

# **MANAGEMENT ACCOUNTING PRACTICES AND PERFORMANCE OF COMMERCIAL BANKS IN NEPAL**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfillment of the requirements for the Master's of Business Studies (MBS)

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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 and Performance of Commercial Banks in Nepal”. 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

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We, the undersigned, have examined the dissertation entitled “**Management Accounting Practices and Performance of Commercial Banks in Nepal**” presented by Mr. Manish Prasad Dahal for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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## ABBREVIATIONS

BS	Budgeting System
CA	Capital Adequacy
CR	Controlling and Reporting
CS	Costing System
DM	Decision Making
EP	Employee Performance
GDP	Gross Domestic Product
HR	Human Resources
HRM	Human Resource Management
IMA	Institute of Management Accountants
LDR	Loan to Deposit Ratio
MA	Management Accounting
MAPs	Management Accounting Practices
MAS	Management Accounting System
NCBs	Nepalese Commercial Banks
NIM	Net Interest Margin
NRB	Nepal Rastra Bank
OP	Organizational Performance
PE	Performance Evaluation
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
SEM	Structural Equation Modeling
SPSS	Statistical Package for the Social Sciences

## ABSTRACT

Management accounting practices (MAPs) play a crucial role in enhancing organizational performance by providing relevant financial and non-financial information to aid in decision-making, budgeting, cost management, and performance evaluation. This study investigates the adoption of MAPs in Nepalese commercial banks and their impact on operational efficiency and profitability. The research employs a descriptive and causal-comparative design, utilizing primary data collected through structured questionnaires from commercial bank employees. Key variables examined include costing systems, budgeting systems, controlling and reporting mechanisms, decision-making processes, and performance evaluation systems. Findings indicate that MAPs significantly influence financial performance, customer satisfaction, and organizational efficiency. Despite their benefits, challenges such as lack of awareness, regulatory constraints, and financial limitations hinder effective implementation. The study highlights the necessity for Nepalese commercial banks to enhance their management accounting systems to improve financial stability, strategic decision-making, and competitive advantage. The research contributes to the existing literature by providing insights into the role of MAPs in a developing economy and offering recommendations for optimizing accounting practices in the banking sector.

**Keywords:** *Management Accounting Practices (MAPs), Costing System, Budgeting, Decision-Making, Performance Evaluation, Financial Performance, Commercial Banks, Nepal, Organizational Efficiency, Strategic Planning.*

# CHAPTER-I

## INTRODUCTION

### 1.1 Background of the Study

Accounting is the process of gathering, documenting, categorizing, and summarizing a company's financial transactions so that, at the conclusion of a certain time frame, the company's operation results and financial status may be determined and shared with multiple users.

A company's accounting system is almost essential to its operation. In order to succeed in this cutthroat era, it offers guidance for more effective use of variable resources. Planning and decision-making have benefited greatly from the use of management accounting tools in many facets of management operations. "The process of management accounting is the identification, measurement, and communication of economic activities to permit informed judgments and decisions by use of the information," said the American Accounting Association.

Management accounting is concerned with giving managers and other users inside the organization the information they need directly. It does this by preparing a variety of reports, some of which are related to performance and comparison with planned goals, and others which are analytical reports that are generated often or on a periodic basis to look into particular issues the organization is facing (Garrison et al., 2012). The creation of financial reports for non-management parties like creditors, shareholders, regulatory bodies, and tax authorities is another aspect of management accounting (Smith, 2014).

The goal of management accounting is to give decision-makers financial and non-financial data that will enable them to make wise choices. It has to do with giving employees in the organization the right information to enable them to make more informed decisions. The field of management accounting is new. The need for careful decision-making is further increased by the dynamic nature of the environment and the fierce competition in the global marketplace. Management accounting's primary goal is to facilitate better organizational outcomes by streamlining the planning and

decision-making process. Every manager must participate in some capacity in the planning, controlling, and decision-making processes, hence it is crucial for all levels of management (Shah & Ojha, 2016).

Management accounting methods are used by businesses to evaluate their operations. These include of breakeven analysis, variance analysis, and budgeting. Organizations may plan ahead, manage operating costs, and turn a profit with the aid of thesis methodologies. It is acknowledged that the organization's success depends on its management accounting procedures (Horngren et al., 2009). In order to help management create a plan for reasonable economic objectives and make logical decisions with the goal of achieving thesis objectives, management accounting is the application of appropriate techniques and concepts in processing the historical and projected economic data of an entity.

The management for management is known as management accounting. It is the process of locating, quantifying, gathering, analyzing, presenting, interpreting, and disseminating financial data that management uses to plan, assess, and regulate operations inside a company. It guarantees the responsible and proper use of organizational resources. Effective planning, selecting amongst potential business courses of action, and regulating through performance analysis and interpretation are all accomplished through the use of management accounting (Chowdhary, 1982).

In order to assist managers in making decisions that will help the firm achieve its objectives, management accounting measures assess and report financial and nonfinancial information. Information from management accounting is used by managers to create, explain, and carry out strategies. In order to assess performance, they also use management accounting data to coordinate choices about product design, production, and marketing (Horngren & Datar, 2013). The practice of measuring and reporting economic activities within an organization for managers to utilize in operational control, performance assessment, and planning is known as management accounting (Kalpan, 2012).

The goal of management accounting is to give decision-makers financial and non-financial data that will enable them to make wise choices. It has to do with giving employees in the organization the right information to enable them to make more

informed decisions. The process of identifying, measuring, evaluating, interpreting, and conveying information for the company's goals is known as management accounting. Management accountants are crucial strategic partners in the management team of the organization, and management accounting is an essential component of the management process (Hilton, 2002).

The field of management accounting is new. The need for careful decision-making is further increased by the dynamic nature of the environment and the fierce competition in the global marketplace. As a result, management accounting is helpful, crucial, and advantageous for all facets of management tasks, including organizing and making decisions (Adhikari, 2010).

The primary goal of management accounting is to support management in the planning, directing, controlling, and specialized tasks that fall under its purview. It provides accounting data to management so they can plan, create rules, oversee operations, and make choices. By giving management of planning and decision making the knowledge they need, management accounting supports operational accounting systems. It also helps to monitor and inspire employees inside an organization. The focus of cost accounting data changed in the 1950s from external users to internal users. Because of this, the management's cost data was gathered from several financial accounting sources in a unique way. Management accounting emerged as a result of this change in focus (Gautam & Bhattarai, 2014).

Even Nevertheless, support for business is expanding in our nation. Competitions are making it more complicated. Effective management is the only way to ensure the banking industry operates smoothly and becomes profitable. When opposed to firms with inadequate management, well-managed organizations do better. The word "management accounting" refers to accounting procedures, systems, and techniques that are combined with specialized skills and knowledge. It entails management working to maximize revenue, profit, and owner wealth.

Financial performance is the picture of the organization that shows how the organization is doing profit. Profit is one of the basic indicator of sound financial performance. Financial performance shows the financial strength and weakness of the

firms. Balance sheet, profit and loss statement shows the financial performance of an organization. The analysis of these financial statements helps in measuring the overall financial performance of the organization. The analysis of financial performance helps to establish a strategic relationship between the items of balance sheet and income statement and other operative data to unveil the meaning and significance of such items. Thus, financial performance analysis is required to take managerial and financial decision (Bist, 2016).

Financial statements report both on the firm's financial position at a point in time and on its operations over some past couples of years regarding what they have performed financially, this is reporting about what the company has done in terms of assets, liabilities, income and expense. Alternatively, they highlight in important financial aspects such as liquidity, profitability, activity capital structure and market capitalization value. Annual report made available to the shareholders in annual general meeting is the basic raw material of financial analysis, comments and interpretation. Shareholders raise various issues regarding irregularities, operational inefficiencies and internal management deficiencies causing poor performance of a company. Financial Statements collected, consolidated and analyzed by Nepal Stock Exchange Limited Provide better insights about the company's performance. In other words, financial statements comprise (Bhatta, 2018).

Performance analysis is a technique for analyzing performance of funds that has been mobilized in the economy. It is the process of studying or evaluating the performance of a particular scenario in comparison of the objective which was to be achieved. Performance analysis in bank and financial institutions plays vital role to enhance performance and improve decision making. It includes systematic observation. Nepal Investment bank Limited and Standard Chartered Bank Nepal Limited are the two commercial bank which are operating as one of the joint venture bank and fully government owed commercial bank respectively overall performance of these two commercial banks regarding their liquidity, quality of services, loan, loan, condition of deposit, loan loss provision, condition of equity and it's outcome, condition of profit and shareholders growth etc. can be observed while studying their performance.

## 1.2 Problem Statement

Techniques for managing are provided by management accounting. Because correct information is not used in the formulation of plans or in their implementation and control, Nepalese commercial banks are not doing well. Banking is a risky industry due to the growing variety of products and services offered. When it comes to language, regulation cannot keep up with the speed of finance. The accounting profession has recently focused on the conceptual distinctions between the application of management accounting techniques for internal use and the application of management accounting techniques to support GAAP financial reporting. In a market this unpredictable, an updated and adaptable regulatory framework appears to be the wisest course of action.

Success requires methodical plan implementation; profit does not appear out of thin air. For any activity to be successful, it needs to be planned and managed. We discover that the procedures are insufficient, and that the research questions will aid in the examination of the possible uses of management accounting tools in commercial banks. Additionally, it offers data to help managers with activity planning and control. Information gathering, classification, processing, analysis, and reporting to management are all part of management accounting tasks.

The amount of profit at the end of the accounting period is frequently used to assess the caliber and competence of the management. Techniques for managing are provided by management accounting. The primary causes of issues with the adoption of management accounting technologies include ignorance of these tools, additional financial burdens, and a lack of information. The primary causes of not using modern management accounting tools are ignorance, difficult decisions, a lack of competent labor, a lack of infrastructure development, and additional financial load. Nepalese commercial banks are still in the early stages of using management accounting instruments.

The following inquiries form the basis of the research in order to obtain the answers:

- What are the factors of organization performance?
- Is there any relationship between costing system, budgeting system, controlling and reporting, decision making and performance evaluation with organization performance?

- Do the costing system, budgeting system,, controlling and reporting, decision making and preformation evaluation effect of organization performance?

### **1.3 Objectives of the Study**

This study's main goal is to investigate management accounting techniques and determine how much their adoption influences Nepal's commercial banks' bottom lines. More precisely, the study suggests the following goals:

- To assess the factors of organization performance.
- To examine the relationship between costing system, budgeting system, controlling and reporting, decision making, performance evaluation with organization performance.
- To analyze the effect of costing system, budgeting system, controlling and reporting, decision making, performance evaluation with organization performance.

### **1.4 Rationale of the Study**

A crucial component of management processes like organizing, coordinating, controlling, and making decisions is management accounting. The purpose of this study is to describe the various management accounting techniques that Nepalese commercial banks employee. In addition, by concentrating on Nepali commercial banks' practices, this study advances the notion of management accounting methods in developing nations. The following highlights the research's primary significance.

The study would demonstrate how MAPs contribute to banks' financial stability by enhancing organizational performance. Additionally, it would assist businesses and rivals in learning about the resources they have at their disposal to manage expenses, boost staff morale, and optimize revenue. It contributes to Nepal's GDP growth. The study's conclusions will also enhance financial access, financial literacy, economic development, and financial transparency. The study's suggestions will benefit Nepal's commercial banks and other financial institutions by providing them with the necessary resources to address the issues and obstacles raised by the features that were identified.

