

MANAGEMENT ACCOUNTING PRACTICES IN NEPLEASE
INSURANCE COMPANIES

A Dissertation Submitted to Office of the Dean, Faculty of Management in partial
fulfillment of the requirements for the Master's Degree

by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “MANAGEMENT ACCOUNTING PRACTICES IN NEPLEASE INSURANCE COMPANIES”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes.

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

Mr. Shanti Prasad Rijal has defended research proposal entitled “MANAGEMENT ACCOUNTING PRACTICES IN NEPLEASE INSURANCE COMPANIES”, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Asso. Prof. Dr. Kapil Khanal and submit the thesis for evaluation and viva voce examination.

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We, the undersigned, have examined the thesis entitled “MANAGEMENT ACCOUNTING PRACTICES IN NEPLEASE INSURANCE COMPANIES” presented by Shanti Prasad Rijal a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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This study entitled “MANAGEMENT ACCOUNTING PRACTICES IN NEPHEASE INSURANCE COMPANIES” has been prepared in partial fulfillment for the Degree of Master of Business Studies (MBS) under the Faculty of Management, Tribhuvan University is based on research models involving the management accounting of insurance companies in Nepal.

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Shanti Prasad Rijal

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ABBREVIATIONS

| | |
|-------|--|
| ABC: | Activity Based Costing |
| CVP: | Cost Volume Profit |
| FIF: | First in first out IRR |
| IRR: | Internal rate of return |
| JVBs: | Joint Venture Banks |
| MA: | Management accounting |
| MAPs: | Management Accounting Practices |
| NPV: | Net present value |
| NRB: | Nepal Rastra Bank |
| PBP: | Payback Period |
| PMS: | Performance Management System |
| RBB: | Rastiya Banijya Bank |
| SEM: | Strategic Enterprise Management |
| SMA: | Strategic Management Accounting |
| SMEs: | Small and medium enterprises |
| SPSS: | Statistical package for social science |
| VBM: | Value Based Management |
| ZBB: | Zero Based Budgeting |

ABSTRACT

Banks have the best chance to compete in the market and give their customers the highest-quality goods and services by offering management accounting. This study set out to look into how management accounting methods affected the performance of insurance companies, particularly those in Nepal. Descriptive and causal comparative research design was used in this investigation. The target audience for this study included all 39 insurance companies with top, medium, and lower level management personnel included. Convenience sampling provided an impartial selection that was representative of the population, which was crucial for deriving inferences from the study's findings.

100 questionnaires were distributed by the study. A questionnaire was used for primary data collection since it was a quick and easy method to collect data given the limited resources and time available. In this study, a descriptive research design was used. The three Nepali "A" class insurance companies were the study's target group. This investigation encompassed three insurance companies. The respondents provided primary data for the study. Quantitative data was gathered. The IBM Statistical Package for Social Sciences (SPSS 23.0) was used for data analysis, enabling the researcher to display the data as tables and figures.

According to the study's findings, the most popular management accounting technique among Nepal's insurance companies is using information for decision-making. Budgeting, performance evaluation, costing, controlling, and decision-making are the next most popular activities. As the most popular management accounting technique among Nepal's insurance companies, this study suggests raising and promoting awareness among businesses of the value of information for decision-making processes.

Key Words: Accounting, Budgeting, Performance, Costing, Controlling, Decision making

CHAPTER- I

INTRODUCTION

1.1 Background of the study

The act of identifying, recording, categorizing, summarizing, analyzing, interpreting, and communicating a financial transaction in terms of its monetary value is known as accounting. Bookkeeping is both a science and a craftsmanship. Also, very much like any remaining floods of science, even in bookkeeping certain standards are observed. Likewise, bookkeeping depends on specific suppositions too. We call these bookkeeping ideas or bookkeeping ideas and standards. The primary goals of accounting were to determine the outcome and financial situation of a given period's business activities. However, these days the extent of bookkeeping has been expanded with an expansion in the opposition and business organizations. Bookkeeping is additionally critical to address the issue of gatherings like the public authority, leasers, providers, clients, and so on. (2010 Mitchell) The executives bookkeeping is otherwise called administrative bookkeeping and can be characterized as a course of giving monetary data and assets to the supervisors in navigation. The only thing that distinguishes management accounting from financial accounting is the internal term used by the organization. Financial reports like the invoice and the financial balance statement are shared with the company's management team during this procedure. Targets of the executives bookkeeping is to utilize this measurable information and take a superior and exact choice, controlling the endeavor, business exercises, and improvement (Anthony, 1997).

Bookkeeping is fundamental in our economy. The process of keeping track of a company's financial transactions is known as accounting. The bookkeeping system incorporates summing up, investigating, and detailing these exchanges to oversight offices, controllers, and expense assortment substances. The fiscal reports utilized in bookkeeping are a compact rundown of monetary exchanges over a bookkeeping period, summing up an organization's tasks, monetary position, and income. A bookkeeping practice is a normal execution of bookkeeping strategies on the ground of which everyday monetary exercises of the business element are accumulated and record. At the end of the day, bookkeeping is the authorization and commonsense use of bookkeeping and inspecting rules and strategies to assess and screen the company's normal monetary action. Bookkeeping is separated into three class the board bookkeeping, monetary

bookkeeping, and cost bookkeeping (Bhandari, 2007).

In the investigation of this examination paper the board bookkeeping framework is been featured. The process of providing financial information and resources to the manager for decision-making is what management accounting, also known as managerial accounting, is. The executives bookkeeping is just utilized by the inside term of the association and this is the main thing that makes it not quite the same as monetary bookkeeping. The company's management term and the financial administration will share the financial balance statement in this proposal. The targets of the executives bookkeeping are to utilize this measurable information and take better and exact choices, controlling the endeavor, business exercises, and improvement. Management accounting employs a variety of methods and tools, including economics, business analysis, financial accounting, costing, and others (Branka, 2012).

Management accounting refers to management details and records that provide timely statistical and financial advice that is required by controlling to make a current and day-to-day resolution. Management accounting measures, analyzes, and reports financial and nonfinancial information that helps managers make decisions to fulfill an organization's goals. The preparation and timely delivery of financial and statistical data to business managers is part of management accounting. So that they can make decisions about short-term and day-to-day management. The executives bookkeeping depends on monetary bookkeeping and cost bookkeeping. Baines and Langfield-smith (2003) found a critical connection between changes in technique and the executives bookkeeping rehearses. Because they measure an organization's financial and non-financial performance, management accounting systems are said to play a significant role in strategic management, according to a number of studies. Management accounting provides trustworthy data to enable systematic decision-making at the right time.

Nepal is the world's least developed nation, and many people live below the poverty line. The complicated geographical situation further exacerbates the agro-dominated economy. Nepal's development can be attributed to a number of factors, including its landlocked location, inadequate resource mobilization, a lack of entrepreneurs, erratic government policies, political instability, and a lack of institutional commitments. Thus, banking establishments possess a significant job in the monetary improvement of the country. It

centers around the center of the currency market in a high level country. Modern banking is a crucial sector that operates on the margins of both the national and international financial systems. Monetary frameworks permit assets to be distributed, contributed, or moved between financial areas (Dongal & Prajapati, 2001). The strength of the country, as well as the worldwide economy, to a great extent relies upon an exceptionally managed monetary framework. According to Rose (2002), banking is one of the industries with the most stringent regulations in the world, making it an essential component of such a system. Accordingly, many creators use to contend that no organization has formed the financial advancement of the world more than the bank. The executives bookkeeping procedures might furnish an association with a reasonable upper hand over its opponents. The executives bookkeeping rehearses have moved from revealing authentic data, particularly on difference examination, to participating in the essential arranging cycle of an association.

Combination, topographical extension, globalization of banking, and expanded chance of disappointment is arising issues in the protection companioning field. Both external and financial sector risks have increased, as evidenced by the significant deterioration of the current account, the reserve decline, waning confidence, and banking sector liquidity stress, respectively. On the one hand, the growth of insurance companies and financial institutions focusing on the urban area with large credit flows to unproductive sectors such as real estate, housing, and margin type lending has created excessive pressure on the financial sectors in Nepal. Banking establishments are risk-taking business foundations so an administration bookkeeping framework assists with settling on choice making, arranging, controlling, assessing, and association exhibitions. What's more, the board bookkeeping data is likewise used to arrange item plan, creation, and showcasing choice and to assess the exhibition of an association (Wagle & Dhal, 2004).

Therefore this study examines the relationship between costing system, budgeting & planning, controlling and reporting, decision making, performance evaluation and organizational performance. Also analyze the impact of costing system, budgeting & planning, controlling & reporting, decision making and performance evaluation on organizational performance.

1.2 Problem Statement

The financial business is a high-risk business however not really a high-benefit industry. In the banking sector, risk and return management is extremely challenging. The inward administration framework in a portion of the insurance agency in Nepal is intoxicated from the customary administration arrangement of government. In certain establishments HR which isn't recorded yet to be determined sheet. However, it is an extremely valuable intangible asset (Khadka, 2010).

Profit does not just happen; success is the systematic execution of a plan. To succeed, each activity must be planned and managed. We discover that the practices are insufficient to answer the research questions about the scenarios in which insurance companies use management accounting tools. Additionally, it provides information to help managers plan and control their activities. The board bookkeeping exercises incorporate gathering, characterizing, and handling, breaking down, and announcing data to the executives.

The information age arrived for the modern economy. Karki (2009) looked at how management accounting tools and techniques are currently used and found areas where they can be useful to gain a competitive advantage. The serious business climate in the financial business likewise caused later development of the HR bookkeeping framework. According to Ottley (1980), a developing nation like Nepal has suffered greatly from a lack of resources, particularly capital, technical know-how, insufficient manpower, improper planning, an ineffective information and control system, ineffective policy implementation, and political instability. This study is engaged to fill a hole, looking at the degree of purpose of the board bookkeeping and the job of the executives bookkeeping framework in Nepalese insurance agency. In this regard, the specific research question is as follows:

- What are the key components of management accounting of insurance companies in Nepal?
- What was the relationship between components of management accounting practice (costing system, budgeting & planning, controlling & reporting, decision making, performance evaluation) and organizational performance of insurance companies in Nepal?

- How do components of management accounting practice (costing system, budgeting & planning, controlling & reporting, decision making, performance evaluation) influence organizational performance of insurance companies in Nepal?

1.3 Objectives of the study

This study will primarily investigate the effects of management accounting system practices on insurance companies in Nepal. As needs be, the particular goals will be as per the following:

- To assess the key variable of management accounting of insurance companies in Nepal.
- To examine the relationship between components of management accounting (costing system, budgeting & planning, controlling & reporting, decision making, performance evaluation) and organizational performance of insurance companies in Nepal.
- To analyze the effect of components of management accounting (costing system, budgeting & planning, controlling & reporting, decision making, performance evaluation) on organizational performance of insurance companies in Nepal.

