple regression coefficient analysis examining the influence of costing (COST), budgeting (BUD), performance evaluation (PE), information for decision making (IDM), and strategic analysis (SA) on financial performance (FP). The

unstandardized coefficients (B), standard errors, t-values, and significance (p-values) for each predictor provide insights into the individual impact and statistical significance of these variables within the regression model.

The constant term (intercept) has a coefficient of 0.553 with a standard error of 0.182, and it is statistically significant ($t = 3.032$, $p = 0.003$). This indicates that when all independent variables are zero, the baseline value of financial performance is positive and significant. This serves as the starting point for predicting financial performance based on the independent variables.

Costing (COST) has an unstandardized coefficient of 0.151 with a standard error of 0.037, and a highly significant t-value of 4.121 ($p < 0.001$). This means that for every one-unit increase in costing practices, financial performance increases by 0.151 units, holding other variables constant. The strong significance of costing highlights its positive and meaningful contribution to financial outcomes, emphasizing the importance of accurate product costing, cost control, and cost classification in enhancing profitability and financial health.

Budgeting (BUD) similarly shows a significant positive effect with a coefficient of 0.139, standard error of 0.035, and t-value of 3.968 ($p < 0.001$). This implies that improvements in budgeting practices are associated with a 0.139 unit increase in financial performance. The result underscores budgeting's role in resource allocation, cost control, and financial planning as key drivers of enhanced organizational performance. Together, costing and budgeting exhibit complementary influences on financial results, reinforcing their foundational importance in management accounting.

Information for decision making (IDM) exerts a stronger positive impact on financial performance, with a coefficient of 0.243, standard error of 0.050, and t-value of 4.879 ($p < 0.001$). This indicates that better use of analytical tools such as discounted cash flow, sensitivity analysis, and profitability evaluation increases financial performance substantially. The highly significant relationship suggests that data-driven decision making is critical in navigating uncertainties and optimizing investment and operational outcomes.

Strategic analysis (SA) displays the largest positive coefficient of 0.338, with a standard error of 0.051 and a t-value of 6.665 ($p < 0.001$). This means that strategic analysis contributes the most to improving financial performance, with a one-unit increase in strategic management practices corresponding to a 0.338 unit increase in financial

outcomes. The prominence of strategic analysis highlights the critical role of long-term planning, competitor evaluation, and shareholder value considerations in driving sustainable financial success.

In contrast, performance evaluation (PE) has a positive but statistically insignificant coefficient of 0.025 ($t = 0.809$, $p = 0.419$). This suggests that while performance evaluation may contribute slightly to financial outcomes, its impact is not strong enough to be considered statistically meaningful in this model. This could indicate a need for improved integration of performance evaluation data with other management accounting practices or differences in how organizations implement performance metrics.

The analysis emphasizes that costing, budgeting, information for decision making, and strategic analysis significantly enhance financial performance, highlighting these as priority areas for management focus. The insignificant effect of performance evaluation suggests potential gaps in utilizing performance data effectively, warranting further attention. Overall, organizations should strengthen the adoption of comprehensive accounting and strategic tools to maximize financial success and competitive advantage.

Table 15

Summary of Hypotheses

Alterative Hypotheses	P-value	Remarks
H1: There is a significant impact of costing practices on the financial performance of Nepalese manufacturing companies.	.000	Accepted
H2: There is a significant impact of budgeting practices on the financial performance of Nepalese manufacturing companies.	.000	Accepted
H3: There is a significant impact of performance evaluation practices on the financial performance of Nepalese manufacturing companies.	.419	Rejected
H4: There is a significant impact of information for decision making practices on the financial performance of Nepalese manufacturing companies.	.000	Accepted
H5: There is a significant impact of strategic analysis practices on the financial performance of Nepalese manufacturing companies.	.000	Accepted

4.5 Discussion

The correlation analysis presented in the study reveals significant positive relationships between financial performance and key management accounting practices, including costing, budgeting, performance evaluation, information for decision making, and strategic analysis. These findings are consistent with prior research emphasizing the vital role of comprehensive management accounting systems in driving organizational financial success. The strongest correlation observed between financial performance and strategic analysis ($r = 0.702$, $p < 0.01$) aligns closely with the assertions of Singh and Gupta (2023), who emphasized the critical role of management accounting in strategic planning. The strong association underscores the importance of integrating competitor analysis, shareholder value assessment, and long-term forecasting into decision-making processes to achieve sustainable competitive advantage and improved financial outcomes.

