MANAGEMENT ACCOUNTING SYSTEMS AND STRATEGIC MANAGEMENT FOR PERFORMANCE OF NEPALESE COMMERCIAL BANKS

A Thesis by

Achyut Gnawali

Submitted to

Office of the Dean

Faculty of Management

Tribhuvan University

For the Degree of Doctor of Philosophy (Ph.D.) in Management

Kathmandu, Nepal

March, 2017

DECLARATION

I declare that the thesis entitled "**Management Accounting Systems and Strategic Management for Performance of Nepalese Commercial Banks"** is my own work conducted under the supervision of **Prof. Dr. Madhav Raj Koirala.**

I further declare that to the best of my knowledge, the thesis does not contain any part of any work which has been submitted for award of any degree either in this University or any other University.

____

Achyut Gnawali
Kirtipur, Kathmandu
Nepal
Date:

RECOMMENDATION OF THE SUPERVISOR

I certify that the thesis entitled "**Management Accounting Systems and Strategic Management for Performance of Nepalese Commercial Banks"** submitted by **Mr. Achyut Gnawali** to the Faculty of Management, Tribhuvan University for the degree of Doctor of Philosophy of this University, was completed under my supervision and guidance. This thesis is the candidate's original research work. I have carefully read his final work, and I am fully satisfied with the language and the substance of this thesis submitted to the Faculty of Management.

To the best of my knowledge, the candidate has also fulfilled all other requirements of the Ph.D. programme of the Faculty of Management. Tribhuvan University.

I, therefore, recommend that this thesis be considered for the award of Ph.D.

Prof. Dr. Madhav Raj Koirala

Faculty of Management

Tribhuvan University

Kathmandu

Nepal

Date:

VIVA-VOCE SHEET

We have conducted the Viva-Voce examination of the thesis

Submitted by

Achyut Gnawali

Entitled

"**Management Accounting Systems and Strategic Management for Performance of Nepalese Commercial Banks"**

are found to be original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as the fulfillment of the requirements for the degree of Doctor of Philosophy (Ph.D.) in Management.

Viva-Voce Committee

Chairperson: ……………………………………………..

Supervisor: ……………………………………………..

External Expert: ……………………………………………..

Date: March 5 ,2017

ACKNOWLEDGEMENTS

I have been immensely benefitted from the help, advices, encouragement and facilitation from a large number of teachers and friends. I would like to sincerely acknowledge their help and support.

I would like to express my gratitude to my supervisor Professor Dr. Madhab Raj Koirala, who was always equally passionate and has shown amazing patience and diligence in assisting me to produce this thesis. His excellent, inspiring, continuous, quality supervision and guidance supports my entire study with great inspiration and moral.

I would also like to acknowledge the immense help I received from consultations at various libraries and authors and researchers, whom I have duly credited at specific places.

I would like to sincerely thank my parents and other family members for their immense morale support and encouragement throughout my study period, not only to complete my PhD but since my first step to the school.

I am highly indebted to Professor Dr. Prem Raj Pant for his valuable suggestions. I express my gratitude to Professor Dr. Puskar Bajracharya for his critical review, guidance and constant support and suggestions on various dimensions of my thesis.

I would like to thank Dr. Gangaram Biswakarma, for his critical review, help and valuable comments time to time to improve the methodology, statistical analysis and overall quality of the thesis.

I would also like to thank Sharada Giri, Buddhi Kumar Dhukhwa, Surendra Aryal, Sanjay Gyawali, Sagar Panthi,Sujata Bhusal, Saroj Bhusal and other well-wishers for supporting in data collection and recording process.

This work would not have been possible without the responses I received to both the questionnaire and the interviews. My thanks goes to all the respondents who contributed to the research especially those who agreed to be interviewed.

Last but not the least, I would also like to thank, Prof. Dr. Dilli Raj Sharma, Dean, Faculty of Management, Prof. Dr. Dev Raj Adhikari,Member Secretary,UGC , Prof. Dr. Govinda Ram Agrawal, Prof. Dr. Upendra Kumar Koirala, VC, Mid-Western University, Prof. Dr. Rajendra Prasad Shrestha, Prof. Dr. Bal Krishna Shrestha, Prof. Dr. D. B. Chhetri, Prof. Dr. Bhoj Raj Aryal, Head, Central Department of Management, Prof Bhawani Shankar Acharya, Prof. Dr. Gopi Nath Regmi, Prof. Dr. Sanjay Kumar Shrestha, Nav Raj Adhikari, Assistant Dean, Faculty of Management, and Bishnu Hari Koirala, Asst. Dean,Prof Dr. Sanjay Kumar Shrestha, Prof. Dr. Mahanada Chalise, Binod Sah, Santosh Ghimire, Pravat Uprety, Dr. Jitendra Dongol, Sanjay Ghimire, Mukunda Rimal and Rupa Adhikari for their cordial support and help in the event of need during study period. Similarly, my special appreciation goes to Mr. Rabi Manandhar Sayami, Sushila Chalise, Sita Bhandari for all possible administrative supports provided to me.

I would like to further acknowledge to all of my relatives those who helped me in the course of preparing this thesis.

I would like to put my tremendous appreciation of all in the event of omission, I do thankful to all who extended their help.

Thank you, thank you all for your constant encouragement and supports.

Achyut Gnawali

Kathmandu, Nepal

March, 2017

TABLE OF CONTENT

LIST OF TABLE

LIST OF FIGURES

ABBREVIATIONS

ABBS	=	Any Branch Banking System
ADB	=	Agricultural Development Bank
ARPC	=	Annual Rate of Percentage change
ATR	=	Assets Turnover Ratio
B	=	Budgeting
C	=	Control
CDM	=	Costing and Decision Making
CEO	=	Chief Execuitve Officer
CFFA	=	Cash Flow from Financing Activities
CFIA	=	Cash Flow from Investing Activities
CFOA	=	Cash Flow from Operating Activities
CMR	=	Customer and Market Retention
CSR	=	Corporate Social Responsibility
CU	=	Capacity Utilization
CVP	=	Cost Volume Profit
DR	=	Deposits Ratio
EFA	=	Exploratory Factor Analysis
EP	=	Employee Productivity
EPS	=	Earning Per Share
FCR	=	Funding Cost Ratio
FO	=	Financial Officer
HBL	=	Himalayan Bank Limited
INGO	=	International Non Government Organisation
KMO	=	Kaiser-Meyer-Olkin
MAS	=	Management Accounting System

MATs	=	Management Accounting Techniques
MSA	=	Measure of Sampling Adequacy
MVPS	=	Market Value Per Share
NBL	=	Nepal Bank Limited
NGO	=	Non Government Organisation
NIBL	=	Nepal Investment Bank Limited
NPV	=	Net Present Value
OS	=	Organisational Strategy
P	=	Perfromance
PI	=	Profitability Index
RBB	=	Rastriya Banijya Bank
ROCE	=	Return on Capital Employed
ROI	=	Return on Investment
RON	=	Return on Net Worth
ROR	=	Return on Total Revenue
SCBL	=	Standard Chartered Bank Limited
SD	=	Standard Deviation
SG	=	Sales Growth
SPSS	=	Statistical Package for Social Sciences
VIF	=	Variance Inflation Factor

CHAPTER I
INTRODUCTION

1.1 Background

Management accounting information plays a vital role in these basic management activities but most particularly in planning and control functions. Management accounting is oriented more toward the future, places less emphasis on precision, emphasizes segments for organization is not governed by generally accepted accounting principles and is not mandatory (Garrison et.al, 2009).

In this way, every organization large and small has managers. Someone must be responsible for making plans, organizing resources directing personnel and controlling operations. Everywhere managers carry out three major activities planning, directing and motivating and controlling.

Over the last 40 years or so accounting research has enquired into the relationship between accounting and strategy. Chenhall (2003) points at that contingency based research perceives management accounting as a passive tool to assist management's strategic decision making. Mouritsen and Kreiner (2003) point out that a whole array of accounting devices can play an active part in releasing a successful strategy. Latour (1987) point our accounting devices may play an active part not only in promoting the efficient implementation of a strategy, but also in contributing to its structuring and formulation.

Wilson (1997) argues that the role of accounting is to serve the needs of strategic management. Several writers have demonstrated how accounting in involved in processing now strategic orders insides the firm (Dent 1991, Motatitsen, 1999, Ogren 1997; Pretson Cooper and Coumbs 1992, Radcliffe, 1999). Roslender and Hart (2003) pointed out the use of management accounting information to support strategy decision making and also the impact that information can have on organizational outcomes. Strategic management accounting is the process of identifying, gathering, choosing and analyzing accounting data for helping the management team to make strategic decisions and to assess organizational effectiveness (Hoque, 2001:2).

Organizations are designing more sophisticated accounting information systems to meet the strategic goals and enhance their performance. This study examines the effect of accounting information system design on the performance of organizations pursuing different strategic priorities. The alignment between sophisticated accounting information systems and organizational strategy is analyzed. The enabling effect of the accounting information system on performance is also examined.

Baines and Langfield-Smith (2003) found a significant relationship between changes in strategy and management accounting practices. Several research studies have asserted that management accounting system plays a proactive role in the strategy management, acting as a mechanism that enables organizational strategy and contribute to organizational performance.

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers.

1.2 Statement of the Problem

Strategic planning with a view to achieving organizational efficacy is critical (Porter, 1985). However, the formulation of effective strategies will not ensure that an entity achieves organizational efficacy unless the entity has actually implemented those strategies (Jermias and Gani, 2004; Shank and Govindarajan, 1997). This implementation requires the interposition of a particular form of strategic planning between the formulation of policies and their implementation (Mintzberg et al., 1998); moreover, the strategy implementation requires instruments that facilitate and control the effective implementation of the formulated strategies.

However, provide valuable strategic planning solutions for cost management and the development of a competitive position for an organization. Horngren, Sundem, Stratton, Schatzberg and Burgstahler (2009: 4) state that management accounting provides solutions for business survival in the prevailing dynamic business environment where competition, customer's preferences and innovative IT make business profitability a major challenge.

Every successful organization must employ an effective accounting information system. The effective accounting information system ensures that the every accounting as well as related activities is going on properly and according to plan. It helps to find out the deviation and take corrective action and ensures efficient and effective management system. Jan Bell et.al (2004) defined management accounting as a system of measuring and providing operational and financial information that gives managerial action, motivates behaviors and supports and creates the cultural values necessary to achieve an organization's strategic objectives. This definition reflects the correlation of management accounting practices and tools with the entity's strategy.

Along with the increasing of products variety, reduction of life cycle, the emergence of new production technologies and economic globalization, we are witnessing to the growing number of competitors in all markets, which makes that any economic advantage to be ephemeral any bet on future extremely risky (Tabara and Mihail, 2004). Far from playing a passive role in providing information, management accounting is involved both in strategic decisions and current decisions faced by an entity. In fact, the role of management accounting information is to make the link between strategy of organization and current actions taken to achieve its objectives.

In the search to understand management accounting in competitive environments and advance technologies, change has increasingly become a focus for research. Many firms have experienced significant changes in their organizational design, competitive environments and technologies. Business environments exhibit a variety of structures and processes, including flat and horizontal organizational forms, multidimensional matrix structures, networks of "virtual organizations" and self-directed work teams. When business organizations respond to challenges by embarking on a change management path, they are faced with choices of which one of the management methods, techniques, and systems would be most effective (Waldron, 2005).

Improving the quality of products and services is also a major concern, since advances in production technology and the need to improve performance by reducing waste have led to management tools such as total quality management (TQM), just-in-time (JIT), business process re-engineering (BPR) and continuous improvement processes such as Six Sigma and the business Excellence model. Management accounting has a role to play in these techniques and non-financial managers need to understand the relationships between accounting and new management techniques.

Johnson and Kaplan (1987) described how a management accounting system must provide timely and accurate information to facilitate efforts to control costs, to measure and improve productivity, and to devise improved production processes. The management accounting system must also report accurate product costs so that pricing decisions, introduction of new products, abandonment of obsolete products, and response to rival products can be made.

The developing country like Nepal has greatly suffered from limited resources endowments, particularly the capital, technical know-how, poor manpower, improper planning, ineffective information and controlling system, ineffective implementation of policies, political instability etc (Pant, 2010).

Managers of different levels in an organization take several different decisions and actions far effectively and efficiently realizing goals and objectives of the organization. In today’s highly turbulent and intense competitive organizational environment, the managers and strategists have to set strategic goals and objectives, formulate strategic plans, implement and control them, and make several strategic decisions. For all this, they use reliable and valid accounting information available in the organization. Similarly, consultants appointed by the organization for some specific purpose have to use different kinds of accounting information.

Accounting literature has given increased attention to the relationship between management accounting system and strategy (Langfield- Smith, 2007). This accounting literature has focused on different strategic frameworks, such as strategy process- emergent and deliberate (Mintzberg and Waters, 1985) and strategy typologies-defenders, prospectors, and analyzers (Miles and Snow, 1978), leadership, differentiation, and focus (Porter, 1985), and build, hold, harvest, and divest (Gupta and Govindarajan, 1984). The main contribution to this literature is to show which management accounting attributes seem to be more adequate for different strategic planning profiles.

The world is dynamic, as per the dynamism of the world each and every method and techniques of accounting are changed and developed. Similarly the methods of management accounting information system have been changed what so ever. The major issue is that how the role of management accounting information in strategy formulation and implementation. It will also focus how strategic management has affected the productivity, performance and success of the organization.

In view of the situation outlined above a number of issues emerge. The following are the key research issues towards which this study has been directed.

- What is the extent of the use of management accounting system in Nepalese Commercial Banks?
- What are the roles of management accounting in Nepalese Commercial Banks' management?
- Is there a relationship between the use of management accounting system and the Performance of Nepalese Commercial Banks?
- Is there a relationship between the use of Strategy and the Performance of Nepalese Commercial Banks?
- How management accounting system and Strategies both impact Performance of Nepalese Commercial Banks?
- Is there any relationship between Banks' Service Quality and Bank's Customer Satisfaction?

1.3 Objective of the Study

The main purpose of this study is to analyze the management accounting systems and strategic management practices in Nepalese Commercial Banks. More specifically this study proposes following specific objectives:

1. To examine the extent of the use of management accounting system in Nepalese commercial banks.

2. To examine the roles of management accounting in Nepalese commercial banks' management.
3. To examine the relationship between the use of management accounting systems and the organizational performance of Nepalese commercial banks.
4. To examine the relationship between the use of organizational strategy and the organizational performance of Nepalese commercial banks.
5. To examine the impact of management accounting systems and organizational strategy (both) on organizational performance of Nepalese commercial banks.
6. To examine the relationship between banks' Service Quality and bank's customer satisfaction.

1.4 Rationale of the Study

The importance of strategic planning and management as increased significantly in recent times. Even in a developing country like Nepal with limited development and low level of income, the scale of competition has grown in substantial proportions both enhanced domestic production as well as imports. Emergence of some professional joint venture companies (foreign and local) increasing imports have necessitated for all Nepalese enterprises to be competitive and withstand the pressure through professional management. In Nepal where the pace of development is slow and economy is basically characterized by primary activities, management is still at an early stage of development (Manandhar, 2005)

Management accounting systems plays an important and crucial role in formulation and implementation of business strategy. In the absence of proper, accurate, timely and relevant information no organization can formulate and implement the strategy. Formal strategic planning still seems to be virtually non-existent albeit some strategic thinking at informal level exists mainly in some private sector organizations. In view of the growing challenges in the market, it is high time to enquire into the nature or strategic thinking and initiatives in Nepalese industries and management. The government policies, industrial policy, foreign investment and one window policy and trade policies all make significant emphasis on competitive market, openness and liberal economy to ensure faster growth. To be able to compete in such an open market there is no option left for Nepalese industries other than enhancing their efficiency and management. In the prospective, a study of present nature encompassing the evolution of present mode of management and providing a suitable model to suit the Nepalese environment should make great contribution in the national development effort itself.

1.5 Theoretical Framework

Within the established framework of theoretical modality of (Parasuraman, Zeithaml, & Berry, 1985), the study proceeds with manifest variables for understanding of Banks’ Service Quality and its relationship with the dependent variable, the Customers’ Satisfaction. Five manifest independent variables (Banks’ Service Quality) have been used in an attempt to explain the variance in Customers’ Satisfaction. These five manifest variables are Tangibility, Empathy, Responsiveness, Assurance, and Reliability, which can be seen at Figure 1. The literature review has indicated that Service Quality s and customers’ satisfaction are related. (Parasuraman, Zeithaml, & Berry, 1985). Hence, this would seem to have a positive correlation with Banks’ Service Quality organizational performance with Customers’ Satisfaction.

Similarly, within the established primary framework of theoretical modality the entire study proceeds. The primary interest in this research has been the performance of the organization. Five independent variables (Management accounting systems) have been used in an attempt to explain the variance in performance. These five variables are budgeting and planning, controlling and reporting, performance evaluation system, decision making system, costing system. The literature review has indicated that management accounting systems and organizational performance are related. Likewise, applying strategic management do play a role with management accounting system in enhancing organizational performance. It is dimensionalized into Likewise, strategic management had dimensionalized into- Segmentation, Innovation, Resources Mobilization, Lending, Service quality and Delivery, and Treasury Management. Budgeting and planning influence in organizational performance applying strategic management. Proper and effective controlling and reporting activities related information tend to have higher performance than the outdated and ineffective controlling and reporting system. Hence, this would seem to have a positive correlation with organizational performance with pursuing strategy formulation and implementation.

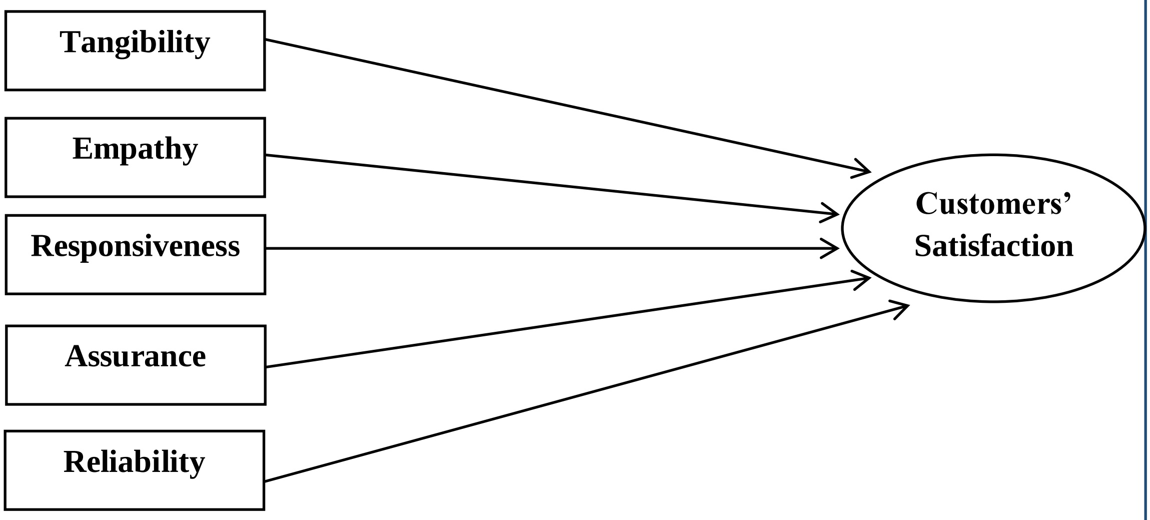

Figure 1.1. Theoretical framework of Service Quality and Customers' Satisfaction. Adapted from Parasuraman et al. (1988). SERVQUAL: A Multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing (Spring), 12-40.

On the basis of the above arguments the researcher theorizes that there would be positive correlation between organizational performance and each of the following information variables: budgeting and planning, controlling and reporting, performance evaluation system, decision making system, costing system. The theoretical framework is shown in Figure 1.2.

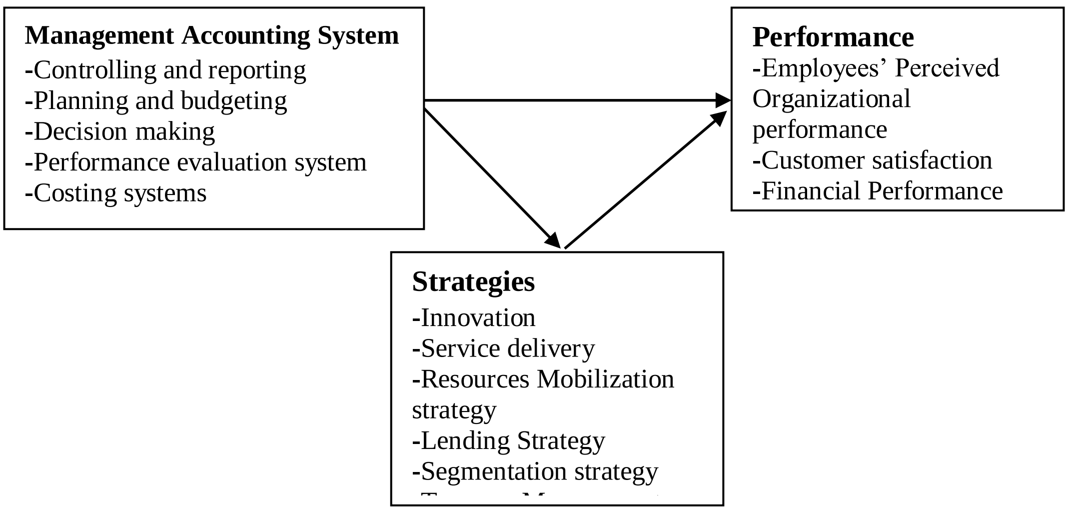

Figure 1.2. Theoretical framework of this study.

From the above theoretical framework it has been conceptualized that budgeting and planning, controlling and reporting, performance evaluation system, decision making system, costing system(Management accounting systems) have positive correlation with organizational performance applying different strategies. It is also conceptualized that Management Accounting Information systems directly affect the organizational performance through different strategies priorities. Further, it is also conceptualized that organizational strategy can also directly affect the organizational performance.

1.6 Research Hypotheses

The following null hypotheses have been proposed to be tested in this research work:

$H_0$1: There is no relationship between Management Accounting Systems and Organizational Performance

$H_0$2: There is no relationship between Organizational Strategy and Organizational Performance

$H_0$3: There is no relationship between Management Accounting Systems and Organizational Strategy

$H_0$4: There is no relationship between combine variable of Management Accounting Systems and Organizational Strategy on Organizational Performance

$H_0$5: There is no relationship between Banks' Service Quality and Customer Satisfaction

$H_0$6: A change in Management Accounting Systems will not improve Organizational Performance

$H_0$7: A change in Organizational Strategy will not improve Organizational Performance

$H_0$8: A change in Management Accounting Systems will not improve Organizational Strategy

$H_0$9: A change in combine variable of Management Accounting Systems with Organizational Strategy will not improve Organizational Performance

$H_0$10: A change in Banks' Service Quality will not improve Customers' Satisfaction

$H_0$11: A change in Management Accounting Systems will not improve Organizational Financial Performance (ROE)

$H_0$12: A change in Organizational Strategy will not improve Organizational Financial Performance (ROE)

$H_0$13: A change in combine variable of Management Accounting Systems with Organizational Strategy will not improve Organizational Financial Performance (ROE)

$H_0$14: A change in Management Accounting Systems will not improve Organizational Financial Performance (ROA)

$H_0$15: A change in Organizational Strategy will not improve Organizational Financial Performance (ROA)

$H_0$16: A change in combine variable of Management Accounting Systems with Organization Strategy will not improve Organizational Financial Performance (ROA)

1.7 Limitations of the Study

As with any research, the current research study is subject to a number of limitations. Although this study has significantly contributed to the understanding of how the alignment among the studied variables improved performance. First, there are numerous factors for management accounting, only five factors were considered viz., budgeting and planning, costing systems, decision making, controlling and reporting and performance evaluation.

Strategic management is only defined in six composite dimensions of innovation, segmentation, service quality, resource mobilization, lending and treasury management strategies.

Similarly, the service quality is defined only in five dimensional model of Parasuraman et al., 1988, which has its own limitation.

The sample of banks may not be fully representative of the population of commercial banks in Nepal. Likewise, limited number of customers' sample has been used to understand the perception on satisfaction. In addition, perception of the respondents may not be free from their personal biasness.

Due to the limitation of time, cost and availability of secondary data, only previous ten years' (2003/04 to 2012/13) data were considered for the study.

Last but not the least, lack of pertinent literature in Nepalese perspective has been a barrier for this research.

The limitations addressed above however, do not negate the results and findings in this study. Despite the limitations addressed above, the results in this study have extended the understanding of management accounting system, organizational strategy and organizational performance in Nepalese commercial banks context.

1.8 Organization of the Study

The whole study has been organized into six chapters. The first chapter introduces the subject of the study. It defines the goals and purpose of the study. It includes the general background, statement of the problem, objectives of the study, hypothesis of the study, need of the study, the limitation of the study and scheme of the study.

The second chapter reviews the pertinent literatures related to this study. It includes the review of published books, journals, articles, theses and dissertations. Besides this, the laws, act, polices, rules and regulations relating to management accounting system have also been reviewed under the study.

The third chapter includes presented the research methodology. It incorporates the introduction, research design, population and sample, sampling method, method of data collection and instrument, and tools and techniques of data analysis.

The fourth chapter has dealt with descriptive analysis and exploratory factor analysis.

The fifth chapter has dealt with impact of management accounting systems and strategy on organizational performance. It also dealt with the inferential statistics that explains the relationship and impact of the variables. In additional, it also presents the analysis of secondary data that fervently put forward the financial performance of the Nepalese commercial banks.

The sixth chapter presents summarized the whole study. This also includes the managerial implications, implications for future research thatwas based on findings for future improvement.

At last but not the least, bibliography and other appendixes are placed at the end of the thesis.

CHAPTER II
REVIEW OF LITERATURE

2.1 Introduction

Review of literature helps the researchers to provide knowledge about the progress and development made by earlier researchers on the related field of study. This chapter is based on the related articles, journals, books, previous empirical studies.

The modern business environment is characterized by radical changes due to technological developments, increase competition, and customer's preferences. According to Jusoh (2006), the pressure from domestic and global competitors and customers' demand for quality and reliable products, high expectations from the stakeholders and usage of new and advanced manufacturing technology. Recent studies in the management accounting and management control systems have found that the formulation of vital strategic priority are not enough, it must be supported by an appropriate control system, organizational structure, and management accounting information systems to achieve high level of organizational performance (Shank & Govindarajan, 1993; Chenhall & Langfield- Smith, 1998b). Management accounting system is the provision of information to support firm's decisions in the long term, and organization's performance by providing internal and external information, and provides information for strategic purposes (Shank & Govindarajan, 1993, Lillis & Anne, 2002; Ittner, et al., 2003b; Malina & Selto, 2001; Ullrich & Tuttle, 2004; Choe, 2003, Neely, 1999; Phillips, 1999).

This study seeks to investigate the extent to which management accounting system and organizational strategic management are employed by Commercial Banks in Nepal. Primarily, this chapter emphasized with the understanding of management accounting system, organizational strategic management and organizational performance. It is in order to provide an outline of its development and to highlight its importance for Service sectors. It is emphasized to review the theoretical aspect in primary part and examining the role that management accounting system in the modern business environment and developments in management accounting. The chapter summarizes with a discussion with a focus on the strategic management, service quality and customer satisfaction.

2.2 History and Development of Management Accounting

Management accounting was first known as cost accounting. This origin was reflected in the earlier title for practitioners of cost or works accountants (Wilson and Chua, 1988). Accounting historians have long endorsed the view that cost accounting is a product of the industrial revolution (Johnson, 1981). Wilson and Chua, (1993) claimed that cost accounting was practiced by the mechanized, multi process, cotton textile factories that appeared in England and United States around 1800. Cost accounting is defined as the equivalent of direct costing 'designed to provide financial information for management decision-making and control and specialized aspects of general accounting which have to do with recording and analysis of factory expenditure (Johnson, 1981; Garner, 1947, Abs et al., 1954). Parker (1969) also cites the accounts of Francesco di Marco Datini, merchant of Prato, who in 1390 kept double entry; records which show evidence of job cost accounting, accrual accounting and depreciation.

Later in the twentieth century, the term of cost accounting started to change into management accounting. Johnson and Kaplan (1987) argued that by 1925 virtually all management accounting practices(MAPs) used today had been developed. On the other hand, Wilson and Chua (1988) claimed that the term management' or managerial 'accounting only came into widespread use at the beginning of the 1960s. A useful distinction between the era of cost accounting and the era of management accounting was made by Horngren (1975). Similarly, expansion in the number of government, and quasi government organizations further supported the development of management accounting (Wilson and Chua, 1988). The first known textbook in management accounting emerged in 1950, written by Vatter, and titled Managerial accounting (Kelly and Pratt, 1994). Vatter argued that management accounting has the purpose of supporting managers, not of reporting to owners (Kelly and Pratt, 1994).

The changes from cost accounting to management accounting was also manifested when, The Institute of Cost and Works Accountants(ICWA) changed the name of its journal from Cost Accounting to Management Accounting in 1965 and its own name to the Institute of Cost and Management Accounting in 1972. In 1986, it received its royal charter and became The Chartered Institute of Management Accountants

(CIMA) (Allot, 2000). In the United States the National Association of Cost Accountants changed its name to the National Association of Accountants in 1958 (Scapens, 1991: 9). This organization became the Institute of Management Accountants (IMA) in 1991.Overall it can be seen that after nineteenth century the focus changed from cost accounting to an emphasis on the provision of information that was appropriate to the needs of managers.

2.2.1 The Changing Focus and Innovation of Management Accounting

According to IFAC (1998:84), the evolution of management accounting has consisted of four main stages. The trends of management accounting from prior 1950 to by 1995 are grouped as follows:

1. **Stage 1: Prior to 1950**

The focus was on cost determination and financial control, through the use of budgeting and cost accounting technologies;

2. **Stage 2: By 1965**

The focus had shifted to the provision of information for management planning and control, through the use of such technologies as decision analysis and responsibility accounting;

3. **Stage 3: By 1985**

Attention was focused on the reduction of waste in resources used in business processes, through the use of process analysis and cost management technologies;

4. **Stage 4 : By 1995**

Attention had shifted to the generation or creation of value through the effective use of resources, through the use of technologies which examine the drivers of customer value, shareholder value, and organizational innovation. The change in every stage represents adaptation to a new environment faced by organizations in which the organization has had to reshape and reformulate its strategies in order to remain competitive in the market. Figure 2.1 below shows the transformation stages diagrammatically.

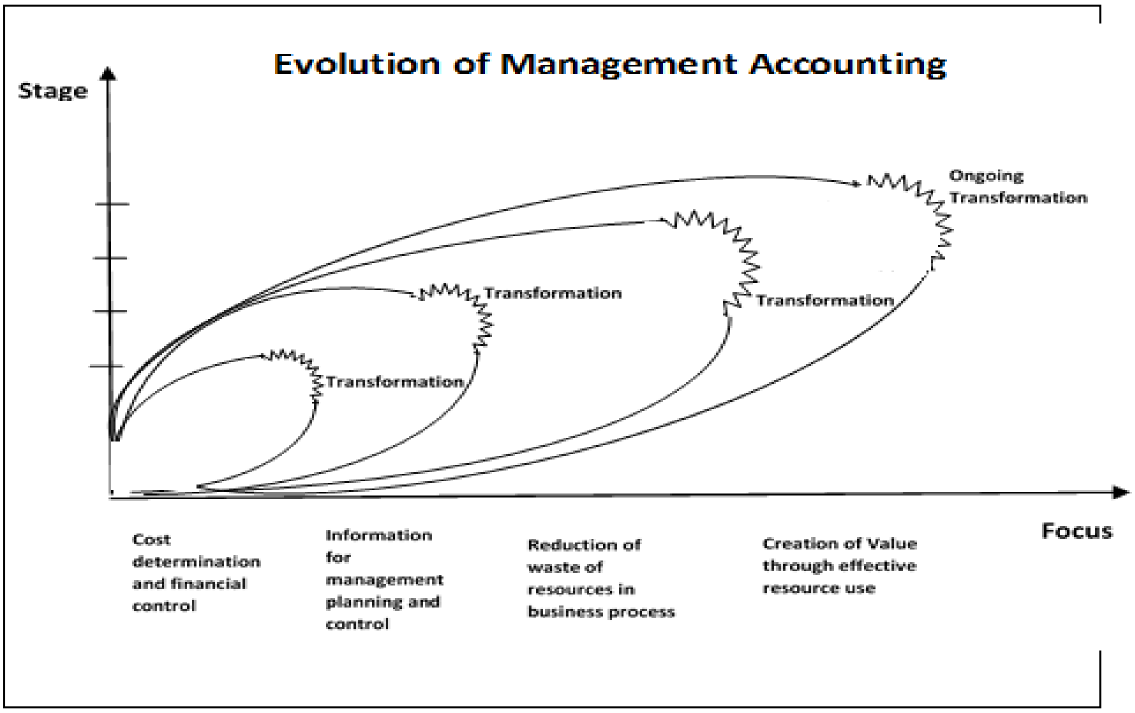

Figure 2.1. Evolution of Management Accounting. Adapted from IFAC. (1998).

International Management Accounting Practice Statement: Management Accounting Concepts. New York.

Overall management accounting has been changing from a narrow to a broader function. An additional catalyst for this evolution has been criticism of the role of management accounting and MAPs by academics (Hutaibat, 2005). Since the emergence of criticisms such as Drury et al., (1993), Johnson and Kaplan (1987) and Drury (1996), innovations in management accounting have been made and there has been considerable change in MAPs (Abdel-Kader and Luther, 2006 and Ittner and Larcker, 2001). According to Preda and Watts (2004) recent innovations in management accounting have extended the descriptive objects, the causal variability factors, and the time periods of analysis, while, at the same time, influencing organizational applications. The innovations provide more relevant, accurate and appropriate information within a proper time period to reconcile the inherent deficiencies contained in traditional management accounting techniques (Preda and Watts, 2004). The examples of contemporary accounting innovations includes, Value-based Management (VBM), Non-financial performance measurement systems, Total Quality Management (TQM), Balanced Scorecard (BSC), Activity-based

Costing (ABC), Activity-based Management (ABM) and Strategic Management Accounting (SMA).

2.2.2 The Changing Roles of the Management Accountant

Management accounting provides an important competitive advantage for an organization that helps create better decision-making value and provides an integrating perspective to the management's strategic, operational and financial decisions. Management accounting provides information from its environment to management to facilitate decision-making. The management accountants provide management accounting information for decision-making in a competitive market.

Research has highlighted these significant changes in roles of management accountants. Siegel and Sorensen (1999) and Burns et al. (1999) suggested the rate of change in the management accountant role had been more rapid between 1995 and 1999 than over the preceding five year period, and the respondents believed that the rate of change would continue to increase over the next three years. Laverty (2004) suggests that as a strategic partner and a provider of decisions based on financial and operational information, management accountants are responsible for managing the business team and the progression of the accounting and finance career path is that financial accounting is a stepping stone to management accounting.

Schulz (2001:661) suggests that management accountants are valued business partners who directly support an organization's strategic goals. Drury (2004:12) notes that the role of management accounting has moved from the traditional confines of planning, control, organization, communication and motivation and now focuses more on the external business environment (competition, opportunities, threats and changing circumstances). In addition, he notes that management accounting is expected to play a bigger role in the formulation, implementation and control of business strategies. Horngren et al. (2006:7) argue that management accountants track performance on the chosen key success factors: cost and efficiency, quality, time and innovation with reference to the performance of competitors on the same factors.

The changing roles of management accountants are also confirmed by some studies Russel et al. (1999), Zarowin (1997) and Lobo et al. (2004) summaries the roles or functions of a management accountant as Business analyst, Strategy formulator, Internal consultant or advisor (or business partner), Change agent or supporter of change, Information provider (or knowledge worker the hub for data), Leader of and/or participator in cross-functional teams, Designer and manager of information systems, Designer and controller of performance measurement systems, Teacher, guide or educator and Interpreter and manager of complexity.

2.3 Conceptualization of Management Accounting

Management accounting measures analyzes, and reports financial and nonfinancial information that helps managers make decisions to fulfill the goals of an organization. It isto develop, communicate, and implement strategy and also to coordinate product design, production, and marketing decisions and to evaluate performance.

According to Anglo-American Council of Productivity (1950),"Management accounting is the presentation of accounting information in such a way as to assist the management in creation of policy and the day to day operation of an undertaking".

According to American Accounting Association (AAA) (1973) it is the application of appropriate techniques and concepts in processing historical and projected economic data of any entity to assist management in establishing plans for reasonable economic objectives and making of rational decisions with a view towards achieving these objectives. In 1974, it has advocated the position that the accounting information system (AIS) to (i) be in a position of the total information system of organization and (ii) support decision-making.

Institute of Management Accountant (IMA)

The Institute of Management Accountants (IMA), USA, has provided definitions of management accounting that reflect changing demands by businesses for accounting information. The initial definition of management accounting by IMA (IMA, 1981, p. 1), defined management accounting as *"...the process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of financial information used by management to plan, evaluate, and control an organization and to assure appropriate use of and accountability for its resources. Management accounting also comprises the preparation of financial reports for non-management* *groups such as shareholders, creditors, regulatory agencies, and tax authorities."*But more recently, the definition (IMA, 2008, p. 1) was *"a profession that involves partnering in management decision making, devising planning and performance management systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization's strategy"*. The change in definitions show the role of management accountants evolving from a transaction and compliance orientation (as reflected in the 1981 definition) to one of a strategic business partner that helps the organizations in corporate performance management, planning and budgeting; corporate governance processes, risk management, internal control, and financial reporting at a time of great change; and experts in cost management methods (IMA, 2008).

Chartered Institute of Management Accounting (CIMA)

The Chartered Institute of Management Accounting (CIMA) is an international professional body based in the UK. The definition of management accounting by CIMA (CIMA, 1987, : 10), defined management accounting as the provision of information required by management for such purposes as: the formulation of policies; planning and controlling activities of the enterprise; decision taking on alternative courses of action; disclosure to those external to the entity (shareholders and others); disclosure to employees; and safeguarding assets. This information provision ensures that there is effective(a) Formulation of plans to meet objectives (long term planning), (b) Formulation of short term operation plans (budgeting/profit planning), (c) Recording of actual transactions (financial accounting and cost accounting), (d) Corrective action to bring future actual transactions into line (financial control), (e) Obtaining and controlling finance (treasureship), (f) Reviewing and reporting on systems and operations (internal audit, management audit).

CIMA's revised management accounting terminology (CIMA, 2005) showed that management accounting had moved forward to a broader role. Management accounting is defined as the application of the principles of accounting and financial management to create, protect, preserve and increase value for the stakeholders of for-profit and non-profit enterprises in the public and private sectors.

CIMA (2005) further elaborated the definition of management accounting to emphasize that management accounting is an integral part of management, which requires the identification, generation, presentation, interpretation and use of relevant information to: (1) Inform strategic decisions and formulate business strategy; (2) Plan long, medium and short term operation; (3) Determine capital structure and fund that structure, (4) Design reward strategies for executives and shareholders, (5) Inform operational decisions, (6) Control operations and ensure the efficient use of resources, (7) Measure and report financial and non-financial performance to management and other stakeholders, (8) Safeguard tangible and intangible assets, (9) Implement corporate governance procedures, risk management and internal controls.

CIMA‘s changed definitions show that management accounting has moved closer to senior management concerns with a focus on efficiency, strategic planning and value creation.

International Federation of Accountants (IFACs)

IFAC (1989) in IFAC (1998: 99) defined management accounting as “the process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of information (both financial and operating) used by management to plan, evaluate, and control within an organization and to assure use of and accountability for its resources”. IFAC (1989) - A definition which is grounded in traditional ideas of the subject. However, only nine years later the scope had widened considerably and Revised International Management Accounting Practice 1 (IFAC, 1998, : 86) issued by the Financial Management and Management Accounting Committee (FMAC) of the International Federation of Accountants (IFAC) viewed management accounting as an activity that is interwoven in the management processes of all organizations. Management accounting refers to that part of the management process which is focused on adding value to organizations by attaining the effective use of resources by people, in dynamic and competitive contexts.

In view of the above definition, a management accounting system (MAS) can be defined as ‘those parts of the formalized information system used by organizations to influence the behavior of their managers that leads to the attainment of organizational objectives' (Gerdin, 2005:103). It is also articulated as 'a formal system designed for providing managers with the requisite information to facilitate decision making and evaluation of managerial activity' (Agbejule, 2005: 295). It is noted that two distinct roles of management accounting system have been revealed from these definitions; decision-making and control.

Likewise, the definitions appearing since the beginning of this century have included:

Management accounting measures and reports financial and nonfinancial information that helps managers make decisions to fulfil the goals of an organization (Horngren et al., 2002, p. 6).

Management accounting is concerned specifically with how cost information and other financial and non-financial information should be used for planning controlling, continuous improvement, and decision making (Hansen and Mowen, 2003, p. 2).

Managerial accounting is the process of identifying, measuring, analyzing, interpreting, and communicating information in pursuit of an organization's goals" (Hilton, 2009, p. 4).

The essence and activities of MA as they are currently conceived can be illustrated by the comprehensive definitions introduced by different professional accounting societies. For example, the Chartered Institute of Management Accountants (CIMA) – the largest association of management accountants in the United Kingdom – sees MA primarily as "the practical science of value creation within organizations in both the private and public sectors and professional management accountants as financially competent business leaders" (What is CIMAs definition ..., 2009). MA systems should provide information for short-term and long-term periods too. The current dissertation follows the CIMA approach, focusing on the MA and its developments in both business and public sector organizations. This study defines MA as the process of identifying, measuring, analyzing, interpreting, and communicating financial and non-financial information to assist the fulfillment of an organization's goals in the business and public sectors. The balanced scorecard (Kaplan and Norton, 2001b) represents one of the widely applied concepts that contribute to performance management by specifying indicators for operative and strategic management levels. An organization's overall strategy (its mission in the public sector) is translated across financial, customer, internal process, and learning and growth dimensions into operational performance targets and measures.

The design of management accounting system is considered in terms of four dimensions or 'information characteristics' including scope, integration, aggregation and timeliness. Scope refers to 'the dimension of focus, quantification and time horizon of management accounting systems (MAS) (Tillema, 2005). Focus is concerned with whether the information provided by management accounting system focuses on internal or external events to an organization. Quantification is concerned with whether the information is quantified in financial or non-financial terms. Time horizon is concerned with whether the information relates to historical or future data (Chenhall and Morris, 1986). Integration refers to the information characteristic that improves coordination among departments within an organization. It contains the information about the activities from other departments, and decision-making results from one department that may have impacts on other departments' performance as well as the information about inputs, outputs, processes and technology consumed by other departments (Bouwens and Abernethy, 2000). Aggregation provides summary information in various forms such as aggregation by area of interest, period of time or formal decision models (Chenhall and Morris, 1986).Aggregated information by area of interest such as responsibility centers and functional area will involve reporting activities, such as results or outcomes from different functions or business units. Aggregated information by time periods such as monthly or yearly may allow managers to review their decisions. Aggregated information may be required by the users of decision models such as discounted cash flow analysis, cost-volume-profit analysis and inventory models. Timeliness is concerned with frequency and speed of the reporting. (Bouwens and Abernethy, 2000).

2.4 The Changing Roles of Management Accounting Practice

In the late 1980s, accounting practitioners and educators were heavily criticized on the grounds that management accounting practices, especially the curriculum taught to accounting students had changed little over the preceding 60 years despite the radical changes in the business environment (Ittner and Larcker, 1997). Ittner and Larcker (1997) noted that professional accounting institutes, perhaps expecting that management accountants would increasingly be seen as redundant in business organizations, subsequently devoted considerable resources to the development of a more innovative set of skills for management accountants. This could have led to the development of management accounting practices that have enabled organizations such as Bank to build a competitive advantage. Shah (2009) is of the view that in the past management accountants were referred to as ‘controllers’ since they were in charge of all financial accounting and cost accounting functions. However, Shah (2009) argues that modern management accountants play a dual role in the organization. Firstly, they are responsible for the integrity of the top management and reliability of the reports they submit and secondly, they assume a helper’s role in which they are responsible for helping departmental managers in planning and controlling operations. Moreover, Hilton (2008:4) points out that the management accountants advise and provide valuable information that guides an organization towards achieving its objectives.

Traditional management accounting techniques such as standard costing and variance analysis, traditional budgeting and cost volume profit analysis are said to be less useful in the present manufacturing environment. To succeed in the present dynamic business environment, tools or strategies such as JIT, ABC, TQM, process re-engineering, life cycle assessment and target costing would greatly enhance the ability of corporations to meet global competition (Wu and Boateng,2010, Bastl et al. 2010).

Management accounting (MA) experienced significant change since the beginning of 1980s. The growth of privatization, deregulation, international businesses, global competition and new information and production technology has changed the world of management accounting. These changes have special implications for transitional and newly industrialized or emerging economies. The change in MA was driven by many business changes such as the changes in organizational designs, competitive environments, information technologies, and government regulation and policy (Burns and Vaivio, 2001; Waweru et al., 2004, Littler and Sweeting, 1989). The adoption of these new management and manufacturing techniques eventually leads to the need for change in the conventional role of MA (Kellett and Sweeting, 1991).

The most common change factors cited in the literature are, on a broad environmental level, globalization of markets, advances in information and production technologies, and increasing competition (Barbera, 1996b; Burns et al, 1999; Russell et al, 1999;

Sharma, 1998). On an organizational level they include greater emphasis on core competencies, emphasis on customer and supplier relationships, downsizing, outsourcing, flatter organizational structures and team work (Barbera, 1996a; Binnersley, 1997; Burns et al, 1999).Firms compete on price, quality, speed of delivery, and customer service. Management need measures and performance indicators on all these factors. In a summary of empirical studies, the role played by both environmental and organizational factors in initiating change in management accounting. Globalization of markets, Advances in information and production technologies and increased competition are the part of Environmental factors. Similarly, Core competencies, Customer and Supplier Relationships, Downsizing, Outsourcing, Flatter Organizational Structures and Team work are the part of Organizational factors

Overall these change drivers or forces for management accounting have vital implications for the nature of management accounting. New types of measurements for meeting the challenges at the corporate, national and international levels are required (Ratnatunga, 2004).

2.5 Management Accounting Practices

In the UK, Drury et al. (1993) reported on MAPs in 303 UK manufacturing organizations and found out that a variety of different practices were used. Although many appeared to correspond closely with theory, there was also evidence of considerable gulf between some aspects of theory and practice. Abdel-Kader and Luther, (2006) conducted a survey on MAPs in the UK food and drinks industry. They concluded that traditional management accounting is -alive and well but there are indications of an increased use of information concerning the cost of quality; non-financial measures relating to employees; and analyses of competitors'strengths and weaknesses.In other European companies, studies in management accounting were conducted by various researcher covered a variety of different MAPs such as costing, planning and control, performance measurement and evaluation and decision support system and traditional approaches were still in use although companies had started to adopt new techniques (Anderson and Rohde, 1994; Laitinen, 1995; Israelsen et al. 1996, Bruggeman et al. 1996; Pierce and O'Dea, 1998; Szychta, 2004; and Hyvonen, 2005, Bruggeman et al. (1996). This suggests that the main contribution of newer techniques may be in supplementing, as opposed to replacing, traditional techniques.Similarly, in U.S, Chow et al. (1988) reviewed previous studies on MAPs. The survey covered cost accounting system design, decision making, planning, control, and the use of quantitative methods. The researchers concluded that while many common approaches were identified, there are areas where practices diverge. Shields et al. (1991), who summarized the MAPs literature in U.S and Japan, discovered that there are many similarities as well as differences in the use of management accounting between Japanese and U.S companies. According to them, there is about the same use of direct (variable) costing and full (absorption) costing in both countries though the Japanese firms report more frequent use of process costing to accumulate product costs and a higher percentage of U.S. firms do not use any form of CVP modeling. One of the biggest reported differences between Japanese and U.S. firms is in the use of capital budgeting decision models. Discounted cash flow models such as net present value and internal rate of return were commonly used by U.S. firms, whereas Japanese firms more frequently used pay back as the primary model.Scarbrough et al. (1991) identified several important Japanese MAPs used in advanced Factory Automation (FA) manufacturing environments. The survey revealed that Japanese management accounting systems for product costing and inventory valuation did not employ newer or more innovative methods as in Western manufacturers. Instead, the firms appear to have put their innovating effort into cost analysis for decision-making and cost control through unique management 'accounting' techniques such as target costing and engineering performance enhancement methods (for example, total quality control (TQC), total productive maintenance (TPM), just-in-time (JIT), value engineering (VE) and return on sales (ROS). Later, Yoshikawa (1994) highlighted a number of important aspects of Japanese MAPs that differ from those found in the West. Smyth (1960) compared management accounting techniques in Australia with those in the U.S and Canada. He found that Australian management made less use of the management accounting techniques compared to U.S and Canada. Australian companies were less likely to employ long-range sales plans, long-range plans for capital expenditure, cash, and profits, and budgeting techniques. Australian companies have a relatively high level of adoption of management accounting techniques compared to other countries (Chenhall and Langfield-Smith, 1998). On average, the rates of adoption of traditional MAPs were higher than the adoption of current techniques. There were higher adoption levels on budgeting, planning and performance evaluation; and somewhat lower adoption levels for target costing, value chain analysis and Activity based costing.Alnamri (1993) who conducted a comparative analysis of Saudi and western approaches found that the western joint venture companies have a more sophisticated management accounting system that rely more on accounting information in decision making and control compared to their Saudi counterparts.Ghosh and Kai Chan (1997) examined MAPs in Singaporean large companies operating in the manufacturing and services sectors. A high level of adoption of budgeting and capital budgeting (more than 80 per cent), moderate use, ranging from 56 per cent to 80 per cent of long-range planning, breakeven point analysis, return on investment and standard costing; and a very low uptake (11 per cent) of ABC. Phadoongsitthi (2003) found similar results in Thailand to those established in Singapore and India, with additional dimensions such as target costing, product life cycle analysis and zero-based budgeting (ZBB) was low. The use of contemporary management accounting tools is lacking in the four countries under examination (China, Singapore, India and Malaysia), the use of traditional management accounting techniques remains strong (Sulaiman et al. 2004). Recent studies like Nimtrakoon (2009), Joshi (2001), Waweru et al. (2004) and Frezatti (2007) emphasized on benefit from contemporary MAPs, uptake of traditional MAPs, such as budgeting and performance evaluation, was higher than for contemporary techniques, considerable changes in management accounting systems, activity-based cost allocation systems and the balanced scorecard (BSC) for performance measurement, recent management-accounting practices (e.g. ABC, BSC, in full and EVA) than traditional practices such as budgeting.

Management accounting system has steadily developed from the conventional concepts of formal, internal and financial information (traditional MA) to the use of broader scope information such as informal, external and non-financial information (contemporary MA) (Chenhall, 2003). Traditional management accounting system losing its relevance to modern businesses, no longer allowing the company to respond to the current information needs of organizations and the maintenance of competitive advantage (Johnson and Kaplan, 1987). It is focused mainly on internal and financial information from a financial accounting system. They tend to relate to a short term perspective and are relatively ignorant of strategic focus (Guilding et al., 2000). Costing, full costing, standard costing, budgeting, transfer pricing, break-even analysis, residual income and variance analysis are divined with Traditional management accounting system (Kaplan, 1984; Johnson and Kaplan, 1987 and Johnson, 1990).

It is claimed that contemporary MA may provide more relevant, accurate and appropriate information within a proper time period to overcome the deficiency of traditional MA (Chenhall and Langfield-Smith, 1998). It is focused more on non-financial information, have an external approach such as customers and competitors, and a more strategic orientation (Chenhall and Langfield-Smith, 1998). New techniques include Activity-Based Costing(ABC), Activity-Based Management (ABM), Balanced Scorecard (BSC), Life Cycle Costing, Target Costing, and Cost of Quality Reporting.

2.6 Dimensions of Management Accounting System- Review of Articles

The above sections highlighted Management Accounting Practices/ Management Accounting System. The empirical dimension of specific MAPs and techniques are highlighted in following section. The majority of the studies have dimensioned Management Accounting Systems to costing systems; budgeting, decision making, performance evaluation and controlling and reporting.

1. Costing

Research indicates that the information on product costs generated by costing systems has a wide number of uses. It includes pricing decisions; cost control (Yoshikawa et al 1989; Bright et al 1992; Lukka and Granlund, 1996; Cinquini et al. 1999; Van Triest and Elshahat, 2007); an evaluation of production processes; and transfer pricing (Bjornenak, 1997). The two main costing methods adopted were absorption costing and direct (variable) costing in previous researches. Absorption costing system is general preferred globally (Drury et al. 1993, Scherrer, 1996), Shields et al. 1991). Shields et al. (1991), reported that Japanese companies indicated about 59 to 67% usage against a slightly higher uptake at 65 to 75% by U.S companies. Szychta (2004) found that 90% of Polish firms adopted these techniques. Joshi (2001) reported half of Indian firms adopted this technique and Firth (1996) revealed 66% of Chinese foreign-based companies applied this technique. Likewise, the use of direct (variable) costing is also widespread. Lukka and Granlund (1995) showed that 42% of Finnish firms applied variable costing. Similarly, Abdel-Kader and Luther (2006) indicated just over 50% of British firms implemented this technique. In contrast, in developing countries, Firth (1996) reported an adoption rate of 76 % by locally based Chinese companies in China. Joshi (2001) and Phadoongsitthi (2003) in India and Thailand respectively reported a similar rate of use to developed countries. Contrary to the results in European countries and developing countries, U.S and Australia, results reveal a much higher uptake of Activity Based Costing systems. Hrisak (1996) and Krumwiede (1998) indicated that Activity Based Costing systems was adopted by just over half over U.S firms. Similarly, Chenhall and Langfield-Smith (1998) found that 56 per cent of Australian firms adopted ABC.

The extent of use of other costing techniques such as process costing and job costing has also been widely researched. Shields et al. (1991) noted that Japanese firms report more a frequent use of process costing (55 to 61 %) compared to U.S companies (24 to 36 %). Meanwhile in Sweden, Lukka and Granlund (1995) indicated that 41 % of Swedish companies implement process costing compared to 38 % using job order costing. Lastly Wijewardena and De Zoysa (1999) discovered that more than half of the Australian companies used process costing (52%) or job-order costing (30 %) as the main product costing method - which is a not dissimilar to the findings of Lukka and Grandlund (1995).

2. Budgeting

Budgeting is perceived as an important control system in almost all organizations (Hansen and Van der Stede, 2004). The main focus on budgeting has been on uptake rates and the purposes underlying its use. Previous research indicates that the main purposes of budgeting are planning future performance; planning the future financial position; planning future cash flows; planning future day to day operations; and controlling costs (Lyne, 1988; Amstrong et al., 1996; Chenhall and Langfield-Smith, 1998; Sulaiman et al., 2004; Fruitticher et al., 2005; Abdel-Kader and Luther, 2006). Budgeting is also used for performance evaluation, communication of goals and strategy formation (Guilding et al., 1998; Hansen and Van der Stede, 2004; Sulaiman et al., 2004; Fruitticher et al., 2005), to coordinate activities across business units

(Chenhall and Langfield-Smith, 1998); and for timely recognition of problems and to improve the next period‘s budget (Joshi et al., 2003).

The use of specific types budgeting technique such as flexible budgets, rolling budgets, Zero based budgeting and operational budgets has been researched. Nik Ahmad et al. (2003) found that the uptake of flexible budgets in Malaysia is higher compared to those in UK and New Zealand. The relatively low results also were by few studies (Pierce and O‘Dea, 1998; Szychta, 2002; and Abdel-Kader and Luther, 2006). Szychta (2002) suggested that the reasons of low adoption includes, generally no major change in activity within a year; volumes do not move that significantly and too difficult to report to non-financial departments. The adoption rate of ZBB is on average less than 20% (Szychta, 2002, Abdel-Kader and Luther, 2006, Joshi, 2001, Hansen and Van der Stede, 2004). Likewise, with respect to control aspects of budgeting, Puxty and Lyall (1989) found that majority of UK industrial companies were using both standard costing and budgeting system in their firms. Similarly, Guilding et al. (1998) found that standard costing systems continue to be popular and that the majority of accountants surveyed did not envisage abandoning standard costing and variance analysis in advanced manufacturing technology environments. Their comparisons between budgeting and standard costing practices used in NZ and the UK revealed a high degree of consistency. De Zoysa and Kanthi Herath (2007) who conducted a study in Japan found that standard costing is still being used by a large number of firms both in developing and developed countries which is consistent with Guilding et al. (1998), Dugdale and Lyne (2004), Szychta (2002) and Joshi et al. (2003). The research suggests that the importance of standard costing has not significantly declined despite technological changes.

Despite its widespread use, budgeting has over the years, been criticized on a number of grounds. Hansen et al. (2003) and Bourne (2004) stated that the practitioners argue that budgets impede the allocation of organizational resources to their best uses and encourage myopic decision making and other dysfunctional budget games. However as noted above, despite all the weaknesses in traditional budgeting, the majority of researchers Dugdale and Lyne (2004), Hansen et al. (2003) have found that the use of traditional budgeting is still prevalent.

3. Performance evaluation

Emmanuel et al. (1990) noted that performance evaluation was an important function of management accounting. Performance evaluation provides information for managers to support the achievement of their organization‘s strategic objectives (Jusoh and Parnell, 2008). Hall (2008) argued that in recent years organizations have sought to develop more comprehensive performance measurement systems (PMS) to provide managers and employees with information to assist in managing their operations. Hall (2008) also stated popular techniques for delivering a wider set of performance measures are the balanced scorecard (Kaplan and Norton, 1996), and performance hierarchies (Lynch and Cross, 1992). However the choice of measures to guide and evaluate the performance of business units is one of the most critical challenges facing organizations (Ittner and Larcker, 1998). CIMA (2002) highlighted the frameworks for performance measurement and management which are the value-based management (VBM); ABC and activity-based management; balanced scorecard; European Foundation for Quality Management (EFQM) excellence model; benchmarking; strategic enterprise management (SEM); and six sigma. However the literature indicates that in general both financial and non-financial measures are used to measure performance (Gomes et al. 2004 and Demirbag et al., 2006). Financial measures such as return on investment (ROI) and profit measures were extensively used in most countries: in U.K (Abdel-Kader and Luther, 2006); in Japan (Abdel-Maksoud et al. 2008); in Portugal Gomes et al. (2004); in Singapore Ghosh and Kai-Chan (1997); in India (Joshi, 2001); in Egypt Ismail (2007) and in Malaysia (Jusoh and Parnell, 2008). Gomes et al. (2004) argued that the high acceptance of financial measures may be attributed to the fact that information on these measures is the more readily available. Jusoh and Parnell (2008) stated that relatively new financial measures, such as economic value-added (EVA), have been applied to some studies. However, earlier studies suggested that the use of EVA was not that popular because it is too complex for managers to understand and use (Ittner and Larcker, 1998).

Newer performance measures based on non-financial measures, have been more widely applied by organizations over time (Drury and Tayles, 1993; Gomes et al., 2004; Ismail, 2007). Banker et al. (2000) argued that the primary reasons suggested for the use of nonfinancial performance measures are that these measures are better indicators of future financial performance than accounting measures, and they are valuable in evaluating and motivating managerial performance. Within the family of non-financial performance measures, those related to customers have a higher adoption rate compared to the other non-financial measures. Drury and Tayles (1993) surveyed MAPs in 260 UK SMEs and the results supported the importance of non-financial measures, especially measures of customer satisfaction, product quality, and delivery and supplier reliability.