The study would serve as a framework or foundation for more research and analysis to be conducted by academics interested in a career in accounting. The study's recorded report may be conveniently obtained from the library, providing learners

with more knowledge and skills regarding the elements that impact the adoption of mobile application platforms. The study will also significantly add to the body of knowledge on the adoption of management accounting practices by Nepalese commercial banks. This literature will include articles that will be helpful to academics who wish to pursue this area of research as well as other interested parties. Before deciding whether to invest in a company, the study would allow the investor to think about and assess whether commercial banks have strict cost control policies, evaluate projects before starting one, and have a plan for the future of the business in terms of market expansions, revenue growth, and profitability improvement. The study's findings would put the industry's investors in a better position to comprehend how MAPs affect organizational performance and to know what the best practices are for achieving long-term profitability and business performance.

The government would be able to comprehend the elements that impact Nepalese commercial banks' adoption of MAPs as well as the degree to which the proposed rules impact these banks. Furthermore, by focusing on the variables that affect commercial banks' adoption of MAPs, the study would help policymakers and the government develop innovative and adaptable solutions that would be in line with the realities of the contemporary competitive and economic environments. The government would assist in the design of operational policies through a variety of stakeholders, ensuring the sectors' quick expansion and, consequently, their enormous contribution to the economy and opportunities for job creation.

### **1.5 Limitations of the Study**

This study has various limitations, including the fact that it will only be conducted in a small number of Nepalese commercial banks by management accounting practitioners due to time and financial restrictions. The current study has the following shortcomings:

- The exclusive emphasis of this study is on commercial banks; other sectors' banks and financial institutions are not included.
- Using judgmental sampling, this study uses eight commercial banks as its sample.
- Both primary and secondary data are primarily the foundation of this study. Only the management accounting tool practices are examined in this study.

## **CHAPTER- II**

### **LITERATURE REVIEW**

In any study, the prior research cannot be disregarded. Numerous previous papers, journals, study reports, public publications, manuals, and these are available on this subject. To determine what has been done and what needs to be done, as well as to evaluate the study's similarities and differences, a review is required. The management accounting methods of Nepal's commercial banks are the subject of numerous papers, studies, and theses. The impact of management accounting techniques on commercial banks' organizational performance is reviewed below.

A review of the literature on MA concepts is presented in this chapter. Materials from a variety of sources that are directly connected to the study's theme and goals have been incorporated into the research. Aspects of MA such as the costing system, budgetary procedures, reporting and controlling system, performance assessment, and decision-making are the main topics of this chapter. A synopsis of the literature review follows this.

#### **2.1 Conceptual                      Review**

##### **Management Accounting Practices**

Because it gives an organization a significant competitive edge that directs management action, inspires behaviors, and supports and develops the cultural values required to meet an organization's strategic goals, MA practice aids in an organization's survival in the cutthroat, dynamic world. The internal needs of management are the main focus of MA. In contrast to traditional financial accounting, which focuses on historical data pertaining to legal financial matters like ownership, investment, credit granting, taxation, regulation, and the establishment of foundations for consistent and conservative external reporting, "in accordance with generally accepted accounting principles," it is focused on performance evaluation and the creation of future estimates.

Since it assumes that thorough consideration has been given to identifying the crucial management needs many of which cannot be accurately recognized in advance—

flexibility is a crucial aspect of MA (Parker, 2002). "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" is how the Institute of Management Accountants (IMA), the professional association of practicing and academic management accountants, defines management accounting. Making financial reports for non-management audiences like creditors, shareholders, tax authorities, and regulatory bodies is another aspect of MA (Smith, 2009).

To help with decision-making, MA gives management information from its surroundings. Three characteristics are included in good management accounting information: Technical: it improves comprehension of the phenomena being measured and offers pertinent data for strategic choices. Cultural: it fosters and/or establishes a set of common cultural values, attitudes, and mindsets within an organization and society; behavioral: it promotes behaviors that align with an organization's strategic objectives (McWatters, 2001). Businesses need to keep improving if they want to be competitive in the global market of today. Effective MAPs support the organization's ongoing improvement. As a result, numerous MA tools and practices have been developed and practiced globally.

The area of accounting known as management accounting generates data for an organization's managers. Information identification, measurement, accounting, analysis, preparation, interpretation, and communication are the processes that assist managers in achieving the organization's goals and objectives. The UK's chartered institute of management accountants considers MA to be a crucial component of the management process, which calls for the discovery, creation, display, interpretation, and use of information. According to Smith (2014), MA also include creating financial reports for non-management audiences like tax authorities, shareholders, creditors, and regulatory bodies.

The government of Nepal has a long history of accounting. The great chief of the district level soldiers, Prithivi Narayan Shah, began recording government office accounts in 1825 B.S. The budgetary system, a managerial accounting technique used

to plan revenue and control expenses, was implemented in Nepal in 2008 B.S., resulting in poor managerial accounting practices.

Ittner and Larcker (2002) define MAPs as the different approaches that are specifically taken into consideration for manufacturing companies in order to support the organization's MA processes and infrastructure. According to Gichaaga (2014), MAPs can include information for decision-making, budgeting, strategic analysis, and performance evaluation, among other things. They assist management in gathering pertinent data so they may make informed decisions (Alleyne & Marshall, 2011). The requirement for information by management typically increases with the size of the business.

### **Function of Management Accounting**

The following is a description of how management accounting serves to meet the many needs of management in order to get the best business decisions:

**Stewardship function:** A traditional method to accounting known as the "stewardship function" requires stewards or agents, like directors, to give accurate and pertinent financial data on resources under their control but owned by others, such as shareholders. Stewardship functions follow proper accounting procedures that meet legal and commercial needs, but they are less rigorous and detailed than the professional practices of management and financial accounting. Stewards are also required to submit to an audit in addition to providing information. The stewardship role is now practically extinct, and it is typically used for small businesses that do not require the more advanced strategies that are out of step with the practices and popularity of corporations or companies (Bajracharya et al., 2005).

**Controllability function:** A controller is an organization's head accountant, and their duties are mostly associated with accounting. Internal auditing, tax planning, cost accounting, managerial accounting, profit planning, accounting information systems, and financial record keeping and reporting are some of its main functions. The main goals of the controllership role are to maximize profits and maintain financial discipline (Bajracharya et al., 2005). And further roles:

- Gathering information and data,
- Analyzing and interpreting data,
- Identifying and modifying pertinent information,
- Supplying data for planning and decision-making,
- Facilitating management control,

### **Background and meaning of commercial banks**

Commercial banks are for-profit businesses that offer clients a range of financial services in exchange for payments in the form of interest, discounts, commission fees, and other incentives. Their goals are focused on making money. What sets them apart from other corporate concerns, though, is the extent to which they must strike a balance between the maximizing of profits and other principles. Transferring monitoring resources from their savers to their borrowers is one of their main responsibilities.

Commercial banks provide funding for trade, land, and industry, all of which are essential to the nation's financial and economic well-being. By investing in regions that are productive and conducive to saving, they aid in the creation of capital. To boost their economy, rural residents in developing nations like Nepal require a variety of financial services. Banks are typically involved in the urban and semi-urban sectors in the majority of countries. Due to the high risk and little return, they overlook the rural sector, which is true. The primary driver of economic growth, without which other economic sectors cannot thrive.

A commercial bank is a dealer that handles both cash and cash substitutes like checks and bills of exchange. (American Institute of Banking) It offers a range of financial services. By dealing in goods rather than cash, merchants were the ones who initially developed the banking system, according to history. Examining the past reveals that the modern banker has three notable ancestors. They are the goldsmith, the lender, and the merchant. Although lending and borrowing are nearly as old as money itself, the origins of modern banking may be traced back to medieval Italy.

The Bank of Venice was founded in 1157 A.D., marking the beginning of the evolution of banking. In actuality, modern banks began to operate and inform at a quick pace in the 17th century.

Nepal Bank Limited, the country's first commercial bank jointly owned by the government and the general population, was founded in 1994 B.S., marking the beginning of the country's banking sector. With the economic liberalization of the 1980s and the emphasis on the growth of the private sector, the Nepalese financial system has seen significant changes in laws and regulations throughout the more than 70 years since the founding of Nepal Bank Limited. The banking industry in Nepal has grown significantly as a result of the establishment of numerous international banks as joint ventures. Numerous new banks entered the domestic market as a result of the financial sector's liberalization.

A total of 106 banks with NRB licenses were operating by the end of Dec 2024; they included 20 "A" class commercial banks, 16 "B" class development banks, 17 "C" class finance firms, 52 "D" class microfinance institutions, and one infrastructure development bank in Nepal.

However, mergers and acquisitions are currently being used to consolidate the banking sector in Nepal. To improve the stability of the financial sector, banks and other financial institutions have been pushed to combine and acquire one another.

### **Management accounting tools**

To plan, control, and make decisions for management objectives, a variety of management accounting tools and techniques are employed. Gyawali et al. (2010) list the following as the primary management accounting tools.

- 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

## **2.2 Empirical Review**

There are very few prior studies on management accounting procedures in the Nepalese environment. Nonetheless, the majority of research works have focused on profit planning and control within the Nepalese setting. Some parts of management accounting are also covered by profit planning and control, so these studies are also taken into consideration when reviewing earlier research studies to look at how profit planning and control are implemented in Nepalese companies. A few studies were also carried out in the banking industry, although they were all limited to manufacturing firms and joint venture banks. A few chosen studies have been reviewed from these research papers.

Subedi and Bhattarai (2024) investigated the green banking and perceived financial performance of Nepalese commercial banks: this study looked into how Nepalese commercial banks' financial performance and perceived financial performance were affected by the introduction of green banking. Finding the primary drivers of green banking adoption, investigating connections with perceived sustainability, examining the effect on financial performance, and evaluating the present status of green banking practices were the main goals. Using closed-ended Likert scale questionnaires, the technique gathered primary data from 373 middle-level staff at five Nepalese banks. Analysis was conducted using SPSS and Excel, employing descriptive and inferential methods, providing insights into green banking practices and their impact on financial performance and perceived sustainability. The study found that the financial performance of Nepal's commercial banks was significantly impacted by banks' investments in green banking (green investment, green HRM, green business strategy, and green products and services). This implied that investing in green banking practices could help commercial banks perform better. The study also found favorable correlations between green banking practices and the banking industry's perception of

sustainability, as well as important factors influencing the adoption of green banking. The study's conclusions should help banks and policymakers create sustainable banking practices and green banking initiatives that will boost overall performance and encourage ecologically friendly behavior.

Maharjan (2024) analyzed contemporary management accounting system practices and managerial performance of Nepalese commercial banks. The modern management accounting solutions give managers in commercial banks the organizational performance they need. The study looks at how modern management accounting system practices (CMASPs) are adopted and how they affect managerial performance in Nepal's Kathmandu Valley's commercial banks. With managerial performance as the dependent variable, the study examines costing, budgeting, strategic analysis, decision-support data, and performance assessment as independent variables. Using convenience sampling and descriptive and causal-comparative research approaches, the study collected primary data from twenty Nepalese branch managers and deputy managers of commercial banks using structured survey questionnaires on a 5-point Likert scale. Descriptive and inferential statistics, such as mean, standard deviation, skewness, kurtosis, and structural equation modeling (SEM) through Path Analysis, were included in the analysis. According to the study, CMASPs work well and have a favorable impact on managerial performance.