1.4 Rationale of the study

The primary objective of the study is to investigate the impact of the management accounting system on organizational performance in Nepalese insurance companies. Making a strategy, making decisions, controlling, and evaluating one's performance will all be crucial after the research is finished. The following is a significant study that, with the assistance of this study, can be extremely significant for national planners because it examines the possibility of improved management accounting practices in the future and represents current circumstances. Management, shareholders, policymakers, academics, and members of the general public such as depositors, potential customers, and investors will all benefit greatly from the study because the consistent accounting data are the sole foundation of their strategies and planning. The study will provide NRB with some direction on how to improve financial information, make accounting practices more transparent, and require insurance companies to disclose genuine and appropriate financial situations. This study's main justification is as follows:

Importance to academicians and researcher

The review would frame premise or establishment for additional examinations and study to be finished by scholastic researchers keen on seeking after Bookkeeping calling. The study's documented report could be easily obtained from the library, providing students with additional information and skills regarding the factors that influence MAP adoption. The review would additionally make a heap commitment to the writing on reception of the board bookkeeping rehearses among insurance agency in Nepal which would be essential for articles that would be valuable to scientists who need to additional in this review and to other more extensive partners in scholarly circles.

Importance to Investors

The review would empower the financial backer to consider and examine whether insurance agency seek after close expense control strategies, perform project examination prior to participating in a task, have a likely arrangement for the business with regards to showcase extensions, income development and benefit improvement prior to settling on a choice on whether to put resources into an association. By utilizing the review results, the financial backers in the area would be in a superior situation to grasp impact of Guides on hierarchical execution and be familiar with best arrangements concerning business execution and reasonable productivity.

The Government

The government would be able to comprehend the factors that influence insurance companies in Nepal's adoption of MAPs and the extent to which the drafted policies affect insurance companies. Additionally, the study would provide useful insights to the government and policymakers for adaptive and creative strategies that are consistent with current economic and competitive environmental realities because it would draw attention to the factors that influence the adoption of MAPs among insurance companies. Through various stakeholders, the government would facilitate the development of operational policies that would ensure the rapid growth of the sectors, thereby making a significant contribution to the economy and providing an opportunity for job creation.

1.5 Limitations of the Study

Since the world is ever-changing, this study is not an exception to the rule of every research. The specialist has anyway attempted to wipe out the restrictions to the most

ideal degree. Coming up next are the restrictions of the current review:

- Out of the total of 35 insurance companies, only five insurance are taken as a sample.
- This study pays attention to the practices of management accounting tools only. It does not consider the implementation aspects of the tools.
- This study mainly focuses on the practices of some important tools and techniques only.
- The accuracy of the study is based on the data available from the management of insurance companies, the various published document of the insurance, and the response made by the respondent during the informal discussion.

CHAPTER- II

LITERATURE REVIEW

The past review can't be overlooked in any review. We can find many past articles, diaries, concentrate on reports, public books, manuals, proposal in this theme. It is necessary to conduct a review in order to evaluate similarities and differences with the study, as well as what other academics have already done and what remains to be done. We can found many articles, surveys, postulation on the point about administration bookkeeping practices of insurance agency in Nepal. The following examination looks at how insurance companies' organizational performance is affected by management accounting practices.

2.1 Conceptual Review

2.1.1 Management accounting practices

Mama practice assists an association with getting by in the serious, consistently impacting world, since it gives a significant upper hand to an association that guides the board activity, spurs ways of behaving, upholds and makes the social qualities important to accomplish an association's essential goals. MA primarily addresses management's internal requirements. In contrast to traditional financial accounting, which places an emphasis on historical data related to legal financial matters like ownership, investment, credit granting, taxation, regulation, and the construction of foundations for consistent and conservative external reporting, "in accordance with generally accepted accounting principles," it is geared toward evaluating performance and developing estimates of the future. Flexibility is a crucial aspect of MA because it requires careful consideration of the critical management needs, many of which cannot be precisely identified in advance (Parker, 2002).

MA is defined as "The process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of financial information used by management to plan, evaluate, and control within an organization and to assure appropriate use of and accountability for its resources" by the Institute of Management Accountants (IMA), a professional association of both practicing and academic management accountants. Financial reports for non-management groups like shareholders, creditors, regulatory agencies, and tax authorities are also included in MA

(Smith, 2009). MA provides management with information from its environment to help them make decisions. According to McWatters (2001), good management accounting data possesses three characteristics: Behavioral: it encourages actions that are consistent with an organization's strategic objectives; Technical: it enhances understanding of the phenomena measured and provides relevant information for strategic decisions; and Cultural: it supports and/or creates a set of shared cultural values, beliefs, and mindsets in an organization and society. Businesses must continuously improve in order to remain competitive in the global market of today. Great Guides assist the association with improving constantly. There are so many MA tools and techniques developed and used worldwide as a result of these.

The board bookkeeping is the part of bookkeeping that produces data for the administrators inside an association. Identifying, measuring, accounting, analyzing, preparing, interpreting, and communicating information is what enables managers to achieve the organization's goals and objectives. The graphed organization of the executive's bookkeepers (UK) sees Mama as a fundamental piece of the board cycle which requires the ID, age, show, understanding and utilization of data. According to Smith (2014), MA also entails the preparation of financial reports for non-management groups like shareholders, creditors, tax authorities, and regulatory agencies.

In 1825 B.S., the king of Prithivi Narayan shah, the great chief of the district level soldiers, used to keep the account of government offices in Nepal. This is a very old practice. In 2008, B.S. implemented a budgetary system, a tool of managerial accounting to plan revenue and control expenses, to implement weak managerial accounting practices in Nepal. Ittner and Larcker (2002) defined the term MAPs as the various approaches that manufacturing companies specifically consider in order to support the organization's infrastructure and MA processes.

Gichaaga (2014) attests that Guides can comprise of execution assessment, planning, vital examinations and data for independent direction, among others. According to Alleyne & Marshall (2011), they assist management in acquiring pertinent information for meaningful decision-making. Management typically has a greater need for information the larger the organization.

2.1.2 Function of management accounting

The following are examples of management accounting functions that can be used to meet the various requirements posed by management when making sound business decisions:

Stewardship function:

stewardship capability is a customary methodology of bookkeeping that puts can commitment on stewards or specialists, like a chiefs, to give significant and solid monetary data connecting with asset over which they have control yet which are claimed by other, like an investors. Stewards must not only provide information but also submit to an audit. Stewardship functions adhere to proper accounting procedures that meet legal and commercial requirements but are less rigorous and detailed than management and financial accounting professional practices. According to Bajracharya et al. (2005), the stewardship function is currently almost nonexistent and is typically applied to small businesses that do not necessitate more sophisticated methods.

Controllershship function:

The activities of the controllership are primarily associated with the accounting procedure, and the controller is the organization's top accountant. It comprises of significant exercises including monetary record keeping and detailing, inside examining, charge arranging, cost bookkeeping, administrative bookkeeping, and benefit arranging, and bookkeeping data framework, etc. Keeping up with monetary discipline and benefit boost are the superb targets of controllership capability, (Bajracharya et al., 2005). And additional purposes:

- Information and Data Collecting,
- Data Analysis and its Interpretation,
- Identification and Modification of Relevant Information,
- Providing Information for Planning and Decision Making,
- Facilitate Management Control,

2.1.3 Background and meaning of insurance companies

Insurance companies are businesses that offer customers a variety of financial services in exchange for payments in the form of interest, discounts, commissions, and other

incentives. Their goals are benefit situated. However, their need to strike a balance between the principle of profit maximization and other principles sets them apart from other businesses. According to Joshi (2069), their primary function is to transfer monitoring resources from their savers to their borrowers.

Insurance companies provide finance for trade, industry, and land, which is crucial to the country's economic and financial life. They help in the development of capital by effective money management the saving and useful regions. Nepal's underdeveloped rural population requires a variety of banking services to boost its economy. The majority of nations' banks typically focus on urban and semi-urban markets. They ignore the rural sector because of the high risk and low reward, which is true. The principal key to monetary advancement without on the off chance that different areas of economy can't be thrived. A dealer is an insurance company that deals in money as well as money substitutes like bills of exchange and checks. (American Institute of Banking) It offers a variety of financial services. History lets us know that it was the dealer who previously developed the process for banking by exchanging products than cash. When we examine the past, we discover that the current banker has three distinct ancestors. The merchant, the lender, and the goldsmith are these. Loan specialist and getting are nearly basically as old as cash itself however present day banking showed its seed in archaic Italy. The history of banking can be traced back to 1157 A.D., when the bank of Venice was founded. As a matter of fact present day bank began to take fast speed illuminating and working from seventeenth 100 years, (Bhandari, 2003).

The establishment of Nepal Bank Limited in 1994 B.S., which was one of the first insurance companies in Nepal and was jointly owned by the government and the general public, marked the beginning of the Nepalese banking industry. With economic liberalization in the 1980s and a focus on the development of the private sector, the Nepalese financial system has undergone significant 12 policy and regulation changes in the more than seven decades since the establishment of Nepal bank limited. The Nepalese financial system has seen a tremendous increase in the banking sector as a result of the numerous foreign banks that have established themselves in Nepal as joint venture banks. The monetary area advancement came about into passage of many new banks in the homegrown market. Toward the finish of mansir 2079, by and large 120 banks authorized by NRB were in activity; out of them 21 are "A" class insurance agency, 17 "B" class

improvement banks, 17 "C" class finance organizations, 65 "D" class miniature money establishment and one framework advancement bank in Nepal. However, mergers and acquisitions are currently being used to consolidate the Nepalese banking sector. In order to improve the stability of the financial sector, bank and financial institution mergers and acquisitions have been encouraged.

2.1.4 A brief review of management accounting tools

There are different administrations bookkeeping apparatuses and method use to arranging, controlling and dynamic cycle for the executives objectives. According to Gyawali et al. (2010), the most important management accounting tools are:

- Cost classification & cost allocation
- Measurement of income
- Cost volume-profit analysis
- Flexible budget and overhead variance
- Standard costing
- Decision making
- Pricing decision
- Capital budgeting
- Master budgeting
- Zero based budgeting
- Responsibility accounting

A. Cost concept

Cost might be characterized as the penance or surrendering of assets for a specific reason. Cost is frequently measured in monetary units that must be paid for goods and services. The cost is first recorded in basic form. Then this cost are gathered in various ways to assist chiefs with settling on choice, for example, assessing subordinates, and sub-joins of the associations growing or erasing hardware. Managers need to know what something costs in order to make decisions. The something is known as an expense targets or cost objective which might be characterized as any movement for what separate estimation of cost is wanted, (Green, 1991).

B. Cost classification

Cost arrangement is the method involved with gathering cost by their normal qualities. According to Jain & Haring (1992), even the same cost figure can be categorized in various ways depending on the goal that needs to be accomplished and the specific requirements that need to be addressed. For various purposes, the cost can be classified in a variety of ways. The significant arrangements are (Singh et al., 2004).

a. On the basis of elements of cost

- Prime cost: direct material , direct labor, direct material
- Overhead cost : indirect material, indirect labor, indirect expenses

b) On the basis of function of cost

- Manufacturing cost
- Administrative cost
- Marketing/ selling cost
-

c) On the basis of behavior cost

- Variable cost
- Fixed cost
- Semi-variable cost

d) On the basis of cost for decision making

- Relevant cost
- Irrelevant cost

e) Avoidable cost, unavoidable cost, controllable cost and un-controllable cost.

