

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Public enterprises are organizations that are owned and operated by the government. They provide a variety of goods and services to the public, such as transportation, utilities, and healthcare. Management accounting is the process of providing information to managers in public enterprises to help them make decisions about planning, controlling, and evaluating performance (Doherty & Otley, 2004). Public enterprises are unique entities, often sitting at the crossroads between governmental oversight and market dynamics. Functioning as key pillars in many economies, these entities are tasked not just with generating revenues, but also with fulfilling public objectives and ensuring societal welfare (Otley, 2008).

Where, Management accounting is the process of providing information to managers to help them make decisions about the planning, control, and performance of their organizations. In the public sector, management accounting practices are used to help managers achieve the goals of the organization, which may include providing services to citizens, managing resources efficiently, and ensuring accountability (Broadbent & Guthrie, 2008).

Management accounting, traditionally associated with the corporate sector, has long been a tool for businesses to optimize performance, streamline operations, and forecast financial scenarios. But its relevance is not limited to the corridors of profit-driven firms (Lapsley, 2008). Public enterprises, or state-owned entities, are a vital segment of the global economy, operating at the intersection of governance and commerce. Tasked with a dual mandate of fulfilling societal objectives and maintaining economic viability, these entities face a unique set of operational challenges and complexities (Hood, 1995). The way in which management accounting is practiced within these enterprises, therefore, takes on a distinctive hue. From navigating the fine balance between profitability and public mandate to contending with potential political interferences, the role of management accounting in public enterprises is multifaceted. This introduction aims to shed light on the nuances of management accounting practices within these entities,

setting the stage for a deeper exploration into their specificities, challenges, and future trajectories.

Management accounting is concerned with providing both financial and non-financial information that will help decision makers to make good decisions. It relates to the provision of appropriate information for people within the organization for helping them to make better decisions. Management accounting is an emerging discipline. With the changing environmental factors and cutthroat competition in the international market, the demand for thoughtful decision making is highly appreciable. The main theme of management accounting is to simplify the planning and decision making process and to provide support to achieve better organizational outcomes. It is important for every level of management because every manager has to be involved in some sort of decision making, planning and controlling process (Shah and Ojha, 2016).

The choice of management accounting practices that are used in a public enterprise will depend on a number of factors, such as the size and complexity of the organization, the nature of its services, and the regulatory environment. Some common management accounting practices used in public enterprises include (CIMA, 2019):

- **Budgeting:** This involves setting financial targets for the organization and developing plans to achieve those targets. Budgets can be used to allocate resources, track progress, and identify areas for improvement.
- **Cost accounting:** This involves tracking the costs of providing services and products, so that managers can make informed decisions about pricing and resource allocation. Cost accounting can also be used to identify areas where costs can be reduced.
- **Performance measurement:** This involves collecting data on the organization's performance, so that managers can track progress and identify areas for improvement. Performance measures can be financial or non-financial, and they should be tailored to the specific goals of the organization.
- **Risk management:** This involves identifying and managing risks to the organization, such as financial risks, operational risks, and reputational risks. Risk management can help to protect the organization from financial losses and ensure that it continues to operate effectively.

By implementing sound management accounting practices, public enterprises can improve their efficiency, effectiveness, and accountability. This can help them to achieve their goals, provide better services helps to motivate and monitor people in organization. During the 1950's the emphasis shifted from external users to the internal users of cost accounting data. As a result, the cost data used by management was accumulated in different manner from different sources of financial accounting. This shift in emphasis led to the emergence of management accounting (Gautam and Bhattarai, 2014).

Although banking business is in growing stage in our country. It is becoming more complex because of competitions. For the smooth running of enterprises sectors and to make this sector successful, good management is the only one option. The performance of the well-managed organization is high as compared with the organizations which have poor management. Management accounting is the term used to describe the accounting methods, system and methods, which coupled with special knowledge and ability. It consist management in maximizing profit, sales and wealth of the owners.

1.2 Problem Statement

Management accounting provides techniques to aid management function. Nepalese public enterprises are not performing well performances, because without using proper information and the formulating the plan, its implementation and control are not effective. Public enterprises is a business of risks with the diversity of products and services, been increasing. In words as fast moving as finance, regulation cannot stay behind. Until recently serious work has been done by the accounting profession on the conceptual differences between the use of management accounting techniques to support GAAP financial reporting and management accounting techniques used for internal. A flexible and updated regulatory system seems to be the best option in such a volatile market.

Success is a matter of implementing plan systematically, profit does not just happen. Every activity must be planned and managed to achieve success. We find the practice is not sufficient there for the research questions will help to study the scenarios of management accounting tools being in Nepalese public enterprises. It also provides information to assist managers in their planning and controlling activities. Management accounting activities include collecting, classifying, processing, analyzing, and reporting information to management.

The quality and ability of the management are often judged by the size of the profit figure at the end of the accounting period. Management accounting provides techniques to aid management function. Lack of information, extra cost burden and cognizance about management accounting tools are the main factors causing problem in the application of management accounting tools. Lack of knowledge, intensive decision, lack of skilled manpower, lack of infrastructure development and extra cost burden are the main reasons behind not practicing new management accounting tools. Nepalese public enterprises are in an infant stage in practicing management accounting tools. The research is based on following questions to find out the answers:

- What is the current practice of management accounting practices and organization performance of public enterprises?
- What is the relationship between management accounting practices and organizational performance?
- What is the management accounting practices have impact on organization performance?

1.3 Objectives of the Study

The main objective of the research work is to study and examine the present practices of management accounting in Nepalese public sectors. The specific objectives are as follows:

- To assess the management accounting practices and organizational performance of Nepalese public enterprises.
- To examine the relationship between management accounting practice and organizational performance in the Nepalese public enterprises.
- To analyze the impact of whether management accounting practices on organization performance of Nepalese public enterprises.

1.4 Rational of the Study

The present research might be a new effect for the process of thesis preparation entitled management accounting practices in Nepalese public Enterprises. The study is significant in the following ways:

- It examines the application of management accounting in Nepalese public enterprises.
- The research explores the problems and difficulties for the application of management accounting in Nepalese companies. Therefore it is useful to the managers, accountants, policy maker, who will be interested and concerned. The research provides information on the application of management accounting tools and techniques under different circumstances. Thus it will encourage to the authorities for use of management accounting in planning, controlling and decision making to those who are not practicing and the least practicing till now.
- It provides literature to the researcher who wants to carry out further research.
- It will be beneficial to student, teachers, civil society, stakeholder's businessman and government.

1.5 Limitations of the Study

The study is important document in context of management accounting Practices in Nepalese public enterprises. Finding of the study might be very much useful for academicians as well as for practitioners. As every study it is also not free from some limitations. This also suffers from following limitations:

- The study focused Management Accounting practice of only 10 public enterprises and didn't consider the other aspects of the public enterprises.
- The types of information are collected from primary sources by using questionnaire. Stratified sampling procedure was used to draw the sample. Thus the research might not cover the wide range of management accounting.
- The study has pays focused on the practice of management accounting tools and techniques only. It does not consider the implementations aspects of the tools and techniques.
- The study is concerned only one the use of management accounting. It does not consider the economic aspects of the enterprises.
- The study has focused only on the public companies. Thus findings might not be applicable to the nonpublic companies Nepal.
- The presents study pays attention to the practices of management accounting tools and techniques in Nepalese context only. Therefore, it does not address to the Global context.

CHAPTER-II

LITERATURE REVIEW

Accounting means the process of analyzing financial transactions and recording them in the book of account to show the financial results of operations. It is the eye of the business which shows a path to go ahead. It has rightly been termed as the language of the business. It communicates the result of business operations to the various parties who have some stake on the business. The objective of accounting is to provide sufficient information to meet the need of various users at the lowest possible cost. As such, the accounts/accounting should aim to provide the right information to the right user/people in the right quality at the right time and at minimum cost. This section presents two theories. The first theory is contingency theory of management accounting while the second is the new institutional sociology theory of management accounting as discussed by Ribeiro and Scapens (2016).

2.1 Management Accounting Practices and Its Various Theories

MAPs help executives to serve consumer needs, facilitate decision-making, and manage the corporate value chain (Dahal, 2019). Integration of MAPs into organizational strategies supports to manage the operational activities (Wahyuni&Triatmanto, 2020). Some previous studies (Laitinen, 2014) indicated that MAPs in an organization worked as a catalyst to motivate employees. OP is considered as a contextual factor in an organization that may have a relationship with MAPs. OP factors are the result of the MAPs and RMDs within the organization. If there are appropriate management accounting techniques supported by RMDs, it will enhance OP (Baines &Langfield-Smith, 2003). So, OP is the antecedent resulting from MAPs.

2.1.1 Theoretical Approaches

Research in management accounting has a long tradition with a variety of theories being utilized and applied in the process (Scapens& Bromwich, 2010). Some of the main theories are outlined in this section as part of building on the existing accounting-relevant theories. Scapens (2006) provides a personal account and outlines his own experience with some of the research approaches that were popular throughout the years. The very first

studies assumed a quantitative mathematical approach to management accounting with little belief that anything important could be found, as everything had been done already (Scapens, 2006). Some of the earliest and the latest studies have been present below:

Contingency theory

One popular view of contingency theory is that the structure of an organization depends on the company's technology and environment, and that the effectiveness of managerial processes (including the management accounting system), is contingent on the organization's structure. A contingency theory approach (Scapens, 2006) which is derived from organizational studies and says that the successful implementation and use of management accounting practices depends upon particular factors, so-called contingencies. These typically include the environment, technology, size and structure of an organization, but recently strategy and national culture have been added. Contingency theory is typically used in positivistic studies (Malmi & Granlund, 2009), where pre-determined hypotheses are delineated and then tested in the empirical part of the investigation, although this does not have to be the case (Chapman, 1997). Uncertainty will drive, however, the adoption of information processing requirements (Chapman, 1997). Contingency theory is still one of the most popular research approaches in management accounting (Chenhall, 2006).

Agency Theory

Agency theory is developed around the concept of contractual relationships between two groups with conflicting objectives, i.e., principals and agents. The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. The problems related to accomplishing this objective include the following:

- The agent's utility function is based on the utility for wealth and the disutility for effort, while the principal's utility function is only based on wealth.
- The effects of both ex ante and ex post uncertainty.
- The effects of risk where the principal is assumed to be risk neutral and the agent is assumed to be risk averse.
- The effects of incentives and payoffs.

- The moral hazard problem - not knowing the effects of the agent's effort vs. randomness.
- The adverse selection problem - not being able to determine the agent's skill level.