4. Decision Making /Decision support system

Wu et al. (2007), hold that effective decision making is the most important key factor in today‘s rapid and changing competitive environment. The decision support analysis can be divided into short term and long term analysis. Abdel-Kader and Luther (2006) argued that for regular or short-term decisions management accountants can use cost-volume-profit (CVP) analysis, product profitability analysis, customer profitability analysis, and stock control models. For longer-term capital investment decisions management accountants can produce and review accounting rates of return and payback periods as well as complex signals based on discounted cash flow. Capital budgeting techniques capture both non-discounted and discounted approaches. Klammer et al. (1991) argued that the superiority of internal rate of return (IRR) and net present value (NPV) analysis has been repeatedly demonstrated under conditions of certainty. The payback period method for investment evaluation is popular in most countries (Shields et al., 1991; Yoshikawa, 1994; Lazaridis, 2004; Abdel-Kader and Luther, 2006; and Hermes et al. 2007, Abdel-Kader and Luther, 2006; Shields et al., 1991; Hermes et al., 2007). This acceptance may be because of the simplicity of this method makes it easier to evaluate projects. In contrast, techniques such as NPV and IRR/ROR have been adopted at relatively low rates (Abdel-Kader and Luther, 2006, Shields et al., 1991. Hermes et al. (2007) found that NPV method is the most popular method (89 per cent) in the Dutch companies they surveyed.

Techniques for dealing with uncertainty have also been researched (Shields et al., 1991; Lazaridis, 2004; Abdel-Kader and Luther, 2006). Abdel-Kader and Luther indicated that the U.K companies used computer simulation (6 %); and what if analysis (22%). Shields et al. (1991) found that only 19 % of Japanese firms were explicitly considering risk. In contrast, higher rates ranging from 48 to 93 % were reported in the U.S. Another decision support technique; breakeven analysis had a relatively moderate adoption rate (Abdel-Kader and Luther 2006) in UK; and in Poland 47 % (Szychta, 2002). In contrast, Chenhall and Langfield-Smith (1998) found an 86 % adoption of breakeven analysis in Australia.

Product profitability analysis has been adopted to a significant extent in both developed and developing countries. In U.K 69% reported its use (Abdel-Kader and Luther, 2006); in Australia 89 % (Chenhall and Langfield-Smith, 1998); and in India 82 % (Joshi, 2001).

5. Controlling and Reporting

Anthony (1965) defined control is the process of assuring that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives. It is a function that compares achieved results with planned goals. The control function is the process of ordering, evaluating, and providing feedback to the management system of an organization. The environment in which modern organizations operate are becoming more and more complex – more products, more players, and rapidly changing technology and markets. As a result of this complexity, no single individual or group can evolve a solution, which is considered effective. Hence, the need for an integrated system of management control arises (Pant, 2005).Control refers to monitoring and evaluation of performance to determine the degree of conformance of actions to plans. Ideally, planning precedes control, which is followed by a feedback corrective action or a feed forward preventive action.

Assuring the integrity of financial information concerning an organization's activities and resources; monitoring and measuring performance and inducing any corrective actions required to return the activity to its intended course.

Management control is a systematic effort to set performance standards with planning objectives to design information feedback system, to compare actual performance with these predetermined standards, to determine whether there are any variations and to measure their significance, and to take necessary corrective actions to achieve corporate objectives (Mockler, 1972). Management Control Systems (MCS) are the formal, information based, routines and procedures managers use to maintain or alter patterns in organizational activities (Simons, 1995).

Financial reporting may be defined as a communication of published financial statement and related information from a business enterprises to third parties including shareholders, creditors, customers, government authorities and the public. It is the reporting of accounting information of an entity (individual, firm, company, government enterprises) to a user or group of users. Company financial reporting is a total communication system involving the company as issuer, the investors and creditors as primary user, other external users, the accounting profession as measures and auditors, and the company law regularity or administrative authorities (Lal, 2012). The primary objective of financial reporting is to provide economic information to permit users of the information to make informed decisions. Secondary objectives include providing information to evaluate cash flows, resources of the company, and claims to those resources (Porter and Norton,2011:88). Financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions (FASB, 1978:34). Tillema's (2005) study which looks at the sophistication of management accounting in planning, controlling and performance measurement.

2.7 New Management Accounting Techniques

There are various new management accounting techniques considered in the research. Several studies indicates Activity Based Costing/Management (Cooper et al., 1992, Palmer, 1992; Shank and Govindarajan, 1989); Attribute Costing (Bromwich, 1990); Benchmarking(Miller et al., 1992; McNair &Leibfried, 1992); Competitive Position Monitoring (Simmonds, 1981); Competitor Cost Assessment (Simmonds, 1981, Ward, 1992). Competitor performance appraisal based on public financial statements (Moon & Bates (1993); Customer Accounting (Jones, 1988; Guilding& McManus, 2002); Integrated Performance Measurement (Cross &Lynch, 1989; Nanni et al., 2002); Balanced Scorecard (Kaplan & Norton, 1996a, 1996b, 2000; Malina&Selto, 2001); Life Cycle Costing (Berliner &Brimson, 1988; Shields & Young, 1991;Wilson, 1991, Ellram&Siferd, 1998); Quality Costing (Heagy, 1991, Simpson &Muthler, 1987; Carr & Tyson, 1992). Strategic Costing (Shank &Govindarajan 1989, 1993a, 1993b). Strategic Pricing (Simmonds, 1982); Target costing and Kaizen costing (McLaney and Atrill, 2002, Horngren et al. 2006, Monden& Hamada, 1991;

Morgan, 1993); Value Chain Costing. (Porter, 1985, Shank &Govindarajan, 1992b) as new management accounting techniques used globally.

Activity Based Costing/Management (ABC/M): This technique is based on the definition of the activities performed by the company; they are considered the ultimate causes of indirect costs (Cooper et al., 1992). ABC strategic focus consists in the management of the activities through which it is possible to define actions aiming at achieving a competitive advantage (Palmer, 1992; Shank and Govindarajan, 1989).

Attribute Costing: It considers products as a bundle of different features; in this vein, Bromwich (1990) sustains the possibility to view product attributes as cost objects. The attributes differentiate the products, and from the contact between product attributes and consumers' taste the market share is determined. In this sense it can be interpreted the external (market) orientation of the technique.

Benchmarking. The technique involves identifying the best practices and comparing the organization's performance to those practices with the goal of improvement. There are many types of benchmarking (Miller et al., 1992; McNair & Leibfried, 1992) but, in general, they underline the external strategic orientation toward competitors.

Competitive Position Monitoring: The technique is constituted by the provision of competitor information. In particular they regard sales, market share, volume and unit costs (Simmonds, 1981). Basing on the information provided, the company is able to assess its own position relative to main competitors and, consequently, control or formulate its strategy.

Competitor Cost Assessment: Differently from the previous technique, Competitor cost assessment concentrates uniquely on cost structures of competitors (Simmonds, 1981). The main critique regards the sources of such information. Ward (1992) suggests some indirect sources like physical observation, common suppliers or customers and ex-employees of competitors.

Competitor performance appraisal based on public financial statements: A relevant source of competitors evaluation is constituted by public financial statements. Moon & Bates (1993) underline the strategic insights that it is possible to obtain from this type of analysis. The technique, which represents an elaboration of common and traditional methods, finds strengthens in today's evolution of IASB that could permit a simpler comparison between companies of different countries.

Customer Accounting: The technique considers customers or group of customers as unit of accounting analysis (Jones, 1988; Guilding & McManus, 2002). Customer accounting includes all the practices directed to appraise profit, sales or costs deriving from customers or customer segments. Because it is widely related with "relational marketing", this accounting approach is classified as SMA technique.

Integrated Performance Measurement: The consideration of both financial and non-financial measures defines integrated performance measurement system (Cross &Lynch, 1989; Nanni et al., 2002). Balanced Scorecard belongs to this technique, and it has been widely demonstrated its role in strategic management cycle through the four perspectives (Kaplan & Norton, 1996a, 1996b, 2000; Malina & Selto, 2001).

Life Cycle Costing: It aims at calculating the total cost of a product along its life cycle (from the design to the decline, through introduction, growth and maturity) (Berliner & Brimson, 1988; Shields & Young, 1991;Wilson, 1991). Its clear long term accounting perspective and market orientation make it part of the SMA techniques. In a similar vein, Total Cost of Ownership has been underlined as a long term and strategic orientation SMA tool (Ellram & Siferd, 1998).

Quality Costing: Product quality has become a precondition to compete in the market. In this way the technique classify and monitor costs as deriving from quality prevention, appraisal, internal and external failures (Heagy, 1991). Modern competition requires also the monitoring of safety and environmental costs. In a strategic perspective, the technique must support the pursuit of quality (Simpson & Muthler, 1987; Carr & Tyson, 1992).

Strategic Costing: According to Shank & Govindarajan (1989, 1993a, 1993b) costing systems are progressively getting into strategic management process. It means that costing systems must explicitly consider strategy and the pursuit of long-term competitive advantage.

Strategic Pricing: Strictly related to competitor accounting, Simmonds (1982) comprises into SMA a pricing technique. It regards the use of competitor information, like competitors' reactions to price changes, price elasticity, economies of scale and experience, in the pricing process. It is present both competitors and market orientation.

Target costing and Kaizen costing: Target costing is a strategic management accounting technique which involves determining a price by first establishing the price that the market is willing to pay and then designing a product or service to meet that price (Mc Laney and Atrill, 2002:365). In the calculation and management of the cost of products, Horngren et al. (2006:6) contends that the management accounting function of an organization need to investigate the tasks and activities that cause costs to rise. It is used to achieve the target costs by eliminating some activities and reducing the costs of performing activities in all the value chain functions. Through an accurate product design, the costs must be contained to achieve the target cost (Monden & Hamada, 1991; Morgan, 1993). External market factors intervene frequently in this SMA technique.

Value Chain Costing: Developing the value chain model (Porter, 1985), Shank & Govindarajan (1992) propose an approach to accounting that considers all the activities performed from the design to the distribution of the product. The strategic implications regard the exploiting of the economies and efficiencies deriving from the external linkages between the company and both suppliers and customers.

Balanced Scorecard: Another management accounting tool which can be used to monitor and control strategy is the balanced scorecard. Kaplan and Norton (1996) indicated that the process of building a balanced scorecard clarifies objectives and identifies the critical few drivers of strategic objectives. The balanced scorecard translates mission and strategy into objectives and measures. It is organized into four different perspectives (Kaplan and Norton, 1996) namely: Financial, Customer, Internal business process, learning and growth. Eldenburgh et al. (2010) agree that a balanced scorecard is a formal approach used to help organisations translate their vision into objectives that can be measured and monitored using both financial and non-financial performance measures. A good performance measurement system is one that helps us to identify the drivers (causes) of performance, or lack thereof, and therefore guide us in making decisions that will improve performance (Hulbert and Fitzroy, 2004). The balanced scorecard implements strategy by providing a comprehensive performance measurement tool. This tool reflects measures critical for the success of the organisation's strategy and thereby provides means for aligning the performance measurement in the organization to the organization's strategy (Ehrhardt and Brigham, 2009).

2.8 Management Accounting System in Financial Services Sectors

Most relevant for the implementation of advanced management accounting systems in the 1980s and 1990s, however, was the resulting effect of pressure on margins resulting in a new focus on profitability, cost control, efficiency, effectiveness and performance. In an early analysis of these changes, Middaugh (1988) identifies, as consequences of deregulation in the US financial services sector, changes in budgetary control practices; the establishment of independent profit centres; changes in transfer pricing, revenue sharing and compensation. Likewise, Seal & Croft (1997) observe that, with respect to the UK context, until the mid-1980s there was very little management accounting in banks and that the dominant control technologies tended to be based on administrative practices and personnel controls rather than management accounting (Cobb, Helliar & Innes, 1995; Morris, 1986 ; Munro, 1995 ; Soin, 1996; Soin et al., 2002). As Seal & Croft (1997: 74) put it, one reason for this historic lack of management accounting in traditional banking activity: may have had a technically contingent basis. Innes & Mitchell (1991) highlighted that ABC is well suited to the financial sector, as many service costs are process rather than volume-related. Similarly, Sephton & Ward (1990) and Mabberley (1992), who suggest that ABC can be used as part of the strategic management process through understanding cost behavior and analyzing the profitability of customers and the newly-created products. A variety of theoretical approaches have been adopted to understand the role of activity-based costing/management (ABC/M) in banks, with much of the research focusing on implementation and organizational change related issues. Norris (2002) considered factors related to the successful implementation of ABC using grounded theory. More recently, Vieira & Hoskin (2007) have drawn on the work of Foucault to look at the effects of ABC implementation in a Portuguese bank. Soin et al. (2002) uses institutional theory to interpret the role of management accounting in organizational change, emphasized longitudinal empirical study of the implementation of an activity-based costing (ABC) system in the clearing department of a UK-based multinational bank. The focus here is on the processes and the actors involved in management accounting change (Burns, 2000; Burns & Scapens, 2000).

The extent and nature of organizational change is evaluated by drawing on the dichotomies of formal versus informal change, revolutionary versus evolutionary change and regressive versus progressive change (Burns & Scapens, 2000). Vieira & Hoskin (2005, 2007) focuses on the development and implementation of an ABC system in a Portuguese bank, with an aim to improve the economy, efficiency and effectiveness of employee activity. Another significant factor was that the bank had been reprivatized in the early 1990s. Increase in visibility and perceived importance of accounting, and how accounting is significant beyond its technical roles (Hoskin & Macve 1986, 1988, 1994, 2000), and on research into the financial sector undertaken by Morgan & Sturdy (2000). These research highlights the management accounting practices, along with other organizational systems, play an important role in questioning, visualizing, analyzing and measuring implemented strategies.

Lau & Tan (1998), analyzes the impact of budgetary control systems on the performance of Australian and Singaporean managers in financial services. This study examines whether the three-way interaction between budget emphasis, budgetary participation and task difficulty affecting managerial performance found in the manufacturing sector can be generalized to the financial services sector.

Interest in performance measurement in financial services has grown over a number of years, with a particular emphasis on nonfinancial performance measures. Development in the use of management accounting systems in financial services institutions relates to comprehensive performance measurement and management systems, market share, customer satisfaction, efficiency productivity, product quality and employee satisfaction (Lynch & Cross, 1991; Kaplan & Norton, 1996, 2001; Otley, 1999). This is evidenced by the growing interest in benchmarking, total quality measures and balanced scorecards. These developments can be understood as a consequence of a stronger orientation towards market development, service quality and customer relationships, particularly in retail banking.

However, in some empirical contributions (Davis & Albright's, 2004, Ittner, Larcker & Randall, 2003, Kominis & Emmanuel, 2007, McCabe, 1997) it is questioned that these developments have resulted in a broadening of the cost and efficiency focus. Davis & Albright's (2004) research assesses whether new management initiatives, such as the balanced scorecard, are better or just different. Their results suggest that the inclusion of nonfinancial performance measures (NFPMs) in a performance measurement system is associated with improved financial performance. These findings contrast with Ittner, Larcker & Randall (2003) who found a negative association between balanced scorecard usage and return on assets (ROA). Ittner, Larcker & Meyer's (2003), balanced scorecards that are linked to bonus plans are often modified or utilized, respectively, by managers according to their personal advantage. Accordingly, Kominis & Emmanuel (2007) argue that there is now an increasingly strong link between performance measurement techniques, reward systems and the individual motivation of managers in financial services institutions. Furthermore, Knights & McCabe (1997) highlight how TQM is an attempt to control costs (and employees) while espousing the importance of the customer.

However, it is still the case that external factors play an important role for the design of management control systems. Hussain & Hoque (2002) draw on new institutional sociology to look at performance management practices. Their study focuses on how various institutional forces (both internal and external) affect the design and use of nonfinancial performance measurement systems in the banks. Of these, economic constraints increased pressure on financial performance measures rather than NFPMs and, in a more competitive environment, increased use of NFPMs such as customer satisfaction and quality. Other institutional forces were regulatory control, accounting and financial legislation, strategic focus of management and bank size.

Building on these findings, Hussain & Hoque, (2002), Hussain (2003, 2005) looked at the impact of economic conditions on management accounting performance measures in banks found that greater economic uncertainty increases the importance of financial performance measures, and management tries to improve management accounting practice for performance measurement. Adedeji (2011) examined the impact of management accounting in the banking industry with WEMA BANK PIC as a case study. It was discovered that almost all the branches surveyed said they trust Information Technology (IT) so as to be able to meet organizational goals, secure competitive advantage. Likewise management accounting information is used to improve towards achieving the organizational goal and objectives; and to control over its expenditure. Since the 1980s, the external environment faced by firms is changing due to financial and market deregulation, increased global competition, reduced barriers to entry and the availability of information processing technologies, leading to an increased information density, increasingly demanding customers and shorter product life cycles (Hiromoto, 1991; Dent, 1996; Shields, 1997; Baines and Langfield-Smith, 2003). Koch and MacDonald (2006:33) argues that savings, loan and credit unions, brokerage organizations, insurance companies and investment banks offer products and services that were traditionally associated with commercial banks. Saunders and Cornett (2008) points out that remain competitive, an organization should identify the products with which it has a market advantage and provide customer services that distinguish it from its competitors. In addition, Carenys and Sales (2008:8) note that deregulation, which has been the general standard in the financial sector, has facilitated the entry of new competitors. Therefore, the management of an organization needs a comprehensive knowledge of the markets, customers, products and must have the drive to search for new competitive advantages in order to remain attractive to customers. Koch and MacDonald (2006:2) have outlined important bank management issues that may enhance competitiveness. These include adapting to a changing banking environment; analyzing bank performance and establishing profitability and risks; managing interest rate risks; managing the cost of funds, bank capital and liquidity; managing credit given to customers and managing the investment portfolio.

2.9 Management Accounting Practices and Performance

There is strong empirical support for the association between management accounting practice and performance, with an increased use of non-financial information. Baines and Langfield-Smith (2003) show that a greater reliance on non-financial accounting information resulted in improved organizational performance. Chenhall and Langfield-Smith (1998) found a greater use of advanced management accounting practices, such as quality improvement programs, benchmarking and activity-based management, in firms that placed a strong emphasis on product differentiation strategies, ultimately resulting in high performance. Bromwich (1990) argued that Management accounting system information assists the company to challenge the competitive market focusing on improvement of company added value so that exceeding competitor. According to management accounting system information and requirement of decision maker will improve the decision quality to be taken and in the end will improve the strategic business unit performance. Mia and Clarke's (1999) expressed the usefulness of management accounting system information that could assist the company for the implementation of their plans in response of competitive environmental. While other study using intensity of market in other context is Chong et al. (2001) argued that intensity of market competition influence the relationship between budgetary participation making and performance evaluation. The information enables the management to implement strategy and to do the operational activity which is needed to achieve the organizational target as a whole. Management accounting system is expected to help organizations to survive in competitive environment by providing useful information for planning, controlling, monitoring and making decision. Management accounting system information by managers can assist them in making more accurate decision, which will lead to improvement in performance (Mia, 1993, Chenhall and Morris, 1995). Sim & Killough (1998), Mia (2000), Mia and Clarke (1999) suggest that the performance of firms adopting JIT or TQM is higher if they use information provided by management accounting system. Similarly, Patiar and Mia (2008) indicate that the interaction effect of market competition and the use of management accounting system information enhance the non-financial performance of hotels. Perera et al. (1997) found a positive association between the emphasis placed on various forms of management accounting practices in an environment of manufacturing flexibility, and the use of non-financial measures. Ittner and Larcker (1995), and Sim and Killaough (1998) both found a significant positive interaction between TQM practices, management accounting information and performance. Sideway, Mia and Clarke (1999) found an indirect association between the intensity of market competition and business unit performance through the use of management accounting information. Laitinen (2006) suggests that large changes in management accounting system may be associated with good financial performance. Those organizations which implement new management accounting system expect to improve their decision making or firm performance, thus, it is important to extend this matter to management accounting research.

Realizing the usefulness of management accounting system, the current studies also postulates the positive relationship between managerial uses of management accounting system. It is widely used for formulating, implementing strategies and subsequently increase the organizational performance.

2.10 Strategic Management

2.10.1 Introduction

"Without a strategy, an organization is like a ship without a rudder, going around in circles. It's like a tramp; it has no place to go."

-Joel Ross & Michael Kami (Fred 2011).

Despite strategic management being a relatively recent phenomenon, a lot of literature, studies and researches are available embodying the conceptual development, vastness of the subject and its importance. An attempt has been made in this section to review conceptual development, importance and review of previous researches on strategic management.

To maintain and improve the competitive edge, companies need to be more strategic in its operations giving due considerations to the likely impact of its external environment (i.e. technological innovation, marketing methods, actions of rival companies) on its performance. As such, the strategic management has become quite important to organizations to thrive in today's business world (Subedi, 2013:196).

Strategic management is a relatively new field of study that has evolved in creative and unpredictable ways over the past forty years. The strategy-making process has been defined as an organization-wide phenomenon that involves decision making by top managers and/or other organization members (Lumpkin & Dess, 1995). Strategic management involves decisions concerning what a company might do, given the opportunities in its environment. A firm needs a well-defined sense of where it is going in the future and a firm concept of the business it is in.

David (1997) defined strategic management as the art and science of formulating, implementing, and evaluating the cross-functional decisions that enable an organization to achieve its objectives. As the definition implies, strategic management focuses on integrating management, finance/accounting, production/operations, research and development, information systems, and other factors, and matching them with external environmental factors in order to achieve organizational success. Hofer and Schendel (1978) added that the goal of strategic management is to determine a firm's strengths and weaknesses, and then match its resources with the threats and opportunities in the environment in order to achieve long-term viability.

According to Lamb (1984), strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances.

Strategic management is the leading process through which the organization vision and mission are defined, its internal and external environment are analyzed, strategies are elaborated and implemented with the purpose of obtaining a sustainable competitive advantage. This determines long term evolution and organizational performances by detailed formulation, accurate implementation and continuous evaluation of strategies (Pruna, 2008). Strategic management is the process of examining both present and future environments, formulating the organizations objectives, implementing and controlling decisions focused on achieving these objectives in the present and future environments. In other words, strategic management is involved in deploying a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adeleke, Ogundele and Oyenuga, 2008). Thompson and Strickland (2003) defined strategic management as the process whereby managers establish an organization's long-term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans.

Ansoff (1984), clarifies that the first step in the evolution of strategic management is known as *strategic formulation,* it began in 1950‟s when firms started to invent a systematic approach in deciding on how and where the firms will do its future business. The progress of which managers jointly formulate the strategy was known as *strategic planning*. The term strategic management was subsequently introduced to include environmental assessment and strategy implementation. Thus, strategic management is defined as being where strategic planning is coupled with strategy implementation.

Kenneth R. Andrews (1973) defined strategy as "the pattern of objectives, purposes, goals and the major policies and plans for achieving these goals. Andrews emphasized on the vision of business and ways to attaining it.

Studies on strategic management have shown that strategic management is concerned with deciding on strategy and planning how that strategy is to be put in to effect. It can be thought of as having three elements within it: there is strategic choice stage which is to' do with formulation of possible courses of action, their evaluation and the choice between them. Finally, there is a strategic implementation stage which is to do with planning how the choice of strategy can be put into effect (Johnson & Scholes, 1999; Dess& Miller, 1999; Aluko et al, 2004; Oyedijo & Akinlabi, 2004 & 2008, Kazmi, 2008).

According to Thompson and Strickland (2004) strategy and policy embrace the managerial activities. It is a process to establish a distinct identity of the company, compete successfully and build longer-term image. Similarly, Andrews (1987), strategic management is a decision-making standard in a corporation that ends up determining objectives, policies and plans in order to achieve goals. In other works, strategic management is involved in deploying a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adeleke, Ogundele and Oyenuga, 2008). Johnson and Scholes (2002) have tried to conceptualize strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations (Johnson and Scholes, 2002:10). Strategies are elaborated and implemented with the purpose of obtaining a sustainable competitive advantage (Bacanu, 1997: 37).Hayes and Pisano (1994) opined that in a stable environment, competitive strategy is about staking out a position and strategy focuses on getting better at the things necessary to defend that position (Hayes and Pisano, 1994:78). Gray Hamel (1996) advocates it as a way to encourage new perspectives, to start new conversations that span organizational boundaries and then to help synthesize unconventional options into a point of view about corporate direction (Hamel,1996:82). Collins and Porras (1996) point out the critical elements of strategic management as building the characteristics of a visionary company. Strategic management is not simply achieving success but it is basically building an image and position in the market and among competitors, gears it to realize its advantage and shield it from threats. Strategy, thus, is a way of life, a building up of characteristics rather than simply leading an organization to realizing goals. Findings revealed that strategic management practices enhance both organizational profitability and company market share. The study recommends that investors and managers should make use of strategic management to improve their organizations actual performance at all times (Dauda, 2010:1).

2.10.2 Role of Organizational Strategy

Organizational Strategy is an instrument to realize goals, consolidate advantage and ultimately attain success. Various authors have put the roles of strategy in different ways. Porter (1987) considers it not only as a tool to enhance competitiveness, but also as the best defense against the corporate raiders. Porter (1987) further argues that it generates shareholders value. Hamermesh (1986) attributes performance to strategic planning. Norman and Ramirez (1993) and Goold and Alezander (1995) consider it as a tool to create value. Starategy as a mechanism of value innovation is observed by Kim and mauborgne (1997) considers it as speaking organisation’s mind. Aaker (1984) straight-forward in specifying the role of strategies. According to Fusco (1997) strategic vision not only leads to success, but also provides guidance and overarching direction to managers (Quoted by Noble and Mokwa, 1999).

Hayes and Pisano (1994) clarify the role of strategy in the following words.

> In today’s turbulent competitive environment a company more than ever needs a strategy that specifies the kind of competitive advantage that it is seeking in its market place and articulated how the advantage is to be achieved. If managers pin their competitive hopes on the implementation of a few best -proactive approaches they implicitly abandon the central concept to a strategy in favour of a generic approach to competitive success. How can a

company expect to achieve any sort to competitive Advantage if its only goal is to be as good as its toughest competitors (p.77).

This further indicates that strategies help exploit organizational capabilities. In the same vein, the role of strategy is significant in the modern competitive world, which is now a ‘war of movement’. Success is ensured only by strategies which help to anticipate market and make quick response to changing needs of customers (Hayes and pisano, 1994).

Strategic management, thus, can be referred to as a way to be the master to one’s own destiny rather than waiting for the faith. Brandenburger and Nalebuff (1995) rightly put it as successful business strategy is about actively shaping the game you play, not just playing the game you find”(Bradenburger and Nalebuff, : 59).

2.10.3 Strategy Formulation

Formulating strategies is basically seizing opportunities in the market and shaping the organizational capabilities accordingly. Mainly organizations have excelled simply by identifying right opportunities. Actually a strategy is a tool to capture the available opportunities in the market. Kotler (1976) observes:

> The first task in formulating strategies is to design an appropriate destination i.e. define objectives and goals that will capture the available opportunities and show the path for efforts. Strategy is the path to translate and yield these goals into actual performances. The objectives may vary as per the nature of organizations as well as the available opportunities. Those who argue that the setting of purpose, objectives and goals should logically precede a search for opportunity point out that (1) a number of organizations have been observed to look for opportunities that will allow them to achieve sales, profit and growth objectives (2) the environment is simply too full of opportunities for companies to look merely for opportunities without a guiding purpose and set of goals and objectives, and (3) organizations can and do from time to time, change their objectives- an event which subsequently leads them to search for new and different opportunities. Objectives sometime need to be changed as

> per the available opportunities. A number of organizations have changed their objectives when their opportunities changed (p.46).

Goal adaptability alone is not adequate. There is a need to make goals and objectives consistent as well (Donaldson, 1985). Besides, it is also essential to meet future trends as expectations. A proposed business strategy should fit within the firm's business portfolio. It is generally argued that strategy formulation should follow a path of SWOT analysis meaning developing strategies based on strength, weakness, opportunities and threat analysis. It is stated that senior manager must evaluate their business, its strengths and weaknesses, its opportunities and risk-along the value chains of both worlds, virtual and physical. Today's events can either make or break a business (Rayport and Svioklar, 1995).

The opportunities should be defined in market terms and strategies should guide in resource allocation. It pertains to a process by which a firm searches and analyzes its environment and resources in order (1) select opportunities defined in terms of markets to be served and products to serve them, and (2) makes discrete decisions to invest resources in order to achieve identified objective (Bower, 1970).

Understanding opportunities alone is not adequate. It should match organizational features. The process of strategy formulation involves a consistent matching of the firm's internal resource capabilities with its environmental conditions (Rastogi, 1987). Internal analysis must identify the strategically important strength and weakness on which firm should ultimately base its strategy (Pearce and Robinson, 1987). Formulation of an effective strategy is based on a clear definition of company mission, an accurate appraisal of the external environment, and a through internal analysis of the firm. For a strategy to succeed, at least three ingredients are critical. First, the strategy must be consistent with conditions in the competitive environment. Specifically, it must take advantage of existing and/or projected opportunities and minimize the impact of major threats. Second, the strategy must place realistic requirements on the firm's internal resources and capabilities. In other words, pursuit of market opportunities must be based on key internal strengths and not only on the existence of such opportunities. Finally, the strategy must be carefully extended (Pearce and Robinson 2003:202).In other words, it has been observed as sequential process to identify the best fit. Getting to a strategy in an iterative process of learning how good one's organization may be and the exact nature of the opportunity. Building knowledge is the critical strategic process (Aaker, 1984:167). Strategy formulation is observed as an inferential process by Mintzberg (1978) and Miles and Snow (1978). Strategy formulation has not always been complex. In simple environments, such exercises are relatively simple and straight-forward.Rapaport (1992) suggests to create sustainable value to promote competitive advantage. Norman and Ramirez (1993) add certain of value in new forms and by new players; Porter (1998) observes that competitive strategy involves positioning a business to maximize the value of the capabilities that distinguishes it from its competitors. Gray Hamel (1996) advises relating it with the core competence, greater concern to the realities of the market and competitive conditions and the future perspective (Hammermesh, 1986).

Therefore, strategy formulation is a very complex task. Like a sculptor chiseling stone away from an imagined figure buried within a ton of marble, the professional manager fashions an organization to fit a theoretically defined niche in the economy. This vision of the firm, and the niche within which it is expected to operate, constitute the basis of firm's strategy (Freeman and Blocker 1984:73). It is important to consider, assess and evaluate what others continuously. To analyze how other players will react to one's move, one needs to pay out all the reactions (including yours) to their actions as far ahead as possible. One has to look forward far into the game and then reason backward to figure out which of today's actions will lead to where one wants to end up (Branderburger and Nalebuff, 1995). Thus, several factors influence strategic choice, such as propensity for risk, past strategy and coalitions, which are outside the realm of purely analytical consideration. Some firms attempt a contingency approach to strategic choice by incorporating the flexibility to alter a chosen strategy if underlying assumptions change (Pearce and Robinson, 1988).

2.10.4 Strategy Implementation

Equally important and in many cases more difficult is the task of implementing strategy. Accordingly, serious attention is warranted in this respect. Christensen et.al. (1973) stated that,

> The implementation of strategy is comprised of series of sub-activities which are primarily administrative. Once purpose is determined, then the resources

> of a company must be mobilized to accomplish it. An organizational structure that is appropriate for the efficient performance of the required task must be made effective information systems and relationships permitting coordination of subdivided activates. The organizational processes of performance measurement, compensation, management development all of them enmeshed in systems of incentives and controls-must be directed toward the kind or behavior required by organizational purpose. The role of leadership is important and sometimes decisive in the accomplishment of strategy. Since effective implementation can make a sound strategic decision effective or a debatable choice thoroughly successful, it is as important to examine the processes of implementation as to weigh the advantages of the available strategic alternatives (p.111).

Kotler (1997) takes a broad view, describing implementation as the process that turns plans into action.

> Studies on strategic management have shown that strategic management is concerned with deciding on strategy and planning how that strategy is to be put in to effect. It can be thought of as having three elements within it: there is strategic choice stage which is to' do with formulation of possible courses of action, their evaluation and the choice between them. Finally, there is a strategic implementation stage which is to do with planning how the choice of strategy can be put into effect (Johnson & Scholes, 1999; Dess & Miller, 1999; Aluko et al, 2004; Oyedijo & Akinlabi, 2004 & 2008, Kazmi, 2008).

2.10.5 Organizational Strategies

Since the middle 1980’s, there has been growing interest in researching the way that manufacturing strategies can be used to gain competitive advantage (Langfield-Smith, 1997). The dynamic nature of competition is intensifying due to the increasing speed of knowledge, and is developed through information technology. As a result, strategy development has had to change from a process of conception to a process of learning (Feurer & Chaharbaghi, 1995). The strategy an organization adopts constitutes the logic underlying its interactions with its environment. According to Sisaye (2003), the strategy the organizations are likely to choose depends on the nature of the environmental factors and the organizational change/ learning strategies and the degree to which organizations define their problems are related to the type of learning strategy. Chandler (1962, p.13) defines strategy as, "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals." Hambrick (1980, p. 567) views strategy "as a pattern of important decision that guides the organization in its relationship with its environment; affects the internal structure and processes of organization; and centrally affects the organization's performance". This study focuses on how firms use business strategy in a competitive market to improve performance. In order to understand the strategic choice process, it is important to add to our understanding a different type of strategy typologies. A consideration should be made of the way firms' position themselves within their environment by way of competitive strategy. This involves the identification of a firms' strategic orientation and how this affects the way in which management accounting system are developed and used. Notions of strategic orientation have been derived from previous studies. In order to cope with the five competitive forces, Porter (1980, 1985) articulated three generic types of competitive strategy: differentiation, cost leadership and focus.

2.11 Dimensions of Organizational Strategies–Review of Studies

The section discussed the dimensions of organizational strategies as specified by numerous researches.

2.11.1 Innovation Strategy

Innovation is defined as the initiation, adaptation and implementation of an idea or proposal that will lead to a change within the organization, and the installation of the adopted idea into a sustained identifiable pattern within the organizational behaviors. Innovation, therefore, may include acceptance and implementation of new product lines or process technologies (Priece & Delbecq, 1977). While innovation in new products and processes is a vehicle to expand current domains and reach new markets and opportunities, innovation also facilitates proper production and administrative processes. Accordingly, innovation policy includes not only policies supporting science and technology but also the commercialization of technology, and wider managerial, organization, marketing and business model innovation (Xiaolan Fu, Rongping Mu, 2014). As a general principle, Baumol (2002) regards innovation as a ‘life-and-death matter for a firm in which the constant need of fighting for survival and the threat of competition encourage firms to innovate. As such, innovation is a fundamental part of competition, and consequently also the overall growth outcomes realized due to the competition. At the most basic level, all innovations or innovation processes contain three underlying elements namely, newness, improvement and the overcoming of uncertainty (Gordon and McCann, 2005). The extant literature uses the term ‘‘strategic innovation’’ to describe different business actions and management processes. Even though the exact meaning attributed to the term varies, perhaps the most comprehensive definition is provided by Schlegelmilch, Diamantopoulos, and Kreuz (2003):

> Strategic innovation is the fundamental reconceptualization of the business model and the reshaping of existing markets (by breaking the rules and changing the nature of competition) to achieve dramatic value improvements for customers and high growth for companies. (p. 118)

This definition contains three broad elements: (1) re-conceptualising the business model, (2) finding new market spaces, and (3) providing significant improvements in customer value.

The concept of strategic innovation has also been related to changing the nature of competition by discovering unoccupied market spaces (Hamel, 1998).Citing various examples of Chinese companies, Williamson (2010) suggests that some firms are becoming ever more able to effectively compete on the basis of cost innovation - a strategy that follows the paradoxical view of employing local cost advantages and radical new ways of offering global customers dramatically more utility. Gilson, Mathieu, Shalley, and Ruddy (2005) demonstrate that the simultaneous promotion of creativity and standardization can bring about not only superior business performance but also customer satisfaction. Management Innovation (MI) is the introduction of a new structure, process, system, program, or practice in an organization or its units (Evangelista and Vezzani; 2010; Lam, 2005; Whittington, Pettigrew, Peck, Fenton, &Conyon, 1999; Zahra, Neubaum, &Huse, 2000).According to Damanpour (1991: 566), innovation is defined as “adoption of an internally generated or purchased device, system, policy, program, process, product, or service that is new to the adopting organization.” Newness or novelty is a common term in the definitions of innovation across disciplinary fields. It is a relative term as the unit of adoption differs by the level of analysis, which can be a person, project team, organizational unit, organization, industry, or a larger social system. The relative unit of adoption explains the differences between innovation andits sister concepts such as creativity, invention, organizational and technological change. This study focuses on the level of organizational unit (e.g., division, business, function) and the organization. We define innovation as the introduction of a new product, service, or process to the external market or the introduction of a new device, system, program, or practice in one or more internal units (Klein &Sorra, 1996; Walker, Damanpour, &Devece, 2011). The intention to engage in innovation is to respond to the competitive or institutional environment and to help the organization cope with emerging external or internal contingencies.

A recent World Bank study on Innovation notes that ‘Innovation can be a critical driver of increased productivity and competitiveness and ultimately poverty alleviation. Innovation is not an end in itself but a means to productivity growth and higher living standards (World Bank, 2007).

Certainly, the benefits of engaging in innovative activities have been advocated by many authors, including Crepon et al. (1998) who suggested that firm productivity is positively correlated with innovation outputs, Banbury and Mitchell (1995) who identified a positive relationship between long-term survival and the rate at which firms are able to develop new products and processes, and Jin et al. (2004) who conclude that innovative firms outperform non-innovative ones.

Innovation and performance are complex constructs. Performance is the ultimate measure of organizational outcome and is affected by myriad market contingencies and organizational conditions (Evan, 1976). Innovation is risky, disrupts organizational operations and activities, and its impact on firm performance is neither predictable nor necessarily desirable (Rogers, 2003). Yet, innovation generally enjoys a positive connotation in both academia and society at large. Policy makers, organizational leaders, and scholars alike postulate that innovations' outcome for both the generators and adopters are favorable (Borins, 1998; Gunday, Ulusoy, Kilic,

&Alpkan, 2011; Ittner & Larcker, 1997; Tidd, Besant, &Pavitt, 2001). Empirical research has provided ample evidence for this view as it often reports that firm innovation strategies and activities positively affect performance (Bowen, Rostami, & Steel, 2010; Calantone et al., 2010). We briefly explain the logic of the positive impact.

2.11.2 Service Quality and Delivery Strategy

Service quality has been defined in different ways by researchers. Gronroos (1978) suggests that service quality is made of two components – technical quality and functional quality. Technical quality refers to what the service provider delivers during the service provision while functional quality is how the service employee provides the service. Parasuraman et al. (1988) define service quality as a difference between customer expectation of service and customers' perceptions of the actual service. Kasper et al. (1999) defines service quality as the degree to which the service offered can satisfy the expectations of the user. According to these definitions, customers are the sole judges of service quality. If they perceive it to be good service, then it is. They assess the quality of service by comparing their expectation with perception. The most widely used models in measuring service quality in the banking sector are the SERVQUAL andSERVPERF models. According to the SERVQUAL model (Parasuraman et al., 1988), service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of the service. SERVQUAL is based on five dimensions of service quality (Parasuraman et al., 1988): - Tangibles: the physical surroundings represented by objects (for example, interior design) and subjects (for example, the appearance of employees). - Reliability: the service provider's ability to provide accurate and dependable services. - Responsiveness: a firm's willingness to assist its customers by providing fast and efficient service performances. - Assurance: diverse features that provide confidence to customers (such as the firm's specific service knowledge, polite and trustworthy behavior of employees). - Empathy: the service firm's readiness to provide each customer with personal.

Kotler and Armstrong (2012) preach that satisfaction is the post-purchase evaluation of products or services taking into consideration the expectations. Researchers are divided over the antecedents of service quality and satisfaction. Whilst some believe service quality leads to satisfaction, others think otherwise (Ting, 2004). The studies of Lee et al. (2000); Gilbert and Veloutsou (2006); Sulieman (2011) and Buttle (1996) suggest service quality leads to customer satisfaction. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction. As service quality improves, the probability of customer satisfaction increases. Empirical studies show that the quality of service offered is related to overall satisfaction of the customer. According to Jamal and Anastasiadou (2009), reliability, tangibility and empathy positively related with customer satisfaction. Sulieman (2011) found that reliability, tangibility, responsiveness and assurance have significant and positive relationship with customer satisfaction. Meanwhile empathy was found to have a significant and negative effect on customer satisfaction .Moreover, the result of Ravichandran et al (2010) indicates responsiveness is the only significant dimension of service quality that affects the satisfaction of customers positively.

Nelson et al. (1992) found a significant and positive relationship between patient satisfaction and hospital profitability.

2.11.3 Segmentation Strategy

Market segmentation is a customer oriented philosophy that seeks to identify need and want clusters in the market and develop marketing mix and program to satisfy those needs and wants. Marketing segmentation helps to identify of profitable markets, specialize on a market segment, use of marketing resources, monitor changes in the market place, adopt suitable marketing strategies and focus on competitors (Koirala,2012). Successful development and implementation for any global marketing strategy depends on the organizations' ability to segment its markets so that uniform sets of marketing decisions can be applied to specific customers that exist horizontally, i.e., across nations or cultures (Sethi, 1971).

Market segmentation, in its tactical sense, often refers to such things as the use of particular statistical techniques for identifying groups of potential customers who have different needs, wants, tastes, and preferences. In contrast, market segmentation *strategy,* as used here, is a broad concept that refers to the strategic *process* that includes (1) identifying bases for segmentation, (2) using the bases to identify potential market segments, (3) developing combinations (portfolios) of segments that are strategic alternatives, (4) ascertaining the resources necessary for each strategic alternative, (5) assessing existing resources, (6) selecting an alternative that targets a particular market segment or segments, (7) securing the resources necessary for the target(s), (8) adopting positioning plans for the market offerings for the segments, and (9) developing marketing mixes appropriate for each segment. All market segmentation strategies are premised on three basic assumptions. (1) Many markets are significantly, but not completely, heterogeneous regarding consumers' needs, wants, use requirements, tastes, and preferences, and, therefore, can be divided into smaller, meaningful, relatively homogeneous segments of consumers. (2) A firm's market offerings (here, including price, promotion, and channels) can often be designed to meet the needs, wants, tastes, and preferences of such segments. And (3), for many firms, a strategy of targeting specific segments can lead to competitive advantages in the marketplace and, in turn, superior financial performance. It also argues that the use of market segmentation promotes public welfare by prompting the innovations that foster firm-level, industry-level, and societal-level productivity (Shelby and Dennis, 2004). The competition can be one of your biggest assets in analyzing your opportunities and developing segmentation strategies. A sound segmentation strategy can be formulated when based on reliable, competitive information. It is a powerful tool when developing new approaches to current and potential market categories. When speaking of a segmentation strategy for the business, this strategy crosses over traditional boundaries set within the company. It takes into account other important issues such as market demographics, sales channels, operational implementation, and adaptable approaches to niche markets currently being served or targeted (Larry, 2002). For a firm, a market segmentation strategy makes sense only if it impacts positively its financial performance. The nine-step process outlined earlier of designing and implementing market segmentation strategies is complex. As a result, successful market segmentation strategies often require substantial amounts of resources. Therefore, particular segmentation strategies will be successful only when the benefits of engaging in such strategies outweigh the costs. As Weinstein (1994, p. 2; italics added) maintains, "The objective of segmentation research is to analyze markets, find niche opportunities, and capitalize on a superior competitive position." From an efficiency standpoint, successful segmentation strategies lead to better planning and more effective use of firm resources because they allow firms to focus their resources on segments of consumers that are more likely to purchase their market offerings (Mahajan and Jain 1978; Rangan Moriarty, and Swartz 1992). The continued use of market segmentation strategies by firms suggests that firms believe that such strategies are profitable. Therefore, not only will market offerings differ (i.e., contain different bundles of attributes) because of differences in consumer demand, market offerings will also differ because firms can increase profits by manufacturing a variety of market offerings tailored for specific market segments. Therefore, because segmentation strategies allow some firms to compete more efficiently and/or effectively, they are viable strategic options for firms.

Key profitability ratios being applied to determine the extent of a bank success in this study are those reflective of the impacts of adopting market segmentation practices on operations. In particular Haffindal Hirschman index (HHI), Return on equity (ROE), Net operating margin and Net interest margin are employed as parameters for determining effects of market segmentation practices on operational performance.

2.11.4 Lending Strategies

Commercial banks offer various types of loan to the individuals, business unit and other institutions. Lending function is significant for every bank as it yields substantial income by means of interest on loan and advances and fees on non-fund based credit activities. Bank lending facilitates the economic development of a country by extending financial support to industry, agriculture, trade, commerce and other sectors. Banks also invest certain part of their loan in social development in the form of deprived sector lending. Banks’ lending activities are generally governed by certain principles since the lending activities involve depositors' money which is repayable on demand or on specified maturities. Bank adheres to the principle of liquidity, safety and profitability in their lending policies and standard guidelines for operations. Banks also diversify their loan portfolio across a spectrum of borrowers industries, sectors, securities as per the prudential norms and also follow other risk management practices (Thapa and Rawal, 2010)

Lending strategies includes all the activities related with credit such as; credit processing, credit marketing, portfolio management, concentration risk monitoring, risk hedging, capital required for the risks and credit reporting etc. Banks have to follow the basic principle of lending for minimizing risk associated. There are various fundamental norms and principles like safety and security, liquidity, risk diversification, profitability and loan purpose (Thapa and Rawal, 2010).

Since, there are many studies in respect of bank's lending behavior, it is therefore imperative to highlight and consider some factor that economist and professionals alike have proposed as virtually significant in explaining the determinants of commercial banks' lending behavior. Emphasizing this assertion, Osayameh (1996) stressed that, "the major objective of commercial banks' lending is to maximize profit". In the view of Nwankwo (2000), "credit constitutes the largest single income-earning asset in the portfolio of most banks. This explains why banks spend enormous resources to estimate, monitor and manage credit quality". Chodechai (2004) while investigating factors that affect interest rates, degree of lending volume and collateral setting in the loan decision of banks, says:

> Banks have to be careful with their pricing decisions as regards to lending as banks cannot charge loan rates that are too low because the revenue from the interest income will not be enough to cover the cost of deposits, general expenses and the loss of revenue from some borrowers that do not pay. Moreover, charging too high loan rates may also create an adverse selection situation and moral hazard problems for the borrowers.

According to Adedoyin and Sobodun (1991), "lending is undoubtedly the heart of banking business. Therefore, its administration requires considerable skill and dexterity on the part of the bank management". While a bank is irrevocably committed to pay interest on deposits it mobilized from different sources, the ability to articulate loanable avenues where deposit funds could be placed to generate reasonable income; maintain liquidity and ensure safety requires a high degree of pragmatic policy formulation and application.

Ezirim (2005), further stressed that "Bank lending decisions generally are fraught with a great deal of risks, which calls for a great deal of caution and tact in this aspect of banking operations. Bank loan research has also focused on the standard lending practices banks use to evaluate loan applicants. Two such practices are relationship lending and transactional lending. Relationship lending focuses on the personal relationship between the loan officer and the loan applicant. Bank loan officers who use relationship lending base their credit decisions on information that cannot be easily quantified, such as impressions from personal contact with the loan applicant and other information not found in financial records (Boot, 2000). Relationship lending requires that loan officers have a close relationship with loan applicants as well as an understanding of their business context (Berger &Udell, 2002). Bank loan officers who are more oriented towards a transactional lending practice, on the other hand, base their decisions on quantitative information, such as cash flows, annual reports, and liquidity measures (Berger &Udell, 2006). Furthermore, transactional lending often requires that loan officers use computerized assistance in making decisions (Thomas, 2000).

2.11.5 Resource Mobilization Strategy

The human (skills, knowledge and concepts) and goods like money, materials, information, energy essential for attaining the objectives of an organization or individual is called Resource. A resource is a source or supply from which benefit is produced. Typically resources are materials, energy, services, staff, knowledge, or other assets that are transformed to produce benefit and in the process may be consumed or made unavailable. Three most basic resources are land, labor, and capital; other resources include energy, entrepreneurship, information, expertise, management and time. The process of using a company's resources in the most efficient way possible. These resources can include tangible resources such as goods and equipment, financial resources, and labor resources such as employees. Resource management can include ideas such as making sure one has enough physical resources for one's business, but not an overabundance so that products won't get used, or making sure that people are assigned to tasks that will keep them busy and not have too much downtime.

Resource mobilization is a process, which will identify the resources essential for the development, implementation and continuation of works for achieving the organization's mission. In real terms, Resource Mobilization means expansion of relations with the Resource Providers, the skills, knowledge and capacity for proper use of resources. Resource Mobilization does not only mean use of money but it extensiveness denotes the process that achieves the mission of the Organization through the mobilization of knowledge in human, use of skills, equipment, services etc. It also means seeking new sources of resource mobilization and right and maximum use of the available resources. Resource mobilization strategy focuses on resource identification, identification of resource provider, identification of mechanism to receive resource, expansion of relations with the resource provider, right use of resource, knowledge and skills to resource mobilization, human skills, service, information, equipment, seeking out new resource, thought of institutional sustainability and lower financial risk.

Khezra (2006), in an article entitled "Factors affecting mobilization of financial resources" stated that information technology and communications skills of the staff working in banks and diversification of bank service quality, customer satisfaction, acceptance of indoor environment and locations of branches in modern banking are important tools which are used efficiently to absorb funds.

The process of mobilizing resources begins with the formulation of a resource mobilization strategy, which may include separate strategies for mobilizing financial and in-kind resources. Carrying out a financial resource mobilization strategy includes the following steps: identifying potential sources of funds, actively soliciting pledges, following up on pledges to obtain funds, depositing these funds, and recording the transactions and any restrictions on their use. The process is generally governed by legal agreements at various stages. A resource mobilization strategy, therefore, comprises the mix of mechanisms the government employs in order to directly finance its own production and delivery of quality services in a manner that is efficient, equitable, sustainable, and transparent and improves quality of performance.
Resource mobilization expansion of relations with the resource providers, and the skills, knowledge and capacity for proper use of resources.

2.11.6 Treasury Management Strategy

The management of total available resources/fund in the bank is known as treasury management. It involves the management of sources and uses of funds. It include management of an enterprise' holdings in and trading in government and corporate bonds, currencies , financial futures ,options and derivatives , payment systems and the associated financial risk management . Managing treasury is to plan, organize and control cash and borrowings. It is also to plan and execute communication programs to enhance investors' confidence in the business (Thapa and Rawal, 2010).

Liquidity is another factor that determines the level of bank performance. Liquidity refers to the ability of the bank to fulfill its obligations, mainly of depositors. According to Dang (2011) adequate level of liquidity is positively related with bank profitability.

Treasury Management is also emphasized on Management of Risks. With the globalization of financial markets, financial institutions around the world are exposed to a multiplicity of risks. Movements in the rates of interests and volatility of exchange rates in an increasingly complex environment have made the process of managing risks a critical aspect of treasury management. But a very limited number of treasury managers seem to be able to foresee at times movements in exchange rates. This is quite understandable; it is not in the realm of mortals like us to accurately predict exchange rate movements. In any treasury management unit it is essential to have a modularly flexible treasury system, which can adapt to the conditions of a fast moving market.

Treasury operations include activities associated with cash management, in-house banking, payment & collection factories, corporate finance, financial risk and transaction management. In larger organizations, the definition is often expanded to include pension fund management, risk management & insurance, investor/creditor relations, transfer pricing, and risk-based performance measurement.

Many companies are committed to responding to these challenges by building an effective and integrated operating model around treasury and financial risk processes. This complexity requires in-depth and leading practice know-how within financial risk and cash management but also system capabilities to ensure high-performance as a treasury function, straight-through-processing in the operational core processes and complying with all governance requirements at the same time.(Richter, Hofstätter and Portmann, 2013).

Treasury is turning to technology, process reviews and re-engineering of banking relationships to improve liquidity management and increase control and risk management. For financial services providers, the mandate is clear: deliver enhanced banking solutions that optimize liquidity and manage risk. For larger firms, this may entail integrating payment and data into treasury management systems and structuring global banking relationships that optimize liquidity through superior consolidation of funds and straight through processing of payments and financial information. For smaller firms, this may translate into the delivery of web based treasury solutions whereby banks assist firms in consolidating cash, monitoring liquidity and evaluating and executing investment activity. In all cases, it is imperative that banks understand their clients' unique liquidity and risk management needs. By understanding their clients' liquidity and risk needs, bankers can deepen their relationships in a time when many corporations are centralizing treasury functions and rationalizing banking relationships (Pozin, 2008).

Treasury management function includes planning and controlling of profit and the balance sheet structure of the bank within the constraints of liquidity management. It therefore incorporates raising and managing money, currency, commodity and interest rate risk and dealing with the market. The areas of treasury management are liquidity management correspondent banking, foreign exchange management, rate determination, money market dealings and capital market dealings(Thapa and Rawal,2010).Matching the assets and liabilities of the bank is the major concern of the treasury department. Treasury management is responsible for the identification of risks associated with the business and for controlling risks which could erode financial strengths using mitigation and hedging techniques and encouraging a culture of sound financial practices (Thapa and Rawal, 2010).

2.12 Organizational Strategy and Organizational Performance

A clear strategic priority is a necessary but not sufficient condition to ensure high organizational performance. Some researchers found that strategic priorities should be supported by an appropriate control system, organizational structure, and management information system (Chenhall & Langfield-Smith, 1998). Thus an appropriate link between them is important to performance improvement. Achieving an appropriate match between them is predicted to enhance performance (Jermias & Gani, 2002).

A key component in understanding how operations support strategic priorities and the interdependency of activities across the value chain is the formulation of performance measures designed to coordinate manufacturing decisions and activities to achieve a balanced set of strategic priorities (Chenhall & Langfield-Smith, 1998). It has been argued that in order to support and evaluate the achievement of strategic advantages, reliance on financial performance measures alone will not necessarily improve financial results, as financial measures only indicate the outcome of past activities which may be no guide to improving future performance (Choe, 2004).Davila (2000), and Chong and Chong (1997) suggested that greater use of nonfinancial information for business units following a customer-focused or prospector type strategy, had a positive impact on performance. On the other hand, Perera et al. (1997) found support for the hypothesized association between customer-focused strategy and the use of non-financial measures, but not for the link to organizational performance. According to Stonich (1982), successful firm performance depends on effective implementation and rationalization of the basic strategic elements. Strategy implementation involves the actions of establishing policies and annual objectives and allocating resources so that a formulated strategy can be accomplished.

Empirical studies have offered results that suggest positive relationships between market orientation and managers' perceptions of overall firm performance (Jaworski & Kohli, 1993), of financial performance (Pelham & Wilson, 1996; Slater & Narver, 1994), of sales growth (Slater & Narver, 1994), and of new product performance (Atuahene-Gima, 1995; Pelham & Wilson, 1996; Slater & Narver, 1994). Moreover, a positive relationship has been established between market orientation and financially based performance measures, such as relative return on assets (Narver& Slater, 1990),long-run financial performance (Ruekert, 1992), sales growth (Pitt et al., 1996; Slater & Narver, 1994), and profitability (Pelham & Wilson, 1996; Pitt et al., 1996; Slater & Narver, 1994). Narver and Slater (1990) found a positive relationship between market orientation and return on assets (ROA), and Slater and Narver (1994) found a positive relationship between market orientation and sales growth. They found that market orientation (controlling for market environment) significantly affected return on assets.

Recent major studies of strategic management carried out in Nigeria by Oyedijo & Akinlabi (2004 & 2008); Nmadu, (2007) and Akingbade (2007) have found support for the strategic management and corporate performance hypothesis. The higher the overall level of strategic management practice by a SMEs, the higher the financial performance of the SMEs expressed in terms of earnings per share, profit before tax, return on capital employed, net asset, current or working capital ratio, increase in relative market share, continuing addition of new products and products lines, and total deposits.

A review of various studies has shown that a large number of studies have been conducted relating strategic variables and performance. Studies also indicated strategy formulation and implementation aspects and their relationship with organizational environment.

2.13 The Roles of Management Accounting in Strategic Management

2.13.1 Integration of Management Accounting and Strategic Management

The business environment has become increasingly volatile and unpredictable in recent decades, and business management has become correspondingly more complex. In particular, increased competition has become a threat to the survival of business in more vulnerable sectors. In this environment, strategic planning with a view to achieve organizational efficacy is critical (Porter, 1985). However, the formulation of effective strategies will not ensure that an entity achieves organizational efficacy unless the entity has actually implemented those strategies (Jermias and Gani,2004, Shank and Govindarajan, 1997).This implementation requires the interposition of a particular form of strategic planning between the formulation of policies and their implementation (Mintzberg et al.,1998); moreover, the strategy implementation requires instruments that facilitate and control the effective implementation of the formulated strategies.

Accounting literatures has given increased attention to relationship between management accounting system and strategy (Langfield-Smith, 2007).These literatures has focused on different strategic frameworks, such as strategy process – emergent and deliberate (Mintzberg and Waters, 1985) and strategy typologies-defenders, prospectors and analyzers(Miles and Snow, 1978),leadership, differentiation and focus(Porter, 1985),and build, hold, harvest and divest (Gupta and Govindarajan, 1984).The main contribution to this literature is to show which management accounting attributes seem to be more adequate for different strategic planning profiles.

One of tools is used management to face the business competition is management accounting systems representing facility of supporter function yielding relevant and timely information for the planning , control, decision making and performance evaluation. The information enables the management to implement strategy and to do the operational activity which is needed to achieve the organizational target as a whole (Susanto, 2010:1, Anthony 965, Wilson, 1997, Abernethy & Brownell, 1999, Chenhall, 2003, Mouritsen and Kreiner (2003). Jorgensen and Messner (2010) detail how management accounting information shaped continuous strategizing efforts through providing a general understanding of the importance of profitability as well as through specific rules that were enacted at critical points in time. These studies showed the contributions by investigating how the alignment between management accounting system, Organization's Strategy can improve performance (Kober, Ng and Paul (2007).The success of strategic planning thus depends on control and evaluation on the basis of management accounting tools (which include budgeting and budgetary control). Adequate management accounting can offer the support that is necessary to the planning process as a whole. However, as Welsch et al. (1988) observe, the budget (which is the managers' tactical instrument) has to contain all relevant assumptions, marketing plans, production plans, supplies and inventories, human resource plans, investment plans, and financial statement projections.

Management accounting systems are part of an organization's wider management control systems. In general, management control exists to ensure that internal agents act in accordance with the organizational goals (Raiborn et al., 2004; Drury, 2004; Berry et al., 2005; Anthony and Govindarajan, 2002).

According to Shank and Govindarajan (1997), "... accounting exists in administration mainly to facilitate the development and implementation of business strategy." They considered administration to be a cyclical process that involves four phases: (i) the formulation of strategies; (ii) the communication of these strategies throughout the organization; (iii) the development of tactics, and putting these tactics into practice to implement the strategies throughout the entire organization; and (iv) the development of controls to monitor the implementation steps and to assess success in reaching strategic goals. Shank and Govindarajan (1997) also note that accounting has a role to play in facilitating the identification of financially practicable strategies, an important tool for communicating the basic aspects of the strategy, in identification of the most efficient tactical program to reach the company's goals and Finally in monitoring the performance of managers and business units-in terms of standard costs, expense budgets, and annual profit plans. Management accounting systems thus have the potential to supply financial information related to costing products, services, and other items of interest for management in terms of planning, control, assignment, continuous improvement, and decision-making (Hansen and Mowen, 2006). Management accounting can thus supply the information required for both goals definition in the strategy definition process and for performance assignment (Raiborn et al., 2004).

Similarly, Horngren and Foster (1997) note that accounting "… facilitates planning, control and decision-making through budgets and other financial standards, without the systematic recording of its current results and its role in performance evaluation." These authors have also noted that a management accounting system can be efficient only when this system is consistent with the organization's goals and strategies.