These results demonstrate the importance of CMASPs in attaining better managerial performance in Nepal's commercial banking sector and provide useful information for bank managers and legislators who want to maximize performance through efficient CMASPs. Future studies could look into advanced MAS techniques, technological integration, and these management accounting system practices in various industries. Adhikari et al. (2023), Analyzed the A comparative analysis of the financial performance of commercial banks after mergers and acquisitions using Nepalese data. This article examines the recent regulatory intervention that led to consolidation and reorganization in Nepal's banking industry. Before and after the mergers and acquisitions (M&A) policy intervention, we examine the financial performance of a few chosen commercial banks as well as the commercial banking industry as a whole. The study uses a sample of seven Nepalese commercial banks to analyze financial ratios (profitability, liquidity, leverage, and wealth of shareholders ratios) before and

after mergers that occurred between 2013 and 2020. To determine whether there is a significant difference between the financial metrics of the acquiring banks before and after the merger, hypotheses are evaluated using a paired sample t-test. According to the results, the post-merger liquidity and leverage ratios of the whole commercial banking industry increased noticeably. Following the M&A, other metrics, such the profitability and shareholder wealth ratios, produced inconsistent or negligible results. Individually, the findings for a few chosen commercial banks were much less clear-cut and contradictory. Some banks' financial ratios improved, but other outcomes were negligible.

Ghimire et al (2023) investigated the employee performance factors in the Nepalese commercial banks: insights from emerging markets. Using quantitative approaches, the study looked at the variables influencing employee performance in Nepalese Commercial Banks (NCBs). Based on a survey of 418 respondents, the study evaluated how the NCB's performance was impacted by compensation, working conditions, training, supervisor support, and organizational culture. According to the study's results, organizational culture had the biggest impact on the NCBs' EP ( $\beta = 0.386$ ,  $p = 0.000$ ). An increase of one unit in organizational culture would result in 0.582 units in EP, after which there would be increases of 0.312 units in training ( $\beta = 0.133$ ,  $p < 0.05$ ), 0.225 units in supervisor support ( $\beta = 0.146$ ,  $p < 0.05$ ), 0.196 units in the working environment ( $\beta = 0.112$ ,  $p < 0.05$ ), and 0.069 units in compensation ( $\beta = -0.04$ ,  $p > 0.05$ ) when all other independent variables remained constant. The social exchange theory, which contends that people who feel valued and empowered are more likely to work effectively, is one theoretical aspect of assessing employee performance traits. Partnerships for reciprocal social trade only arise when each party feels they can give and values the transaction. Practically speaking, workers who are happy with their relationships at work are more likely to deliver quality work. Managers can better understand and enhance staff performance by looking at and recognizing workplace performance aspects.

Tyagi and Ghimire (2023) examined the financial performance of commercial banks in Nepal. Investigating the impact of financial performance of commercial banks in Nepal is the goal of the study. Ten commercial banks provided the eight years of data for the study, which ran from 2014–2015 to 2021–2022. Descriptive and causal-

comparative research designs were used in the study, while regression and correlation analyses were used for the examination. Correlation analysis shows how several financial indicators relate to one another. The examination of financial indicators emphasizes how crucial elements like earnings, asset quality, management effectiveness, and capital sufficiency are in determining profitability. Profitability is strongly impacted by maintaining a solid capital basis and high-quality assets, and financial performance is greatly influenced by efficient management techniques. The cash reserve ratio may nonetheless have an indirect impact on profitability even when it is not statistically significant. A considerable amount of the difference in return on assets and net profit margin can be explained by the parameters under investigation. The organization's financial performance and long-term growth can be improved by taking these elements into account when making decisions and developing strategies. To sum up, improving commercial banks' financial performance requires preserving a solid capital foundation, excellent asset quality, effective management techniques, and favorable earnings. The capital basis can be strengthened through capital allocation, risk management, and strategic financial planning. Sustaining good asset quality requires quick resolution of non-performing assets and efficient risk management techniques.

Gajurel (2023) examined the assessing the cost efficiency of commercial banks in Nepal: an empirical analysis. This study uses a semi-parametric approach to investigate cost efficiency and its drivers for Nepalese commercial banks. Using Data Envelopment Analysis, we first calculate productivity growth and efficiency before identifying firm-specific characteristics that might account for cost savings. A significant degree of cost inefficiency, mostly due to technical inefficiency, is shown by the first-stage results. Furthermore, a relatively low level of allocative inefficiency suggests that there is little external influence—particularly regulatory—on the input mix. The main cause of the slow and even negative productivity development is the lack of advancements in technology. The results of the second stage show that size consistently has an inverse effect on cost efficiency and that state-owned banks are less cost-efficient than private banks, both domestic and international.

Gautam (2022) investigated the human resource practices and employee satisfaction in Nepalese commercial banks This study looks at how employee happiness in

Nepalese commercial banks is affected by HR procedures. One dependent variable is employee satisfaction. Recruitment and selection, training and development, pay policy, and performance evaluation are the independent variables. 389 respondents from Kathmandu city provided their comments as part of the initial data collection for the study. The survey employed structured questions containing cross-sectional data and a five-point Likert scale. To determine the relationship and effect of an independent variable on employee satisfaction, regression and correlation analysis were employed. The findings indicate that employee satisfaction was positively correlated with hiring and selection, training and development, pay policy, and performance reviews. The foundation for projecting and mitigating staff difficulties is provided by this study and its findings, which would be useful to executives of commercial banking institutions in their decision-making. Thus, this study offers a more thorough understanding of the current state of HR procedures and how they relate to worker satisfaction. Additional variables of human resource practices may be included in future studies, and even more data may be gathered to evaluate the effects and ramifications. Future research can therefore look at the relationship between demographic factors and moderating effects.

Gurung and Gurung (2022) investigated the factors determining profitability of commercial banks. The purpose of this essay is to examine the many factors influencing Nepal's commercial banks' profitability. External and bank-related macroeconomic variables that affect bank profitability were considered as determining factors. For analysis, a balanced panel data set of 156 observations from 13 Nepali commercial banks over a 12-year period (2009–2020) was used. To assess the situation and investigate the connection between the independent and dependent variables under investigation, descriptive statistics and Pearson's correlation analysis were used. Fixed-effect panel regressions were used to draw the study's conclusions. According to the study, commercial banks' return on assets and net interest margin are significantly improved by the loan to deposit ratio, also referred to as the credit-deposit ratio. Profits are greatly impacted by the expansion of the country's economic activity as indicated by the rise of the gross domestic product. It suggests that when the country's economic activity grows, so do the loans and advancements, which ultimately boost bank profits. Non-performing assets, however, have a major detrimental impact on the equity return but have little effect on the return on assets.

These findings suggested that lowering non-performing assets and increasing the amount of loans and advances in relation to the country's deposits and economic activity could boost commercial banks' profitability.

Gnawali (2021) investigated the accounting for management practices: a holistic perspective in Nepalese commercial banks analyzed the by gathering, analyzing, and disseminating data, management accounting facilitates competitive decision-making. In Nepalese commercial banks, it aids in management planning, control, and assessment of business operations. This study's primary goal is to examine how Nepalese commercial banks use management accounting systems. The research design used in this study was descriptive. Convenience sampling was used to choose a sample of 507 bank workers in order to get data on accounting procedures. Responses were analyzed using descriptive statistics and a Likert scale rating format for a structured questionnaire about the Management Accounting System that covered the five domains of Budgeting and Planning, Controlling and Reporting, Decision Support System, Costing System, and Performance Evaluation. It was discovered that management accounting techniques, such as planning and budgeting, controlling and reporting, decision-making, costing, and performance reviews, are used in the banking industry in Nepal. Out of all the other strategies, the banking industry uses the costing system the least and budgeting and control the most. These methods were also frequently applied in the assessment of the bank's performance.

Karki (2021) investigated the management accounting practice in Nepalese commercial banks examined the purpose of this article is to examine how Nepalese commercial banks use management accounting. A structured questionnaire and the interview method were used to gather primary data. Questionnaires were distributed to the employees of the sample banks' audit and accounting departments. This study has made use of descriptive survey research. To examine the research issues, the study used the simple average and simple percentage. Convenience sampling has been used to examine a sample of six Nepalese commercial banks. According to the survey, Nepalese commercial banks employ a variety of management accounting systems, and the majority of them employ multiple management accounting methods. Furthermore, the management of Nepalese commercial banks relies on management accounting for planning, assessing, controlling, and making decisions. However, there

are a number of issues with the use of management accounting tools in Nepalese commercial banks, including a lack of knowledge, a lack of a top management committee, NRB accounting requirements, tax law compliance, high costs, and more.

Gajurel (2023) investigated the assessing the cost efficiency of commercial banks in Nepal analyzing the this study uses a semi-parametric approach to investigate cost efficiency and its drivers for Nepalese commercial banks. Using Data Envelopment Analysis, we first calculate productivity growth and efficiency before identifying firm-specific characteristics that might account for cost savings. A significant degree of cost inefficiency, mostly due to technical inefficiency, is shown by the first-stage results. Furthermore, a relatively low level of allocative inefficiency suggests that there is little external influence—particularly regulatory—on the input mix. The main cause of the slow and even negative productivity development is the lack of advancements in technology. The results of the second stage show that size consistently has an inverse effect on cost efficiency and that state-owned banks are less cost-efficient than private banks, both domestic and international. While banks with greater credit risk are typically less cost-efficient, banks with greater financial capital, larger lending ratios, and better profitability are typically more cost-efficient. Because a better understanding of the degree and sources of bank efficiency aids in the reduction of inefficiencies, the formulation of regulations to improve the overall efficiency of the banking system, and the development of policies to support competition and financial stability, our findings have implications for regulators, policymakers, and bank managers.

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Furthermore, the management of Nepalese commercial banks relies on management accounting for planning, assessing, controlling, and making decisions. However, there are a number of issues with the use of management accounting tools in Nepalese commercial banks, including a lack of knowledge, a lack of a top management committee, NRB accounting requirements, tax law compliance, high costs, and more.

Tandukar et al.(2021) analyzed the an empirical study in Nepalese commercial bank's performances on green banking: an analysis from the perspective of Bankers. This study looks into bankers' general setup and factors that affect how they perceive the performance of green banking. The data was collected from several banks in Nepal's Kathmandu Valley between June and October 2019. Using a purposive sampling technique, 326 financial representatives made up the sample. This study used an explanatory research design to evaluate the causal relationship between dependent and independent factors while gathering primary and secondary data. Both descriptive and inferential methods are used in the paper's evaluation. An indicator has been developed in order to comprehend the bankers' green financial consciousness. The results indicate that only 5% of respondents are aware of green banking procedures, whereas many bankers are less aware of these practices in their institutions. The findings of the Probit regression show that fixed expenses, client interest, education, getting ready for green banking, associated parties' guidance, and climate security all have significant and positive effects on green financial practices in general.

Adeniran et al. (2021) examined the significance of strategic management accounting on the performance of transport businesses in Nigeria. According to the study, strategic management accounting is concerned with how individuals in the organization, including managers and management, provide and use accounting data to inform business choices that will improve competitive advantage and efficient oversight of the company's operations. This study's primary goal is to examine the strategic role that strategic management accounting plays in achieving improved performance for Nigerian transportation companies. Using a cross-sectional questionnaire survey approach and drop-and-pick data distribution, the study collected data from 230 Nigerian transport companies. The results showed that information, people, and government policy are important elements influencing the transport industry's performance. As a result, it was proposed that these elements are crucial to

understanding how well transportation companies function. Additionally, the results show that technology significantly impacts the performance of transportation companies and the connection between business performance and strategic management accounting. It is important to remember that this study will benefit all transport business owners and researchers since it will provide a solid framework for making informed decisions about the operation of their companies and serve as a foundation for further research. According to the results, the key elements required to promote the effective operation of Nigeria's transportation sector are people, information, government policy, and technology.