C. Method of mixed cost segregations

The distinction between fixed and variable costs is necessary for cost estimation. The following approaches can be utilized to divide the semi-variable cost into fixed and variable components. The relationship between cost and activity can be estimated using a number of different approaches. Some of those methods are straightforward, while others are quite complex. Managers in some businesses use more than one approach to cost estimation. The aftereffects of the various strategies are than joined by the expense investigation based on encounters and judgment.

- High-low method

- Visual fit method
- Accounting estimation method.
- Engineering method
- Statistical method, (Hilton, 1997: 320).

We can divide the mixed cost into fixed and variable costs using the method listed below.

a. High-low method

In this technique, the high and low action levels are browsed the accessible informational index. Using the following formulas, these activity levels and their associated cost levels are used to calculate the variable and fixed cost components:

$$\text{Variable Cost per Unit} = \frac{\text{Cost at Higher Level} - \text{Cost at Lower Level}}{\text{Output at Highest Level} - \text{Output at Lowest Level}}$$

b. Least- square method /Regression method

The average relationship between the independent variable (x) and the dependent variable (y) can be mathematically estimated using this statistical procedure. The following least squares formula can be used to estimate cost using this approach.

$$Y = a + bx$$

2.1.5 Cost relating to income measurement

1. Cost relating to Profit planning

Benefit arranging is worry with navigation. A crucial component of profit planning is the cost-volume-profit relationship, which describes how cost and profit shift in response to sales volume. The future is the focus of planning. Relevant costs are the costs for the future. The important expense ideas are:

a. Relevant and Irrelevant Cost:

An expense, which is impacted by a choice, is a significant expense and consequently is significant for chiefs. An actual incremental cost is a relevant cost. Pertinent expense is those expenses, which vary starting with one elective then onto the next. Costs that are unaffected by a decision are referred to as irrelevant costs. Such an expense is of no importance to chiefs. When making decisions, it is best not to consider these costs. (Khan and Jain, 2013) Variable costs change in direct extent to and in similar bearing as the progressions in movement levels or results. Costs associated with inputs that do not

change with changes in output or activity volume within a predetermined range are known as fixed costs. According to Drury (2017), "fixed costs" refer to any total cost that does not change at any level of activity within the relevant range. Because they include both fixed and variable costs, semi-variable costs are also referred to as mixed costs. All expenses, other than completely factor and fixed, which are neither entirely factor nor totally fixed corresponding to volume changes, are semi variable expenses.

b. Out of Pocket Costs, Marginal or Difference Costs, , Sunk Costs Out of pocket costs:

The money spent on an activity is called an "out of pocket cost." Out-of-pocket expenses are crucial for both external reporting and internal planning and decision-making because they require a cash outlay. such as salaries, rent, raw materials, labor, and other out-of-pocket expenses (Shah and Ojha, 2016).

c. Marginal or differential costs

Differential cost refers to any cost that is present in one alternative but absent in whole or in part in another. Differential expense is otherwise called gradual expense. Any costs which increment between the options is steady expense while the one that diminishes is impeding expense. When making decisions, both positive and negative costs are important (Garrison, ET). Al. 2012). The change in total costs brought about by a change in output is called marginal cost. All the more exactly minimal expense is the expansion in the expense because of another unit of result created.

2. Cost Allocation and Apportion Methods:

The cost of the service department can be divided in two ways.

a) Direct Method

"Direct technique for cost designation overlooks the expense of administrations among divisions and dispenses all help division costs straightforwardly to delivering division" (Horngren & Dater, 2013).

b) Step-Down Allocation Method

Under the step-down technique, when a help office's expenses have been dispensed, no resulting support division costs are distributed back to it.

3. Product Costing Methods:

There are two famous techniques for item costing. They are absorption costing and variable costing.

a) Absorption Costing

The full costing method, conventional costing, and traditional costing are other names for the absorption costing method. The absorption costing system is a costing method that includes all manufacturing costs in the price of a unit of product. The fixed manufacturing cost is also included in the product's cost under absorption costing. It covers all production costs (Horngren and Datar, 2013).

Table 1

Absorption Costing

| Product cost | Cost |
|---------------------------------|------|
| Direct material | xxx |
| Direct labor | xxx |
| Variable overheads | xxx |
| Fixed overheads | xxx |
| Cost of goods manufactured | xxx |
| Period cost | |
| Fixed manufacturing cost | |
| General and administrative cost | |
| Selling and distribution cost | |

b) Variable Costing

Modern costing and marginal costing are other names for the variable costing method. Koirala and Acharya (2013), variable costing is a method of recording and reporting costs that only considers manufacturing costs, which typically fluctuate directly with activity volume, as product costs.

Table 2*Variable Costing*

| Product cost | Amount |
|---------------------------------|--------|
| Direct material | Xxx |
| Direct labor | Xxx |
| Variable overheads | Xxx |
| Cost of goods manufactured | Xxx |
| Period cost | Xxx |
| Fixed manufacturing cost | |
| General and administrative cost | |
| Selling and distribution cost | |

2.1.6 Cost-volume-profit analysis

The management accounting technique of cost-volume profit analysis is used to examine the relationship between revenue, costs, and profits for a specific activity and time period. The cost behavior pattern should be taken into consideration, such as how to adjust costs in response to changes in activity level. The response is that not all costs respond to the change in volume in the same way. "Cost-volume-benefit (CVP) examination looks at the way of behaving of all out income, complete expenses, and working pay as changes happen in the result level, the selling value, the variable expense per unit, and the proper expenses of an item"

a. Application of CVP Analysis:

Planning and controlling profits rely heavily on CVP analysis. In management accounting, it is used to illustrate the connection between cost, selling price, profit, and production volume. It is useful for the following purposes:

- It helps to fix selling price
- It assists the management to understand the behavior of cost.
- It is used to control cost
- It provides essential information about cost volume to the management.
- It helps to determine the profitable range and breakeven point, (Acharya, Goet et al., 2064).

b. Method / Approach of CVP Analysis

Commitment edge Investigation Commitment edge is the overabundance of deals cost of a unit of result over its variable expense for example (S-V). After variable expenses are deducted, it is the rupee-based difference between profits. It must be recollected that 'V' is the amount of unit fabricating cost and the unit promoting and managerial expenses.

$$\text{Profit} = (S-V) \times Q - \text{Fixed cost}$$

Where, S = selling price per unit

V= variable cost per unit

(S-V) = contribution margin

c. Break- even point:

Equal the initial investment deals volume is that degree of deals volume where an organization neither creates gain nor endures misfortunes. It will only be able to pay for itself. Make back the initial investment investigation assists the administration with knowing which deals volume will just recuperates its expense and after which it outlines giving benefit.

d. Contribution margin method

The revenue that remains after covering all variable costs is reflected in the contribution margin. The contribution margin is the difference between variable costs and sales revenue. As a result, contribution margin refers to the portion of sales revenue that remains after variable expenses have been covered is used to cover fixed expenses and then go toward profit for the period. Absolute Commitment Edge = Complete Deals Income - All out Factor Cost

$$\text{CMC (Per Unit)} = \text{SPPU} - \text{VCP}$$

$$\text{CM (Total)} = \text{Sales} - \text{Variable Cost}$$

$$\text{CM (Ratio)} = \text{CM/Sales or Change in profit}$$

2.1.7 Flexible budget

"A budget which by recognizing is designed to change as volume of output changes" is the definition of a flexible budget. Sanctioned foundation of the executive's accountings, London). An adaptable spending plan is a spending plan that adapts to changes in deals volume and other expense driver exercises. The format of the flexible budget is similar to that of the master budget, but the manager can prepare it for a variety of levels of activity.

The flexible budget would be created based on the actual level of activity achieved for performance evaluation. The master budget, on the other hand, is fixed or constant as the primary measure of performance. It shows incomes and expenses at just the initially arranged degrees of movement, (Green, Unexpected and Stratton, 1998).

a. Multi- activity level

The budget was created at various levels of activities within the output range. The following is a summary of the factors to consider when preparing the flexible budget using this method:

- i. Determination of level of activity.
- ii. Estimation of cost and its behavior for each level of activity.
- iii. Determinations of units at the level of activities.
- iv. Preparation of flexible budget, (Koirala, Gyawali et al, 2010).

b. Formula Format

This configuration gives a recipe to such costs account in every obligation community. The equation gives the proper sum and variable rate. This is smaller and for the most part more valuable on the grounds that the parts of a generally utilized for communicating costs financial plan in real practices. The equation is the adaptable spending plan under recipe design, (Koirala, Gyawali et al, 2010).

2.1.8 Standard costing

ICMA London characterizes, "standard expense is a pre-decided cost which is determined from the administrations' norm of productive activity and the pertinent essential use. The engineering-based predetermined cost of a product. Determinations and addressing exceptionally effective creation of value principles and figures of future market pattern at the costs, norms with fixed sum communicated in rupees for materials, work and overheads for an expected characteristics of creation." According to Koirala, Gyawali et al. (2010), standard costing is a method that aims to control the cost of each unit or batch by pre-determining standard cost, which is what the cost of an operation or service ought to be under a given condition and subject to certain costing conventions.

Standard costing process

Standard costing involves following process:

- i. Establishments of standard cost
 - ii. Ascertainment of actual cost
 - iii. Comparison of the above two and measurements of variances
 - iv. Analysis of variances
 - v. Reporting to responsibility centers to take appropriate and necessary remedial actions
- a) Analysis of variance

Variance is the difference between the actual cost and the standard cost. Variance analysis is part of the control process. It involves calculating the variance and interpreting the results to identify the various factors that cause the variance.

I. Direct material variances

It refers to the difference between the actual cost of material consumed and the standard, cost of standard quantity of material for output. Material variance can be demonstrated in the following ways, according to CIMA London's definition of "difference between standard cost of material specified and the actual cost of material used"

- i. Material cost variance (SC- AC)
- ii. Material price variance Q (SP-AP)
- iii. Material usages variance SP (SQ-AQ)
- iv. Material mixed variance SP (RSQ-AQ)
- v. Material yield variance SR (Actual yield – standard yield)

II. Direct labor variance

It is defined as the difference between the wages specified for the activity achieved and actual direct wages paid. It can be shown on the following: It is characterized as the distinction between the wages indicated for the movement accomplished and real direct wages paid. It's possible to see it on the following:

- Labor rate variance AT (SR – AR)
- Labor efficiency variance [SR (ST – AT)]{SP(SQ – AQ)}
- Labor mix variance SR (RST – AT)
- Labor yield variance SR (Actual yield – std. yield)

III. Overhead variance

The three-variance approach to calculating overhead variance, in which variance can be positive or negative, serves as the foundation for cost control.