Over the past two decades a considerable body of research has focused on the changing roles of management accountants (e.g. Burns & Baldvinsdottir, 2005; Cooper, 1996, Granlund & Lukka, 1998a; Kaplan, 1995). The extant research suggests that the traditional scorekeeping role is no longer the dominant function and that management accountants are becoming part of the management team with a focus on actively contributing to value creation (Kaplan, 1995). Cooper (1996:35) argues that the survival of management accountants requires them to move away from traditional cost accounting and to develop skills in the area of 'system design and implementation, change management, and strategy as well as cost management and management accounting. Similarly, Kaplan (1995) maintains that management accountants need to become designers of key management information systems and that they can play an important role in strategy formulation and implementation. He also argues that the new roles of management accountants require them to learn more about production technology, operations, products and marketing. Additionally, they should grasp the behavioural and organizational consequences of changes in systems and processes. Ittner and Larker (1997:310) further state that 'management accountants are increasingly being called upon to take an active role in providing information for strategic decision-making and monitoring the implementation and success of strategic plans'. This suggests that management accountants have a potentially important role in contributing towards the strategic processes of organisations. Recently Cadez and Guilding (2008) considered the engagement of accountant's involvement in strategic management processes. Kaplan (1995) predicted that at the micro-level management accountants will participate in strategic processes - such as the formulation and implementation of strategy and the translation of strategic intent into operational and managerial measures, of which these processes and measures have the potential to enhance strategic effectiveness. In contrast to this view from their research, Granlund and Lukka (1998) argued that at the macro-level, management accounting systems still contribute mainly to enhancing operational effectiveness, rather than strategic effectiveness. This would imply that management accountants are sill orientated towards operational rather than strategic issues. The role of the controller in contributing towards organizational effectiveness was unexplored, yet the authors note that controllers are believed to operate close to the business operations (Granlund et al., 1998a; Lord, 1996). Further, Foster (1996) argued that the role of management accountants are likely to remain unchanged, and focus primarily on accurate and timely recording of revenues and costs-this view suggests that there is little role for management accountants in strategic processes and, consequently, for them to impact on strategic effectiveness. In addition to this, in the strategic management literature there has been a stream of research that has indicated that strategic management accounting techniques have had little impact in practice (Guilding, Cravens, & Tayles, 2000; Lord, 1996; Roslender & Hart, 2003), and that management accountants may not be involved in strategic activities despite their potential to contribute significantly towards these activities (Lord, 1996). Therefore, it is open to debate as to whether management accountants do in fact contribute towards the strategic processes and the strategic effectiveness of organizations.

The contribution of management accountants towards strategic effectiveness is likely to be contingent upon the nature of their involvement in strategic management processes. Johnson (1995) implies a potential role for management accountants within these processes - as strategic processes largely consider and shape the organizations purpose and methods. An important role of management accountants according to Johnson (1995) is to work towards creating these channels of enquiry. A high level of engagement in strategic analysis, choice, and implementation, seem likely to influence management accountants' contribution towards the strategic effectiveness of their organization.

Involvement of managers in strategic management processes has been found to lead to benefits such as improved strategy execution higher quality strategic decisions, a better understanding of deliberate strategy and more adaptive core competencies, enhanced organizational learning, the development of competitive advantage, improved organizational performance (Collier et al., 2004), the use of strategic management accounting techniques (Cadez et al., 2008). This research will contribute to the literature by examining whether the claimed need to re-focus the management accounting profession and its' 'battle' to regain relevance (e.g. Cooper, 1996a, b; Johnson & Kaplan, 1987; Kaplan, 1995) has the desired benefits in terms of enhancing organizations' strategic effectiveness.

The main contribution of above literature shown that management accounting attributes seem to be more adequate for different strategic planning profiles. It is also empirically supported the relationship between management accounting system and organizational strategy.

2.14 Integrative Approach of Management Accounting System with Strategy Towards Organizational Performance

Most of the researchers who studied the relationship between management accounting system, strategy and organizational performance proposed that the better performance can be generated from a consistency between management accounting system and strategy. Chenhall and Morris (1995) conducted empirical research to investigate the impact of the combination between management accounting system and organic processes on the organizational performance under two different strategies-conservative and entrepreneurial. Abernethy and Guthrie (1994) examined the required characteristics of management accounting system for firms following different strategic postures. The results reveal that business unit's performance is dependent on a fit between the design of management accounting system and firm's strategy. Specifically, management accounting system with broad scope were found to be more effective in firms pursuing prospector rather than those pursuing defender. The impact of management accounting system and business strategy on performance has also been studied. Ittner and Larcker (1997) investigated the relationship between organizational performance and the fit between quality-based manufacturing strategy and management accounting system in two industries (automobile and computer industries) across four countries (Canada, Germany, Japan and U.S.). The findings of Ittner et al. (2003)'s study are strongly supported by Van der Stede et al. (2006) The effects on current and future performance of including non-financial performance measures in a set of performance metrics are examined by Said et al. (2003). The results demonstrated that higher performance can be found in the firms employing a combination of financial and non-financial measures. Moreover, the use of non-financial measures is significantly related to several contingencies including an innovation-oriented strategy (prospector-defender strategy), a quality-oriented strategy, the length of the product development cycle, industry regulation and the level of financial distress. Importantly, the relationship between the use of non-financial measures and firm performance is dependent on the match between the use of non-financial measures and the firm's operational and competitive characteristics (particularly, pursuing a prospector strategy, adopting quality strategy, having longer product development and product life cycle, being regulated firms and having low level of financial distress). Accounting literature argues that strategic success is considered an outcome of Management Accounting Systems design (Langfield-Smith, 1997). Several, studies have analyzed the role of management accounting system in strategic management, examining the attributes of management accounting system under different strategic priorities (Ittner and Larcker, 1997; Bouwens and Abernethy, 2000). It has also been analyzing the effect on performance of the interaction between certain types of strategies and different design of management accounting system (e.g. different techniques and information). The appropriate design of management accounting system supports business strategies in ways that increasing the organizational performance (Chenhall, 2003). Increasing management accounting system investment will be the leverage for achieving a stronger, more flexible corporate culture to face persistent changes in the environment. Innovation is the incentive with which a virtuous circle will be put in place, leading to better firm performance and a reduction in the financial and organizational obstacles, while making it possible to access capital markets. Management accounting system are systems used to record the financial transactions of a business or organization. This system combines the methodologies, controls and accounting techniques with the technology of the IT industry to track transactions provide internal reporting data, financial statements, and trend analysis capabilities to effect on organizational performance (Elena Urquia Grande, Raquel Perez Estebanez and Clara Munoz Colomina, 2010). Recently several studies have asserted that management accounting system plays a proactive role in the strategy management, acting as a mechanism that enables organizational strategy (Chenhall, 2003; Gerdin and Greve, 2004). Strategy has been examined using different typologies, such as Porter (1985) or Miles and Snow (1978). The latter has been extensively used in management literature (Zajac and Pearce, 1990). In the present study it is assumed that the organizational performance is a function of the financial performance, performance management and the management accounting system. Competitive advantage and superior performance can be gained through an adoption of management accounting system tailored to support business strategy (Simons, 1987). This includes the implementation of manufacturing processes and administrations functions that support their particular strategic priorities. It is argued that, the use of management accounting techniques, especially advanced techniques, can assist employees to more easily focus on achieving differentiation priorities, such as quality, delivery, customer service, as it highlights the need to satisfy customer requirements. According to Seal (2001), the management accounting system is presented as system differentiation. From the perspective of business policy, system differentiation may be the basis of a successful competitive strategy. Strategy represents a very important contingency variable. Management accounting system which is tailored to support strategy can lead to competitive advantage and superior performance (Langfield-Smith, 1997). Many scholars suggests that a congruent match between strategy and management accounting system is essential to performance (Govindarajan & Gupta, 1985; Simons, 1987). This argument is supported by Kaplan and Norton (1996). They suggest that the appropriate performance measurement system encourages actions that are congruent with organizational strategy. Chenhall and Langfield-Smith (1998) found that high performing product differentiator strategy firms are associated with management techniques of quality systems, integrated systems, team-based human research structure, and MAPs incorporating employee-based measures, benchmarking, strategic planning and activity-based techniques.

According to Verbeeten (2010) prospector and analyzer strategies appear to be positively associated with major changes in management accounting system. Therefore, it can be concluded that strategy is an important factor in the design and use of management accounting system. This conclusion is congruent with the suggestion by Simons (1987) where management accounting system have to be modified in accordance with the strategy of a company. Moreover, more contemporary viewpoints suggest that there may be a two-way relationship between these two variables, where “management accounting system shapes, and is shaped by, strategy” (Kober et al., 2007: 425). A study by Perera et al. (2003), on the diffusion of transfer pricing innovation suggests that, management accounting practices may both change as a result and instruments, and vary between the two in the same organization over time. This result made visible the reciprocal relationship between management accounting practices and strategy. This view is confirmed by Kober et al. (2007), where they found that the interactive use of management accounting system mechanisms helps to facilitate a change in strategy, and that mechanisms change to match change in strategy. Some other studies have also investigated the relationship between management accounting system and strategy. But these studies did not explicitly consider the interrelationship between management accounting system and strategy (Baines & Langfield-Smith, 2003; Hyvönen, 2007; Libby & Waterhouse, 1996). Baines and Langfield-Smith (2003) found a significant relationship between changes in strategy and management accounting practices. This finding is supported by prior research that has found that practices such as quality improvement programs and benchmarking can support firms pursuing a differentiation strategy (Chenhall & Langfield-Smith, 1998). However, with an increasing environmental uncertainty, management accounting system no longer acts as an outcome of strategy only, but must help facilitate strategic change in a proactive way (Kober et al., 2007). It is suggested that an accounting system could help shape the development of an organization through time (Hopwood, 1990). Kloot (1997) also suggests that management accounting system both impacts on, and is affected by strategy.

Several research studies have asserted that management accounting system plays a proactive role in the strategy management, acting as a mechanism that enables organizational strategy and contribute to organizational performance.

2.15 Service Quality and Customer Satisfaction

Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008). Service quality has received a great deal of attention from both academicians and practitioners (Negi, 2009) and service marketing literature defined service quality as the overall assessment of a service by the customer (Eshghi*et al.*, 2007). Duff et al. (2008) pointed out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction. Akroush (2008) also pointed out that service quality is the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services. Gronroos (2007) also defined service quality as the outcome of the comparison that consumers make between their expectations and perceptions. Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Athanassopoulos *et al.*, 2001). Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature. It is very vital to note here that, service quality is not only assessed as the end results but also on how it is delivered during service process and its ultimate effect on consumer's perceptions (Duncan & Elliot, 2004). Service quality has a strong correlation with customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy (Cronin *et al.*, 2000; Wong *et al.*, 2008). Organizations operating within the service sector consider service quality to be a strategic component of their marketing plan (Spathiset al., 2004). Through service quality, organizations can reach a higher level of service quality, a higher level of customer satisfaction, and can maintain a constant competitive advantage (Meuteret al., 2000). Quality and customer satisfaction both have long been recognized as crucial role for success and survival in today's competitive market. Considerable evidence exist in literature that supports relationship between company's performance and level of satisfaction reported by customers (Anderson et al., 1994; Bolton, 1998). Therefore, it is argued that customer satisfaction should be considered the ultimate goal for all firms (Morgan et al., 2005; Mittal et al., 1999).

Research reveals that delivering high service quality produces measurable benefits in profit, cost savings, and market share. Therefore, an understanding of the nature of service quality and how it is achieved in organizations has become a priority for research. (Zeithaml et al., 1988)

2.15.1 Services Quality in Banking Sector

In the changing banking scenario of 21st century, the banks had to have a vital identity to provide excellent services. Banks nowadays have to be of world-class standard, committed to excellence in customer's satisfaction and to play a major role in the growing and diversifying financial sector (Guo *et al*., 2008). There has been a remarkable change in the way of banking in the last few years. Customers have also accurately demanded globally quality services from banks. With various choices available, customers are not willing to put up with anything less than the best. Banks have recognized the need to meet customer's aspirations. Consequently service quality is a critical motivating force to drive the bank up in the high technology ladder. Banking industry is a demand driven industry, which constitute an important part of the service industry (Newman & Cowling, 1996). Banks have to redefine their corporate image to that emphasizes service quality since it provides many advantages to a company such as allowing the company to differentiate itself from its competitors by increasing sales and market shares, providing opportunities for cross selling, improving customer relations thus enhancing the corporate image, reliability, responsiveness, credibility and communication results in the satisfaction and retention of customers and employee, thus reducing turnover rate (Newman, 2001).

2.15.2 Customer Satisfaction in Banking Sector

In line with Tsoukatos and Rand (2006), customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific product or services and its actual benefits. As stated by Kotler & Armstrong, (2010), satisfaction as a person's feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations. Customer's feelings and beliefs also affect their satisfaction level. Along with Zeithaml (2009), satisfaction or dissatisfaction is a measure or evaluation of a product or service's ability to meet a customer's need or expectations. Razak *et al.* (2007) also reported that overall satisfaction is the outcome of customer's evaluation of a set of experiences that are linked with the specific service provider. It is observed that organization's concentration on customer expectations resulted into greater satisfaction. If the customers of an organization are satisfied by their services the result is that, they will be loyal to them and consequently be retained by the organization, which is positive for the organization because it could also mean higher profits, higher market share, and increasing customer base (Karatepe *et al.*, 2005). Customer satisfaction has become important due to increased competition as it is considered very important factor in the determination of bank's competitiveness (Berry *et al.*, 2002). Continuous measurement of satisfaction level is necessary in a systematic manner (Chakravarty *et al.*, 1996). Because satisfied customer is the real asset for an organization that ensures long-term profitability even in the era of great competition. Cronin et al., (2000) mentioned in their study that satisfied customer repeat his/her experience to buy the products and also create new customers by communication of positive message about it to others. On the other hand, dissatisfied customer may switch to alternative products/services and communicate negative message to others. Customer satisfaction is a set of feeling or outcome attached with customer's experience towards any product/ service (Solomon, 1998). Hence, organizations must ensure the customer satisfaction regarding their goods/services.

2.15.3 Relationship between Service Quality and Customer Satisfaction

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson *et al.*, 2008). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml & Bitner, 2003). As said by Wilson et al. (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors. The relationship between service quality and customer satisfaction is becoming crucial with the increased level of awareness among bank customers Demographic characteristics should be considered by the bank managers to understand their customers (Sureshchander *et al.* 2002).

Parasuraman et al. 1985, SERVQUAL has five quality attributes (Gupta and Chen, 1995, Ooi, Lin, Tan and Chong, 2011). These are Empathy, Responsiveness, Tangibles, Assurance and Reliability. The most widely used models in measuring service quality in the banking sector are the SERVQUAL and SERVPERF models. According to the SERVQUAL model (Parasuraman et al., 1988), service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of the service. SERVQUAL is based on five dimensions of service quality (Parasuraman et al., 1988):

Tangibles: the physical surroundings represented by objects (for example, interior design) and subjects (for example, the appearance of employees).

Reliability: the service provider's ability to provide accurate and dependable services.

Responsiveness: a firm's willingness to assist its customers by providing fast and efficient service performances.

Assurance: diverse features that provide confidence to customers (such as the firm's specific service knowledge, polite and trustworthy behavior of employees).

Empathy: the service firm's readiness to provide each customer with personal.

Service or product quality and customer satisfaction both have long been considered crucial for success and survival in today's competitive market. But it is also important to understand what contributes to customer satisfaction that could be a key to achieve competitive advantage. However, it is worth noting that there are several distinct conceptualizations of quality. Just as current quality is expected to have a positive influence on overall customer satisfaction (Anderson et al., 1994). So we can say that, the effect of expectations of quality on customer satisfaction is positive and significant (Anderson et al., 1994). Delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Dawkins and Reichheld, 1990).

2.16 Research Gap

An extensive literature review stretched towards understanding the relationship between management accounting system, organizational strategy and organizational performance. These areas of research are both largely researched topics outside Nepal. Few of the research studies indicate the joint relationship and the impact of management accounting system and organizational strategy towards organizational performance. These areas are imperative concepts that directly affect the profitability and competitiveness of the organization in the market. As far as banking sector are concerned with more applicability in comparison to any other sector globally. Despite of being a number of researches in the present topic globally, the present topic is the first of its kind in the Nepalese context in general and in banking sector in particular. Moreover, globally researches are partly based on Management Accounting, Organizational Strategy, Organizational Performance, either considering two of the three areas. There is no dedicated research studies in Management Accounting System, Organizational Strategy and Organizational Performance. In addition, the newer dimension of combined impact of Management Accounting System and Organizational Strategy on Organizational Performance is still unfolded globally, thus, in Nepal too. Furthermore, the inclusion of customer satisfaction towards understanding of service quality and its relationship towards Management Accounting System is still unexplored in Nepal, thus this study is the first of its kind in the Nepalese context. It is also can be drawn that, there is no research in term of understanding the role of tools & techniques of Management Accounting System in Nepalese banking sector.

Therefore, the present research study has been conducted to fill the above mentioned research gaps. It was comprehensive understanding of relationship of management accounting system and organizational strategy; management accounting system and organizational performance; combined relationship of management accounting system and organizational strategy on organizational performance; customer satisfaction and service quality; and the role of tools & techniques of management accounting system in Nepalese commercial banking sector. In nutshell, it is the most comprehensive research on management accounting system, organizational strategy and organizational performance.

CHAPTER III
RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design and methodology used in this study. As discussed in Chapter I, the research aims to gather empirical evidence capable of providing an overview of current Management Accounting System in Nepalese Commercial Banks. The research also seeks to understand how Management Accounting System assist management of Commercial Banks, what factors contribute to the extent of the use of Management Accounting System in these Banks, and attempts to establish if Management Accounting System help to improve organizational performance. This research was also focused on whether Management Accounting System helps to formulate and implement strategies and how strategy has helped to increase the performance. In Chapter I, these areas of inquiry were distilled into six specific research questions: (i) What is the extent of the use of management accounting system in Nepalese Commercial Banks? (ii) What are the roles of management accounting in Nepalese Commercial Banks' management? (iii) Is there a relationship between the use of management accounting system and the Organizational Performance of Nepalese Commercial Banks? (iv) Is there a relationship between the use of Organizational Strategy and the Performance of Nepalese Commercial Banks? (v) How management accounting system and Organizational Strategies both impact Performance of Nepalese Commercial Banks? And (vi) And is there any relationship between Banks' Service Quality and Bank's Customer Satisfaction?

This chapter is organized into five sections. First, the research design is explained. The second section discusses the population and the approach to sample selection. The third section covers the data collection method, which focuses primarily on questionnaire survey. In the fourth section, data measurements and scaling are discussed. Finally, the choice of methods of data analysis is considered in terms of the research objectives and hypotheses.

3.2 Research Design

A research design provides the basic directions for carrying out the project. In particular, a research design should provide relevant information that will most efficiently and effectively address the research questions or hypotheses (Hair et al., 2007). Hair et al., (2007) suggested that there are three distinct research designs: exploratory; descriptive; and causal. Of these three, descriptive and casual research designs match the need to provide the relevant information for the above research questions and hypotheses. Causal research which can also be termed as explanatory research (Saunders et al., 2009) test whether one variable (the independent variable) is responsible for changes in another variable (the dependent variable) (Emory and Cooper, 1991). Of these, this study uses a quantitative approach towards descriptive and explanatory casual research design for the empirically speculating the research questions for this study. A descriptive research design is used for answering the first two research questions. That is to describe the situation of extent of the use of management accounting system in Nepalese Commercial Banks and to describe the role of management accounting in Nepalese Commercial Banks' management. Similarly, the need of explanatory casual research design needed and reflects to speculate the relationship and impact of management accounting system, Organizational Strategy over Organizational Performance. The need for casual research design reflects the development of sixteen (16) numbers of hypotheses, where the relationship and impact is empirically tested. In this study, both independent and dependent variables are involved in order to form the required relationships. Hypothesis or significance testing is the process of testing the proposal of the hypothesis by statistical methods, by using samples (Lucey, 1996). So forth, this study addressed hypothesis testing in relation to the research model.

Most of the previous researchers who studied the relationship between management accounting system , Strategy and Organizational Performance proposed that the better performance can be generated from consistency between management accounting system and Strategy. The main conceptual idea of this study is to understand the casual relationship of management accounting system, organizational strategy and organizational performance.

Specifically, the first null hypothesis was developed as "*there is no relationship between Management Accounting Systems and Organizational Performance"*. This hypothesis attempts to examine the relationship of Management Accounting System with Organizational Performance in Nepalese commercial banks. A quantitative approach with survey design has been adopted with 734 numbers of questionnaires randomly distributed to the employees of 6 commercial banks. The dimension of management accounting system had been explored with the manifest variables including budgeting & planning, controlling & reporting, decision making system, costing system and performance evaluation. a comprehensive list of these manifest variables were itemized in altogether 45 opinion statements, towards understanding of management accounting system practices in Nepalese commercial banks. Later on these manifest variables were put into rigorous statistical analysis. Firstly, exploratory factor analysis (EFA) was embarked on. The EFA resulted in 5 latent variables, explaining the dimension of management accounting system viz., budgeting and planning, decision making and costing system, performance evaluation, controlling and reporting and customer and market retention. Likewise, for measuring organizational performance, the manifest variables include 6 opinion statements. Later, EFA resulted into separate latent variables, explaining the internal and external performance.

Further, inferential statistical analysis was done in these 5 Latent Variables of management accounting system and 2 Latent Variables of Organizational Performance. As the collected data was having a normal distribution, the data as collected was put to parametric test. To test the hypothesis as developed to understand the relationship of Management Accounting System with Organizational Performance, Bivariate correlation analysis by Pearson correlation analysis was undertaken.

Second null hypothesis was developed as "*there is no relationship between Organizational Strategy and Organizational Performance"*. This hypothesis attempts to examine the relationship of Organizational Strategy and Organizational Performance in Nepalese commercial banks. A quantitative approach with survey design has been adopted with 734 numbers of questionnaires randomly distributed to the employees of 6 commercial banks. The dimension of Organizational Strategy had been explored with 6 strategic typologies arising from the literature. The manifest variables including Segmentation strategy, Innovation Strategy, Resources mobilization strategy, Lending Strategy, Service delivery Strategy, and Treasury Management Strategy. A comprehensive list of these manifest variables were itemized in altogether 45 opinion statements, towards understanding of management accounting system practices in Nepalese commercial banks. Later on these manifest variables were put into rigorous statistical analysis. Firstly, Exploratory Factor Analysis (EFA) was embarked on. The EFA resulted in 5 Latent Variables, explaining the dimension of Organizational Strategy viz., Lending Strategy, Treasury Management Strategy, Resource Mobilization Strategy, Innovation and Service Quality Strategy and Segmentation Strategy. Likewise, for measuring Organizational Performance is mentioned above. Further, inferential statistical analysis was done in these 5 Latent Variables of Organizational Strategy and 2 Latent Variables of Organizational Performance. As the collected data was having a normal distribution, the data as collected was put to parametric test. To test the hypothesis as developed to understand the relationship of Organizational Strategy with Organizational Performance, Bivariate correlation analysis by Pearson correlation analysis was undertaken.

Management Accounting System can be used to support business strategy (Nimtrakoon, 2009). Third null hypothesis was developed as "*There is no relationship between Management Accounting Systems and Organizational Strategy"*. This hypothesis attempts to examine the relationship of Management Accounting System and Organizational Strategy in Nepalese commercial banks. A quantitative approach with survey design has been adopted with 734 numbers of questionnaires randomly distributed to the employees of 6 commercial banks. The dimension of Management Accounting System and Organizational Strategy had been explored as mentioned in previous two sections. Further, inferential statistical analysis was done in these Latent Variables of Management Accounting System and Organizational Strategy. As the collected data was having a normal distribution, the data as collected was put to parametric test. To test the hypothesis as developed to understand the relationship of Management Accounting System and Organizational Strategy, Bivariate correlation analysis by Pearson correlation analysis was undertaken.

Management Accounting System can be used to support business strategy (Nimtrakoon, 2009). The strategies can lead to the success of the organisation (Nimtrakoon, 2009). Fourth null hypothesis was developed as "*There is no relationship between combine variable of Management Accounting Systems and Organizational Strategy on Organizational Performance*". This hypothesis attempts to examine the relationship of combinations of Management Accounting System with Organizational Strategy to Organizational Performance in Nepalese commercial banks. A quantitative approach with survey design has been adopted with 734 numbers of questionnaires randomly distributed to the employees of 6 commercial banks. The dimension of Management Accounting System, Organizational Strategy and Organizational Performance had been explored as mentioned in previous first two sections. Further, inferential statistical analysis was done in these Latent Variables of Management Accounting System, Organizational Strategy and Organizational Performance. As the collected data was having a normal distribution, the data as collected was put to parametric test. To test the hypothesis as developed to understand the relationship of Management Accounting System and Organizational Strategy, Bivariate correlation analysis by Pearson correlation analysis was undertaken.

Bank is customer oriented services industry. A bank is always depending upon the customers for their survival in the market. A bank can differentiate itself from its competitor on of the basis of customers' service. It is an essence of banking performance and successful. Measuring customers' satisfaction towards service quality of the bank is the key to being able to serve the customer's needs or expectation. In this way the bank can determine the direct impact on the overall performance of the bank. In Nepal, customers in the banking sector are in a strong bargaining position due to the significant growth of banks. Therefore, banks have to provide service carefully and with quality.

Thus, to study the relationship of Bank's Service Quality towards Customer Satisfaction the fifth null hypothesis was developed as "there is no relationship between Banks' Service Quality and Customers' Satisfaction". A quantitative approach with survey design has been adopted with 600 numbers of questionnaires randomly distributed to the customers of 6 commercial banks. The dimension of Total

Service Quality had been explored with 5 strategic typologies arising from the literature. The manifest variables including Tangibility, Responsiveness, Reliability, Empathy and Assurance. Likewise, the variables of Overall satisfaction include single opinion statement. A comprehensive list of these manifest variables were itemized in altogether 20 opinion statements, towards understanding of Total Service Quality of Banks and Customers' Satisfaction in Nepalese commercial banks. Later on these manifest variables were put into rigorous statistical analysis. Firstly, Exploratory Factor Analysis (EFA) was embarked on. The EFA resulted in 3 Latent Variables, explaining the dimension of Service Quality viz., three latent variables were formed viz., Tangibility and Reliability, Responsiveness and Empathy, and Assurance. Further, inferential statistical analysis was done in these 3 Latent Variables of Service Quality and Customers' Satisfaction. As the collected data was having a normal distribution, the data as collected was put to parametric test. To test the hypothesis as developed to understand the relationship of Organizational Strategy with Organizational Performance, Bivariate correlation analysis by Pearson correlation analysis was undertaken.

As relationship study do not focus the contribution of particular independent variables towards dependent variables, the need of study impact arises. Thus, more five hypotheses were developed to explore the change in dependent variables by dependent variables. These hypotheses were developed to understand the impact of Management Accounting System over Organizational Performance, Organizational Strategy over Organizational Performance, Management Accounting System over Organizational Strategy, and combined impact of Management Accounting System with organizational strategy overs Organizational Performance. Similarly, last hypothesis is formulated to explore the impact of Bank's Service Quality towards Customer Satisfaction.

In continuation of the above, sixth null hypothesis was developed as "*A change in Management Accounting Systems will not improve Organizational Performance*". This hypothesis attempts to examine the impact of Management Accounting System over Organizational Performance in Nepalese commercial banks. As with the construct explained above, the hypothesis was tested, with the 5 Latent Variables, explaining the dimension of Management Accounting System viz., Budgeting and

Planning, Decision Making and Costing System, Performance Evaluation, Controlling and Reporting and Customer and Market Retention. Likewise, 2 Latent Variables of Organizational Performance. Further, inferential statistical analysis was done in these five Latent Variables of Management Accounting System and Organizational Performance. To test the hypothesis as developed to understand the impact of Management Accounting System over Organizational Performance, the multiple regression analysis was undertaken. For this purpose, Multiple Regression Model-1 was developed. The detail of the model is explained in data analysis section below in this chapter.

Likewise, seventh null hypothesis was developed as "*A change in Organizational Strategy will not improve Organizational Performance*". This hypothesis attempts to examine the impact of Organizational Strategy over Organizational Performance in Nepalese commercial banks. As with the construct explained above, the hypothesis was tested, with the 5 Latent Variables, explaining the dimension of Organizational Strategy viz., Lending Strategy, Treasury Management Strategy, Resource Mobilization Strategy, Innovation and Service Quality Strategy and Segmentation Strategy. Likewise, for measuring Organizational Performance is mentioned above. To test the hypothesis as developed to understand the impact of Organizational Strategy over Organizational Performance, the multiple regression analysis was undertaken. For this purpose, Multiple Regression Model-2 was developed. The detail of the model is explained in data analysis section below in this chapter.

Similarly, eighth null hypothesis was developed as "*A change in Management Accounting Systems will not improve Organizational Strategy*". This hypothesis attempts to examine the impact of Management Accounting System over Organizational Strategy in Nepalese commercial banks. As with the construct explained above, the hypothesis was tested with the construct of 5 Latent Variables, explaining the dimension of Management Accounting System viz., Budgeting and Planning, Decision Making and Costing System, Performance Evaluation, Controlling and Reporting and Customer and Market Retention. To test the hypothesis as developed to understand the impact of Management Accounting System over Organizational Strategy, the multiple regression analysis was undertaken. For this purpose, Multiple Regression Model-3 was developed. The detail of the model is explained in data analysis section below in this chapter.

Similarly, ninth null hypothesis was developed as "*A change in combined variable of Management Accounting Systems with Strategy will not improve Organizational Performance*". This hypothesis attempts to examine the impact of combined variable of Management Accounting System and Organizational Strategy over Organizational Performance in Nepalese commercial banks. As with the construct explained above, the hypothesis was tested. To test the hypothesis as developed to understand the impact of combined variable of Management Accounting System and Organizational Strategy over Organizational Performance, the multiple regression analysis was undertaken. For this purpose, Multiple Regression Model-4 was developed. The detail of the model is explained in data analysis section below in this chapter.

Correspondingly, tenth null hypothesis was developed as "*A change in Banks' Service Quality will not improve Customers' Satisfaction*". This hypothesis attempts to examine the impact of Service quality over customers' satisfaction in Nepalese commercial banks. As with the construct of 3 Latent Variables, viz., Tangibility and Reliability, Responsiveness and Empathy, and Assurance of Banks' Service Quality over Customers' Satisfaction, the hypothesis was tested. To test the hypothesis as developed to understand the impact of impact of Service quality over customers' satisfaction, the multiple regression analysis was undertaken. For this purpose, Multiple Regression Model-5 was developed. The detail of the model is explained in data analysis section below in this chapter.

Furthermore, this study explores the understanding of banks' financial performance with the application of Management Accounting Systems. The banks' financial performance indicators were used to analyze the financial performance of these commercial banks. This exploration was based on secondary data and descriptive analysis design. Ratio analysis for the understanding of profitability dimension was undertaken, as it is the vital indicator of the banks 'profitability. Ratio analysis of the indicators includes Return on Assets, Return on Equity, Net Interest Margin, Asset quality, Liquidity (LIQ), Analysis of Deposit Ratio (DR), Funding Cost Ratio (FCR), Return on Capital employed, Return on Investment and Earnings per Share. Likewise, Cash flow statement analysis with indicators like Cash Flow from Operating

Activities (CFOA), Cash Flow from Investing Activities (CFIA) and Cash Flow from Financing Activities (CFFA) has been analyzed.

In like manner, testing of influence of management accounting system over the financial performance of a bank, ROA and ROE has been considered. In the event of this, eleventh null hypothesis was developed as *"A change in Management Accounting Systems will not improve Organizational Financial Performance (ROE)"*. This hypothesis attempts to examine the impact of Management Accounting Systems over Financial Performance (ROE) in Nepalese commercial banks. In like manner, fourteenth null hypothesis was developed as *"A change in Management Accounting Systems will not improve Organizational Financial Performance (ROA)"*. This hypothesis attempts to examine the impact of Management Accounting Systems over Financial Performance (ROA) in Nepalese commercial banks.

Similarly, this study explores the understanding of banks' financial performance with the application of Organizational Strategy. The banks' financial performance indicators were used to analyze the financial performance of these commercial banks. This exploration was based on secondary data. In analyzing financial performance with the application of Strategic Management, the Annual Rate of Percentage Change (ARPC) of the following financial indicators Net Worth, Borrowing, Deposits, Total Assets, Total investment, Loan and Advance, Total Revenues, Net Profit and Employees numbers were focused on analyzing. Secondary data analysis was done for a 10-year period covering 2003/04 to 2012/13. Similarly, ratio analysis for the understanding of financial performance was undertaken. These indicators include Return on Revenue (ROR), Return on Net worth (RON), Return on Investment (ROI), Asset Turnover Ratio (ATR), Employee Productivity (EP), Earning per Share (EPS) and Market Value per Share (MVPS).

In like manner, testing of influence of organizational strategy over the financial performance of a bank, ROA and ROE has been considered. In the event of this, twelfth null hypothesis was developed as "A change in Organizational Strategy will not improve Organizational Financial Performance (ROE)". This hypothesis attempts to examine the impact of Organizational Strategy over Financial Performance (ROE) in Nepalese commercial banks. In like manner, fifteenth null hypothesis was developed as *"A change in Organizational Strategy will not improve Organizational*

Financial Performance (ROA)". This hypothesis attempts to examine the impact of Organizational Strategy over Financial Performance (ROA) in Nepalese commercial banks.

Equally important, thirteenth and sixteen null hypotheses was developed as *"A change in combine variable of Management Accounting Systems with Organizational Strategy will not improve Organizational Financial Performance (ROE)" and "A change in combine variable of Management Accounting Systems with Organization Strategy will not improve Organizational Financial Performance (ROA)".* These hypotheses attempt to examine the impact of combined Management Accounting System and Organizational Strategy over Financial Performance (ROA & ROE) in Nepalese commercial banks.

Additionally, exploration of the role of management accounting system, its practice and significance in Nepalese Commercial Banks has been explored with a survey questionnaire. The data was collected from 50 Management Representatives of Commercial Banks of Nepal. This part of research study reveals the management accounting system practices and its importance Nepalese Commercial Banks.

In overall, thus, given the needs for descriptive data and hypotheses testing, this research study implies a descriptive and casual research design to facilitate the understanding of the phenomenon.

3.3 Population and Sample

According to Hair et al. (2007) representative samples are generally obtained by following a set of well-defined procedures, which are: defining the target population; selecting a sampling method; and determining a sample size. Therefore has been recommended by Hair et al. (2007), this section briefly explains the study‛s approach to these three main procedures for selecting the representative sample. The target population identified for gathering information regarding this concern is Nepalese Commercial Banks from among the firms in the various industries that comprise the service sector. There were 31 banks at the time of selection of sample of this study. Out of these 31 banks only 17 numbers of banks were established before 2002. The selection of the bank for the study was framed on the basis of ten years in operations.

Furthermore, six earliest established Nepalese commercial banks were selected for the study. These banks were established between 1937 and 1993. In the sampling framework, samples of employees, customers of these banks and Top level management representatives were taken for the study.

3.4 Sampling Method

The sample of banks was employed with multi-stage sampling technique. Out of 31 commercial banks in Nepal, 17 numbers were selected according to their established year and completion of at least ten years in operation. Furthermore, it has been selected to six commercial banks which were the earliest among them. Therefore, the banks were selected which were established between 1937 and 1993. This stratification of population resulted into sampling frame of six banks namely, Nepal Bank Ltd. Kathmandu (1937), Rastriya Banijya Bank Ltd. Kathmandu (1966), Nabil Bank Ltd. Kathmandu (1984), Nepal Investment Bank Ltd. Kathmandu (1986), Standard Chartered Ltd. Kathmandu (1986), and Himalayan Bank Ltd. Kathmandu (1993). However, one bank ADB was a pseudo commercial bank; hence it was not considered for the study. The criteria used in selecting the banks were comparable size and operating environment as far as practicable. Furthermore, the sample of employees and customer were selected in convenience sampling techniques.

3.5 Data Collection Method and Instruments

Data collection: Keeping in view the objectives of this study both primary and secondary sources of data have been used in this study. The sources for primary data are different levels of employees, management representatives and customers of the bank. More specifically, for assessing the practice of Management Accounting Systems and Strategic management of different level of employees and management representative are surveyed. Regarding questionnaire on corporate performance, employees and customers were approached.

The sources of secondary information are official records, publications, annual reports, financial statements and other published or unpublished information. Reports and studies related to the sample banks, published reports of government and non-government agencies and various other publications, book, journals, papers, reports and internet. Secondary data were collected from the relevant banks. Financial statements like profit and loss account, balance sheet, audited reports and other related available documents and statements were referred to. For the purpose of conceptual review, available text books, articles in the journals/newspapers, previous dissertations, reports and websites in the related are have been consulted. The sample size is considered to be fairly representative as both the total sample as well as proportion in each sample bank was high ranging around 35 percent.

Employee Sampling: According to the Annual Report of the Banks, there were 8248 total numbers employees in these banks. Accordingly, the sample size determined was 367 numbers of employees using sample size calculator. The sample was determined with 95% of confidence level, 5% margin of error with a response distribution of 50%. The determination of sample size was formulated with reference to Gupta, (1996). Henceforth, the sample size was calculated with the help of statistical software as mentioned below. Where it is expected a large number of respondents will not cooperate and send back the questionnaires, a larger sample should be selected (Gupta, 1996). Thus, it was decided number of questionnaires was distributed randomly to the customer with a minimum expected rate of return of 50%. Hence, the researcher had decided to distribute 734 numbers of questionnaires randomly, by doubling the sample size determined that was 367 numbers of employees. The decided number of questionnaires distributed was done by keeping in view ensuring at least 50% response rate. Out of the distributed employees' questionnaire, total of 534 questionnaires were retuned. However, 507 returned questionnaire were useable. Henceforth the response rate was 69.07% in total. Whereas, the individual response rate for different banks were Nepal Bank Ltd. of 60.51%; Rastriya Banijya Bank Ltd. of 61.03%; Nabil Bank Ltd. of 72.94%; Nepal investment Bank Ltd. of 89.89%; Standard chartered Ltd. of 74.12%; and Himalayan Bank Ltd. of 76.47%.

Formula of determining the sample size (Gupta, 1996):

$$n = \left(\frac{Z\sigma}{d}\right)^2$$

n= Sample size

Z= Value at a specified level of confidence or desire degree of precision

σ = Standard Deviation of the population

d= Difference between population mean and sample mean

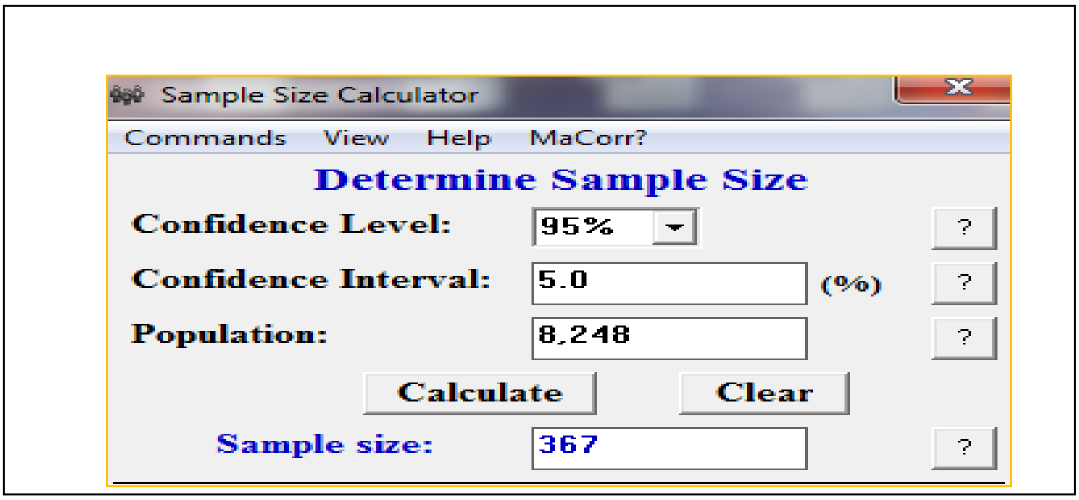

Figure 3.1. Screenshot of Determination of sample size of employees

Table 3.1

Sampling and response rate

Banks	Population	Sample	Actual Questionnaire Returned	Response Rate
Nepal Bank Ltd.	2786	195	118	60.51
Rastriya Banijya Bank Ltd.	2526	195	119	61.03
Nabil Bank Ltd.	742	85	62	72.94
Nepal investment Bank Ltd.	910	89	80	89.89
Standard chartered Ltd.	454	85	63	74.12
Himalayan Bank Ltd.	830	85	65	76.47
Total	8248	734	507	69.07

Source: Survey, 2014-15.

Customer Sampling: For the purpose of data collection from the customers of the respective bank, a random sampling of 100 customers each sampled commercial bank has been undertaken. Where it is expected a large number of respondents will not cooperate and send back the questionnaires, a larger sample should be selected (Gupta, 1996). Thus, it was decided number of questionnaires was distributed randomly to the customer with a minimum expected rate of return of 50%. However, out of the distributed 600 customers' questionnaire, total of 392 questionnaires were returned. Henceforth, the response rate was 65.33% in total. Whereas, the individual response rate for customers of different banks were Nepal Bank Ltd. of 75%; Rastriya Banijya Bank Ltd. of 55%; Nabil Bank Ltd. of 79%; Nepal investment Bank Ltd. of 63%; Standard chartered Ltd. of 60%; and Himalayan Bank Ltd. of 60%.

Table 3.2

Questionnaire distribution and response rate

Banks	Questionnaire Distributed	Actual Questionnaire Returned	Response Rate
Nepal Bank	100	75	75.00
Rastriya Banijya Bank	100	55	55.00
Nabil Bank	100	79	79.00
Nepal investment Bank	100	63	63.00
Standard chartered	100	60	60.00
Himalayan Bank	100	60	60.00
Total	600	392	65.33

Source: Survey 2015

Top level management representatives

For the purpose of data collection regarding higher level management accounting techniques in these banks, the Top level management representatives were also involved in survey. A random sampling of 50 Top level management representatives such as Chief Executive Officer (CEO), Financial Officer (FO) and other higher level officers at decision level was taken. The decided number of questionnaires was distributed randomly to the Top level management representatives with an expected rate of return of 100% on account of their vital role in banking management accounting system decisions. Out of the distributed 50 questionnaire, all questionnaires were returned after minimum follow ups.

Data collection period: The overall field work for data collection was undertaken from January 2013 to July 2014. In line with the period, the collection of data from employees' respondents were collected from Jan 2013 to Sep 2013. Similarly, data collection from the customers' respondents were collected from the period of October 2013 to February 2014. Furthermore, in respect of the understanding the perception of management representative/CEO, data collected within the period of April 2014 to July 2014.

Secondary data in relevant to the performance of the sampled bank were collected from the respective banks. The data were collected within the period of January 2013 to September 2014.

3.6 Data Collection Instruments

There were two separate questionnaire designed for the purpose of data collection from the respondents. One of these questionnaires was designed for employees of the banks and other for customers.

Employees' Questionnaire: At the outset, the independent variables of Management Accounting System include Budgeting & Planning, Controlling & Reporting, Decision support system, Costing system and Performance Evaluation. Likewise, the variables of Strategies include Segmentation strategy, Innovation Strategy, Resources mobilization strategy, Lending Strategy, Service delivery Strategy, and Treasury Management Strategy. Similarly, for dependent variable Performance, the variables include the internal and external performance.

The questionnaire includes 96 opinion statements. The statements were developed under the four main variables with relevant literatures review. Management accounting system variable has 45 opinion statements, Strategy variable has 45 opinion statements and Performance variable has 6 opinion statements. Likert 5 point scale (with 5=strongly, 4=Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree) has been used. A scale is a measurement tool that can be used to measure a question with a predetermined number of outcomes (Hair et al., 2007). The use of a five-point scale is aligned with previous studies in the management accounting area for example those by Drury et al. (1993); Guilding et al. (1998); Hoque and James (2000); Hoque (2004); and Abdel-Kader and Luther (2006). Responses to questions in these sections will be measured through the use of scales.

Customers' Questionnaire: At the outset, the independent variables of Quality of Service include Tangibility, Responsiveness, Reliability, Empathy and Assurance. Likewise, the variables of Overall satisfaction include single opinion statement. Van de Ven and Ferry (1980) that assessed satisfaction with the respondent's present position on a 5-point scale. While the internal consistency reliability of a single –item measures cannot be evaluated, research suggests such items are stable and reproducible and may reflect satisfaction more accurately than many facet measures (Scarpello & Campbell, 1983).

The questionnaire includes 20 opinion statements. The 19 statements were developed under the five main variables with relevant literatures review that includes Tangibility, Responsiveness, Reliability, Empathy and Assurance. Likewise 1 opinion statement was put for Overall Satisfaction. Likert 5 point scale (with 5=strongly, 4=Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree) has been used. A scale is a measurement tool that can be used to measure a question with a predetermined number of outcomes (Hair et al., 2007). Responses to questions in these sections have been measured through the use of scales.

Top management representatives' Questionnaire: At the outset, Top management representatives' Questionnaire consists of understanding the part of Management Accounting Techniques. This questionnaire has two parts, one in the opinion of MAT's significance and other is on their current application in their respective banks. The questionnaire includes 23 opinion statements. The statements were developed under the two categories as mentioned above. Likert 3 point scale (with 3=Highly significant, 2=Significant, and 1=Not significant for Significance of MATs) and (with 3=Always use, 2=Sometimes, and 1=Never used for application of MATs) has been used.

3.7 The Pilot Study

An opinion leader survey was conducted to design and pre-test the questionnaire. The two sets of questionnaire were distributed to 50 experts representing the managers of banks, University Professors, business managers, in the public and the private sectors and others professional. The purpose of the pilot study was (a) to make or construct a validation to ensure proper selection of items and (b) to remove unnecessary unclear and irrelevant items. Items responded as unnecessary or irrelevant were removed and suggested additional items necessary to complete the sub-sections were added. Some questions were improved with better wording in order to clarify them. Besides, questions with virtually equal weights were deleted as such questions would indicate universal truths. A reliability test was also conducted to find inter-item relations inter sub-groups relations, inter segment relations and positive-negative relations. Questions with negative or very poor correlations were also deleted. Questions with relatively high value of correlations were retained.

3.8 Reliability and Validity

Reliability and validity tests are important to ensure the accuracy and consistency of the variables. According to Hair et al. (2007) for a scale to be reliable the questions must be answered consistently by respondents in a manner that is highly correlated. If they do not, the scale would not be reliable. For the purpose of this research, the reliability of the questionnaire will be determined through Cronbach‘s α. This method allows for the calculation of the α coefficient if one variable is removed from the original set, making it possible to identify the subset that has the highest reliability coefficient. If all the results are above 0.7, the scales are judged to be reliable (Sousa et al., 2006). However Hair et al. (2007) stated that lower coefficients may be acceptable depending on the research objectives. For example, Nunnally (1978) suggested that alpha coefficients of 0.50 to 0.60 will be deemed acceptable for exploratory research.

Reliability of Employees' Questionnaire

The Cronbach‘s α for overall Management Accounting system was 0.948 (highly reliable), for overall Strategy (highly reliable) was 0.959 and for overall Performance was 0.821 (highly reliable). Likewise, the Cronbach‘s α for individual variables can be seen at table 3.3.

Table 3.3

Reliability Statistics for management accounting system, Strategy and Performance questionnaire

Sl. No.	Variables	Cronbach's Alpha	N of Items
1	**Overall Management Accounting System**	**.948**	**45**
1a	Budgeting and Planning	.851	7
1b	Controlling and Reporting	.827	8
1c	Decision Making	.858	12
1d	Costing system	.853	9
1e	Performance Evaluation	.839	9
2	**Overall Strategy**	**.959**	**45**
2a	Segmentation strategy	.773	7
2b	Innovation strategy	.837	8
2c	Resource mobilization strategy	.858	6
2d	Lending Strategy	.910	7
2e	Service Delivery Strategy	.881	8
2f	Treasury Management Strategy	.895	9
3	**Performance**	**.821**	**6**

Reliability of Customers' Questionnaire

The Cronbach‘s α for Total Service Quality was 0.915 which is highly reliable. Likewise, tangibility, empathy, Responsiveness, Assurance and Reliability has 0.794, 0.719, 0.721, 0.782 and 0.787 respectively. While the internal consistency of Overall Satisfaction which was measured with one opinion statement. Thus, the reliability of a single –item measures cannot be evaluated, research suggests such items are stable and reproducible and may reflect satisfaction more accurately than many facet measures (Scarpello & Campbell, 1983).

Table 3.4

Reliability Statistics for Customer Satisfaction questionnaire

Sl. No.	Variables	Cronbach's Alpha	N of Items
1	Total Service Quality	0.915	19
1a	Tangibility	0.794	3
1b	Empathy	0.719	4
1c	Responsiveness	0.721	4
1d	Assurance	0.782	3
1e	Reliability	0.787	5

Reliability of Top level management representatives' Questionnaire

The Cronbach‘s α for Top level management representatives' Questionnaire on Management Accounting Techniques was 0.865 (highly reliable) for application part and 0.917 for significance part.

Table 3.5

Reliability Statistics for Top Management representative questionnaire

Sl. No.	**Variables**	**Cronbach's Alpha**	**N of Items**
1	Significance of MATs	0.917	23
2	Application of MATs	0.865	23

3.9 Data Analysis

3.9.1 Techniques of Analyses for Primary Data

The primary data collected were cleaned, tabulated and analyzed using the software SPSS V-22. The data collected in this study was used to generate descriptive statistics as well as inferential statistics. As the data collected has normality, the data was put for parametric test. For normality test Kolmogorov-Smirnov Test was done. To test the 10 hypotheses of this study, an inferential statistical analysis was used. Since the data was normal non-parametric test were used. The 10 hypotheses were tested using correlation and regression analysis. The descriptive measures used are frequency distributions, measures of central tendency, and measures of dispersion. The inferential statistics uses were t-test, f-test, Pearson's correlation coefficient test and regression analysis were used. The regression analysis approach was employed to investigate the simultaneous effect of the relationship between all independent variables and the dependent variable. Furthermore, a data reduction tool was also used for finalized a concise face of the study. For the same purpose an Exploratory Factor Analysis with extraction method of Principal Component Analysis was used. For the purpose of sampling adequacy KMO and Bartlett's test of specify were also utilized.

Regression equations were developed and seen to test the impact of the independent variable on dependent variables.

The equations were:

Multiple Regression Model-1: Management Accounting System to Organizational Performance

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

Where,

$\hat{Y}$ = Dependent variable (Organizational Performance)
X_1 = Independent Variables (Budgeting and Planning)
X_2 = Independent Variables (Decision Making and Costing System)
X_3= Independent Variables (Performance Evaluation)
X_4= Independent Variables (Controlling and Reporting)
X_5= Independent Variables (Customer and Market Retention)
α = Constant
β_1 = (Beta value) Coefficient of slope of regression model
e_i= Error term

Multiple Regression Model-2 : Organizational Strategy to Organizational Performance

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

Where,
$\hat{Y}$ = Dependent variable (Organizational Performance)
X_1 = Independent Variables (Lending Strategy)
X_2 = Independent Variables (Treasury Management Strategy)
X_3= Independent Variables (Resource Mobilization Strategy)

X_4= Independent Variables (Innovation and Service Quality Strategy)

X_5= Independent Variables (Segmentation Strategy)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

Multiple Regression Model- 3: Management Accounting System on Organizational Strategy

$$\hat{Y}= \alpha + \beta_1X_1 + \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \beta_5X_5+e_i$$

Where,

$\hat{Y}$ = Dependent variable (Organizational Strategy)

X_1 = Independent Variables (Budgeting and Planning)

X_2 = Independent Variables (Decision Making and Costing System)

X_3= Independent Variables (Performance Evaluation)

X_4= Independent Variables (Controlling and Reporting)

X_5= Independent Variables (Customer and Market Retention)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

Multiple Regression Model-4: Management Accounting System and Organizational Strategy (both) to Organizational Performance

$$\hat{Y}= \alpha + \beta_1X_1 + \beta_2X_2+e_i$$

Where,

$\hat{Y}$ = Dependent variable (Organizational Performance)

X_1 = Independent Variables (Management Accounting Strategy)

X_2 = Independent Variables (Organizational Strategy)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

Multiple Regression Model-5: Total Banks' Service Quality to Overall Customer Satisfaction

$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_i$

Where,

$\hat{Y}$ = Dependent variable (Overall Customer Satisfaction)

X_1 = Independent Variables (Tangibility and Reliability)

X_2 = Independent Variables (Responsiveness and Empathy)

X_3= Independent Variables (Assurance)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

3.9.2 Techniques of Analyses for Secondary Data Variables

Management accounting system tools that affects the financial performance of a bank

Management Accounting Systems have used a variety of subjective measures of financial performance. As suggested by Dess and Robinson (2007), subjective measures of sales growth, profitability and return on investments can be the measures of companies' performance. Return on Assets (ROA) and Return on Equity (ROE) Ongore and Kusa (2013); Trujillo-Ponce, (2012); Davydenko, (2011); Sehrish et al.,(2011); Oladele et al (2012); Rasiah,(2010); Alexiou and Sofoklis, (2009); Garcia–Herrero et al.,(2009); Sufian and Chong (2008); Bennaceur and Goaied (2008); Kosmidou (2008) and Athanasoglou et al.(2008), Riaz and Mehar (2013) ,Khrawish (2011); Kaplan and Atkinson,2005and (Sinkey and Joseph, 1992). Costs reduction, sales volume, Market share (Kamisah Ismail and Che Ruhana Isa, 2011). ROCE Return on capital employed (Hulbert and Fitzroy, 2004). NIM (net interest margin) is investigation on income make through markup (interest) operations (Hoggarth, Milne, & Wood, 1998; Angbzo (1997); Abreu & Mendes, (2001); Gul et al., (2011); Khrawish, (2011). Net Profit Margin by Kaushik and Lopez (1996); Staikouras and Wood (2004), Deger and Adem, (2011), Samina and Ayub, (2013) together with European Central Bank (2010). Likewise, Economic value added defines profitability in terms of return on capital (Agrawal, 2070). EVA by Garrison at. al. (2012). Cash flow statement by Kaplan and Atkinson (2005). Nonperforming loan ratios are the best proxies for asset quality (Sangmi and Nazir, 2010). This section presents the measurements that were used to operationalize the study variables Management Accounting Systems towards subjective measures of financial performance.

Return on Assets

$$\frac{\text{Net Profit}}{\text{Total Assets}} \times 100$$

Return on Equity

$$\frac{\text{Net Profit}}{\text{Total Equity}} \times 100$$

Net Interest Margin

$$\frac{\text{Net Interest Income}}{\text{Total Earning Assets}} \times 100$$

Asset quality

$$\frac{\text{Non-Performing Assets}}{\text{Total Loan}} \times 100$$

Liquidity (LIQ)

$$\frac{\text{Liquid Assets}}{\text{Total Assets}} \times 100$$

Deposit Ratio (DR)

$$\frac{\text{Total Deposit}}{\text{Total Assets}} \times 100$$

Funding Cost Ratio (FCR)

$$\frac{\text{Interest Expenses}}{\text{Total Deposit}} \times 100$$

Return on Capital employed

$$\frac{\text{Net Profit After Tax}}{\text{Capital Employed}} \times 100$$

Return on Investment

$$\frac{\text{Net Profit After Tax}}{\text{Total Investment}} \times 100$$

Earnings per Share

$$\frac{\text{Net Profit After Tax - Preference Dividend}}{\text{No. of Equity Share}} \times 100$$

Cash Flow Statement Analysis

i. Cash Flow from Operating Activities (CFOA)

ii. Cash Flow from Investing Activities (CFIA)

iii. Cash Flow from Financing Activities (CFFA)

Strategic management tools that affects the financial performance of a bank

The independent variables in this study are the Management Accounting Systems and Strategic Management once dependent variable is Strategic Management and independent variable is management accounting system. Similarly, the dependent variables were selected based on various studies by Thune and house (1970), Eastlack and MCdonald(1970) , Ansoff et. al. (1971), Herold (1972), Rue and Fulmer (1973), Karger and Malik (1975), Sheehan (1975), Schoeffler et.al (1975) Wood and Laforge (1979), Rhyne (1986), and Pearce et.al (1987). They are mainly used the dependent variables as Return on Investment (ROI), Return on Net worth (RON), Earning per share growth (EPS growth), Sale growth and market share. Likewise, in this research, all these variables were included. This section presents the measurements that were used to operationalize the study variables Strategic Management towards subjective measures of financial performance.

Annual Rate of Percentage Change (ARPC) of Net Worth

$$\frac{\text{Current Year Net Worth - Previous Year Net Worth}}{\text{Previous Year Net Worth}} \times 100$$

ARPC of Borrowing

$$\frac{\text{Current Year Borrowing - Previous Year Borrowing}}{\text{Previous Year Borrowing}} \times 100$$

ARPC of Deposits

$$\frac{\text{Current Year Deposits - Previous Year Deposits}}{\text{Previous Year Deposits}} \times 100$$

ARPC of Total Assets

$$\frac{\text{Current Year Total Assets - Previous Year Total Assets}}{\text{Previous Year Total Assets}} \times 100$$

ARPC of Total investment

$$\frac{\text{Current Year investment - Previous Year investment}}{\text{Previous Year investment}} \times 100$$

ARPC of Loan and Advance

$$\frac{\text{Current Year Loan and Advance- Previous Year Loan and Advance}}{\text{Previous Year Loan and Advance}} \times 100$$

ARPC of Total Revenues

$$\frac{\text{Current Year Total Revenues - Previous Year Total Revenues}}{\text{Previous Year Total Revenues}} \times 100$$

ARPC of Net Profit

$$\frac{\text{Current Year Net Profit - Previous Year Net Profit}}{\text{Previous Year Net Profit}} \times 100$$

ARPC of Employee numbers

$$\frac{\text{Current Year Employee numbers - Previous Year Employee numbers}}{\text{Previous Year Employee numbers}} \times 100$$

Return on Revenue (ROR)

$$\frac{\text{Net Profit After Tax}}{\text{Total Revenue}} \times 100$$

Return on Net worth (RON)

$$\frac{\text{Net Profit After Tax}}{\text{Net Worth}} \times 100$$

Return on Investment (ROI)

$$\frac{\text{Net Profit After Tax}}{\text{Total Investment}} \times 100$$

Asset Turnover Ratio (ATR)

$$\frac{\text{Total Sales}}{\text{Total Assets}}$$

Employee Productivity (EP)

$$\frac{\text{Total Sales}}{\text{Number of Employees}} \times 100$$

Earning per Share (EPS)

$$\frac{\text{Net Profit After Tax - Preference Dividend}}{\text{No. of Equity Share}} \times 100$$

Market Value per Share (MVPS)

Market value of shares

3.9.3 Tools and Techniques of Analyses for Comparing Secondary and Primary Data Variables

Management accounting system and organizational strategy influence over the financial performance of a bank

In testing and understanding of influence of management accounting system and OS over the financial performance of a bank, ROA and ROE has been considered. In lined with suggestion in previous literatures like Ongore and Kusa (2013); Trujillo-Ponce, (2012); Davydenko, (2011); Sehrish et al.,(2011); Oladele et al (2012); Rasiah,(2010); Alexiou and Sofoklis, (2009); Garcia–Herrero et al.,(2009); Sufian and Chong (2008); Bennaceur and Goaied (2008); Kosmidou (2008) and Athanasoglou et al.(2008), Riaz and Mehar (2013), Khrawish (2011); Kaplan and Atkinson,2005 and (Sinkey and Joseph, 1992) Return on Assets (ROA) and Return on Equity (ROE) has been considered for the understanding of financial performance of the bank.

So, the following regression model has been considered for testing influence of management accounting system and organizational strategy over ROE and ROA.

A. Model: Management Accounting System over Return on Equity

In estimating the influence of Management Accounting System over Return on Equity, the equation model used the dummy variable of the management accounting system. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards utilization of management accounting system in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by management accounting system over financial performance that is ROE. The following linear regression equation is formulated $Y_i = \alpha + \beta D_1 + u_{i.}$

Where,

Y_i = Return on Equity (ROE)

D_1 = 0 when strongly disagree or disagree and 1 when strongly agree or agree towards utilization of management accounting system in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect is as follows:

$Y_i = \alpha + \beta D_1 + u_i$

B. Model: Organizational Strategy (OS) over Return on Equity

In estimating the influence of Organizational Strategy (OS) over Return on Equity, the equation model used the dummy variable of the organizational strategy. 0 (zero) value when strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of organizational strategy in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by organizational strategy over financial performance that is ROE. The following linear regression equation is formulated $Y_i = \alpha + \beta D_1 + u_{i.}$

Where,

Y_i = Return on Equity (ROE)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of organizational strategy in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect is as follows:

$Y_i = \alpha + \beta D_1 + u_i$

C. Model: Combined Management Accounting System with Organizational Strategy (OS) over Return on Equity

In estimating the influence of combined management accounting system with Organizational Strategy (OS) over Return on Equity, the equation model used the dummy variable of the management accounting system and organizational strategy. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of management accounting system with organizational strategy in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by application of management accounting system with organizational strategy over financial performance that is ROE. The following linear regression equation with two dummies, and formulated as $Y_i = \alpha + \beta D_1 + \beta D_2 + u_i$.