New Institutional Economics (NIE)

New institutional economics encompasses a broad range of economic approaches which have developed out of neo-classical economics (Scapens, 2006). Although the traditional theory of the firm treated the firm as a black box, by the mid twentieth century managerial and behavioral theories of the firm had begun to look inside the box. NIE followed this lead and sought to explore the governance arrangements which structure economic activities within firms and organizations more generally (Meyer and Rowan 1977). There are various strands of NIE, including work in such areas as property rights and common law, public choice processes, as well as work within organizations; and a number of different theoretical approaches have been developed, including agency theory, game theory and transaction cost economics (TCE) (Ma and Tayles, 2009). A detailed discussion of the various types of NIE is beyond the scope of this article; here we will focus primarily on TCE as it has had a significant influence on accounting research, especially management accounting research (Moll and Hoque, 2011).

NIE draws attention to the economic factors which shape the structure of organizations and their management accounting practices. As such, it can be helpful in understanding certain aspects of the mish-mash of inter-related influences. However, economic factors are only part of this mish-mash and we need to look beyond economics to get a fuller understanding of all the inter-related influences. In the next section we will discuss how NIS can be helpful in this respect.

New Institutional Sociology (NIS)

The early NIS research was concerned with why organizations, particularly not-for-profit and public sector organizations, in particular fields appear to be quite similar. The early NIS theorists distinguished between technical and institutional environments, and argued that they each place different pressures on organizations (Meyer and Rowan, 1977). The former relate to the need to achieve technical efficiency in the operations of the organization, while the latter relate to the need to embrace the rules, social norms and expectations of others outside the organization. In this context, organizations have to

appear legitimate to their broader constituencies and stakeholders in order to secure the resources they need for their continued survival. To gain this legitimacy organizations have to be seen to conform to what is expected of them (DiMaggio and Powell, 1983).

Taken together, NIE and the early NIS research indicate that the various external pressures can influence the way organizations are structured and governed. While NIE explores the economic pressures, NIS explores the institutional pressures. However, although NIE and the early NIS can help us understand the nature of the external pressures on organizations, not all organizations will conform to these pressures in the same way and some organizations may be more responsive to some pressures rather than others (Oliver, 1991).

Old Institutional Economics (OIE)

As indicated above, NIE and the early NIS work look to the broader external environment and explore how it shapes management accounting practices in organizations (DiMaggio and Powell, 1983). However, to get a fuller understanding of the mish-mash of inter-related influences it is essential to go inside the organizations and study how specific management accounting practices are shaped. While some NIS researchers are starting to look within organizations, other management accounting researchers have used OIE to provide framework for studying management accounting change. To understand of the nature of OIE it will be helpful if we first contrast old and new institutional economics (Moll and Hoque, 2011).

OIE has its origins in the work of the early American institutionalists, especially Thorstein Veblen, who critiqued the impact that large corporations were having on social democracy in the US at the beginning of the twentieth century. More recently, amid growing concerns about the ability of neoclassical economics to address contemporary economic problems, there has been resurgence of interest in (old) institutional economics, often combined with other perspectives, such as the behavioral economics of Herbert Simon (1959) and the evolutionary economics of Nelson and Winter (1982). This work explores the way in which habits, rules and routines structure economic activity, and importantly how they evolve through time (Hodgson, 1993). By adopting an OIE perspective, management accounting can be conceptualized as the rules and routines which shape organizational activity. Burns and Scapens (2006) defined rules as the formal statements of procedures and routines as the (both formal and informal) procedures that are

actually used. Building on these definitions,(Burns and Scapens2006) developed a framework for studying management accounting change.

2.2 The Dimension of Management Accounting Systems.

Most of the study concerning MAPs conducted in the world is on manufacturing firm. Researchers, academicians, and practitioners concentrate on the manufacturing firm's concern towards the MAPs on OP. They play a crucial role in building a competitive advantage for organizations (Yeshmin&Hossan, 2011).It attempts to understand it primarily from the actors' point of view, which forms the reference frame of those studied (Hoque&Alam, 2001).The majority of the studies have dimensioned Management Accounting Systems to costing systems; budgeting, decision making, performance evaluation and controlling and reporting.

Financial accounting

This dimension focuses on the historical financial performance of the organization. It includes the preparation of financial statements, such as the balance sheet, income statement, and statement of cash flows.Financial accounting is concern with the recording of financial transaction of the business and provides information in financial terms to parties or people wanting information about the state of business. It is that part of accounting which is employ to communicate the financial information of a business unit. The object to financial accounting is to find out the profitability and to provide information about the financial position of the business concern (Munankarmi, 2002).

Cost accounting

This dimension focuses on the costs of providing goods and services. It includes the identification, measurement, and allocation of costs to products, services, and activities.Cost accounting is the processing and evaluation of monetary and non-monetary data to provide information for external reporting, internal planning and control of business operations and special analysis and decision (Singh, 2004).

Cost accounting is concern with the classifying, recording and appropriate allocation of expenditure for the determination of the cost of products or services and for presentation of data for purpose of control and guidance to management. It includes the ascertainment

of the cost of every order, job contract, process, service or unit as may be appropriate. The main objective of cost accounting is to find out the extra cost per unit of product or services (Munankarmi, 2002).

Managerial accounting

This dimension focuses on providing information to managers to help them make decisions about the planning, control, and performance of the organization. It includes budgeting, performance measurement, and decision-making support. Management accounting is that branch of accounting discipline, which facilitates management by communicating necessary information to carry out management functions smoothly. Planning, organizing staffing, leading and controlling are the routine functions of management. Management accounting is an accounting discipline that provides essential information to every hierarchy of management to perform management functions (Singh, et al., 2004).

Strategic management accounting

This dimension focuses on providing information to managers to help them develop and implement the organization's strategy. It includes performance measurement, target costing, and activity-based costing. It uses both financial and non-financial information to help managers make decisions about resource allocation, pricing, and other strategic initiatives. Strategic management accounting is a valuable tool for organizations that want to improve their strategic planning and decision-making. By using strategic management accounting, organizations can make better decisions about how to allocate resources, price products and services, and compete in the marketplace (Hoque, 2001).

Performance measurement

This dimension focuses on measuring the performance of the organization against its goals and objectives. It includes financial and non-financial measures, such as profitability, customer satisfaction, and employee turnover. It is a systematic approach to managing employee performance that includes setting clear expectations, providing regular feedback, and taking corrective action when necessary. Despite the challenges, performance management is a valuable tool that can help organizations to improve their performance. By carefully designing and implementing a performance management

system, organizations can reap the many benefits of this approach (Thomas, 2007)

Risk management

This dimension focuses on identifying and managing risks to the organization. It includes risk assessment, risk mitigation, and risk monitoring. It is a systematic approach to managing uncertainty that seeks to minimize the negative impact of potential events and maximize the positive impact of opportunities.

Risk management can be defined as "the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities. The goal of risk management is to protect an organization from harm and to ensure that it achieves its objectives. Risk management can be applied to all aspects of an organization, including its operations, finances, and reputation (Turner, 2009).

2.3 Outline of management accounting

Managerial accounting is an in exact science. Its usefulness depends to a very great extent upon the intelligent interpretation of the data made available. Management accounting system provides information to assist management in their planning and control activities. Management accounting activities include collecting, classifying, processing, analyzing and reporting information to manager. Unlike the financial accounting information prepared for external constituencies such as investors, creditors, suppliers and tax and regulatory authorities. Management accounting information should be designed to help decision making within the firm. Therefore the scope of management accounting extends beyond traditional measures of the cost and revenues from the transactions that have already occurred to include also information on sales backlogs, unit quantities, price demand and capacity resources and extensive performance measured based on financial or non-financial measure (Bajracharya et al., 2004).

Management accounting is the presentation of accounting information to formulate the policies to be adopted by the management and assists its day to day activities. It helps the management to perform all its function including planning, organizing, staffing, and control. It presents to management the accounting information in from of processed data,

which it collects from financial accounting (Paul, 1994).

Accounting is concerned basically with providing financial information that will help decision makers to make economically rational decisions. American management association it defined as “Management accounting the process of identifying, measuring and communicating economic information to permit informed judgments and decision by users of the information”. Management accounting is the process of identifying, measuring, analyzing, interpreting and communicating information for searching the goals of company. Management accounting is an integral part of the management process and management process and management accountings are important strategic partners in the company management team. The concept of management accounting has been developed because of complexity in business management. The various tools and techniques of MA will help to change that complexity into opportunities. It collects both financial and non-financial information from various branches of knowledge these information’s should be classifying , processing, analyzing, recording and reporting as per of requirement of management. The main theme of these reports is to simplify the planning and decision making process. Finally management accounting provides an effective support to achieve better organizational objectives. It is important not only for managers and employees but also every aspect of stakeholders.

2.4 Types of Management Accounting

Managerial accounting encompasses many facets of accounting aimed at improving the quality of information delivered to management about business operation metrics. Managerial accountants use information relating to the cost and sales revenue of goods and services generated by the company. Cost accounting is a large subset of managerial accounting that specifically focuses on capturing a company's total costs of production by assessing the variable costs of each step of production, as well as fixed costs. It allows businesses to identify and reduce unnecessary spending and maximize profits. Below presented the management accounting types (Tuovila, 2022):

2.4.1 Product Costing and Valuation

Product costing deals with determining the total costs involved in the production of a good or service. Costs may be broken down into subcategories, such as variable, fixed, direct, or indirect costs. Cost accounting is used to measure and identify those costs, in addition to

assigning overhead to each type of product created by the company.

Managerial accountants calculate and allocate overhead charges to assess the full expense related to the production of a good. The overhead expenses may be allocated based on the number of goods produced or other activity drivers related to production, such as the square footage of the facility. In conjunction with overhead costs, managerial accountants use direct costs to properly value the cost of goods sold and inventory that may be in different stages of production.

Marginal costing (sometimes called cost-volume-profit analysis) is the impact on the cost of a product by adding one additional unit into production. It is useful for short-term economic decisions. The contribution margin of a specific product is its impact on the overall profit of the company. Margin analysis flows into break-even analysis, which involves calculating the contribution margin on the sales mix to determine the unit volume at which the business's gross sales equal total expenses. Break-even point analysis is useful for determining price points for products and services.

2.4.2 Cash Flow Analysis

Managerial accountants perform cash flow analysis in order to determine the cash impact of business decisions. Most companies record their financial information on the accrual basis of accounting. Although accrual accounting provides a more accurate picture of a company's true financial position, it also makes it harder to see the true cash impact of a single financial transaction. A managerial accountant may implement working capital management strategies in order to optimize cash flow and ensure the company has enough liquid assets to cover short-term obligations.