- Spending variance $FC = (VOR \times AT) - \text{Actual QA}$
- Efficiency variances $= VOR(ST - AT)$
- Capacity variance $= [(SR \times ST) - \{FC + (UVC \times ST)\}]$

A. Decision Making

There is a widespread perception that management accounting's information aids managers in making sound decisions. Product profitability analysis, cost volume profit, and others are just a few of the many tools available for decision-making. Cost volume benefit remembers the possible change for the incomes, expenses and costs of the organization (Horngren, et al. 2009). Dynamic practices are as per the following.

- i. Profitability analysis about the product;
- ii. Break even analysis or cost volume profit analysis;
- iii. Cash flows;
- iv. Time value of money and payback period
- v. Profitability analysis about the customer;
- vi. Probability analysis;
- vii. Some non-financial decision making

The perception that management accounting provides relevant information for making decisions on a long-term or short-term basis is widespread. Cost volume profit (CVP) and customer profitability analyses are two examples of numerous short-term decision-making tools. Cost volume profit analysis was defined by Horngren et al. as a method or tool for evaluating potential shifts in a company's revenues, costs, and prices. Manufacturing companies use CVP analysis to figure out how many units of a particular product need to be sold to break even. The contribution margin is calculated by subtracting the variable cost per unit from the unit selling price, which is a relatively straightforward application of this principle. The all out fixed cost is then separated by the commitment edge to show up at the quantity of make back the initial investment units required.

Consequently, this enables managers to observe the cost's behavior prior to making a firm commitment or final decision regarding a particular order. CVP investigation may likewise be utilized by directors while considering on the off chance that an item ought to be purchased or made. Cost volume benefit examination has all the earmarks of being a

training that is firmly involved by insurance agency in the Nepal. The executives bookkeeping can likewise create valuable data to go with monetary administration choices like compensation periods, bookkeeping pace of return and limited income techniques. Most organizations utilized the famous approach to estimating profit from venture by utilizing the bookkeeping pace of return to compute the incomes on significant capital activities. Be that as it may, the utilization of limited incomes and inner pace of return methods to compute the expense of capital appears to be not to be a normal administration bookkeeping practice utilized by organizations.

The art of choosing the best options to solve a problem from those that are available is known as decision making. Gautam and Bhattarai (2014), the best option for Nepalese banks is one that will likely yield the highest profits at the lowest costs without violating social responsibilities.

B. Pricing decision

The managers decide what to change about the products and services they provide in terms of pricing. The evaluating of an item isn't simply a showcasing choice or a monetary choice rather it is a choice addressing all part of certifies exercises and like influences the whole venture. According to Garrison (1985: 189), "the setting of both low and high prices dictates the inflows of revenues," which in turn, "consistently fail to cover all of the costs of the firms, and then in the long run, the firm cannot survive." As the prices charged on products largely determine the quantities that customers are willing to purchase,"

2.1.9 Zero Based Budgeting

ZBB is a method and device of arranging and direction. It works in the opposite direction of traditional budgeting. In conventional planning, departmental administrator need to legitimize increment over the barely a year ago financial plan. As a result, any money already spent will be reimbursed. In the case of ZBB, there is no mention of the previous expenditure level. Each division capability is evaluated extensively and all consumption as opposed to just increment are supported. ZBB is a strategy, by which the spending plan demand must be legitimate in complete detail by every chief beginning from the Zero-Base. The zero base does not care whether the total budget goes up or down. The managers must begin from scratch and justify all costs in terms of benefits and costs.

2.1.10 Responsibility Accounting

In the present complicated and dynamic world, all association can't be overseen and controlled midway. Decentralization is the unquestionable requirement. Decentralization can take many forms, and responsibility accounting is one of them. Entire association is partitioned into more modest unit-division, sections, offices, branches, product offerings and so forth. The manager is the person in charge of managing and supervising each unit. Managers are held accountable because they are given authority and responsibility. The unit's performance should be reported by managers to upper management.

With the assistance of responsibility accounting, the organization's subunits or responsibility centers can be identified as having primary responsibility for each action, measures and targets to achieve, and reports of these measures. [Hornigre, Sudem, Stratton, 2000].

Responsibility Accounting is a method of accounting that places responsibility centers in charge of revenues, expenses, and capital. Customarily obligation bookkeeping alludes just to monetary execution (Cost, income and Benefit) of subunits, However presently a days it measure generally execution of the unit.

2.2 Empirical Review

Eugine and Miston (2017) conducted a study on the impact of (MAPs) on the Business Performance of Small and Medium Enterprises within the Gauteng Province of South Africa: This study contributes to the body of knowledge in the area of MA by providing current insights on both literature and research methodologies. As such, the paper might be utilized as a kind of perspective source by future scientists on comparable issues. In addition, the study confirms that MAPs like a costing system, budgeting, performance evaluation, information for decision-making, and strategic analysis boost the performance of small and medium-sized businesses in South Africa's Gauteng Province. The concentrate further approves that those little and medium undertakings that are taken part in Guides upgrade business execution. Financial and MA reports like profit and loss, balance sheet, cash flow statement, CVP analysis, variance analysis, and budget were still regularly prepared by them. Advanced MA tools and methods are not used in accordance

with them. As far as handiness of bookkeeping reports, Mama reports are viewed as more valuable than monetary bookkeeping reports. The review has both hypothetical and the board suggestions. By methodically examining the relationship between management account practices and business performance, this study theoretically advances the concept of management accounting (MA) significantly. As such, the review is a significant supporter of the current writing regarding this matter. The concentrate likewise endorses another course in the exploration on Guides by opening up a conversation on the significance of Guides in the improvement of SMEs in emerging nations like South Africa.

Gyawali (2017) conducted the research on the topic MA systems practice in Nepalese insurance companies. The main goal of this study is to look at how insurance companies in Nepal use MA systems and the roles they play. This examination work observes that monetary control is the preeminent utilized Mama Framework device in Nepalese insurance agency. From there on, they utilize other Mama Frameworks devices likewise such rankings; income proclamation investigation, proportion examination, fluctuation examination and CVP examination. As per his examination work there is still hole between the hypothesis and functional bookkeeping apparatuses in Nepalese insurance agency.

Subedi (2017) conducted a research study on the topic Management Accounting Practices in Joint Venture Banks of Nepal. Its objective is to investigate the management and accounting practices of Nepal's joint venture banks. The majority of the necessary data and information were gathered from primary sources. He has highlighted a number of findings from his research, some of which include the following: the Nepalese joint venture bank employs five management accounting tools for planning and controlling, including capital budgeting, ratio analysis, cash flow analysis, and Break Even Analysis. Out of complete examples number of joint endeavor Banks, 40% banks didn't meet the normal no of instruments, while almost 22% meet precisely normal no of the executives bookkeeping apparatuses and staying 38% banks are rehearsing a lot no of the board bookkeeping devices. For planning financial plan, real costs of earlier year and Action Base Planning are generally utilized as the base in the joint endeavor Banks. Only 17% of Nepalese joint venture banks prepare long-term budgets, while one percent of Nepalese joint venture banks prepare short-term (one year or less) budgets. Almost 67% of joint

endeavor Banks of Nepal involved Past Patterns Investigation for cost and income assessment.

Kariyawasam (2018) conducted study on the topic cost and MAPs in Sri Lanka's manufacturing industry. The main goal of this study is to look at how public-traded Sri Lankan manufacturing companies use cost accounting and MAPs. The survey and applied research methods have been used to achieve this goal. As per the review the primary costing strategy involved by open cited fabricating organizations in Sri Lanka is movement based costing, trailed by cycle and occupation costing. Traditional MAPs like planning and controlling, budgeting, target costing, and cost volume profit analysis are given a lot of weight in manufacturing companies that are publicly traded. It suggests that cutting edge Guides is overwhelmed by conventional Guides in assembling organizations of Sri Lanka.

Bhattarai (2018) conducted research entitled an analysis of management accounting practices of insurance companies in Nepal. She has focused her study to examine and study the practice of management accounting tools practiced by the Insurance companies in Nepal In this research, some major findings and recommendation are as follows: After examine the management tools and technique practiced in Nepalese insurance company for planning, controlling and decision making, it is found that Cash Flow, Budgeting and Pricing Decision are widely practiced MA tools. The study focused to study and examine the extent of practice of "MA tools and techniques made in Nepalese public enterprises". The data and necessary information have been collected from the primary as well as secondary sources. In this study, it was found that various MA tools and techniques, which are taught in colleges and universities, are not used in real practice in Nepalese public enterprises. Some MA tools like capital budgeting, cash flow, ratio analysis and annual budgeting are widely practiced in joint ventures banks of Nepal but some tools like standard costing, activity based budgeting, zero base budgeting, long term budget are not practiced.

Karki (2019) conducted a research work entitled MA practice in public enterprises. The study's primary objective was to investigate the scope of use of "MA tools and techniques made in Nepalese public enterprises." Both primary and secondary sources have been used to gather the necessary data and information. According to the findings of this study,

many of the MA tools and techniques that are taught in colleges and universities are not actually used in public enterprises in Nepal. In Nepal's joint venture banks, some MA tools like capital budgeting, cash flow, ratio analysis, and annual budgeting are widely used, but standard costing, activity-based budgeting, zero-base budgeting, and long-term budgeting are not.

Ahmed and Ghani (2019) have conducted a study MAPs in many countries around the world a review of the literature. This study contributes to the analysis of the GAP in several countries' MAP studies and provides a valuable framework that can be used in subsequent research. In a number of countries, particularly those that are going through transitions, MAPs (MAPs) studies have received a growing amount of attention from researchers as well as professionals in accounting. The data for this study were gathered from previous research and tabulated according to the study's title year, country, sample size, and journal of publication. The finding demonstrated that accounting management practices in a variety of industries, particularly insurance companies, have been extensively studied by researchers.

Ghimire (2020) examined the topic of MA practice in Nepalese listed manufacturing companies. To analyze the effect of moving cost on assembling organization. Primary data collection has resulted in the collection of the necessary data and information. The review found in regards to the act of move cost in the Nepalese assembling organizations, 60% of the assembling organizations rehearsed cost base exchange estimating, 25% of assembling organizations rehearsed market based move evaluating where as 9% of assembling organizations rehearsed arranged move cost for their item. The review shows that navigation and control process followed by Nepalese assembling firm, it was seen that as 70% of Nepalese assembling organizations rehearsed control during the work time frame. 19% rehearsed control before work must be expressed, where as 10% rehearsed controls in the wake of completing the work. 77% of Nepalese manufacturing companies used historical trends for cost and revenue estimation, while 18% used market surveys. Whereas one company used judgment analysis and zero-based budgeting to estimate costs and revenues. The study found that 50% of Nepalese manufacturing companies said that the production area is effective for using management accounting tools, 31% said that the marketing area is effective, and 13% said that the financial area is effective. As to rehearse for the issue of designers in Nepalese assembling organizations, it was found that

71% assembling organizations rehearsed FIFO strategy while, 12% rehearsed weighted normal and just 6% rehearsed determined things by regulation for the issue of stock.