Where,

Y_i = Return on Equity (ROE)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of management accounting system in respected banks

D_2 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of organizational strategy in respected banks

α = Constant

$\boldsymbol{\beta_1}$=Beta Value (slope of first dummy)

$\boldsymbol{\beta_2}$=Beta Value (slope of second dummy)

u_i = Error Term

The estimate equation with respect is as follows:

$$Y_i = \alpha + \beta_1 D_1 + \beta_2 D_2 + u_i$$

D. Model: Management Accounting System over Return on Assets

In estimating the influence of Management Accounting System over Return on Assets, the equation model used the dummy variable of the management accounting system . 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards utilization of management accounting system in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by management accounting system over financial performance that is ROE. The following linear regression equation is formulated $Y_i = \alpha + \beta D_1 + u_i$.

Where,

Y_i = Return on Assets (ROA)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of management accounting system in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect is as follows:

Y_i=α + βD_1+u_i

E. Model: Organizational Strategy (OS) over Return on Assets

In estimating the influence of Organizational Strategy (OS) over Return on Assets, the equation model used the dummy variable of the organizational strategy. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of organizational strategy in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by organizational strategy over financial performance that is ROE. The following linear regression equation is formulated Y_i=α + βD_1+$u_{i.}$

Where,

Y_i = Return on Assests (ROA)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of organizational strategy in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect is as follows:

Y_i=α + βD_1+u_i

F. Model: Combined Management Accounting System with Organizational Strategy (OS) over Return on Assets

In estimating the influence of combined management accounting system with Organizational Strategy (OS) over Return on Assets, the equation model used the dummy variable of the management accounting system and organizational strategy. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of management accounting system with organizational strategy in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there are any differences created by application of management accounting system with organizational strategy over financial performance that is ROA. The following linear regression equation with two dummies, and formulated as $Y_i=\alpha + \beta D_1+ \beta D_2+u_{i.}$

Where,

Y_i = Return on Assets (ROA)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of management accounting system in respected banks

D_2 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of organizational strategy in respected banks

α = Constant

$\boldsymbol{\beta_1}$=Beta Value (slope of first dummy)

$\boldsymbol{\beta_2}$=Beta Value (slope of second dummy)

u_i = Error Term

The estimate equation with respect is as follows:

$$Y_i=\alpha + \beta_1 D_1+ \beta_2 D_2+u_i$$

Period of the Study

Secondary data analysis was done for a 10-year period covering 2003/04 to 2012/13.

CHAPTER IV

MANAGEMENT ACCOUNTING SYSTEM, ORGANIZATIONAL STRATEGY AND PERFORMANCE IN NEPALESE COMMERCIAL BANKS: DESCRIPTIVE RESULTS

4.1 Introduction

This chapter presents the detail data analysis of the questionnaire survey and the interview followed by interpretation of all findings. The chapter is divided into eight sections and consist of Characteristics of respondents, Normality Test, Descriptive statistics, Exploratory Factor Analysis, Exploring the relationships between the variables, Exploring the impact of variables on Organizational Performance, Role and significance of management accounting system tools in Nepalese Commercial Banks, Management Accounting and Financial Performance and Strategic Management and Performance in Commercial banks of Nepal.

4.2 Characteristics of Respondents

Characteristics of employees:

There were total 507 nos. of respondents in employee's sample. Out of the total sample, 313 nos. respondents comprised of males 61.7% and females of 194 nos. 38.3%. Out of total 507 nos. of respondents, 275 nos. (54.2%) were under the age-group of 18-30 years, 217 (42.8%) were under the age group of 31-50 years and 15 nos. (3%) were in the group of 51 years and above.

At the time of study, the respondents were working in the following banks viz., Himalayan Bank Limited 65 nos. (12.8%), NABIL Bank 62 nos. (12.2%), Nepal Bank Limited 118 nos. (23.3%), Nepal Investment Bank Ltd. 80 nos. (15.8%), Rastriya Banijya Bank 119 nos. (23.5%) and Standard Chartered Bank 63 nos. (12.4%). Similarly, the respondent employees were working in different departments namely, Account Department 25 nos. (4.9%), Credit Department 112 nos. (22.1%), Treasury Management 18 nos. (3.6%), Administration Department 22 nos. (4.3%) and Others 330 nos. (65.1%). Out of the 507 respondents, 183 nos. (36.1%) were working in

Assistant level, 225 nos. (44.4%) were working in Middle Level Employees, and 99 nos. (19.5%) were working in Top Level Managers.

Table 4.1

Employees' demographic characteristics in detail

Sl. No.	***Attributes***	***Sub Attributes***	***Numbers (N)***	***Percentage (%)***
1	Gender	Male	313	61.7
		Female	194	38.3
2	Age Group	18-30	275	54.2
		31-50	217	42.8
		51 and above	15	3
3	Presently Working Bank	HBL	65	12.8
		NABIL	62	12.2
		NBL	118	23.3
		NIBL	80	15.8
		RBB	119	23.5
		SCB	63	12.4
4	Presently Working Departments	Account Department	25	4.9
		Credit Department	112	22.1
		Treasury Management	18	3.6
		Administration Department	22	4.3
		Other	330	65.1
5	Position	Assistant level	183	36.1
		Middle Level Employees	225	44.4
		Top Level Managers	99	19.5
6	Year of experience	01-4 years	186	36.69
		5-8 years	188	0.37
		9-12 years	92	18.15
		13-16 years	20	3.94
		17- above years	21	4.14
7	Bank Training Exposure	National	466	91.9
		International	11	2.2
		None	30	5.9
N=507				

Source : Survey, 2015

Similarly, the employees have varying working experience. Out of the total respondents, 186 nos. (36.69%) were 01 to 4 years of experience, 188 nos. (0.37%) of 5 to 8 years, 92 nos. (18.15%) of 9 to12 years, 20 nos. (3.94%) of 13 to16 years, 21 nos. (4.14%) of 17 years and above. These employees also have a different level of banking training exposure viz., 466 nos. (91.9%) have National Level banking training whereas, only 11 nos. (5.9%) of international level banking training and the rest of 30nos. (5.9%) do not have any banking related training. Table 4.1 shows the employee demographic characteristics in detail.

Characteristics of banks' customers

There were total of 392 respondents in customer's sample. Out of the total sample, 224 nos. (57.1%) of respondents were male and 168 nos. (42.9%) females. Likewise, there were 226 nos. (57.7%) of respondents under the age-group of 18 to 30 years, 149 (38%) were under the age group of 31 to 50 years and 17 nos. (4.3%) were in the group of 51 years and above. Majority of the respondents falls within the category of +2 or bachelor's level with 236 nos. (60.2 %), master's level educational status with 112 nos. (28.2 %), 30 nos. (7.7%) in SLC and below and 14 nos. (3.6%) in M. Phil. level.

Table 4.2

Demographic characteristics of customer respondents

Sl. No.	*Attributes*	*Sub Attributes*	*Numbers (N)*	*Percentage (%)*
1	Gender	Male	224	57.1
		Female	168	42.9
2	Age Group	18-30	226	57.7
		31-50	149	38
		51 and above	17	4.3
3	Education Level	SLC or Below	30	7.7
		+2 or Bachelor	236	60.2
		Post Graduate	112	28.6
		M.Phil/ PhD	14	3.6
4	Banks	Standard Chartered	60	15.3
		Himalayan Bank	60	15.3
		Nepal Investment bank	63	16.1
		Nepal Bank	75	19.1
		RastriyaBanijya	55	14.0
		Nabil Bank	79	20.2
5	Banking transaction frequency	Daily	16	4.1
		Weekly	145	37.0
		Monthly	181	46.2
		Other	50	12.8

N= 392

Source: Survey, 2015

At the time of study, the respondents were banking with the following banks viz., Himalayan Bank Limited 60 nos. (15.3%), NABIL Bank 79 nos. (20.2%), Nepal Bank Limited 75 nos. (19.1%), Nepal Investment Bank Ltd. 63 nos. (16.1%), Rastriya Banijya Bank 55 nos. (14%) and Standard Chartered Bank 60 nos. (15.3%). Similarly, the customers have varying banking transaction frequency. Out of the total respondents, mostly have monthly transaction with 181 nos. (46.2%), 145 nos. (37%) had weekly transactions, 16 nos. (4.1%) had daily transactions and 50 nos. (12.8%) had a mixed transaction. Table 4.2 shows the customers demographic characteristics in detail.

Management representatives

Fifty (50) nos. of higher level management representatives were pooled from six banks for the study of Management Accounting Techniques. Table 4.3 shows the sample descriptive.

Table 4.3

Demographic characteristics of Management Representative

Sl. No.	***Attributes***	***Sub Attributes***	***Numbers (N)***	***Percentage (%)***
1	Gender	Male	48	96.0
		Female	2	4.0
2	Age Group	41-50	2	4.0
		51-above	48	96.0
3	Education Level	Post Graduate	48	96.0
		M.Phil/ PhD	2	4.0
4	Working Banks	Nepal Bank	6	12.0
		Rastriya Banijya	9	18.0
		Nepal Investment bank	8	16.0
		Standard Chartered	8	16.0
		Nabil Bank	8	16.0
		Himalayan Bank	11	22.0
5	Experience	1-5	1	2.0
		6-11	23	46.0
		12-18	19	38.0
		19 and above	7	14.0
6	Position	CEO	1	2.0
		Top level officers	49	98.0

N= 50

Out of the total respondents, 48 nos. (96%) of the respondents were male and 2 nos. (4%) were female. There were 48 nos. (96%) are under the age-group of 51 years and above and 2 nos. (4%) were under the age group of 41-50 years. Majority of the respondents falls within the category of Master's level with 48 nos. (96 %) representations, 2 nos. (4%) in M. Phil/PhD level.

At the time of study, the respondents working banks were Himalayan Bank Limited 11 nos. (22%), NABIL Bank 8 nos. (16%), Nepal Bank Limited 6 nos. (12%), Nepal Investment Bank Ltd. 8 nos. (16%), Rastriya Banijya Bank 9 nos. (18%) and Standard Chartered Bank 8 nos. (16%). Similarly, the management representatives have varying working experience. Out of the total respondents, 23 nos. (38%) were 6-11 years of experience, 19 nos. (38%) of 12-18 years, 7 nos. (14%) of 19 years and 1 no. (2%) of 1-5 years. Out of the total management representatives, 49 nos. (98%) were the top level officers and only 1 no. (2%) was CEO of the banks.

4.3 Normality Test

The normality test of data of four dimensions of variable has been done with the Kolmogorov-Smirnov Test. The result of one sample Kolmogorov-Smirnov Test is significant in all of the variables' data. Kolmogorov-Smirnov Test statistics in detail is place in table no 4.4 to table 4.7.

Table 4.4

Test for Normality of Management Accounting System data

Kolmogorov-Smirnov Test					
	BP	CR	DM	CS	PE
N	507	507	507	507	507
Test Statistic	.086	.065	.082	.070	.073
Asymp. Sig. (2-tailed)	$.000^{c}$	$.000^{c}$	$.000^{c}$	$.000^{c}$	$.000^{c}$
c. Lilliefors Significance Correction.					

Budgeting and Planning (BP), Controlling and Reporting (CR), Decision Making (DM), Costing System (CS), Performance Evaluation (PE)

Table 4.5

Test for Normality of Organizational Strategy data

Kolmogorov-Smirnov Test						
	SS	IS	RMS	LS	SQS	TMS
N	507	507	507	507	507	507
Test Statistic	.081	.073	.081	.090	.096	.085
Asymp. Sig. (2-tailed)	$.000^{c}$	$.000^{c}$	$.000^{c}$	$.000^{c}$	$.000^{c}$	$.000^{c}$
c. Lilliefors Significance Correction.						

Segmentation Strategy (SS), Innovation Strategy (IS), Resources Mobilization Strategy (RMS), Lending Strategy (LS), Service Quality Strategy (SQS), Treasury Management Strategy (TMS)

Table 4.6

Test for Normality of Organizational Performance data

Kolmogorov-Smirnov Test						
	PQ1	PQ2	PQ3	PQ4	PQ5	PQ6
N	507	507	507	507	507	507
Test Statistic	.284	.277	.251	.237	.250	.228
Asymp. Sig. (2-tailed)	.000[c]	.000[c]	.000[c]	.000[c]	.000[c]	.000[c]
c. Lilliefors Significance Correction.						

Table 4.7

Test for Normality of Customer Satisfaction

Kolmogorov-Smirnov Test					
	T	E	RE	A	RL
N	392	392	392	392	392
Test Statistic	.139	.100	.111	.140	.104
Asymp. Sig. (2-tailed)	.000[c]	.000[c]	.000[c]	.000[c]	.000[c]

c. Lilliefors Significance, Correction. Tangibility (T), Empathy (E), Responsive (RE), Assurance (A), Reliability (RL)

4.4 Descriptive Statistics of Management Accounting Systems

This section describes the perceptions of employees regarding Management Accounting Systems practice in their respective banks. The dimensions presented here is the dimension of manifest variables viz., *Budgeting and Planning, Controlling and Reporting, Decision Making System, Costing System and Performance Evaluation.*

4.4.1 Overall Management Accounting System Practice in Commercial Banks

Table 4.8, presents 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 3.75 (SD=0.681) and the lowest mean was 3.53 (SD=0.586) 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. To test the significant difference from the mean score, the p value of all opinion statements resulted in 0.001(<0.01), which indicates that all the statements are significant variables.

Table 4.8

Respondents' view on Management Accounting System in commercial banks

Variables of Management Accounting System	N	Mean	Std. Deviation	Test Value = 3.00 t value	p value	Remarks
Budgeting and Planning	507	3.755	.681	24.947	0.001	Significant
Controlling and Reporting	507	3.595	.593	22.583	0.001	Significant
Decision Making System	507	3.601	.568	23.793	0.001	Significant
Costing System	507	3.532	.587	20.406	0.001	Significant
Performance Evaluation	507	3.561	.614	20.553	0.001	Significant

Budgeting and planning practice in commercial banks

The results show that grand mean of respondents regarding different opinion statements is 3.755(SD=.681). It falls under agreed band and mean of almost all the opinion statement is greater than test value. That means all statements are important variables. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the statements are significant variables. If the manager makes plan about the sources & uses of money, additional cash borrowing necessities, the budgeting and planning system become more effective for management accounting system found to be with the highest mean score 3.94(SD=.958). Hence, the commercial banks of Nepal prepared with the good plan and source & uses of money for effective management accounting system. Despite of this, the relationship between top managers and workers was found with the lowest mean score of 3.49 (SD=0.964). However, it has been significant factors; it is also least important contributing factors to management accounting system according the result outcomes. Table 4.9 puts details of Budgeting and Planning practices dimensions.

Table 4.9

Respondents' view on Budgeting and Planning practices in commercial banks

			Test Value = 3.00			
Opinion Statements	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Remarks
Assignment of Policy & responsibility	3.7909	.926	19.233	506	.001	Significant
Increase efficiency & reduce uncertainty	3.7732	.950	18.321	506	.001	Significant
Save and preserve business resource	3.6844	.855	18.034	506	.001	Significant
Relationship between managers & workers	3.4911	.965	11.466	506	.001	Significant
Control tools for administration & written communication	3.6824	.930	16.519	506	.001	Significant
Sources & Uses of money	3.9448	.958	22.204	506	.001	Significant
Implementation of plan & strategy	3.9152	.969	21.261	506	.001	Significant
N= 507						

Controlling and reportingpractice in commercial banks

The results show that grand mean of respondents regarding different opinion statements is 3.59 (SD=.593). It falls under agreed band and mean of almost all the statement is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the opinion statements are significant variables. If the manager makes plan about the detect & correct irregularities become more effective for controlling and reporting was found to be with highest mean score of 3.805 (SD=.919). Hence, the commercial banks of Nepal detect & correct irregularities for effective management accounting system. Moreover, the measuring performance against target was found to be the lowest mean score of 3.50 (SD=.854). However, it has been significant variable; it is also least important contributing factor to management accounting system. Table 4.10 puts details of Controlling and Reporting practices dimensions.

Table 4.10

Respondents' view on Controlling and Reporting practices in commercial banks

			Test Value = 3.00			
Opinion Statements	**Mean**	**Std. Deviation**	**T**	**df**	**Sig. (2-tailed)**	**Remarks**
Detect & correct irregularities	3.805	.919	19.710	506	.001	Significant
Rules and regulation are prepared & followed	3.665	.874	17.114	506	.001	Significant
Effective feedback, monitoring and supervision	3.639	.879	16.370	506	.001	Significant
Define authority and responsibility	3.611	.887	15.515	506	.001	Significant
Measure performance against target	3.503	.854	13.266	506	.001	Significant
Review periodic reports on progress	3.505	.821	13.855	506	.001	Significant
Follow benchmarking and seek best solution	3.509	.872	13.141	506	.001	Significant
Apply responsibility centers for better performance	3.523	.948	12.418	506	.001	Significant
N= 507						

Decision Making System in commercial banks

The output results show that grand mean of respondents regarding decision making on different statements is 3.601(SD=.5684). It falls under agreed band and mean of almost all the statement is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the opinion statements are significant variables. If the manager makes good decision that increases market share, productivity and profit was found to be highest mean score 3.923(SD=.9283). However, commercial bank of Nepal makes right decision for effective management accounting system. The participation in decision making on merger and acquisition was found to be the lowest mean score 3.197 (SD=1.102). However, it has been significant factor, it is found to be least important contributing factors to management accounting system. Table 4.11 puts details of Decision Making System practices dimensions.

Table 4.11

Respondents' view on Decision Making System practices in commercial banks

Opinion Statements	Mean	Std. Deviation	Test Value = 3.00 T	df	Sig. (2-tailed)	Remarks
Cost information for pricing	3.448	.816	12.347	506	.001	Significant
Investment decision through NPV&PI	3.503	.869	13.021	506	.001	Significant
EPS & Net profit used for capital structure decision	3.521	.842	13.929	506	.001	Significant
Customer profitability analysis	3.527	.922	12.857	506	.001	Significant
Product profitability decision based on benefit cost analysis.	3.598	.896	15.024	506	.001	Significant
Break Even analysis for launching a new product	3.613	.894	15.453	506	.001	Significant
Participation in decision making	3.197	1.102	4.031	506	.001	Significant
Retention of quality customers	3.842	.959	19.774	506	.001	Significant
Apply effective strategies	3.789	.896	19.822	506	.001	Significant
Decision increases market share, productivity and profit	3.923	.928	22.391	506	.001	Significant
Financial resources and marketing Decision	3.651	.840	17.443	506	.001	Significant
Drop or continue decision	3.596	.911	14.720	506	.001	Significant
N= 507						

Costing System practice in commercial banks

The results show that grand mean of respondents regarding costing system on different opinion statements is 3.532(SD=.587). It falls under agreed band and mean of almost all the opinion statement is greater than test value. That indicates all statements are important variables. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the opinion statements are significant factors. If the manager reduces cost in functional areas i.e. production, operational, finance, marketing and research and development were found to be highest mean score 3.617 (SD=.817). Hence, the commercial bank of Nepal reduces cost on functional areas for effective management accounting system. The Kaizen costing used for cost reduction and continuous improvement was found to be the lowest mean score 3.351(SD=.895). However, it has been significant factors, it is also least important contributing factors to management accounting system. Table 4.12 puts details of Costing System practices dimensions.

Table 4.12

Respondents' view on Costing System practices in commercial banks

Opinion Statements	Mean	Std. Deviation	Test Value = 3.00 T	df	Sig. (2-tailed)	Remarks
Segmentation of costs	3.582	.8117	16.141	506	.001	Significant
Reduction in cost on functional areas	3.617	.817	17.014	506	.001	Significant
Application of activity based management	3.525	.849	13.920	506	.001	Significant
Target costing used for improvement and cost reduction	3.615	.873	15.865	506	.001	Significant
Kaizen costing used for cost reduction and continuous improvement	3.351	.895	8.831	506	.001	Significant
Apply business process re-engineering	3.548	.888	13.894	506	.001	Significant
Apply standard costing system	3.499	.927	12.122	506	.001	Significant
Cost information to develop competitive strategies	3.539	.850	14.256	506	.001	Significant
Cost information for product pricing and reimbursement	3.509	.876	13.073	506	.001	Significant
N= 507						

Performance Evaluation practices in commercial banks

The results show that grand mean of respondents regarding performance evaluation on different statements is 3.561(SD=.614). It falls under agreed band and mean of almost all the statement is greater than test value. To test the significant difference from the mean score, the p value of all opinion statement comes out to be 0.001(<0.01), which indicates that all the statements are significant variables. Uses of financial statement analysis for strength and weakness were found to be highest mean score 3.81(SD=.908). Hence, every commercial bank of Nepal should make the financial statement analysis properly for effective management accounting system and the Customer satisfaction survey that was found to be the lowest mean score 3.359(SD=1.020). However, it has been significant variable, it is the least important contributing factors to management accounting system. Table 4.13 puts details of Costing System practices dimensions.

Table 4.13

Respondents' view on Performance Evaluation practices in commercial banks

Opinion Statements	Mean	Std. Deviation	Test Value = 3.00 t	df	Sig. (2-tailed)	Remarks
Customer satisfaction survey	3.359	1.020	7.923	506	.001	Significant
Benchmarking for servicequality	3.436	.962	10.198	506	.001	Significant
Financial statement analysis for strength and weakness	3.813	.908	20.151	506	.001	Significant
Variance analysis	3.700	.907	17.379	506	.001	Significant
Residual income, ROI, ROA, ROE used for performance	3.596	.885	15.159	506	.001	Significant
Cash flow analysis	3.420	.921	10.267	506	.001	Significant
Employees attitude and behavior	3.438	.918	10.735	506	.001	Significant
Balance score card	3.558	.906	13.878	506	.001	Significant
Financial reporting system	3.728	.924	17.727	506	.001	Significant
N= 507						

4.5 Overall Organizational Strategy Practice in Commercial Banks

Table 4.14 shows the results, that grand mean of respondents regarding performance evaluation on different statements is 3.56. It indicates that the respondents were agreed on almost all the opinion statements is greater than test value. That means all statements are important factors.To test the significant difference from the mean score, the p value of all opinion statement was 0.001(<0.01), which indicates that all the statements are significant variables. The individual mean score of the variables of organizational strategy resulted in following Segmentation Strategy =3.55 (SD=0.584); Innovation Strategy =3.60 (SD=0.619); Resources Mobilization Strategy =3.68 (SD=0.686); Lending Strategy =4.00 (SD=0.746); Service quality and Delivery Strategy =3.78 (SD=0.655); and Treasury Management Strategy =3.81(SD=0.658). The result shows the lending strategy with the highest mean indicating wholesome agreement of the lending strategy implementation by the commercial banks. Whereas, the lowest dealt was segmentation strategy.

Table 4.14

Respondents' view on Organizational Strategy in commercial banks

Variables of Strategy	N	Mean	Std. Deviation	Test Value = 3.00 t value	p value	Remarks
Segmentation	507	3.553	.584	21.311	0.001	Significant
Innovation	507	3.609	.619	22.125	0.001	Significant
Resources Mobilization	507	3.686	.686	22.517	0.001	Significant
Lending	507	4.00	.746	30.192	0.001	Significant
Service quality and Delivery	507	3.785	.655	26.974	0.001	Significant
Treasury Management	507	3.817	.658	27.953	0.001	Significant

Segmentation strategy practices in commercial banks

Table 4.15 shows that grand mean of respondents regarding segmentation strategy on different statements is 3.55 (SD=.584). It falls under agreed band and mean of almost all the opinion statements is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the statements are significant factors. The managers focused on manufacturing and trading sector industries as it can be interpreted with the highest mean score 3.665 (SD=.901).

Table 4.15

Respondents' view on Segmentation Strategy in commercial banks

Opinion Statements	Mean	Std. Deviation	Test Value = 3.00 T	df	Sig. (2-tailed)	Remarks
Concentration on niche product	3.361	.950	8.552	506	.001	Significant
Segmentation identifies market opportunities	3.611	.867	15.877	506	.001	Significant
Adopt the changing business situation	3.651	.866	16.930	506	.001	Significant
Service sector investment	3.550	.848	14.620	506	.001	Significant
Focused group on income level	3.602	.882	15.360	506	.001	Significant
Focused on manufacturing and trading sector industries	3.665	.901	16.607	506	.001	Significant
Segmentation based on geographic region	3.430	.962	10.064	506	.001	Significant
N= 507						

However, these commercial banks of Nepal make the financial statement analysis properly for effective strategic management and the Segmentation based on geographic region which was found to be the lowest mean score 3.430 (SD=.962). However, despite of being significant factors; the mean score indicates as the least important contributing factors to segmentation strategy. That leads to proper performance of the selected organizations. Table 4.15 puts details of Segmentation Strategy practices dimensions.

Innovation strategy practices in commercial banks

Table 4.16 shows that the highest grand mean of respondents regarding innovation strategy is 3.609 (SD=.619). It falls under agreed band and mean of almost all the opinion statements is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the opinion statements are significant factors. However, each statement is significant indicating all variables are important factors for Innovation Strategy practices.

Table 4.16

Respondents' view on Innovation Strategy in commercial banks

		Std.	Test Value = 3.00			
Opinion Statements	Mean	Deviation	T	Df	Sig. (2-tailed)	Remarks
First to develop new product	3.499	.977	11.504	506	.001	Significant
Innovation reduced cost of production	3.464	.889	11.737	506	.001	Significant
Launch research and development activities	3.393	.931	9.490	506	.001	Significant
Gain competitive advantages and growth	3.744	.931	17.982	506	.001	Significant
Technological superiority than others	3.692	.829	18.797	506	.001	Significant
Creation of inclusive and diverse banking products	3.613	.894	15.453	506	.001	Significant
Increase value, reduce cost and increase productivity through innovation	3.728	.876	18.704	506	.001	Significant
Satisfy unmet customer needs through innovation	3.736	.912	18.170	506	.001	Significant
N= 507						

The manager uses innovation for gain competitive advantages and growth were found to be highest mean score 3.744 (SD=.931). Hence, these commercial banks of Nepal make use of the innovation for achieving advantage and growth for effective strategic management. The launch research and development activities which was found to be the lowest mean score 3.393 (SD=.931). Despite of being significant factor, it seems to be least important contributing factors to strategic management. Table 4.16 puts details of Innovation Strategy practices dimensions.

Resources Mobilization Strategy in commercial banks

Table 4.17 shows that the highest grand mean of respondents regarding resource mobilization strategy is 3.68 (SD=.686). It falls under agreed band and the mean of almost all the opinion statements is greater than test value. To test the significant difference from the mean score, the p value of all opinion statement comes out to be 0.001(<0.01), which indicates that all the statements are significant variables. Manager uses innovation for recruitment and selection of competent staffs was found to be highest mean score of 3.779 (SD=.870). Commercial banks of Nepal also make the innovation for achieve advantage and growth properly for effective strategic management and the accumulation and allocation of resources that was found to be the lowest mean score 3.608(SD=.914). Despite of being significant variables, it is also least important contributing factors to Resources Mobilization Strategy thus to strategic management. Table 4.17 puts details of resource mobilization practices dimensions.

Table 4.17

Respondents' view on Resources Mobilization Strategy in commercial banks

			Test Value = 3.00			
Opinion Statements	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Remarks
Management of different resources	3.740	.877	18.979	506	.001	Significant
Utilization of equipment, services and facilities	3.700	.918	17.174	506	.001	Significant
Accumulation and allocation of resources	3.608	.914	14.963	506	.001	Significant
Recruitment and selection of competent staffs	3.779	.870	20.157	506	.001	Significant
Adequately and timely available of resources for implementation of strategies	3.619	.871	16.018	506	.001	Significant
Sound information system	3.669	.931	16.176	506	.001	Significant
N= 507						

Lending Strategy in commercial banks

Table 4.18 shows that the highest grand mean of respondents regarding lending strategy is 4.000 (SD=.746). It falls under agreed band and mean of almost all the opinion statement is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the statements are significant factors. Managers applies credit policies for follow up directives of NRB which was found to be highest mean score 4.093 (SD=.962). This indicates commercial bank of Nepal makes the lending strategy for achieving competitive advantage and effective lending strategy, thus contributing to strategic management. Likewise, the credit policy and procedure before making loan was found to be the lowest mean score of 3.905 (SD=.906). It indicates towards lowest mean and lowest contributor, despite being the significant factor. Table 4.18 puts details of Lending Strategy practices dimensions.

Table 4.18

Respondents' view on Lending Strategy in commercial banks

			Test Value = 3.00			
Opinion Statements	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Remarks
Credit policy and procedure before making loan	3.905	.906	22.497	506	.001	Significant
Visit business sites of customers	4.035	.917	25.329	506	.001	Significant
Loan decision made by loan committee with terms and condition	4.039	.895	26.154	506	.001	Significant
Evaluation of borrowers creditworthiness	3.978	.946	23.287	506	.001	Significant
Follow up directives of NRB	4.093	.962	25.566	506	.001	Significant
Analysis of financial statement for loan decision	4.014	.933	24.455	506	.001	Significant
Follow and monitor of loan customers frequently	3.939	.923	22.903	506	.001	Significant
N= 507						

Service Quality and Delivery Strategy in commercial banks

The mean output results in Table 4.19 shows the highest grand mean of respondents regarding service quality and delivery strategy is 3.78 (SD=.655). It falls under agreed band and mean of almost all the statement is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the statements are significant factors. However, each statement is significant that means they all are important variables of service quality and delivery strategy, hence contributing for strategic management. Respondent's opinion of recent technology that helps them to provide faster reliable and better services found to be highest mean score 3.907 (SD=.903). Hence, these commercial banks of Nepal make use of the technology foreffective service quality and delivery strategy. Likewise, the appearance of physical facilities was found to be the lowest mean score of 3.684 (SD=.921). Despite of being significant variables contributor, it has lowest importance in contributing variables to Service Quality and Delivery Strategy practices, henceforth to strategic management. That leads to performance of the selected organizations. Table 4.19 puts details of Service Quality and Delivery Strategy practices dimensions.

Table 4.19

Respondents' view on Service Quality and Delivery Strategy in commercial banks

			Test Value = 3.00			
Opinion Statements	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Remarks
Accurately and dependably with flexible operating hours	3.801	.879	20.515	506	.001	Significant
Knowledge and courtesy of employees towards customers	3.724	.847	19.234	506	.001	Significant
Appearance of physical facilities	3.684	.921	16.727	506	.001	Significant
Services quality facilitates growth of business	3.793	.955	18.699	506	.001	Significant
Recent technology helps to provide faster reliable and better services	3.907	.903	22.623	506	.001	Significant
Responsiveness that builds confidence of customers	3.826	.890	20.910	506	.001	Significant
Customer relation and retention	3.763	.814	21.104	506	.001	Significant
Timely address of customers request rapidly and reliably	3.781	.876	20.066	506	.001	Significant

N= 507

Treasury management strategy in commercial banks

The mean output results in Table 4.20 shows the highest grand mean of respondents regarding Treasury Management Strategyis 3.817 (SD=.658). It falls under agreed band and mean of almost all the opinion statements are greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be0.001(<0.01), which indicates that all the opinion statements are significant variables. However, each statement is significantly contributing towards understanding treasury management strategy of these banks.

Table 4.20

Respondents' view on Treasury Management Strategy in commercial banks

			Test Value = 3.00			
Opinion Statements	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Remarks
Treasury management reduce financial and liquidity risks	3.812	.891	20.483	506	.000	Significant
Managing cash limits and cash flow properly along with foreign exchange	3.860	.897	21.589	506	.000	Significant
Proper liquidity management	3.803	.887	20.374	506	.000	Significant
Mobilize fund in short term investment	3.825	.897	20.689	506	.000	Significant
Avoid insolvency and increase in collection rates	3.868	.862	22.664	506	.000	Significant
Systematic cash management	3.825	.866	21.439	506	.000	Significant
Help to predict unseen and emergency cash requirement	3.819	.917	20.103	506	.000	Significant
Matching of maturity between assets and liabilities	3.813	.886	20.652	506	.000	Significant
Cash management through reserve, sell of quick assets and commercial papers	3.730	.930	17.662	506	.000	Significant
N= 507						

The respondents opinion on avoiding insolvency and increase in collection rates was found to be highest mean score of 3.86 (SD=.862). This indicates that the practice of these banks are towards avoiding insolvency and focused on collection rates. Likewise, the opinion statement which indicates the cash management through reserve, sell of quick assets and commercial papers was found to be the lowest mean score of 3.730(SD=.930). It can be interpreted that these banks were stroking less focuses or emphasizes on cash management through reserve or sell of quick assets and commercial papers. Notwithstanding with its importance, the opinion statement shows a least mean value. However, t-test indicates this variable a significant variable. That leads to overall contribution towards treasury management strategy of these banks and significantly contributing towards overall organizational strategic management. Table 4.20 puts details of Treasury Management Strategy practices dimensions of these commercial banks.

4.6 Organizational Performance of the Commercial Banks

The output result of mean which is show in Table 4.21 indicates the highest grand mean of respondents regarding Performance to 3.730 (SD=0.626). It can be interpreted as under agreed band and the mean of almost all the opinion statement is greater than test value. To test the significant difference from the mean score, the p value of all opinion statement comes out to be 0.001(<0.01), which indicates that all the statements are significant variables. Collective performance consisted of different components such as profitability, productivity, effective decision making, strong financial position service delivery and quality, exploitation of new business opportunities, customer satisfaction, achieve competitive advantage etc. The result showed that the overall status was satisfactory with majority agreeableness to the extent of organizational performance.

Table 4.21

Respondents' view on Performance in commercial banks

Dependent Variable	N	Mean	Std. Deviation	Test Value = 3.00		
				t value	p value	Remarks
Performance	507	3.730	.626	26.23	0.001	Significant

Similarly, the performance of the organization i.e. improves profitability, market share and productivity were found to be highest mean score 3.832 (SD=.796). Indicating the commercial bank of Nepal is improving profitability, market share and productivity for the achievement of overall objectives. The adaptability, service delivery and quality found to be the lowest mean score of 3.627(SD=.887). Despite of being a significant variable and a significant t-value, the mean value indicates it as least important contributing factors to achieve the performance of the organization. Overall, the scores indicated relatively satisfactory situation with the mean value of 3.627 to 3.832. Table 4.22 puts details of Performance dimensions.

Table 4.22

Respondents' view on Performance in commercial banks

Performance Opinion statements	Mean	Std. Deviation	Test Value = 3.00			
			t	df	Sig. (2-tailed)	Remarks
Improve profitability, market share and productivity	3.832	.796	23.54	506	.001	Significant
Effective decision making, good management system and organizational structure	3.771	.817	21.26	506	.001	Significant
Efficiency effectiveness and strong financial position	3.781	.867	20.28	506	.001	Significant
Adaptability, service delivery and quality	3.627	.887	15.91	506	.001	Significant
Exploitation of new opportunities and expanding market	3.696	.873	17.97	506	.001	Significant
Non-economic performance	3.669	.924	16.29	506	.001	Significant
N= 507						

4.7 Total Service Quality in Commercial Banks

This section presents the dimension of the total service quality of these commercial banks. The total service quality of the banking service was perceived by the customers in 5 manifest variables viz., empathy, assurance, reliability, responsiveness and tangibility.

The total mean value of the factors of the total service quality (empathy, assurance, reliability, responsiveness and tangibility) was 3.39 (SD=0.602) and it seems to be agreeableness that customer satisfaction is moderate. It is significant at 1% level of significance.

Similarly, the dimensions of the overall service quality have the following mean value; Tangibility 3.61 (SD=.744), Empathy 3.38 (SD=.745), Responsiveness 3.41 (SD=.722), Assurance 3.10 (SD=.910), and Reliability 3.47 (SD=.729). This results indicates in moderately agreeableness to the quality dimensions. Table 4.23 puts light on detail of quality dimensions of these banks.

Table 4.23

Respondents' view on Total Service quality and Overall Satisfaction of commercial banks

Variables	N	Mean	Std. Deviation	Test Value=3		
				t value	p value	Remarks
Tangibility	392	3.618	.745	16.431	.001	Significant
Empathy	392	3.380	.746	10.091	.001	Significant
Responsiveness	392	3.416	.723	11.388	.001	Significant
Assurance	392	3.101	.911	2.191	.029	Significant
Reliability	392	3.476	.729	12.928	.001	Significant
Total Service quality	392	3.398	.602	13.099	.001	Significant

4.7.1 Overall Customers' Satisfaction Towards Service Quality un Commercial Banks

This section presents the dimension of the overall customers' satisfaction towards total service quality of the commercial banks in Nepal. The overall customers' satisfaction was measured with one opinion statement. The mean overall customers' satisfaction is 3.55 (SD=0.897), which shows a moderate agreeableness towards satisfaction. However, the result shows that the satisfaction level of the customers is a concern; they do not perceive that they are highly satisfied towards the service quality of these banks.

Table 4.24

Respondents' view on Overall Customer Satisfaction towards total service quality of commercial banks

Opinion Statement	Mean	Std. Deviation	Test-Value =3			
			t	df	Sig. (2-tailed)	Remarks
Customer satisfaction towards service quality	3.554	.897	12.213	391	0.001	Significant

Table 4.24, presents the detail of Overall Customer Satisfaction towards total service quality of commercial banks. The value of mean for overall satisfaction indicates a moderate agreeableness towards satisfaction. However, the value is significant at 1% level.

Perception of customers towards total service quality dimensions of commercial banks

This section presents the individual dimensions of the total service quality of these commercial banks. The result is presented according to the dimensions of the total banks' service quality towards its customers.

Perception of customers towards tangibility

Table 4.25 shows that the highest grand mean of respondents regarding tangibility towards service quality is 3.618 (SD=.745). It falls under agreed band and mean of almost all the statement is greater than test value. That means all statements are important variables. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the statements are significant variables.

Table 4.25

Respondents' view on Tangibility on total service quality of commercial banks

Opinion Statement	Mean	Std. Deviation	Test-Value =3			
			t	df	Sig. (2-tailed)	Remarks
Good physical features and modern looking equipment.	3.548	.934	11.627	391	0.001	Significant
Reception desk employees are neat appearing.	3.643	.918	13.854	391	0.001	Significant
Technologically advanced services	3.663	.983	13.364	391	0.001	Significant
N= 392						

Within the dimension of tangibility, the opinion statement of technologically advanced services was found to be highest mean score 3.663 (SD=.983). Hence, it can be interpreted that these commercial banks of Nepal make limited use of the advance service technology to achieve competitive advantage and increase level of service quality of these banks. Similarly, the opinion on good physical features and modern looking equipment's was found to be the lowest mean score of 3.548(SD=.934). It can be interpreted that the banks are still not able to address this issue in its fullest capability. Despite of this scenario, it has contributed to overall satisfaction of customers towards the tangibility dimension. Table 4.25 puts details of tangibility dimensions.

Perception of customers towards empathy

Table 4.26 shows that the highest grand mean of respondents regarding empathy towards service quality is 3.380 (SD=.746). It falls under agreed band and mean of almost all the statement is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the statements are significant variables.

The perception of the customers towards employees' courteously was found to be highest mean score 3.469 (SD=.864). It shows that the banks' employees are far behind in creating public relation with their customer. It is also seen that employees gives lesser personal attention to their customers as it has a mean score of 3.207(SD=1.115).It seems these commercial bank of Nepal are lacking in giving proper empathy towards their customers. Despite of being the important of empathy towards keeping high satisfaction of the customers towards bank, the figure indicatives are not encouraging. Table 4.26 puts details of empathy dimensions.

Table 4.26

Respondents' view on Empathy on total service quality of commercial banks

Opinion Statement	Mean	SD	Test-Value =3			
			t	df	Sig. (2-tailed)	Remarks
Employees behavior instills confidence	3.464	.892	10.299	391	0.001	Significant
Employees show courteous	3.469	.864	10.761	391	0.001	Significant
Employees give personal attention.	3.207	1.115	3.669	391	0.001	Significant
Behave like coherent family and caring customers	3.362	.844	8.497	391	0.001	Significant
N= 392						

Perception of customers towards responsiveness

Table 4.27 put light on the perception of customers towards responsiveness of the commercial banks. The results indicate that the highest grand mean of respondents regarding **responsiveness** towards service quality is 3.416 (SD=.723). It falls under agreed band and mean of almost all the statement is greater than test value. That means all statements are important variables. To test the significant difference from the mean score, the p value of all opinion statement comes out to be 0.001(<0.01), which indicates that all the opinion statements are significant variables.

When the mean scores are explored, it seems at very remorseful state. It seems that these commercial banks are less responsive towards their customers. It is revealed from all of the score which ranges from 3.4 to 3.3 to the opinion statement. In reconnoitering the opinion statement of responsiveness towards customers such as prompt, accuracy and service quality was found to be the highest mean score 3.474 (SD=1.008), which is minimal range of acceptableness. Likewise, opinion on business of employees to respond to the customers has the lowest mean score of 3.3 (SD=0.993), which indicate the poor state of the banking employees towards their behavior aspect that should be towards the customers. The philosophy of customers' is kings is doubtable in this scenario. Table 4.27 puts details of responsiveness dimensions.

Table 4.27

Respondents' view on Responsiveness on total service quality of commercial banks

Opinion Statement	Mean	Std. Deviation	Test-Value =3			
			t	df	Sig. (2-tailed)	Remarks
Sincere interest in solving problem	3.451	.934	9.572	391	0.001	Significant
Prompt, accuracy and service quality	3.474	1.008	9.314	391	0.001	Significant
Never busy to respond customers' request	3.355	.993	7.069	391	0.001	Significant
Convenient operating hours	3.383	.981	7.720	391	0.001	Significant
N= 392						

Perception of customers towards assurance

As the output result of mean and t-value are presented in Table 4.28, it indicates the highest grand mean of respondents regarding assurance towards service quality is 3.101 (SD=.911). It falls under repentant state of the banking services assurance towards its customers. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), 0.025 (0.05) and 0.037 (0.05), which indicates that all the statements are significant variables in a range of 0.01 to 0.05.

The mean values of different opinion statement range from 3.6 to 3.0, which also show a remorseful situation over the assurance part of service quality in these commercial banks in Nepal. On the part of having knowledge to answer the customers' queries was found to be the highest mean score 3.607 (SD=.967). Hence, it can be interpreted of the goodness of assurance facility toward customers in knowledge sharing only. The selection of bank based on interest on deposit was found to be the lowest mean score 3.094 (SD=1.058). Similarly, selection of bank based on fees and interest on borrowed loan was found to be the lowest mean score 3.107 (SD=1.013). However, it has been significantly contributing to the assurance part of the total service quality of the commercial banks in Nepal. Table 4.28 puts details of Assurance dimensions.

Table 4.28

Respondents' view on Assurance on total service quality of commercial banks

Opinion Statements	Mean	Std. Deviation	Test-Value =3			
			t	df	Sig. (2-tailed)	Remarks
Having knowledge to answer	3.607	.967	12.433	391	0.001	Significant
Selection of bank based on interest on deposit.	3.094	1.058	1.767	391	0.028	Significant
Selection of bank based on fees and interest on borrowed loan.	3.107	1.013	2.093	391	0.037	Significant
N= 392						

Perception of customers towards reliability

As the output result of mean and t-value are presented in Table 4.29, it indicates the highest grand mean of respondents regarding reliable service towards the customer is 3.476 (SD=.729). It falls under agreed band and mean of almost all the statement is greater than test value. To test the significant difference from the mean score, the p value of all statement comes out to be 0.001(<0.01), which indicates that all the statements are significant variables.

The opinion statement of the banks informs new or important banking information to the customers has the highest mean score 3.602 (SD=.997). Hence, indicates the customers are getting reliable information on their part. Similarly, the customers feel proud of being the client of these banks, which was found to be the lowest mean score 3.421 (SD=1.008). It can be interpreted as the moderately influential to the customer's perception on belongingness. Table 4.29 puts details of Reliability dimensions.

Table 4.29

Respondents' view on Reliability on total service quality of commercial banks

Opinion Statement	Mean	Std. Deviation	Test-Value =3			
			t	df	Sig. (2-tailed)	Remarks
Being a customer for a long time to come	3.408	.949	8.50	391	0.001	Significant
Encourage friends and relatives to use the service of bank	3.439	1.071	8.11	391	0.001	Significant
Feel proud as its client	3.421	1.008	8.265	391	0.001	Significant
Provide enough safety and confidence in service	3.513	.893	11.36	391	0.001	Significant
Informs about new or important banking information	3.602	.997	11.93	391	0.001	Significant
N= 392						

4.8 Role and Significance of Management Accounting Systemin Nepalese Commercial Banks

Areas of strength in application of management accounting system in commercial banks in Nepal

This section presents the rating of strength of the commercial banks in Nepal. It was explored with perception of the sampled employee of these banks. The exploration was based on the fourteen (14) preset strength. The findings are ranked in their mean score along with the significance level of 0.05.The determination of the strength that majorly perceived by the employees has considered on the Mean factor which would be statistically significant at Mean Test Value=3, 95% C.I. Similarly, the ranking was done with the highest to lowest scores in a distribution.

The Reliability analysis was done for the presented strength questionnaire construction consistency of responses to items. TheCronbach's alpha coefficient comes to α = (0.901) on item 14 and N=507, which is higher than 0.5. The tools representing the highest ranks with significant p value are considered up separately and presented for maybe knowing the range would help on understanding the perception of employee on strength. The strength was determined according to the finding placed in table 4.30. The results indicateStrong financial position(*3.79,* *SD=0.87, t=20.51, 506; p=.001*)as the topmost strength of these commercial banks. Similarly, the other strengths are ranked in following modus: Profitability (3.72, SD=0.83, t=19.67, 506;p=.001); Stable/ Expanding Market (3.69, SD=0.84, t=18.57, 506; p=.001); Market shares (3.64, SD=0.88, t=16.43,506; p=.001) and Organizational structure (3.62, SD=0.84, t=16.70, 506; p=.001) at the top five ranking. Furthermore, Disciplined/trouble free labor (3.49, SD=0.85, t=13.01,506; p=.001); Promotional pattern (3.39, SD=0.96, t=9.15, 506; p=.001); and Research and development (3.30, SD=0.99, t=6.72, 506; p=.001) are at the bottom ranking.

Table 4.30

Rating of strength of the commercial banks in Nepal

Area of Strength	N	Mean	SD	Test Value = 3			Rank
				t	df	Sig. (2-tailed)	
Strong financial position	507	3.79	0.87	20.51	506	.001	***1***
Profitability	507	3.72	0.83	19.67	506	.001	***2***
Stable/Expanding Market	507	3.69	0.84	18.57	506	.001	***3***
Market shares	507	3.64	0.88	16.43	506	.001	***4***
Organizational structure	507	3.62	0.84	16.70	506	.001	***5***
Service delivery and Quality	507	3.61	0.84	16.14	506	.001	***6***
Management	507	3.60	0.87	15.46	506	.001	***7***
Technological Efficiency	507	3.59	0.85	15.45	506	.001	***8***
Adaptability	507	3.54	0.81	14.97	506	.001	***9***
Price advantage	507	3.54	0.87	14.04	506	.001	***10***
Technical Personnel	507	3.54	0.87	14.02	506	.001	***11***
Disciplined/trouble free labor	507	3.49	0.85	13.01	506	.001	***12***
Promotional pattern	507	3.39	0.96	9.15	506	.001	***13***
Research and development	507	3.30	0.99	6.72	506	.001	***14***

Role of management accounting system in formulating and implementing the organizational strategy

This section presents the role of Management Accounting System in formulating and implementing the organizational strategy in commercial banks in Nepal. It was explored with perception of the sampled employee of these banks. The exploration was based on the six (06) preset dimension of Organizational Strategy. The findings are ranked in their mean score along with the significance level of 0.05. The determination of the strength that majorly perceived by the employees has considered on the Mean factor which would be statistically significant at Mean Test Value=3, 95% C.I. Similarly, the ranking was done with the highest to lowest scores in a distribution.

The reliability analysis was done for the presented strength questionnaire construction consistency of responses to items. The Cronbach's alpha coefficient comes to α = (0.817) on item 6 and N=507, which is higher than 0.5. As it can be derived from Table 4.31, the results indicated the role of management accounting system in formulating and implementing the organizational strategy of these commercial banks. The dimensions representing the highest ranks with significant p value are considered up separately and presented for maybe knowing the range would help on understanding the perception of employee in the role of Management Accounting System in formulating and implementing the organizational strategy in commercial banks in Nepal.

The dimensions were determined according to the finding are placed in table 4.31. The results indicate the Lending Strategy (*3.91, SD=0.74, t=27.63, 506; p=.001*)as the topmost organizational strategy that has been highly supported by management accounting system in these commercial banks. Similarly, the Service Quality(3.78, SD=0.79, t=22.08, 506; p=.001); and Innovation (3.64, SD=0.80, t=18.15, 506; p=.001) are at the bottommost of the ranking.

Table 4.31

Rating of role of management accounting system in formulating and implementing the organizational Strategy

Organizational Strategy dimensions	N	Mean	SD	Test Value = 3		
				t	df	Sig. (2-tailed)
Lending	507	3.91	0.74	27.63	506	.001
Treasury management	507	3.90	0.77	26.32	506	.001
Resource mobilization	507	3.80	0.80	22.35	506	.001
Segmentation	507	3.78	0.72	24.24	506	.001
Service Quality	507	3.78	0.79	22.08	506	.001
Innovation	507	3.64	0.80	18.15	506	.001

Supporting role of management accounting system on organizational performance through applying organizational strategy

In previous section, it is significantly comprehended the role of management accounting system in formulating and implementing the organizational Strategy. Further, this section presents the supporting role of management accounting system on Organizational Performance through applying Organizational Strategy in commercial banks in Nepal. It was explored with perception of the sampled employee of these banks. The exploration was based on the six (06) preset dimension of Organizational Strategy. The findings are ranked in their mean score along with the significance level of 0.05. The determination of the strength that majorly perceived by the employees has considered on the Mean factor which would be statistically significant at Mean Test Value=3, 95% C.I. Similarly, the ranking was done with the highest to lowest scores in a distribution.

The Reliability analysis was done for the presented strength questionnaire construction consistency of responses to items. The Cronbach's alpha coefficient comes to α = (0.839) on item 6 and N=507, which is higher than 0.5. As it can be derived from table 4.32, the results indicated the supporting role of management accounting system on Organizational Performance through applying Organizational Strategy in commercial banks in Nepal. The dimensions representing the highest ranks with significant p value are considered up separately and presented for maybe knowing the range would help on understanding the perception of employee in supporting role of management accounting system on Organizational Performance through applying Organizational Strategy in commercial banks in Nepal.

The dimensions were determined according to the finding are placed in table 4.32. The results indicate the Lending Strategy (*3.99, SD=0.79, t=27.993, 506; p=.001*) as the topmost has been highly supported by management accounting system towards organizational strategy that in vis-à-vis supports organizational performance in these commercial banks. Similarly, Segmentation (3.81, SD=0.735, t=24.813, 506; p=.001) ranked bottommost position.

Table 4. 32

Rating of supporting role of Management Accounting System on Organizational Performance through applying Organizational Strategy

Organizational Strategy dimensions	N	Mean	SD	Test Value = 3		
				t	df	Sig. (2-tailed)
Lending	507	3.99	.796	27.993	506	.001
Treasury management	507	3.97	.813	26.977	506	.001
Service Quality	507	3.94	.821	25.847	506	.001
Resource mobilization	507	3.91	.788	26.194	506	.001
Innovation	507	3.87	.799	24.766	506	.001
Segmentation	507	3.81	.735	24.813	506	.001

4.9 Ranking of Significance of Management Accounting System Tools

This part of study has an outlook on the perception of top management of commercial banks towards how they perceive the importance of Management Accounting System Tools in their banking system. So, in this section it is attempted to explore the significance regarding Management Accounting System Tools in Commercial Banks. These management representative perceive the importance of the management accounting system tools in their respective banks. The exploration is based on the twenty-three (23) preset management accounting system tools. It is ranked in their mean score. The determination of the tools that majorly perceived important by the management representative has considered on the Mean factor which would be statistically significant at Mean Test Value=2, 95% C.I, that means the management accounting systemtools are significant signified the perception and have a greater impact at their management accounting system. Similarly, recalling the ranking was done with the highest to lowest scores in a distribution.

The reliability analysis was done for the present tools questionnaire construction consistency of responses to items. The Cronbach's alpha coefficient comes to α = (0.865) on item 23 and N=50, which is higher than 0.5. As it can be derived from table 4.33, the results indicated the importance of management accounting system tools significant. The tools representing the highest ranks with significant p value are considered up separately and presented for maybe knowing the range would help on understanding the perception of management representative on management accounting system tools. The detail is presented in table 4.33. After arranging data, the determined values in higher side are: *Budgetary control (2.80, SD=.495, t=11.431, 49, p=.001); Ratio Analysis (2.80, SD=.452, t=12.522, 49, p=.001); Cash flow statement analysis (2.74, SD=.527, t=9.925, 49, p=.001); CVP Analysis (2.60, SD=.639, t=6.641, 49, p=.001); and SWOT Analysis (2.46, SD=.613, t=5.305, 49, p=.001).*Therefore, Budgetary control, Cash flow statement analysis, CVP Analysis, Variance analysis, Competitors Analysis, Inter firm comparison, Total Quality Management and Process Reengineering are important management accounting system tools. This is aligned with the following studies Yesmin and Hossan(2011), Garrison and Noreen,(2004), Kaplan and Atkinson, (2001), Maheshwari, (1989),Horngren ,et al,.(2003) Chakraborty,(1977) and Weygandt et.al.,(2007) in which budgetary control, variance analysis,CVP analysis, fund flow analysis, cash flow analysis, activity based costing, TQM, TOC, business process reengineering, kaizen costing, segment reporting ,responsibility accounting, standard costing, target costing, balance scorecard ,inter firm comparison, JIT ,bench marking, variable and absorption costing, competitions analysis, opportunity costing, SWOT analysis and ratio analysis tools are outlined.

Table 4.33

Descriptive statistics of ranking of significance management accounting system tools

				Test Value = 2		
Tools	N	Mean	SD	t	df	Sig. (2-tailed)
Budgetary control	50	2.80	.495	11.431	49	.001
Ratio Analysis	50	2.80	.452	12.522	49	.001
Cash flow statement analysis	50	2.74	.527	9.925	49	.001
CVP Analysis	50	2.60	.639	6.641	49	.001
SWOT Analysis	50	2.46	.613	5.305	49	.001
Variance analysis	50	2.42	.673	4.414	49	.001
Competitors Analysis	50	2.40	.670	4.221	49	.001
Inter firm comparison	50	2.34	.688	3.492	49	.001
Total Quality Management	50	2.30	.678	3.130	49	.003
Process Reengineering	50	2.30	.763	2.782	49	.008
Responsibility accounting	50	2.12	.689	1.231	49	.224
Kaizen costing	50	2.10	.707	1.000	49	.322
Standard costing	50	1.94	.682	-.622	49	.537
Activity based costing	50	1.86	.639	-1.549	49	.128
Segment Reporting	50	1.86	.783	-1.265	49	.212
Target costing	50	1.84	.710	-1.593	49	.118
Opportunity costing	50	1.82	.629	-2.024	49	.058
Attribute costing	50	1.74	.664	-2.768	49	.068
Just in Time(JIT)	50	1.64	.598	-4.257	49	.501
Life cycle costing	50	1.62	.667	-4.030	49	.541
Balance score card	50	1.60	.606	-4.667	49	.674
Variable &absorption costing	50	1.60	.639	-4.427	49	.567
Theory of Constraints(TOC)	50	1.60	.639	-4.427	49	.534

4.10 Ranking of Currently Using Management Accounting System Tools

Getting a more refined depiction, the uses of management accounting system tools are also explored. While, exploring the combination of preset twenty-three (23) set of management accounting system tools, the management representatives had emphasized on five (5) set of management accounting system tools as significantly used in their respective banks. It is ranked in their mean score. The determination of the tools that majorly used by the banks presently has considered on the Mean factor which would be statistically significant at Mean Test Value=2, 95% C.I, that means the management accounting system tools are used in the banks. This part of study has an outlook on the use of management accounting system tools in commercial banks in Nepal. Similarly, recalling the **ranking** was done with the highest to lowest scores in a distribution with significantly t-value. After arranging data, the following management accounting system tools are used in these commercial banks of Nepal: Budgetary control(2.70, SD=.462, t=10.693, 49, p=.001), Cash flow statement analysis (2.70, SD=.505, t=9.800, 49, p=.001), Ratio Analysis (2.60, SD=.534, t=7.937, 49, p=.001), Variance analysis (2.56, SD=.501t=7.897, 49, p=.001) and CVP Analysis(2.54, SD=.503, t=7.584, 49, p=.001).The detail scores are presented in table 4.34.

Therefore, budgetary control, Cash flow statement analysis, Ratio Analysis, Variance analysis and CVP Analysis are the management accounting system tools that are currently used by these commercial banks of Nepal. This is aligned with the following studies Yesmin and Hossan(2011), Garrison and Noreen,(2004), Kaplan and Atkinson,(2001), Maheshwari, (1989), Horngren ,et al,.(2003), Chakraborty,(1977) and Weygandt et.al.,(2007) in which budgetary control, variance analysis, CVP analysis, fund flow analysis, cash flow analysis, activity based costing, TQM, TOC, business process reengineering, kaizen costing, segment reporting ,responsibility accounting, standard costing, target costing, balance scorecard, inter firm comparison, JIT,bench marking, variable and absorption costing, competitors analysis, opportunity costing, SWOT analysis and ratio analysis tools are outlined.

Table 4.34

Descriptive Statistics of Ranking of currently using managementaccounting systemtools

Management accounting system Tools	N	Mean	SD	Test Value = 2 t	df	Sig. (2-tailed)
Budgetary control	50	2.70	.462	10.693	49	.001
Cash flow statement analysis	50	2.70	.505	9.800	49	.001
Ratio Analysis	50	2.60	.534	7.937	49	.001
Variance analysis	50	2.56	.501	7.897	49	.001
CVP Analysis	50	2.54	.503	7.584	49	.001
Inter firm comparison	50	1.96	.698	-.405	49	.687
SWOT Analysis	50	1.96	.637	-.444	49	.659
Competitors Analysis	50	1.94	.682	-.622	49	.537
Activity based costing	50	1.92	.665	-.850	49	.399
Process Reengineering	50	1.86	.700	-1.414	49	.164
Responsibility accounting	50	1.84	.650	-1.740	49	.088
Kaizen costing	50	1.82	.719	-1.769	49	.083
Opportunity costing	50	1.82	.595	-2.137	49	.760
Total Quality Management	50	1.80	.699	-2.021	49	.879
Segment Reporting	50	1.78	.581	-2.674	49	.101
Target costing	50	1.76	.686	-2.471	49	.170
Balance score card	50	1.76	.716	-2.370	49	.218
Attribute costing	50	1.76	.743	-2.281	49	.569
Standard costing	50	1.72	.640	-3.093	49	.503
Life cycle costing	50	1.62	.696	-3.857	49	.847
Variable & absorption costing	50	1.60	.670	-4.221	49	.463
Theory of Constraints	50	1.56	.643	-4.831	49	.757
Just in Time	50	1.52	.646	-5.250	49	.530

4.11 Exploratory Factor Analysis

This section presents the exploratory factor analysis of four dimensions namely, management accounting system, organizational strategy, organizational performance and the customer satisfaction. The factor analysis according to Walker and Fraser (2005) and substantiated through a study conducted by Sahin (2008) allows the researcher to evaluate whether an item in a given scale measures only that scale, further validating the validity and reliability of the instrument.

In this study, researcher had used four questionnaire instruments designed to measure management accounting systems, organizational strategy, organizational performance and total service quality of the banks.