When a managerial accountant performs cash flow analysis, he will consider the cash inflow or outflow generated as a result of a specific business decision. For example, if a department manager is considering purchasing a company vehicle, he may have the option to either buy the vehicle outright or get a loan. A managerial accountant may run different scenarios by the department manager depicting the cash outlay required to purchase outright upfront versus the cash outlay over time with a loan at various interest rates.

2.4.3 Inventory Turnover Analysis

Inventory turnover is a calculation of how many times a company has sold and replaced inventory in a given time period. Calculating inventory turnover can help businesses make better decisions on pricing, manufacturing, marketing, and purchasing new inventory. A managerial accountant may identify the carrying cost of inventory, which is the amount of expense a company incurs to store unsold items.

If the company is carrying an excessive amount of inventory, there could be efficiency improvements made to reduce storage costs and free up cash flow for other business purposes.

2.4.4 Constraint Analysis

Managerial accounting also involves reviewing the constraints within a production line or sales process. Managerial accountants help determine where bottlenecks occur and calculate the impact of these constraints on revenue, profit, and cash flow. Managers can then use this information to implement changes and improve efficiencies in the production or sales process.

2.4.5 Financial Leverage Metrics

Financial leverage refers to a company's use of borrowed capital in order to acquire assets and increase its return on investments. Through balance sheet analysis, managerial accountants can provide management with the tools they need to study the company's debt and equity mix in order to put leverage to its most optimal use.

Performance measures such as return on equity, debt to equity, and return on invested capital help management identify key information about borrowed capital, prior to relaying these statistics to outside sources. It is important for management to review ratios and statistics regularly to be able to appropriately answer questions from its board of directors, investors, and creditors.

2.4.6 Account Receivable (AR) Management

Appropriately managing accounts receivable (AR) can have positive effects on a company's bottom line. An accounts receivable aging report categorizes AR invoices by

the length of time they have been outstanding. For example, an AR aging report may list all outstanding receivables less than 30 days, 30 to 60 days, 60 to 90 days, and 90+ days.

Through a review of outstanding receivables, managerial accountants can indicate to appropriate department managers if certain customers are becoming credit risks. If a customer routinely pays late, management may reconsider doing any future business on credit with that customer.

2.4.7 Budgeting, Trend Analysis, and Forecasting

Budgets are extensively used as a quantitative expression of the company's plan of operation. Managerial accountants utilize performance reports to note deviations of actual results from budgets. The positive or negative deviations from a budget also referred to as budget-to-actual variances, are analyzed in order to make appropriate changes going forward.

Managerial accountants analyze and relay information related to capital expenditure decisions. This includes the use of standard capital budgeting metrics, such as net present value and internal rate of return, to assist decision-makers on whether to embark on capital-intensive projects or purchases. Managerial accounting involves examining proposals, deciding if the products or services are needed, and finding the appropriate way to finance the purchase. It also outlines payback periods so management is able to anticipate future economic benefits.

Managerial accounting also involves reviewing the trendline for certain expenses and investigating unusual variances or deviations. It is important to review this information regularly because expenses that vary considerably from what is typically expected are commonly questioned during external financial audits. This field of accounting also utilizes previous period information to calculate and project future financial information. This may include the use of historical pricing, sales volumes, geographical locations, customer tendencies, or financial information.

2.5 Function of Management Accounting System

Controllershship Function

Controller is the top accountant in an organization. Controllershship activities are primarily

related to the accounting process. It consist of major activities including financial record keeping and reporting internal auditing, tax planning, cost accounting, profit planning, accounting information system and so on. Maintaining financial discipline and profit maximization are the prime objectives of controllership functions. Controllership functions basically focus on the management of revenues and expenditures (Bajracharya, et al., 2004:11).

Stewardship Functions

Stewardship function is a traditional approach of accounting that places an obligation on stewards or agents, such as directors, to provide relevant and reliable financial information relating to resources over which they have control but which are owned by others, such as shareholders. Stewardship functions follows proper accounting procedures, which satisfy legal and commercial needs but are less rigorous and detailed than the professional practices of management and financial of accounting. Not only are steward responsible for providing information, but they must also submit to an audit (Bajracharya,et al., 2004:11).

Treasurer ship Function

Treasurer is a financial manager in a staff position that is responsible for managing an organizations relationship with investors and creditors and maintaining custody of the organizations cash, investment and other assets.Management of capital and investment is a distinct area of treasure-ship functions. It consists of major activities like financial planning, dealing with capital and money markets, investment decisions, cash management, credit management and so on. Value maximization of the organization is its prime objectives (Bajrachary,et al., 2004: 11).

Management accounting follows a systematic and scientific way to perform its functions. The functions of management accounting that satisfy the various needs of management for arriving at appropriate business decision may be described as follows:

- Collection of data/ information
- Identification and modification of relevant information
- Analysis and interpretation of data
- Providing information for planning and decision making

- Facilitating management for control
- Use of qualitative information other than account
- Satisfaction of information needs

2.6 Nature and Scope of Management Accounting

Management accounting is a youth discipline. As a result Management accounting concept and tools are still developing as a new ways. The tools techniques from MA provides information that assist management. The scope or field of management accounting is very wide and broad based and it includes a variety of aspect of business operation. The main aim of management accounting is to help management in its functions of planning, decision-making, controlling & areas of specialization (Munakarmi, 2002:6).

In fact, management accounting is a hybrid discipline comprised of diversified field in management and economics. As the main purpose of management accounting is to assist the strategic manager, it incorporates the theories, tools and techniques of any discipline as per the needs. On this ground the scope of management accounting touches all the discipline of business administration. For example, the following list highlights the scope of management accounting (Bajracharya, et al., 2004:15). Tools applicable in management accounting origin of tools are:

- | | |
|--|----------------------|
| • Cost determination : | cost accounting |
| • Regression, probability, hypothesis test : | statistics |
| • Linear programming : | operation management |
| • Marginal costing, price - determination : | economics |
| • Analysis of customer, competitors, etc : | marketing |
| • Accounting information system : | MIS |
| • SWOT analysis: | strategic mgmt. |
| • Financial performance analysis : | financial accounting |
| • Present value based decisions: | financial mgmt. |
| • Tax effect : | tax planning |

2.7 Public Enterprises in Nepal

The establishment of public enterprises dates back to the early 19th century during the Industrial Revolution. During that time, in some countries private companies had monopolized critical industries, leading to high prices, and goods and services of poor quality. Whereas in some developing countries like Nepal, there was a lack of infrastructure, not many industries, and less investment capacity of the private sector. So, like the rest of the world, Nepal too wholeheartedly welcomed public enterprises with the establishment of Biratnagar Jute Mill in 1950.

Over the past decade, public enterprises (PE) all over the world have faced numerous economic, financial, and political crises. Some of the main reasons being government interference, mismanagement, and corruption. Political interference can lead to decisions that prioritize political goals over economic efficiency and effectiveness, which can cause financial losses and operational inefficiencies. Public enterprises around the world such as Air India, Petrobras, a state-owned oil company in Brazil, Indian Railways, British Leyland, etc started facing numerous financial crises, leading to multiple bailouts by the respective governments. A similar path was followed by public enterprises in Nepal where public enterprises were a burden on taxpayers.

It is well known fact that public enterprise have established for the purpose of socio-economic development of the country. It enjoys a strategic and crucial position in our mixed economy. They have been established in many sectors for the overall development of the country with different goals and objective. Since 1956, Nepal has witnessed growth and development of public enterprise. Nepal government has to play a vital role in the development of the country for the purpose, makes massive investment to create necessary infrastructure and run some of the large manufacturing industries to the people (shrestha, 2004: 16).

Classification of Nepalese PEs

MOF has classified the PEs in different group on the basis of function performed by the enterprises are given below:

Financial Sectors (7)

1. Rastriyabaniija Bank
2. Agriculture Bank

3. Nepal Industrial Development
4. Rastriya Bema Sans than
5. Nepal Stock Exchange
6. KarmachariSanchayaKosh
7. NagarikLaganikosh

Industrial Sectors (7)

1. Herbs production and processing company
2. Hetauda cement Industry Ltd.
3. Janakpur cigarette Factory
4. Dairy Development Corporation
5. Nepal Drugs Ltd.
6. Udayapur Cement Industry Ltd.
7. Nepal Grind Magnetite Pvt. Ltd.

Trading Sectors (7)

1. Agriculture input company
2. National Seeds company
3. National Trading Ltd.
4. Timber Corporation
5. Nepal Food Corporation
6. Nepal Oil Corporation
7. Salt trading corporation Ltd.

Service Sectors (7)

1. NepalTransit and Warehouse Co. Ltd
2. Nepal Engineering Consultancy
3. Nepal Airlines Corporation Ltd.
4. National Productivity and economic Development center Ltd
5. Industrial Development management Ltd.
6. National Construction Company Ltd
7. Civil Aviation Authority of Nepal

Social service Sectors (5)

1. Janak Educational Material Center Ltd

2. Nepal Television
3. Cultural corporation
4. Rural Awash company Ltd.
5. Gorkhapatrasasthan

Public Sectors (3)

1. Nepal drinking Water Corporation
2. Nepal electricity Authority
3. Nepal Telecom Company Ltd

Source: National Planning Commission, Various Plan Documents and Ministry of Finance, Various Publications.

2.8 Management Accounting in Nepalese perspective

Management accounting is a new thing and it is still in a developing stage in the context of Nepal. The decisions that take place are usually based on the intuition of the strategic manager. It can be said that there role of management accounting is yet to be recognized by Nepalese Enterprises.

Nepal is a landlocked country situated between two largest countries with a huge rapid growth in business, industrial sectors, and the country has been trying to develop its economy. Due to serious political instability for a long time, security problem has emerged, multinational companies are hesitating to come and establish their subsidiaries here. Nepalese investors are also not very interested to invest within the country. The existing companies are running in traditional approach with autocratic leadership as the majority of the people are illiterate and in poverty and the rapid change in technology and the globalization of the market have become the real challenges today. Even then as the people and the investors have been able to understand the opportunity and the huge market availability in the neighboring countries and throughout the globe after the country's sentry inthe WTO, the functions and importance of management accounting has been realized by the business people and companies. Thus there is still plenty of scope for management accounting to be practiced by the Nepalese Public companies.