Hadid and Sayed ( 2021) analyzed the management accountants and strategic management accounting: The role of organizational culture and information systems. The purpose of this study is to add to the limited body of research on contingency theory that focuses on the factors that influence strategic management accounting (SMA) practices and the function of management accountants. In order to concurrently investigate the roles of three variables—management accountant networking, information systems (IS) quality, and organizational culture—we create and test a more intricate theoretical model than previous research. In the SMA literature, these have never yet been investigated in a single model. Our research, which used partial least square structural equation modeling and data from 149 UK manufacturing business units, shows a favorable correlation between management accountant networking and the adoption of SMA practices. Nonetheless, IS quality favorably moderates this relationship, allowing management accountants to further apply SMA approaches. We do not find empirical evidence for comparable moderating effects by outcome-oriented and innovation-oriented cultures, in contrast to IS quality. Rather than having a direct impact on SMA implementation, the innovation-oriented culture has a major indirect positive impact through management accountant networking. On the other hand, we find that outcome-oriented culture has a direct favorable impact on SMA adoption, but not an indirect one through networking among management accountants. These findings imply that the application of SMA methods may not be restricted to the accounting function in outcome-driven business units. Even if management accountants are not involved in the process, managers in other roles might be inspired to adopt SMA methods.

Alsulmani et al. (2021) analyzed the customer accounting information and Omani service companies performance this paper's primary goal is to examine the relationship between Sultanate of Oman enterprises' performance and customer accounting data. This study used a quantitative approach and was cross-sectional. A questionnaire was used to collect the quantitative data. Employees of the banks that are included in the sample for this study provided 160 complete and valid questionnaires. The results demonstrate a positive correlation between the performance of the businesses and the accounting data provided by their clients. The results showed that the degree to which businesses use customer accounting data has a big influence on the performance of the organization. The results showed that the degree to which businesses use customer accounting data has a big influence on the performance of the organization. By examining the relationship between its predictors of customer accounting information elements and their influence on business performance, this study is the first of its kind to be implemented in the Sultanate of Oman.

Lama(2021) investigated the human resource practices and employee satisfaction in Nepalese commercial banks. This study looks at how employee happiness in Nepalese commercial banks is affected by HR procedures. One dependent variable is employee satisfaction. Recruitment and selection, training and development, pay policy, and performance evaluation are the independent variables. 389 respondents from Kathmandu city provided their comments as part of the initial data collection for the study. The survey was conducted using structured questionnaires that included cross-sectional data and a five-point Likert scale. To determine the relationship and effect of an independent variable on employee satisfaction, regression and correlation analysis were employed. Executives of commercial banking institutions would find this study and its findings useful in their decision-making process, as it offers the basis for projecting and mitigating employee-related concerns. Thus, this study offers a more thorough understanding of the current state of HR procedures and how they relate to worker satisfaction. Additional variables of human resource practices may be included in future studies, and even more data may be gathered to evaluate the effects and ramifications. Future research can therefore look at the relationship between demographic factors and moderating effects.

Sapkota (2020) investigated the corporate governance and financial performance of Nepalese commercial banks. This study aims to ascertain the connection between Nepalese commercial banks' financial performance and corporate governance, as well as the effect that corporate governance has on bank performance. Nine commercial banks covering the ten-year period from 2008–09 to 2017–18 make up the sample. Leverage ratio, board meetings, ownership concentration, and corporate governance all had varying effects on banks' performance as determined by ROE. There is proof that a bank's performance is significantly improved by its debt ratio, net interest margin, and total assets. Bank performance is negatively impacted by board meetings and liquidity. However, the performance of the company is not significantly impacted by the size of the board or the concentration of ownership.

Dahal et al. (2020) analyzed through the rationalization of managerial decisions made by Nepalese listed manufacturing enterprises, the study sought to investigate the impact of management accounting procedures on organizational performance. 221 respondents from the seven listed manufacturing businesses, whose shares are frequently traded on Nepal's secondary market, provided the survey data that served as its basis. Confirmatory factor analysis, path analysis, and structural equation modeling were used to break down and interpret the data. The results of the study showed that rationalized managerial actions did not play a mediating function in the relationship between management accounting procedures and organizational performance.

Nonetheless, the performance of the business was significantly and favorably impacted by the reasoned managerial choices themselves. Only listed manufacturing enterprises in Nepal were included in the study, and data was gathered using a single survey procedure and a few standard questionnaires. To increase the analysis's generalizability, other industries and larger sample sizes might be taken into account. The writers thought it would add to the body of knowledge already available on organizational performance and management accounting. In order to improve organizational efficiency and make wise managerial judgments, it could draw the attention of the relevant staff to management accounting procedures.

Gunarathne et al. (2020) analyzed the institutional pressures, environmental management strategy, and organizational performance: The role of environmental management accounting. The application of environmental management accounting in converting environmental management strategy into organizational performance is examined in this study. To give a clearer picture of how the institutional environment affects corporate environmental practices, the study also assesses the impact of institutional forces on environmental management strategy and environmental management accounting. A web-based survey was used to gather data from 144 Sri Lankan corporate entities, and partial least squares structural equation modeling was used for analysis. We discovered statistically significant evidence to support the claim that environmental management accounting mediates the beneficial association between an organization's environmental and economic performance and its environmental management strategy. Additionally, environmental management accounting and tactics are positively impacted by a firm's institutional context. When implementing environmental management strategies in the pursuit of corporate sustainable development, this study highlights the value of organizational information systems like environmental management accounting in monitoring financial and environmental performance and providing information on environmental costs.

Neupane (2018) analyzed the management accounting practices in Nepalese cooperative organizations. providing financial and non-financial data to support decision-making is the focus of management accounting. Therefore, knowledge of the decision-making process and awareness of the accounting users are necessary for a comprehension of accounting. Examining management accounting procedures in Nepalese cooperative organizations will be the study's main goal. Ratio analysis, cash flow statements, and capital budgeting are commonly used as representations of management accounting procedures used in Nepalese cooperative organizations for planning, controlling, and decision-making. The entire population has been regarded as the collective of all the cooperative organizations in the Nawalpur district. There are still organizations operating in Nawalpur today. 21 cooperative groups have been taken into consideration for the sample population in order to increase the research's credibility. At the end of the year, Nepalese cooperative organizations used two methods on average to monitor and manage their overall performance. It appears that

57.15% of Nepalese cooperative organizations employed less year-end performance measurement and control methods than the norm.

**Table 1**

*Summary of Empirical Review*

Sn.	Authors	Variables	Methodology	Findings
1	Subedi and Bhattarai (2024)	Independent Variables: Green banking practices (including green investments, green human resource management, green business strategies, and green products/services).  Dependent Variable: Financial performance of commercial banks.	Likert scale questionnaires.	The study found a substantial correlation between commercial banks' financial success in Nepal and their investments in green banking, which includes green investment, green HRM, green product and services, and green business strategy.
2	Maharjan (2024)	Independent Variable: Contemporary Management Accounting System Practices (CMASPs)  Dependent Variable: Managerial Performance	Employing descriptive and causal comparative research	These results demonstrate how important it is for CMASPs to achieve better managerial performance in Nepal's commercial banking sector. They also provide useful information for bank managers and policymakers who want to maximize performance by implementing efficient CMASPs.
3	Adhikari et al. (2023)	Financial ratios (profitability, liquidity, leverage, and shareholder wealth).	comparative research design	The findings indicate a mixed impact on financial performance: while some ratios improved

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				significantly, others deteriorated
4	Ghimire et al. (2023)	Independent Variables: Remuneration, Training, Supervisor Support, Working Environment, Organizational Culture Dependent Variable: Employee Performance	employing quantitative methodologies.	The findings reveal that all independent variables have a positive correlation with employee performance, with the regression analysis indicating that approximately 58% of the variance in EP can be explained by these factors. The study concludes that enhancing these variables can significantly improve employee performance in the banking sector.
5	Tyagi and Ghimire(2023)	Dependent Variables: Return on Assets (ROA), Net Profit Margin (NPM) Independent Variables: Capital Adequacy (CA), Asset Quality (AQ), Management Efficiency (MGMT), Liquidity (LQ)	causal-comparative design	The research findings indicate that Asset Quality and Capital Adequacy significantly influence both ROA and NPM, while Management Efficiency and Liquidity also play important roles.
6	Gajurel(2023)	Dependent Variable: Bank Efficiency  Independent Variable: Ownership Structure Bank Size	Data Envelopment Analysis	Our research has consequences for regulators, policymakers, and bank managers because a deeper

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		Loan to Asset Ratio Profit Bank Risk Bank Capital		comprehension of the degree and origins of bank efficiency aids in the reduction of inefficiencies, the formulation of regulations to improve the overall effectiveness of the banking system, and the creation of policies to support competition and financial stability.
7	Gautam(2022)	Variables: Talent Management Practices (Talent Acquisition, Talent Development, Talent Retention) and Organizational Commitment	cross-sectional survey method	Key findings of the study indicate that talent management practices significantly influence organizational committee
8	Gurung and Gurung (2022)	Dependent variable: Bank profitability  Independent Variable: Loans to deposit Ratio, on performing Asset, Loan loss provision, Capital adequacy Ratio, bank Size Rate of Inflation	Descriptive statistics and Pearson's correlation	According to the study, the credit-deposit ratio—also referred to as loan-to-deposit—significantly improves commercial banks' net interest margin and return on assets. Profits are heavily impacted by the nation's economic activity growth, as indicated by the GDP growth. It suggests that as the country's economic activity rises, so do the loans

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				and advances, and ultimately the banks' profits. On the other hand, non-performing assets have a large negative impact on the equity return but a negligible effect on the return on assets. These findings suggested that raising loan and advance levels in relation to national economic activity and deposits, as well as lowering non-performing assets, might boost commercial bank profitability.
9	Gnawali(2021)	Dependent: Job Satisfaction Independent: Work Environment & Facilities, Job Security & Safety, Learning & Development, Leadership & Employee Empowerment	Descriptive and analytical research	It was discovered that management accounting techniques, such as costing, decision-making, controlling and reporting, budgeting and planning, and performance reviews, are used in the banking industries in Nepal. The banking industry uses a budgeting and control system the most out of all the strategies, and a costing system the least. The performance review conducted by the bank also made extensive use of these methods.