Duwadi (2020) researched on MAPs in joint venture banks. The primary goals of this research are to investigate how joint venture banks use MA tools. The essential information is gathered in view of essential information. The main results of this study were that breakeven analysis was used by almost 95% of banks, and responsibility accounting was used by 44% of banks. However, joint venture banks rarely used tools like activity base costing, standard costing, long-term budgeting, and zero-based budgeting. While setting up the spending plan there was no act of taking consultancy administration. The budget was created by the committee and the chief of the finance division. While assessing credit proposition all the joint endeavor bank zeroed in on valuation of resources, reason for advance, examination of client back ground with client societal position and the possibilities of advance recuperation. Joint endeavor banks generally acknowledged the protections like land and building, government bonds, depository bills, offer and debentures, gold and other important resources. A few momentous suggestions of the examination work were. To separate costs, the high low point method, average method, and analysis method should be used. Cost control and performance evaluation in a joint venture require the use of responsibility accounting. Utilization of outside master ought to be utilized by JVBs for the financial plan arrangement. There was no evidence of JVBs using the cash budget. As a result, they ought to implement a cash budget that outlines every aspect of cash use and source.

Kushwaha (2021) analyzed on the topic management accounting practices in Nepalese insurance companies with the objective of analyzing accounting practices and management of insurance companies. The essential data and information are gathered through essential as well as optional wellsprings of information assortment. Cash flow and short-term budgeting, the main findings of this study, are mostly used by some Nepalese insurance companies. While with respect to the act of capital planning apparatuses in the chose Nepalese insurance agency, from the review it was observed that ARR is the generally drilled devices for example (69%), whereas PBP, NPV, and IRR are less commonly used tools for making long-term investment decisions. This study also demonstrates that the tools used by selected Nepalese insurance companies for measuring and controlling their overall performance are based on profit and loss made by then

during the year (85%). While (29%) of the organizations are utilizing monetary control yet standard costing and breakeven point strategies are not by and by. Regarding the practice of transfer prices, the selected Nepalese insurance companies only use cost-based prices (25 percent) and their own prices (33 percent). Market based cost and exchange cost are less drilled cost by the chose Nepalese insurance agency for example (11%), while (18%) are not rehearsing any sorts of estimating methods in light of absence of information, abilities, assets and labor supply and so on. Budgeting and planning have a variance inflation factor of 1.82, costing has a variance inflation factor of 2.227, and controlling and reporting has a variance inflation factor of 5.340. Since the value of each variable is less than 10, it suggests that the selected Nepalese insurance companies' overall organizational performance is significantly improved.

Emiaso, Egbunike and Patrik (2021) conducted research on topic Strategic MAPs and organizational performance of manufacturing firms in Nigeria. This study was completed to inspect the connection between hierarchical execution of the Nigerian's assembling organizations and the utilization of vital Mama strategies. The review embraced the overview research plan. The number of inhabitants in the review comprises of all assembling organizations in Delta State, Nigeria. The review utilized basic arbitrary inspecting. 15 assembling organizations were haphazardly chosen for the review. Information for the review were gotten through the organization of a self-planned poll to chiefs or bookkeepers of the tested firms. The study's hypotheses were tested using regression and the t-test. The studies demonstrated that the survey of companies' organizational performance is positively correlated with the application of strategic MA tools. The concentrate likewise found a huge contrast in viability of decision making between utilization of vital Mama devices and customary Mama methods and presumes that execution of key Mama practice is important to upgrade hierarchical execution of the firm. The concentrate hence suggests that assembling organizations, particularly the ones working in Delta State, set up suitable measures to apply Key Mama devices to guarantee effective and practical dynamic cycle that will improve authoritative execution.

Karki (2021) conducted a research on management accounting practice in Nepalese Insurance companies. The paper plans to dissect the administration bookkeeping practice in Nepalese insurance agency. Essential information have been gathered by utilizing interview strategy and organized poll. In the sample banks, questionnaires were

distributed to the staff of the accounting and audit departments. The expressive review research has been used in this exploration. The simple percentage and simple average were used in the study to examine the research questions. Using the convenience sampling method, six numbers representing insurance companies in Nepal were taken into consideration. According to the study, insurance companies in Nepal use a variety of management accounting tools, with the majority employing multiple management accounting tools. Management accounting is also important to the management of Nepalese insurance companies for planning, evaluating, controlling, and making decisions. However, management accounting tools are difficult to use in Nepalese insurance companies because of a number of issues, including a lack of expertise, a lack of information about the tools, a lack of a top management committee, the accounting provisions of the NRB, tax law compliance, high costs, and so on.

Neupane (2021) conducted a research on management accounting practices in Nepalese co-operative organizations. Management accounting is concerned with providing both financial and non-financial information that will help decisions. A comprehension of bookkeeping in this way requires a comprehension of the dynamic cycle and a consciousness of the clients of bookkeeping. The study's primary objective will be to investigate management accounting practices in Nepalese cooperatives. Ratio analysis, cash flow statement, and capital budgeting are widely used for representing when using regression analysis with SPSS to examine the application of management accounting tools in Nepalese co-operative organizations for planning, controlling, and decision making. Every one of the co-usable associations of Nawalpur locale various co-agents have been considered as the absolute populace. Till this date there are associations in Nawalpur in presence. To make the examination more solid, 21 co-usable associations has been considered for test populace. In normal, two methods were rehearsed to gauge and control by and large execution of Nepalese co-employable association toward the year's end. It would appear that the Nepalese cooperative organization used less than average techniques for measuring and controlling year-end overall performance.

Campos, Gomes and Santos (2022) conducted a research on management accounting practices in the hospitality industry: a systematic review and critical approach. The neighborliness business has been making a noteworthy commitment to the development of a few nations' economies. The best management accounting (MA) methods and

practices are essential to a company's success from a business perspective. However, studies in this particular area of the hotel industry are dispersed throughout the scientific literature in a variety of formats and languages, with a sporadic distribution over time (2000–2020). To fill this hole, a careful examination of the worldwide presentation of the board bookkeeping rehearses in neighborliness is vital. Through the PRISMA guidelines, this study was able to systematize the articles that would be included in the study and access the Web of Science database in three different languages. This provided an empirical basis for the critical approach to this topic. The study's greatest significance lies in the fact that it provides a critical, systematic review of the existing research on accounting practices in hotel management. The imaginative person of the review centers around proof of the rising execution of some inn the executives bookkeeping rehearses throughout the long term, like a few working proportions and the USALI. In functional terms, the consequences of this study make sense of the general exhibition of the executives bookkeeping rehearses in the housing business and which ones are generally broadly utilized. The significance of the practices to help the decision-production of hoteliers and the difficulties that they need to look in their execution are likewise shown.

Bhatt (2023) conducted a research on examining the determinants of credit risk management and their relationship with the performance of insurance companies in Nepal. The purpose of this study was to investigate the factors that influence credit risk management and how they relate to the performance of insurance companies in Nepal. In addition, it investigates how insurance companies in Nepal's performance are mediated by credit risk management. The outcomes show that there is a positive connection between natural gamble and credit risk the board. Additionally, it has been discovered that credit risk management is significantly influenced by credit appraisal measurements. According to the findings, credit risk management is significantly influenced by market risk analysis. The findings indicate that market risk analysis, environmental risk, credit appraisal measurements, and insurance company performance are all mediated by credit risk management. To reduce credit risk and achieve good financial performance, managers should therefore strive to implement risk prevention and control mechanisms.

Oladele (2023) researched on management accounting techniques and performance of SMES in Nigeria: moderating role of accounting information quality. This study inspected the connection between the executives bookkeeping procedures (addressed by

benchmarking, esteem chain bookkeeping and equilibrium scorecard) and execution SMEs; as well as the interceding job of bookkeeping data quality on the connection between the board bookkeeping methods and SMEs' presentation. 207 small and medium-sized business (SMB) owners and managers in Oyo State, Nigeria, were included in the study's sample. Using a questionnaire, the study gathered primary data and analyzed it using partial least square (PLS) methods. The review showed a critical positive direct connection between adjusted scorecard and SMEs' presentation as well as among benchmarking and SMEs' exhibition. However, the findings demonstrate that there is insignificant direct correlation between SMEs' performance and value chain costing. Likewise, this study found just a huge positive intervening impact of bookkeeping data quality on the connection between adjusted scorecard and SMEs' presentation. The study recommends that owners/managers of SMEs should adopt benchmarking and balanced scorecard (as management accounting techniques) and accounting information quality as a decision support system to manage their business processes in order to improve their performance and position themselves for continuous improvement. As a result, the study comes to the conclusion that management accounting techniques (benchmarking, value chain costing, and balanced scorecard) have a positive relationship with the performance of SMEs and that accounting information quality mediates the relationship between management accounting techniques and SMEs

Table 3

Summary of Empirical Review

| S.N | Date | Article | Author | Objectives | Methodology | Findings |
|-----|------|---|-------------------|--|---|---|
| 1 | 2017 | practices of financial and MA: evidence from small and medium sized enterprises | Eugene and Miston | Examine the impact of (MAPs) on the Business Performance of Small and Medium | They used financial and MA reports such as profit and loss, balance | This study makes an essential movement in Mama idea by purposefully looking at the exchange between executives and business practices and business execution. The |

| | | | | | | |
|---|------|---|---------|---|--|---|
| | | of Nepal | | Enterprises within Gauteng Province | sheet, cash flow statement | concentrate likewise endorses another course in the examination on Guides by opening up a conversation on the significance of Guides |
| 2 | 2017 | MA systems practice in Nepalese insurance companies | Gyawali | to analyze the MA systems practices and its roles in Nepalese insurance companies | MA systems tools such rankings; cash flow statement analysis, ratio analysis, and CVP analysis | This examination work observes that monetary control is the preeminent utilized Mama framework device in Nepalese insurance agency. In Nepalese insurance companies, there is still a gap between the theory and the actual accounting tools. |
| 3 | 2017 | Management Accounting Practices in Joint Venture Banks of Nepal | Subedi | to analyze the practices and management of accounting system of joint venture banks | Information and data were mostly collected from primary sources. | The following were some of the findings of his study: The majority of Nepal's joint ventures employ management techniques for planning and controlling, including capital budgeting, ratio analysis, cash |

| | | | | | | |
|---|------|--|--------------|--|---|--|
| | | | | | | flow analysis, and Break Even Analysis: |
| 4 | 2018 | cost and MAPs in Srilanka's manufacturing industry | Kariya wasam | to analyze the use of cost accounting and MAPs in public manufacturing companies | Objectives applied and survey research method has been used | It implies that Sri Lanka's manufacturing companies are dominated by modern MAPs. Traditional is given a lot of weight by MAPs in manufacturing companies that are publicly traded. |
| 5 | 2018 | An analysis of Management Accounting Practices of Insurance Companies in Nepal | Bhatta rai | to examine and study the practice of management accounting tools practice | Cash Flow, Budgeting and Pricing Decision are widely practiced MA tools | 65 percent of insurance companies used the FIFO method for inventory valuation while analyzing the method of segregation of mixed costs. Twenty percent of insurance companies used the analysis method to separate mixed costs into fixed and variable costs. |
| 6 | 2019 | MA practice in public enterprises | Karki | to study and examine the extent of practice of "MA | The data and necessary information have been collected | it was found that different Mama devices and methods, which are shown in schools and colleges, are not utilized in that |