2.9 Empirical Review

Review of Articles and Journals

Alsharari and Daniels (2023) conducted a study on Management accounting practices and organizational change aspects in the public sector. The study aims to explain the process of management accounting practices and organizational change aspects in the public sector's response to environmental pressures. Specifically, it discusses the interaction process between management accounting practices from one side and culture, leadership and decentralization from the other side. This study adopts qualitative research approach and an interpretive case study. The study uses the triangulation method of data collection, including interviews, annual reports, documents and archival records. A theoretical lens informs it of the contextual/procession approach for interpreting interaction processes between management accounting and organizational change aspects, including culture, leadership and decentralization. The findings confirm that a change in organizational culture has an important impact on accounting change, which has played a central role in the desire to initiate and accept such changes by the organizational members. Similarly, the new leadership style created a unique culture that was considered a solid platform to introduce new accounting systems by enhancing the trust between IT staff and management accountants and their trust in them to accept the change. The paper concludes that the relationships between the change aspects at the organizational level, and accounting practices at the inherent organizational and accounting levels are both recursive and two way, with the two concepts inextricably interwoven.

Ghimire (2022) stated in the article "Management Accounting Practices in Nepalese Manufacturing Company" explained that the creation and enhancement that information of awareness among firms of the importance of information for decision making practices as this is the most highly used management accounting practice amongst the Nepalese manufacturing companies. This study concludes for decision making practices is the most highly used management accounting practice amongst the manufacturing companies in Nepal, followed by strategic analysis, budgeting, performance evaluation, costing, size and leverage respectively.

Omar et. Al (2021) studied the management accounting practices (MAPs) globally, and specifically of Malaysia, mainly focuses on large manufacturing companies. This study examines the adoption of MAPs among small and medium enterprises (SMEs) engaging

in export-oriented manufacturing in selected industrial hubs in Malaysia. In the digital era, these firms are expected to adopt some relatively sophisticated management accounting techniques in their manufacturing processes and marketing strategies. Based on 2019 statistics, SMEs constitute about 98.5% of all Malaysian business establishments. Most export-oriented SMEs are very structured in nature as they must adhere to stringent international market requirements. The objectives of the present study are to evaluate the level of perceived business uncertainty facing these SMEs and to explore their level of MAPs-adoption. Questionnaires were used to collect data from the export-oriented SME respondents: of the 410 distributed questionnaires, 78 (19%) were completed, returned, and used for analysis. The results show that, overall, export-oriented firms mainly market their products within the ASEAN region and, as such, most respondents perceived their business environment as “stable and predictable.” In relation to MAPs, it is evident that the export-oriented manufacturing SMEs rely more on traditional tools and techniques, like operating budget, standard costing, capital budgeting, variable costing, cost variance analysis, full costing, CVP analysis, and ratio analysis, for the purpose of product cost information.

Eugine and Miston (2020) analyzed a study on the Impact of (MAPs) on the Business Performance of Small and Medium Enterprises within the Gauteng Province of South Africa: This study contributes to the body of knowledge in the area of MA by providing current insights on both literature and research methodologies. In this manner, the paper may be used as a reference source by future researchers on similar matters. Furthermore, the study validates that MAPs such as costing system, budgeting, performance evaluation, information for decision-making and strategic analysis are instrumental in stimulating the SMEs business performance within the Gauteng Province of South Africa. The study further validates that those small and medium enterprises that are engaged in MAPs enhance business performance. The study has both theoretical and management implications. Theoretically, this study makes a noteworthy progression in MA concept by methodically examining the interplay between management account practices and business performance. In this manner, the study is an important contributor to the existing literature on this subject. The study also underwrites a new direction in the research on MAPs by opening up a discussion on the importance of MAPs in the development of SMEs in developing countries such as South Africa.

Ahmed and Ghani (2019) conducted a study MAPs in many countries around the world a review of the literature. This study contributes to the GAP in MAPs studies in several countries and provides an invaluable framework for future studies to adopt. MAPs (MAPs) studies have garnered increasing attention from researches and professional in accounting across several countries particularly those that is in the process of transitions. This study data was gathered from prior literature and tabulated 33 based on title year and country of the study and the sample size as well as the publication journal. The finding showed that researchers have been extensively dedicating their efforts to examining accounting management practices in various sectors particularly in Public enterprises.

Sunarni (2019) conducted a research on management accounting practice and role of management accountant: Evidence from Companies through Yogyakarta, Indonesia". She stated that management accounting practices in companies were dominated by traditional management accounting practices. She also stated that, the most important management accounting practices was profit improvement for medium and budgeting for big scale companies but budgeting was most important management accounting tools for both two types of companies.

Intakhan (2018) conducted a research on managerial accounting practices of SMEs ceramics, examine the influence of top management support and accountant competency on successful managerial accounting practices, and tested the influence of successful managerial accounting practices on decision making effectiveness. The data were collected from 107 accounting managers of SMEs ceramics. The data analysis is conducted with descriptive statistics to find percentage, mean, standard deviation, and inferential statistics analysis with structural equation model. The results showed that SMEs ceramics adaptation 3 highest managerial accounting practices for instance; cost volume profit analysis, cost behavior analysis, cash budget, budget for planning and operation control. The outcome of casual relationship analysis revealed that successful managerial accounting practices had the most direct effect toward decision making effectiveness and followed by top management support had direct effect toward accounting competency.

Ahmad (2017) conducted a studies aims to explore the implementation of MAPs in SMEs and the relationship between MAPs and performance. A questionnaire survey was conducted among Malaysian SMEs in the manufacturing sector. The study demonstrates

that the level of uptake of MAPs differs from traditional to more sophisticated approach. Costing system and performance measurement system (PMS) appear to be the common MAPs employed by the responding enterprises. Meanwhile, the sophisticated MAPs are frequently utilized by larger enterprises which is in line with the theoretical arguments of the effect of size in the adoption of MAPs. The findings also reveal that certain MAPs are found to have significant relationships with performance and these findings have reinforced the importance of MAPs in today's organization.

Liaqat (2016) conducted study to determine the application of contemporary management accounting techniques in Indian companies. A survey research design was employed. The study targeted 530 members companies of India's national association of financial directors and cost controllers. The study focused on findings on how widely contemporary and traditional management accounting practices were employed by Indian companies. It was discovered that improvement of general cost reduction and profitability were the motive behind the utilization of management accounting in Indian firms. The study also discovered a positive relationship between the adaptation of ABC and firm characters and such as pressure of competition, degree of customization, proportion of overhead to total costs, business size. None of the variations, however, was found to be at 10% of significant level.

Mohamed (2015) examined to investigate factors that affect the use of management accounting practices (MAPs) in Malaysian medium-sized firms in manufacturing sector. A quantitative research design involving the use of postal questionnaire was carried out to investigate the influences of key contingent factors on MAPs. The survey was conducted to 500 Malaysian medium-sized firms in manufacturing sector which elicited 110 useable responses. The results indicates that size of the firm, intensity of market competition, commitment of owner/manager of firm and advanced manufacturing technology have significant influences on the use of certain MAPs. Thus the research provides support for a contingency-based explanation for the use of MAPs and identifies new variable such as commitment of owner/manager as one of a key factor that affect the extent of use of MAPs in smaller firms.

Ahamad (2014) examine the study of the level of sophistication of management accounting practices in Libyan manufacturing companies. The major purpose of this study is to examine the management accounting practices in Libyan manufacturing companies.

For this purpose exploratory research design has been used. His study shows that almost all of Libyan manufacturing companies are implementing management accounting practices which provided information for cost determination financial control and information for management planning control. The Libyan manufacturing companies rely heavily on traditional management accounting techniques, while the adoption rates of recently developed or advanced tools were rather low, slow and similar than those presented in other developing countries. Sophistication level of management accounting is also found very low between Libyan manufacturing companies under this study.

Ahmad and Mohamed (2013) conducted an exploratory study on “The Level of Sophistication of Management Accounting Practice in Lybyancompany”.According to their study , most of Lybyancompany were rely heavily on traditional management accounting techniques, the adaption rate of recently developed or advance tools were rather low, slow and similar to other developing countries. It also shows that sophistication level of management accounting were in first and second state. Management accounting is the presentation of accounting information to formulate the policies to be adopted by the management and assist its day- day activities. It helps the management to perform all its functions including planning, organizing, staffing directing and control. It presents to management the accounting information in the form of processed data, which it collects, forms financial accounting. The process of identifying, measuring and communicating economic information to permit informed judgment and decisions by users of the information.

K. C. (2011) conducted a study on the topic “Management Accounting Practice in Public Enterprises”. The study has focused to examine the practice of management accounting tools in public enterprises. The study was based on only primary sources of data. The main objectives of this study isto examine the present practice of MA tools in PEs , identify the areas where management accounting tools can be applied to strengthen the PEs, identify the difficulties in applying it and recommending to concern parties. The finding of the study is Different types of management accounting tools, which are tough in the colleges, are not found applied, it help to managers to formulate organizational strategies as well as policy.

Asian Development Bank (2010) conducted a study over Nepal government accounting and auditing standard. This study pointed many weaknesses in the system of government

account and they suggest adopting either international public sector accounting standards or National accounting Standards (NASs). The findings of the diagnostic survey included the following:

- There is no complete reporting of government cash funds.
- There is no reporting of government assets, liabilities or equity.
- There is no accounting policies established for financial reports.
- There are deficiencies in reconciliation controls and balance confirmation.
- There no general ledger maintain for recording transactions.
- There is no audit opinions issued on the central financial reports.
- There is lack of financial reporting for management purpose.
- There prime recording for financial reports are maintained manually.
- There are no complete databases of various off- budget found maintains.

Shrestha (2009) has conducted a study in the topic “Management Accounting Practices in The Public Financial Sector in Nepal”. His main objectives to evaluate the process of planning controlling and decision making process of public financial sector in Nepal, Identify the major difficulties for practicing the management tools in public financial sectors in Nepal and suggesting and recommending to overcome the difficulties in practicing management accounting tools and technique in public financial sectors in Nepal. During his research found that for planning, controlling and decision making process found that annual budget, financial statement analysis and cash flow statement are mostly practiced management accounting tools in PEs.