Similarly, the significant positive correlations between budgeting ($r = 0.588$, $p < 0.01$) and costing ($r = 0.566$, $p < 0.01$) with financial performance reinforce established findings that effective financial planning and precise cost control are essential for profitability and operational efficiency. Ghimire (2023) highlighted budgeting and costing among the most widely used management accounting practices in Nepalese manufacturing companies, reflecting their practical importance in resource allocation and cost management. These results also corroborate the work of Abdelhalim (2024), who noted that data integration, which underpins accurate costing and budgeting, enhances corporate sustainability and financial performance. Thus, budgeting and costing act as foundational pillars supporting sound financial management and value creation.

Information for decision making (IDM) exhibited a strong positive correlation with financial performance ($r = 0.650$, $p < 0.01$), indicating that organizations that utilize analytical tools such as discounted cash flow, sensitivity analysis, and profitability evaluations tend to realize superior financial outcomes. This finding resonates with Zou and Ma's (2023) findings on the improvements in real-time financial reporting and the enhancement of data-driven decisions. Additionally, Garcia and Lopez (2022) reported that the integration of AI and advanced data analytics significantly improves data accuracy and reduces reporting time, further supporting the importance of IDM in contemporary financial management. The strong influence of IDM in the present study confirms the

critical role of timely and accurate information in guiding investment and operational decisions to optimize profitability.

Performance evaluation (PE) showed a weaker yet statistically significant correlation ($r = 0.113$, $p < 0.05$) with financial performance, suggesting that while it contributes to organizational outcomes, its impact may be less pronounced or less consistently applied compared to other practices. This finding aligns with the observations of Bhandari (2020) and Shah and Joshi (2019), who identified challenges and resource limitations as barriers to the effective implementation of comprehensive performance evaluation systems. Shrestha and Koirala (2019) further emphasized the positive correlation between management accounting practices and financial outcomes, but also highlighted variability in the depth and quality of performance evaluation across organizations. These nuances suggest that performance evaluation, though valuable, requires better integration and consistent application to maximize its impact on financial success.

The coefficient analysis supports these correlations by quantifying the individual effects of each management accounting practice on financial performance. Strategic analysis emerged as the most influential predictor, consistent with its highest correlation value. This finding reinforces the conclusions of Singh and Gupta (2023) and Wang and Li (2022), who documented the strategic importance of long-range forecasting and environmental metrics in shaping sustainable competitive advantage. Information for decision making also demonstrated a substantial effect, echoing the arguments of Abdelhalim (2024) and Garcia and Lopez (2022) regarding the role of data integration and AI in enhancing decision quality.

Costing and budgeting retained significant positive effects, emphasizing their continued relevance in financial management, in line with Ghimire's (2023) findings about the prominence of these practices in Nepalese industries. The insignificant effect of performance evaluation on financial performance in the regression model may reflect organizational challenges, as noted by Bhandari (2020) and Poudel (2020), including a lack of expertise, bureaucratic hurdles, and inconsistent application, which hinder the full realization of performance evaluation benefits.

Overall, the study's findings contribute to the growing body of evidence that comprehensive and integrated management accounting systems substantially enhance financial performance. Consistent with previous research (Neupane & Subedi, 2020;

Shrestha, 2024), the results affirm that organizations employing advanced costing, budgeting, strategic analysis, and information systems achieve better resource utilization, risk management, and profitability. However, the variation in the effectiveness of performance evaluation suggests a need for targeted capacity building and process improvements to fully leverage this practice's potential.