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|---|------|--|---------------|--|--|--|
| | | | | tools and techniques made in Nepalese public enterprises | from the primary well as secondary sources | the frame of mind in Nepalese public endeavors. |
| 7 | 2019 | MAPs in many countries around the world a review of the literature | Ahmed & Ghani | to analyze the GAP in MAPs studies in several countries and provides an invaluable framework | Gathered from prior literature and tabulated based on title year and sample size as well as the publication journal. | The finding demonstrated that accounting management practices have been extensively studied by researchers in a variety of industries, particularly insurance companies. |
| 8 | 2020 | MA practice in Nepalese listed manufacturing companies | Ghimi | To examine the impact of transferring price on manufacturing company. | information has been collected through primary sources | Nepalese manufacturing companies' production areas were found to be effective for practicing MA tools by 50%, marketing by 31%, and financial by 13%, respectively. |
| 9 | 2020 | A study on MAPs in joint venture banks | Duwa | to analyze the practices of MA tools being used | The necessary data is collected based on | The significant discoveries of this examination work were: Practically 95% of banks breakeven |

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| | | | | in joint primary investigation and venture data obligation banks bookkeeping were rehearsed around 80% and 44% individually. | | |
| 10 | 2021 | manageme nt accounting practices in Nepalese insurance companies | Kushw aha | analyzing accounting practices and manageme nt of insurance | information and data are collected through primary as well as secondary sources | Cash flow and short- term budgeting, the main findings of this study, are mostly used by some Nepalese insurance companies. |
| 11 | 2021 | Strategic MAPs and organizatio nal performanc e of manufactur ing firms in Nigeria | Emias o, Egbun ike & Patrik | to examine the relationship between organizatio nal performanc e of the Nigerian's manufactur ing companies and the application of strategic MA techniques | The study adopted the survey research design | The study's hypotheses were tested using regression and the t- test. The studies demonstrated that the survey of companies' organizational performance is positively correlated with the application of strategic MA tools. |
| 12 | 2021 | Manageme | Karki | to analyze | Primary | According to the |

| | | | | | |
|----|------|---|---|--|--|
| | | nt Accounting Practice in Nepalese Insurance companies | the manageme nt accounting practice in Nepalese insurance companies | data have been collected by using interview method and structured questionnai re. | study, insurance companies in Nepal use a variety of management accounting tools, with the majority employing multiple management accounting tools. |
| 13 | 2021 | Manageme nt Accounting Practices in Nepalese Co- operative Organizatio ns | Neupa ne the Manageme nt accounting practices among Nepalese co- operative organizatio ns | to examine the Manageme nt accounting practices among Nepalese co- operative organizatio ns | by using regression analysis through SPSS generally worked on addressing Every one of the co-usable associations of Nawalpur region. |
| 14 | 2022 | Manageme nt Accounting Practices in the Hospitality Industry: A Systematic Review and Critical Approach | Camp os, Gomes & Santos e hospita lity manageme nt accounting. | To determine the overall performanc e in hospita lity manageme nt accounting. | The bibliometri c method of a systematic review focused on analyzing the role |

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|----|------|--|--------|--|--|---|
| | | | | | | of hoteliers and the difficulties that they need to look in their execution are likewise shown. |
| 15 | 2023 | Examining the Determinants of Credit Risk Management and Their Relationship with the Performance of Insurance companies in Nepal | Bhatt | to examine the determinants of credit risk management and their relationship with the performance of insurance companies | Through partial least squares structural equation modeling (PLS-SEM) with 5-point Likert scale | The outcomes show that there is a positive connection between natural gamble and credit risk the board. Additionally, it has been discovered that credit risk management is significantly influenced by credit appraisal measurements. According to the findings, credit risk management is significantly influenced by market risk analysis. |
| 16 | 2023 | Management accounting techniques and performance of SMES in Nigeria: moderating | Oladel | To examine the link between management accounting techniques and | Using questionnaire, and analyzed using Partial Least Square (PLS) | The review showed a critical positive direct connection between adjusted scorecard and SMEs' presentation as well as among benchmarking and SMEs' exhibition. |

| | | |
|---|------------------------------------|---|
| role of accounting information quality | performance techniques. SMEs | However, the findings demonstrate that there is insignificant direct correlation between SMEs' performance and value chain costing. |
|---|------------------------------------|---|

2.3 Research Gap

There is a hole between present exploration and past explores directed on Guides in Nepalese insurance agency. The discoveries of the past examination were generally founded on optional information. The previous study didn't say which accounting tools are used the most and which aren't. Why not? The various articles, journals, and theses in the literature review demonstrate that MA practices have a beneficial effect on insurance companies. MAPs help to build the hierarchical exhibition of insurance agency. The variables from the prior study are nearly identical. The previous research only looked at MAPs and did not look at how they relate to organizational performance. They also failed to demonstrate the origins and consequences of MPAs for customer performance. Traditional MPAs have been the primary focus of previous research. They were MAPs only, not implementations. Hence, to satisfy those holes flow research is led.

This study is a survey type of study. It is totally founded on essential wellsprings of information. Planning, controlling, and decision-making are management activities that make up market surveys. This is probably a new study done in this study. Hence, present review will be productive to those intrigued individual, parties, researchers, teachers, understudies, Brokers and government for scholastically as well as strategy points of view.

CHAPTER – III

RESEARCH METHODOLOGY

Research technique alludes to the different consecutive strides (alongside reasoning of each such moves toward) be embraced by specialist in concentrating on an issue with research projects are not significant, except if they are in successive, not set in stone by the specific main concern.

Illustrative exploration configuration was utilized in this review. This section manages examining procedures, information assortment strategies, information examination apparatuses, research instruments and so on. The following strategy has been implemented in order to accomplish the stated goals.

3.1 Research Design

The study employed both descriptive and causal comparative research design. The features of causal research design was the independent variables that influence the organizational performance. The dependent variables, are measured, compared, and classified using a descriptive research design. While conducting the research, this study used quantitative research method.

3.2 Population and Samples

The number of inhabitants in this study is all insurance agency working in Nepal these days, there are 34 insurance agency recorded in NEPSE till July, 2024. They comprise the populace test. Among them, just five insurance companies are chosen in view of straightforward irregular examining technique for the review. 410 respondents were given questionnaires, but only 400 of them returned them.

3.3 Source of Data

This study only used primary source of data by using survey among individual employee who work in manufacturing. A systematic questionnaire with a five-point Likert scale was used to gather data. The data are useful for generalization since this study used a descriptive methodology to examine the causal relationship between the study variables.

Experts will review the data collected from the questionnaire to ensure its reliability. A few portions of the questionnaire were changed after experts were contacted to improve the validity of the data acquired through the questionnaire for this study, which will assess the questionnaire's face validity.

3.4 Method of Analysis

The demographic questions and the Minnesota happiness Questionnaire, which Dawis et al. developed in 1968 to measure employee job satisfaction, has been used in this study. The poll are regulated internet based through Review Monkey, LinkedIn, and email. The measurable examination of the accumulated information has been finished with SPSS.

3.4.1 Data Analysis Tools

Data analysis and presentation are the first steps in any research project. The data were analyzed using a variety of descriptive and analytical methods in this study to ensure accurate results. A variety of statistical and mathematical methods have been used to achieve the study's objective. A brief description of the various instruments used in this study can be found below:

Descriptive Statistics

In this work, a single, significant result was obtained by comparing the Figures using a variety of statistical methods. The statistical instruments are described in detail here.

Mean

The most popular and widely used metric for summarizing all of a variable's data is the arithmetic mean. It is calculated by dividing the total number of items by their sum. The means of the various variables show the average value over the course of the study.

Standard deviation

Dispersion is the degree to which individual items depart from a core value. The outright scattering is estimated by the standard deviation. The more dispersion there is, the higher the standard deviation gets.

An elevated degree of observational consistency and series homogeneity is shown by

insignificant standard deviations, as well as the other way around.

Correlation analysis

Correlation analysis is one statistical technique for describing how closely one variable is related to another. Correlation has been used in this investigation. A matrix representation of the correlation coefficient between the subsequent financial variables has been calculated, analyzed, and displayed.

Regression analysis

Relapse examination shows development bearing however not relative development in that frame of mind being scrutinized. Regression analysis enables us to determine the relative movement of the variables.

Multiple regression analysis is a statistical method that makes it simpler to estimate or predict the value of the dependent variable from the value of the independent variable. In multiple regression analysis, the standard error of estimate, least squares, and multiple coefficient of determination approaches are typically used to calculate this.

Coefficient of determination (r^2)

The coefficient of determination is a measure of the degree of linear relationship or correlation between two variables, one of which is dependent and the other independent. The overall percentage variance in the dependent variables is referred to as r .

There are values for the coefficient of assurance that reach from zero to one. A value of one can only occur when the unexpected variation is zero or when every data point in the scatterplot is exactly on the regression line.

3.5 Research Framework and Definition of Variables

Figure 1

Research Framework

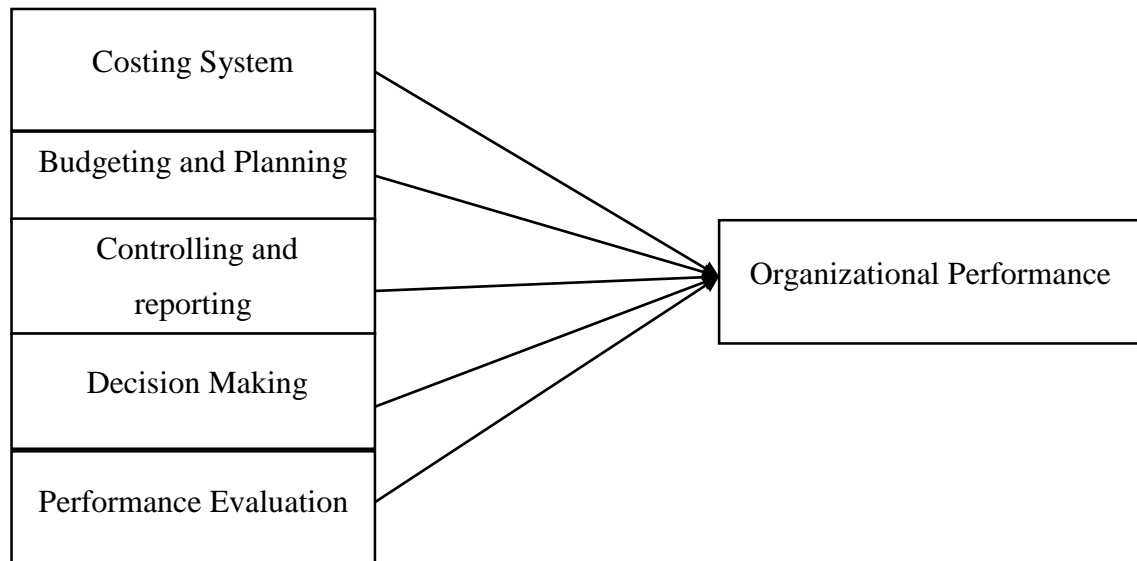


Figure 1

Research Framework

Source: Belise (2023) and Daniel, Mahazi and Mayanja (2020)

Definition of Variables

Banking Performance

The performance of banks has been shown to have a significant impact on economic growth. The expansion of the economy as a whole is aided by finance companies lending money to investors and taking deposits from surplus funds. Recent developments in the banking industry include direct participation in economic activity and the channeling of funds (Branka, 2012).