Table 1

Summary table of empirical review

Author/date of Publication	Article	Objectives	Methodology	Findings
Alsharari, N.M. and Daniels, B. (2023)	Management accounting practices and organizational change aspects in the public Sector.	The study aims to explain the process of management accounting practices and organizational	This study adopts qualitative research approach and an interpretive	The findings confirm that a change in organization culture has an important impact on accounting chang.

		change aspects in the public sector's	Case study.	
Ghimire, N. (2022)	Management Accounting Practices in Nepalese Manufacturing Company	To study and examine the present practice of management accounting tools in public enterprises in Nepal. To identify the areas where management accounting tools can be applied to strengthen the public enterprises. To identify difficulties in applying management accounting tools in Nepalese public enterprises.	Questionnaires were used to collect data. Use Casual research design that measures the relationship of management accounting practices with the performance. Descriptive design is a fast finding operation searching for adequate information.	The decision making practices is the most highly used management accounting practice amongst the manufacturing companies in Nepal, followed by strategic analysis, budgeting, performance evaluation, costing, size and leverage respectively.
Omar, N., Morshidi, N., Said, J., Sulaiman, S., & Rahman, I. K. A. (2021)	Management Accounting Practices in Export-Oriented Small and Medium Enterprises in Malaysia	To evaluate the level of perceived business uncertainty facing these SMEs. To explore their level of MAPs-adoption	Questionnaires were used to collect data for Major management accounting tools such as segregation, estimation, allocation, of cost application of marginal, absorption standard and opportunity costing, applicable of	overall, export-oriented firms mainly market their products within the ASEAN region and, as such, most respondents perceived their business environment as "stable and predictable." In relation to MAPs, it is evident that the export-oriented manufacturing SMEs rely more on traditional tools and techniques, like operating budget, standard costing,

			<p>budget, valuation, control and management of inventory, profitability analysis, cost 80 volume profit analysis, analysis of financial statement, cash and fund flow analysis, flexible budgeting, activity based costing, responsibility accounting</p>	<p>capital budgeting, variable costing, cost variance analysis, full costing, CVP analysis, and ratio analysis, for the purpose of product cost information.</p>
Eugine, &Miston M. (2020)	The Impact of Management Accounting Practices (Maps) on the Business Performance of Small and Medium Enterprises within the Gauteng Province of South Africa	<p>To evaluate the process of planning controlling and decision making process of manufacturing companies in Malaysia.</p> <p>To identify the major difficulties for practicing the management tools of manufacturing companies in Malaysia.</p>	<p>Questionnaire s were used to collect data for Relatively sophisticated management accounting techniques in their manufacturin g processes and marketing strategies.</p>	<p>This study on practice of management accounting tools in PEs of South Africa for planning, controlling and decision making process found that annual budget, financial statement analysis and cash flow statement are mostly practiced. Reasons for not practicing management accounting tools were lack of expertise, high cost, no information about the tools and government policies.</p>

Ahmad, and Ghani. (2019)	Management accounting practices in many countries around the world a review of the literature.	To study and examine the extent of practice of management accounting tools and techniques on PEs. To identify the business sector, where management accounting tools can be applied to strengthen the PEs. To identify the major difficulties for applying the management accounting tools.	This study's research approach is interpretive in nature but assumes inductive and deductive analytical stages. The analysis is split into two parts: the review of the existing literature to identify relevant prior literature deductively, and to identify concepts that should be included in a theory of management accounting due to their perceived importance by prior researchers.	Most of the managerial accounting tools were used in services enterprises. Expected standard costing all of the managerial accounting tools were practicing by financial institutions. But the using ratio of management accounting tools was not sufficient. researchers have been extensively dedicating their efforts to examining accounting management practices in various sectors particularly in Public enterprises
Sunarni, C.W. (2019)	Management Accounting Practices and Role of Management Accountant: Evidence from Management Companies through	The main aim of this study is analyses the manner in which cost and management accounting practices are used in manufacturing companies	Data were collected via a questionnaire survey and adopted a descriptive survey design.	The most important management accounting practices was profit improvement for medium and budgeting for big scale companies but

	Yogyakarta, Indonesia.	in Yogyakarta, Indonesia . This paper will also contribute to existing literature pertaining to this phenomenon, particularly relating to the use of cost and management accounting practices in Yogyakarta, Indonesia , where there is dearth of research on this phenomenon.		budgeting was most important management accounting tools for both two types of companies.
Intakhan, P. (2018)	Successful Managerial Accounting Practices, the Antecedents and Consequences: Empirical Evidence from SMEs Ceramics.	To research on managerial accounting practices of SMEs ceramics, examine the influence of top management support and accountant competency on successful managerial accounting practices, and tested the influence of successful managerial accounting practices on decision making effectiveness.	The study adopted a descriptive survey design where collect data from the manufacturing companies at one point in time and determine the effects of management accounting practices on financial performance of manufacturing companies.	SMEs ceramics adaptation 3 highest managerial accounting practices for instance; cost volume profit analysis, cost behavior analysis, cash budget, budget for planning and operation control. The outcome of casual relationship analysis revealed that successful managerial accounting practices had the most direct effect toward decision making effectiveness and followed by top management support had direct effect toward accounting competency. The findings conclude that to achieve a

Ahmad, K. (2017)	The Implementation of Management Accounting Practices and its Relationship with Performance in Small and Medium Enterprises.	To explore the implementation of MAPs in SMEs and the relationship between MAPs and performance.	A questionnaire survey was conducted among Malaysian SMEs in the manufacturing sector. Adopted a descriptive survey design.	<p>proper measure of financial performance, firms need not only to integrate Return on Equity, Return on Asset and Earnings per share as the measures for accounting but also other value-based measures which have gained popularity in academic literature in last two decades.</p> <p>Costing system and performance measurement system (PMS) appear to be the common MAPs employed by the responding enterprises. Meanwhile, the sophisticated MAPs are frequently utilized by larger enterprises which is in line with the theoretical arguments of the effect of size in the adoption of MAPs. The findings also reveal that certain MAPs are found to have significant relationships with</p>
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				performance and these findings have reinforced the importance of MAPs in today's organization.
Liaqat (2016)	A. Applications of contemporary management accounting techniques in Indian industry.	To determine the application of contemporary management accounting techniques in Indian companies	A survey research design was employed. The study targeted 530 members companies of India's national association of financial directors and cost controllers.	Improvement of general cost reduction and profitability were the motive behind the utilization of management accounting in Indian firms. Also shows a positive relationship between the adaptation of ABC and firm characters and such as pressure of competition, degree of customization, proportion of overhead to total costs, business size. None of the variations, however, was found to be at 10% of significant level.

Mohamed Zabri, S. (2015).	Factors explaining the use of management accounting practices in Malaysian medium-sized firms.	To investigate the factors that affect the use of management accounting practices (MAPs) in Malaysian medium-sized firms in manufacturing sector.	Quantitative research design involving the use of postal questionnaire was carried out to investigate the influences of key contingent factors on MAPs. The survey was conducted to 500 Malaysian medium-sized firms in manufacturing sector which elicited 110 useable responses.	The size of the firm, intensity of market competition, commitment of owner/manager of firm and advanced manufacturing technology have significant influences on the use of certain MAPs. Thus the research provides support for a contingency-based explanation for the use of MAPs and identifies new variable such as commitment of owner/manager as one of a key factor that affect the extent of use of MAPs in smaller firms.
Ahamad, N.S.M. (2014).	A case study of management accounting practices in Libyan manufacturing companies.	To study the level of sophistication of management accounting practices in Libyan manufacturing companies. To identified The major purpose of the management	To assess the problems faced by Libyan manufacturing firms in applying management accounting tools. To examine	The Libyan manufacturing companies rely heavily on traditional management accounting techniques, while the adoption rates of recently

		accounting practices in Libyan manufacturing companies	the impact of management accounting tools on performance of manufacturing firms in Libyan.	developed or advanced tools were rather low, slow and similar than those presented in other developing countries. Sophistication level of management accounting is also found very low between Libyan manufacturing companies.
Ahmad, K., & Mohamed Zabri, S. (2013).	Factors explaining the Level of Sophistication of Management Accounting Practice in Lybyan company.	To study and examine the present practice of management accounting tools. To identify the area where MA tools can be applied to strength the company. To identify the difficulties in applying MA tools.	Study used a quantitative approach towards descriptive and explanatory casual research design for the empirically speculating the research questions.	Almost of the companies practiced capital budgeting, cash flow, ratio analysis and annual budgeting for planning, controlling and decision making. Most of the companies followed cost based pricing method for pricing the product and services but target cost pricing practice was nil. practicing most of the privileged tools of management accounting such as sensitivity analysis, judgment alanalysis,

past actual expenses
basis for budget.

2.10 Research Gap

This research differs with the previous not only in the time frame, but also in the nature of organization as well. Mainly few researchers Kumar K.C., Mr. Lila Raj Baral and Mr. Anjan Maharjan have done their research work on the topic of management accounting practice. Mr. Sharma has conducted his research work within the periphery of listed companies of different types. Mr. Acharya have selected the organization, Joint venture public enterprises. Mr. K.C. has conducted research on Public enterprises. Where as Mr. shrestha and Mr. Maharjan have conducted their research on public enterprises and vehicle dealers respectively. No resent research work has been done in the field of purely Public sector in this topic and earlier research works do not give the fair picture of application of management accounting tools in Public enterprises. Most of the previous researches of account have been conducted on profit planning and control by convening the budgeting practices in manufacturing companies, especially in PEs. So, rather than those earlier researches, this research work is specifically related to the application of management accounting tools and techniques in Public enterprises. This research is a survey type of research is completely based on the primary sources of data. It examines the current practices of management accounting tools Nepalese PEs.

CHAPTER-III

RESEARCH METHODOLOGY

The aim of the study was to investigate the “Management Accounting Practices on Public Enterprises in Nepal”. This chapter is designed to explain the research methods used to meet the stated objectives of the study, which includes the sampling process, sample characteristics, instrument development, content reliability, pretest, statistical analysis plan, data and overall methodology undertaken for the purpose of this research. The objective of this chapter is to analyze, examine and interpret present scenario management accounting practiced in public enterprise. The major components of research methodology in this research are as below.

3.1 Research Design

The study aims to understand the Management Accounting Practices on Public enterprises in Nepal using descriptive research and casual comparative research design. Therefore, descriptive as well as casual research design was carried out for the purpose of this research. Descriptive design is a fast finding operation searching for adequate information. It is a type of study, which is generally conducted to assess the opinions, behavior or characteristic of a given population and to describe the situation and events occurring at present.

The findings of this research are based on the primary and secondary survey. The most of the findings are completely based on the data and facts provided through the questionnaires that had been used. Casual comparative research design was also used to analyze the effect of management accounting practices on organization performance. .

3.2 Population and Sample

This study intends to identify the Management Accounting Practices on Public Enterprises. So, there are currently 42 PEs till 2023 Dec 31, the population of the study. These public enterprises are divided into business sector for homogeneous existing in Nepal but this study takes the sample of 10 PEs by using stratified judgment sampling for proportionate allocation of population, which represents 23.81 percentage of total population. But this study takes the sample which is show below in table.

Table 2

Table shows the Sample distribution.