According to Wright's (1996) study that the sample size required for stable results from factor analysis should be at least four subjects per questionnaire item. Likewise, according to Hair et al., (1998), the sample size should be greater than 100 and the ratio of observations to items should greater than or equal to five. Since the questionnaire used in this survey comprises 45 items, the minimum sample size should be 180. The management accounting system, Organizational Strategy and Organizational Performance have 507 numbers of sample and Customer Satisfaction has 392 numbers of sample. Thus, the ratio of observation is adequate. Hence, marked as adequate sample size, considered appropriate for the factor analysis. Moreover, all items are having normal distributions.

In this study, first of all, the data were assessed to ensure its appropriateness for factor analysis.

4.11.1 Factor Analysis Of Management Accounting System

According to Hair et. al. (1998), the significance of factorability is using the Bartlett test sphericity, and the overall measure of sampling adequacy (MSA) should be greater than 0.50. The factorability of the Management Accounting System items' KMO and Bartlett's Test is presented in Table 4.35.

Table 4.35

Factorability of management accounting system instrument KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.938
Bartlett's Test of Sphericity	Approx. Chi-Square	10241.198
	df	990
	Sig.	.001

Table 4.35, output presents figures relating to the test for sampling adequacy (KMO) and the test of sphericity. KMO statistics is 0.938, which suggests that a factor analysis can be performed with a data set of the number of observations and the variables. A data set where the value of KMO is more than 0.50 is usually considered to be appropriate for conducting factor analysis (Mishra, 2015). Kaisen (1974) recommend 0.5 as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Likewise, the Bartlett's test of sphericity suggests the overall statistical significance of the correlations among the observed variables. The Chi-square value (10241.198, 990) is statistically significance (p=0.001).

Since all items of Management Accounting System possessed good factorability with respect to their correlation matrix, the next stage in data analysis involved the extraction of their factors. A principal component factor analysis with oblique (OBLIMIN) rotation was carried out. This was based on the theoretical assumption that the factors would be correlated to one another. In fact, very few factors will realistically be uncorrelated (Hair et al., 1998). All factors with eigenvalue greater than one were retained and then subjected to factor interpretation.

Table 4.36, summarizes the communalities for all the variables used in the analysis. All the factor opinion statements are extracted with principal Component Analysis method. The extracted communalities are all less that the initial value.

Table 4.36, summarizes the total variance explained by the different factors opinions. It shows all the factors extractable from the analysis along with their eigenvalues, the percentage of variance attributable to each, and the cumulative variance of the factor. The total variance is explained by the five factors. First factor accounted for 31.09%, second for 37.76%, third for 41.519%, forth for 45.16% and fifth for 48.33%. Using Eigenvalues cut-off of 1.0, there were 5 factors that explain cumulative variance of 48.33%. All the remaining factors are not significant. Similarly, the scree plot was plotted which is place in figure 4.1

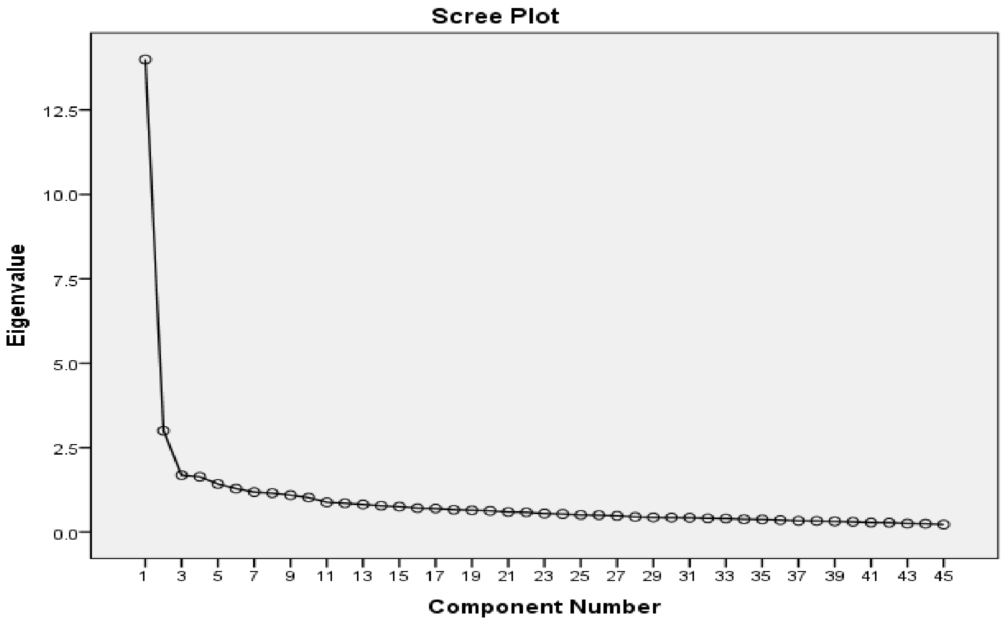

Figure 4.1: Scree Plot for management accounting system

Table 4.36 presents the factor loadings after rotation using a significant factor criterion of cut-off less than value of 0.5. The factor loading value below 0.5 has been suppressed. The rotated component matrix shows the factor loading and each variable loaded strongly on five factors. Each of the factors has been named as Budgeting and Planning, Decision Making and Costing System, Performance Evaluation, Controlling & Reporting and Customer & Market Retention.

Table 4.36:

Factor pattern matrices of the Management Accounting System items

Opinion statements numbers	Opinion Statements	Component					(H²) Communalities
		Factor 1	**Factor 2**	**Factor 3**	**Factor 4**	**Factor 5**	
		DECISIONMAKINGANDCOSTINGSYSTEM	***BUDGETINGANDPLANNING***	***PERFORMANCE EVALUATION***	***CONTROLLINGANDREPORTING***	***CUSTOMER AND MARKET RETENTION***	
Q21	The organization has applied break-even analysis for launching a new product.	0.506					.394
Q26	MAS helps bank management to make inventory, dividend, financing marketing and, outsourcing decision	0.537					.463
Q27	MAS helps bank managers to eliminate products and services that are incurring losses	0.531					.412
Q28	MAS has helped to segregate the total cost in fixed, variable and semi-variable component that leads to reduce the cost and to increase revenue and profit	0.596					.485
Q29	MA helps to reduce cost in areas of product improvement, operation methods, marketing areas, administrative and financial areas.	0.548					.449
Q30	Activity based costing/management technique has helped to identify and eliminate non-value added activities and cost in your organization.	0.534					.411
Q31	Target costing helps to examining a competitors' product in order to identify opportunities for product improvement and cost reduction.	0.517					.423
Q32	Kaizen costing (continuous improvement on process) has helped to reduce the cost of components and products by a pre-specified amount more effectively.	0.608					.479
Q33	Business process re-engineering has improved the key business process in your organization by focusing an simplification, cost reduction, improved quality and enhance customer satisfaction.	0.548					.484
Q34	The organization has adopted and applied standard costing technique in controlling cost i.e. salary, operational, cost and R & D cost.	0.530					.472
Q1	Budgeting develops a sense of responsibility, policy among the employees and assist in assignment of responsibility.		0.729				.624
Q2	Budgeting increases operational efficiency; reduce waste and uncertainty of future.		0.654				.535
Q3	With the installation of budgeting system, employees of the organization become conscious of the needs to conserve business resources.		0.64				.456
Q4	Budget ensures better understanding and harmonious relation between top management managers and workers.		0.603				.503
Q5	Budgeting acts as a control tool for administration and medium of written communication.		0.676				.545

Q6	Budgeting helps to make plan about the sources and uses of money and when and where additional cash borrowing necessary.		0.686				.555
Q7	Planning and budgeting is concerned with the implementation of a plan and strategy for the year ahead.		0.654				.541
Q37	The organization makes customer satisfaction surveys frequently.			0.668			.539
Q38	Bench marking system has been adopted for the quality delivery of services.			0.692			.533
Q39	Balance sheet analysis and income statement are made to measure the performance which help to get information about strengths & weaknesses.			0.553			.602
Q40	Performance evaluation is based on variance analysis between expected and actual.			0.591			.530
Q41	Performance evaluation is made based on Residual income, ROI, Divisional profit, Return on asset, Return on Equity that assesses the organizational performance.			0.555			.479
Q42	Performance evaluation is made based on cash flow analysis.			0.594			.491
Q43	Performance evaluation is made based an employee's attitude/behavior.			0.537			.409
Q44	Performance evaluation is made on the basis of employee turnover, customers' relationship, financial management, Internal efficiency and innovation.			0.555			.474
Q8	Controlling detects and corrects unintentional performance error and intentional irregularities such as theft or misuse of resources, waste, fraud and mismanagement.				0.504		.448
Q10	There are proper and timely feedback, monitoring, supervision systems adopted in your organization that helps to improve & refine the services.				0.514		.519
Q11	The controlling system has properly defined authority & responsibility and evaluates the report.				0.528		.554
Q12	Control system is used to monitor and measure employees' performance against targets (output quality).				0.519		.418
Q13	There is a mechanism of reviewing periodic status reports on department wise progress in achieving corrective actions.				0.602		.461
Q14	Your organization benchmarks competitors' products and seek best solutions.				0.643		.513
Q15	You have managed the responsibility centers like investment, profits, revenue and cost that helps to control its activities that leads to better performance.				0.667		.536
Q23	Good decision has helped to retain the quality customers for long period of time in your organization.					0.550	.581
Q24	Decision making has helped to develop proper and effective corporate, business and functional strategy					0.647	.603
Q25	Good decision has helped to increase market share, productivity and profit					0.615	.591
Eigenvalue		13.993	3.003	1.687	1.640	1.426	
Percentage of Variance		31.09	6.67	3.37	3.64	3.16	
Cumulative Percentage		31.09	37.76	41.51	45.16	48.33	
Cronbach's Alpha		0.862	0.851	0.830	0.802	0.784	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

The reliability of each factor, which concerns with the degree of consistency between multiple measurements of variables, was tested. The reliability coefficient called Cronbach’s alpha used to assess the reliability of the factor. Cronbach's alphas of each factor are 0.862, 0.851, 0.830, 0.802 and 0.784 respectively which are greater than the minimum limit of 0.70 (Hair et at, 2006). Factor one contains ten measured variables including breakeven analysis, inventory and dividend, segregation of cost, reduction in cost in functional areas, activity based costing, target costing,kaizen costing, business process re-engineering and standard costing with factor loading of 0.506, 0.537, 0.531, 0.596, 0.548, 0.534, 0.517, 0.608, 0.548 and 0.530 respectively. Factor two consists of seven measured variables which are assignment of responsibility, operational efficiency and reduce waste, consciousness increase of employees, harmonious relationship, administration and communication, sources and use of money and implementation of plan and strategy. Similarly, factor three incorporates eight measured variables which are customers’ satisfaction survey, benchmarking, balance sheet, income statement, variance analysis, ROA and ROE, cash flow analysis, attitudes of employees and customers’ relationship with factor loading 0.504, 0.514, 0.528, 0.519, 0.602, 0.643, and 0.667 respectively. Factor four contains seven measured variables and factors contain three measures variables which are retention of quality customers, development of strategies and profitability and performance with factors loading 0.505, 0.647 and 0.615 respectively.

Five factors were given the name based on the nature of the constituent items. factors one contains all costs and decision making practices which are related to costing and decision making, so it was named as decision making and costing system. Factor two consists of all budgeting and planning practices, thus it was called budgeting and planning. Most of the items in factor three are concerned with performance measurement analysis, hence factor three was named as performance evaluation. Factor four involves the feedback, supervision and monitoring etc. which are related to controlling system. Consequently, it was named as controlling and reporting. Factors five involves retention, strategy development and performance, so it was named as customer and market retention.

The interrelationship among these five factors was also examined. The factor correlation matrix, which is shown in table 4.37, contains the correlation coefficients among factors (Field, 2000). It is revealed that all of the factors are interrelated to one another. The correlation coefficient of at least 0.336 has been found. Here, it is reasonable to use oblique rotation due to the correlation among factors. This confirms the right decision in using oblique rotation and expected correlation. The result provided by oblique rotation is more meaningful then provided by Varimax rotation for this data that means all are significant at 1%.

Similarly, the new latent factors have the following mean and SDs, presented in table 5.4. Decision Making and Costing System has mean of 3.5598 (SD=0.581), Budgeting and Planning has mean of 3.7546 (SD=0.681), Performance Evaluation, has mean of 3.5399 (SD=0.627), Controlling & Reporting has mean of 3.5850 (SD=0. .597), Customer & Market Retention has mean of 3.8514 (SD=0.775).

Table 4.37

Factor Correlations Matrix of Factor Analysis on Management Accounting System

Factors		CDM	B	P	C	CMR
Decision Making and Costing System	R	1	.540**	.637**	.618**	.594**
	P		.001	.001	.001	.001
Budgeting and Planning	R	.540**	1	.336**	.560**	.514**
	P	.001		.001	.001	.001
Performance Evaluation	R	.637**	.336**	1	.504**	.430**
	P	.001	.001		.001	.001
Controlling & Reporting	R	.618**	.560**	.504**	1	.580**
	P	.001	.001	.001		.001
Customer & Market Retention	R	.594**	.514**	.430**	.580**	1
	P	.001	.001	.001	.001	

**. Correlation is significant at the 0.01 level (2-tailed).Costing and Decision Making (CDM), Budgeting (B), Performance (P), Control (C), Customer and Market Retention (CMR)

Table 4.38

Descriptive Statistics for Management Accounting System

Factors (N=507)	Mean	Std. Deviation
Decision Making and Costing System	3.5598	.581
Budgeting and Planning	3.7546	.681
Budgeting and Planning	3.5399	.627
Controlling & Reporting	3.5850	.597
Customer & Market Retention	3.8514	.775

4.11.2 Factor Analysis of Organizational Strategy

According to Hair et. al. (1998), the significance of factorability is using the Bartlett test Sphericity, and the overall measure of sampling adequacy (MSA) should be greater than 0.50. The factorability of the Strategy items' KMO and Bartlett's Test is presented in Table 4.39.

Table 4.39

Factorability of Organizational Strategy instrument KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.951
Bartlett's Test of Sphericity	Approx. Chi-Square	12612.498
	df	990
	Sig.	.001

Table 4.39, output presents figures relating to the test for sampling adequacy (KMO) and the test of sphericity. KMO statistics is 0.951, which suggests that a factor analysis can be performed with a data set of the number of observations and the variables. A data set where the value of KMO is more than 0.50 is usually considered to be appropriate for conducting factor analysis (Mishra, 2015). Kaisen (1974) recommend 0.5 as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Likewise, the Bartlett's test of sphericity suggests the overall statistical significance of the correlations among the observed variables. The Chi-square value (12612.198, 990) is statistically significance (p=0.001).

Since all items of Organizational Strategy possessed good factorability with respect to their correlation matrix, the next stage in data analysis involved the extraction of their factors. A principal component factor analysis with oblique (OBLIMIN) rotation was carried out. This was based on the theoretical assumption that the factors would be correlated to one another. In fact, very few factors will realistically be uncorrelated (Hair et al., 1998). All factors with eigenvalue greater than one were retained and then subjected to factor interpretation.

Table 4.40, summarizes the communalities for all the variables used in the analysis. All the factor opinion statements are extracted with principal Component Analysis method. The extracted communalities are all less that the initial value.

Table 4.40, summarizes the total variance explained by the different factors opinions. It shows all the factors extractable from the analysis along with their eigenvalues, the percentage of variance attributable to each, and the cumulative variance of the factor. The total variance is explained by the five factors. First factor accounted for 36.409%, second for 42.912%, third for 47.062%, forth for 50.832% and fifth for 53.603%. Using Eigenvalues cut-off of 1.0, there were 5 factors that explain cumulative variance of 53.603%. All the remaining factors are not significant. Similarly, the scree plot was plotted which is place in figure 4.2

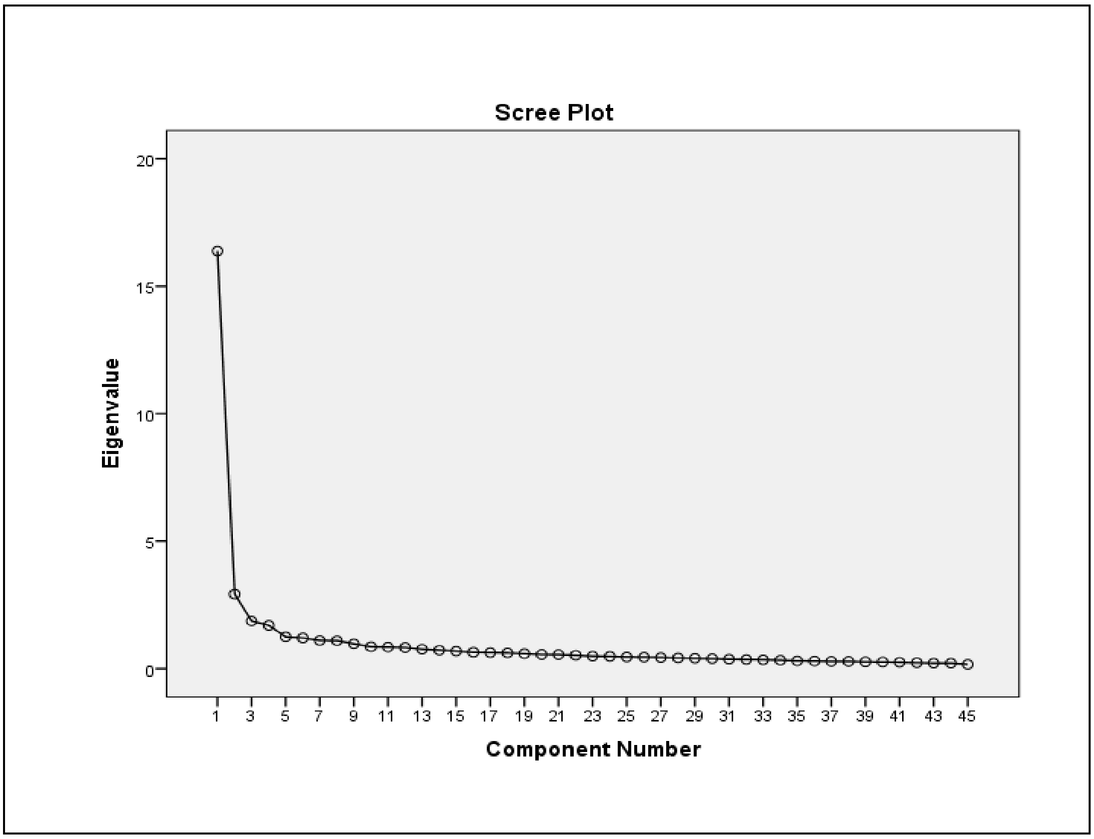

Figure 4.2: Scree Plot for OS

Table 4.40 presents the factor loadings after rotation using a significant factor criterion of cut-off less than value of 0.5. The factor loading value below 0.5 has been suppressed. The rotated component matrix shows the factor loading and each variable loaded strongly on five factors. Each of the factors has been named as *Lending Strategy, Treasury Management Strategy, Resource Mobilization Strategy, Innovation and Service Quality Strategy and Segmentation Strategy.*

Exploratory factors analysis was performance for the 45 items of strategic priorities by using SPSS programme. The factors loading ±0.50 or above are regarded as significant. Prior to conducting factors analysis, the suitability of data was assessed. The correlations among variables presented in the correlation matrix are examined. It was found that many correlation coefficient exceed 0.30, but not higher than 0.90. This means that there are some interrelationships among variables, but no extreme multicollinearity or singularity (Field, 2000).

Five factors were named based a nature of the constitution items. Factors one contains seven measured variables including credit policy, visit business sites, loan made by loan committee, evaluation of creditworthiness, following NRB directives, evaluation of financial statement and monitoring of loan customers frequently with the factors loading of 0.605, 0.650, 0.729, 0.743, 0.752, 0.691 and 0.597 respectively.

The first factors were named as Lending Strategy. Factor two consists of eight measured variables with the highest factors loading of 0.698 and the lowest one is 0.566. The second factor was called Treasury Management Strategy. Factors three incorporates six measured variables with the highest factors loading of 0.783 and lowest factors loading were 0.638. The third factor was named as Resource Mobilization Strategy. Factor four contains eight variables with factors loading ranging between 0.642 and 0.502. It was named as Innovation and Service Quality Strategy. Similarly, the fifth factors incorporate five measured variables with the highest factors loading of 0.707 and lowest one is 0.503. This fifth factor was called Segmentation Strategy.

The reliability of each factor was tested. Cronbach's alpha is 0.910, 0.881, 0.858, 0.840 and 0.701 respectively, which met acceptable reliability levels of 0.70 (Hair et al, 2006).

Table 4.40.

Factor pattern matrices of the Organizational Strategy items

Sl. No.	Opinion Statements	Component: Factor 1 *Lending Strategy*	Factor 2 *Treasury Management Strategy*	Factor 3 *Resource Mobilization Strategy*	Factor 4 *Innovation and Service Quality Strategy*	Factor 5 *Segmentation Strategy*	(H^2) Communalities
Q1	The bank has developed credit policies, procedures and analytical capabilities before making loan.	0.605					0.445
Q2	Authorized staff from credit department of the bank visits business sites of prospective customer.	0.65					0.527
Q3	Loan decision has been made by loan committee after valuation of property, project viability, collecting and verifying documentary proofs of income, residence, age and other information (lending sectors, loan limit).	0.729					0.565
Q4	The bank has made analysis regarding borrower creditworthiness in terms of character, capacity, cash, collateral, condition and insurance.	0.743					0.425
Q5	The bank has followed the directives and rules of Nepal Rastra Bank while making loan.	0.752					0.452
Q6	The bank has made a decision about loan after detailed investigation of financial statements (Income statement, balance sheet, cash flow statement, and different ratios).	0.691					0.607
Q7	The bank has monitored, reviewed and followed the loan customers frequently in terms of risk and has made sufficient loan loss provision for bad and poor loan.	0.597					0.582
Q10	The treasury management can predict the cash requirement and managing the cash limits and cash flow properly including foreign exchange		0.566				0.48
Q11	Liquidity management has helped to invest its fund in securities and other instruments that helped to increase profit and maintain optimum cash level.		0.681				0.616
Q 12	Treasury management helps to mobilize fund in short term investment ie in purchasing currency, securities, government development bond etc.		0.629				0.559

Q 13	Successful treasury management involves not only avoiding insolvency (and therefore bankruptcy), but also increasing collection rates, and selecting appropriate short-term investment in your bank.		0.698				0.579
Q 14	Cash management system is to improve revenue, maximize profits, minimize costs and establish efficient management systems to assist and accelerate growth.		0.605				0.59
Q 15	Treasury management has helped to predict unseen and emergency requirement of cash in your bank.		0.679				0.518
Q 16	The organization has managed the matching of maturity time between assets and liabilities		0.635				0.634
Q 17	In case of shortfall of liquidity, manager can manage cash from cash reserves, resale of quick asset, commercial paper, credit		0.584				0.689
Q 19	The bank has managed financial, technical, human and physical resources as per the need.			0.668			0.588
Q 20	The bank has improved the utilization of available equipment, services, and facilities.			0.757			0.701
Q 21	There is a proper accumulation and allocation of resources.			0.775			0.575
Q 22	The bank has recruited competent staff that helps to achieve objectives.			0.652			0.648
Q 23	Resources are adequately and timely made available for implementing strategies.			0.783			0.708
Q 24	The bank has sound information systems and such Information is accessible to all concerning persons.			0.638			0.689
Q 26	Innovative bank can easily gain competitive advantage, growth, customer's retention.				0.549		0.711
Q 27	The bank has technological superiority than others that helps to sustain in future and has improved online banking systems.				0.556		0.729
Q 28	Bank has focused on creation of more diverse and inclusive banking sectors (like micro loan to poor customers, women, students etc)				0.557		0.641
Q 40	The bank believes in being the first to develop new products in the industry				0.642		0.685
Q 29	The innovation of a new product or technology is as important as their features and could add significant value by way of cost saving, improved productivity and so on in your bank.				0.561		0.607
Q 30	The knowledge and courtesy of employees and their ability to convey trust and confidence in the mind of customers.				0.502		0.61
Q 31	The appearance of physical facilities, equipment, personnel and communication materials that lead customers' attraction and retention.				0.523		0.64
Q 44	The bank retains customer loyalty by providing a good quality personal service across the counter and maintains long term customer relationship.				0.631		0.6
Q 33	The bank concentrates on trying to achieve the best performance in a relatively narrow product-market or niche product					0.503	0.583
Q 34	Segmentation helps to our bank to adapt the changing business situation (culture, customs, income group etc).					0.516	0.593
Q 36	The bank has focused in service sector industries while investing the capital.					0.463	0.65
Q 37	The bank has focused those groups who have lower and medium and higher level of incomes.					0.564	0.655
Q 41	The bank often reacts to product innovations in the industry by offering similar, lower-cost products.					0.707	0.644
Eigenvalue		16.384	2.926	1.868	1.696	1.247	
Percentage of Variance		36.41	6.50	4.15	3.77	2.77	
Cumulative Percentage		36.41	42.91	47.06	50.83	53.60	
Cronbach's Alpha		0.91	0.881	0.858	0.84	0.701	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization

The logical combination of strategic priorities and their interrelationship have been identified at this point. It is revealed that all of the factors are interrelated to one another. The correlation coefficients of at least 0.413 have been found the highest correlation coefficient has been identified 0.698. All coefficients are highly significant at 1% level of significance. The interrelationship among these five factors was also examined. The factors correlation matrix which is shown in table 4.41 Likewise, descriptive statistics for these new variables are shown in table 4.42. Similarly, the new latent factors have the following mean and SDs, presented in table 4.42. Lending Strategy has mean of 3.4266 (SD=0.64431), Treasury Management Strategy has mean of 3.8176 (SD=0.65989), Resource Mobilization Strategy has mean of 3.6857 (SD=0.68572), Innovation and Service Quality Strategy has mean of 3.6824 (SD=0.61569), Segmentation Strategy has mean of 3.5254 (SD=.59872).

Table 4.41.

Factor correlations matrix of factor analysis on organizational strategy

Factors		Lending	Treasury	Resource	Innovation and Service Quality	Segmentation
Lending Strategy	*r*	1	.663**	.413**	.698**	.450**
	p		.001	.001	.001	.001
Treasury Management Strategy	*r*	.663**	1	.413**	.693**	.484**
	p	.001		.001	.001	.001
Resource Mobilization Strategy	*r*	.413**	.413**	1	.524**	.480**
	p	.001	.001		.001	.001
Innovation and Service Quality Strategy	*r*	.698**	.693**	.524**	1	.662**
	p	.001	.001	.001		.001
Segmentation Strategy	*r*	.450**	.484**	.480**	.662**	1
	p	.001	.001	.001	.001	

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

Table 4.42.

Descriptive statistics for strategy

Factors (N=507)	Mean	Std. Deviation
Lending Strategy	3.4266	.64431
Treasury Management Strategy	3.8176	.65989
Resource Mobilization Strategy	3.6857	.68572
Innovation and Service Quality Strategy	3.6824	.61569
Segmentation Strategy	3.5254	.59872

4.11.3 Factor Analysis of Organizational Performance

According to Hair et. al. (1998), the significance of factorability is using the Bartlett test sphericity, and the overall measure of sampling adequacy (MSA) should be greater than 0.50. The factorability of the Performance items' KMO and Bartlett's Test is presented in table 4.43.

Table 4.43.

Factorability of Organizational Performance instrument KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.816
Bartlett's Test of Sphericity	Approx. Chi-Square	1122.936
	df	15
	Sig.	.001

Table 4.43, output presents figures relating to the test for sampling adequacy (KMO) and the test of sphericity. KMO statistics is 0.816, which suggests that a factor analysis can be performed with a data set of the number of observations and the variables. A data set where the value of KMO is more than 0.50 is usually considered to be appropriate for conducting factor analysis (Mishra, 2015). Kaisen (1974) recommend 0.5 as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Likewise, the Bartlett's test of sphericity suggests that, with the overall statistical significance of the correlations among the observed variables. The Chi-square value (1122.936, .001) is statistically significance ($p=0.001$).

Since all items of Performance possessed good factorability with respect to their correlation matrix, the next stage in data analysis involved the extraction of their factors. A principal component factor analysis with oblique (OBLIMIN) rotation was carried out. All factors with eigenvalue greater than one were retained and then subjected to factor interpretation.

Table 4.44, summarizes the communalities for all the variables used in the analysis. All the factor opinion statements are extracted with principal Component Analysis method. The extracted communalities are all less that the initial value.

Table 4.44, summarizes the total variance explained by the different factors opinions. It shows all the factors extractable from the analysis along with their eigenvalues, the percentage of variance attributable to each, and the cumulative variance of the factor. The total variance is explained by the two factors. First factor account for 53.663% and second for 70.88%, Using Eigen values cut-off of 1.0, there were 2 factors that explain cumulative variance of 70.88%. All the remaining factors are not significant. Similarly, the scree plot was plotted which is place in figure 4.3

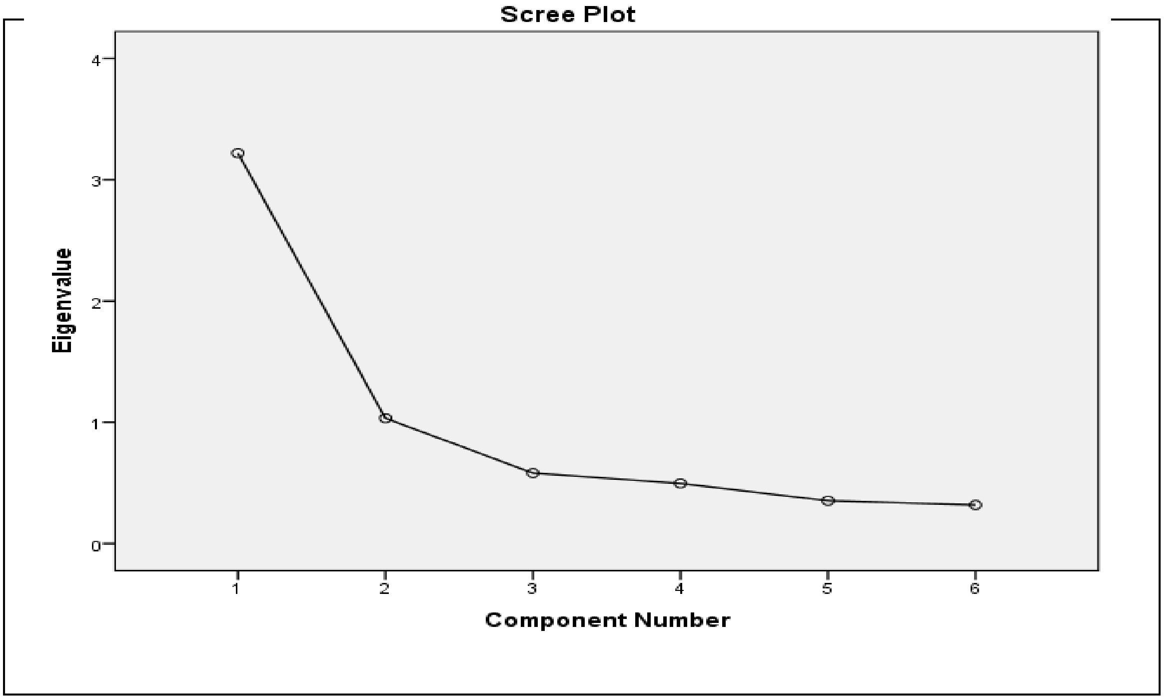

Figure 4.3 : Scree Plot for Performance

Table 4.44 represents the factor loadings after rotation using a significant factor criterion of cut-off less than value of 0.5. The factor loading value below 0.5 has been suppressed. The rotated component matrix shows the factor loading and each variable loaded strongly on two factors. Each of the factors has been named as Internal and External Performance.

Table 4.44.

Factor pattern matrices of the Performance items

Sl. No.	Statement Opinion	Component Factor 1 Internal	Component Factor 2 External	Communalities (H^2)
	Rotated Component Matrix[a]			
Q1	The management accounting systems improves productivity.	0.862		.779
Q2	The management accounting systems speeds decision making.	0.872		.785
Q3	The management accounting systems improves our efficiency and organization's effectiveness.	0.782		.724
Q4	The management accounting system helps to adapt of product/services to new customer needs.		0.751	.644
Q5	The management accounting system helps fast exploitation of new opportunities in the market.		0.713	.637
Q6	MAS provides non-economic information, such as customer preferences, employees attitudes, labour relations, competitive threats etc.		0.826	.685
Eigenvalue		3.220	1.033	
Percentage of Variance		53.663	17.218	
Cumulative Percentage		53.663	70.880	
Cronbach's Alpha		0.842	0.718	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

The reliability of each factor, which concerns with the degree of consistency between multiple measurements of variables, was tested. The reliability coefficient called Cronbach's alpha was used to assess the reliability of factors. Cronbach's alpha of each factor is 0.842 and 0.718 respectively, which are greater than the minimum limit of 0.70 (Hair et. at, 2006). Factor one contains three measured variables including improve profitability & productivity, speeds decision making and efficiency, effectiveness & strong financial position with factors loading of 0.862, 0.872 and 0.782 respectively. Factor two contains satisfaction of customers' needs, exploitation of new opportunities in the market and provides non-economic information (employees' attitude, competitive threats, research and development, stable and expanding market) with factor loading 0.751, 0.713 and 0.826 respectively.

Based on the nature of variation includes in the concern factors, first factors was named internal performance and factors two was named an external performance.

Table 4.45

Factor Correlations Matrix of Factor Analysis on Performance

Factors			External	Internal
	External	*r*	1	.519**
		P		.001
	Internal	*r*	.519**	1
		p	.001	

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

The interrelationships among these two factors were also examined. The factors correlation matrix, which is shown in table 4.45 contains the correlation coefficients among factors (Field, 2000).

It is related that all the factors are interrelated to one another. The correlation coefficient of 0.519 has been found. It was significant at 1% level of significance. A composite measure for each factor was simply calculated by averaging the scores of the variables which have high loading on factors.

Table 4.46.

Descriptive Statistics for Performance

Factors (N=507)	Mean	Std. Deviation
External	3.66	.715
Internal	3.79	.721

Similarly, Descriptive statistics for these new variables are shown in table 4.46. The new latent factors have the following mean and SD, presented in table no. 5.12.External has mean of 3.66 (SD=0.715), and Internal has mean of 3.79 (SD=0.721).

4.11.4 Factor Analysis of Customers' Satisfaction

According to Hair et. al. (1998), the significance of factorability is using the Bartlett test sphericity, and the overall measure of sampling adequacy (MSA) should be greater than 0.50. The factorability of the Customers' Satisfaction items' KMO and Bartlett's Test is presented in Table 4.47

Table 4.47.

Factorability of Customers' Satisfaction instrument KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.929
Bartlett's Test of Sphericity	Approx. Chi-Square	2793.742
	df	171
	Sig.	.001

Table 4.47, output presents figures relating to the test for sampling adequacy (KMO) and the test of sphericity. KMO statistics is 0.929, which suggests that a factor analysis can be performed with a data set of the number of observations and the variables. Likewise, the Bartlett's test of sphericity suggests the overall statistical significance of the correlations among the observed variables. The Chi-square value (2793.742, 171) is statistically significance (p=0.001).

Since all items of Customers' Satisfaction possessed good factorability with respect to their correlation matrix, the next stage in data analysis involved the extraction of their factors. A principal component factor analysis with oblique (OBLIMIN) rotation was carried out. All factors with eigen value greater than one were retained and then subjected to factor interpretation.

Table 4.48, summarizes the communalities for all the variables used in the analysis. All the factor opinion statements are extracted with principal Component Analysis method. The extracted communalities are all less that the initial value.

Table 4.48, summarizes the total variance explained by the different factors opinions. It shows all the factors extractable from the analysis along with their eigen values, the percentage of variance attributable to each, and the cumulative variance of the factor. The total variance is explained by the five factors. First factor account for 38.786%, second for 45.65% and third for 52.09%.Using Eigen values cut-off of 1.0, there were 5 factors that explain cumulative variance of 52.09%. All the remaining factors are not significant. Similarly, the scree plot was plotted which is place in figure 4.4.

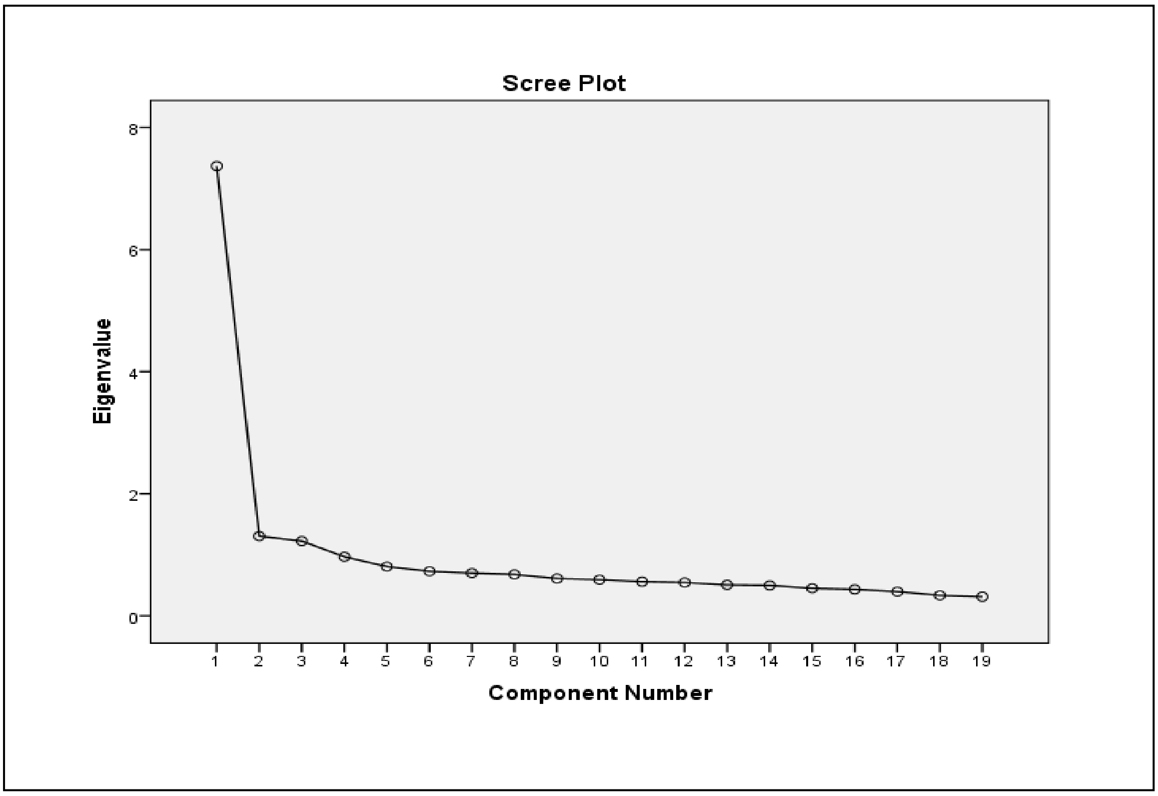

Figure 4.4: Scree Plot for Customer Satisfaction

Table 4.48, presents the factor loadings after rotation using a significant factor criterion of cut-off less than value of 0.5. The factor loading value below 0.5 has been suppressed. The rotated component matrix shows the factor loading and each variable loaded strongly on three factors. Each of the factors has been named as Tangibility & Reliability; Responsiveness & Empathy; and Assurance

Table 4.48.

Factor pattern matrices of the Performance items

Q. no.	Opinion Statement	Component: Factor 1 Tangibility and Reliability	Factor 2 Responsiveness and Empathy	Factor 3 Assurance	Communalities (H^2)
Q1	The bank's physical features are visually appealing and it has modern looking equipment.	0.568			0.457
Q2	The bank's reception desk employees are neat appearing.	0.597			0.455
Q17	If the bank provides technologically advanced services.	0.741			0.562
Q11	You intend to continue being a customer of the bank for a long time to come	0.552			0.454
Q12	You will encourage friends and relatives to use the service offered by this bank	0.538			0.529
Q13	You feel proud being associated with this bank as its client	0.538			0.559
Q14	You feel that the bank has provided enough safety and confidence in its service	0.588			0.491
Q16	If the bank regularly informs you of new or important banking information through various media,	0.706			0.507
Q3	When you have a problem, the bank shows a sincere interest in solving it.		0.549		0.460
Q4	Employees in the bank give your prompt, accuracy and service quality in time.		0.632		0.564
Q5	Employees in the bank are never too busy to respond to your request		0.740		0.584
Q10	The bank has employees who give your personal attention.		0.549		0.498
Q6	The behavior of employees in the bank instills confidence in you		0.708		0.559
Q7	Employees in the bank are consistently courteous with you.		0.648		0.517
Q9	The bank has operating hours convenient to all its customers.		0.514		0.472
Q18	You selected this bank based on its interest offered on your deposit.			0.789	0.661
Q19	You selected this bank based on its fees for services and interest on borrowed loan.			0.813	0.700
	Eigenvalue	7.369	1.305	1.224	
	Percentage of Variance	38.786	6.866	6.442	
	Cumulative Percentage	38.786	45.652	52.095	
	Cronbach's Alpha	0.845	0.828	0.706	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

The reliability of each factor which concerns with the degree of consistency between multiple measurements of variables was tested. The reliability coefficient called Cronbach's alpha was used to assess the reliability of factors. Cronbach's alpha of each factor is 0.845, 0.828 and 0.706 respectively which are greater than the minimum limit of 0.706 (Hair et. al, 2006). Factor one contains eight measured variables including physical features, employees are neat and clean, technologically sound, long term transactions, encourage friends and relative, feeling proud, safety and confidence and communication of relevant information to the customers with factor loading of 0.568, 0.597, 0.741, 0.552, 0.538, 0.538, 0.588 and 0.706 respectively. Factor two consists of seven measured variables which are problems solving, service quality , and quick response, personal attention of employee, confidence buildup courteous behavior and convenient operating hours with factor leading 0.549, 0.632, 0.740, 0.549, 0.708, 0.648 and 0.514 respectively.

Similarly, factor three contains two measured variables which are selection of bank based an interest offered a deposits and interest changed and borrowed loan with factor loading 0.789 and 0.813 respectively. As per the nature of the variables the first factor was named as tangibility and reliability, second factor was named as responsiveness and empathy and third and last factor was named as assurance.

The interrelationships among these factors were also examined. The factors correlation matrix, which is shown in table 4.49, contains the correlation coefficients among factors.

It is related that all the factors are interrelated to one another. The lowest correlation coefficient of 0.420 has been found in between Assurance and Responsiveness & empathy. All correlation coefficient factors ranging between 0.42 and 0.693 between the variables. It was significant at 1% level of significance. A composite measure for each factor was simply calculated by averaging the scores of the variables which have high loading on factors.

Similarly, Descriptive statistics for these new variables are shown in table 4.50. The new latent factors have the following mean and SDs, presented in table 5.16.Tangibility and Reliability has mean of 3.25 (SD=0.672), Responsiveness and

Empathy has mean of 3.40 (SD=0.682), and Assurance has mean of 3.10 (SD=0.910).

Table 4.49.

Factor Correlations Matrix of Factor Analysis on Customers' Satisfaction

Factors		Tangibility and Reliability	Responsiveness and Empathy	Assurance
Tangibility and Reliability	r	1	.693**	.435**
	p		.001	.001
Responsiveness and Empathy	r	.693**	1	.420**
	p	.001		.001
Assurance	r	.435**	.420**	1
	p	.001	.001	

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

Table 4.50.

Descriptive Statistics for Customer Satisfaction

Factors (N=392)	*Mean*	*Std. Deviation*
Tangibility and Reliability	3.52	.672
Responsiveness and Empathy	3.40	.682
Assurance	3.10	.910

4.12 Summary and Interpretation of Latent Variables

Dimension of latent variables of management accounting system

According to the Exploratory Factor Analysis (EFA), five latent variables were formed viz., Decision Making and Costing System, Performance Evaluation, Controlling & Reporting, Customer & Market Retention. These factor includes the manifest variables such as budgeting development, budget planning, Organizational standard cost and decision making process, performance evaluation in terms of delivery of services, profit growth, employee performance as expected and actual outcomes. It is also included with controlling mechanism, benchmarking practices and decision making in terms of quality customers and interventions on retaining the market share.

Dimension of Latent Variables of Organizational Strategy

According to the Exploratory Factor Analysis (EFA), five latent variables were formed viz., Lending Strategy, Treasury Management Strategy, Resource Mobilization Strategy, Innovation and Service Quality Strategy and Segmentation

Strategy. These factor includes the manifest variables such as banks' credit policies and practices, treasury management practices, cash management system, the practices on resource management, technical superiority, innovation practices, service quality strategies and adopted segmenting practices.

Dimension of Latent Variables of Organizational Performance

According to the Exploratory Factor Analysis (EFA), two latent variables were formed viz., Internal Performance and External Performance. These factor includes the manifest variables such as the dimensionality of productivity, efficiency and effectiveness of the organization in internal performance. Likewise, product and services according to customer demands, exploration of newer market and share on it and other external dimensions of performance.

Dimension of Latent Variables of Customer Satisfaction

According to the Exploratory Factor Analysis (EFA), three latent variables were formed viz., Tangibility and Reliability, Responsiveness and Empathy, and Assurance. These factor includes the manifest variables such as banks' physical features, employees' behavior towards customers, technological advancement, dissemination of information, banks' prompt, accurate service delivery, personal attention to the customers, operating convenience according to the customers, interest and other benefits offered to the customers.

Furthermore, the descriptive and inferential analysis is based on these classifications of independent variables/factors towards understanding of their relationship and impact interaction.

CHAPTER V

IMPACT OF MANAGEMENT ACCOUNTING SYSTEM AND STRATEGY ON ORGANIZATIONAL PERFORMANCE

5.1 Introduction

The following section presents the understanding of the relationship between the variables in this study framework. This section deals with 16 formulated null hypotheses. Rubin (2010) provided a scale for interpreting the strength of correlation coefficients. Weak correlation coefficients were .10 or less, weak-to-moderate correlations were approximately 0.20, moderate correlation coefficients ranged from 0.25 to 0.35, moderate-to-strong correlation coefficients were approximately 0.40, and strong correlation coefficients ranged from 0.50 to 1.0. Interpretation of correlation analysis in this research study will be based on the scale of interpreting as descried. Correlation analysis, using Pearson correlation was conducted on all independent and dependent variables. The results of the correlation analysis were presented in Table5.1.

5.2 Relationships of Management Accounting System, Organizational Strategy on Organizational Performance: *Hypotheses Testing*

Null Hypothesis 1 ($H_0$1): There is no relationship between Management Accounting Systems and Organizational Performance

An examination of the results presented in table5.1, it indicates that there is a moderate to strong relationship between Management Accounting Systems and Organizational Performance. It hasModerate-to-strong correlation between the management accounting system variables and Organizational Performance. The range for correlation of the Management Accounting Systems and Organizational Performance have $r\ (507) = 0.450,\ (p<0.01)$, according to Rubin's (2010) scale for correlation coefficients, the relationship is Moderate-to-strong correlation.

Hence, the null hypothesis ($H_0$1) [There is no relationship between Management Accounting Systems and Organizational Performance] is REJECTED.

To explore further, there is also moderate to strong relationship between the management accounting systemvariable and organizational performance.

Table 5.1.

Correlation between Management Accounting System and Organizational Performance

Independent Variables		Organizational Performance	Remarks
Budgeting and Planning	*R*	.424**	Moderate- to- strong correlation
	P	.001	Significant
Decision Making and Costing system	*R*	.441**	Moderate- to- strong correlation
	P	.001	Significant
Performance Evaluation	*R*	.384**	Moderate correlation
	P	.001	Significant
Controlling and Reporting	*R*	.318**	Moderate correlation
	P	.001	Significant
Customer and Market Retention	*R*	.317**	Moderate correlation
	P	.001	Significant
MANAGEMENT ACCOUNTING SYSTEMS	*R*	.450**	Moderate- to- strong correlation
	P	.001	Significant

N= 507 **. Correlation is significant at the 0.01 level (2-tailed).

Budgeting and Planning to Organizational Performance *r (507) = 0.424, (p<0.01)*, interpreted as Moderate-to-strong correlation, significant at 0.01 level. Decision Making and Costing System to Organizational Performance *r (507) =0.441, (p<0.01)*, interpreted as Moderate-to-strong correlation, significant at 0.01 level. Performance Evaluation to Organizational Performance *r (507) = 0.384, (p<0.01)*, interpreted as Moderate correlation, significant at 0.01 level. Controlling and Reporting to Organizational Performance *r (507) = 0.318, (p<0.01)*, interpreted as Moderate correlation, significant at 0.01 level. Customer and Market Retention to Organizational Performance *r (507) = 0.317, (p<0.01)*, interpreted as Moderate correlation, significant at 0.01 level.

Null Hypothesis 2 ($H_0$2):There is no relationship between Organizational Strategy and Organizational Performance

An examination of the results presented in Table 5.2, it indicates that there is a moderate to strong relationship between Organizational Strategy and Organizational Performance. It is seenaModerate-to-strong correlation between the Organizational Strategy variables and Organizational Performance. The range for correlation of the Organizational Strategy and Organizational Performance have *r (507) = 0.437,* *(p<0.01)*, according to Rubin's (2010) scale for correlation coefficients, the relationship is Moderate-to-strong correlation.

Hence, the null hypothesis ($H_0 2$) [There is no relationship between Strategy and Organizational Performance] is REJECTED.

Table 5.2

Correlation between Organizational Strategy and Organizational Performance

Independent Variables		Organizational Performance	Remarks
Lending Strategy	*r*	.306**	Moderate correlation
	p	.001	Significant
Treasury Management Strategy	*r*	.389**	Moderate- to- strong correlation
	p	.001	Significant
Resource Mobilization Strategy	*r*	.321**	Moderate correlation
	p	.001	Significant
Innovation and Service Quality Strategy	*r*	.400**	Moderate- to- strong correlation
	p	.001	Significant
Segmentation Strategy	*r*	.330**	Moderate correlation
	p	.001	Significant
Organizational Strategy	*r*	.437**	Moderate- to- strong correlation
	p	.001	Significant

To explore further, there is also moderate to strong relationship between the Strategy variables and Organizational Performance.

Lending Strategy to Organizational Performance *r(507) = 0.306, (p<0.01),*interpreted as Moderate correlation, significant at 0.01 level. Treasury Management Strategy to Organizational Performance *r(507) = 0.389, (p<0.01),*interpreted as Moderate-to-strong correlation, significant at 0.01 level. Resources Mobilization Strategy to Organizational Performance *r(507) = 0.321, (p<0.01),*interpreted as Moderate correlation, significant at 0.01 level. Innovation and Service Quality Strategy to Organizational Performance *r (507) = 0.400, (p<0.01),* interpreted as Moderate-to-strong correlation, significant at 0.01 level. Segmentation Strategy to Organizational Performance *r (507) = 0.330, (p<0.01),* interpreted as Moderate correlation, significant at 0.01 level.

Null Hypothesis 3 ($H_0$3):There is no relationship between Management Accounting Systems and Organizational Strategy

An examination of the results presented in table 5.3, it indicates that there is a strong relationship between Management Accounting Systems and Organizational Strategy. It has the strong correlation between the Management Accounting Systems and Organizational Strategy. The range for correlation of the Management Accounting Systems and Organizational Strategyhave $r\ (507) = 0.771,\ (p<0.01)$, according to Rubin's (2010) scale for correlation coefficients, the relationship is strong correlation.

Hence, the null hypothesis ($H_0$3) [There is no relationship between Management Accounting Systems and Strategy] is REJECTED.

To explore further, there is also strong relationship between the Management Accounting Systems variables and Organizational Strategy.

Budgeting and Planning to Organizational Strategy $r\ (507) = 0.595,\ (p<0.01)$, interpreted as Strong correlation, significant at 0.01 level. Decision Making and Costing System to Organizational Strategy $r\ (507) =0.650,\ (p<0.01)$, interpreted as Strong correlation, significant at 0.01 level. Performance Evaluation to Organizational Strategy $r\ (507) = 0.598,\ (p<0.01)$, interpreted as Strong correlation, significant at 0.01 level. Controlling and Reporting to Organizational Strategy $r\ (507) = 0.624,\ (p<0.01)$, interpreted as Strong correlation, significant at 0.01 level. Customer and Market Retention to Organizational Strategy $r\ (507) = 0.587,\ (p<0.01)$, interpreted as Strong correlation, significant at 0.01 level.

Table 5.3.

Correlation between management accounting system and strategy

Independent Variables		Organizational Strategy	Remarks
Budgeting and Planning	*r*	.595**	Strong correlation
	p	.001	Significant
Decision Making and Costing System	*r*	.650**	Strong correlation
	p	.001	Significant
Performance Evaluation	*r*	.598**	Strong correlation
	p	.001	Significant
Controlling and Reporting	*r*	.624**	Strong correlation
	p	.001	Significant
Customer and Market Retention	*r*	.587**	Strong correlation
	p	.001	Significant
Management accounting systems	*r*	.771**	Strong correlation
	p	.001	Significant

Null Hypothesis 4 ($H_0$4):There is no relationship between combine variable of Management Accounting Systems and Organizational Strategy on Organizational Performance

An examination of the results presented in table 5.4., it indicates that there is a moderate to strong relationship between the combined variable of Management Accounting Systems with Organizational Strategy to Organizational Performance. The range for correlation of the Management Accounting Systems combined with Organizational Strategy to Organizational Performance have $r\ (507) = 0.471,\ (p<0.01)$, according to Rubin's (2010) scale for correlation coefficients, the relationship is Moderate-to-strong correlation.

Whereas, the single variable of Management Accounting System to Organizational Performance had the range for correlation $r\ (507) = 0.450,\ (p<0.01)$. The result indicates a significant difference in combined variable of Management Accounting System and Organizational Strategy to Organizational Performance.

Hence, the null hypothesis ($H_0$4) [There is no relationship between combine variable of Management Accounting Systems and Strategy on Organizational Performance] is REJECTED.

Table 5.4.

Correlation between strategic management accounting system and performance

Variables		Performance	Remarks
Management Accounting System and Organizational Strategy	r	.471**	Moderate-to-strong correlation
	p value	.001	Significant

**Correlation is significant at the 0.01 level (2-tailed). N=507

Null Hypothesis 5 ($H_0$5):There is no relationship between Banks' Service Quality and Customer Satisfaction

An examination of the results presented in table 5.5, it indicates that there is a moderate to strong relationship between the Service Quality variables and Customers' total satisfaction on banks' service quality. The range for correlation Customers' Satisfaction on Total Service quality with the Overall Service Quality of the bankhave *r (507) = 0.639, (p<0.01)*, according to Rubin's (2010) scale for correlation coefficients, the relationship is strong correlation.

Hence, the null hypothesis ($H_0$5) [There is no relationship between Banks' Service Quality and Customer Satisfaction] is REJECTED.

To explore further, there is also moderate to strong relationship between the Overall customers' satisfaction with Service Quality and dimensions of Total Service quality Satisfaction.

Table 5.5.

Correlation between total service quality customer's satisfaction with the overall service quality of the bank

Variables			Remarks
Total Service quality Satisfaction to Overall Service Quality of the bank.	*r*	r=.639**	Strong correlation
	p	p=0.001	Significant

**. Correlation is significant at the 0.01 level (2-tailed). N=392

Table 5.6 presents the results as, Tangibility and Reliability r (392) = 0.592, (p<0.01, interpreted as Strong correlation, Responsiveness and Empathy r (392) =0.511, (p<0.01), interpreted as Strong correlation and Assurance r(392) = 0.493, (p<0.01), interpreted as Moderate to Strong correlation. All of the variables having strong correlation to each other except Assurance which have a moderate to strong relationship. Similarly, all variables are statistically significant at 0.01 level.

Table 5.6.

Correlation between Overall customer's satisfaction with Service Quality and dimensions of Total Service quality Satisfaction

Dimensions of Service Quality in Banks		Overall satisfaction with the overall service quality of the bank.	Remarks
Tangibility and Reliability	*r*	.592**	Strong correlation
	p	.001	Significant
Responsiveness and	*r*	.511**	Strong correlation
Empathy	*p*	.001	Significant
Assurance	*r*	.493**	Moderate- to- strong correlation
	p	.001	Significant

**Correlation is significant at the 0.01 level (2-tailed). N=392

5.3 Impact of Management Accounting System, Organizational Strategy on Organizational Performance: *Hypotheses Testing*

Effect of Management Accounting Systems on Organizational Performance

To understand the change relationship between Management Accounting Systems on Organizational Performance, null hypothesis no. 6 has been formulated.

Null Hypothesis 6($H_0$6): *A change in Management Accounting Systems will not improve Organizational Performance*

Since the relationship between Management Accounting Systems to Organizational Performance has been established in this study, further, this study also focused on examining the effect of changes in Management Accounting Systems over Organizational Performance. For hypothesis testing, regression analysis was done in SPSS v22 with the following regression model.

Multiple Regression Model-1: Management Accounting System to Organizational Performance

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

Where,

$\hat{Y}$ = Dependent variable (Organizational Performance)

X_1 = Independent Variables (Budgeting and Planning)

X_2 = Independent Variables (Decision Makingand Costing System)

X_3= Independent Variables (Performance Evaluation)

X_4= Independent Variables (Controlling and Reporting)

X_5= Independent Variables (Customer and Market Retention)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

Table 5.7 and 5.8, summarizes the model. The result shows that there is a significant impact of Management Accounting Systems on Organizational Performance. It signifies that a change in Management Accounting Systems will improve Organizational Performance. It shows a significant association between the changes in Management Accounting Systems on Organizational Performance. The finding of multiple regression analysis between Management Accounting System and Organizational Performance indicates that Management Accounting System is a significant predictor of Organizational Performance. The *R* value of 0.693 indicates the moderate to strong positive relationship between Management Accounting System and Organizational Performance ($F=33.03$, $p<0.01$). Similarly,*R*-square value of 0.443 states that 44.3% change in performance is due to combined independent variables. Likewise, Standard error of the estimate of 0.535 indicates the variability of the observed value of Organizational Performances from regression line is 0.535 units. Since VIF of each of independent variables is less than 10, there is no problem of multicollinearity in this model. Thus, it was shown that there is significant correlation between Management Accounting System and significantly predict organizational Performance. All the variables of Management Accounting System are significantly influences the dependent variable performance except Controlling and Reporting. The variable of Management Accounting System viz., Budgeting and Planning has an impact of 24.7%, *Decision Making and Costing System* has an impact of 32.1%, *Performance Evaluation* has an impact of 1.3%, *Controlling and Reporting*has an impact of -3.3%, *Customer and*

Market Retention has an impact of 1.2% contributed towards Organizational Performance.

Likewise, *t*-value of the coefficient and their significance levels are reported in table 5.8 It is observed that the *t*-values of four variables are statistically significant at 1% level namely *Budgetingand Planning, Decision Making and Costing System, Performance Evaluation, and Customer & Market Retention*. This suggests that these variables have a bearing on explaining the variability of organization performance. However; the variable *Controlling and Reporting* is not statistically significant. Hence, there is sufficient evidence that Management Accounting Systems has a positive impact on organizational performance (Schaffer and Steiners, 2013).

Hence, there is enough evidence to reject the null hypothesis ($H_0 6$: A change in Management Accounting Systems will not improve Organizational Performance). Therefore, null hypothesis $H_0 6$ is REJECTED.

The detail results of the analysis are presented in the table 5.7 and 5.8 below.

Table 5.7.

Model Summary of Management Accounting Systems on Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F	p value
1	.693[a]	.443	.430	.535	1.974	33.030	.001

a. Predictors: (Constant), Budgeting and Planning, Decision Making and Costing System, Performance Evaluation, Controlling and Reporting, and Customer and Market Retention

b. Dependent Variable: Organizational Performance

Table 5.8.

Multiple Regression Analysis: Coefficients[a]

Management accounting system as a predictor of Performance	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.687	.178					
Budgeting and Planning	.247	.046	.268	5.337	.001	.598	1.672
Decision Making and Costing System	.321	.066	.298	4.874	.001	.404	2.474
Performance Evaluation	.013	.051	.013	.254	.007	.569	1.756
Controlling and Reporting	-.033	.058	-.031	-.566	.571	.491	2.038
Customer and Market Retention	.012	.042	.015	.288	.007	.552	1.812

a. Dependent Variable: Organizational Performance

From the above results, the estimated equation can be written by taking the values from the model-1: $\hat{Y}= \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$

Therefore, $\hat{Y}$= 1.687 + 0.247* X_1+0.321 * X_2+0.013 * X_3-0.033 * X_4+0.012 * X_5

Effect of Organizational Strategy on Organizational Performance

To understand the change relationship between Organizational Strategy on Organizational Performance, null hypothesis no. 7 has been formulated.