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10	Karki (2021)	<p>Dependent Variable</p> <p>Independent Variable: Budgeting &amp; Planning Controlling &amp; Reporting, Decision Support System, Costing System&amp; Performance Evaluation</p>	Interview method and questionnaire analysis.	Thus, the following conclusions can be drawn from the discussion and results above: Nepalese commercial banks use a variety of management accounting techniques.
12	Tandukar et al.(2021)	<p>Dependent Variables: Bankers' awareness and understanding of green banking.</p> <p>Independent Variables: Education, training provided by banks, instruction from related parties, customer attention, environmental protection efforts, reduction of stationary costs, operational wealth of banks, green policies, and service delivery.</p>	Both descriptive and inferential statistical methods were utilized for data analysis.	The findings reveal that a significant portion of bankers are aware of green banking initiatives, with education, training, and environmental protection being positively correlated with this awareness. Conversely, factors such as operational wealth and certain bank policies negatively impact green banking awareness. The study emphasizes the need for enhanced training and education to foster a better understanding of green banking among bankers.
13	Adeniran et al. (2021)	<p>Independent Variables: Strategic management accounting, technology, information, number of people, government</p>	cross-sectional questionnaire survey approach using drop and pick	The results showed that a number of important factors, including people, information, and

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		policy. Dependent Variable: Performance of transport businesses	means of data distribution.	government policy, have an impact on how well the transportation industry performs.
14	Hadid and Sayed (2021)	Independent Variables: Strategic management accounting, technology, information, number of people, government policy. Dependent Variable: Performance of transport businesses	cross-sectional research design	The study concludes that effective strategic management accounting practices, alongside supportive government policies and technological advancements, are crucial for enhancing the performance of transport businesses in Nigeria.
15	Alsulmani et al. (2021)	Variables: Customer accounting information (independent variable) and company performance (dependent variable).	a cross- sectional study with quantitative method	The findings reveal a significant positive relationship between customer accounting information and company performance, indicating that enhanced customer accounting practices lead to improved performance metrics.
16	Lama(2021)	Variables: Recruitment and Selection (RS), Training and Development (TD), Compensation Policy (CP), Performance Appraisal (PA), Employee Satisfaction	Structured questionnaires	The findings indicate that all examined HR practices positively and significantly influence employee satisfaction, suggesting that improved HR

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		(ES)		practices lead to higher levels of employee contentment.
17	Sapkota(2020)	<p>Dependent Variable: Return on Equity (ROE)</p> <p>Independent Variables: Leverage Ratio, Board Size, Board Meeting Frequency, Ownership Concentration, Net Interest Margin (NIM), Loans to Deposit Ratio (LDR), Firm Size</p>	performance measured by ROE	Key findings indicate that while the leverage ratio, net interest margin, and total assets positively influence ROE, factors such as board meetings and liquidity negatively impact it. Notably, board size and ownership concentration do not show significant contributions to bank performance.
18	Dahal et al. (2020)	<p>Dependent Variable: Organizational Performance</p> <p>Independent Variable: Management Accounting Practices</p>	Standard questionnaires	The study's conclusions showed that management accounting procedures had no discernible effect on an organization's performance and that managerial choices were not supported by a mediating role. On the other hand, the performance of the organization was positively and significantly impacted by rationalized managerial decisions.

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19	Gunarathne et al. (2020)	Variable Dependent: Organizational Performance Independent Institutional Pressures, Environmental management strategy, Environment management Accounting	web-based survey and analyzed using partial least squares structural equation modeling	This study highlights how, when implementing environmental management strategies in the pursuit of corporate sustainable development, organizational information systems like environmental management accounting are helpful in providing information on environmental costs and monitoring environmental and financial performance.
20	Neupane (2018)	Variables: Management accounting tools (e.g., Ratio Analysis, Cash Flow Statements, Capital Budgeting), organizational performance, budgeting practices.	questionnaire, interview and discussion.	This research highlights the importance of management accounting in aiding decision-making through financial and non-financial information.

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### 2.3 Research Gap

There is a discrepancy between the current study and earlier studies on MAPs in commercial banks in Nepal. The majority of the prior research's conclusions were derived from secondary data. Which accounting tools are most frequently used and which are not, as well as why, were not revealed in the earlier research. The literature review of various publications, journals, and theses demonstrates that MA procedures have a beneficial effect on commercial banks. Commercial banks' organizational performance is improved via MAPs. The variables from the first study are nearly identical. Only MAPs have been studied in the past, and their relationship to

organizational performance has not been demonstrated. Additionally, they failed to demonstrate how MPAs affect customer performance or what causes them. Traditional MPAs have been the main focus of prior study. Only MAPs were their emphasis; implementations were not. Therefore, ongoing research is carried out to fill those gaps.

This study used a survey research design. It is entirely reliant on primary sources of information. Planning, controlling, and decision-making are management activities that are likely the focus of the current study's new research. The current study will therefore be beneficial to individuals who are interested, including parties, scholars, teachers, students, bankers, and the government from both an academic and policy standpoint.

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

Research methodology is a way to systematically solve the problems. In other words, Research methodology refers to the various sequential steps (along with rationale of each such steps) to be adopted by researcher in studying a problem with research projects are not meaningful, unless they are in sequential order, which determined by the particular problem at hand. Descriptive research design was used in this study. This research strategy was considered necessary because of its ability to view comprehensively and in details the major question raised in the study. This chapter deals with sampling techniques, data collection methods, data analysis tools, research instruments etc. To achieve the stated objectives the following methodology has been used.

#### **3.1 Research Design**

The main objectives of this research study are to examine the present practices of management accounting systems and show the relationship between management accounting practices and its effect on customer performance of commercial banks. To fulfill these research objectives descriptive and casual research design has been used. In addition, this design enables the researcher describe the characteristics of the population being studied as they exist at present hence minimizing biases and maximizing the reliability of the evidence collected. Finally, this design is chosen because it also provides a relatively complete picture of what is occurring at a given time and allows the development of questions for further study. The research was relied on data obtained from respondents on effects of costing, budgeting, decision making, controlling and performance evaluation on the performance of commercial banks in Nepal.

#### **3.2 Population and Sample and Sampling**

This study is designed to complete the research work on the present practice of management accounting practices by Nepalese commercial banks. The total, 20 numbers of commercial banks as population for the study [NRB report half yearly 2081, mangsir]. Out of them 10 commercial banks were selected for the study that is

called sample. The sample commercial banks have been selected with the help of convenience sampling method. This study focused on two government banks, two joint ventures banks and six private banks which are in existence till now and head office located inside Kathmandu valley because highest contribution on GDP of Nepal.

### **3.3 Nature and Source of Data and Instrument of Data Collection**

Data collection, according to Kothari (2004), is the process of gathering information from the chosen participants in research. The tools used to get information from respondents are referred to as data collection instruments. The researcher used a questionnaire to gather data. According to Kumar (2011), a questionnaire is a methodically created form or document that contains a series of questions intended to elicit answers from research participants or respondents in order to gather data or information. Because it is a low-cost means of gathering data and is given to a study population collectively, the questionnaire approach was deemed suitable for this investigation. The respondents provided primary data for the study. Data for the study was gathered via a questionnaire. There were two sections to the questionnaire created for this study. The demographic and operational factors, including the respondents' demographics, were included in the first section in order to identify the core problems. The concerns about the impact of MPAs and the organizational performance of Nepal's commercial banks took up the second section.

### **3.4 Method of Analysis**

After being cleaned, the gathered data was sorted and assigned numerical codes. Following data entry into the SPSS program, analysis was conducted. The using SPSS, spellbinding measurements were used to examine the quantitative data collected, and means and standard deviations were introduced. The data was categorized according to the examination's objectives. The material was investigated using the Factual Package for Social Sciences (SPSS) adaptation 26.0. Tables and figures were used to display the data. This was accomplished by tallying the responses, recording the variety rates appropriately, and using SPSS to illustrate and interpret the data in line with the study's goals and assumptions.

### 3.4.1 Descriptive Analysis

Using descriptive analysis, the demographic characteristics of the respondents, as well as the variables influencing the organization performance and the independent variable, were explain. In the computation, the variables were characterized using frequencies, percentages, mean, and standard deviation.

### 3.4.2 Correlation Analysis

Correlation analysis can be used to determine the type and strength of a link between a set of variables. Pearson Spearman The relationship between the dependent and independent variables was explained using the correlation coefficient.

### 3.4.3 Regression analysis

The influence of an independent variable alone or in conjunction with additional moderating variables on the dependent variable is determined using multi-linear regression analysis. The study's recommended regression model is as follows:

Multiple regression model  $B_5 \times 5$

$$Y = a + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + e_i$$

Where, Y= organizational performance

X1= budgeting system

X2= costing system

X3= controlling and reporting

X4= decision making

X5= performance evaluation

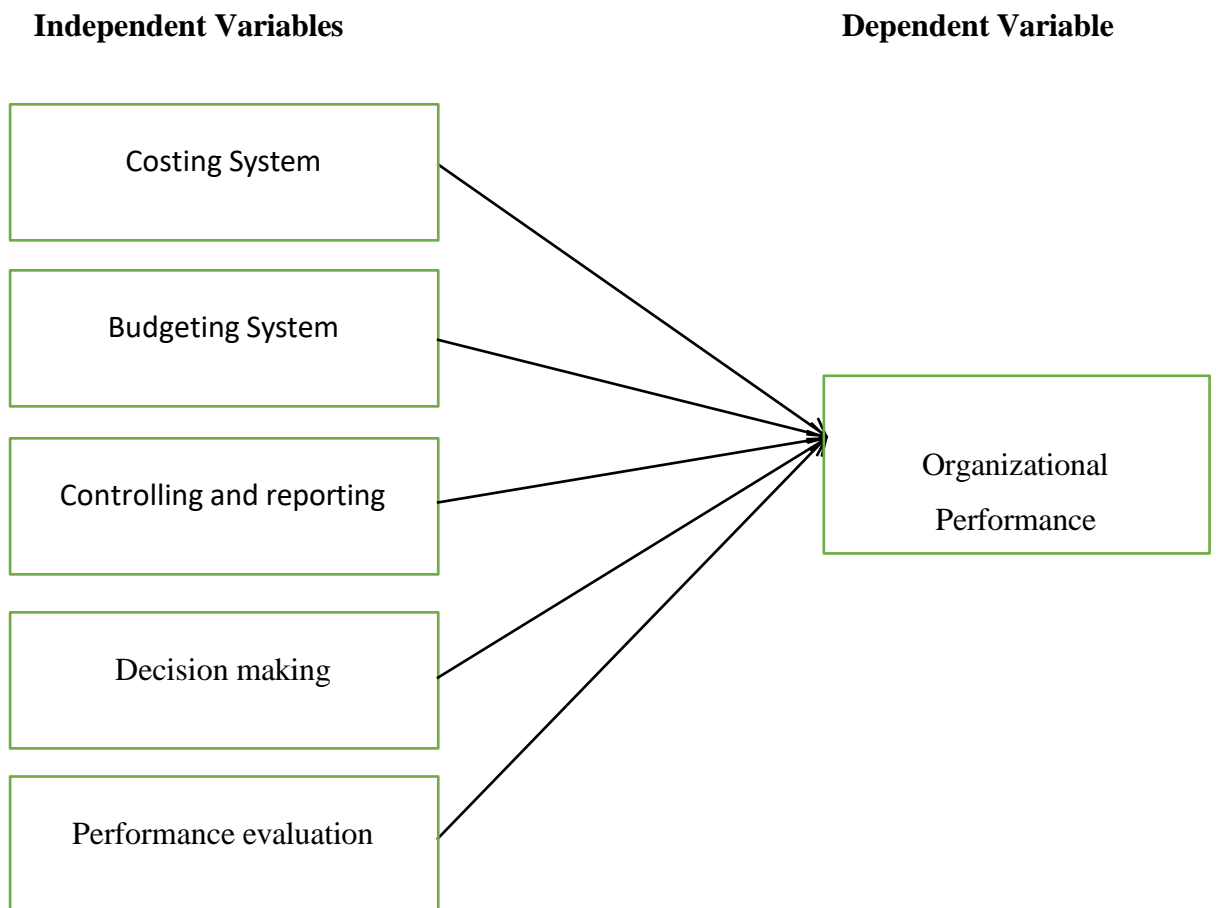
a=constant

$B_i$ = coefficient of slope of regression model

$e_i$ = error term

## 3.5 Research Framework

The causal relationship between independent and dependent variables is evident in the theoretical framework. It enhances management accounting procedures and boosts commercial banks' organizational effectiveness. A theoretical framework has been created to determine how independent factors (MAPs) affect dependent variables (organizational performance). This is displayed below:

**Figure 1***Research Framework**(Source: Karki ,2021)*

According to the theoretical framework mentioned above, there is a positive association between budgeting and planning, controlling and reporting, performance evaluation systems, decision-making systems, and costing systems (management accounting systems).