Business Section	Total Population	Sample Draw	Percentage of sample
Financial Sector	9	4	44.44
Social sector	5	1	20
Service sector	9	1	11.11
Industrial sector	10	2	20
Service sector	5	1	20
Trading sector	4	1	25
	42	10	23.81

3.3 Nature and Source of Data

The study is based on primary data source; primary data are used to analyze the management accounting practices in public enterprises. The sources of primary data are collected through the structured questionnaire.

Some public enterprises did not feel and show responsibility to provide information. Some public enterprises provide the information kindly showing interest and accepting awareness of the context and to get more information kindly showing interest and accepting awareness of the context and to get more information discussion, personal interview, observation, opinion survey also conducted with the concerned authorities. But several secondary data have been also used in this research. To find out the identification, condition capacity, performance of public enterprises, collected data were first presented in the systematic manner in tabular forms and then analyzed by applying different research tools to achieve the research objective.

3.4 Selection of enterprises

Listed public enterprises of Nepal is 42 where only the present study seeks to evaluate the organization performance of the each sector of the top public enterprises based in Nepal, representing the biggest public enterprises (i.e. RBB, ADBL, RBS, NEPSE, Hetauda cement Industry, Nepal Drug Company, NOC, CAAN, Gorkhapatra Sasthan, NTC). These ten public enterprises were purposely selected for the study, keeping in view their role and

involvement in shaping the economic conditions of Nepal, specifically in terms of advances, services, manpower employment, branch network etc.

3.5 Method of Data Analysis

Management accounting tools such as segregation, estimation, allocation, classification of cost application of marginal, absorption standard and opportunity costing, applicable of budget, valuation, control and management of inventory, profitability analysis, cost volume profit analysis, analysis of financial statement, cash and fund flow analysis, flexible budgeting, activity based costing, responsibility accounting are the main research variable in this thesis.

In addition, Data processing converts data into information or knowledge. Data collected from questionnaires were in raw form. They were classified and tabulated in a required form. Simple mathematical tools are used to analyze and interpret the data that are extracted from the questionnaires, public reports and individual interview. There are two methods of data analysis in this study are both descriptive and inferential statistics. Data were analyzed using the MS-Excel and Statistical Package of Social Sciences (SPSS) version 20.

Descriptive Analysis

In this study, the usual statistical tools like mean, standard deviation, frequency, percentage etc. are used.

Inferential Statistics

Correlation

Correlation is the relationship between two or more than two variables. It is measured by the help of correlation coefficient. The value of correlation coefficient lies in the ranges between -1 to +1. Karl Pearson correlation coefficient (r) specially used when data are quantitatively measured.

A positive correlation reveals that the direction of the relationship is positive with one increase in reaction to the other's increase. Meanwhile, a negative correlation reveals an inverse of the above an increase in one when the other decreases.

Multiple Linear Regressions

A multiple linear regression model is characterized by a single dependent variable and two or more independent variables. It can be linear or non-linear. The model for multiple linear regressions is:

$$Y = \beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \dots + \beta_k Y_k + \epsilon$$

Where,

Y dependent variable

β_i 's unknown parameters

Y_i 's independent variable

ϵ error term

Assumptions

The Multiple Linear Regression model is based on the following assumptions:

- The Regression Model is linear in parameters.
- Errors are independently distributed with zero mean and constant variance.
- Absence of multicollinearity between independent variables.
- Zero covariance between independent variables and errors.
- The model is correctly specified.

The significant variables from individual testing were selected for multiple linear regression. The presence of multicollinearity among the independent variables was checked by using variance inflation factors (VIF's).

How well a model fits was checked using coefficient of determination and F-test through ANOVA. The test of normality of the residuals was made with the help of plot for normality.

3.6 Reliability and Validity of the Data

The data and information were collected from the primary source to meet the specific objectives of the study. It makes the research work more valid, reliable and objectives of the study. The major portion of reliability and validity of data depend upon the interest, level, professionalism, intension, nature, age, and capacity of the respondents. The study

has tried to the authentic and prime authorities of the enterprises to get the current information with personal discussion, observation and opinion survey. Check and balance type's questions and were also included in the questionnaire.

Table 3

Reliability Statistics for representative questionnaires

Variables	Cronbach's alpha	Cronbach's Alpha Based on Standardized Items	No. of items
Use of Management Accounting Practices	0.629	0.785	25

Source: *ResearchGate*

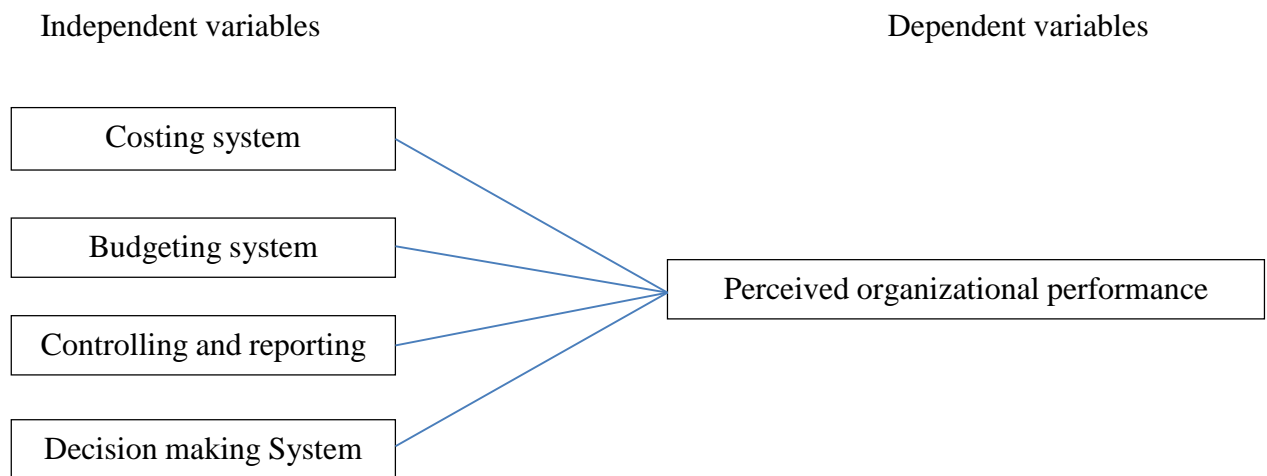
There liability analysis was done for the present management accounting tools questionnaire construction consistency of responses to items. The Cronbach's alpha coefficient comes to $\alpha = (0.629)$ on item 25, which is higher than 0.5. The results indicated the importances of management accounting tools are significant. It was generally used as a measure of internal consistency or reliability. Annually (1978) suggested that alpha coefficients of 0.50 to 0.60 will be acceptable for exploratory research.

3.7 Conceptual Framework

Theoretical framework clearly shows the cause and effect of independent variables on dependent variables. It helps to increase management accounting practices and improve organizational performance of Public Enterprises. To find the impact of independent variables (management accounting practices) on dependent variables (organizational performance), a theoretical framework has been developed. This is shown below:

Figure 1

Schematic diagram of Management Accounting practices PEs Framework



Source: *Sunarni, C.W. (2019)*

Theoretical framework clearly shows the cause and effect of independent variables on dependent variables. It helps to increase management accounting practices and improve organizational performance of manufacturing firms. To find the impact of independent variables (management accounting practices) on dependent variables (organizational performance), above theoretical framework has been developed. Definition of Variables shown below:

Costing systems

A costing system is designed to monitor the costs incurred by a business. The system is comprised of a set of forms, processes, controls, and reports that are designed to aggregate and report to management about revenues, costs, and profitability. The areas reported upon can be any part of a company, including its customers, departments, facilities, processes, products and services, research and development, and sales regions.

Budgeting Systems

Budgeting is a powerful tool that is widely used for planning, executing, and evaluating organizational operations. Budgeting is a systematic approach that predicts revenues and expenditures of an individual, family, group, business entity, or government. A realistic report helps businesses trace their financial performance. This is crucial for decision-making.

Controlling and reporting

Controlling and reporting is the gathering, distributing, and most importantly, use of information to evaluate the performance of different organizational resources and processes such as sales, operations, human capital, and finance in light of business strategies. In any modern business, there is a staggering amount of information ready to be transformed into actionable insights. To unlock its value, you need to determine exactly what data in which form needs to be made available to whom in the organization. Next-level controlling and reporting, alongside metrics like cost to serve, provide you with clear storylines that illuminate the way forward for business.

Decision Making

Decision making is the art of selecting the best alternatives among the various alternatives available to solve a given problem. In case of business, the best alternative is one, which is likely to provide maximum profits and involve a minimum cost without violating the social responsibilities (Gautam and Bhattarai, 2014). Decision making is closely involved with planning for the future and is directed towards a specific objective or goal.

CHAPTER-IV

RESULT AND DISCUSSION

The findings are based on the analysis of 10 questionnaires, completed by ten top senior officers of public enterprises, which were considered satisfactory to participate. Respondents perceived that MAPs enable

management to obtain relevant information for proper decision making and these practices are widely used by the participating companies and acknowledged by high proportion of the respondents. It has been found that several factors, such as the nature of the business, the type of information needed for making decisions, and the utilization of existing resources were important factors influencing the choice of MAPs used by the Public Enterprises.

4.1 Analysis of primary Data

Management Accounting is an integral part of management concerned with identifying, presenting and interpreting information used for formulating the strategy, planning, analyzing, processing, interpreting and communicating the resulting information for use within the organizations (shah and ojha, 2016). So, here the data presents the results of data analysis. Responses from 10 firms (representing 23.81% response rate) were used in the data analysis. The chapter presents results on the effects of management accounting techniques on financial performance of manufacturing companies in Nepal. The information was gathered from the staff in the finance department including Chief financial officers, accountants and Credits officers as they handle management accountancy issues. The objectives of the study were; to establish the management accounting practices undertaken by the manufacturing companies in Nepal and to establish the effects of management accounting practices on financial performance. The respondents were asked a series of questions in relation to their demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondent. The findings are discussed below.