These insights hold important practical implications for managers and policymakers. Strengthening strategic analysis capabilities and investing in information systems for decision making should be prioritized to sustain competitive advantage and financial health. Simultaneously, enhancing costing and budgeting processes through training and technological support can improve cost control and financial planning effectiveness. Addressing the barriers to robust performance evaluation, such as expertise gaps and bureaucratic challenges, is essential to ensure that performance metrics contribute meaningfully to financial outcomes.

In conclusion, this study underscores the interconnected nature of management accounting practices in driving financial performance and supports prior research emphasizing a holistic approach to accounting system development. Future research should explore organizational and contextual factors influencing the differential impacts of these practices, particularly performance evaluation, to inform strategies for broader and more effective adoption. This will enable organizations to optimize their financial performance and sustainability in increasingly complex and competitive environments.

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

This study examined the role and impact of Management Accounting Practices (MAPs) on the financial performance of Nepalese manufacturing companies. In the context of increasing business complexity and competitiveness, MAPs have become crucial tools not only for cost tracking but also for budgeting, performance measurement, strategic analysis, and decision-making. The study was structured around three key objectives: to explore management personnel's perception of MAPs, to analyze the relationship between MAPs and financial performance, and to assess the impact of MAPs on financial outcomes.

A dual research design was adopted—descriptive and causal-comparative. The descriptive design helped capture perceptions of MAPs usage, while the causal-comparative approach was used to understand the effect of MAPs on financial performance. The study targeted management personnel working in manufacturing companies located in the Kathmandu Valley, selected due to its concentration of manufacturing firms and accessibility. A sample of 384 respondents was determined using Cochran's formula and selected through convenience sampling.

Primary data were collected using a structured questionnaire distributed through digital platforms. The questionnaire included five items for each of the five independent variables—Costing, Budgeting, Performance Evaluation, Information for Decision Making, and Strategic Analysis—and five items for the dependent variable, Financial Performance. All items were rated on a 5-point Likert scale. After data collection, responses were processed using SPSS version 25. Reliability testing using Cronbach's Alpha confirmed high internal consistency across all variables.

Descriptive analysis indicated a generally positive perception of MAPs among respondents. Information for decision making (mean = 4.24) and financial performance (mean = 4.29) received the highest average scores, reflecting strong agreement on their relevance and frequent use. Strategic analysis had the lowest mean (3.49), indicating limited application. These findings show that while MAPs are recognized as valuable, certain components like strategic analysis require greater emphasis.

Correlation analysis showed significant positive relationships between all MAP dimensions and financial performance. Strategic analysis ($r = 0.702$) had the strongest correlation, followed by information for decision making, budgeting, and costing. Performance evaluation had a weaker but still significant positive correlation. These relationships suggest that manufacturing firms employing MAPs more intensively tend to report stronger financial results.

Regression analysis further revealed that strategic analysis, information for decision making, budgeting, and costing significantly influenced financial performance. Strategic analysis had the strongest impact ($\beta = 0.338$), followed by decision-making practices ($\beta = 0.243$). Performance evaluation did not show a significant impact, indicating potential inefficiencies or misalignment in its application. The model explained 59.4% of the variance in financial performance ($R^2 = 0.594$), showing that MAPs play a substantial role in shaping financial outcomes. The findings provide practical implications for Nepalese manufacturing companies. Firms should enhance their focus on strategic analysis and decision-support tools to strengthen competitiveness and profitability. Investment in training, digital tools, and structured performance evaluation systems is recommended to ensure effective MAP implementation across all managerial levels.