### **Dependent Variable**

The dependent variable represents, the what is being studied from the research. In this framework Organizational Performance is a dependent variable.

#### **i. Organizational Performance**

Organizational performance represents the outcome of the independent variables. It measures how well an organization meets its goals, such as profitability, customer

satisfaction, productivity, and market share. In this study, organizational performance is the dependent variable, reflecting the effect of the management accounting practices (MAPs) on the commercial banks' efficiency and success (*Karki, 2021*).

### **Independent Variables**

Independent Variables refer to the factors or conditions that the researcher manipulates or categorizes to observe their effects on other variables. They are the presumed causes or influences in a study. For example, in a study examining management accounting practices (MAPs), independent variables might include specific practices like costing systems, budgeting, and decision-making procedures used by an organization. The independent variables are what the researcher believes will have an impact on the dependent variable, allowing them to analyze how these factors influence outcomes.

#### **i. Costing System**

This refers to the methods or procedures a company uses to determine the cost of its products or services. It includes techniques like standard costing, activity-based costing, or marginal costing. The costing system is crucial as it influences pricing, profitability analysis, and financial decision-making in the organization (*Hornngren et al.2015*).

#### **ii. Budgeting System**

A budgeting system involves planning for future income and expenditures, helping organizations allocate resources efficiently. Budgeting serves as a tool for financial control and strategic planning, affecting how the organization meets its objectives and handles constraints (*Anthony et al.2007*).

#### **iii. Controlling and Reporting**

This variable relates to the process of monitoring and evaluating the organization's performance against set standards and reporting the findings. It ensures that plans are being implemented correctly and helps identify deviations, enabling corrective actions to be taken (*Kaplan et al. 1996*).

**iv. Decision Making**

Decision-making systems involve processes and techniques used by management to make informed choices within an organization. These decisions can include investments, resource allocation, and strategic direction. Effective decision-making systems improve organizational adaptability and competitiveness (Simon & H. A. 1997).

**v. Performance Evaluation**

This variable encompasses the systems used to assess and measure the performance of the organization and its employees. It involves metrics such as key performance indicators (KPIs) and benchmarks to evaluate how well goals are being achieved. Performance evaluation helps guide improvements and rewards achievements (Neely et al. 1995).

## CHAPTER-IV

### RESULTS AND DISCUSSION

The chapter is thus split into three parts that discuss the analysis and conclusions of the subject. The demographic profile of the research variables, descriptive and correlation analyses, and the fulfillment of the assumptions of the linear regression model were presented in the first section, followed by the regression results in the second. Together with the data analytical methods used for ratio scale measurement, the ratios of the specified dependent and independent variables were determined for additional statistical analysis. SPSS version 26 was utilized as the statistical software to evaluate the collected data.

#### 4.1 Results

##### 4.1.1 Demographic Characteristics

Profiles of research participants were created based on their gender, age, type of work, and educational attainment. As previously mentioned, descriptive statistics provide an overview of the gathered data. The descriptive analysis includes data like medians and percentages as well as graphs and tables. A summary of the demographic data is given in the table.

**Table 2**

*Demographic Characteristic of Respondents*

<b>Variable</b>	<b>Description</b>	<b>Count</b>	<b>Percentage</b>
Gender	Male	266	65
	Female	144	35
Total		410	100
Age Group	20-30 years	37	9
	31-45 years	308	75
	Above 46 years	65	16
Total		410	100
Education	HSEB	33	8
	Bachelor Level	242	59
	Postgraduate	135	33
Total		410	100

*(Source: Field Survey, 2025)*

Table 2 presents demographic data regarding gender, age group, and education level. In terms of gender, the majority of respondents are male, constituting 65% of the total, while females make up 35%. Regarding age, the data reveals a concentration of individuals in the 31-45 years age group, with 75% falling into this category. A smaller portion, 16%, is in the "Above 46 years" group, and just 9% are in the 20-30 years range. When it comes to education, most respondents have attained a bachelor's level of education, comprising 59% of the sample, followed by 33% with postgraduate qualifications. Only 8% of respondents have completed HSEB-level education. The table highlights the prominence of respondents in their early to middle adulthood and with higher education, particularly at the bachelor's and postgraduate levels.

#### 4.1.2 Reliability Analysis

**Table 3**

*Reliability Analysis*

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>No. of Items</b>
Costing System	0.629	5
Budgeting System	0.700	5
Controlling and reporting	0.730	4
Decision making	0.780	5
Performance evaluation	0.715	5
Organizational Performance	0.805	5

*(Source: Field Survey, 2025 and SPSS-26)*

The table presents the reliability analysis for six key variables using Cronbach's alpha and the number of items assigned to each construct. The Costing System is measured with five items and has a Cronbach's alpha of 0.629, which indicates moderate internal consistency. The Budgeting System, also measured with five items, achieves an alpha of 0.700, reflecting acceptable reliability. Controlling and Reporting is assessed with four items, yielding an alpha of 0.730, which demonstrates a reliable measure of the construct. Decision Making, measured with five items, shows a higher reliability with an alpha of 0.780, indicating strong internal consistency. Performance Evaluation, with five items and an alpha of 0.715, also reflects acceptable reliability. Finally, Organizational Performance, assessed through five items, exhibits the highest reliability with a Cronbach's alpha of 0.805, suggesting excellent consistency. Overall, the table confirms that the measurement instruments for these constructs are

reliable and suitable for further analysis in the study.

#### 4.1.3 Descriptive Analysis

Costing, budgeting, regulating, performance evaluation, and decision-making management accounting methods were rated by the responding banks. The scale went from 1 to 5. Every question on the five-point Likert scale questionnaire ranges from "strongly disagree" to "strongly agree," with 1 denoting "strongly disagree," 2 "disagree," 3 "neutral," 4 "agree," and 5 "strongly agree."

#### Descriptive Analysis of Survey

**Table 4**

*Costing System*

Code	Statements	N	Min	Max	Median	S.D.
CS1	Costing system help segregate total cost in fixed, variable and semi-variable	410	1	5	3.88	1.976
CS2	Reduce cost in areas of product improvement	410	1	5	3.90	1.964
CS3	Organization has used cost information	410	1	5	3.99	0.991
CS4	Costing system identify opportunities for product improvement	410	1	5	3.84	0.627
CS5	Applied standard costing technique	410	1	5	3.77	1.718

(Source: Field Survey, 2025 and SPSS-26)

The descriptive analysis of the costing system survey highlights key insights into how respondents view various aspects of their organization's costing practices. CS1 ("Costing system helps segregate total cost in fixed, variable, and semi-variable") has a median of 3.88, showing moderate agreement, but the high standard deviation (1.976) indicates diverse opinions on its effectiveness. Similarly, CS2 ("Reduce cost in areas of product improvement") has a median of 3.90 with a slightly lower but still high standard deviation (1.964), reflecting variability in respondents' views on the costing system's impact on cost reduction. In contrast, CS3 ("Organization has used cost information") has the highest median (3.99) and a low standard deviation (0.991),

indicating strong agreement and consistent responses on the use of cost information. CS4 ("Costing system identifies opportunities for product improvement") shows a median of 3.84 with the lowest standard deviation (0.627), suggesting that respondents agree more uniformly on the system's role in identifying product improvement opportunities. Lastly, CS5 ("Applied standard costing technique") has the lowest median (3.77) and a relatively high standard deviation (1.718), suggesting that while there is general agreement on the application of standard costing techniques, opinions are more varied in this area. Overall, the survey indicates general agreement on the effectiveness of the costing system, though certain areas like cost segregation and standard costing application exhibit more variability in respondents' experiences.

**Table 5**

*Budgeting System*

<b>Code</b>	<b>Statements</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Median</b>	<b>S.D.</b>
BS1	Budgeting increase operational Efficiency	410	1	5	3.79	0.77
BS2	Budgeting develops a sense of Responsibility	410	1	5	3.96	0.76
BS3	Maximization of profit	410	1	5	3.94	0.67
BS4	Budgeting help to make plan	410	1	5	3.90	0.66
BS5	Budget ensure better understanding	410	1	5	3.88	0.79

(Source: Field Survey, 2025 and SPSS-26)

Table 5 presents the descriptive analysis of the budgeting system, highlighting its role in improving operational efficiency, responsibility, profit maximization, planning, and understanding. The highest median score (3.96) is for BS2 ("Budgeting develops a sense of responsibility"), indicating that respondents strongly believe budgeting fosters accountability within organizations. Similarly, BS3 ("Maximization of profit") has a median of 3.94, emphasizing the significance of budgeting in increasing profitability. BS4 ("Budgeting helps to make a plan") and BS5 ("Budgeting ensures better understanding") have medians of 3.90 and 3.88, respectively, reinforcing budgeting's critical role in strategic planning and organizational clarity. The lowest

median (3.79) is for BS1 ("Budgeting increases operational efficiency"), but it still reflects a positive perception of budgeting's impact. The standard deviation (ranging between 0.66 and 0.79) indicates moderate variability in responses, with a relatively consistent agreement on budgeting's benefits. Overall, Table 5 underscores the importance of budgeting in financial planning, decision-making, and enhancing organizational efficiency, making it an essential management accounting practice.

**Table 6**

*Controlling and reporting*

Code	Statements	N	Min	Max	Median	S.D.
CR1	To monitor and measures employees performance	410	1	5	3.87	0.761
CR2	Responsibility center helps to control cost	410	1	5	3.90	0.781
CR3	Detects & corrects unintentional error.	410	1	5	3.95	0.753
CR4	Progress in achieving corrective actions.	410	1	5	3.88	0.791

(Source: Field Survey, 2025 and SPSS-26)

Table 6 presents the descriptive analysis of the controlling and reporting system, emphasizing its role in monitoring employee performance, cost control, error detection, and corrective actions. The highest median (3.95) is for CR3 ("Detects & corrects unintentional error"), indicating strong agreement that controlling and reporting mechanisms effectively identify and rectify errors. CR2 ("Responsibility center helps to control cost") follows with a median of 3.90, highlighting the importance of responsibility centers in cost management. CR4 ("Progress in achieving corrective actions") and CR1 ("To monitor and measure employees' performance") have medians of 3.88 and 3.87, respectively, reflecting the crucial role of control systems in employee performance evaluation and corrective measures. The standard deviation (ranging between 0.75 and 0.79) suggests moderate variation in responses, indicating relative consistency in perceptions. Overall, Table 6 emphasizes that controlling and reporting are vital in enhancing organizational efficiency, reducing errors, and ensuring cost control, making them fundamental management accounting practices.

**Table 7***Decision Making*

Code	Statements	N	Min	Max	Median	S.D.
DM1	Customer profitability analysis to make customer related decision	410	1	5	4.80	0.760
DM2	Increase market share, productivity and profit.	410	1	5	3.70	0.653
DM3	Launching a new product	410	1	5	4.00	0.521
DM4	Management functions are determined by the good decision made by the BOD	410	1	5	4.211	0.750
DM5	Decision making provide accurate cost information to Management accountant.	410	1	5	3.91	0.641

(Source: Field Survey, 2025 and SPSS-26)

The decision-making process's descriptive analysis is shown in Table 7, where it is highlighted in relation to board decisions, product launches, market share growth, customer profitability analysis, and the accuracy of cost information. Strong agreement that examining customer profitability has a major influence on decision-making is indicated by the highest median (4.80) for DM1 ("Customer profitability analysis to make customer-related decisions"). With a median score of 4.21, DM4 ("Management functions are determined by the good decisions made by the Board of Directors") comes next, highlighting the significance of executive-level strategic decision-making. With medians of 4.00 and 3.91 for DM3 ("Launching a new product") and DM5 ("Decision-making provides accurate cost information to management accountants"), respectively, it is clear that decision-making procedures have an impact on the creation of new products and financial accuracy. Although DM2 ("Increase market share, productivity, and profit") has the lowest median (3.70), it nevertheless shows that decision-making is widely seen favorably as a factor in corporate expansion. The standard deviation, which ranges from 0.52 to 0.76, suggests that responses are consistent because of their very low variability. All things considered, Table 7 emphasizes how important sound decision-making is to financial management, business growth, and strategic planning, making it an essential part of management accounting procedures.