Budgeting and Planning

A spending plan is a monetary methodology for a given time frame outline. Individuals and businesses alike can develop their own budgets. The process of developing or carrying out plans, particularly those that establish goals, procedures, and guidelines for a social or economic unit; see also corporate planning and city planning. Planning in management is about knowing what needs to be done to reach a goal, anticipating changes and challenges, and making the most of opportunities and human resources to get

the job done (Parker, 2002).

Controlling and Reporting

Gathering, scattering, or more all utilizing data to survey how well different authoritative assets and cycles including deals, tasks, money, and human resources are doing corresponding to corporate technique is known as controlling and revealing. After information assortment, organization, and displaying, "information utilization," the following stage in the information and examination process, incorporates controlling and detailing (Mathuva, 2019).

Decision Making

A dynamic cycle is the arrangement of moves that an individual makes to conclude which option or strategy best suits their necessities. With regards to business, it alludes to the series of cycles that directors take inside an association to settle on the expected course for business targets and to start specific activities. According to Paudel (2016), it is one strategy by which managers can influence the successful and effective achievement of objectives.

Costing Systems

The motivation behind a costing framework is to stay with track of a's costs. The framework comprises of various structures, methodology, controls, and reports that are expected to incorporate and give the executives data with respect to costs, incomes, and benefit (Bhatt et al., 2023).

CHAPTER- IV

RESULTS AND DISCUSSIONS

This part essentially integrates information show, investigation and translations. In order to arrive at the result, the presented data are analyzed and interpreted using statistical tools like the mean, standard deviation, and regression analysis of variance test.

4.1 Descriptive Analysis

The respondents companies were approached to rate the use of costing, planning, controlling, execution assessment and dynamic administration bookkeeping rehearses in their companies. The positioning went from 1 to 5. Questions are utilized in five point likert scale survey and each question going from "emphatically clash" to "unequivocally concur", coded by 1 is "firmly deviate", 2 addressing "dissent", 3 addressing "nonpartisan", 4 addressing "concur" and 5 addressing emphatically "concur".

Table 4

Descriptive Statistics of Composite Dependent and Independent Variables

| Variables | Mean | SD |
|-------------------------------|------|------|
| Independent Variables: | | |
| Budgeting and Planning | 3.23 | .565 |
| Costing System | 3.31 | .582 |
| Controlling and Reporting | 3.35 | .583 |
| Performance Evaluation | 3.24 | .553 |
| Decision Making | 3.36 | .571 |
| Dependent Variables: | | |
| Organizational Performance | 3.22 | .561 |

Source: SPSS Output

The descriptive statistics of the study's dependent and independent variables are presented in Table 4. Over the course of the investigation, the average level of organizational performance was 3.22 percent, with a standard deviation of 0.561. The highest level of organizational performance was 4.60 percent, while the lowest level was 2.20 percent. The banks' ability to make effective use of their employee source is demonstrated by the organizational performance.

Over the course of the investigation, the first independent variables liquidity indicator ratio, which measures the standard deviation of budgeting and planning, averaged 3.23 percent with a maximum of 4.60 percent and a minimum of 2.20 percent. Additionally,

the costing system reveals that this ranges from a minimum of 2.20 percent to a maximum of 4.60 percent, with a standard deviation of 0.582 and an average of 3.31 percent. In a similar vein, the third independent variable controlling and reporting demonstrates that this ranges from a minimum of 2.20 percent to a maximum of 4.60 percent, with a standard deviation of 0.583 and an average of 3.35 percent. The percentage of evaluations of performance varied from 2.20 to 4.60 percent. The standard deviation is 0.553, and the PE is 3.24 percent on average. On the control variable, the direction has a reach from 2.20 to 4.60 and mean of 3.36.

4.2 Correlation Analysis

Connection is characterized as a factual measure which is utilized to concentrate on the level of connection between at least two factors (Yadav and Acharya, 2013). The correlation is referred to as simple correlation if there are only two variables being studied. The correlation is referred to as multiple correlation if the variables under study are two or more.

Table 5

Correlation Analysis

| | Performance | Costing | Reporting | Decision | Budgeting |
|-------------|-------------|---------|-----------|----------|-----------|
| Performance | 1 | | | | |
| Costing | 0.87 | 1 | | | |
| Reporting | 0.098 | 0.037 | 1 | | |
| Decision | 0.385 | 0.081 | -0.094* | 1 | |
| Budgeting | 0.135 | -0.008 | 0.118** | -0.004 | 1 |

Source: SPSS output

Table 5 shows that the various connection between administration bookkeeping Practices and hierarchical execution. There are five factors are utilized to gauge the relationship. Figure out the connection five point Likert scale has been utilized. From the table it is observed that there is positive connection between the executives bookkeeping practices and execution of insurance agency.

4.3 Regression Analysis

Relapse examination is the measurable method that distinguishes the connection between at least two quantitative factors: a reliant variable, whose worth is to be anticipated and a free or informative variable, about which information is accessible. The method is utilized

to find the condition that addresses the connection between the factors. Various relapses give a condition that predicts one variable from at least two free factors.

The specialist directed a numerous relapse examination to test relationship among factors (free) on the presentation of insurance agency in Nepal. For the purpose of the study, the researcher coded, entered, and computed the measurements of the multiple regressions using the statistical package for social science. The coefficient of determination indicates the percentage of variation in the dependent variable that is explained by all five independent variables (budgeting and planning, costing, controlling, performance evaluation, and decision making) or the extent to which changes in the independent variables can be explained by changes in the dependent variables.

The study adopted multiple regression guided by the following model:

Multiple regression model

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_t$$

Where,

Y= organizational performance

X₁= budgeting and planning, X₂= costing systems, X₃= controlling and reporting, X₄= decision making, X₅= performance evaluation

a= constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = coefficient of slope of regression model

e_t = error term

Where β is the regression coefficient and A is constant. A measure of change Y per unit of change in X. If the economy improves by one unit, so will the competitiveness. This is introduced the table 6.

Table 6

Model Summary

| Model | R | R square | Adjusted R square | Std. error of the estimated |
|-------|-------|----------|-------------------|-----------------------------|
| 1 | 0.896 | 0.798 | 0.657 | 0.33804 |

a. Predictors: (Constant), Controlling and reporting, Costing system, Budgeting and planning, Performance evaluation, Decision making.

The outcomes in table 6 demonstrate that the administration bookkeeping rehearses had a joint critical and execution of insurance agency in Nepal. The correlation between MAPs

and organizational performance found by multiple regression analysis indicates that MAPs are significant predictors of organizational performance. The R worth of 0.896 shows the moderate areas of strength for to connection among Guides and authoritative execution. The R squared of 0.798 it shows that the autonomous factors made sense of by 79.8% of the fluctuation on authoritative execution of insurance agency in Nepal. Adj. R square shows 65.7% of variety in the reliant variable is made sense of by the autonomous factors.

Table 7

ANOVA

| Model | Sum of the square | DF. | Mean square | F. | SIG. |
|------------|-------------------|-----|-------------|--------|------|
| 1 | 124.469 | 21 | 5.927 | 2.0995 | .000 |
| regression | 220.1889 | 78 | 2.823 | | |
| Residual | 344.659 | 99 | | | |
| Total | | | | | |

a. Dependent Variable: OP

(Constant) CR, CS, BP, PE, and DM are the predictors. Table 7 displays that the f static was 2.0995. At 5% degree of certainty, the F-static was huge. The overall model is significant because all of the predictor variables—budgeting and planning, costing, performance evaluation, controlling and reporting, and decision making—explain the variation in organizational performance.

Table 8

Regression Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | Test (T) significance | |
|--------------------------|-----------------------------|---------|---------------------------|-----------------------|-------|
| | B | Std. er | Beta | | |
| Constant | 0.804 | 0.229 | — | 0.765 | .000 |
| Decision making | 0.086 | 0.86 | 0.327 | 0.582 | .000 |
| Costing system | 0.028 | 0.028 | 0.317 | 0.745 | 0.008 |
| Controlling and planning | 0.705 | 0.024 | 0.367 | 0.801 | 0.416 |
| Budgeting and planning | 0.657 | 0.029 | 0.422 | 0.220 | 0.001 |
| Performance evaluation | 0.620 | 0.058 | 0.248 | 0.561 | 0.002 |

Dependent variable: Organizational Performance

Source: SPSS output

From the above results, the estimated equation can be written by taking the values from the model-1

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

$$\text{Therefore, } Y = 0.604 + 0.499X_1 + 0.183X_2 + 0.14X_3 + 0.301X_4 + 0.480X_5$$

The t-values of four variables, namely Budgeting and Planning, Decision Making and Costing System, and Performance Evaluation, are observed to be statistically significant at the 1% level. This recommends that these factors have a course on making sense of the changeability of association execution. In any case; the variable Controlling and Revealing isn't genuinely huge. As a result, there is sufficient evidence to suggest that management accounting practices have a beneficial effect on the performance of an organization.

4.4 Discussions

Based on the above results, this study found that costing system, budgeting and planning, controlling and reporting, decision making and performance evaluation influence organizational performance. The respondents concurred with all the statements grouped under categories such as costing system, budgeting and planning, control and reporting, decision-making, and performance evaluation. In other words, they believe that fair assessment of their work and abilities, along with linked rewards or compensations, both direct and indirect, motivates them to enhance their work efficiency. This indicates sound investment decisions.

Similarly, the relationship between costing system, budgeting and planning, controlling and reporting, decision making, performance evaluation) and organizational performance of Nepalese manufacturing companies. The study revealed a significant correlation between organizational performance and the factors analyzed. A strong positive correlation was observed between organizational performance and decision-making, with additional correlations to other factors. The multiple correlation coefficient indicates that five variables budgeting and planning, costing, performance evaluation, controlling and reporting, and decision-making accounted for a significant portion of the variation in organizational performance. Furthermore, the ANOVA results for the regression model confirm that the relationship between organizational performance and these explanatory variables is statistically significant and this was similar to the findings of Emiaso, Egbunike and Patrik (2021) and Kellie (2018) but opposite to the findings of Campos, Gomes and Santos (2022).

Lastly, the third objectives reveal the effect of factors of management accounting (budgeting and planning, costing, performance evaluation, controlling and reporting, and decision making) on organizational performance. The regression analysis illustrates the relationship between dependent and independent variables, showing an R-square value indicating that 14.10% of the variation in organizational performance is explained by changes in independent variables such as budgeting and planning, costing, performance evaluation, controlling and reporting, and decision making. Decision making has a positive and significant impact on organizational performance, meaning that a 1-unit increase in decision making leads to a 0.347 increase in performance. In contrast, costing systems, controlling, and planning have a negative and insignificant effect, suggesting that a 1-unit increase in these factors results in a decrease in organizational performance by -0.030, -0.841, and -2.354, respectively. This study was consistent with the findings of Mathuva (2019) but contradict with the findings of Campos et al. (2022); Olalekan and Adeyinka (2013).