4.2 Statement of the Respondents towards Management Accounting Practices.

The respondents were asked to rate the usage of Costing, Budgeting, Performance Evaluation, Information for Decision Making and Controlling and reporting in the Company. The ranking ranged from 1 to 5. The primary data collected were cleaned, tabulated and analyzed using the software APSS V-22. For the purpose of sampling adequacy Cronbach's alpha and Bartlett's test of specificity were also utilized.

a) Costing System

Table 4

Costing Management Accounting Practices in Respondents PE

	1	2	3	4	5	Mean	Standard Deviation
Classification of cost helps to identify fixed cost, variable cost and semi variable cost.	0.0	3.8	10.0	46.2	40.0	4.31	0.78
Effective costing control over wastage and loss of material during production.	0.0	6.0	8.8	47.1	38.1	4.26	0.88
Costing helps to ascertain the profitability of different projects, Jobs or work orders.	2.0	6.4	9.6	49.0	35.0	4.20	0.64
Costing helps to predict total cost and sales revenue at any activity.	7.5	2.5	15.0	51.0	31.0	4.10	0.49
Costing provide reliable information and statistical data for framing the future plan and policies	4.2	16.0	25.3	36.5	18.0	3.99	0.60
	Overall mean					4.17	0.68

Source: *Field survey 2023/ Appendix*

Table 4 shows the study found that 86.2% of the Public Enterprises often use for cost of classification, 85.2% of the Public Enterprises often use for effective cost control, 84% of the Companies often use for ascertain profitability, 82% of the Companies often agree on predicting total cost and sales revenue, 80.4% of the Companies often agree that costing provide reliable information and statistical data. The mean value for costing range from 3.99 to 4.31. Average mean for costing is 4.17 with standard deviation 0.68.

b. Budgeting System

Table 5

Budgeting Management Accounting Practices in Respondents PE

	1	2	3	4	5	Mean	Standard Deviation
Efficiency in workplace can be made by proper budgeting.	0.0	0.0	10.0	39.2	50.8	4.54	0.59
Proper budgeting helps to maintain corporate governance.	0.0	2.5	2.5	35.0	47.4	4.37	0.23
Budgeting helps to use optima resources and control the economic activities.	0.0	5.0	5.0	30.7	44.5	4.26	0.09
Budgeting and planning helps to take long term and short term investment decision.	0.0	0.0	6.5	35.0	42.5	4.20	0.15
Proper budgeting helps to maximize the profit and minimize the risk and uncertainty.	0.0	6.8	6.0	50.0	20.0	4.14	0.17
				Overall mean		4.30	0.25

Source: *Field survey 2023/Appendix*

Table 5 show that all the budgeting practices were used in the respondents' public enterprises. According to the findings, 90.8% of the Enterprises often agree on Budgeting for effective work place, 87.4% of the Enterprises often use budgeting for corporate governance, 85.2% of the Enterprises often use Budgeting for optimum resources utilization and control economic activities, 84.0% of the Enterprises often agree on making short and long term planning, 82.8% of the Enterprises often use Budgeting for maximize the profit and minimize the risk and uncertainty. The mean value for costing range from 4.17 to 4.54. Average mean for costing is 4.30 with standard deviation 0.25.

4.3 Controlling and Reporting

Table 6

Controlling and Reporting Management Accounting Practices in Respondents PE

	1	2	3	4	5	Mean	Standard Deviation	
Controlling and reporting helps to maximize the profit and minimize the extra burden cost.	0.0	0.0	0.0	37.5	62.5	4.58	0.55	
Controlling and reporting system adjusts to changes in the environment.	0.0	0.0	2.5	45.0	52.5	4.52	0.27	
Controlling ensure that proper utilization of budget.	0.0	0.0	7.5	37.5	55.0	4.47	0.49	
Controlling of cost helps to grow business activities.	0.0	0.0	0.0	57.5	42.5	4.38	0.33	
Controlling and reporting system provided the feedback.	0.0	0.0	25.0	30.0	45.0	4.19	0.73	
						Overall mean	4.45	0.47

Source: *Field survey 2023/Appendix*

Table 6 shows that Controlling and Reporting is used in the respondents enterprises; 91.6% of the Companies often agree on profit maximization and cost reduction, 90.4% of the Companies often use for adopting change, 89.4% of the Companies often agree on proper utilization of budget, 87.6% of the Companies often agree for using controlling system for growing business activities, 85.4% of the Companies often agree on providing the feedback. The mean value for controlling and reporting range from 4.19 to 4.58. Average mean for costing is 4.45 with standard deviation 0.47.

4.4 Decision Making

Table 7

Decision Making Management Accounting Practices in Respondents PE

	1	2	3	4	5	Mean	Standard Deviation
Cost can be minimized and profit can be maximized through effective decision making.	0.0	0.0	2.5	27.5	59.5	4.47	0.44
Decision making helps to optimal use of available resources and enhance future activities resources and enhance future activates.	0.0	0.0	2.5	30.0	56.5	4.45	0.41
Effectiveness and efficiency of the organization depends upon good decision making.	0.0	7.2	5.0	34.0	54.0	4.41	0.51
Decision making helps to develop of optimal products mix.	0.0	4.0	8.0	33.5	54.5	4.40	0,49
Decision making helps to motivate the different stakeholders.	0.0	13.2	0.0	46.8	40.0	4.34	0.42
				Overall mean		4.41	0.45

Source: *Field survey 2023/Appendix*

Table 7 shows that all the information for decision making were used in the respondents Enterprises; 89.4% of the Companies often agree on cost minimized and profit maximized, 89.0% of the Companies often agree on optimal use of available resources and enhance future acitivities, 88.2% of the Companies often agree on effectiveness and efficiency, 88.0% of the Companies often agree on develop of optimal products mix, 87.2% of the Companies often makes helps for motivate the different stakeholders. The mean value for controlling and reporting range from 4.34 to 4.47.From the overall mean of 4.41,standard deviation 0.45.

4.5 Perceived Organizational Performance

Table 8

Organizational Performance Management Accounting Practices in Respondents PE

	1	2	3	4	5	Mean	Standard Deviation	
Management accounting system has helped to increase the productivity.	0.0	0.0	0.0	37.5	62.5	4.58	0.55	
Management accounting system has helped to increase profitability.	0.0	0.0	2.5	45.0	52.5	4.52	0.27	
Management accounting system helps to increase ROA/ROE and EPS.	0.0	0.0	7.5	37.5	55.0	4.47	0.49	
Management accounting system helps to motivate and monitor people in organization.	0.0	0.0	0.0	57.5	42.5	4.38	0.33	
Management accounting system helps to take competitive advantage over competitor.	0.0	0.0	25.0	30.0	45.0	4.19	0.74	
						Overall mean	4.43	0.48

Source: *Field survey 2023/Appendix*

Table 8 shows that the perceived organization performance was used in the respondents' Public Enterprises. According to the findings, 90.8% of the Companies often agree that it helped to increase the productivity, 87.4% of the Companies agree on increase profitability, 85.2% of the Companies often agree on increase ROA/ROE and EPS, 84.0% of the Companies agree that motivate and monitor people in organization, 82.8% of the Companies often agree on taking competitive advantage over competitor. The mean value for controlling and reporting range from 4.19 to 4.58. From the overall mean of 4.43, standard deviation 0.48.

4.6 Descriptive Analysis

Descriptive statistics computes maximum, minimum, mean, standard deviation of the study that consists of budgeting system, decision making, costing system, controlling and reporting and performance evaluation. Table 4.6 reveals that there are 50 observations in the study. The observations include 5 statements are used to measure the variables of 10 public enterprises taken into consideration. Where, each of respondents submitted their responses in five point likert scale.

Table 9
Structure of descriptive statistics of variable of sample PE

	N	Minimum	Maximum	Mean	Std. Deviation
Costing System	50	3.99	4.31	4.17	0.68
Budgeting System	50	4.17	4.54	4.30	0.25
Controlling and Reporting	50	4.19	4.58	4.45	0.45
Decision Making	50	4.34	4.47	4.41	0.45
Organizational Performance	50	4.19	4.58	4.43	0.48
Valid N (listwise)	50				

Source: *Field survey 2023/ Appendix*

Table 9 shows the overall management accounting system variables descriptive statistics. The result shows that the highest mean of respondents among different management accounting system variables regarding different statements is 4.45 (SD=0.45) of controlling and reporting system and the lowest mean was 4.17 (SD=0.68) of costing system. It falls under agreed band and mean of almost all the statement is greater than test value (3). That means all opinion statements are important variables.

4.7 Inferential Statistics

The study further applied correlations and multiple regressions to determine the predictive power of the management accounting practices on financial performance of public enterprises in Nepal.

a) Correlation Analysis

Correlation analysis presents the correlation matrix of dependent variable i.e. organizational performance with independent variables which are costing system, controlling and reporting system, decision making system and budgeting system. The result shows the correlation analysis done by using Pearson's correlation coefficients. In this correlation matrix organizational performance is taken as a dependent variable.

Table 10
Correlations matrix of variables

		Organizational Performance
Costing	Pearson Correlation	0.260*
	Sig. (2-tailed)	0.045
	N	50
Budgeting	Pearson Correlation	-0.389*
	Sig. (2-tailed)	0.034
	N	50
Controlling and Reporting	Pearson Correlation	0.483**
	Sig. (2-tailed)	0.007
	N	50
Decision Making	Pearson Correlation	0.891**
	Sig. (2-tailed)	0.000
	N	50

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

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

(Source:SPSS Analysis)

Table 10 shows that there is positive correlation between costing and organizational performance at 5% level of significance ($r=0.260$, $p<0.05$).

The correlation coefficient between budgeting and organizational performance is found to be -0.389 that means budgeting and organizational performance are negatively correlated at 5% level of significance ($p<0.05$).

Controlling and reporting and organizational performance are positively correlated at 1% level of significance because correlation coefficient between them is 0.483 ($p<0.01$).

The correlation coefficient between decision making and organizational performance is 0.891 which implies there is positive correlation between decision making and organizational performance at 1% level of significance ($p<0.01$).

b) Regression Analysis

Regression analysis is the statistical technique that identifies the relationship between two or more quantitative variables: a dependent variable, whose value is to be predicted, and an independent or explanatory variable (or variables), about which knowledge is available. The technique is used to find the equation that predicts one variable from two or more independent variables.

The study adopted multiple regression guided by the following model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_t$$

Where,

Y= Organizational Performance

β_1 = Costing method

β_2 = Budgeting method

β_3 = Controlling and Reporting

β_4 = Decision Making

Table 11

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 ^a	.794	.642	3.31805

Source: *SPSS Analysis*

Table 11 shows the regression model summary results which R square, adjusted R square and standard error of estimate are presented. The result indicates that the management accounting practices had a joint significant effect on financial performance of public enterprises in Nepal as shown by r value of 0.891. The R squared of 0.794 shows that the independent variables accounted for 79.4 % of the variable on financial performance of public enterprises in Nepal. The remaining 20.6 % of change is explained by other factors which are not included in the model.

Table 12
ANOVA table

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	124.469	12	24.894	2.001	.018 ^b
Residual	220.189	15	11.009		
Total	344.657	37			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Costing, Budgeting, Decision making and Controlling & Reporting

Source: *SPSS Analysis*

Table 12 show that the F statistic was 2.001. At 5% level of confidence, the F statistic was significant. In this case, all the predictor variables (costing, budgeting, controlling and reporting and decision making) explain a variation in financial performance and that the overall model is significant value of 0.018 which is less than 0.05.