Theoretically, the study supports the broader understanding that MAPs are essential to achieving financial efficiency and strategic alignment in organizational settings. It contributes empirical evidence on how each component of MAPs functions in a developing economy context, offering a foundation for future studies in similar environments. Future research may explore industry-specific differences, longitudinal impacts of MAP adoption, or incorporate mediating factors such as firm size and organizational culture. Qualitative studies could provide deeper insights into why some practices, like performance evaluation, are less effective in practice despite being widely acknowledged. Overall, the study confirms that MAPs, when strategically implemented, are vital for achieving sustainable financial performance in Nepalese manufacturing companies.

5.2 Conclusion

The study focused on understanding the perception of management personnel regarding the use of various Management Accounting Practices (MAPs) in Nepalese manufacturing companies. The descriptive analysis revealed that the overall perception of these practices is highly positive. Practices such as information for decision making, budgeting, costing,

performance evaluation, and strategic analysis were widely implemented across companies, with higher mean scores indicating a stronger consensus among respondents. Specifically, information for decision making and financial performance practices scored the highest, suggesting their relevance and frequency in managerial activities. These findings reflect that management personnel are not only aware of the significance of these tools but also rely on them to support planning, cost control, forecasting, and financial sustainability. The consistency of standard deviations across practices also suggests that these perceptions are relatively uniform among different respondents, pointing toward a shared organizational focus on effective financial management.

Similarly, the study examine the nature of the relationship between Management Accounting Practices and the financial performance of Nepalese manufacturing companies. The results from correlation analysis indicated significant positive relationships between financial performance and all five major MAP dimensions—costing, budgeting, performance evaluation, information for decision making, and strategic analysis. Among these, strategic analysis showed the strongest correlation, followed closely by information for decision making.

Regression analysis further confirmed that all variables except performance evaluation had a statistically significant positive impact on financial performance, with strategic analysis and decision-related practices having the greatest influence. These results demonstrate that effective implementation of MAPs enhances financial outcomes through improved cost control, strategic direction, and decision-making accuracy. However, the weak impact of performance evaluation suggests a need for its better integration within accounting systems to fully leverage its potential in improving financial results.

5.3 Implications

Practical Implications

The findings of the study offer several practical insights for management personnel and decision-makers in Nepalese manufacturing companies. The strong positive impact of strategic analysis, costing, budgeting, and decision-making practices on financial performance suggests that organizations should prioritize the development and implementation of these management accounting tools. Managers are encouraged to invest in training programs to strengthen internal capabilities and enhance the application of advanced accounting techniques. Moreover, organizations should promote a data-driven

culture, adopt flexible budgeting systems, and integrate strategic evaluation methods to improve competitiveness and sustainability. The weak impact of performance evaluation on financial performance implies that existing performance measurement systems may lack depth or alignment with strategic goals, requiring a redesign of appraisal frameworks to link employee and departmental outcomes more closely with organizational performance metrics.

Theoretical Implications

The study contributes to the theoretical understanding of the relationship between Management Accounting Practices and financial performance, particularly within the context of developing economies. It validates existing frameworks that emphasize the role of strategic management accounting, budgeting, and decision-support systems in enhancing organizational effectiveness. By empirically confirming the strong association between management accounting tools and financial outcomes, the study supports the view that management accounting extends beyond financial control to include strategic planning and operational decision-making. Furthermore, the study reveals that not all MAPs contribute equally to financial performance, offering a refined perspective on the differential impacts of these practices, thus providing a foundation for future theoretical exploration and model development.

Future Research Scope

The results open multiple avenues for future research. First, further studies can examine industry-wise differences to determine whether the impact of MAPs varies across sectors within Nepal or in other developing countries. Second, qualitative investigations could explore why performance evaluation has a limited impact, possibly uncovering organizational or cultural barriers. Third, longitudinal studies may assess how continuous improvement in MAPs influences financial outcomes over time. Future research could also incorporate mediating variables such as innovation, governance quality, or organizational culture to better explain the mechanisms through which MAPs affect financial performance. This would enhance the robustness and applicability of management accounting models in both academic and professional domains.