Null Hypothesis 7($H_0 7$): *A change in Organizational Strategy will not improve Organizational Performance*

Since the relationship between Organizational Strategy to Organizational Performance has been established in this study, further, this study also focused on examining the effect of changes in Organizational Strategy over Organizational Performance. For hypothesis testing, regression analysis was done in SPSS v22 with the following regression model.

Multiple Regression Model-2 : Organizational Strategy to Organizational Performance

$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$

Where,

$\hat{Y}$ = Dependent variable (Organizational Performance)

X_1 = Independent Variables (Lending Strategy)

X_2 = Independent Variables (Treasury Management Strategy)

X_3= Independent Variables (Resource Mobilization Strategy)

X_4= Independent Variables (Innovation and Service Quality Strategy)

X_5= Independent Variables (Segmentation Strategy)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

Table 5.9 and5.10, summarizes the model. The result shows that there is a significant impact of Organizational Strategy on Organizational Performance. It signifies that a change in Organizational Strategy will improve Organizational Performance. It shows a significant association between the changes in Organizational Strategy on Organizational Performance. The finding of multiple regression analysis between Organizational Strategy and Organizational Performance indicates that Organizational Strategy is a significant predictor of Organizational Performance.

The *R* value of 0.649 indicates the strong positive relationship between Organizational Strategy and Organizational Performance ($F=25.293$, $p<0.01$). Similarly,*R*-square value of 0.409 states that 40.9% change in performance is due to combined independent variables. Likewise, Standard error of the estimate of 0.556 indicates the variability of the observed value of Performances from regression line is 0.556 units. Since VIF of each of independent variables is less than 10, there is no problem of multicollinearity in this model. Thus, it was shown that there is significant correlation between Organizational Strategy and significantly predict the Organizational Performance. All the variables of Organizational Strategy are significantly influences the dependent variable organizational performance. The variable of Organizational Strategy viz., Lending Strategy has 2.9%, Treasury Management Strategy has 19.8%, Resource

Mobilization Strategy has 11.6%, Innovation and Service Quality Strategy has 16.2% and, Segmentation Strategy has 18.0% contributed towards Organizational Performance.

Likewise, *t*-value of the coefficient and their significance levels are reported in table 5.10. It is observed that the *t*-values of two variables are statistically significant at 1% level namely Treasury Management Strategy and Resource Mobilization Strategy, whereas, the variables namely, Innovation and Service Quality Strategy and Segmentation Strategy are significant at 5%. This suggests that these variables have a bearing on explaining the variability of organization performance. However, t-value for Lending Strategy is not statistically significant. The finding of this study is aligned with the study made by Jusoh et al. (2006),Perera et al. (1997), Abernethy and Lillis (1995) and Davila (2000). They investigated the influence of organizational strategy on organizational performance.

Hence, there is enough evidence to reject the null hypothesis ($H_0$7:A change in Organizational Strategy will not improve Organizational Performance). Therefore, null hypothesis $H_0$7 is REJECTED.

The detail results of the analysis are presented in Tables5.9 and 5.10below.

Table 5.9.

Model Summary Organizational Strategy on Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F	p value
1	.649[a]	.409	.390	.55689	1.924	25.293	.001

a. Predictors: (Constant), Lending Strategy, Treasury Management Strategy, Resource Mobilization Strategy, Innovation and Service Quality Strategy, and Segmentation Strategy

b. Dependent Variable: Organizational Performance

Table 5.10.

Multiple Regression Analysis: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.768	.182		9.737	.001		
Lending Strategy	.029	.058	.030	.507	.612	.449	2.229
Treasury Management Strategy	.198	.056	.209	3.532	.001	.455	2.196
Resource Mobilization Strategy	.116	.044	.127	2.640	.009	.688	1.454
Innovation and Service Quality Strategy	.162	.073	.159	2.210	.028	.307	3.254
Segmentation Strategy	.180	.057	.176	2.398	.016	.535	1.869

a. Dependent Variable: Organizational Performance

From the above results, the estimated equation can be written by taking the values from the model-2: $\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$

Therefore, $\hat{Y} = \mathbf{1.768 + 0.\ 029} * X_1 + \mathbf{0.198} * X_2 + \mathbf{.116} * X_3 - \mathbf{0.162} * X_4 + \mathbf{0.180} * X_5$

Effect of Management Accounting Systems on Organizational Strategy

To understand the change relationship between Management Accounting Systems on Organizational Performance, null hypothesis no. 8 has been formulated.

Null Hypothesis 8(*$H_0$8*): *A change in Management Accounting Systems will not improve Organizational Strategy*

Since the relationship between Management Accounting Systems to Organizational Strategy has been established in this study, further, this study also focused on examining the effect of changes in Management Accounting Systems on Organizational Strategy. For hypothesis testing, regression analysis was done in SPSS v22 with the following regression model.

Multiple Regression Model- 3: Management Accounting System on Organizational Strategy

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

Where,

$\hat{Y}$ = Dependent variable (Organizational Strategy)

X_1 = Independent Variables (Budgeting and Planning)

X_2 = Independent Variables (Decision Making and Costing System)

X_3 = Independent Variables (Performance Evaluation)

X_4 = Independent Variables (Controlling and Reporting)

X_5 = Independent Variables (Customer and Market Retention)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i = Error term

Table 5.11and 5.12 summarizes the model. The result shows that there is a significant impact of Management Accounting Systems on Organizational Strategy. It signifies that a change in Management Accounting Systems will improve Organizational Strategy. It shows a significant association between the changes in Management Accounting Systems on Organizational Strategy. The finding of multiple regression analysis between Management Accounting Systems and Organizational Strategy indicates that Management Accounting Systems is a significant predictor of Organizational Strategy.

The *R* value of 0.787 indicates the strong positive relationship between Management Accounting System and Organizational Strategy ($F=162.68$, $p<0.01$). Similarly,*R*-square value of 0.619 states that 61.9% change in organizational strategy is due to management accounting system. Likewise, Standard error of the estimate of 0.331 indicates the variability of the observed value of Organizational Performances from regression line is 0.331 units. Since VIF of each of independent variables is less than 10, there is no problem of multicollinearity in this model. Thus, it was shown that there is significant correlation between Management Accounting System and significantly predict organizational strategy. All the variables of Management Accounting System are significantly influencing the dependent variable organizational strategy. The variable of Management Accounting System viz., *Budgeting and Planning* has an impact of 13.5%, *Decision Making and Costing System* has an impact of21.0%, *Performance Evaluation* has an impact of20.9%, *Controlling and Reporting* has an impact of15.0%, and *Customer and Market Retention* has an impact of12.2% towards organizational strategy.

Likewise, *t*-value of the coefficient and their significance levels are reported in table 5.12. It is observed that the *t*-values of all variables are statistically significant at 1% level. This suggests that these variables have a bearing on explaining the variability of organizational performance.

Hence, there is enough evidence to reject the null hypothesis ($H_0$8: A change in Management Accounting Systems will not improve Organizational Strategy). Therefore, null hypothesis $H_0$8 is REJECTED.

It is aligned with the studies such as management accounting system which is tailored to support strategy can lead to competitive advantage and superior performance (Langfield-Smith,1997), (Simons,1987). Similarly, Chenhall and Morris(1995) also found that the alignment between management accounting system and organizational strategy on performance. Naranjo-Gil and Hartmann (2006) explored that management accounting system and its impact on the implementation of strategy. Fryar et. al(1995)found the relationship between management accounting system(MAS) and strategy. Management accounting system has supported to formulate and implement the organizational strategy. The finding of this study matched with the study made by Nimtrakoon (2009). He found that management accounting system can be used to support business strategies.

The detail results of the analysis are presented in the tables5.11 and 5.12 below.

Table 5.11.

Model Summary of Management Accounting Systems on Organizational Strategy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F	p value
3	.787[a]	.619	.615	.33181	1.610	162.68	.001

a. Predictors: (Constant), Budgeting and Planning, Decision Making and Costing System, Performance Evaluation, Controlling and Reporting, and Customer and Market Retention

b. Dependent Variable: Organizational Strategy

Table 5.12.

Multiple Regression Analysis: Coefficients of Management Accounting Systems on Organizational Strategy

Model -3	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
(Constant)	.723	.108		6.714	.001		
Budgeting and Planning	.135	.040	.147	3.383	.001	.404	2.474
Decision Making and Costing System	.210	.028	.268	7.510	.001	.598	1.672
Performance Evaluation	.209	.031	.246	6.721	.001	.569	1.756
Controlling and Reporting	.150	.035	.168	4.269	.001	.491	2.038
Customer and Market Retention	.122	.026	.176	4.746	.001	.552	1.812

From the above, the estimated equation can be written by taking the values from the model-3:

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

Therefore, $\hat{Y} = 0.723 + 0.135 * X_1 + 0.210 * X_2 + 0.209 * X_3 + 0.150 * X_4 + 0.122 * X_5$

Effect of Management Accounting Systems and Organizational Strategy (combined) on Organizational Performance

To understand the change relationship between combined Management Accounting Systems with Organizational Strategy on Organizational Performance, $H_0 9$ has been formulated.

Null Hypothesis 9(*$H_0 9$*): A change in combine variable of Management Accounting Systems with Organizational Strategy will not improve Organizational Performance

Since the relationship between Management Accounting Systems with Organizational Strategy to Organizational Performance has been established in this study, further, this study also focused on examining the effect of changes in Management Accounting Systems with Strategyon Organizational Performance. For hypothesis testing, regression analysis was done in SPSS v.22 with the following regression model.

Multiple Regression Model-4: Management Accounting System and Organizational Strategy (both) to Organizational Performance

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + e_i$$

Where,

$\hat{Y}$ = Dependent variable (Organizational Performance)

X_1 = Independent Variables (Management Accounting Strategy)

X_2 = Independent Variables (Organizational Strategy)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

Tables 5.13 and 5.14, summarizes the model. The result shows that there is a significant impact of Management Accounting Systems with Organizational Strategy on Organizational Performance. It signifies that a change in Management Accounting Systems with Organizational Strategy will improve Organizational Performance. It shows a significant association between the changes in Management Accounting Systems with Organizational Strategy on Organizational Performance. The finding of multiple regression analysis between Management Accounting Systems with Organizational Strategy and Organizational Performance indicates that Management Accounting System along with Organizational Strategy is a significant predictor of Organizational Performance.

The *R* value of 0.772 indicates the strong positive relationship between Management Accounting System, Organizational Strategy and Organizational Performance ($F=72.143$, $p<0.01$). Similarly, *R*-square value of 0.534 states that 53.4% change in performance is due to combined independent variables. Significant it is a higher change that has been made by the combined variables than that of 44.3% change in organizational performance is due to alone variable of Management Accounting System. Likewise, Standard error of the estimate of 0.449 indicates the variability of the observed value of Performances from regression line is 0.449 units. Since VIF of each of independent variables is less than 10, there is no problem of multicollinearity in this model. Thus, it was shown that there is significant correlation between Strategy and significantly predict the Organizational Performance. The variable of Management Accounting System and Organizational Strategy significantly contributes 33.8% and 27.3 % respectively towards Organizational Performance.

Likewise, t-value of the coefficient and their significance levels are reported in table 5.14. It may be observed that the t-values of both variables are statistically significant at 1% level. This suggests that these two variables have a bearing on explaining the variability of organization performance. Kloot(1997)found that on the relationship between management accounting system and strategy, and how the alignment between them can help in performance improvement of an organization.

Hence, there is enough evidence to reject the null hypothesis ($H_0$9: A change in combine variable of Management Accounting Systems with Strategy will not improve Organizational Performance). Therefore, null hypothesis $H_0$9 is REJECTED.

The detail results of the analysis are presented in the Tables5.13 and 5.14 below.

Table 5.13.

Model Summary of Management Accounting Systems with Organizational Strategy on Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F	p value
4	.772[a]	.534	.530	.44928	1.912	72.143	0.001

a. Predictors: (Constant), Management Accounting System, Organizational Strategy

b. Dependent Variable: Performance

Table 5.14.

Multiple Regression Analysis: Coefficients of Management Accounting Systems with Organizational Strategy on Organizational Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
4	(Constant)	1.502	.187		8.025	.001		
	Management Accounting System	.338	.075	.278	4.508	.001	.405	2.468
	Organizational Strategy	.273	.076	.223	3.611	.001	.405	2.468

a. Dependent Variable: Organizational Performance

From the above, the estimated equation can be written by taking the values from the model-4: $\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + e_i$

Therefore, $\hat{Y} = 1.502 + 0.338 * X_1 + 0.273 * X_2$

Effect of Banks' Service Quality towards Customers' Satisfaction

To understand the change relationship between Banks' Service Quality on Customer Satisfaction, null hypothesis no. 10 has been formulated.

Null Hypothesis 10($H_0 10$): A change in Banks' Service Quality will not improve Customers' Satisfaction

Since the relationship between Banks' Service Quality to Customer Satisfaction has been established in this study, further, this study also focused on examining the effect of changes in Banks' Service Quality on Customer Satisfaction. For hypothesis testing, regression analysis was done in SPSS v22 with the following regression model.

Multiple Regression Model-5: Total Banks' Service Quality to Overall Customer Satisfaction

$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_i$

Where,

$\hat{Y}$ = Dependent variable (Overall Customer Satisfaction)

X_1 = Independent Variables (Tangibility and Reliability)

X_2 = Independent Variables (Responsiveness and Empathy)

X_3= Independent Variables (Assurance)

α = Constant

β_1 = (Beta value) Coefficient of slope of regression model

e_i= Error term

Table 5.15 and5.16, summarizes the model. The result shows that there is a significant impact of Banks' Service Quality on Customers' satisfaction. It signifies that a change in Banks' Service Quality will improve Customers' satisfaction. It shows a significant association between the changes Banks' Service Quality on Customers' satisfaction. The finding of multiple regression analysis indicates significant predictability of Banks' Service Quality over Overall Customers' satisfaction.

The *R* value of 0.754 indicates the strong positive relationship between Service quality and Overall Customer satisfaction (F=96.541, $p<0.01$). Similarly, *R*-square value of 0.627 states that 63% change in performance is due to combined independent variables. Likewise, Standard error of the estimate of 0.621 indicates the variability of the observed value of Overall Customer satisfaction from regression line is 0.621 units. Since VIF of each of independent variables is less than 10, there is no problem of multicollinearity in this model. Thus, it was shown that there is significant correlation between Service quality and significantly predict Overall Customer satisfaction. All the variables of Service quality are significantly influencing the dependent variable Overall Customers' satisfaction. The variable of Banks' Service Quality significantly contributes into following ways, viz.- Tangibility & Reliability has 51%, Responsiveness & Empathy has 27.4%,and Assurance has 26.8% predictability respectively.

Likewise, *t*-value of the coefficient and their significance levels are reported in table 5.16. It is observed that the *t*-values of all variables are statistically significant at 1%. This suggests that all these variables have a bearing on explaining the variability of Customers' Satisfaction.

Hence, there is enough evidence to reject the null hypothesis ($H_0$10: A change in Banks' Service Quality will not improve Customers' Satisfaction). Therefore, null hypothesis $H_0$10 is REJECTED.

The detail results of the analysis are presented in the table 5.15 &5.16below.

Table 5.15

Model Summary of Banks' Total Service Quality to Customers' Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F	p value
5	.754[a]	.627	.623	.62175	1.857	96.541	.001

a. Predictors: (Constant), Assurance, Responsiveness and Empathy, Tangibility and Reliability

b. Dependent Variable: Overall service quality of the bank.

Table 5.16

Multiple Regression Analysis: Coefficients of Banks' Total Service Quality to Customers' Satisfaction

Model-5	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.333	.198		1.686	.003		
Tangibility and Reliability	.510	.073	.382	6.997	.001	.495	2.021
Responsiveness and Empathy	.274	.071	.232	4.436	.005	.503	1.989
Assurance	.268	.043	.272	6.257	.001	.783	1.276

From the above, the estimated equation can be written by taking the values from the model-5: $\boldsymbol{\hat{Y}= \alpha + \beta_1X_1 + \beta_2X_2+ \beta_3X_3+e_i}$

Therefore, $\hat{Y}$= 0.333 + 0.510* X_1+0.174 * X_2+0.268 * X_3

5.4 Influence of Management Accounting System and Organizational Strategy Over Financial Performance in Commercial Banks

5.4.1 Influence of Management Accounting System Over Return on Equity in Commercial Banks

To understand the change relationship between management accounting system on return on equity, null hypothesis ($H_0 11$) has been formulated.

Null Hypothesis 11 *($H_0$11)*: A change in management accounting systems will not improve organizational financial performance (ROE)

For hypothesis testing, linear regression equation regression analysis with Dummy variable was done in SPSS v22. In estimating the influence of Management Accounting System over Return on Equity, the equation model used the dummy variable of the management accounting system. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards utilization of management accounting system in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there are any differences created by management accounting system over financial performance that is ROE. The following linear regression equation is formulated $Y_i=\alpha + \beta D_1+u_i$.

Where,

Y_i = Return on Equity (ROE)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of management accounting system in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect to the coefficient table as follows:

$$Y_i=\alpha + \beta D_1+u_i$$

$$ROE = 159.215+168.60\ D_1$$

It may be noted that when D_1 takes the value of 0, the estimated value for Y_i becomes 159. When D_1 takes the value of 1, the estimated y value that is (159+168). Since the reported significance levels for two coefficients are statistically significant $p<0.01$, it can be conclude that management accounting system influence of over ROE significantly. It may be noted that the slope coefficient is positively suggesting that the rate of influence of management accounting system over ROE is significant.

Hence, there is enough evidence to reject the null hypothesis $H_0 11$: A change in Management Accounting Systems will not improve Organizational Financial Performance (ROE). Therefore, null hypothesis $H_0 11$ is REJECTED.

The detail results of the analysis are presented below.

MODEL SUMMARY

R= 0.406	***R square*** = 0.293	***Adjusted R Square***= 0.233	
SE = 11.343	***F Change*** = 0.093	***df*** = 1, 4, ***p***= 0.005	
ANOVA			
F=0.412	***p***= 0.005	***df*** = 1, 4	
α=159.21	***β***=160.60	***t*** =0.642	***p***=0.005

5.4.2 Influence of Organizational Strategy Over Return on Equity in Commercial Banks

To understand the change relationship between organizational strategy on return on equity, null hypothesis no. ($H_0 12$) has been formulated.

Null Hypothesis 12*(*$H_0$12*)*: A change in organizational strategy will not improve organizational financial performance (ROE)

For hypothesis testing, linear regression equation regression analysis with Dummy variable was done in SPSS v22. In estimating the influence of Organizational Strategy (OS) over Return on Equity, the equation model used the dummy variable of the OS. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of OS in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by OS over financial performance that is ROE. The following linear regression equation is formulated $Y_i=\alpha + \beta D_1+u_i$.

Where,

Y_i = Return on Equity (ROE)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of OS in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect to the coefficient table as follows:

$Y_i = \alpha + \beta D_1 + u_i$

ROE = 200.453+201.696D_1

It may be noted that when D_1 takes the value of 0, the estimated value for Y_i becomes 200.45. When D_1 takes the value of 1, the estimated y value that is (200.453+201.696). Since the reported significance levels for two coefficients are statistically significant $p<0.05$, it can be concluded that OS influence of over ROE significantly. It may be noted that the slope coefficient is positively suggesting that the rate of influence of OS over ROE is significant.

Hence, there is enough evidence to reject the null hypothesis $H_0$12: A change in Organizational Strategy will not improve Organizational Financial Performance (ROE). Therefore, null hypothesis $H_0$12 is REJECTED.

The detail results of the analysis are presented below.

MODEL SUMMARY

R=*0.411*	***R square*** *= 0.369*	***Adjusted R Square****= 0.339*	
SE*= 20.438*	***F Change*** *= 0.812*	***df*** *= 1, 4*	***p****=0.041*
ANOVA			
F*= 0.812*	***p****=0.041*	***df*** *= 1, 4*	
α*=200.453*	***β****=201.696*	***t*** *=1.032*	***p****= 0.041*

5.4.3 Influence of Combined Management Accounting System and Organizational Strategy Over Return on Equity in Commercial Banks

To understand the change relationship between combined management accounting system with organizational strategy over return on equity, null hypothesis **($H_0$13)** has been formulated.

Null Hypothesis 13($H_0$13): A change in combine variable of management accounting systems with organizational strategy will not improve organizational financial performance (ROE)

For hypothesis testing, multiple regression equation regression analysis with Dummy variable was done in SPSS v22.In estimating the influence of combined management accounting system with Organizational Strategy (OS) over Return on Equity, the equation model used the dummy variable of the management accounting system and OS. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of management accounting system with OS in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by application of management accounting system with OS over financial performance that is ROE. The following linear regression equation with two dummies, and formulated as $Y_i=\alpha + \beta D_1+ \beta D_2+u_i$.

Where,

Y_i = Return on Equity (ROE)

$D_1 =$ 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of management accounting system in respected banks

$D_2 =$ 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of OS in respected banks

α = Constant

$\boldsymbol{\beta_1}$=Beta Value (slope of first dummy)

$\boldsymbol{\beta_2}$=Beta Value (slope of second dummy)

u_i = Error Term

The estimate equation with respect to the coefficient table as follows:

$Y_i=\alpha + \beta_1 D_1+ \beta_2 D_2+u_i$

ROE = 200.453+397.346D_1+228.563 D_2

It may be noted that when D_1, D_2 takes the value of 0, the estimated value for Y_i becomes 200.45. When D_1, D_2 takes the value of 1, the estimated y value that is (200.453+397.346+228.563). Since the reported significance levels for two coefficients are statistically significant $p<0.05$, it can be concluded that management accounting system with OS influence of over ROE significantly. It may be noted that the slope coefficient is positively suggesting that the rate of influence of management accounting system with OS over ROE is significant.

Hence, there is enough evidence to reject the null hypothesis $H_0 13$: A change in combine variable of Management Accounting Systems with Organizational Strategy will not improve Organizational Financial Performance (ROE). Therefore, null hypothesis $H_0 13$ is REJECTED.

The detail results of the analysis are presented below.

MODEL SUMMARY

R=*0.546* ***R square*** = *0.499* ***Adjusted R Square***= *0.435*

SE= *23.162* ***F Change*** = *0.373* ***df*** = *2, 3* ***p***=*0.017*

ANOVA

F=*0.373* ***p***=*0.017* ***df*** = *2,3*

α= *200.453* β_1=*397.346* β_2= *228.563* ***t***=*0.630, 0.339* ***p***=*0.04, 0.02*

5.4.4 Influence of Management Accounting System Over Return on Assets in Commercial Banks

To understand the change relationship between management accounting system on return on assets, null hypothesis ($H_0 14$) has been formulated.

Null Hypothesis 14 *($H_0 14$)*: A change in management accounting systems will not improve organizational financial performance (ROA)

For hypothesis testing, linear regression equation regression analysis with Dummy variable was done in SPSS v22. In estimating the influence of Management Accounting System over Return on Assets, the equation model used the dummy variable of the management accounting system. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards utilization of management accounting system in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by management accounting system over financial performance that is ROA. The following linear regression equation is formulated $Y_i = \alpha + \beta D_1 + u_i$.

Where,

Y_i = Return on Assets (ROA)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of management accounting system in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect to the coefficient table as follows:

$Y_i = \alpha + \beta D_1 + u_i$

ROA = -4.894+8.330 D_1

It may be noted that when D_1 takes the value of 0, the estimated value for Y_i becomes -4.894. When D_1 takes the value of 1, the estimated y value that is (-4.894+8.330). Since the reported significance levels for two coefficients are statistically significant $p<0.05$, it can be concluded that management accounting system influence of over ROA significantly. It may be noted that the slope coefficient is positively suggesting that the rate of influence of management accounting system over ROA is significant.

Hence, there is enough evidence to reject the null hypothesis $H_0$14: A change in management accounting systems will not improve organizational financial performance (ROA). Therefore, null hypothesis $H_0$14 is REJECTED.

The detail results of the analysis are presented below.

MODEL SUMMARY

R= *0.570*	***R square*** = *0.325*	***Adjusted R Square***= *0.157*	
SE= *0.51186*	***F Change*** = *1.929*	***df*** = *1, 4*	***p***=*0.023*
ANOVA			
F=*1.929*	***p***=*0.023*	***df*** = *1, 4*	
α=*-4.894*	***β***=*8.330*	***t*** =*1.389*	***p***= *0.023*

5.4.5 Influence of Organizational Strategy over Return on Assets in Commercial Banks

To understand the change relationship between organizational strategy on return on assets, null hypothesis no. 15 has been formulated.

Null Hypothesis 15 *($H_0$15)*: A change in Organizational Strategy will not improve Organizational Financial Performance (ROA)

For hypothesis testing, linear regression equation regression analysis with Dummy variable was done in SPSS v22. In estimating the influence of Organizational Strategy (OS) over Return on Assets, the equation model used the dummy variable of the OS. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of OS in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by OS over financial performance that is ROA. The following linear regression equation is formulated $Y_i = \alpha + \beta D_1 + u_i$.

Where,

Y_i = Return on Assests (ROA)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of OS in respected banks

α = Constant

β=Beta Value

u_i = Error Term

The estimate equation with respect to the coefficient table as follows:

$Y_i = \alpha + \beta D_1 + u_i$

ROA = -2.196+4.880 D_1

It may be noted that when D_1 takes the value of 0, the estimated value for Y_i becomes -2.196. When D_1 takes the value of 1, the estimated y value that is (-2.196+4.880). Since the reported significance levels for two coefficients are statistically significant $p<0.05$, it can be concluded that OS influence of over ROA significantly. It may be noted that the slope coefficient is positively suggesting that the rate of influence of OS over ROA is significant.

Hence, there is enough evidence to reject the null hypothesis $H_0$15: a change in organizational strategy will not improve organizational financial performance (ROA). Therefore, null hypothesis $H_0$15 is rejected.The detail results of the analysis are presented below.

MODEL SUMMARY

R=0.357	***R square*** = 0.328	***Adjusted R Square***= 0.290	
SE= 0.58200	***F Change*** = 0.586	***df*** = 1, 4	***p***=0.048
ANOVA			
F= 0.586	***p***=0.048	***df*** = 1, 4	
α= -2.196	***β***=4.880	***t*** = 0.765	***p***=0.048

5.4.6 Influence of Combined Management Accounting System and Organizational Strategy Over Return on Assets in Commercial Banks

To understand the change relationship between combined management accounting system with organizational strategy over return on assets, null hypothesis no. 16 has been formulated.

Null Hypothesis 16 *($H_0$16)*: A change in combine variable of management accounting systems with organization strategy will not improve organizational financial performance (ROA)

For hypothesis testing, multiple regression equation regression analysis with Dummy variable was done in SPSS v22. In estimating the influence of combined management accounting system with Organizational Strategy (OS) over Return on Assets, the equation model used the dummy variable of the management accounting system and OS. 0 (zero) value when Strongly Disagree or Disagree and 1 (one) value when Strongly Agree or Agree towards implementations of management accounting system with OS in respected banks. In this model, no quantitative explanatory variable is used. The basic purpose this model is to find whether there is any differences created by application of management accounting system with OS over financial performance that is ROA. The following linear regression equation with two dummies, and formulated as $Y_i = \alpha + \beta D_1 + \beta D_2 + u_i$.

Where,

Y_i = Return on Assets (ROA)

D_1 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of management accounting system in respected banks

D_2 = 0 when Strongly Disagree or Disagree and 1 when Strongly Agree or Agree towards utilization of OS in respected banks

α = Constant

$\boldsymbol{\beta_1}$=Beta Value (slope of first dummy)

$\boldsymbol{\beta_2}$=Beta Value (slope of second dummy)

u_i = Error Term

The estimate equation with respect to the coefficient table as follows:

$Y_i = \alpha + \beta_1 D_1 + \beta_2 D_2 + u_i$

ROA = $-4.168 + 21.964 D_1 + 13.921 D_2$

It may be noted that when D_1, D_2 takes the value of 0, the estimated value for Y_i becomes -4.168. When D_1, D_2 takes the value of 1, the estimated y value that is (-4.168+21.964+13.921). Since the reported significance levels for two coefficients are statistically significant $p<0.05$, it can be concluded that management accounting system withorganizational strategy influence of over ROA significantly. It may be noted that the slope coefficient is positively suggesting that the rate of influence of management accounting system withorganizational strategy over ROA is significant. Hence, there is enough evidence to reject the null hypothesis $H_0$16: a change in combine variable of management accounting systems with organization strategy will not improve organizational financial performance (ROA). Therefore, null hypothesis $H_0$16 is rejected.The detail results of the analysis are presented below.

MODEL SUMMARY

R=*0.702* ***R square*** = *0.593* ***Adjusted R Square***= *0.456*

SE= *0.51218* ***F Change*** = *1.461* ***df*** = *2, 3* ***p***=*0.036*

ANOVA

F=*1.461* ***p***=*0.036* ***df*** = *2,3*

α=*-4.168* ***β***=*21.964* ***t*** =*1.471, 0.998* ***p***=*0.023, 0.036*

5.5 Summary of Hypotheses Testing

The summary result of the formulated null hypothesis H_01 to H_016 is place in table 5.17. The entire formulated null hypothesis is rejected in relationship findings.

Table 5.17.

Summary of Hypothesis Testing

Null Hypothesis	Statement	Result
H_01	*There is no relationship between Management Accounting Systems and Organizational Performance*	Rejected
H_02	*There is no relationship between Organizational Strategy and Organizational Performance*	Rejected
H_03	*There is no relationship between Management Accounting Systems and Organizational Strategy*	Rejected
H_04	*There is no relationship between combine variable of Management Accounting Systems and Organizational Strategy on Organizational Performance*	Rejected
H_05	*There is no relationship between Banks' Service Quality and Customer Satisfaction*	Rejected
H_06	*A change in Management Accounting Systems will not improve Organizational Performance*	Rejected
H_07	*A change in Organizational Strategy will not improve Organizational Performance*	Rejected
H_08	*A change in Management Accounting Systems will not improve Organizational Strategy*	Rejected
H_09	*A change in combine variable of Management Accounting Systems with Strategy will not improve Organizational Performance*	Rejected
H_010	*A change in Banks' Service Quality will not improve Customers' Satisfaction*	Rejected
H011	*A change in management accounting systems will not improve organizational financial performance (ROE)*	Rejected
H012	*A change in organizational strategy will not improve organizational financial performance (ROE)*	Rejected
H013	*A change in combine variable of management accounting systems with organizational strategy will not improve organizational financial performance (ROE)*	Rejected
H014	*A change in management accounting systems will not improve organizational financial performance (ROA)*	Rejected
H015	*A change in organizational strategy will not improve organizational financial performance (ROA)*	Rejected
H016	*A change in combine variable of management accounting systems with organization strategy will not improve organizational financial performance (ROA)*	Rejected

5.6 Financial Performance Analysis of Nepalese Commercial Banks

Management Accounting Systems have used a variety of subjective measures of financial performance. As suggested by Dess and Robinson (2007), subjective measures of sales growth, profitability and return on investments can be the measures of companies' performance. Return on Assets (ROA) and Return on Equity (ROE)Ongore and Kusa (2013); Trujillo-Ponce, (2012); Davydenko, (2011); Sehrish et al.,(2011); Oladele et al (2012); Rasiah,(2010); Alexiou and Sofoklis, (2009); Garcia–Herrero et al.,(2009); Sufian and Chong (2008); Bennaceur and Goaied (2008); Kosmidou (2008) and Athanasoglou et al.(2008), Riaz and Mehar (2013),Khrawish (2011); Kaplan and Atkinson,2005and (Sinkey and Joseph, 1992). Costs reduction, sales volume, Market share (Kamisah Ismail and Che Ruhana Isa, 2011).ROCE Return on capital employed (Hulbert and Fitzroy, 2004). NIM (net interest margin) is investigation on income make through markup (interest) operations (Hoggarth, Milne, & Wood, 1998; Angbzo (1997); Abreu & Mendes, (2001); Gul et al., (2011); Khrawish, (2011). Net Profit Margin by Kaushik and Lopez (1996); Staikouras and Wood (2004), Deger and Adem, (2011), Samina and Ayub, (2013) together with European Central Bank (2010).Likewise, Economic value added defines profitability in terms of return on capital (Agrawal, 2070). EVA by Garrison at. al. (2012). Cash flow statement by Kaplan and Atkinson (2005). Nonperforming loan ratios are the best proxies for asset quality (Sangmi and Nazir, 2010).This section presents the measurements that were used to operationalize the study variables Management Accounting Systems towards subjective measures of financial performance.

5.6.1 Management Accounting and Financial Performance in Commercial Banks of Nepal-the Performance Indicator

(i) Return on assets

ROA is primarily an indicator of managerial efficiency. It indicates how the management of the bank is capable of converting the institution's asset into net earnings. ROA is expressed as a ratio of net income (net profit after tax) and total assets of a bank. The figures of ROA of the six banks is shown in table 5.18 The figures show a fluctuated ROA over the years from 2003/04 to 2012/13. It is observed that the asset of the bank, fluctuating in the study period (from 2003/04 to 2012/13) at an increasing rate but relatively the banks were unable to generate more profit from the incremental asset. On an average within the study period, the banks have following mean value- NBL has a mean value of 1.47; RBB has a mean value of 2.69; NABIL has a mean value of2.56; NIBL has a mean value of 1.79; SCBN has a mean value of 2.53; and HBL has a mean value of 1.53.Individually, RBB have the highest return on its assets within the study period, whereas, NBL has the lowest performance of all. Likewise, NBL has highest returns in 2004/05 with ROA of 3.68, RBB has highest returns in 2005-06 with ROA of 3.99, NABIL has highest returns in 2012-13 with ROA of 3.03, NIBL has highest returns in 2012-13 with ROA of 2.62, SCBN has highest returns in 2012-13 with ROA of 2.8, HBL has highest returns in 2012-13 with ROA of 1.91. The ROA figures show that the performance of banks in generating returns on their assets is not satisfactory. HBL has seemed the second worst performer in regard of ROA.

Table 5.18.

Analysis of Return on Assets (ROA) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in percentage)										Mean	SD
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13		
1	*NBL*	1.61	3.68	3.36	0.58	0.57	1.88	1	0.73	0.3	1.07	1.47	1.18
2	*RBB*	2.31	3.76	3.99	3.5	3.32	2.8	2.39	2.17	1.44	1.29	2.69	0.93
3	*NABIL*	2.72	3.02	2.84	2.47	2.01	2.35	2.19	2.31	2.68	3.03	2.56	0.35
4	*NIBL*	1.15	1.43	1.64	1.82	1.79	1.7	2.21	2.02	1.58	2.62	1.79	0.41
5	*SCBN*	2.27	2.43	2.56	2.42	2.46	2.53	2.7	2.55	2.8	2.67	2.53	0.15
6	*HBL*	1.06	1.17	1.55	1.47	1.76	1.91	1.19	1.91	1.76	1.54	1.53	0.31

Out of the six commercial banks NBL has a more fluctuating ROA, a drastic fall in ROA can be seen from 2005-06 to 2006-07. Likewise, a fall in ROA from 2008-09 till 2011-12 can be seen. However, ROA is recovered in 2012-13. Similarly, RBB has a gradual increase in ROA till 2005-06 from 2003-04. However, a relevant slowdown of ROA from 2005-06 till 2012-13 makes RBB a worst performer in terms of ROA. Other banks have a stagnancy in performance in ROA which ranges from a value of ROA of 3 to 1. The detail performance figures of ROA can be seen at table 5.18.

(ii) Return on equity

The return on equity ratio shows the percentage of net income to total capital of the bank. The higher the ratio the more efficiently a bank is using its capital and free reserves. The greater the percentage of ROE, the better efficiency the bank possess as the ratio is composed of profit margin, degree of asset utilization and equity multiplier. The analysis of ROE figures from 2003-04 to 2012-13, the ROE ranged from -56.64% to 162.5% over the study period. The mean ROE ranges for the six samples banks are -8.66% and 42.44%. According the ROE, the performance of NABIL is better than other commercial banks, whereas, the worst performer in terms of ROE is RBB. On an average within the study period, the banks have following mean value- NBL has a mean value of 12.82; RBB has a mean value of -8.66; NABIL has a mean value of42.44; NIBL has a mean value of 35.52; SCBN has a mean value of 42.18; and HBL has a mean value of 29.59. Individually, NABIL have the highest return of net income to total capital of the bank. Whereas, RBB has the lowest performance of all. Likewise, NIBL has increased its ROE from 27.4 % in 2003/04 and to 35.52% in the final year. NABIL also increased by 22.33% but unfortunately NBL and RBB decreased their ROE by 149.96% and 184.82% respectively in the final year of the study period. Out of the six commercial banks NBL has a more fluctuating ROE, a sharp fall in ROE can be seen from 2004-05 to 2005-06, and it decreases till it reaches to negative figures in 2012-2013. Likewise, RBB has a fall in ROE since 2003-04 till 2012-13. However, there is a sharp decrease in 2004-05 and 2012-13. Similarly, other banks have a moderate fluctuation in its ROE, which ranges in between 0 to 50%. With this, NBL and RBB are the worst performer within the study detail performance figures of ROE can be seen at table 5.19 below.

Table 5.19.

Analysis of Return on Equity (ROE) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in percentage)											
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
1	*NBL*	49	162.55	-11.66	-2.26	-3.95	-16.56	-5.02	-15.56	-3.82	-24.48	12.82	56.26
2	*RBB*	66.78	-5.55	-7.42	-7.97	-9.62	-11.17	-15.13	-20.42	-19.48	-56.64	-8.66	30.38
3	*NABIL*	39.72	28.75	42.85	40.66	39.82	50.12	46.74	42.95	44.22	48.59	42.44	5.8
4	*NIBL*	27.4	31.34	28.39	43.29	50.83	45.97	37	31.25	22.66	37.1	35.52	8.98
5	*SCBN*	48.06	35.29	51.54	43.88	46.65	48.42	43.55	36.66	34.67	33.12	42.18	6.68
6	*HBL*	35.52	22.65	34.44	31.9	36	35.07	20.25	28.63	27.87	23.62	29.59	5.87

(iii) Net interest margin

It is a measure of the return on a company's investments relative to its interest expenses. The net interest margin helps a company determines whether or not it has made wise investment decisions. A negative net interest margin indicates that interest expenses exceed investment returns and that the company therefore has a net negative return. A positive net interest margin indicates the opposite. Net Interest Margin = (Interest Received - Interest Paid)/ Total Assets. On the basis of sample rating by Chowdhury (2007), for Net Interest Margin the percentage are interpreted as; 5% or more as Strong; 4.5% to less than 5% as Satisfactory; 4% to less than 4.5% as Fair; 3% to less than 4% as Marginal and Below 3% as Unsatisfactory. The higher the ratio the cheaper the funding. It indicates that the bank is getting higher margin when this rate is high.

It is observed that NABIL, SCBN and HBL ranks at 1st, 2nd and 3rd with average NIM of 4.17%, 3.67 % and 3.47% respectively. RBB, NBL and NIBL have lowest mean NIM of 3.08%, 3.37% and 3.38% respectively. On the basis of above rating by Chowdhury (2007) banks such as has average NIM, NABIL has a satisfactory NIM indicator. Whereas, other banks has marginal NIM. Out of the six commercial banks NBL and RBB has a sharp increase in NIM. An improvement can be seen to NIM of NBL in the year 2009-10 with highest NIM for the bank, however, it cannot be maintained in long run and lunged to lower side of the NIM. Likewise, a sharp fall in NIM can be seen in the year 2011-12. Likewise, NABIL maintained a consistent NIM except a plunged in the year 2007-08. Others in the listed banks performed not so wide fluctuations in NIM. Detail performance figures of ROE can be seen at table 5.20 below.

Table 5.20.

Analysis of Net Interest Margin (NIM) of various commercial banks in Nepal

Sl. No	Banks	Financial Year (results in percentage)										Mean	SD
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13		
1	NBL	1.81	2.63	3.55	2.74	3.14	3.99	4.88	4.33	3.16	3.42	3.37	0.89
2	RBB	1.64	3.76	3.59	3.07	3.16	3.46	3.35	3.21	2.34	3.24	3.08	0.63
3	NABIL	4.29	4.8	4.27	3.79	3.29	3.75	4.01	3.98	4.71	4.8	4.17	0.50
4	NIBL	3.06	3.27	3.2	3.26	3.09	2.98	3.66	3.74	3.3	4.24	3.38	0.39
5	SCBN	3.24	3.63	3.44	3.49	3.36	3.31	3.65	3.92	4.47	4.22	3.67	0.41
6	HBL	3.05	3.17	3.32	3.01	3.15	3.58	3.73	4.09	3.51	4.1	3.47	0.40

(iv) Asset quality

This is an evaluation or assessment of the credit risk concerned with a particular asset. It shows the exposure of the bank to credit risk, which can be derived by dividing total loans and advances to the total assets. According to Kolapo, Ayeni and Oke (2012), credit risk is an internal determinant of bank performance. The ratio of nonperforming loans to total loans(NLP) is a variable proxy for the credit risk, and, also, it reflects the banks' asset quality, respectively the soundness of credit portfolio. A high level of this indicator meaning a significant deterioration of the banks' assets leads to a decrease in bank profitability.

Table 5.21 shows the ratio of Non-Performing Assets as a percentage of total loan. NPA of NBL's was showing steep decline which was indication of improvement in performance. The mean value of NPA ratio of RBB was the highest 24.44 %. The level of non-performing loans has fluctuated dramatically over the years. The increase of the NPL is accompanied with increase of provisions from the bank resulting in the decrease of profitability. In case of NIBL which was 0.02 percent lowest among the sample banks. This indicates the performance of NIBL was in improving trend. Its standard deviation is only 0.01 % that means it has lower risk than others with consideration of assets quality ratio. NABIL and SCBL have similar asset quality ratio ie.1.64 and 1.48% respectively. Out of the six commercial banks NBL and RBB has a sharp decrease in NPA. A radical improvement can be seen to commercial banks viz., NBL and RBB. Both of the bank has a stable NPA from 2008-09-10 till 2012-13. Others in the listed banks performed in between a range of 0 to 10 %. There is a not so wide fluctuation in NPA of these banks.

Table 5.21.

Analysis of Assets Quality (AQ) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in percentage)										Mean	SD
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13		
1	NBL	52.07	49.64	18.18	13.49	12.38	4.94	4.98	5.28	5.58	4.53	17.11	18.39
2	RBB	57.64	50.7	37.09	28.63	21.43	15.64	9.78	10.92	7.27	5.32	24.44	18.60
3	NABIL	3.35	1.32	1.38	1.12	0.74	0.8	1.47	1.77	2.33	2.13	1.64	0.79
4	NIBL	0.01	0.04	0	0.01	0.02	0.01	0.02	0.01	0.02	0.01	0.02	0.01
5	SCBN	3.77	2.69	2.13	1.83	0.92	0.66	0.61	0.62	0.78	0.77	1.48	1.09
6	HBL	8.88	7.44	6.6	3.61	2.36	2.16	3.52	4.22	2.09	2.89	4.38	2.41

(v) Liquidity (LIQ)

Liquidity is one of the important parameters through which the performance of a Bank is assessed. Liquidity is of major importance for a bank and evaluates the operational performance of the banks, reflecting the capacity of a bank to pay the debts on a short term and to cope with unexpected withdrawals of depositors. In order to honor these obligations and in general to be able to provide liquidities, the banks must own highly liquid and easy transferable assets. In the case of the banks with less liquid assets there is a high possibility that these institutions will default. In order to measure liquidity this study uses the ratio of liquid assets to total assets(LIQA). Regarding the connection with profitability, it is expected that a negative relationship since liquid assets produce a low return.

Table 5.22

Analysis of Liquidity (LIQ) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in percentage)											
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
1	NBL	38.96	38.23	65.69	47.56	42.94	42.41	32.92	31.98	34.31	30.9	40.59	10.34
2	RBB	22.28	16.92	35.33	34.35	36.71	31.73	34.74	23.83	42.6	43.02	32.15	8.62
3	NABIL	33.21	22.35	20.9	24.85	25.07	21.08	17.03	18.2	23.25	22.5	22.84	4.46
4	NIBL	59.04	52.59	45.65	43.23	41.62	40.46	33.98	35.85	37.31	28.86	41.86	8.92
5	SCBN	51.56	47.69	46.16	42.65	40.25	37.43	30.16	39.29	39.24	31.22	40.57	6.80
6	HBL	23.43	28.44	26.7	29.6	26.09	21.44	20.23	21.62	29.04	25.5	25.21	3.38

According to the mean value of liquidity ratio of the study period shown in table 5.22, NIBL has the highest amount of liquidity than others. Likewise, NBL and SCBL have second and third highest position on liquidity. The lowest mean of liquidity ratio is 22.84 % of NABIL bank limited, which shows a concerning position of NABIL than other commercial banks in Nepal. NBL has a mean value of LR 40.59; RBB has a mean value of LR 32.15; NABIL has a mean value of LR22.84; NIBL has a mean value of LR 41.86; SCBN has a mean value of LR 40.57; and HBL has a mean value of LR 25.21. Out of the six commercial banks NBL and RBB has a sharp increase in liquidity in the year 2005-06. However, it cannot be maintained in long run and plunged to lower side since 2006-07 till 2010-11. Likewise, a gradual fall in liquidity can be seen since 2003-04 till 2009-10 in regards of NIBL and SCBN. Similarly, other two banks NABIL and HBL has maintained almost a consistent liquidity throughout the study period.

(vi) Analysis of deposit ratio (DR)

According to the literature a higher share of customer deposits in bank liabilities should increase a bank’s profitability, considering that deposits constitute a cheap and stable financial resource compared with other financing alternatives (Claeys and Vander Vennet, 2008; García-Herrero *et al.*, 2009). Thus, it is examined whether there is a direct relationship between the proportion of customer deposits in a bank's total liabilities and the bank’s profitability. The “deposit war” has happened among the banks effecting the bank margin.

Table 5.23.

Analysis of Deposit Ratio (DR) of various commercial banks in Nepal

Sl. No.	Banks	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
		Financial Year (results in percentage)											
1	*NBL*	80.92	76.38	99.75	99.38	99.47	95.03	97.81	88.98	95.63	85.37	91.87	8.47
2	*RBB*	90.7	122.24	115.84	109.37	120.7	99.19	81.6	91.01	87.29	89.73	100.77	15.02
3	*NABIL*	84.32	84.87	86.64	85.65	85.95	85.14	88.98	85.47	87.06	86.85	86.09	1.35
4	*NIBL*	9.49	9.7	9.97	10.23	10.57	10.88	10.96	10.97	11.09	11.2	10.51	0.62
5	*SCBN*	89.51	87.21	89.47	86.19	89.23	88.38	87.49	86.74	86.3	86.49	87.70	1.34
6	*HBL*	88.89	89.06	89.92	89.65	88.02	88.2	88.05	87.56	87.8	86.79	88.39	0.97

Table 5.23 shows the deposit ratio of the commercial banks. Out of the six commercial banks under study, the RBB has the highest mean deposit ratio of 100.77, so it has higher earning. The NIBL has the lowest mean value among sample banks in study period, it has a value of deposit ratio of 10.51. The deposit ratio of NBL, NABIL, SCBL and HBL have constant in position with mean value are 91.87 (SD=8.47), 86.09 (SD=1.35), 87.70(SD=1.35) and 88.39(SD=0. 97) percentage respectively. Likewise, a constant values of deposit ratio can be seen in the study period.

(vii) Funding cost ratio (FCR)

Funding costs (FC) is expressed in this study by the interest expenses to deposits ratio. The inference from reviewed literature shows that deposits constitute a cheap and stable financial source of funding compared to other alternatives such as equity and borrowed capital (Bank of Uganda,2010)studies of Dietrich and Wanzenried (2011) in Switzerland from 1999-2009 indicated that, higher funding costs had a negative impact on bank profitability. A decrease of financing cost leads to an increase of bank's profitability. Cost is the major determinant that affects directly on profitability of the organization.

Table 5.24

Analysis of Funding Cost Ratio (FCR) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in percentage)										Mean	SD
		2003-04	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**		
1	*NBL*	2.87	2.08	2.16	1.98	1.85	1.75	1.81	3.11	3.92	3.48	2.50	0.78
2	*RBB*	3.66	2.34	1.84	1.87	1.59	1.57	2.02	3.28	3.47	2.7	2.43	0.79
3	*NABIL*	2	1.67	1.85	2.38	2.38	3.09	4.23	5.93	5.73	3.44	3.27	1.56
4	*NIBL*	2.83	2.49	2.59	2.8	2.88	3.61	5.1	7.22	6.69	4.44	4.07	1.75
5	*SCBN*	1.3	1.31	1.31	1.68	1.59	1.52	1.64	2.64	2.8	1.55	1.73	0.54
6	*HBL*	10.12	10.24	10.29	10.42	10.5	10.58	10.66	10.75	10.9	11.02	10.55	0.29

The analyses of FCR of the Nepalese commercial banks show that the HBL has provided high rate of interest to the depositors than other banks. The average FCR of the study period of 2003-04 to 2012-13 was 10.55. In order to operate the bank, HBL paid high amount of cost to lenders or creditors.

Likewise, the funding cost of SCBL has very low that affects directly on its profitability. It has an average FCR of 1.73 of the study period of 2003-04 to 2012-13. Similarly, NBL has an average FCR of 2.50, RBB has an average FCR of 2.43, NABIL has an average FCR of 3.27, and NIBL has an average FCR of 4.07. Detail analysis of FCR can be seen at table 5.24.

(viii) Return on capital employed

Return on capital employed is an accounting ratio used in finance, valuation, and accounting. It is a useful measure for comparing the relative profitability of companies after taking into account the amount of capital used. The higher the return on capital, the greater the company's ability to expand in order in grow earnings. Likewise, high profitability and earnings growth should, in theory, attract investors who, in turn, will bid up the share price. Return on capital employed or ROCE is a profitability ratio that measures how efficiently a company can generate profits from its capital employed by comparing net operating profit to capital employed. In other words, return on capital employed shows investors how many dollars in profits each dollar of capital employed generates. ROCE is a long-term profitability ratio because it shows how effectively assets are performing while taking into consideration long-term financing. This is why ROCE is a more useful ratio than return on equity to evaluate the longevity of a company.

The analysis of ROCE of the Nepalese commercial banks show that the best performers of commercial banks are Standard Chartered Bank limited and Nabil Bank Limited respectively during the study period. The mean ROCE are 38.817 (SD=7.17) and 31.784 (SD= 7.23) for SCBL and NABIL bank limited respectively. The ROCE of RBB is the worst position among sample banks it has negative mean -20.24 (SD=146.57) but it has highly fluctuating result each and every year. The NBL did not have good position in ROCE with mean 4.385 and SD 60.81.The NIBL and HBL have average performer with mean 27.282 (SD=3.77) and 23.468 (SD=3.38) respectively. However, a slowdown can be seen in the performance in the year 2010-11, almost for all the banks. Detail performance figures of ROCE can be seen at table 5.25 below

Table: 5.25

Analysis of Return on Capital Employed (ROCE) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in percentage)											
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
1	*NBL*	47.31	162.56	-13.09	-2.72	-5.37	-24.98	-14.34	-14.06	-6.38	-85.08	4.385	60.81
2	*RBB*	60.49	-5.63	-8.73	-10.14	-10.62	-13.08	-21.53	-386.49	-55.4(	248.73	-20.24	146.57
3	*NABIL*	21.60	25.50	42.37	36.81	27.07	28.19	25.77	-38.36	29.32	42.85	31.784	7.23
4	*NIBL*	27.07	28.94	27.29	29.35	32.10	29.93	28.07	-24.25	17.57	28.25	27.282	3.77
5	*SCBN*	44.89	33.57	49.83	43.60	27.80	48.42	38.87	-36.66	31.41	33.12	38.817	7.17
6	*HBL*	20.56	21.65	25.23	25.55	29.91	24.96	16.89	-24.67	24.27	20.99	23.468	3.38

(ix) Return on Investment

Return on investment (ROI) measures the gain or loss generated on an investment relative to the amount of money invested. ROI is usually expressed as a percentage and is typically used for personal financial decisions, to compare a company's profitability or to compare the efficiency of different investments. A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. ROI measures the amount of return on an investment relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment, and the result is expressed as a percentage or a ratio.

The analysis of ROI in table 5.26shows that NIBL has strong position in terms of ROI. It has a mean ROI for the period of Rs 11.99 (SD=2.37). Likewise, NABIL bank has followed NIBL with average value of Rs 11.96 (SD 2.37). RBB was in weak position with consideration of ROI, it has mean value was Rs 0.29 (SD=0.39). Similarly, NBL has mean ROI of 6.49, SCBN has mean ROI of 6.32 and HBL has mean ROI of 7.91. Furthermore, a consistency can be seen regarding ROI of these commercial banks throughout the study period. The detail ROI figures can be seen at table 5.26 below.

Table 5.26.

Analysis of Return on Investment (ROI) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in percentage)											
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
1	*NBL*	6.03	15.69	8.69	1.57	1.47	5.37	1.85	12.98	2.3	8.91	6.49	5.03
2	*RBB*	0.25	0.42	0.19	0.14	0.13	0.13	0.13	1.36	0.09	0.06	0.29	0.39
3	*NABIL*	12.34	14.04	14.59	10.92	8.33	10.34	10.47	9.87	12.96	15.77	11.96	2.37
4	*NIBL*	8.77	5.56	8.62	8.83	10.69	13.1	17.1	14.91	13.99	18.34	11.99	4.15
5	*SCBN*	5.19	4.74	6.79	5.38	6.04	7.37	5.83	5.64	6.77	9.4	6.32	1.35
6	*HBL*	6.55	11.29	8.29	4.52	5.38	5.9	5.97	10.77	11.07	9.37	7.91	2.57

(x) Earnings per share

Earnings per Share (EPS) figure are very important for actual and potential common stockholders because the payment of dividend and increase in the value of stock in future largely depends on the earnings of the company. EPS is the most widely quoted and relied figure by investors. In most of the countries, the public companies are required to report EPS figure on the income statement. It is usually reported below the net income figure. The higher the EPS figure, the better it is. A higher EPS is the sign of higher earnings, strong financial position and, therefore, a reliable company to invest money. For a meaningful analysis, the analyst should calculate the EPS figure for a number of years and also compare it with the EPS figure of other companies in the same industry. A consistent improvement in the EPS figure year after year is the indication of continuous improvement in the earning power of the company.

The analysis of EPS in table 5.27shows that RBB has the highest EPS value of Rs. 416.20 than the others commercials banks within the studied period. The Nepal Bank Ltd. has followed RBB in its earnings per share. It has a mean value of EPS of Rs 166.08. Nepal Investment Bank Limited has the lowest average mean of EPS of Rs 47.39. It has lower earning capacity than others commercial banks under the study period. Similarly, NABIL has average mean EPS of Rs. 101.91, SCBN has average mean EPS of Rs. 115.73 and HBL has average mean EPs of RS. 49.21. It can be concluded that the NIBL and HBL had weak financial position than the other studied commercial banks within the study period.

Table 5.27.

Analysis of Earning per Share (EPS) of various commercial banks in Nepal

Sl. No.	Banks	Financial Year (results in RS)										Mean	SD
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13		
1	*NBL*	186.76	454.84	317.38	59.66	62.89	235.09	65.56	33.74	46.36	198.53	166.08	140.02
2	*RBB*	267.9	341.3	413.05	419.65	446.13	499.27	526.08	NA	NA	NA	416.20	88.97
3	*Nabil*	92.61	105.49	129.21	137.08	108.31	113.44	83.881	70.67	83.23	95.14	101.91	20.95
4	*NIBL*	51.7	39.5	59.35	62.57	57.87	37.42	52.55	39.1	27.6	46.2	47.39	11.31
5	*SCBN*	143.55	143.14	175.84	167.37	131.92	109.99	77.65	69.51	72.6	65.7	115.73	42.23
6	*HBL*	49.05	47.91	59.24	60.66	62.74	61.9	31.8	44.66	39.94	34.19	49.21	11.61

Cash flow statement analysis

The cash flow statement not only helps the investors, it too helps a firm’s stakeholders taking decisions on future investments. It reflects a firm’s financial solvency with the summarization of the cash inflows and outflows. It allows executives and investors compare the firm’s current financial standing with past periods. It determines whether the organization net cash flows have increased or decreased. It provides valuable information about a firm’s financial performance. The purpose of the cash flow statement is to report how an organization generated and used its cash. Similarly, current cash balances and forecasts of future cash flows are at the heart of many business decisions. Managers, investors, and creditors all need information about cash and cash flows so they can make decisions. It is used as an analytical tool to assess the ability of a firm to cover its operating costs in the short-term and assist in the evaluation of a firm’s value. The cash flow statement comprises of three main segments: (i) *Cash flow from Operating Activities:* This summarizes cash inflows and outflows associated to the firm’s fundamental operations. Cash flow from operating activities is calculated by adjusting net income to mirror changes in depreciation & amortization, accounts receivable, inventory, prepaid expenses, accounts payable and accruals. Increases in accounts receivable, inventory and prepaid expenses are subtracted from net income while decreases are added. Decreases in accounts payable and accruals are subtracted from net income while increases are added. (ii) *Cash Flow from Investing Activities:* This summarizes cash inflows and outflows associated to the purchase and sales of non-current assets. Such activities may include the firm's property, plant and equipment, sales of investment securities and collection of principal on loans. (iii) *Cash Flow from Financing Activities:* This includes activities associated to the firm's debt and equity financing. Such activities may consist of issuance of stocks or equity, stock repurchase, borrowing, loan repayments and dividend payments.

Although the cash flow statement is very important in determining a firm's financial health, the income statement also provides valuable information that can assist investors in deciding if a firm is of good value. The analysis of the cash flow statement of the sampled banks as shown in table 5.28shows that CFOA of HBL has been positive throughout the period. It means that HBL is in strong position in terms of its operating revenues. Likewise, Nepal bank Ltd. and NIBL have invested their funds into productive sectors. These two banks do not have cash in idle position. CFFA of RBB was in positive situation throughout the studied period.HBL, NABIL and NIBL have good financial performance in recent years. These banks generated high amount of CFOA. Likewise, SCBL has more liquidity, wherein it can be concluded that SCBL may not have good investment opportunities in recent years in the country. The total cash flow position of NABIL and NIBL is highly positive in fiscal year 2010/11, 2011/12 and 2012/13. The detail analysis of the cash flow statements of a ten years' period of the banks are placed in table 5.28.

Table 5.28

Cash Flow Statement Analysis (Rupees in millions)

Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
					NBL					
CFOA	-470	1002	477	163	-782	2152	894	2243	375	-1976
CFIA	-35	-2237	-35	-39	-35	-75	-76	-73	-62	-68
CFFA	464	1294	470	-113	215	410	154	-285	1706	2133
TCF	-41	59	1015	-57	-500	2555	969	1873	20498	125
					RBB					
CFOA	190	-2999	-79	60	4085	4397	-5752	-3748	11133	-4213
CFIA	-1292	1546	-715	30	-1501	-1436	2520	774	-420	2170
CFFA	1090	3136	422	513	289	188	324	1123	3237	408
TCF	-12	-1466	-324	575	2873	3144	-2919	-1945	13955	-1768
					NABIL					
CFOA	NA	NA	NA	544	1504	1726	-1474	1705	3511	1752
CFIA	NA	NA	NA	225	-472	-1084	-180	-197	-1073	659
CFFA	NA	NA	NA	NA	240	60	-318	-449	-603	-805
TCF	NA	NA	NA	770	1271	701	-1972	1058	1835	1607
					NIBL					
CFOA	348	513	874	344	1165	3601	-625	1313	4268	2448
CFIA	-4333	-111	-80	-490	-304	-240	-491	-560	-335	-278
CFFA	4100	281	203	251	452	802	14		-269	-722
TCF	114	114	996	105	1313	4163	-1102	1324	3663	1448
					SCBL					
CFOA	NA	-600	-659	1093	-45	6949	-2250	-2111	-1832	-352
CFIA	NA	2573	-2241	-421	-17	-5990	956	3091	5032	389
CFFA	NA		NA	1	1	1	1	2	NA	2
TCF	NA	-912	165	745	29	1087	-1208	1046	3390	39
					HBL					
CFOA	726	797	591	701	273	978	1158	1230	1195	1490
CFIA	1922	3451	-287	-64	-1145	4386	297	-139	-1729	-1765
CFFA	1073	2666	NA	NA	367	-509	-345	-225	-379	334
TCF	-123	12	-297	40	-309	1600	818	-902	3398	-2714

5.6.2 Strategic Management and Performance

In this section, an attempt has been made to evaluate the impact of strategic management on performance. First of all, performance of sample organizations has been assessed on the basis of defined variables. Various studies have been used different indicators to evaluate strategic management. Thune and House (1970), and

Herold (1972) used ROI,RON and EPS as performance indicators. Eastlack and McDonald (1970) emphasized on growth variables. Ansoffet. al.(1971)used financial and sales measures as measures of performance. Schoeffler et.al. (1974) used market share as the indicator of performance. Sheehan (1975) used profitability ratios like RON and ROI, Wood and LaForge(1979), Rhyne(1986) and Pearce et.al.(1987)used financial performance indicators.