**Table 8***Performance Evaluation*

Code	Statements	N	Min	Max	Median	S.D.
PE1	Customer satisfaction surveys frequently.	410	1	5	3.86	0.761
PE2	Bench marking system has been adopted for the quality delivery of services	410	1	5	3.652	1.312
PE3	Performance evaluation is made based on RI, ROI, ROA, and ROE.	410	1	5	3.831	0.965
PE4	Performance evaluation is made based on an employee's attitude/behavior	410	1	5	3.91	0.781
PE5	An effective measurement and reporting process can improve efficiency in productivity	410	1	5	3.881	1.771

(Source: Field Survey, 2025 and SPSS-26)

Table 8 presents the descriptive analysis of performance evaluation, highlighting key aspects such as customer satisfaction, benchmarking, financial performance metrics, employee behavior assessment, and efficiency improvement. The highest median (3.91) is for PE4 ("Performance evaluation is made based on an employee's attitude/behavior"), indicating a strong focus on employee conduct in performance assessments. PE5 ("An effective measurement and reporting process can improve efficiency in productivity") follows closely with a median of 3.881, emphasizing the importance of structured performance evaluation in enhancing productivity. PE1 ("Customer satisfaction surveys frequently") and PE3 ("Performance evaluation is made based on RI, ROI, ROA, and ROE") have medians of 3.86 and 3.831, respectively, reflecting the use of customer feedback and financial metrics in assessments. PE2 ("Benchmarking system has been adopted for the quality delivery of services") has the lowest median (3.652) and the highest standard deviation (1.312), indicating variability in the adoption of benchmarking practices. Overall, Table 8 underscores the significance of performance evaluation in organizations, with a strong emphasis on behavioral assessment, efficiency improvement, and financial performance measurement.

**Table 9***Organizational Performance*

Code	Statements	N	Min	Max	Median	S.D.
OP1	MAPs help to increase product service quality.	410	1	5	4.22	0.71
OP2	MAPs help to increase Return on investment	410	1	5	4.53	0.751
OP3	MAPs help to development of new product.	410	1	5	4.44	0.691
OP4	Organizational performance is based on customer satisfaction level.	410	1	5	4.51	0.81
OP5	MAPs help to increase market share /sales margin.	410	1	5	4.32	0.671

(Source: Field Survey, 2025 and SPSS-26)

Table 9 presents the descriptive analysis of organizational performance, focusing on the impact of management accounting practices (MAPs) on various performance metrics. The highest median (4.53) is observed for OP2 ("MAPs help to increase Return on Investment"), indicating strong agreement among respondents on the effectiveness of MAPs in enhancing financial returns. OP4 ("Organizational performance is based on customer satisfaction level") follows closely with a median of 4.51, emphasizing the crucial role of customer satisfaction in overall performance evaluation. Similarly, OP3 ("MAPs help in the development of new products") and OP5 ("MAPs help to increase market share/sales margin") have high medians of 4.44 and 4.32, respectively, demonstrating the significant contribution of MAPs to innovation and market expansion. OP1 ("MAPs help to increase product/service quality") has a median of 4.22, further reinforcing the importance of these practices in maintaining high standards in product and service delivery. With standard deviations ranging between 0.671 and 0.81, responses show moderate variability, indicating relative consistency in perceptions. Overall, Table 9 highlights that MAPs play a vital role in improving organizational performance, particularly in financial returns, customer satisfaction, innovation, and market growth.

**Table 10***Descriptive Analysis*

Variables	N	Minimum	Maximum	Median	Std. Deviation
CS	410	1.00	5.00	3.82	1.364
BS	410	1.00	5.00	3.92	0.747
CR	410	1.00	5.00	3.86	0.726
DM	410	1.00	5.00	4.29	0.760
PE	410	1.00	5.00	3.57	1.06
OP	410	1.00	5.00	4.204	0.727

(Source: Field Survey, 2025 and SPSS-26)

Table 10 shows that Decision Making (DM) has the highest median (4.29), suggesting that respondents strongly agree on its importance in influencing organizational performance. Budgeting System (BS) and Controlling and Reporting (CR) follow closely with medians of 3.92 and 3.86, respectively, highlighting their significance in financial planning and monitoring. The Costing System (CS) has a median of 3.82, showing moderate agreement among respondents, but its high standard deviation (1.364) indicates considerable variation in opinions. Performance Evaluation (PE) has the lowest median (3.57), suggesting that respondents perceive it as the least influential factor in organizational performance, with a relatively high standard deviation (1.06) reflecting diverse opinions. The dependent variable, Organizational Performance (OP), has a median of 4.204, indicating that overall performance is rated positively. These findings suggest that decision-making plays the most critical role in driving organizational success, followed by budgeting and controlling, while performance evaluation is perceived as less impactful. The high variability in some variables, particularly CS and PE, suggests differing perspectives on their effectiveness in enhancing organizational performance.

#### 4.2 Inferential Analysis

In order to determine the effects of dependent and independent variables, we first analyze the variance between each variable in this section, discover the correlation coefficients, and then apply multiple regression to determine the correlations among Costing System, Budgeting System, Controlling and reporting, Decision making,

Performance evaluation, and Organizational Performance variables.

### Correlation Analysis

According to Yadav and Acharya (2013), correlation is a statistical metric used to examine the strength of the association between two or more variables. The correlation is referred to as simple correlation if there are only two variables being studied. A correlation is referred to as multiple correlation if there are two or more variables in the investigation.

**Table 11**

*Correlation Analysis*

	OP	CS	BS	CR	DM	PE
OP	1					
CS	0.687**	1				
BS	0.720**	0.750**	1			
CR	0.815**	0.780 **	0.840 **	1		
DM	0.655**	0.643**	0.725**	0.803 **	1	
PE	0.742**	0.712**	0.710**	0.750**	0.685**	1

\*\* Correlation is significant at the 0.01 level

The Correlation Analysis Table illustrates the relationship between management accounting practices and performance of commercial banks, focusing on how variables like Costing System, Budgeting System, Controlling and Reporting, Decision Making, and Performance Evaluation impact Organizational Performance. The table shows significant positive correlations, emphasizing the importance of these practices in enhancing the performance of commercial banks.

Among the management accounting practices, Controlling and Reporting demonstrates the strongest relationship with Organizational Performance ( $r = 0.815^{**}$ ), highlighting its critical role in monitoring and improving performance. Performance Evaluation ( $r = 0.742^{**}$ ) and Budgeting System ( $r = 0.720^{**}$ ) also exhibit strong positive correlations, indicating their significance in guiding financial planning and evaluation processes. Meanwhile, the Costing System ( $r = 0.687^{**}$ ) and

Decision Making ( $r = 0.655^{**}$ ) show moderately strong relationships with Organizational Performance, suggesting their roles in cost efficiency and strategic decisions.

Additionally, the interrelationships among the independent variables reveal a cohesive framework of management accounting practices, with strong correlations between Controlling and Reporting, Budgeting System, and Performance Evaluation, each exceeding  $r = 0.70$ . This interconnectedness demonstrates how these practices work together to support the overall performance of commercial banks.

The table underscores the strong relationship between management accounting practices and the performance of commercial banks, with key practices like Controlling and Reporting, Budgeting System, and Performance Evaluation playing pivotal roles in driving success.

#### **4.2.1 Multiple Regression Analysis**

The statistical method known as regression analysis determines the relationship between two or more quantitative variables: an independent or explanatory variable, about which information is known, and a dependent variable, whose value is to be predicted. Finding the equation that depicts the relationship between the variables is done using this method. An equation predicting one variable from two or more independent variables is produced via multiple regressions.

To evaluate the association between independent factors and the performance of Nepal's commercial banks, the researcher used multiple regression analysis. The measurements of the multiple regressions for the study were coded, entered, and calculated by the researcher using the statistical program for social science. The percentage of variation in the dependent variable that can be accounted for by each of the five independent variables (budgeting and planning, costing, controlling, performance evaluation, and decision making) or the degree to which changes in the independent variables can account for changes in the dependent variable is known as the coefficient of determination.

**Table 12***Model Summary*

R	R-Squared (R <sup>2</sup> )	Adjusted R <sup>2</sup>	Std. error
0.815	0.664	0.647	0.432

(Source: Field Survey, 2025 and SPSS-26)

The Model Summary Table shows that management accounting practices strongly influence organizational performance. With an R-value of 0.815, there is a strong positive correlation between the predicted and actual performance. The R-squared value of 0.664 means that 66.4% of the variability in performance is explained by the model, indicating that the independent variables (costing system, budgeting system, controlling and reporting, decision-making, and performance evaluation) are significant predictors. The Adjusted R-squared of 0.647 confirms the model's reliability, and the Standard Error of 0.432 suggests accurate predictions. Overall, the model demonstrates a good fit for explaining organizational performance.

**Table 13***ANOVA Table*

Model		Sum of squares	df	Mean squares	F	Sig.
1.	Regression	41.768	5	8.354	159.09	0.000
	Residual	21.222	404	0.0525		
	Total	62.990	409			

a. Dependent variable: Organizational Performance

b. Predictors: (Constant), Costing System, Budgeting System, Controlling and Reporting, Decision Making and Performance Evaluation

(Source: Field Survey, 2025 and SPSS-26)

An ANOVA (Analysis of Variance) table is used in statistical analysis to determine whether there are significant differences between group means in a dataset. It consists of several components: Sum of Squares (SS), which quantifies the total variability in the data; Degrees of Freedom (df), which represents the number of independent values used to estimate parameters; Mean Squares (MS), obtained by dividing SS by df; F-statistic (F), which is the ratio of variance between groups to variance within

groups; and Significance Value (Sig.), which indicates whether the observed differences are statistically significant. In the provided ANOVA table, the regression sum of squares (41.768) is significantly higher than the residual sum of squares (21.222), with an F-statistic of 159.09 and a significance value of 0.000, suggesting that the independent variables (costing system, budgeting system, controlling and reporting, decision-making and performance evaluation) collectively have a strong and statistically significant impact on organizational performance.

**Table 14**

*Regression Analysis*

Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	Coeff.	Std. error	Beta	t	Sig
Constant	0.804	0.229		0.765	0.000
CS	0.028	0.028	0.317	0.745	0.008
BS	0.657	0.029	0.422	0.220	0.001
CR	0.705	0.024	0.367	0.801	0.416
DM	0.086	0.86	0.327	0.582	0.000
PE	0.620	0.058	0.248	0.561	0.002

a. Dependent Variable: Organizational Performance

(Source: Field Survey, 2025 and SPSS-26)

The table presents the results of a multiple regression analysis, highlighting the relationship between various independent variables and a dependent variable. The constant has an unstandardized coefficient (B) of 0.804 with a significant p-value of 0.000, indicating a strong baseline effect when other factors are held constant.

The variable "Decision making" has an unstandardized coefficient of 0.086, a standardized Beta of 0.327, and a significant p-value of 0.000, showing a positive and statistically significant relationship with the dependent variable. Similarly, "Costing system" has a B value of 0.028, a Beta of 0.317, and a p-value of 0.008, which also indicates a significant positive effect.