CHAPTER – V

SUMMARY AND CONCLUSION

5.1 Summary

The management accounting practices of Nepalese insurance companies have been the primary focus of the research. This research aims to examine current management accounting system practices and demonstrate the connection between management accounting system practices and insurance company customer performance. To satisfy these exploration goals clear and relaxed research configuration has been utilized. Information assortment instruments allude to the apparatuses utilized in acquiring data from respondents. Using a questionnaire, the researcher gathered information. Business society today is being worked in an extremely powerful climate which includes many types of the board issues. The old strategies of the executives by instinct are not generally thought to be trustworthy. Modern management has come to the realization that even a minor policy decision error could result in either losing a lot of business opportunities or being eliminated from the competition. Another opportunity may not come or regardless of whether it, it could be expensive or unsafe.

By searching for and evaluating pertinent information, management constantly strives to reduce the likelihood of making mistakes in order to make better decisions and direct the administration. Administrative abilities and capabilities are key for association adequacy. Management principles are applicable to all organizations and all organizational levels. It is just as important for any organization, whether it's private, public, or non-profit.

The general goal of this study was to find out how management accounting practices affect insurance companies in Nepal's performance. The design of this study was a descriptive survey. The objective populace for this study was the 34 insurance agency in Nepal. The review figured out that the dynamic practices were exceptionally utilized in the respondents Banks. These exercises influence the economy in one or alternate ways. Each association has restricted assets. Various methods and tools have been developed to make better use of the limited resources. Management accounting tools have proven useful in a variety of managerial activities, out of the various tools and techniques. The primary goal of the executives bookkeeping is to help supervisor's in general administrative exercises by giving data and aiding in arranging, controlling, and direction.

This is a strategic business partner that helps management play a role in making decisions. The most important management accounting tools are cost segregation, classification, CVP analysis, overall master budget, standard costing, activity base costing, responsibility accounting, financial performance analysis, and cash flow analysis.

5.2 Conclusion

Based on above result and findings of the study it concluded that costing system, budgeting & planning, controlling & reporting, decision making, performance evaluation influence insurance companies of Nepal. Furthermore, the study determined that Nepalese people can benefit significantly from MAPs, which offer essential insights into cost management, performance evaluation, and strategic planning. These tools are crucial for enhancing organizational efficiency and appeal. Nevertheless, to maximize their advantages, businesses must address current obstacles and commit to capacity development and technological improvements.

The study found that the costing system, control and reporting, and performance evaluation negatively affect organizational performance, while decision-making and budgeting/planning have a positive impact. Both decision-making and performance evaluation significantly influence organizational performance. Additionally, the costing system and decision-making show a minor positive relationship, whereas control and reporting, along with performance evaluation, demonstrate a minor negative relationship with organizational performance.

5.3 Implications

MAPs contribute significantly to better decision-making by providing relevant and timely financial and non-financial information. These practices enable managers to make informed decisions that align with the company's strategic goals, thereby improving operational efficiency and competitiveness in the market. Effective implementation of MAPs helps in identifying cost drivers and areas where efficiency can be improved. Techniques like standard costing, variance analysis, and budgeting are essential in controlling costs and enhancing resource allocation, leading to increased profitability.

To enhance the effectiveness of MAPs, it was recommended that insurance companies in

Nepal invest in training and development programs for their accounting and finance personnel. Additionally, fostering a culture that embraces change and innovation, along with the adoption of technology and software for management accounting, can significantly improve the adoption and impact of MAPs.

Further research was needed to explore the long-term impact of MAPs on organizational performance in different sectors and sizes of companies in Nepal. Comparative studies with companies in other countries could also provide deeper insights into best practices and innovative approaches to management accounting.

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APPENDIX - I

QUESTIONNAIRES

Dear Respected participants

I am planning to conduct a research study on Management Accounting Practices in Nepalese insurance companies. The objectives of this questionnaire is to collect information about the present practices of management accounting and employee satisfactions offered by insurance companies in Nepal. Each of your opinion will be very important to manager, researcher and academicians for strategy development and policy perspectives your answer will be kept strictly, confidential and please be assured that you will not be victimized for anything written here. The information collected is intended to be used to pursuer. I shall be grateful for your valuable inputs and active co-operation.

Use of scale 1 to 5 are available that shows your perceptions about the organizational performance, Where **1=strongly disagree, 2=Disagree, 3=Natural, 4=Agree,5=strongly agree** Circle (O) or Tick (√) at the appropriate alternative number that comes closest to your opinion. You should rank each statement as follows.

1. Name:
2. Sex: male [] female []
3. Age: (20-30) [], (31-45) [], 46 above []
4. Educational level: Bachelor level [], postgraduate []

| S.N | Budgeting and Planning | Score | | | | |
|-----|--|-------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | Budgeting develops a sense of responsibility, policy among the employees and assist in assignment of responsibility. | 1 | 2 | 3 | 4 | 5 |
| 2 | Budgeting increases operational efficiency; reduce waste and uncertainty of future. | 1 | 2 | 3 | 4 | 5 |
| 3 | Maximization of profit through careful planning and control is possible with the help of budgeting. | 1 | 2 | 3 | 4 | 5 |
| 4 | Budgeting helps to make plan about the sources and uses of money and when and where additional cash borrowing necessary. | 1 | 2 | 3 | 4 | 5 |
| 5 | Budget ensures better understanding and harmonious relation between top management managers and workers. | 1 | 2 | 3 | 4 | 5 |
| | Controlling and reporting | | | | | |
| 1 | Control system is used to monitor and measure employees' performance against targets (output quality). | 1 | 2 | 3 | 4 | 5 |
| 2 | You have managed the responsibility centers like investment, profits, revenue and cost that helps to control its activities that leads to better performance | 1 | 2 | 3 | 4 | 5 |
| 3 | There are proper and timely feedback, monitoring, supervision systems adopted in your organization. | 1 | 2 | 3 | 4 | 5 |
| 4 | It detects and corrects unintentional performance error and intentional irregularities such as theft or misuse of resources, waste, fraud and mismanagement. | 1 | 2 | 3 | 4 | 5 |
| 5 | There is a mechanism of reviewing periodic status reports on department wise progress in achieving corrective actions. | 1 | 2 | 3 | 4 | 5 |
| | Decision Making | | | | | |
| 1 | The organization has made customer profitability analysis to make customer related decision. | 1 | 2 | 3 | 4 | 5 |
| 2 | Good decision has helped to increase market share, productivity and profit. | 1 | 2 | 3 | 4 | 5 |
| 3 | The organization has applied break-even analysis for launching a new product. | 1 | 2 | 3 | 4 | 5 |
| 4 | Management functions such as planning, organizing, leading, directing and controlling are determined by the good decision made by the BOD. | 1 | 2 | 3 | 4 | 5 |
| 5 | Decision making provide accurate cost information to Management accountant. | 1 | 2 | 3 | 4 | 5 |

(Source: Gnawali, 2017)

| Costing System | | Score | | | | |
|-----------------------------------|---|--------------|---|---|---|---|
| 1 | MAPs has helped to segregate the total cost in fixed, variable and semi-variable component that leads to reduce the cost and to increase revenue and profit. | 1 | 2 | 3 | 4 | 5 |
| 2 | Target costing helps to examining a competitors' product in order to identify opportunities for product improvement and cost reduction. | 1 | 2 | 3 | 4 | 5 |
| 3 | The organization has adopted and applied standard costing technique in controlling cost i.e. salary, operational, cost and R & D cost. | 1 | 2 | 3 | 4 | 5 |
| 4 | MAPs help to reduce cost in areas of product improvement, operation methods and marketing areas, administrative and financial areas. | 1 | 2 | 3 | 4 | 5 |
| 5 | MAPs help to reduce cost in areas of product improvement, operation methods and marketing areas, administrative and financial areas. | 1 | 2 | 3 | 4 | 5 |
| Performance Evaluation | | | | | | |
| 1 | The organization makes customer satisfaction surveys frequently. | 1 | 2 | 3 | 4 | 5 |
| 2 | Bench marking system has been adopted for the quality delivery of Services | 1 | 2 | 3 | 4 | 5 |
| 3 | Performance evaluation is made based on Residual income, ROI, Divisional profit, Return on asset, Return on Equity that assess profitability, and overall organizational performance. | 1 | 2 | 3 | 4 | 5 |
| 4 | Performance evaluation is made based an employee's attitude/behavior. | 1 | 2 | 3 | 4 | 5 |
| 5 | An effective measurement and reporting process can improve performance and efficiency in productivity. | 1 | 2 | 3 | 4 | 5 |
| Organizational Performance | | | | | | |
| 1 | MAPs help to increase product service quality. | 1 | 2 | 3 | 4 | 5 |
| 2 | MAPs help to development of new product. | 1 | 2 | 3 | 4 | 5 |
| 3 | MAPs help to increase Return on investment. | 1 | 2 | 3 | 4 | 5 |
| 4 | Organizational performance is based on customer satisfaction level. | 1 | 2 | 3 | 4 | 5 |
| 5 | MAPs help to increase market share /sales margin. | 1 | 2 | 3 | 4 | 5 |

(Source: Gnawali, 2017)

Thank You for your Participation

MANAGEMENT ACCOUNTING PRACTICES IN NEP...

By: Shanti Prasad Rijal

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ABSTRACT Banks have the best chance to compete in the market and give their customers the highest-quality goods and services by offering management accounting. This study set out to look into how management accounting methods affected the performance of insurance companies, particularly those in Nepal. Descriptive and causal comparative research design was used in this investigation. The target audience for this study included all 39 insurance companies with top, medium, and lower level management personnel included. Convenience sampling provided an impartial selection that was representative of the population, which was crucial for deriving inferences from the study's findings. 100 questionnaires were distributed by the study. A questionnaire was used for primary data collection since it was a quick and easy method to collect data given the limited

resources and time available. In **this study, a descriptive research design** was used. **The**

three Nepali "A" class insurance companies were the study's target group. This investigation encompassed three insurance companies. The respondents provided primary data for the study. Quantitative data was gathered. The IBM Statistical Package for Social Sciences (SPSS 23.0) was used for data analysis, enabling the researcher to display the data as tables and figures. According to the study's findings, the most popular management accounting technique among Nepal's insurance companies is using information for decision-making. Budgeting, performance evaluation, costing, controlling, and decision-making are the next most popular activities. As the most popular management accounting technique among Nepal's insurance companies, this study suggests raising and promoting awareness among businesses of the value of information for decision-making processes. Key Words: Accounting, Budgeting, Performance, Costing, Controlling, Decision making

CHAPTER- I INTRODUCTION 1.1 Background of the study The act of identifying, recording, categorizing, summarizing, analyzing, interpreting, and communicating a financial transaction in terms of its monetary value is known as accounting. Bookkeeping is both a science and a craftsmanship. Also, very much like any remaining floods of science, even in