In the current study, profitability, resource utilization, market and productivity indicators were used Return on Net worth, Return on Investment(ROI) and Return on Total Revenue(ROR). Capacity utilization (CU) and assets turnover (AT) were used to measure resource utilization. Sales growth (SG) and Market share (MS) were used to indicate market performance. Employee productivity (PRO) was used as the measure of productivity.

Nepal Bank Limited

Nepal Bank Ltd. (NBL) was established in 1937 as the first commercial bank in Nepal with a view to provided banking services for the industrial development and the overall economic development of the country. Unlike other private sector banks, NBL has been providing its services not only for limited group rather it has tried to cover all levels of citizens to all sectors in Nepal.

Deposits: The deposit of NBL has been continuously increasing from 2003/04 to 2012/13. The figures are not impressive. The deposit increased from Rs. 35735 million in 2003/04 to Rs. 62989 million in 2012/13. In terms of deposits, NBL is the second largest bank in the country. Despite a fledging image with poor performance, NBL has been continuously successful in mobilizing deposits and it still enjoys the trust of people.

Loans: The loans of NBL also have been continuously increasing. The amount of loans increased from Rs. 19078.1 million in 2003/04 to Rs. 29551.3 million in 2012/13. It recorded a maximum growth of 30.18% in loans in the year 2010/11. However, loan volume does not seem to indicate the position particularly in view of reported increase of non-performing assets of NBL. The outstanding loans may have also contributed to rise in the total volume of loans.

Employees: The number of employees of NBL has decreased during the period of 2003/04 to 2012/13 that it has decreased by 23.7% in 2003/04 commensurate to efforts to downsize employees. The number of employees has come down to 2786 in 2012/13 from 3818 in 2003-04. The present strength of employees must be considered as an encouraging step and the process has continued till today as reported.

Total Revenue: The total revenue of NBL has been continuously decreasing from 2003/04 from 2310 to 2007/08. The total revenue increased from Rs. 2417 million in 2008/2009to Rs. 3106 million in 2012/13. Unlike other indicators, the revenue is not very encouraging and points out to serious operational flaws at NBL.

Net Profit: NBL is performing very poorly. It showed that all is not well with NBL particularly in the strategic management front. It is Rs. 710 million in 2003/04 and increased in Rs. 1730 and decreases to 755 till 2012/13.

Net worth: The net worth of NBL was also continuously decreasing from 2003/04 was 1449.1to -3084.1 in 2012/13. The net worth was negative in from the year 2005/06 to 2012/13. The negative net worth clearly proved the poor performance of the bank. This is a sad situation for a bank, which used to boast of strong performance not so long ago.

Total Investment: The total investment of NBL has increased upto 166651.90 in 2008/09. A drastic decrease starts from 2009/10 and relativity till 2012/13 with Rs. 8473.20. In previous decade, it can be said that introducing more debt capital especially in 1999/00 helped to raise the total investment. But thereafter it is in decreasing trend.

Total assets: The total assets of NBL seemed to be recording an increasing trend Rs. 44161.88 in 2003/04 to Rs. 73782.30 in 2012/13. However, the trend is decreasing in base year with 2003/04 in 2005/06, 2006/07 and 2007/08.

Performance Indicators

The three productivity indicators return on total revenue, return on net worth and return on investment all proved the poor profitability of NBL. The three profitability indicators used are in mix trend, degrading trend can be seen in RON from 2005 to 2013 and worst at its side at the rate of -24.48%. Likewise, the ROR has mix trend, increased in three consecutive years of 2003-04, 2004-05 and a nose dive till 2012-13 with a figure of 24.31%. The worst ROR is in the year 7.5% in 2011-13. The average ROR of the study period is 32.27 with SD=26.84. Similarly, ROI had also plunged to 1.57% from 6.03% from 2003-03 to 2006-07, from 2007-08 it had taken a path towards up nose to 12.98% and nose dive to 8.91% in 2012-13. The average RON of the study period is 12.82 with SD=56.26.

Assets utilization has no improvement; it was 0.05 times in 2003-04 to 0.04 times in 2012-13. It has a consistency in the figure throughout the decade. The average ATR of the study period is 0.05 with SD=56.26. For a bank, this situation is quite stagnant though it may have mainly occurred due to rescheduling of loans.

The Earning per Share of NBL, however, has been in increasing trend from Rs. 186.76 in 2003-2004 to Rs. 317.38 in 2005-06.The trend showed a plunged to Rs. 198.53 in 2012-13. Similarly, the market value per share constant of Rs. 225till 2008-09 from 2003-04 and plunged to Rs. 171 in 2012-13.

Employee productivity, however, is increasing favorably. It increased from 0.61 million per employee in 2003-2004 to 1.11 million in 2012-13 per employee. The average EP of the study period is 0.79 with SD=0.20. This is mainly due to two factors, (a) decrease in employees and (b) increase in total revenue.

Though the amount of deposits and loans were in an increasing trend, the loans could not be increased as per increase in deposits. On the other hand, though the total investment seemed to be increasing the net worth position seemed to be poor and there has been a continuous net loss. Therefore, it can be concluded that NBL has not been able to use its resources properly and the operating performance was dissatisfactory. It showed that the bank did not seem to have succeeded in its strategic performance. Detail of operational results and performance indicators can be seen at table 5.29 and 5.30

Table 5.29

Operational Results of Nepal Bank Limited (Amount in million)

S.N.	ARPC \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	-	-26.55%	-1072.24%	-2.72%	-39.83%	-10.85%	-8.17%	-2.16%	-5.03%	-33.07%
2	Borrowing	-	-100.00%	na	52.67%	-6.55%	13.41%	8.27%	7.83%	-13.30%	16.90%
3	Deposits	-	0.56%	-0.29%	8.89%	7.22%	8.04%	-6.78%	11.09%	19.76%	12.37%
4	Total Assets	-	6.53%	-23.65%	9.30%	7.12%	13.09%	-9.43%	22.12%	11.43%	25.88%
5	Total investment	-	-6.44%	26.00%	3.83%	12.91%	2.26%	-19.05%	-56.85%	31.74%	10.59%
6	Loan and Advance	-	0.16%	-8.65%	-30.22%	9.83%	15.72%	24.42%	30.18%	6.24%	10.94%
7	Total Revenues	-	-14.72%	-12.99%	-9.92%	18.39%	32.22%	16.51%	-100.00%	na	na
8	Net Profit	-	143.66%	-30.23%	-81.19%	5.29%	274.06%	-72.15%	203.21%	-76.69%	328.98%
9	Employees		-23.7%	1.6%	-0.8%	-1.8%	-15.4%	19.8%	-1.9%	-1.7%	-1.2%

Source: Nepal bank Limited

ARPC=Annual rate of percentage change

Table: 5.30

Performance indicators Nepal Bank Limited

Sl. No.	Banks	Financial Year 2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
1	*ROR (%)*	30.74	87.82	70.42	14.7	13.07	36.99	8.84	28.26	7.5	24.31	32.27	26.84
2	*RON(%)*	49	162.55	-11.66	-2.26	-3.95	-16.56	-5.02	-15.56	-3.82	-24.48	12.82	56.26
3	*ROI(%)*	6.03	15.69	8.69	1.57	1.47	5.37	1.85	12.98	2.3	8.91	6.49	5.03
4	*ATR(Times)*	0.05	0.04	0.05	0.04	0.04	0.05	0.07	0.05	0.04	0.04	0.05	0.01
5	*EP (Rs)*	0.61	0.68	0.58	0.53	0.63	0.99	0.96	0.93	0.83	1.11	0.79	0.20
6	*EPS(Rs)*	186.76	454.84	317.38	59.66	62.89	235.09	65.56	33.74	46.36	198.53	166.08	140.02
7	*MVPS(Rs)*	225	225	225	225	225	225	0	0	0	171	152.10	106.27

Source: Nepal bank Limited

Rastriya Banijya Bank

RBB was established in 1966 as the first fully owned public sector bank with a purpose of providing banking services to the people and country and to provide loan for economic development. Currently in view of its poor performance, it is being managed by expatriate consultants under the financial sector reform programme launched with the assistance of the World Bank.

Deposits: The deposit of RBB has been continuously increasing from 2003/04 to 2012/13. The deposit increased from Rs. 40867 million in 2003/04 to Rs. 91094 million in 2012/13. In terms of deposits, RBB is the largest bank in the country. It also means that it has been able to attract the faith of customers, despite its continued descending performance in the recent past.

Loans: The loans of RBB also have been continuously increasing. The loans of RBB increased from Rs. 27969.6 million in 2003/04to Rs. 40346.2 million in 2012/13. It may be noted that the amount of loan has always exceeded the amount of deposits indicating excellent utilization of resources. But there is a need for caution here. Detailed analysis and in depth interviews showed that the performance actually may not have improved and the increase in loan was mainly contributed by the rescheduling of loans.

Employees: The number of employees of RBB has decreased during the period of 2003/04 to 2012/13 that it has decreased by 36%, commensurate to efforts to downsize employees. The number of employees has come down to2526 in 2012/13 from 3996 in 2003-04. It showed an effort to reduce the size to make it a viable organization. Compared to the modern banking systems, its size of employment even considering it total coverage may be termed simple huge.

Total Revenue: The total revenue of RBB has been continuously increasing along with other indicators. The total revenue increased from Rs. 2270 million in 2003/04 to Rs. 3966 million in 2012/13. The total revenue increased significantly in from 2007/08 to 2012/13, however, it was in decreasing trend from 2003/04 to 2006/2007.It showed that the bank from this perspective might be doing well. But again this may not depict the total picture. It is reported that rescheduling of non-performing loans has mainly contributed to it or new loans have replaced old loans. In that case, the bank may be inviting more serious troubles in the future. The recent performance has shown that this might actually have happened.

Net Profit: RBB incurred losses during 2010/11 to 2011/12. For other financial year 2003/04 to 2012/13, the net profit has been positive. In 2003/04, the net profit earned was Rs. 1040 million and increased till 2009/10. However, it has decreased in two consecutive financial years of 2010/11 and 2011/12. Again it takes momentum in 2012/13. Discussions at the bank reveal that the profitability of RBB at the best may be accounting profit and not real profits. It is alleged that defaulters were given new loans to enable them to pay old loans. It has resulted in yielding profits for the year, but the defaulters after receiving the bigger loan continued to further default causing serious aggrandizement to non-performing assets, the situation may not be as good as illustrated by the financial statements. The recent non-performing loans are estimated at up to around 48 percent or even more.

Net worth and total investment: The net worth of RBB in 2003/04 was Rs. 1557.5. The net worth was negative in from the year 2004/05 to 2012/13. But as stated earlier, the real net worth situation may not be as sound as visible. The total investment and net worth were equal in RBB meaning that there has been no use of debt capital other than deposit liabilities.

Total assets: The total assets also have been noticed to be continuously increasing. The total assets increased from Rs. 45056 in 2003/04 to 101524 in 2012/13. The maximum increment of total assets can be seen from 2006/07 to 2012/13. However, there is a downtrend from 2004/05 to 2005/06.

Performance Indicators

Various indicators used to measure the performance of the banks showed that in general the performance of RBB has been less than satisfactory. The three profitability indicators used namely return on total revenue, return on net worth and return on investment are in degrading trend in the studied decade. Return on Revenue was in decreasing trend; it was 45.81% in 2003-04 and in 2012-13 gone down to 38.25%. The worst return in this decade was in 2012-13. The average ROR of the study period is 109.59 with SD=151.03

Likewise, the Return on Net worth of RBB was negative throughout the decade except in 2003-04. It was started with 0.67% to a declined state of -0.66% in 2012-13. The average RON of the study period is -0.28 with SD=0.70. The rate of return on investment was also in decreasing trend. The figure of 2003-04 was 0.25 and till reached the year 2012-13, it was 0.06%. The average ROI of the study period is 0.29 with SD=0.39.

Assets utilization has no improvement; it was 0.05 times in 2003-04 to 0.04 times in 2012-13. It has a consistency in the figure throughout the decade. For a bank, this situation is quite stagnant though it may have mainly occurred due to rescheduling of loans. The average ATR of the study period is 0.04 with SD=0.01.

The Earning per Share of RBB, however, has been in increasing trend from Rs. 267.9 in 2003-2004 to Rs. 526.08 in 2012-13.The trend showed a continuous increase but in a minimum pace. Despite of the slow pace, it still enjoys the pivotal position of being the largest commercial bank in the country. Similarly, the market value per share increased from Rs. 268 to Rs. 499 from 2003-204 to 2009-2011. The average EPS of the study period is 291.34 with SD=213.76. Likewise, the average MVPS of the study period is 228.70 with SD=211.28.

Employee productivity, however, is increasing favorably. It increased from 0.57 million per employee in 2003-2004 to 1.57 million in 2013 per employee. This is mainly due to two factors, (a) decrease in employees and (b) increase in total revenue. The average EP of the study period is 0.98 with SD=0.41.

Despite improved utilization of resources, the overall performance is extremely poor as illustrated by profitability, as well as indicators. Especially ROI and ROR 2011-12-13.The effect of retrenchment can also be seen in the productivity of the bank. However, as discussed in various segments, the real situation may be much worse than reported, and therefore, the visible situation may be illusory only. Detail of operational results and performance indicators can be seen at table 5.31 and 5.32.

Table 5.31

Operational Results of Rastriya Banijya Bank (Amount in million)

1	Net Worth	-	-1630.65%	-10.08%	-5.39%	-9.35%	-6.34%	-22.82%	-35.16%	-13.86%	-68.84%
2	Borrowing	-	108.77%	851.39%	35.32%	-49.14%	13.69%	53.96%	4.29%	19.13%	-39.26%
3	Deposits	-	5.26%	7.39%	9.24%	27.50%	5.94%	0.68%	7.72%	18.74%	3.78%
4	Total Assets	-	-21.90%	13.33%	15.70%	15.53%	28.91%	22.39%	-3.42%	23.81%	0.96%
5	Total investment	-	-25.77%	172.21%	37.72%	8.86%	14.89%	6.19%	-16.96%	18.04%	72.84%
6	Loan and Advance	-	-5.20%	7.92%	-6.12%	-6.14%	8.48%	15.03%	13.20%	3.30%	9.66%
7	Total Revenues	-	-21.37%	8.29%	-1.09%	19.61%	41.80%	15.51%	-12.04%	-3.52%	24.76%
8	Net Profit	-	27.12%	20.35%	1.57%	6.31%	11.93%	5.41%	772.77%	-91.83%	4.91%
9	Employees	-	-14.49%	-3.39%	-5.27%	-4.00%	-10.16%	-1.74%	-1.70%	-1.92%	-1.14%

Source:Rastriya Banijya Bank

ARPC=Annual rate of percentage change

Table 5.32

Performance indicators Rastriya Banijya Bank

Sl. No.	Banks	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
		Financial Year											
1	*ROR (%)*	45.81	74.06	82.31	84.52	75.12	59.3	54.11	536.9	45.49	38.25	109.59	151.03
2	*RON(%)*	0.67	-0.06	-0.07	-0.08	-0.09	-0.11	-0.15	-2.05	-0.19	-0.66	-0.28	0.70
3	*ROI(%)*	0.25	0.42	0.19	0.14	0.13	0.13	0.13	1.36	0.09	0.06	0.29	0.39
4	*ATR(Times)*	0.05	0.05	0.05	0.04	0.04	0.05	0.04	0.04	0.03	0.04	0.04	0.01
5	*EP (Rs)*	0.57	0.52	0.59	0.61	0.76	1.2	1.41	1.34	1.27	1.57	0.98	0.41
6	*EPS(Rs)*	267.9	341.3	413.05	419.65	446.13	499.27	526.08	0	0	0	291.34	213.76
7	*MVPS(Rs)*	268	241	413	420	446	499	0	0	0	0	228.70	211.28

Source: Rastriya Banijya Bank

NABIL Limited

NABIL bank Ltd. is a commercial bank in Nepal. Founded in 1984, the bank has branches all across the nation with its head office in Kathmandu. Nabil, the first foreign joint venture bank of Nepal, started operations in July 7, 1984. Previously, it was known as Nepal Arab Bank Ltd. I have the largest staff among private commercial banks of Nepal. Nabil provides a range of commercial banking services through its 51 points of representation across the country and over 170 correspondent banks across the globe.

Deposits: The deposit of Nabil bank ltd. has been continuously increasing from 2003/04 to 2012/13. The figures are impressive, Rs. 14119 to Rs. 63610 from 2003/04 to 2012/13 respectively. In terms of deposits, Nabil has a strong stand in the banking industry in the country.

Loans: The loans of Nabil bank also have been continuously sharply increased. The amount of loans increased from Rs. 7996.9 million in 2003/04 to Rs. 42731.7 million in 2012/13. It recorded a maximum growth of 37.41% in loans in the year 2008/09.

Employees: The number of employees of Nabil bank has increased during the period of 2003/04 to 2012/13. The number of employees has gone up to 372in 2003-04 to 742 in 2012/13. The present strength of employees must be considered as an encouraging step and the process has continued till today as reported.

Total Revenue: The total revenue of Nabil has been continuously increased from Rs. 1053 million in 2003/04 to Rs. 4608 million in 2012/13. Unlike other indicators, the revenue is not very encouraging and points out to serious operational flaws at Nabil bank.

Net Profit: Nabil bank is performing very impressive. It was Rs. 455 million in 2003/04 and increased in Rs. 2219 million till 2012/13. The growth rate was the highest in this decade in 2008/09 of 38.12%.

Net worth: The net worth of Nabil bank was also continuously increased from Rs. 1146.4 million in 2003/04 to Rs. 4566.5 in 2012/13. The maximum growth rate was in 2004/05 of 57.38%.

Total Investment: The total investment of Nabil bank has increased from Rs. 3687.8 million in 2003/04 to Rs. 14074.9 million in 20012/13. It is quite impressive in this stand of amount. The overall trend, however, appears to be satisfactorily.

Total assets: The total assets of Nabil bank seemed to be recorded an increasing trend Rs. 16745 million in 2003/04 to Rs. 73241 million in 2012/13. The growth rate is higher in 2007/08 of 36.25%. The continued improvement in total assets is a further sign of the success story of Nabil.

Performance Indicators

The three productivity indicators return on total revenue, return on net worth and return on investment all are at good at NABIL bank. In ROR the bank had an increasing trend; however, it was a moderate increasing trend. The figures are 43.21% to 48.16% in a range of a decade. The average ROR of the study period is 44.86 with SD=2.56. The RON had a moderately increased from 39.69% to 48.59% till 2012-13 from 2003-04. The average RON of the study period is 42.44 with SD=6.0. Likewise, the ROI is increased from 12.34% to 15.77% in the decade from 2003-04 to 20012-13. However, there was a slight decrease in ROI in the year 2007-08 and 2010-11. The average ROI of the study period is 11.96 with SD=2.37.

Assets utilization has no improvement; it was 0.06 times in 2003-04 to 0.06 times in 2012-13. It had a consistency in the figures in polarization the decade. However, the figures had a plunge in 2007-08 of 0.04 times. The average ATR of the study period is 0.06 with SD=0.01. The Earning per Share of NABIL, had a slight increase from 2003-04 to 2008-09, thereafter a plunge from 2009-10 to 2011-12. However, an improvement in 2012-13 can be seen. The average EPS of the study period is 101.91 with SD=20.95

Similarly, the market value per share started with a value of Rs. 1000 to a sharp increase Rs. 5275 till 2007-08 and a sharp decrease of Rs. 1815 in 2012-13. This indicates a poor market performance of value of share. The average MVPS of the study period is 2677.50 with SD=1709.52

Employee productivity has an increasing trend. It increased from 2.83 million per employee in 2003-2004 to 6.21 million in 2012-13 per employee. The average EP of the study period is 4.23 with SD=1.25

In overall, the bank is performing well with and increasing rate of return. Therefore, it can be concluded that NABIL bank has been able to use its resources properly and the operating performance was satisfactory. Detail of operational results and performance indicators can be seen at table 5.33 and 5.34.

Table 5.33

Operational Results of NABIL Bank (Amount in million)

S.N.	Details \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	-	57.38%	-17.84%	11.83%	13.10%	9.72%	18.43%	28.45%	22.57%	19.05%
2	Borrowing	-	-76.11%	-92.56%	912.87%	409.58%	81.28%	23.83%	-81.08%	420.30%	-68.67%
3	Deposits	-	3.31%	32.64%	20.65%	36.73%	17.02%	24.08%	7.24%	10.72%	15.60%
4	Total Assets	-	2.63%	29.93%	22.05%	36.25%	18.14%	18.72%	11.64%	8.70%	15.89%
5	Total investment	-	0.25%	17.75%	41.84%	44.98%	11.33%	9.11%	25.17%	-3.89%	7.58%
6	Loan and Advance	-	7.98%	28.29%	17.54%	20.24%	37.41%	29.29%	18.28%	17.82%	10.23%
7	Total Revenues	-	13.49%	13.81%	8.82%	12.84%	25.27%	32.12%	10.78%	30.31%	15.49%
8	Net Profit	-	13.91%	22.49%	6.09%	10.76%	38.12%	11.02%	18.10%	26.19%	30.80%
9	Employees	-	14.52	3.52	3.17	2.58	21.39	10.3	17.95	-0.01065	0.141

Source: NABIL Bank

ARPC=Annual rate of percentage change

Table 5.34

Performance indicators NABIL Ltd.

Sl. No.	Banks	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
		Financial Year											
1	*ROR (%)*	43.21	43.43	46.69	45.54	44.67	49.28	41.21	43.89	42.51	48.16	44.86	2.56
2	*RON(%)*	39.69	28.77	42.84	40.66	39.79	50.12	46.75	42.95	44.22	48.59	42.44	6.00
3	*ROI(%)*	12.34	14.04	14.59	10.92	8.33	10.34	10.47	9.87	12.96	15.77	11.96	2.37
4	*ATR(Times)*	0.06	0.07	0.06	0.05	0.04	0.05	0.05	0.05	0.06	0.06	0.06	0.01
5	*EP (Rs)*	2.83	2.81	3.08	3.47	4.01	4.14	4.91	4.66	6.14	6.21	4.23	1.25
6	*EPS(Rs)*	92.61	105.49	129.21	137.08	108.31	113.44	83.881	70.67	83.23	95.14	101.91	20.95
7	*MVPS(Rs)*	1000	1505	2240	5050	5275	4899	2384	1252	1355	1815	2677.50	1709.52

Source: NABIL Bank

Nepal Investment Bank Limited

Nepal Investment Bank Limited is one of the leading commercial bank in Nepal. Previously known as Nepal Indosuez Bank Ltd. The bank was founded in 1986 as a joint venture between Nepalese and Credit Agricole Indosuez. The Nepalese investors bought all the shares of French company i.e., in 2001. From then the Nepalese investors have raised this bank to one of the most trusted and popular bank in the country. The bank has 44 branches scattered throughout the country giving modern banking services of international class.

Deposits: The deposit of Nepal Investment Bank Limited was continuously increased from Rs. 11525 million in 2003/04 to Rs. 62429 million in 2012/13. The figures are impressive in this decade. In terms of deposits, NIBL has a strong stand in the banking industry in the country, the growth rate is highest in 2007/08 with 40.68%.

Loans: The loans of NIBL bank also have been continuously sharply increased. The amount of loans increased from Rs. 5872.6 million in 2003/04 to Rs. 42510.4 million in 2012/13. It recorded a maximum growth of 55.28% in loans in the year 2008/09.

Employees: The number of employees of NIBL bank has increased during the period of 2003/04 to 2012/13. The number of employees has gone up to 325 in 2003-04 to 910 in 2012/13. The present strength of employees must be considered as an encouraging step and the process has continued till today as reported.

Total Revenue: The total revenue of NIBL has been continuously increased from Rs. 914 million in 2003/04 to Rs. 3999 million in 2012/13. Unlike other indicators, the revenue is also very encouraging and points.

Net Profit: NIBL is performing very impressive. It was continuously increased from Rs. 153 million in 2003/04 to Rs. 1915 in 2012/13. The maximum growth rate was in 2012/13 of 84.27%.

Total Investment: The total investment of NIBL has increased from Rs. 1745.3 million in 2003/04 to Rs. 10441.1 million in 20012/13. It is quite impressive in this stand of amount. The overall trend, however, appears to be satisfactorily.

Total assets: The total assets of NIBL seemed to be recorded an increasing trend Rs. 13255 million in 2003/04 to Rs. 73152 million in 2012/13. The growth rate is higher in 2007/08 of 40.89%. The continued improvement in total assets is a further sign of the success story of NIBL.

Performance Indicators

The three profitability indicators used namely return on total revenue, return on net worth and return on investment are in increasing trend in the studied period. Return on Revenue was in increasing trend; it was 16.74% in 2003-04 and in 2012-13 to 47.89%. ROR had a decreasing trend in 2010-11 and 2011-12. The average ROR of the study period is 29.99 with SD=9.97. Likewise, the Return on Net worth of NIBL was also increased from 27.46% to 37.10% in 2012-13. However, there was a decreasing trend consecutive in the year 2009-10, 2010-11 and 2011-12. The average RON of the study period is 35.53 with SD=8.98. Likewise, the average ROI of the study period is 11.99 with SD=4.15.

Assets utilization has no improvement; it was 0.07 times in 2003-04 to 0.05 times in 2012-13. It has a consistency degrading figures throughout the decade. For a bank, this situation is quite stagnant though it may have mainly occurred due to rescheduling of loans.The average ATR of the study period is 0.06 with SD=0.01.

The Earning per Share of NIBL, however, has been in increasing trend from Rs. 51.7 in 2003-2004 to Rs. 46.2 in 2012-13.The trend showed a mixed increase and decrease throughout the period. The average EPS of the study period is 47.39 with SD=11.31

Similarly, the market value per share increased from Rs. 948 to Rs. 2450 from 2003-204 to 2007-2008. However, a decreasing trend from 2010-11-12. The average MVPS of the study period is 1108.20 with SD=613.43

Employee productivity is increasing favorably. It increased from 2.81 million per employee in 2003-2004 to 4.39 million in 2013 per employee. A decreasing trend can be seen 2009-10 and 2011-12. The average EP of the study period is 3.77 with SD=0.56

There is an improved utilization of resources and increasing revenue and the overall performance is moderately good as illustrated by profitability, as well as indicators. Detail of operational results and performance indicators can be seen at table 5.35 and 5.36

Table 5.35

Operational Results of Nepal Investment Bank (Amount in million)

S.N.	ARPC \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	-	32.96%	66.67%	-6.19%	18.37%	42.91%	74.64%	10.06%	21.78%	12.56%
2	Borrowing	-	804%	-19%	1000%	45%	31%	4%	0%	22%	22%
3	Deposits	-	23.69%	32.78%	29.38%	40.68%	35.55%	7.27%	0.09%	13.71%	9.50%
4	Total Assets	-	22.77%	31.07%	29.35%	40.89%	36.37%	8.10%	1.83%	12.68%	11.25%
5	Total investment	-	139.07%	-2.36%	39.24%	14.91%	5.53%	7.61%	6.66%	-5.97%	40.62%
6	Loan and Advance	-	22.17%	43.50%	26.34%	34.40%	55.28%	33.54%	12.25%	2.40%	2.03%
7	Total Revenues	-	25.4%	27.5%	36.9%	37.5%	3.1%	2.4%	37.9%	-27.2%	37.4%
8	Net Profit	-	52.06%	51.00%	43.04%	38.96%	29.26%	40.56%	-7.05%	-11.67%	84.27%
9	Employees	-	0.00%	20.00%	31.79%	21.01%	23.15%	14.49%	0.00%	0.68%	3.06%

Source: Nepal Investment Bank Limited

ARPC=Annual rate of percentage change

Table 5.36

Performance indicators Nepal Investment Bank Limited

Sl. No.	Banks	Financial Year											
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
1	*ROR (%)*	16.74	20.24	24.02	25.05	25.35	31.79	43.64	29.43	35.71	47.89	29.99	9.97
2	*RON(%)*	27.46	31.32	28.43	43.26	50.85	45.99	37.01	31.26	22.66	37.1	35.53	8.98
3	*ROI(%)*	8.77	5.56	8.62	8.83	10.69	13.1	17.1	14.91	13.99	18.34	11.99	4.15
4	*ATR(Times)*	0.07	0.07	0.07	0.07	0.07	0.05	0.05	0.07	0.04	0.05	0.06	0.01
5	*EP (Rs)*	2.81	3.53	3.75	3.89	4.42	3.7	3.31	4.56	3.3	4.39	3.77	0.56
6	*EPS(Rs)*	51.7	39.5	59.35	62.57	57.87	37.42	52.55	39.1	27.6	46.2	47.39	11.31
7	*MVPS(Rs)*	940	800	1260	1729	2450	1388	705	515	511	784	1108.20	613.43

Source: Nepal Investment Bank Limited

Standard Chartered Bank Nepal Limited

Standard Chartered Bank Nepal Limited has been in operation in Nepal since 1987 when it was initially registered as a joint-venture operation. Today the bank is an integral part of Standard chartered group having ownership of 75% in the company with 25% shares owned by the Nepalese public. The bank enjoys the status of the largest international bank currently operating in Nepal. With 19 points of representation and more than 450 local staff, Standard Chartered Bank Nepal Limited provides truly international banking services in Nepal.

Deposits: The deposit of Standard Chartered Bank Limited was continuously increased from Rs. 21161 million in 2003/04 to Rs. 39466 million in 2012/13. The figures are quite not impressive in this decade comparing to other banks. In terms of deposits, the growth rate is highest in 2007/08 with 20.68%.

Loans: The loans of Standard Chartered Bank Limited also have been continuously sharply increased. The amount of loans increased from Rs. 6028.5 million in 2003/04 to Rs. 18376 million in 2012/13. It recorded a maximum growth of 26.73% in loans in the year 2008/09.

Employees: The number of employees of Standard Chartered Bank Limited has increased during the period of 2003/04 to 2012/13. The number of employees has gone up to 263 in 2003-04 to 454 in 2012/13. The present strength of employees is just doubled in compare to 2003/04.

Total Revenue: The total revenue of NIBL has been continuously increased from Rs.1319 million in 2003/04 to Rs. 2777 million in 2012/13. Unlike other indicators, the revenue is also being good.

Net Profit: Standard Chartered Bank Limited is performing very impressive. It was continuously increased from Rs. 538 million in 2003/04 to Rs. 1218 in 2012/13. The maximum growth rate was in 2012/13 of 25.18%.

Total Investment: The total investment of Standard Chartered Bank Limited has increased from Rs. 10357.7 million in 2003/04 to Rs. 12962.6 million in 20012/13. It is quite not impressive in this stand of amount.

Total assets: The total assets of Standard Chartered Bank Limited seemed to be recorded an increasing trend Rs. 23642 million in 2003/04 to Rs. 45631 million in 2012/13. The growth rate is higher in 2008/09 of 21.75%.

Performance Indicators

The three profitability indicators used namely return on total revenue, return on net worth and return on investment are in increasing trend in the studied period. Individually when speculate, the Return on Revenue was in increasing trend; it was 40.79% in 2003-04 and in 2012-13 to 43.86%. However, it is observed that the performance is fluctuating, towards this indicator. The average ROR of the study period is 44.88 with SD=2.38.

Likewise, the Return on Net worth of SCB was also increased from 48.08% to 33.12% in 2012-13. However, there was a decreasing trend consecutive in the year 2009-10, 2010-11, 2011-12 and 2012-13. The average RON of the study period is 42.19 with SD=6.69. The average ROI of the study period is 6.32 with SD=1.35.

Assets utilization has no improvement; it was 0.06 times in 2003-04 to 0.06 times in 2012-13. It has a consistency in figures throughout the decade. For a bank, this situation is quite stagnant though it may have mainly occurred due to rescheduling of loans. The average ATR of the study period is 0.06 with SD=0.001

The Earning per Share of SCBL had a decreasing trend from Rs. 143.557 in 2003-2004 to Rs. 65.7 in 2012-13. Similarly, the market value per share increased from Rs. 1745 to Rs. 6830 from 2003-2004 to 2007-2008. However, a decreasing trend can be seen from 2008-09 till 2012-13. The average EPS of the study period is 115.73 with SD=42.23. The average MVPS of the study period is 3530.30 with SD=2007.88.

Employee productivity is increasing favorably. It increased from 5.02 million per employee in 2003-2004 to 6.12 million in 2013 per employee. The average EP of the study period is 5.14 with SD=0.76

There is an improved utilization of resources and increasing revenue and the overall performance is moderately good as illustrated by profitability, as well as indicators.Detail of operational results and performance indicators can be seen at table 5.37 and 5.38

Table 5.37

Operational Results of Standard Chartered Bank (Amount in million)

S.N.	ARPC \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	-	36.54%	-16.34%	23.32%	11.36%	20.62%	17.77%	22.44%	10.44%	9.08%
2	Borrowing	-	-1.01%	-44.06%	-76.71%	11575.49%	-100.00%	-	-	-	-
3	Deposits	-	-8.63%	19.27%	6.88%	20.68%	20.60%	-1.92%	8.01%	-5.35%	9.73%
4	Total Assets	-	-6.22%	16.26%	10.94%	16.57%	21.75%	-0.92%	8.95%	-4.87%	9.49%
5	Total investment	-	9.68%	-14.58%	32.42%	5.55%	2.50%	34.08%	6.48%	-13.04%	-24.89%
6	Loan and Advance	-	10.51%	23.29%	8.42%	18.34%	26.73%	-1.77%	21.45%	11.08%	3.83%
7	Total Revenues	-	-2.35%	10.17%	10.43%	13.34%	19.03%	8.66%	7.14%	7.19%	5.27%
8	Net Profit	-	0.26%	22.17%	5.00%	18.40%	25.18%	5.93%	3.07%	4.45%	4.19%
9	Employees	-	14.83%	14.24%	1.74%	7.41%	3.98%	9.44%	0.00%	-1.40%	7.33%

Source:Standard Chartered Bank

ARPC=Annual rate of percentage change

Table 5.38

Performance indicators Standard Chartered Bank

Sl. No.	Banks	Financial Year										Mean	SD
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13		
1	*ROR (%)*	40.79	41.85	46.44	44.16	46.11	48.49	47.28	45.47	44.31	43.86	44.88	2.38
2	*RON(%)*	48.08	35.28	51.56	43.9	46.66	48.41	43.55	36.65	34.67	33.12	42.19	6.69
3	*ROI(%)*	5.19	4.74	6.79	5.38	6.04	7.37	5.83	5.64	6.77	9.4	6.32	1.35
4	*ATR(Times)*	0.06	0.06	0.06	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.00
5	*EP (Rs)*	5.02	4.26	4.11	4.46	4.71	5.39	5.35	5.74	6.24	6.12	5.14	0.76
6	*EPS(Rs)*	143.55	143.14	175.84	167.37	131.92	109.99	77.65	69.51	72.6	65.7	115.73	42.23
7	*MVPS(Rs)*	1745	2345	3775	5900	6830	6010	3279	1800	1799	1820	3530.30	2007.88

Source:Standard Chartered Bank

Himalayan Bank Limited

Himalayan Bank Ltd. established in 2049 in collaboration with Habib Bank Ltd. Pakistan. It has 12 branches including one credit card Centre in Pulchowk and one Liaison office at Biratnagar and five branches outside Kathmandu.

Deposits: The deposit of HBL has been continuously increasing from 2003/04 to 2012/13 from Rs. 22010 to Rs. 53072 respectively. High growth was recorded in 2011/12 at 16.64%. This is a very satisfactory growth performance particularly in view of the overall market trend. It proves its strong performance.

Loans: The amount loan of HBL also have been continuously increasing. The amount of loans increased from Rs. 10894.2 million in 2003/04 to Rs. 34282.6 million in 2012/13. It recorded a maximum growth of 30.18% in loans in the year 2010/11. A significant growth of 26.55% was recorded in 2009/10 compared to the previous year. The amount of loan has increased commensurate to the increment in the amount of deposit. This is another indicator of the strong performance of HB.

Employees: The number of employees of HBL has increased during the period of 2003/04 to 2012/13, but in a slow progress, that is 455 to 830 employees. The number of employees maximum increased was in the 2011/12. But the number of employees appread to be growing slower than its activity growth rate. This is clearly shows that HBL is emphasizing more on efficient performance.

Total Revenue: The total revenue of HBL has been continuously increasing from 2003/04 from 2310 to 2007/08. The total revenue increased from Rs. 1146 million in 2008/2009 to Rs. 3530 million in 2012/13. The maximum increment of 23.96% was recorded during the above period.

Net Profit: The net profit of HB was also continuously increasing except in the year 2009/10 in compare with the previous year. The net profit was Rs. 263 million in 2003/04 to Rs. 944 million in 2012/13. The maximum growth rate of 75.53% was recorded in the year 2010/11.

Net worth: The net worth of HBL also continuously increased. The net worth increased from 740.6 to 3995.5 in 2003/04 and 2012/13 respectively. The net worth highest growth rate of 93.88% in 2004/05 was recorded.

Total Investment: The total investment of HBL has increased upto Rs. 12752in 2009/10. A decrease starts from 2009/10 and relativity till 2012/13 with Rs. 10070.5. The overall trend is improving in compare to back years in 2012/13.

Total assets: The total assets of HBL seemed to be recording an increasing trend Rs.24762 in 2003/04 to Rs. 61153 in 2012/13. The continued improvement in total assets is a further sign of the success story of HB.

Performance Indicators

The three productivity indicators return on total revenue, return on net worth and return on investment indicators are not so lucrative in HBL. The three profitability indicators are in mix trends. An increasing trend can be seen in ROR from 2003-04 to 2012-2013, the figures increasing with a baseline of 22.95% to 39.24% from 22.95% to 39.58% in 2003-2004 to 2007-08. Thereafter, a decreasing trend can be seen since 2009-10 to 2012-13 with a figure of 37.80% 26.74%, respective. The average ROR of the study period is 31.29 with SD=5.86. Likewise, the average RON of the study period is 29.59 with SD=5.87. The average ROI of the study period is 7.91 with SD=2.57.

Assets utilization has sluggish improvement; it was 0.05 times in 2003-04 to 0.06 times in 2012-13. It has a consistency in the figure throughout the decade. The average ATR of the study period is 0.05 with SD=0.01.For a bank, this situation is quite stagnant though it may have mainly occurred due to rescheduling of loans.

The Earning per Share of HBL, however, has been in increasing trend from Rs. 49.05 in 2003-2004 to Rs. 62.74 in 2007-08.The trend showed a plunged to Rs. 34.19 in 2012-13. The average EPS of the study period is 49.21 with SD=11.61. The average EPS of the study period is 49.21 with SD=11.61. Similarly, the market value per share had a sharp increase of from Rs. 840to Rs. 1980 from 2003-04 till 2007-08 and plunged to Rs. 700 in 2012-13.The average MVPS of the study period is 1108.40 with SD=520.15.

Employee productivity, however, is increasing favorably. It increased from 2.52 million per employee in 2003-2004 to 4.25 million in 2012-13 per employee. The figures are just double in the decade. The average EP of the study period is 3.16 with SD=0.73. Detail of operational results and performance indicators can be seen at table 5.39 and 5.40

Table 5.39

Operational Results of Himalayan Bank Ltd. (Amount in million)

S.N.	APRC\Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	-	93.88%	-7.50%	16.07%	14.56%	21.54%	17.07%	24.15%	10.23%	16.18%
2	Borrowing	-	-87.68%	630.42%	-21.03%	-6.01%	141.67%	-42.53%	0.00%	2.00%	-1.96%
3	Deposits	-	12.74%	6.76%	13.43%	5.97%	8.91%	8.45%	8.80%	16.64%	11.19%
4	Total Assets	-	12.52%	5.73%	13.78%	7.92%	8.69%	8.64%	9.41%	16.32%	12.49%
5	Total investment	-	-28.30%	91.42%	97.66%	8.55%	7.87%	-33.10%	-2.77%	4.45%	16.23%
6	Loan and Advance	-	20.08%	1.25%	17.14%	13.90%	13.09%	26.55%	14.57%	9.25%	8.30%
7	Total Revenues	-	4.28%	16.74%	0.07%	15.11%	23.96%	8.94%	19.95%	12.14%	20.93%
8	Net Profit	-	23.63%	40.66%	7.51%	29.29%	18.39%	-32.42%	75.53%	7.34%	-1.56%
9	Employees	-	10.11%	11.98%	4.10%	1.20%	0.00%	-2.37%	12.13%	22.57%	4.67%

Source: Himalayan Bank Ltd.

ARPC=Annual rate of percentage change

Table 5.40.

Performance indicators of Himalayan Bank Ltd.

Sl. No.	Banks	Financial Year											
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	SD
1	*ROR (%)*	22.95	27.2	32.76	35.24	39.58	37.8	23.46	34.31	32.85	26.74	31.29	5.86
2	*RON(%)*	35.51	22.63	34.41	31.91	36.01	35.08	20.25	28.62	27.88	23.63	29.59	5.87
3	*ROI(%)*	6.55	11.29	8.29	4.52	5.38	5.9	5.97	10.77	11.07	9.37	7.91	2.57
4	*ATR(Times)*	0.05	0.04	0.05	0.04	0.04	0.05	0.05	0.06	0.05	0.06	0.05	0.01
5	*EP (Rs)*	2.52	2.39	2.49	2.39	2.72	3.37	3.76	4.02	3.68	4.25	3.16	0.73
6	*EPS(Rs)*	49.05	47.91	59.24	60.66	62.74	61.9	31.8	44.66	39.94	34.19	49.21	11.61
7	*MVPS(Rs)*	840	920	1100	1740	1980	1760	816	575	653	700	1108.40	520.15

Source:Himalayan Bank Ltd.

CHAPTER VI

SUMMARY, CONCLUSION AND RECOMMENDATION

6.1 Introduction

The banking sector is the most prominent one in the financial sector, it is the fastest growing sector in Nepal in the last two decades. Financial liberalization and technological revolution intensify the competitive pressures among the financial institutions. Well-designed Management Accounting System with assistance from Organizational Strategy and customer satisfaction can more effectively and efficiently lead an organization towards higher performance.

In this line of context, this chapter discusses the empirical findings of this study that was undertaken elaborately previous chapter. The presentation of summary discussion is based on implications explored in this study as well as in previous literature. The chapter starts with a summary of the key findings of this study in relations to the descriptive and hypotheses detailed in previous chapter. Finally, conclusion of the study is presented.

6.2 Summary of Findings

This section provides an overview of the results which are explained in more detail in Chapter 4. The purpose of this research was empirically analyze the relationship of Management Accounting System, Organizational Strategy and Organizational Performance outcome. Similarly, it was also empirically analyzed about the service quality of banks and customer satisfaction. Contemporary performance measures such as Balanced Scorecards or Customer satisfaction surveys are proposed as ways of linking operations to the company's strategies thereby enhancing organizational performance (Hyvonen, 2008). Subsequently, in doing so, the interplay between these variables were tested with sixteen (16) hypotheses. The literature on the relation between management accounting system and organizational strategy has undergone something of a revival over the last few years, encouraged this research in Nepalese context, as it is first of its kind in the country. To explore empirically the status of Management Accounting System, Organizational Strategy and Organizational Performance, this study chooses the qualitative approach with questionnaire survey method. The questionnaires were developed in 5 point Likert Scale. Altogether, 507 banking employees, 392 banking customers, and 50 Management Representative Questionnaires were included in this empirical study.

The present scenario of management accounting system in Nepalese commercial banks has moderately utilized. The perception of employees' towards the dimensions of management accounting system in a nutshell can be understood with a mean score of 3.75 (SD=0.681). Likewise, in terms of the dimension including Budgeting & Planning, Controlling and Reporting, Decision support system, Costing system and Performance Evaluation, the lowest mean score of 3.53 (SD=0.586) was for costing system. The mean score for Budgeting and Planning practice in commercial banks was 3.755(SD=.681). The manager makes plan about the sources & uses of money, additional cash borrowing necessities, the budgeting and planning system become more effective for management accounting system in Nepalese Commercial banks. Hence, the Nepalese commercial banks prepared with the good plan and source & uses of money for effective management accounting system. Despite of this, the relationship between top managers and workers was found not so encouraging. The mean score for Controlling and Reporting practice in commercial banks was 3.59 (SD=.593). The manager makes plan about detecting& correcting irregularities become more effective for controlling and reporting in Nepalese commercial banks. Hence, the commercial banks of Nepal detect & correct irregularities for effective management accounting system. However, the concern is the measuring performance against target is lacking. The mean score for Decision Making System in commercial banks was 3.601(SD=.5684). The managers make good decision that increases market share, productivity and profit. That is, commercial bank of Nepal makes right decision for effective management accounting system. However, the participation in decision making on merger and acquisition was not so encouraging. The mean score for Costing System practice in commercial bank was 3.532(SD=.587). The manager reduces cost in functional areas i.e. production, operational, finance, marketing and research and development. That is, the commercial banks of Nepal reduce cost on functional areas for effective management accounting system. The Kaizen costing used for cost reduction and continuous improvement was not found effective. The mean score for Performance Evaluation practices in commercial banks was 3.561 (SD=.614). The uses of financial statement analysis for strength and weakness were found encouraging, whereas, financial statement analysis for effective management accounting system and the Customer satisfaction survey seems to be lowest area of priority.

The present scenario of Organizational Strategy in Nepalese Commercial Bank has a moderately utilized. The perception of employees' towards the dimensions of Organizational Strategy in a nutshell can be understood with a mean score of 3.75 (SD=0.681). Likewise, in terms of the dimension including Segmentation Strategy, Innovation Strategy, Resources Mobilization Strategy, Lending Strategy, Service quality and Delivery Strategy and Treasury Management Strategy. In these dimensions, the lending strategy implementation by the commercial banks was at the higher side, whereas, the lowest dealt with was segmentation strategy. Likewise, the mean scores for Segmentation Strategy practices in commercial banks was 3.55 (SD=.584). The managers focused on manufacturing and trading sector industries. However, these commercial banks of Nepal make the financial statement analysis properly for effective strategic management and the Segmentation based on geographic region. The mean scores for Innovation Strategy practices in commercial banks was 3.609 (SD=.619). The managers use innovation for gaining competitive advantages and growth of their respective banks. Hence, these commercial banks of Nepal make use of the innovation for achieving advantage and growth for effective strategic management. However, the research and development activities were not their priority. The mean scores for Resources Mobilization Strategy in commercial banks was 3.68 (SD=.686). Managers use innovation for recruitment and selection of competent staffs**.** Commercial banks of Nepal also make the innovation for achieve advantage and growth properly for effective strategic management. However, the accumulation and allocation of resources is a matter of concern. The mean scores for Innovation Strategy practices in commercial banks was Lending Strategy in commercial banks was 4.000 (SD=.746). Managers apply credit policies for follow up directives of NRB in Nepalese commercial banks. The banks use lending strategy for achieving competitive advantage and effective lending strategy, thus contributing to strategic management. However, the credit policy and procedure is still a concern. The mean scores for Service Quality and Delivery Strategy in commercial banks was 3.78 (SD=.655). The recent technology helps the banks to provide faster reliable and better services. These commercial banks of Nepal make use of the technology for effective service quality and delivery strategy. However, the concern is the appearance of physical facilities. Likewise, the mean score of Treasury Management Strategy in commercial banks was 3.817 (SD=.658). The Nepalese commercial banks avoid insolvency and increase in collection rates**,** these banks are more prominent towards avoiding insolvency and focused on collection rates. However, the cash management through reserve, sell of quick assets and commercial papers are not encouraging.

Similarly, the present scenario of Organizational Performance in Nepalese Commercial Bank has moderate. The mean score of Organizational Performance of the commercial banks was 3.730 (SD=0.626). Collective performance consisted of different components such as profitability, productivity, effective decision making, strong financial position service delivery and quality, exploitation of new business opportunities, customer satisfaction, achieve competitive advantage etc. Similarly, the performance of the organization significantly can be seen from improvement in profitability, market share and productivity**.** However, it can be seen the concern in issues like adaptability, service delivery and quality.

Likewise, total Service quality in commercial banks was explored with the dimensions viz., empathy, assurance, reliability, responsiveness and tangibility. The perception of employees' towards the dimensions of Service quality in a nutshell can be understood with a mean score of3.39 (SD=0.602) which is a moderate service quality. The dimension of the overall customers' satisfaction towards total service quality of the commercial banks in Nepal has a mean score of 3.55 (SD=0.897), which shows a moderate customers' satisfaction. However, the concern about the level of satisfaction of the customers. It is not at the higher side of satisfied customers. The perception of customers towards Tangibility was moderate with mean score of 3.618 (SD=.745). Within the dimension of tangibility, commercial banks of Nepal makes limited use of the advance service technology to achieve competitive advantage and increase level of service quality of these banks. Similarly, good physical features and modern looking equipments' is concern. The perception of customers towards Empathy was 3.380 (SD=.746). Employees' courteously towards customers is a concern. It shows that the banks' employees are far behind in creating public relation with their customers. It is also seen that employees gives lesser personal attention to their customers. It seems these commercial banks of Nepal are lacking in giving proper empathy towards their customers. The perception of customers towards Responsiveness was moderate with a mean scores of 3.416 (SD=.723). When the mean scores are analyzed, it seems at very remorseful state. It seems that these commercial banks are less responsive towards their customers. The poor state of the banking employees' responsiveness towards their customers is not encouraging. The perception of customers towards Assurance was neutral, it can be interpreted with the mean score of 3.101 (SD=.911). It is a repentant state of assurance towards its customers. However, the goodness of assurance facility toward customers in knowledge sharing is the strength. The perception of customers towards Reliability is also not encouraging, it is only at moderate level with a mean score of 3.476 (SD=.729). The customers moderately getting reliable information on their part and feel proud of being the client of these banks.

Furthermore, on the basis of Exploratory Factor Analysis of four dimensions namely, Management Accounting System, Organizational Strategy, Organizational Performance and the Customer Satisfaction manifest variables were included to come down with latent variables. Based on these latent variables, further relational explorations were done.

Relationship between Management Accounting System, Organizational Strategies and Organizational Performance.

The first and foremost was investigating the relationship of management accounting system and organizational performance. As the literatures emphasized on strong relationship of management accounting system and organizational performance, the appropriate design of management accounting system supports organizational strategies that increases the organizational performance (Chenhall, 2003). It is found that there is a moderate to strong relationship between Management Accounting Systems and Organizational Performance in a nutshell. It is also found that there is a Moderate-to-strong correlation between the management accounting system latent variables viz., *Budgeting and Planning, Decision Making and Costing System, Performance Evaluation, Controlling and Reporting and Customer & Market Retention*, with Organizational Performance. Regarding the relationship between the Management Accounting System and Organizational Performance, the findings of this study support previous researchers' conclusions. This is consistently with the previous findings of Vandenbosch (1993), Langfield-Smith(2003), Chenhall and Langfield(1998b), Ittner and Larcker(1995), Sim and Killaough(1998), Laitinen(2006) analyzed and found the relationship between management accounting system and organizational performance. Management Accounting System is a value-adding, continuously supporting organizational performance.

Secondly, it is found that there is a moderate to strong relationship between Organizational Strategy and Organizational Performance. It is also found that there is a moderate-to-strong correlation between the Organizational Strategy latent variables viz., *Lending Strategy, Treasury Management Strategy, Resource Mobilization Strategy, Innovation and Service Quality Strategy and Segmentation Strategy with* Organizational Performance. Regarding the relationship between the Management Accounting System and Organizational Performance, the findings of this study support previous researchers' conclusions. This is consistently with the previous findings of Hyvonen (2007) and O'Regan et al, (2008), who investigated the relationship strategies and organizational performances.

Thirdly, it is found that there is a strong relationship between Management Accounting Systems and Organizational Strategy. It is also found that there exist a strong correlation between the Management Accounting Systems latent variables viz., Budgeting and Planning, Decision Making and Costing System, Performance Evaluation, Controlling and Reporting and Customer & Market Retention, with Organizational Strategy. The present findings of this study support previous researchers' conclusions. It is in support with the studies such as Baines and Langfield-Smith (2003), who found a significant relationship between management accounting system and organizational strategy. There has also been a strong relationship between management accounting system and organizational strategies in studies of Ittner and Larcker (2001), Chenhall (2003), Luft, Mat (2010), Hyvonen (2007)and Shields(2003).

Fourthly, as the literatures suggests that contemporary Management Accounting Systems are used in conjunction with differentiation strategies (Bouwens and Abernethy, 2000). There is a moderate to strong relationship between the combined variable of Management Accounting Systems and Organizational Strategy towards Organizational Performance. The range for correlation of the Management Accounting

Systems combined with Organizational Strategy to Organizational Performance has more strong correlation than that of the single variable of Management Accounting Systems to Organizational Performance. The present findings of this study support previous researchers' conclusions. It is in support with the studies such as Ismail and King(2005) which discovered a positive association between Management Accounting Systems and strategy and performance measures. Similarly, Chong and Chong(1997),Abernethy and Guthrie (1994)found that the combined alignment between Management Accounting Systems and organizational strategy on organizational performance.

Relationship between total service quality and customer satisfaction

As it is outlined earlier, contemporary performance measures of Customer satisfaction dimension are proposed as ways of linking enhancing organizational performance. To follow the context, this study empathized on looking perspective towards Banks total Service quality and Customer Satisfaction. It is an attempt to empirically support that Customer satisfaction dimensions are also vital to look into the external performance of the banks. The importance also created as the banking sector is customer oriented service industry. These institutes depend upon the customers for their survival in the market. In Nepal, customers in the banking sector are in a strong bargaining position due to the significant growth of banks. Similarly, quality and customer satisfaction have been recognized as a playing a crucial role for success and survival in today's competitive market.

The empirical finding in the context of Nepalese commercial banks of this research indicates a strong relationship between banks' service quality and customers' total satisfaction. There is also a range of moderate to strong relationship between the overall customers' satisfaction with service quality and dimensions of total service quality satisfaction viz.,three latent variables were formed viz., tangibility and reliability, responsiveness and empathy, and assurance. It is in support with the studies such as Karim and Chowdhury (2014), Chan (2008), Appannan, Doraisamy&Hui (2013) and others. Service quality and customers' satisfaction is considered an important tool for a firm's struggle to itself (Banks) from its competitors (Ladhari, 2008).Therefore, Service quality is seen to be one of the main determinants of customer satisfaction and moreover, contemporary performance measures of customers' satisfaction dimension are proposed as ways of linking enhancing organizational performance. It is also found that tangibility and reliability has stronger relationship with overall customers' satisfaction.

Findings of regression analysis (Hypotheses testing results- $H_0 6$ to $H_0 10$)

in this part a summarization of regression model to test the hypotheses. Five hypotheses were formulated to study the change impact on organizational performance through management accounting system and organizational strategy. It is also explored the impact of management accounting system on organizational strategy. Further, the impact of service quality on customers' satisfaction was explored.

The findings from this study confirm that there has been a significant increase in the organizational performance by management accounting system and organizational strategy. It has been also found that there is a significant impact on service quality on customers' satisfaction.

Change in management accounting systems improves organizational performance

The findings in this study show the evidence that an alignment among changes in management accounting system significantly improves organizational performance. That is management accounting system significantly increases performance of the banks. Since the relationship between management accounting systems to organizational performance has been established in this study. The findings indicate that there is a significant impact of management accounting systems on organizational performance. It signifies that a change in management accounting systems will improve organizational performance. A change of 44.3% in organizational performance has been seen due to management accounting systems. All the variables of management accounting system are significantly influential to the organizational performance. However, exception is controlling and reporting. the variable of management accounting system viz., budgeting and planning has an impact of 24.7%, decision making and costing system has an impact of 32.1%, performance evaluation has an impact of 1.3%, controlling and reporting has an impact of -3.3%, customer and market retention has an impact of 1.2% contributed towards organizational performance. There is well-established empirical evidence for an association and impact between management accounting system and organizational performance. Hence, there is sufficient evidence that management accounting systems has a positive impact on organizational performance (Schaffer and Steiners, 2013).

Change in organizational strategy improves organizational performance

The findings in this study show the evidence that an alignment among changes in organizational strategy significantly improves organizational performance. That is organizational strategy significantly increases performance of the banks. Since the relationship between organizational strategy to organizational performance has been established in this study. The findings indicate that there is a significant impact of organizational strategy on organizational performance. The findings indicate a change of 40.9% in performance is due to combined independent variables of organizational strategy. Likewise, the variables of organizational strategy viz., lending strategy have 2.9%, treasury management strategy has 19.8%, resource mobilization strategy has 11.6%, innovation and service quality strategy has 16.2% and, segmentation strategy has 18.0% impact contribution towards organizational performance. The finding of this study is aligned with the study made by Jusoh et al. (2006), Perera et al.(1997), Abernethy and Lillis(1995) and Davila(2000). They investigated the influence of organizational strategy on organizational performance.

Changes in management accounting systems improves organizational strategy

The findings in this study show the evidence that an alignment among changes in management accounting system significantly improves organizational strategy. That is management accounting system significantly affects organizational strategy of the banks. Since the relationship between management accounting system to organizational strategy has been established in this study. The finding indicates that there is a significant impact of management accounting system on organizational strategy. The findings indicate a change of 61.9% change in organizational strategy is due to management accounting system. All the variables of management accounting system are significantly influencing the dependent variable organizational strategy. The variable of management accounting system viz., budgeting and planning has an impact of 13.5%, decision making and costing System has an impact of 21.0%, performance evaluation has an impact of 20.9%, controlling and reporting has an impact of 15.0%, and customer and market retention has an impact of 12.2% towards organizational strategy. It is aligned with the studies such as management accounting system which is tailored to support strategy can lead to competitive advantage and superior performance (Langfield-Smith,1997), (Simons,1987). Similarly, Chenhall and Morris(1995) also found that the alignment between management accounting system and organizational strategy on performance.

Organizational strategy mediates with management accounting systems to improve organizational performance

The findings in this study show the evidence that organizational strategy mediates with management accounting system to have a changes in organizational performance. That is organizational strategy significantly mediates in between management accounting system and organizational performance of the banks. The findings indicate that there is a significant mediating role and impact of organizational strategy with management accounting system on organizational performance. The findings indicate a change of 53.4% change in performance is due to combined variables of organizational strategy with management accounting system. Significantly, it is a higher changes than that has been made by management accounting system alone of 44.3%.The variable of management accounting system and organizational strategy significantly contributes 33.8% and 27.3 % respectively towards organizational performance. Kloot (1997)found that on the relationship between management accounting system and strategy, and how the alignment between them can help in performance improvement of an organization. So, it can be summarized that there is a moderated role of organizational strategy in effecting organizational performance along with management accounting system.

