

**USE OF MANAGEMENT ACCOUNTING PRACTICES IN  
NEPALESE LIFE INSURANCE COMPANIES**

**A Thesis**

**By**

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## RECOMMENDATION LETTER

It is certified that thesis entitled Use Of Management Accounting Practices in Nepalese Life Insurance Companies submitted by Min Bahadur Sunari is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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We, the undersigned, certify that we have carefully read the research project report submitted by my **Min Bahadur Sunari** and conducted the viva-voce examination of the candidate. We are fully satisfied with the quality and academic standard of the research project report. The candidate has defended his research work very satisfactorily. We therefore recommend that the research project entitled “**Use Of Management Accounting Practices In Nepalese Life Insurance Company**” be accepted as partial fulfillment of the requirements for the award of the degree of **Master Of Business Studies (MBS)** of Tribhuvan University.

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## **Certification of Authorship**

I hereby certify that I am the author of this document and that any assistance I received in its preparation is fully acknowledged and disclosed in the document. I have also cited all sources from which I obtained data, ideas or words that are copied directly or paraphrased in the document. Sources are properly credited according to accepted standards for professional publications. I also certify that this research project report was prepared by me for the purpose of partial fulfillment of requirements for the MBS degree of Faculty of Management, Tribhuvan University.

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**Date: October 2018**

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## ABSTRACT

One of the important factors which determine the performance of a business organization is effective use of financial and management accounting system. This study aimed at examining the use of management accounting practices on the organizational performance of Nepalese life insurance companies. The study was positioned within a quantitative research approach and data was collected from 60 staffs of five companies who were selected by using convenience sampling technique.

The MS-Excel 2010 and Statistical Package for the Social Sciences (SPSS), version 20.0, were used to analyze data. Regression analysis was undertaken in order to check the association between management accounting practices and organizational performance. The hypothesized relationships in the research model were assessed using multiple regression analysis. Associations between each management accounting practice and organizational performance was tested and the results showed that Budgeting and planning, Controlling and reporting and decision making are positively influences the organizational performance of Nepalese life insurance companies. Costing is negatively associated with the organizational performance of Life insurance companies. The empirical study provided fruitful implications to academicians by making a significant contribution to the management accounting literature by systematically exploring the influence of management accounting practices (MAPs) on the organizational performance of Nepalese life insurance companies. This study therefore, stands to immensely contribute new knowledge to the existing body of management accounting literature in Nepal. A context that is often most neglected by some researchers in developing countries.

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**LIST OF ABBREVIATIONS**

|       |   |   |
|-------|---|---|
| A. D. | : | Anno Domini                             |
| A/C   | : | Account                                 |
| ABB   | : | Activity Based Budgeting                |
| ABC   | : | Activity Based Costing                  |
| ALIC  | : | American Life Insurance Company         |
| ALIC  | : | American Life Insurance Company Limited |
| ARR   | : | Average Rate of Return                  |
| ASLIC | : | Asian Life Insurance Company            |
| B.S.  | : | Bikram Sambat                           |
| CFAT  | : | Cash Flow after Tax                     |
| Co.   | : | Company                                 |
| CVPA  | : | Cost Volume Profit Analysis             |
| DPB   | : | Discounted Payback Period               |
| e.g.  | : | For Example                             |
| i.e.  | : | That is                                 |
| IRR   | : | Internal Rate of Return                 |
| LIC   | : | Life Insurance Corporation              |
| Ltd.  | : | Limited                                 |

|       |   |  |
|-------|---|--|
| MA    | : | Management Accounting                    |
| MAIS  | : | Management Accounting Information System |
| No.   | : | Number                                   |
| NPV   | : | Net Present value                        |
| PBP   | : | Payback Period                           |
| PI    | : | Profitability Index                      |
| PLICO | : | Prime Life Insurance Company             |
| RBS   | : | Rastriya Beema Sansthan                  |
| Rs.   | : | Rupees                                   |
| SLIC  | : | Surya Life Insurance Company             |
| SLIC  | : | Surya Life Insurance Company             |
| ZBB   | : | Zero Based Budgeting                     |