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APPENDIX

Research Questionnaires

I am Sunita Khatiwada, an MBS student at Shanker Dev Campus, Kathmandu. For my course requirement, I am conducting a survey titled "**Management Accounting Practices of Nepalese Manufacturing Companies**" I kindly request 5-10 minutes of your time to respond to the attached questions. Please be assured that your responses will remain confidential and will be used solely for academic purposes.

Group A: Demographic Variables

Please select the appropriate option for each question below:

Gender	[ ] Male [ ] Female
Age	[ ] Below 20 years [ ] 21-30 years [ ] 31-40 years [ ] 41-50 years [ ] 51 years and above
Experience	[ ] Less than 1 year [ ] 1-3 years [ ] 4-6 years [ ] 7-10 years [ ] More than 10 years
Position	[ ] Junior/Entry-level [ ] Mid-level [ ] Senior/Executive-level [ ] Managerial [ ] Top Management/Director
Education Level	[ ] School Level [ ] Bachelor's Degree [ ] Master's Degree and Above

Group B: Likert Scale Questionnaire

Please consider a rating score of '5' for strongly agree, '4' agree, '3' neutral, '2' disagree and '1' for strongly disagree. Please check out (√) the box next to the number.

Variable	Items	SD	D	N	A	SA
Costing (COST)	Activity-Based Costing (ABC) is used for accurate product costing.					
	Costs are regularly separated into variable, fixed, and incremental categories.					
	Target costing is applied to control costs and enhance profitability.					
	Overhead rates are determined for each department or for the entire plant.					
	Cost of quality is regularly analyzed to minimize waste and improve production.					
Budgeting (BUD)	Long-term (strategic) budgets are prepared and followed for future planning.					
	Zero-based budgeting is used to justify each expense from scratch.					
	Flexible budgeting is employed to adjust to changes in the business environment.					
	"What-if" analysis is regularly conducted to evaluate budgetary scenarios.					
	Budgets are designed specifically to control costs effectively.					
Performance Evaluation (PE)	Non-financial measures, like customer satisfaction, are used to evaluate performance.					
	Benchmarking against industry standards is practiced regularly.					
	Economic Value Added (EVA) or residual income is used for performance evaluation.					
	Employee performance metrics are consistently tracked and reviewed.					
	Financial performance is reviewed on a regular basis to guide decision-making.					
Information for Decision Making (IDM)	Discounted Cash Flow (DCF) is used for evaluating capital investment decisions.					
	Customer profitability analysis is conducted to guide business decisions.					

	Product profitability analysis is regularly performed to identify cost drivers.					
	Sensitivity analysis is used to evaluate business risks and uncertainties.					
	Cost-volume-profit (break-even) analysis is used to determine the financial feasibility of products or services.					
Strategic Analysis (SA)	Competitor strength/weakness analysis is regularly conducted to shape strategy.					
	Value chain analysis is used to identify areas for improving operational efficiency.					
	Industry trend analysis is regularly performed to stay competitive.					
	Long-range forecasting is utilized to predict future business conditions.					
	Shareholder value analysis guides strategic decision-making.					
Financial Performance (FP)	Management accounting improves Return on Assets.					
	Management accounting enhances Return on Equity.					
	Management accounting reduces financial risks and improves financial stability.					
	Management accounting helps in achieving and maintaining competitive advantage.					
	Management accounting supports sustainable growth in the organization.					

Thank You

PAPER NAME

MANAGEMENT ACCOUNTING PRACTICES OF NEPALESE MANUFACTURING COMPANIES

AUTHOR

Sunita Khatiwada

WORD COUNT

18063 Words

CHARACTER COUNT

119347 Characters

PAGE COUNT

61 Pages

FILE SIZE

89.7KB

SUBMISSION DATE

Jul 18, 2025 11:22 AM GMT+5:30

REPORT DATE

Jul 18, 2025 11:23 AM GMT+5:30

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