On the other hand, "Controlling and Reporting" shows a relatively higher unstandardized coefficient (0.705) but a non-significant p-value of 0.416, suggesting that this variable does not significantly contribute to the model. In contrast, "Budgeting System" has a strong effect with a B value of 0.657, a Beta of 0.422, and a highly significant p-value of 0.001. Finally, "Performance evaluation" shows a B value of 0.620, Beta of 0.248, and a significant p-value of 0.002, suggesting a positive and significant contribution to the dependent variable.

In summary, most variables positively influence the outcome, with "Decision making," "Costing system," "Budgeting System," and "Performance evaluation" showing statistically significant impacts, while "Controlling and reporting" does not have a significant effect.

### **4.3 Discussion**

The correlation analysis revealed significant positive associations between all independent variables (costing system, budgeting system, controlling and reporting, decision-making, and performance evaluation) and the dependent variable (organizational performance). Among these, Controlling and Reporting demonstrated the strongest correlation with Organizational Performance ( $r = 0.815$ ), indicating its critical role in monitoring activities and ensuring that organizations stay on track with their goals. The performance evaluation and budgeting system also showed strong correlations, with values of  $r = 0.742$  and  $r = 0.720$ , respectively, underscoring their importance in guiding financial planning and evaluating organizational progress. While the Costing System and Decision Making exhibited moderately strong correlations with Organizational Performance, their respective correlations ( $r = 0.687$  and  $r = 0.655$ ) suggest their pivotal, albeit slightly lesser, roles compared to the other variables.

The multiple regression analysis further supports these findings by identifying which variables significantly predict organizational performance. The model demonstrated a good fit with an R-squared value of 0.664, meaning that 66.4% of the variance in organizational performance can be explained by the five independent variables. Decision Making, Budgeting System, Costing System, and Performance Evaluation all had significant positive effects on performance, with p-values well below the 0.05

threshold. "Budgeting and system" was the strongest predictor (Beta = 0.422,  $p = 0.001$ ), followed by "Performance Evaluation" (Beta = 0.248,  $p = 0.002$ ). However, "Controlling and Reporting," despite having a relatively high unstandardized coefficient, was not statistically significant ( $p = 0.416$ ), indicating that its contribution to predicting performance may be less crucial or inconsistent in this context.

The OP and CS have a positive association ( $r = 0.687$ ), and the relationship is significant at the 1 percent significance level. The OP and the CS are significantly positively correlated. This is in line with what Gajurel (2023) found.

BS and OP have a high positive association ( $r = 0.720$ ), and the relationship is significant at the 1 percent significance level. There is a strong positive correlation between the OP and the BS. This outcome is comparable to Maharjan's (2024) findings.

According to the correlation analysis, the budgeting system and the controlling and reporting are positively correlated. This is in line with the findings of Karki (2021), who discovered a substantial positive correlation between the budgeting system and the controlling and reporting.

Decision-making had a significant positive impact on organizational performance ( $B = 0.086$ ,  $p = 0.000$ ), with a moderate correlation ( $r = 0.655$ ). This highlights that strategic decision-making processes contribute directly to better performance. This also supports the findings of Tyagi and Ghimire (2023).

Performance evaluation was found to have a significant positive impact on organizational performance, with an unstandardized coefficient (B) of 0.620 and a significant  $p$ -value of 0.002. The standardized beta was 0.248, suggesting that while it contributes positively to performance, its influence is moderate compared to other variables such as budgeting (beta = 0.422). This indicates that effective performance evaluation practices, such as assessing employee behavior, measuring productivity, and financial indicators like ROI and ROE, can significantly enhance organizational outcomes. This also supports the findings of Gautam (2022).

## **CHAPTER –V**

### **SUMMARY AND CONCLUSION**

#### **5.1 Summary**

Today's business society operates in a highly dynamic environment with a wide range of management issues. The traditional methods of intuition-based management are no longer regarded as reliable. Contemporary management has come to understand that even a small mistake in policy decisions can result in significant economic opportunity loss or exclusion from competition. A second chance might not present itself, or if it does, it might be expensive or dangerous. In order to make wise decisions and effectively guide the administration, management always looks for and evaluates pertinent information in an effort to lower the chance of making a mistake. Effective management is essential to the success of any firm. Every organization and every level of an organization can use management concepts. It is equally important for all organization such as commercial, non-commercial and private or public.

This study's main goals were to investigate how management accounting procedures affected Nepal's commercial banks' performance. The survey design used in this study was descriptive. The 20 commercial banks in Nepal were the study's target population. The study discovered that the respondents' banks made extensive use of decision-making procedures. These consist of a big product's CVP study, a product's profitability analysis, and a customer profitability analysis of a significant capital investment.

Economic activities are carried out by corporate firms. The foundation of the economy is its economic activity. The economy is impacted by these activities in one way or another. Resources are scarce in all organizations. Various tools and techniques have been created to make better use of the restricted resources. Management accounting tools are among the many tools and techniques that have been used in various managerial operations. The primary goal of management accounting is to support managers in their overall managing tasks by offering data and aiding in decision-making, planning, and control. This supports the managerial role in decision-making as a strategic business partner. The main management accounting

tools are: financial performance analysis, cash flow analysis, responsibility accounting, standard costing, activity-based costing, CVP analysis, overall master budget, and cost segregation and categorization.

## **5.2 Conclusion**

Accounting data that is helpful to management is the focus of management accounting. The production and application of accounting data for planning, company operations control, and timely decision-making are all part of management accounting.

Businesses today face numerous challenges as a result of their incapacity to make the correct decisions at the right times. Because of this, the majority of them are no longer in operation, and more are on the verge of collapsing. Today's business world depends on making the correct decision at the right moment in order to thrive. In order to address the complexity that has grown in today's business decision-making process, the concept of management accounting was developed. Because all managers must participate in some form of decision-making, it is applicable to all levels of management. In the framework of contemporary corporate organization, management accounting is a relatively new field that is still evolving. Planning and control are just two of the management responsibilities that are made easier by the various management accounting tools and techniques that are developing as new dimensions. Although the university teaches a variety of management accounting methods and methodologies, Nepalese commercial banks do not fully implement them. It demonstrates how theory and practice differ greatly.

Nepalese commercial banks make extensive use of management accounting tools such as cash flow analysis, capital budgeting, ratio analysis, responsibility accounting, and break-even analysis. The least used tools in Nepali commercial banks are also standard costing, zero base budgeting, pricing strategy, and segregation. Additionally, the reason why typical costing and inventory management technologies are rarely used in the service industry particularly in the banking and financing sector is discovered. Hiring foreign experts to do various managerial tasks is practically nonexistent in Nepalese commercial banks. The Nepalese commercial banks lacked

adequate information about some management accounting methods and processes, which resulted in their non-existence or minimal use.

In conclusion, the use of management accounting technologies by Nepalese commercial banks is still in its infancy. They are making an increasing effort to use these tools and strategies in order to deal with the challenges posed by globalization as well as the anticipated opportunities of the future. They also realized that, to sustain and to operate their organization on a regular basis perfect planning, controlling and right decision in right time should be made. To carry out this goal management accounting will be fruitful because management accounting enhances decision making, guides strategy development and focuses efforts related to improved organization performance, and on evaluation the contribution and performance of organization units and member.

Ultimately, it can be said that Nepal's commercial banks are still in their infancy when it comes to using contemporary management accounting methods. Therefore, it is determined that Nepalese commercial banks should concentrate on innovative management accounting techniques in order to enhance overall performance.

### **5.3 Implications**

Every kind of business must use management accounting tools and practices in order to improve organizational performance; they are not an option. It gives managers the essential concepts, rules, and tactics they need to do management tasks more effectively. Every business is becoming more complex due to factors including globalization, economic liberalization, shifting human behavior, and technological improvements. The organization needs to practice management accounting methods and procedures in order to face the anticipated obstacles and seize the opportunities. Some conclusions were reached with the aid of the analysis and interpretation of management accounting tool applications. It could be useful to offer some advice and ideas in light of these findings. Improvements in Nepalese commercial banks through the use of management accounting technologies will benefit the organization's concerned stakeholders.

Commercial banks may benefit from this study's more trustworthy information on management accounting tools. The study concluded that there is a favorable correlation between organizational performance and the use of costing, budgeting, planning, controlling, decision-making, and performance evaluation tools. In order to obtain a competitive edge, the company can implement management accounting techniques. The study can help businesses understand management accounting tools and how they affect banks' performance. According to the report, the new management accounting technologies help banks function better.

To find out if banks in other industries (private) also view management accounting procedures as crucial and how frequently they are used, research should be done that includes these banks as well. Depending on the type of tool, Nepal's commercial banks should employ various MA tools and apply them in various contexts. For instance, planning can be impacted by decision-making, capital budgeting, cost estimating, cost classification, and cost allocation. Similar methods of control include flexibility budgeting, cash flow statements, standard costing, budgetary control, and responsibility accounting. The business can reap greater benefits in the near future if management uses the appropriate tools in the correct places.

It is advised that management accounting tools and procedures be used in order to increase commercial banks' competitiveness and carry out management tasks successfully and efficiently. Cost estimation, categorization and allocation, profit measurement and recognition, and cost volume-profit analysis are some of the methods that can be used for planning operations. Due to a lack of information, high costs, lengthy procedures, and time commitments, the majority of commercial banks, particularly those in the public and private sectors, are becoming obstacles to the use of management accounting tools and techniques. Thus, Nepalese commercial banks must to be updated with modern instruments and methods that are used by the world's top banks. Although useful, activity performance based on standard management accounting tools is insufficient in the competitive age. New methods and techniques should be created in order to minimize costs and provide better customer service.

Coordination between the committee, the finance department, and the planning department must be equally important when it comes to budget preparation and

planning activities. When creating a budget, the bottom-up method should be used. For planning purposes, the banks should, if at all possible, hire a specialist with expertise. According to the report, the majority of commercial banks utilize profit/loss criteria to gauge and manage overall performance. To assess the entire performance, they had to employ other strategies including ratio analysis, flexible budgeting, standard costing, and budgetary control. In order to effectively establish and comprehend the new management accounting tools and procedures, Nepalese commercial banks should engage with academicians through seminars, large gatherings, and discussion programs. Different kinds of training programs should be held by banks to keep their employees up to date. In a similar vein, senior management ought to focus on the efficient application of management accounting methods and technologies in their institutions.

Since the results are based on a descriptive study that focuses on the state of management accounting processes today rather than in the past or present, longitudinal research using more powerful statistical approaches may be necessary in the future. Lastly, more research is required to determine how new management accounting approaches vary from traditional ones.

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## APPENDIX I

### QUESTIONNAIRES

#### Dear Respected participants

I am planning to conduct a research study on **management accounting practices and performance of commercial banks in Nepal**. The objectives of this questionnaire is to collect information about **the present practices of management accounting and employee satisfactions** offered by commercial banks 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: HSEB [ ], Bachelor level [ ], postgraduate [ ]

S.N.	Costing System	Score				
		1	2	3	4	5
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

	Budgeting System					
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

	<b>Controlling and reporting</b>					
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

	<b>Decision Making</b>					
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

	<b>Performance Evaluation</b>					
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

	<b>Organizational Performance</b>					
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

**Thank you for your participation.**

**PAPER NAME**

MANAGEMENT ACCOUNTING  
PRACTICE S AND PERFORMANCE OF  
COMMERCIA L BANKS IN NEPAL

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Manish Prasad Dahal

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