Table 13
Coefficients table

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.706	.229		.670	.018
Costing	.556	.018	.441	.787	.007
Budgeting	.601	.025	.321	.801	.016
Controlling and Reporting	.599	.044	.245	.591	.015
Decision Making	.679	.089	.361	.491	.000

a. Dependent Variable: Organizational Performance

Source: *SPSS Analysis*

Table 12 shows the coefficient results for the model variables, the t-values of each of the independent variables as well as the dependent variable is significance (p-value). From the findings in the above the study found that holding costing, budgeting, controlling and reporting and decision making constant organizational performance will be 0,706, the study also found that a unit increase in Costing practices will cause a 0.556 increase in organizational performance, further it was established by the study that a unit increase in Budgeting practices will lead to an increase in organizational performance by .601, it was also found that a unit increase in Controlling and Reporting will lead to an increase in organizational performance by a factor of 0.599. it was further found by the study that a unit increase in Decision Making practices will lead to an increase in organization performance by a factor of 0.679.

4.8 Discussion

This study focuses on topic of 'Management accounting practices and their impact on organization performance of Nepalese public enterprises'. It study on the base of the research objective to explore the statement of question where research was based on ten public enterprises of Nepal i.e. Rastrya Banajya Bank (RBB), Agricultural Development Bank (DBL), Rastrya Bima Sanstan (RBS), Nepal Stock Exchange (NEPSE), Hetauda cement Industry, Nepal Drug Company, Nepal Oil Corporation (NOC), Civil Aviation Authority of Nepal (CAAN), Gorkhapatra Sasthan, Nepal Telecom Corporation (NTC) and the study covers only the Fiscal years 2021/23. During the study, 4 independent variables are observed that indicators are Costing system, Budgeting System, Controlling and Reporting System, and Decision Making System as well as one dependent variables i.e. Perceived Organizational Performance. To conduct this research I had been gone through multiple academic research papers done by different researcher but the previous studies was mainly emphasis on organization performance determine by some functional system of organization. While having study past research there was a space or gap to further study so this thesis paper is all about examine current position of organization on others parameters that hadn't been study. Therefore, the study is focused on costing, budgeting, decision making and controlling and reporting system etc.

The findings are based on the analysis of 10 questionnaires, completed by ten top senior officers of public enterprises, which were considered satisfactory to participate. Respondents perceived that MAPs enable

management to obtain relevant information for proper decision making and these practices are widely used by the participating companies and acknowledged by high proportion of the respondents. There is positive and significant relationship which is consistent with the study of Mohamed (2015), Liaqat (2016), Omar et. Al (2021) and Ghimire (2022). Similarly, there is positive and significant relationship between costing, controlling and reporting and decision making with organization performance. Besides organizational performance (OP) is positively correlation with Costing system (CS), Controlling and Reporting system (C&R), and Decision making (DM). Where, Budgeting system (BS) with Organizational performance (OP) is negatively correlation which is consistent with Ahamad (2014) and Ahmad (2017). But, it is inconsistent with the study of Mohamed, Z. S. (2015), Ghimire, N. (2022) and Omar, Morshidi N., Said, J., Sulaiman, S., & Rahman, I. K. A. (2021). Moreover, it is statistically significant as their P value is less than 0.01 level of significant.

On this study some variables could give strong positive and significant relationship to organizational performance. And some variables were found insignificant relationship. Our finding is consistent with the above study. In our study also found the mix match result or some variable have significant relationship and some variable have insignificant relationship. The result of regression analysis model indicates that costing, budgeting, controlling and reporting and decision making are positive and significant impact on dependent variable i.e. organizational performance. The main cause of indifference and instability between my research and presented research is time lag, internal practice system, political circumstances, international economic, covid 19 impact and so on.

CHAPTER-V

SUMMARY AND CONCLUSION

5.1 Summary

This study determinant of management accounting practices in Nepalese public enterprises was conducted to examine the current status of determinants of organizational performance, analyze the relationship between determinants of performance and analyze the impact by different variables. Based on the analysis of 10 questionnaires, completed by ten top senior officers of public enterprises, which were considered satisfactory to participate. Respondents perceived that MAPs enable management to obtain relevant information for proper decision making and these practices are widely used by the participating companies and acknowledged by high proportion of the respondents. It has been found that several factors, such as the nature of the business, the type of information needed for making decisions, and the utilization of existing resources were important factors influencing the choice of MAPs used by the Public Enterprises. This research contributes to the empirical literature on management accounting, its main purpose being to investigate the degree of use of management accounting techniques and the main contingent factors. This study concludes that information for Decision Making practices is the most highly used management accounting practice amongst the public enterprises in Nepal followed by Budgeting, Costing and Controlling and Reporting respectively. The study further contributes to the theoretical understanding of management accounting utilization in several ways.

Management constantly strive to reduce the risk of making mistake by looking for and analyzing relevant information by means of which it hope to take judicious decision and direct the administration in a better manner. Management skills and competencies are key for organization effectiveness. Management principles can be applied at all organization and at all levels of an organization. It is equally important for all organization such as commercial, non-commercial and private and public.

In Nepal, new public enterprises are not being emerging. Those which are in functioning were not in proper performing well except few enterprises. So, the main objective of this research is to study and examine the extent of practice of management accounting tools and techniques in Nepalese public enterprises. The research has also identified the major

differences by using the management accounting tools in company's performances. For this the research is completely based on primary sources of information. The data has been collected from the respective public enterprises by distribution the scheduled questionnaire. For study, only ten public enterprises were selected as a sample among total of 44 populations by using stratified judgments sampling procedure.

The management accounting tools i.e. costing, budgeting, decision making and controlling and reporting have been found widely practicing. The study also found that both financial and non-financial information are important tools for evaluating the performance of public enterprises. The study concludes that public enterprises should place more emphasis on the external environment such as analysis of competitors' strengths and weaknesses, as well as long term planning. The study has recognized four MAPs, which are widely used and are considered important in public enterprises including budgeting for planning, performance evaluation based on financial measures, budgeting for controlling costs, and product profitability analysis.

5.2 Conclusions

The purpose of this study was to understand the relationships between management accounting system, and organizational performance. The overall picture emerging from the study is based on the theoretical framework according to the literatures and applied to Nepalese public enterprises environment. Focusing on the alignment among management accounting system,

and organizational performance, this study addressed empirically to there search questions formulated. It has been done with descriptive and casual relationship between the measures and their impacts on organizational performance. The public enterprises is the most prominent one in the economy of Nepal, it is the growing sector in Nepal in the last two decades. Financial liberalization and technological revolution intensify the competitive pressures among the public enterprises. Well-designed Management Accounting System can more effectively and efficiently lead an organization towards higher performance.

The study was empirically evaluating the relationship of Management Accounting System, and Organizational Performance outcome. The present scenario of management accounting system in Nepalese public enterprises has moderately utilized. The perception

of employees' towards the dimensions of management accounting system in a nutshell can be understood with descriptive i.e. 4.45 (SD=0.45) of controlling and reporting system and the lowest mean was 4.17 (SD=0.68) of costing system. It falls under agreed band and mean of almost all the statement is greater than test value (3). That means all opinion statements are important variables.

While conducting correlation coefficient there is positive correlation between costing, Controlling and reporting, decision making with organizational performance is 0.260, 0.483 and 0.891 respectively. Which implies there is positive correlation between these three variables and organizational performance at 5% level of significance ($p < 0.05$). But budgeting and organizational performance is found to be -0.389 that means budgeting and organizational performance are negatively correlated at 5% level of significance ($p < 0.05$).

As same in the regression model summary results which R square, adjusted R square and standard error of estimate are presented. The result indicates that the management accounting practices had a joint significant effect on organization performance of public enterprises as shown by r value of 0.891. The R squared of 0.794 shows that the independent variables accounted for 79.4 % of the variable on financial performance of public enterprises in Nepal. Where, F statistic was 2.001. At 5% level of confidence, the F statistic was significant. The coefficient results for the model variables, holding costing, budgeting, controlling and reporting and decision making constant organizational performance will be 0.706, the study also found that a unit increase in Costing practices will cause a 0.556 increase in organizational performance, further it was established by the study that a unit increase in Budgeting practices will lead to an increase in organizational performance by .601, it was also found that a unit increase in Controlling and Reporting will lead to an increase in organizational performance by a factor of 0.599. it was further found by the study that a unit increase in Decision Making practices will lead to an increase in organization performance by a factor of 0.679.

5.3 Implications

In an attempt to analyze the various management accounting tools and impact on organizational performance of the public enterprises, thus based on the results and findings acquire from this study. Management accounting is a not new accounting discipline. But in cortex of Nepal it is still in a developing stage in the context of Nepalese public enterprises. This research study showed the present practice of

Management Accounting tools and technique in public enterprises of Nepal. If any organization follow properly Management Accounting tools and techniques for managerial adjustment in the utilization of limited resources, that would definitely show better performance. Management should use Management Accounting tools and techniques for planning, controlling and decision making process.

The study was empirically evaluating the relationship of Management Accounting System, and Organizational Performance outcome. The present scenario of management accounting system in Nepalese public enterprises has moderately utilized. The perception of employees' towards the dimensions of management accounting system in a nutshell can be understood with descriptive which falls under agreed band, almost all the statement is greater than test value (3). That means all opinion statements are important variables.

While conducting correlation coefficient there is positive correlation between costing, Controlling and reporting, decision making with organizational performance. But budgeting and organizational performance is found negatively correlated at 5% level of significance ($p < 0.05$). As on the regression model summary results which R square, adjusted R square and standard error of estimate are presented. The result indicates that the management accounting practices had a joint significant effect on organization performance of public enterprises. The coefficient results for the model variables, holding costing, budgeting, controlling and reporting and decision making constant organizational performance.

From the study, it was found that costing, budgeting and planning, controlling and decision making and performance evaluation tools has positive relationship to organizational performance. So the firm can do management accounting practices to gain the competitive advantage. The study can be useful for company to know the management accounting tools and their behavior in performance of the public enterprises. Therefore, this findings based on descriptive study which highlights the current status of management accounting practices, not before or after, so longitudinal research can be required in future with more power full statistical techniques. Finally, the difference between traditional and new management accounting techniques needs further investigation.

In addition, it would be interesting to expand the survey to provide longitudinal survey of management accounting change documenting changes overtime in the adoption of strategy and significant influence of the performance of the public enterprises.

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