Changes in service quality improves customers' satisfaction

As most of the differentiating variables suggested in the literature are easily imitated by rivals many firms are focusing their efforts on quality of customer service as a means of differentiation. Service quality is an imperative element impacting customers' satisfaction level in banking industry (Appannan, Doraisamy and Hui, 2013). Since the relationship between Banks' service quality to customers' satisfaction has been established in this study, further, it is also established that changes in service quality improves customers' satisfaction. The findings indicate a change of 63% change in performance is due to combined independent variables of service quality. Likewise, all the variables of service quality are significantly influencing the dependent variable overall customers' satisfaction. The variable of banks' service quality significantly contributes into following ways, viz.-tangibility &reliability has 51%, responsiveness &empathy has 27.4%,and assurance has 26.8% predictability respectively. This implies that the higher emphasis placed on tangibility and reliability of the services by the banking organizations.

Adoption and benefit of management accounting system in Nepalese commercial banks

While exploring the adoption and benefit of the management accounting system in Nepalese commercial banks, the exploration was devised with rating of the strength of the commercial banks, role of management accounting system in formulating and implementing the organizational strategy, supporting role of management accounting system towards organizational performance through organizational strategy, the significance and usage of management accounting system tools.

The rating of strength of the commercial banks in Nepal was explored with the fourteen (14) preset strengths, the strong financial position as the topmost strength of these commercial banks followed by profitability, stable/ expanding market, market shares, organizational structure, service delivery and quality, management, technological efficiency, adaptability, price advantage, technical personnel, disciplined/trouble free labor, promotional pattern and research and development.

Likewise, the role of management accounting system in formulating and implementing the organizational strategy in commercial banks in Nepal was explored, based on the six (06) preset dimension of organizational strategy. The lending strategy was the topmost organizational strategy that has been highly supported by management accounting system in these commercial banks. Similarly, it is followed by treasury management, resource mobilization, segmentation, service quality and innovation.

Similarly, the supporting role of management accounting system on organizational performance through applying organizational strategy in commercial banks in Nepal was explored, based on the six (06) preset dimension of organizational strategy. The lending strategy was the topmost has been highly supported by management accounting system towards organizational strategy that in vis-à-vis supports organizational performance in these commercial banks. It was followed by treasury management, resource mobilization and segmentation.

Furthermore, the perception of top management representative of commercial banks in Nepal perceived management accounting system tools as significant in their banking system. The exploration is based on the twenty three (23) preset management accounting system tools. Top management representative of commercial banks in Nepal perceived budgetary control as utmost significant tools in management accounting system in their banking system. Likewise, ratio analysis, cash flow statement analysis, CVP analysis, SWOT analysis, variance analysis, competitors analysis, inter firm comparison, total quality management, and process reengineering are the other management accounting system tools are perceived significant in Nepalese commercial banks.

Similarly, getting a more refined representation, the uses of management accounting system tools are also explored. While, exploring the combination of preset twenty three (23) set of management accounting system tools, the management representatives had emphasized on five (5) set of management accounting system tools as significantly used in their respective banks. Budgetary control is the foremost used management accounting system tool in Nepalese commercial banks. Thereafter, they use other management accounting system tools also in such rankings; Cash flow statement analysis, ratio analysis, variance analysis and CVP analysis.

Management accounting and financial performance in commercial banks of Nepal

The performance of ROA of the six banks was fluctuated over the years from 2003/04 to 2012/13. Where in, the banks were unable to generate more profit from the incremental asset. NBL has the lowest performance of all. Likewise, RBB has highest returns in 2005-06, NABIL has highest returns in 2012-13, NIBL has highest returns in 2012-13, SCBN has highest returns in 2012-13, HBL has highest returns in 2012-13. The ROA figures shows that the performance of banks in generating returns on their assets is not satisfactory. Whereas, HBL has seemed the second worst performer in regard of ROA. Out of the six commercial banks NBL has a more fluctuating ROA. The analysis of ROE figures from 2003-04 to 2012-13, the ROE ranged from -56.64% to 162.5% over the study period. According the ROE, the performance of NABIL is better than other commercial banks, whereas, the worst performer in terms of ROE is RBB. Out of the six commercial banks NBL has a more fluctuating ROE. Similarly, other banks have a moderate fluctuation in its ROE. NBL and RBB are the worst performer within the study period. It is observed that NABIL, SCBN and HBL ranks at 1st, 2nd and 3rd with average NIM. RBB, NBL and NIBL have lowest mean NIM. On the basis of rating by Chowdhury (2007) banks, NABIL has a satisfactory NIM indicator. Whereas, other banks has marginal NIM. Out of the six commercial banks NBL and RBB has a sharp increase in NIM. NPA of NBL's was showing steep decline which was indication of improvement in performance. The mean value of NPA ratio of RBB was the highest. The level of non-performing loans has fluctuated dramatically over the years. Likewise, NIBL has the highest amount of liquidity than others commercial banks. Likewise, NBL and SCBL have second and third highest position on liquidity. Out of the six commercial banks NBL and RBB has a sharp increase in liquidity. The deposit ratio of the six commercial banks under study, the RBB has the highest mean deposit ratio, so it has higher earnings. The NIBL has the lowest mean value among sample banks in study period. The deposit ratio of NBL, NABIL, SCBL and HBL have constant in position within the study period. The analyses of FCR of the commercial banks, HBL has provided high rate of interest to the depositors than other banks. ROCE of Standard Chartered Bank limited and Nabil Bank Limited best performers of commercial banks. The NIBL and HBL have average performer. NIBL has strong position in terms of ROI followed by NIBL. RBB was in weak position with consideration of ROI. In term of EPS, RBB has the highest EPS value than the others commercials banks within the studied period. The Nepal Bank Limited has followed RBB in its earnings per share. NIBL and HBL had weak financial position in EPS than the other studied commercial banks within the study period. CFOA of HBL has been positive throughout the period. Nepal bank Ltd. and NIBL have invested their funds into productive sectors. They do not have cash in idle position. CFFA of RBB was in positive situation throughout the studied period. HBL, NABIL and NIBL generated high amount of CFOA. Likewise, SCBL has more liquidity.

Strategic management and performance in commercial banks of Nepal

Nepal Bank Limited: The deposit and loans of NBL has been continuously increasing though it was not impressive. Despite a fledging image it has poor performance. The number of employees of NBL has decreased during the period as a commensurate to efforts to downsize employees. The total revenue and net worth has been continuously decreased and not very encouraging and points out to serious operational flaws at NBL. The bank was performing very poorly in terms of Net profit and total revenue. The total investment and total assets of NBL has fluctuating situation over the period. The three productivity indicators viz., return on total revenue, return on net worth and return on investment all proved the poor profitability of NBL. Assets utilization has no improvement. The Earning per Share of NBL, however, has been in mix trend. Similarly, the market value per share plunged in 2012-13. Employee productivity, however, is increasing favorably. Therefore, it can be concluded that NBL has not been able to use its resources properly and the operating performance was dissatisfactory. It showed that the bank did not seem to have succeeded in its strategic performance.

Rastriya Banijya Bank: The deposit, loans, total revenue total assets of RBB has been continuously increasing and able to attract the faith of customers, despite its continued descending performance in the recent past. However, RBB incurred losses during 2010-12. The net worth of RBB was negative in the year 2004-13. The total investment and net worth were equal, has been no use of debt capital other than deposit liabilities. The number of employees of RBB has decreased by 36%, commensurate to efforts to downsize employees. The three profitability indicators used namely return on total revenue, return on net worth and return on investment are in degrading trend in the studied decade. Assets utilization has no improvement. The Earning per Share of RBB has been in increasing trend in a minimum pace. Similarly, the market value per share increased. Employee productivity, however, is increasing favorably. Despite improved utilization of resources, the overall performance is extremely poor as illustrated by profitability, as well as indicators, especially ROI and RON in 2011/12 and 2012/13.

NABIL Limited: The deposit, loans, total revenue, Net profit, net worth, total investment, total assets of Nabil bank ltd. has been continuously increasing from 2003/04 to 2012/13. The figures are impressive and it has a strong stand in the banking industry in the country. The number of employees of Nabil bank has increased during the period. The overall trend, however, appears to be satisfactorily. The three productivity indicators return on total revenue, return on net worth and return on investment all are at good at NABIL bank. However, Assets utilization has no improvement. The Earning per Share of NABIL in mix trend. Similarly, the market value per share mix trend, which indicates a poor market performance of value of share. Employee productivity has an increasing trend. In overall, the bank is performing well with and increasing rate of return. Therefore, it can be concluded that NABIL bank has been able to use its resources properly and the operating performance was satisfactory.

Nepal Investment Bank Limited: The deposit, loans, total revenue, Net Profit, total investment and total assets of Nepal Investment Bank Limited was impressively increasing. The overall trend, however, appears to be satisfactorily. The three profitability indicators used namely return on total revenue, return on net worth and return on investment are in increasing trend in the studied period. Assets utilization has no improvement; it has a consistency degrading figures throughout the decade. The Earning per Share and market value per share of NIBL, has a mixed increase and decrease throughout the period. Employee productivity is increasing favorably. There is an improved utilization of resources and increasing revenue and the overall performance is moderately good as illustrated by profitability, as well as indicators.

Standard Chartered Bank Nepal Limited: The deposit, loans, total revenue, net profit, total investment, total assets of Standard Chartered Bank Limited was continuously increased. However, it was quite not impressive in this decade in comparing to other banks. The number of employees has increased during the period. The three profitability indicators used namely return on total revenue, return on net worth and return on investment are in increasing trend in the studied period. The Return on Revenue and Net worth was in increasing trend, however, it can be seen the fluctuating performance, towards this indicator. Assets utilization has no improvement. For a bank, this situation is quite stagnant though it may have mainly occurred due to rescheduling of loans. The Earning per Share of SCBL had a decreasing trend, whereas, the market value per share mix trend. Employee productivity is increasing favorably. There is an improved utilization of resources and increasing revenue and the overall performance is moderately good as illustrated by profitability, as well as indicators.

Himalayan Bank Limited: The deposit, loan, total revenue, net profit, net worth, total investment and total assets of HBL has been continuously increased or improved in certain direction. This is a very satisfactory growth performance particularly in view of the overall market trend. It proves its strong performance. Likewise, the number of employees of HBL has increased during the period. The three productivity indicators return on total revenue, return on net worth and return on investment indicators are not so lucrative in HBL. The three profitability indicators are in mix trends. A mix trend can be seen in ROR. Assets utilization has sluggish improvement. For a bank, this situation is quite stagnant though it may have mainly occurred due to rescheduling of loans. The Earning per Share market value per share of HBL was in mixed trend. Employee productivity, however, is increasing favorably.

Influence of management accounting system and organizational strategy over financial performance in commercial banks of Nepal

In understanding of influence of management accounting system and organizational strategy over financial performance, the findings indicated a favorable and positive impact on the later. In estimating the influence of management accounting system over Return on Equity, it is significantly influence of over ROE. In the same fashion, organizational strategy influence positively suggesting that the rate of influence of organizational strategy over ROE. Equally importance, the rate of influence of management accounting system with the application of organizational strategy over ROE is significant.

In understanding of influence of management accounting system and organizational strategy not only on ROE but also on ROA is necessities. As a matter of fact, management accounting system and organizational strategy both coupled with significant influence over ROA.

In estimating the influence of management accounting system over return on assets, it is significantly influence of over ROA. In the same fashion, organizational strategy influence positively suggesting that the rate of influence of organizational strategy over ROA. Equally importance, the rate of influence of management accounting system with the application of organizational strategy over ROA is significant. With these points, it can be concluded that management accounting system and organizational strategy has significant in influencing towards financial performance of commercial banks in Nepal.

6.3 Hypothesis Diagrammatic Summary

Interaction between service quality and customers' satisfaction

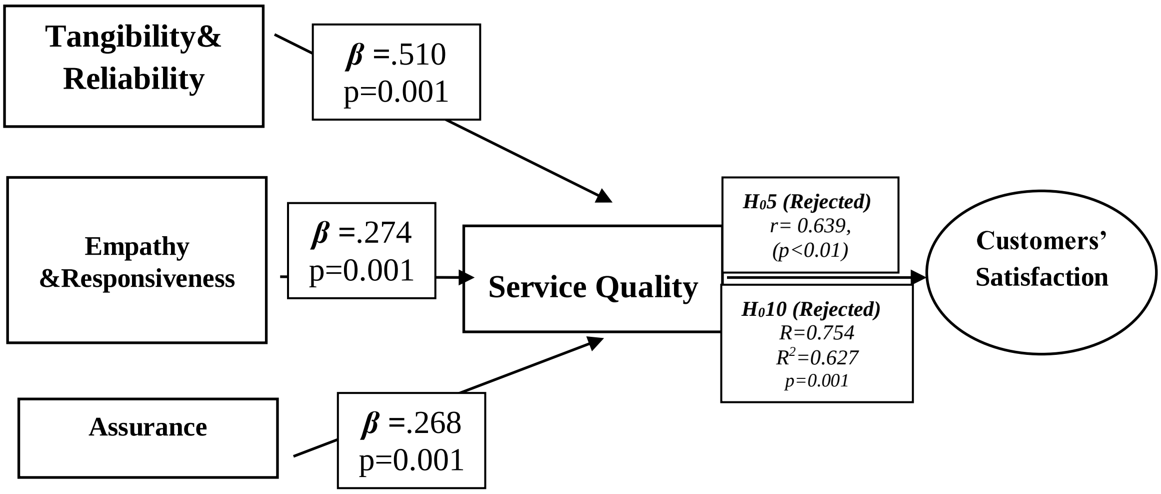

Figure 6.1. Final model on interaction between service quality and customers' satisfaction

Interaction between management accounting system, organizational strategy and perceived organizational performance

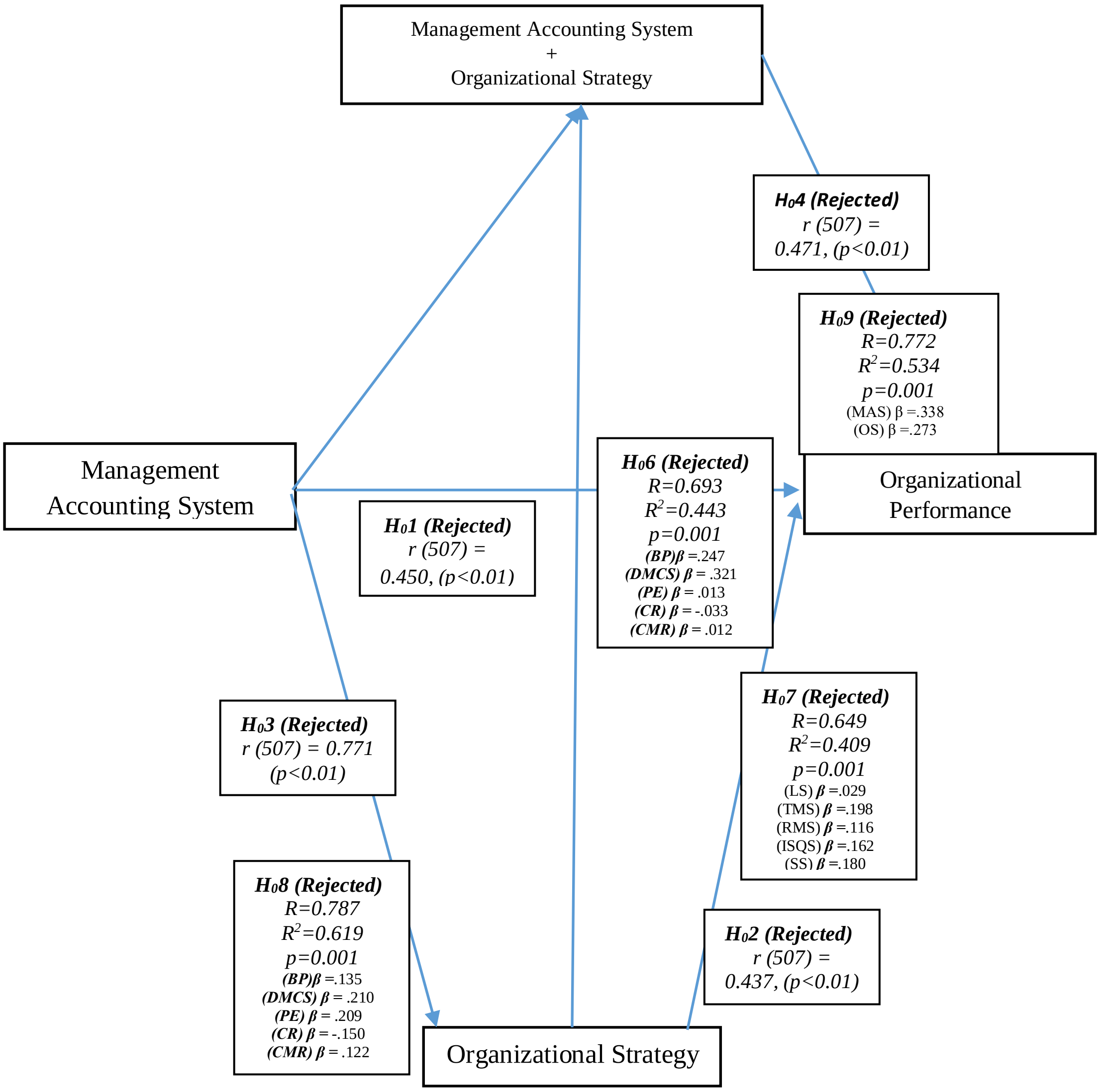

Figure: 6.2 Final model on interaction between management accounting system, organizational strategy and perceived organizational performance

Interaction between Management Accounting System, Organizational Strategy and Organizational Financial Performance

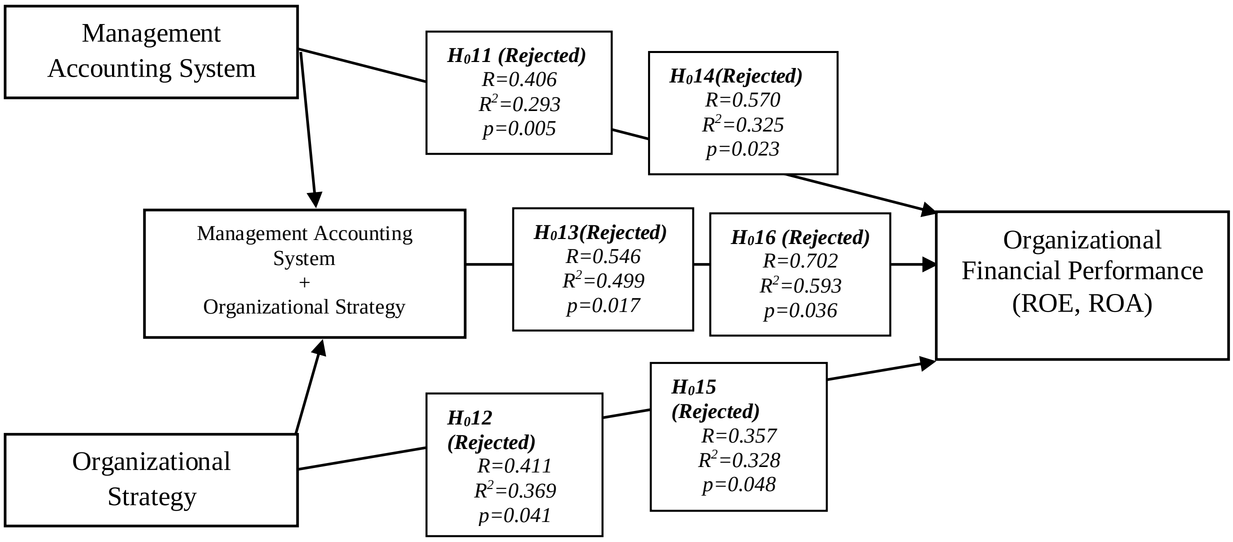

Figure: 6.3 Final model on interaction between management accounting system, organizational strategy and organizational financial performance

6.4 Conclusion

The purpose of this research was to identify the relationships between management accounting system, organizational strategy and organizational performance. The overall picture emerging from the study is based on the theoretical framework according to the literatures and applied to Nepalese commercial banking environment. Focusing on the alignment among management accounting system, organizational strategy and organizational performance, this study addressed empirically to the research questions formulated. It has been done with descriptive and casual relationship between the measures and their impacts on organizational performance. The conclusions reached from the results of this study have profound implications for both theory and practice. Based on the findings, it is concluded that the model adopted is generally applicable in Nepalese context. The empirical findings confirm the positive relationship of management accounting system, organizational strategy to organizational performance and significantly impacted the later. In this study it is empirically found that management Accounting System is positively associated with Organizational Performance. This result is consistent to the results of Gul (1991), Chenhall and Morris (1995), in which they concluded that AIS (MAS) contribute to performance in high perceived environmental uncertainty situation, which involves highly competitive actions and market demand. Likewise, Chenhall and Morris (1995) concluded with empirical findings that there is an impact of management accounting system on the organizational performance under two different strategies-conservative and entrepreneurial settings. Similarly, the findings of this study conclude that there is a positive association of Organizational Strategy and Organizational Performance. This finding supports the previous studies that support positive relationships between Organizational strategy and overall firm performance (Jaworski & Kohli, 1993), of financial performance (Pelham & Wilson, 1996; Slater &Narver, 1994), of sales growth (Slater & Narver, 1994), and of new product performance (Atuahene-Gima, 1995; Pelham & Wilson, 1996; Slater & Narver, 1994a). Moreover, a positive relationship has been established between Strategy and financially based performance measures, such as relative return on assets (Narver & Slater, 1990), long-run financial performance (Ruekert, 1992), sales growth (Pitt et al., 1996; Slater & Narver, 1994a), and profitability (Pelham & Wilson, 1996; Pitt et al., 1996; Slater & Narver, 1994a), Oyedijo & Akinlabi (2004 & 2008); Nmadu, (2007) and Aking bade(2007) have found support for the strategic management and corporate performance. Furthermore, it is also found that Management Accounting System has a positive relationship and positively influential to Organizational Strategy. Several studies have analyzed the role of management accounting system in Strategic management and concluded that Management Accounting System has a positive relationship and influential to Organizational Strategy. To cite a few are Galbraith (1977), Fiegener (1994), Ittner and Larcker (1997), Bouwens and Abernethy (2000), Langfield-Smith (1997), Chapman (1997), Gerdin and Greve (2004), Chenhall and Morris (1986), Gul (1991). The basic assertions of these studies are that appropriate design of management accounting system supports business strategies in ways that increase to organizational performance (Chenhall, 2003). It is also concluded in this study that Management Accounting System along with the application of Strategic management has a positive relationship and positively influential to Organizational Performance. This conclusion supports previous findings of Gerdin and Greve, 2004, Ittner and Larcker, 1997; Bouwens and Abernethy, 2000, where these studies analyzed the effect on performance of the interaction between certain types of strategies and different design of management accounting system. These studies concluded with the interaction between strategy and management accounting system affects to performance.

Likewise, this study also support the findings of service quality has a strong correlation with customer satisfaction, and the success of Organization. This finding support Cronin *et al*., 2000; Wong *et al.*, 2008, Ladhari, 2008, Spathis*et al*., 2004, Meuter*et al*., 2000, Zeithaml &Bitner, 2003, Wilson et al. (2008),Sureshchander*et al.* 2002), Newman, 2001

Oliver (1993). Furthermore, it can be concluded that service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008). Service quality has a strong correlation with customer satisfaction, and the success of organization (Cronin *et al*., 2000; Wong *et al.*, 2008). Through service quality, organizations can reach a higher level of service quality, a higher level of customer satisfaction, and can maintain a constant competitive advantage (Meuter*et al*., 2000). As said by Wilson et al. (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors. The relationship between service quality and customer satisfaction is becoming crucial with the increased level of awareness among bank customers. Demographic characteristics should be considered by the bank managers to understand their customers (Suresh Chander*et al.* 2002).

This study has supported the conclusions made above from the existing literature regarding increasing Organizational Performance with a proper use of Management Accounting System and Organizational Strategy. Therefore, it can be concluded that there is a positive relationship between, Management Accounting System, Organizational Strategy and Organizational Performance. It can also be concluded that Management Accounting System, Organizational Strategy significantly contributes towards Organizational Performance. This study also emphasized the main role of Management Accounting System is to provide useful information in helping managers make effective decisions in Nepalese Commercial Banks. This is because, the use of effective Management Accounting System can assist employees to focus more easily on achieving differentiating priorities, which could help in maintaining and improving organizational performance. As management accounting system continues to evolve and become more involved in the strategic management of the firm, it is important for management accountants to understand not only how to account for strategic initiatives, but also how these initiatives should be implemented and managed to achieve maximum benefit for the firm. Moreover, it can be concluded in the understanding relationship of Service quality of Banks and their customers' satisfaction that is Customer satisfaction is a critical business requirement. Customer value is an asset to the organization. While, service quality is essential in today's competitive market. The objective of this study was to find out customer satisfaction on service quality with respect to service quality dimensions. From the findings, the research objectives were achieved by identifying the determinants of service quality as reliability, accessibility, responsiveness tangibility and empathy. By analyzing the impact of service quality on Customer satisfaction of commercial banks in Nepal, it is observed that out of five service quality dimensions. Tangible and reliability is having more impact than other variables of the construct in Nepalese context. The study also established that the combination of tangibility, reliability, responsiveness, assurance and empathy together have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. The study accomplished that service quality is an important factor to increase customer satisfaction. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. So, Banks should focus in service quality to satisfy their customers in every dimension of service quality.

The deposit, loans, total revenue, Net Profit, total investment and total assets of Nepalese commercial banks was impressively increased. The overall trend appears to be satisfactorily. There is an improved utilization of resources and increasing revenue and the overall performance is moderately good as illustrated by profitability, as well as indicators. However, Assets utilization has very slow improvement. Similarly, the Earning per Share and market value per share of these commercial banks was in mixed trend. Furthermore, Employee productivity seems in increasing favorably. So, these banks focused towards non-performing assets in future operation of the bank.

Similarly, it can also be concluded that management accounting system and organizational strategy has significant in influencing towards financial performance of commercial banks in Nepal.

6.5 Managerial Implications

The overall representation from this study is based on the theoretical framework towards implication of Management Accounting System and Organizational Strategy over organizational performance and applied to Nepalese Commercial Banks. Nepal is categorized as least developed country and moreover concentrated to service sector rather than manufacturing sector. In view of this, the finding of this study has a grander implication towards utilizing Management Accounting System for Organizational Strategy to get sound organizational performance, in subjective as well as objective terms.

Focusing alignment of Management Accounting System and Organizational Strategy towards Organizational Performance, this study addressed empirically the research question proposed in first chapter by testing the casual relationship between these measures and impact on organizational performance. The conclusions reached from this study have profound implications for both theory and practice.

Based on the findings, it is concluded that Management Accounting System and Organizational Strategy can be effectively used for a comprehensive organizational performance. The model can be adapted in general to Nepalese commercial banking sector. The result shows significant increases of changes in all performance measures.

Since globalization, liberalization, privatization, modernization and competition are the five pillars for strengthening the financial sector; these concepts should be adhered to all the time in developing strategy for Nepalese commercial banks. These dimensions has opened Nepalese banking industry towards a greater competition and application of Management Accounting System towards formulating and implementing organizational strategy, to create a significant comprehensive organizational performance.

In this study, it is found that the Nepalese commercial banks have placed more emphasized on the use of Management Accounting System. It has been found that

Management Accounting techniques appeared to be important in Nepalese context. In order to achieve maximum effectiveness of organizational elements like Strategy and Management Accounting System has to be significantly used simultaneously.

Likewise, customer oriented aspects like service quality and service delivery could be achieved through a greater emphasis on effective application of Management Accounting System to Organizational Strategy. In forefront, assurance and empathy to customer are not assured towards maintaining the level of service delivery. These commercial banks should contemplate how to create customer personal care, customer relationship management. Similarly, lack of innovation in service can be seen in these commercial banks which in turn cannot gratify recent development of novelty seeking behaviour in Nepalese customers. Concept of balance scorecard, Customer and market retention should be focused.

Performance evaluation and management with benchmarking for service quality should be prioritized. In view of the low emphasize on segmentation strategy that should be focused, including geographical segmentation. Similarly, there is a low priority on research and development, a culture of evidence based decision making, need assessment, switching off should be adopted for performance effectiveness of these banks.

The costing system is not effective, should focus to cost reduction in service without decreasing quality and quantity. Similarly, providing prompt service, short term cost reduction and costing system should be focused by these commercial banks. Variable and absorption costing and theory of constraints and other relevant tools of management accounting system should significantly be utilized.

The implementation of management accounting system should be designed to support the Organizational Strategy that may also lead to financial sector reforms, disclosure and transparency, efficiency, innovation, enhancing the quality and speed of decision making at all levels. In present context of the Nepalese banking sector, customer and market retention, controlling and reporting has no relation with MAS. These aspects should be focused to maintain organizational performance. Influence of controlling and reporting, customer and market retention is weaker in the context Nepalese banking sector. Likewise, lending strategy, resource mobilization is not effective towards organizational strategy and organizational performance. Importantly, Nepalese banking sector should strategically be focused on plug these gaps.

Thus, a better alignment of Management Accounting System and Organizational strategy that will facilitate Nepalese commercial banks operations to be more successful and help the managers to manage resources more effectively. Timely and adequate availability of resources such as human resource, financial resource, information, technical resource, physical resources is limited. Adequate and timely availability of resources, effective cash management, adaptability in service change management, just-in-time concept should be applied.

The main role of Management Accounting System is to provide useful information in helping banking managers make effective decisions. Organizational Strategy must be supported by appropriate organizational harmonized Management Accounting System. Management accounting system and strategy is found to have a greater influence over organizational performance. Nepalese banks should focus on integration and application management accounting system towards strategy formulation and implementation like adopting blue ocean strategy concept. However, failure to provide appropriate information may contribute to ineffective decisions, ineffective resource management and decline in organizational performance. It is also desirable; these banks should use management accounting system as entrepreneurial firm rather remaining a conservative firms. It can be achieved by placing importance on controls such as forecasting data, tight budget, cost effectiveness, providing top management more control over results, developing a culture of continuous improvements, refinements and configuration around vision, mission and shared goals and the careful monitoring of outputs.

In addition, the role of Management Accounting System should also be used to focus on a risk based approach. Management Accounting System should not be marginalized from the process of risk management of these banks in Nepal. A well-developed management accounting system will promote investment by identifying and financing lucrative business opportunities, mobilizing savings, efficiently allocating resources, helping diversify risk.

Similarly, the corporate governance and corporate social responsibility issues are vital to different sectors of the economy, inclusive banking sector. The life of the organization always depends on its way for governance, while Management Accounting Systems support good governance and can be implemented in Nepalese commercial banks. The requirement of adequate disclosures and transparency for effective decision making should be supported by strong Management Accounting System.

Therefore, the design of Management Accounting System in Nepalese commercial banks should be tailored to support Organizational Strategy. So that, the organization can leads to competitive advantage and superior performance. This is because, the use of effective Management Accounting System can assist managers to focus more easily on achieving priorities, which could help in maintain and improving customer expectation especially in terms of quality and functionality. The business environment is continuously changing, for example the merger and acquisition of the banks in Nepal, it is critical to ensure that appropriate Management Accounting System is practiced in these commercial banks. This is important because an effective Management Accounting System can help to better coordinate business strategy as well as to provide useful information for managers to make decisions. This process will ultimately increase overall profitability for profit-making organization and long-term sustainability of Nepalese commercial bank.

The result also indicates that proper alignment of service quality is important in facilitating an effective business operation in Nepalese Commercial Banks. Positive interactions among the dimensions of service quality and customer satisfaction are vital in order to sustain or improve Organizational Performance. Thus, Nepalese Commercial Banks should focus in improving service quality towards increasing the customer satisfaction. Nepalese Commercial Banks should differentiate in terms of service quality and remain competitive by providing competition, rapid innovation and increasing customer satisfaction. Nepalese Commercial Banks also to be emphasized towards customer-focused strategies. Customer-focused ideology that may be embedded to these banks like Total Quality Management, Just-in-time etc. so, that a customer-related performance is perceived to be more important to long-term success when these commercial banks follows customer-focused strategies.

From the presented issues, results the necessity of linking a proper alignment among Management Accounting System, Organizational Strategy and Organizational Performance is necessary. If this alignment matches with the changes in environment, superior organizational performance can be achieved. In this respect, it is necessary that coordination, communication, designing, instilling dynamism to adjust Management Accounting System and Organizational Strategy to be developed in synergy for organizational performance. Hence, the primary effort should be focused on strengthening the organizational capacity encompassing creating a proper structure, design and implement Management Accounting System. It can then improve organizational strategic decision making, which can be emphasized upon goal orientation and efficient resource use and strengthening monitoring, review, evaluation and control process and attain organizational performance.

The Nepalese commercial banks should develop reliable and systematic management accounting databases and information system as a foundation for efficient strategy formulation and implementation. Such accounting information should be availed in all workouts and decision efforts.

The result also indicated the higher influence of management accounting system and organizational strategy on ROA than in ROE in present context of Nepalese banking sector. ROE should also be focused, so that it would in turn increase the shareholder wealth maximization. Nepal Investment Bank Limited has lowest ROA, timely resolving this indicator would be beneficial to the bank that will lead to maintain higher profitability.

Likewise, non-performing assets is high in Rastriya Banijya Bank,and ROI, ROE, Net Interest margin are also weak position. In this view, Rastriya Banijya Bank should timely focus to take these indicators to trajectory in future so that it can be in a competitive situation with other banks in Nepal. It is also to be focused on account of maintaining or meet up the possible benefits for shareholders and depositors, as well as to the employees. Rastriya Banijya Bank should be focus to radical business process re-engineering and employee empowerment to come up with radical changes in its performance in future. Earnings per share of NIBL are lower in comparison to the other banks, NIBL should focus on maintaining the EPS that will attract the investors and maintain sustainability of the bank.

Further, this research has made at contribution by exploring the roles of Management Accounting System in management of Nepalese commercial banking for possible association between the use of Management Accounting System in Organizational Strategic Decision and improved bank performance. This research study also has increased the knowledge of Management Accounting System, Organizational Strategy in a Nepalese commercial banking sector. Nepal as a least developed country has strived to move to parity with developing countries, and find the research useful to provide relevant knowledge that can support efforts to enhance the performance of Nepalese commercial banks. The findings will also be informative to the policy makers' intent to develop effective Management Accounting System in Organizational Strategic Decision and improved bank performance.

In conclusion, results in this study provide helpful insights and useful guidelines to Nepalese commercial banks, especially those managers who are responsible in making sure that their banks move toward in an appropriate direction. The work presents a comprehensive survey and explanations of the use of Management Accounting System, Organizational Strategy and Banks Performance in Nepalese commercial banks and therefore makes contribution to the awareness of Management Accounting System and Organizational Strategic Decision and improved bank performance in particular to a least developed country.

6.6 Implications for Future Research

With this research on the relationship between management accounting system, organizational strategy and organizational performance, this area is ripe for future research. As is common in survey research, data are cross-sectional and self-report. There are several significant issues to be considered for future research. Among potential topics is the notion of how management accounting system, organizational strategy and organizational performance in other sectors or other service sector can be undertaken for further exploring the subject phenomenon. In order to improve the future study, the sample size could be collected from the manufacturing firms across the country (Nepal). This can further be compared to the service industries including the banking sector. The researcher also believes that extensive study with larger and more representative sample is important to give more generalized picture of the work activities performed by management accounting system and practice as well as the development of strategy in Nepalese context. Therefore, the new findings of manufacturing sector can give a new direction in understanding the subject phenomenon. Further research might be carried out with more sample of banks, as this study only based on six commercial banks of Nepal. It may give new understanding the subject phenomenon. It can either attenuate or inflate correlations among variables. Likewise, the dimension of performance indicators may also increase e.g., ROA and ROE was only utilized to understand the influence of financial performance in regression modeling. Furthermore, other moderating variables like MIS, customer loyalty, firm's size, age and structure, manufacturing costs, customer retention, and the success of marketing strategy etc. can also be explore further to understand the relationship between management accounting system, organizational strategy and organizational performance variables. In addition, a step further, Structural Equation Modeling approach of data analysis may be taken into account to moderating or mediating factors.

Last but not the least, the next few years are likely to see increased global competitiveness in the Nepalese business environment, and the banking sector will also mature in terms of operational years. Therefore, 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 banks.

BIBLIOGRAPHY

Aakar, D. A. (1984, Spring). How to Select a Business Strategy. *California Management Review, XXVI*(3), 167-175.

Abdel-Kader, M., & Luther, R. (2006). Management accounting practices in the British food and drinks industry. *British Food Journal, 108*(5), 336-357.

Abdel-Kader, M., & Luther, R. (2008). The impact of firm characteristics on management accounting practices: A UK-based empirical analysis. *The British Accounting Review, 40*, 2-27.

Abdel-Maksoud, A., Asada, T., & Nakagawa, M. (2008). Performance measures, managerial practices and manufacturing technologies in Japanese manufacturing firms: state-of-the-art . *International Journal Business Performance Management, 10*(1).

Abernethy, M. A., & Guthrie, C. H. (1994). An empirical assessment of the "Fit" between strategy and management information system design. *Accounting and Finance, 34*(2), 49-66.

Abs, G. e. (1954). Historical Dates in Accounting. *The Accounting Review, 29*(3), 486-493.

Adedoyin, & Sobodun. (1996). Commercial Banks Lending Activities in Nigeria. *Nigerian Financial Review, 9*(3), 36-37.

Adeleke, A., Ogundele, O. J., & Oyenuga, O. O. (2008). *Business Policy and Strategy* (2nd ed.). Lagos: Concept Publications.

Akingbade, W. A. (2007). *Impact of Strategic Management on Corporate Performance in Selected Indigenous Small & Medium Scale Enterprises in Lagos Metropolis.* Department of Business Administration & Management Technology. Ojo,Lagos: Lagos State University.

Allot, A. (2000). Management Accounting Change. *The Chartered Institute of Management Accountant*.

Allot, A., Weymouth, P., & Claret, J. (n.d.). Transforming the profession management accounting is changing. *The Chartered Institute of Management Accountant (CIMA)*, 127-147.

Alnamri, M. J. (1993). *Management accounting in Saudi Arabia: A comparative analysis and western approaches.* Ph.D Thesis, University of Newcastle Upon Tyne, United Kingdom.

Aluko, M., Odugbesan, O., Gbadamosi, G., & Osuagwu, L. (2004). *Business Policy and Strategy*. Nigeria: Longman.

American Accounting Association. (1973). *A statement of basic accounting theory* (Vol. 39). American Accounting Association.

Anderson, W. E., Fornell, C., & Lehmann, D. (1994, July). Customer satisfaction, market share, and profitability: Findings from Sweden. *Journal of Marketing* , 53-66.

Andon, P., Baxter, J., & Chua, W. F. (2007). Accounting change as relational drifting: A field study of experiments with performance measurement. *Management Accounting Research, 18*(2), 273-308.

Andrews, K. (1987). *The concept of corporate strategy*. Homewood: McGraw-Hill.

Andrews, K. R. (1973). *The Concept of Corporate Strategy*. Homeood,III: Dow Jones Irwin Inc.

ANGELAKIS, G., THERIOU, N., & FLOROPOULOS, I. (2010). Adoption and benefits of management accounting practices: Evidence from Greece and Finland. *Advances in Accounting, incorporating Advances in International Accounting*, 87-96.

Ansoff, H. I. (1965). *Corporate Strategy*. New York: McGraw Hill.

Ansoff, H. I. (1984). *Implementing Strategy Management*. London: Prentice Hall International.

Anthony, R. N. (1965). *Planning and control systems: A framework for analysis*. MA thesis, Harward University, Boston.

Anthony, R., & Govindarajan, V. (2002). *Sistemas de controle gerencial*. São Paulo: Atlas.

Armstrong, P., Marginson, P., Edwards, P., & Purcell, J. (1996). Budgetary control and the labor force: findings from a survey of large British companies. *Management Accounting Research, 7*, 1-23.

Askarany, D., & Yazdifar , H. (2007). Why ABC is Not Widely Implemented? *International Journal of Business, VII*(1).

Atkinson, A., & Brown, J. (2001). Rethinking performance measures: Assessing progress in UK hotels. *International Journal of Contemporary Hospitality Management, 13* (3), 128-135.

Atkinson, A., & Kaplan, R. (1989). *Advanced Management Accounting*. New Jersey: Prentice Hall.

Atkinson, A., Kaplan, R., & Young, S. (2001). *Management Accounting* (2nd ed.). New Jersey: Pearson / Prentice Hall.

Atuahene-Gima, K. (1995). An exploratory analysis of the impact of market orientation on new product performance. *Journal of Product Innovation Management, 12*, 275-293.

Ax, C., & Bjørnenak, T. (2005). Bundling and diffusion of management accounting innovations—the case of the balanced scorecard in Sweden. *Management Accounting Research, 16*(1), 1-20.

Bacanu, B. (1997). *Management strategic/Strategic Management.* Bucharest: Teora.

Baines, A., & Langfield-Smith, K. (2003). Antecedents to management accounting change: a structural equation approach. *Accounting, Organizations and Society, 28*(7,8), 675-698.

Banbury, C. M., & Mitchell, W. (1995). The effect of introducing important incremental innovations on market share and business survival. *Strategic Management Journal, 16*, 161–182.

Banker, R. D., Potter, G., & Srinivasan, D. (2000). An empirical investigation of an incentive plan that includes non-financial performance measures. *The Accounting Review, 75*, 65-92.

Barbera, M. (1996a, November). Management Accounting Futures: Part 1. *Charter*, 52-54.

Barbera, M. (1996b, December). Management Accounting Futures. *Charter*, 66-68.

Bastl, M., Grubic, T., Templar, S., Harrison, A., & Fan, I. (2010). Inter-Organisational Costing Approaches: The Inhibiting Factors. *The International Journal of Logistics Management, 21*(1), 65-88.

Bauman, L. A. (2002). *Segmentation Strategies.* Phoenix, USA: Phoenix Business Consulting, Inc.

Baumol, W. J. (2002). *The Free-Market Innovation Machine: Analyzing the Growth Miracle of Capitalism.* New York: Princeton University Press.

Berger, A. N., & Udell, G. F. (2002). Small business credit availability and relationship lending: The importance of bank organizational structure. *Economic Journal, 112*(447), 32-53.

Berger, A. N., & Udell, G. F. (2006). A more conceptual framework for SME finance. *Journal of Banking & Finance, 30*(11), 2945–2966.

Berliner, C., & Brimson, J. (1988). *Cost Management for Today's Advanced Manufacturing.* Boston: Harvard Business School Press.

Berry, A., Broadbent, J., & Otley, D. (2005). *Management control: theories, issues and performance* (2nd ed.). New York: Palgrave Macmillan.

Berry, F., & Wechsler, B. (1995). State Agencies Experience with Strategic Planning: Finding From A National Survey. *Public Administration Review, 55*(2).

Berry, L. L., Zeithaml, V. A., & Parasuraman, A. (1985, May–June). Quality counts in services, too. *Business Horizons,* 44–52.

Bharadwaj, S. G., & Varadarajan, P. R. (1993). Sustainable Competitive Advantage in Service Industries: A Conceptual Model and Research Propositions. *Journal of Marketing, 57*(4), 83-99.

Bhimani, A. (1996). *Management Accounting: European Perspectives.* Oxford: Oxford University Press.

Bhimani, A., Horngren, C., Datar, S., & Foster, G. (2008). *Management and Cost Accounting* (4th ed.). Pearson Education.

Binnersley, M. (1997, March). Do You Measure Up? *Charter*, 32-35.

Birkett, W. (1989). *The Demand for, and Supply of Management Accounting Education: A Delphi Study.* Australia: Task Force for Accounting Education in Australia.

Bjørnenak, T. (1997). Diffusion and accounting: the case of ABC in Norway. *Management Accounting Research, 8,* 3-17.

Bjørnenak, T., & Olson, O. (1999). Unbundling management accounting innovations. *Management Accounting Research, 10*(4), 325-338.

Boot, A. W. (2000). Relationship banking: What do we know? *Journal of Financial Intermediation, 9*(1), 7–25.

Bourne, M. (2004). *Driving value through strategic planning and budgeting.* CIMA and ICAEW.

Bouwens, J., & Abernethy, M. A. (2000). The consequences of customization on management accounting system design. *Accounting, Organizations and Society, 25*(3), 221-241.

Bower, J. L. (1970). *Managing the Resource Allocation Process.* Cambridge,Massachusetts: Division of Research,Graduate Schoolof Business Administration, Harvard University.

Brandenburger, A. M., & Nalebuff, B. J. (1995, July-August). The Right Game:Use Game Theory to Shape Strategy. *Harvard Business Review*, 57-71.

Bright, J., Davies, R. E., Downes, C. A., & Sweeting, R. C. (1992). The deployment of costing techniques and practices: a UK study. *A Management Accounting, 3*(3), 201-212.

Bromwich, M. (1990). “The case for strategic management accounting: the role of accounting information for strategy in competitive markets. *Accounting Organisations and Society, 15*(1/2), 27-46.

Bromwich, M. (1990). The case for strategic management accounting: the role of accounting information for strategy in competitive markets. *Accounting, Organizations and Society*, *15*(1/2), 27-46.

Bromwich, M., & Bhimani, A. (1994). *Pathways to Progress.* London: Chartered Institute of Management Accounts.

Bromwich, M., & Bhimani, A. (1989). *Management Accounting: Evolution not Revolution.* London: The Chartered Institute of Management Accountants.

Brown, L. (1997). *Competitive Marketing Strategy.* Melbourne: Nelson.

Brown, S., & Eisenhardt, K. (1997). The art of continuous change: linking complexity theory and time-paced evolution in relentlessly shifting organizations. *Administrative Science Quarterly, 42*(1), 1–34.

Bruggeman, W., Slagmulder, R., & Waeytens, D. (1996). Management accounting changes: the Belgium experience, in Bhimani. *Management Accounting: European Perspectives,* 1-30.

Budde, J. (2009). Variance analysis and linear contracts in agencies with distorted performance measures. *Management Accounting Research*, *20*(3), 166-176.

Burns , J. (2000). The dynamics of accounting change: inter-play between new practices, routines, institutions, power and politics. *A ccounting, Auditing and Accountability*, *13*(5), 566 – 596.

Burns, J., & Baldvinsdottir, G. (2005). An institutional perspective of accountants' new roles – the interplay of contradictions and praxis. *European Accounting Review, 14*(4), 725-757.

Burns, J., & Baldvinsdottir, G. (2007). The changing role of management accountants. *Issues in management accounting*, 117–134.

Burns, J., & Scapens, J. (2000). The Changing Nature of Management Accounting and the Emergence of ‗Hybrid‘ Accountants. *Financial and Management Accounting*.

Burns, J., & Scapens, R. (2000). Conceptualising management accounting change: an institutional framework. *Management Accounting Research*, *11*, 3-25.

Burns, J., & Vaivio, J. (2001). Management accounting change. *anagement Accounting Research, 12,* 389-402.

Burns, J., Ezzamel, M., & Scapens, R. S. (1999). Management accounting change in the U.K. *Management Accounting, 77*(3), 28-30.

Buttle, F. (1996). SERVQUAL: Review, Critique, Research Agenda. *European Journal of Marketing, 30*(1), 8 – 32.

C.D, e. (1991). Determining optimal quality costs by considering cost of lost sales. *Journal of Cost Management, Fall*, 64-72.

Cadez, S., & Guilding, C. (2008). An exploratory investigation of an integrated contingency model of strategic management accounting. *Accounting, Organizations and Society*.

Cadez, S., & Guilding, C. (2008). Strategy and strategic management accounting : An investigation of organizational configurations. *Manchester Business School Research Seminar.* Manchester: Manchester Business School.

Campbell, A., Goold, M., & Alexander, M. (1995, March-April). Corporate Strategy:The Quest for Parenting Advantage. *Harvard Business Review,* 120-132.

Caplan, D. (2006). *Management Accounting Concepts and Techniques.* New York: State University of New York. Retrieved from http://denniscaplan.fatcow.com/Chapter02.html

Carenys, J., & Sales, X. (8-9). Costing the Banking Services: A Management Accounting Approach. *Journal of Money, Investment and Banking, 6*(1), 2008.

Carr, L., & Tyson, T. (1992, October). Planning quality cost expenditures. *Management Accounting*, 52-56.

Cassell, M. (2003, November). Can we budge it? (beyond budgeting). *Financial Management*.

Chand, M., & Dahiya, A. (2010). Application of management accounting techniques in Indian small and medium hospitality enterprises: an empirical study. *International Journal of Entrepreneurship and Small Business, 11*(1), 25-41.

Chandler, A. D. (1962). *Strategic and Structure-Chapters in the History of the American Enterprise.* Cambridge,Mass: M.I.T.Press.

Chapman, C. S. (1997). Reflections on a contingent view of accounting. *Accounting, Organizations and Society, 22,* 189-205.

Chenhall, R. H. (2003). Management control systems design within its organizational context: findings from contingency-based research and directions for the future. *Accounting, Organizations and Society, 28*, 127-168.

Chenhall, R. H. (2003). Management control systems design within its organizational context: findings from contingency-based research and directions for the future. *Accounting, Organizations and Society, 28*, 127-168.

Chenhall, R. H., & Morris, D. (1986). The impact of structure, environment, and interdependence on the perceived usefulness of management accounting systems. *The Accounting Review*, 16-35.

Chenhall, R. H., & Langfield-Smith, K. (1998). Adoption and benefits of management accounting practices: An Australian study. *Management Accounting Research, 9*(1), 1-19.

Chenhall, R. H., & Langfield-Smith, K. (1998a). Adoption and benefits of management accounting practices: An Australian study. *Management Accounting Research*, *9*(1), 1-19.

Chenhall, R. H., & Langfield-Smith, K. (1998b). Factors influencing the role of management accounting in the development of performance measures within organizational change programs. *Management Accounting Research*, *9*(4), 361-386.

Chenhall, R. H., & Langfield-Smith, K. (1998c). The relationship between strategic priorities, management techniques and management accounting: an empirical investigation using a systems approach. *Accounting, Organizations and Society*, *23*(3), 243-264.

Chenhall, R. H., & Langfield-Smith, K. (2003). Performance measurement and reward systems, trust, and strategic change. *Journal of Management Accounting Research*, *15*, 117-143.

Chenhall, R. H., & Morris, D. (1995). Organic decision and communication processes and management accounting systems in entrepreneurial and conservative business organizations. *Omega, International Journal of Management Science, 23*(5), 485- 497.

Chodechai, S. (2004). *Determinants of Bank Lending in Thailand: An Empirical Examination for the years 1992 – 1996*. unpublished thesis.

Choe, J. (2003). The effect of environmental uncertainty and strategic applications of IS on a firm's performance. *Journal of information & management, 40,* 257-268.

Choe, J. (2004). Impact of management accounting information and AMT on organizational performance. *Journal of Information Technology, 19,* 203-214.

Chong, V. K., & Chong, K. M. (1997). Strategic choices, environmental uncertainty and SBU performance: A note on the intervening role of management accounting systems. *Accounting and Business Research, 27*(4), 268-276.

Chow, C. W., Shields, M. D., & Wong-Boren, A. (1988). A compilation of recent surveys and company-specific descriptions of management accounting practices. *Journal of Accounting Education, 6*, 183-207.

Christensen, C. R., Andrews, K. R., & Bower, J. L. (1973). *Business Policy:Text and Cases* (3rd ed.). Homewood,III: Richard D.Irwin Inc.

CIMA. (1987). *Management Accounting Official Terminology.* The Chartered Institute of Management Accountant.

CIMA. (2005). *Management Accounting Official Terminology.* The Chartered Institute of Management Accountant.

Cinquini, L., Collini, P., Marelli, A., Quagli, A., & Riccardo, S. (1999, 5 - 7 May). A survey on cost accounting practices in Italian large and medium size manufacturing firms. *The 22nd annual congress of the European Accounting Association Bordeaux*.

Cobb, I., Helliar, C., & Innes, J. (1995). Management accounting change in a bank. *Management Accounting Research, 6*(4), 155 – 175.

Collier, N., Fishwick, F., & Floyd, S. W. (2004). Managerial involvement and perceptions of strategy process. *Long Range Planning, 37*, 67-83.

Collier, P. M. (2009). *Accounting for Managers: Interpreting Accounting Information for Decision-making* (3rd ed.). West Sussex, England: John Wiley & Sons Inc.

Cooper, R. (1996). Look out, management accountants. (part 1). *Management Accounting, 77*(11), 20-26.

Covaleski, M., Dirsmith, M., & Samuel, S. (1996). Managerial Accounting Research: The Contributions of Organizational and Sociological Theories. *Journal of Management Accounting Research, 15*, 1–35.

Crepon, B., Duguet, E., & Mairesse, J. (1998). *Research, innovation and productivity: an econometric analysis at the firm level.* NBER Working Paper 6696.

Cross, K., & Lynch, R. (1989). Accounting for competitive performance. *Journal of Cost Management*, 20-28.

D, M. (n.d.). *Handbook of Management Accounting Research.* London: Elsevier.

Davenport, T. H. (2000). *Mission critical: Realising the promise of enterprise systems.* Boston MA: Harvard Business School Press.

David, F. (1997). *Strategic management* (6th ed.). Upper Saddle River, NJ: Prentice-Hall.

Davila, T. (2000). An empirical study of the drivers of management control systems' design in new product development. *Accounting, Organizations and Society, 25*, 383-409.

Davis, S., & Albright, T. (2004). An investigation of the effect of balanced scorecard implementation on fi nancial performance. *Management Accounting Research, 15*(2), 135 – 154.

De Mast, J. (2004). A methodological comparison of three strategies for quality improvement. *International Journal of Quality & Reliability Management, 21*(2), 175-97.

DeLisi, P. S. (1990). Lessons from the Steel Axe: Culture, technology, and organizational change. *Sloan Management Review, 32*(1), 83-93.

Demirbag, M., Tatoglu, E., Tekinkus, M., & Zaim, S. (2004). An analysis of the relationship between TQM implementation and organizational performance: Evidence from Turkish SMEs. *Journal of Manufacturing Technology Management, 17*(6), 829-847.

Dess, G. G., & Miller, A. (1999). Strategic Management. New York: McGraw-Hill Publisher.

Dibb, S., Simkin, L., Pride, W., & Ferrell, O. C. (1994). *Marketing: Concepts and Strategies.* Boston, MA: Houghton Mifflin.

Drucker, P. F. (1974). *Management Tasks, Responsibilities and Practices.* New York: Harper and row.

Drury, C. (1996). *Management Accounting Handbook.* Butterworth-Heinemann: CIMA.

Drury, C. (2004). *Management and cost accounting* (6th ed.). London: Thomson Learning.

Drury, C. (2008). *Management and cost accounting* (7th ed.). London: South-Western Cengage Learning.

Drury, C., & Tayles, M. (1993). Issues arising from surveys of management accounting practice. *Management Accounting Research, 6,* 267-280.

Drury, C., Braund, S., Osborne, P., & Tayles, M. (1993). *A survey of management accounting practices in UK manufacturing companies.* Chartered Association of Certified Accountants.

Dugdale, D., & Lyne, S. (2004). *Beyond budgeting or better budgeting?. A report on the Better Budgeting forum from CIMA and ICAEW.* CIMA.

El-Ebaishi, M., Karbhari, Y., & Naser, K. (2003). Empirical evidence on the use of management accounting techniques in a sample of Saudi manufacturing companies. *International Journal of Commerce and Management, 13*(2), 74-101.

Ellram, L. M., & Siferd, S. P. (1998). Total Cost of Ownership: a key concept in Strategic Cost Management Decisions. *Journal of Business Logistics, 19*(1), 55-84.

Emmanuel, C., Otley, D., & Merchant, K. (1990). *Accounting for Management Control.* London: Chapman & Hall.

Equity Bank. (2010). Achievements and Background. Retrieved October 5th , 2015, from http://www.equitybank.co.ke/about.php?subcut=8

Lisboa, J. V. (2007). The dimensionality and utilization of performance measures in a manufacturing operational context: Organizational change implications. *Cross Cultural Management: An International Journal, 14*(4), 286-306.

Lisboa, J. V. (2004). An examination of manufacturing organizations' performance evaluation; Analysis, implications and a framework for future research. *International Journal of Operations & Production Management, 24*(5), 488-513.

Farouk Abdel, A., & MClellan, J. D. (2011). Management Accounting Practices in Egypt -- A Transitional Economy Country. *Journal of Accounting, Business & Management, 18*, 105-120.

FCIC. (2011). Financial Enquiry Commission Releases Report on the Causes of the Financial Crisis. Retrieved May 8th, 2015, from http://fcic-static.law.stanford.edu/cdn_media/fcic-news/2011-0127-fcic-releases-report.pdf

Feurer, R., & Chaharbaghi, K. (1995). Performance measurement in strategic change. *Benchmarking for Quality Management &Technology, 2*(2), 64-83.

Fiegener, M. K. (1994). Matching Business-Level Strategic Controls to Strategy: Impact on Control System Effectiveness. *Journal of Applied Business Research, 10*(1), 25-34.

Firth, M. (1996). The diffusion of managerial accounting procedures in the People's Republic of China and the influence of foreign partnered joint ventures. *Accounting, Organizations and Society, 21*(7/8), 629-54.

Foster, G. (1996). Management Accounting in 2000. *Cost Management, 9*(4).

Freeman, J., & Bocker, W. (1984). The Ecological Analysis of Business Strategy. *Decisions, XXVI*(3), 73-86.

Frezatti, F. (2007). The ―economic paradigm‖ in management accounting return on equity and the use of various management accounting artifacts in a Brazilian context. *Managerial Auditing Journal, 22*(5), 514-532.

Fruitticher, L., Stroud, N., Laster, J., & Yakhou, M. (2005). USA budget practices case studies. *Managerial Auditing Journal, 20*(2), 171-178.

Fulmer, R., & Ruel, L. C. (1963). The Relationship of Strategic Planning to Financial Performance. *Strategic Management Journal, 7*(3), 18-30.

Fuschs, P. H., Mifflin, K. E., Miller, D., & Whitney, J. O. (2000). Strategic integration: Competing in the age of capabilities. *California Management Review, Spring*, 118-147.

G, H., & CK, P. (1990). The Core competence of the Corporation. *Harvard Business Review, 68*, 79-91.

Galbraith, J. (1977). *Organization Design, Reading.* Massachusetts: Addison-Wesley.

Garner, S. P. (1947). Historical Development of Cost Accounting. *The Accounting Review, 22*(4), 385-389.

Gerdin, J. (2005). Management accounting system design in manufacturing departments: an empirical investigation using a multiple contingencies approach. *Accounting, Organizations and Society, 30*, 99-126.

Gerdin, J., & Greve, J. (2004). Forms of contingency fit in management accounting research - a critical review. *Accounting, Organizations and Society, 29*, 303-326.

Gerdin, J., & Greve, J. (2004). Forms of contingency fit in management accounting research-a critical review. *Accounting, Organizations and Society, 29*(3-4), 303-326.

Ghosh, B. C., & Chan, Y. K. (1997). Management accounting in Singapore-well in place? *Managerial Auditing Journal, 12*(1), 16-18.

Gilson, L. L., Mathieu, J. E., Shalley, C. E., & Ruddy, T. M. (2005). Creativity and standardization: Complementary or conflicting drivers of team effectiveness? *Academy of Management Journal, 48*, 521–531.

Glueck, F. W. (1976). *Business Policy:Startegy Formulation and Management Action.* Newyork: McGraw Hill.

Gordon, I. R., & McCann, P. (2005). Innovation, agglomeration, and regional development. *Journal of Economic Geography, 5*(5), 523–543.

Govindarajan, V., & Gupta, A. K. (1985). Linking control systems to business unit strategy: impact on performance. *Accounting, Organizations and Society, 10*(1), 51-66.

Gilbert, GR.., & Veloutsou, C. (2006). A cross-industry comparison of customer satisfaction. *The Journal of Services Mark, 20*(5), 298-308.

Grande, U. E., Estebanez, P. R., & Colomina, M. C. (2010). The impact of Accounting Information Systems (AIS) on performance measures: empirical evidence in Spanish SMEs. *The International Journal of Digital Accounting Research, 11*, 25 – 43.

Granlund, M. (2001). Towards explaining stability in and around management accounting systems. *Management Accounting Research, 12*, 141-166.

Granlund, M., & Lukka, K. (1998). It's a small world of management accounting practices. *Journal of Management Accounting Research, 10*, 153-179.

Granlund, M., & Lukka, K. (1998a). It's a Small World of Management Accounting Practices. *Journal of Management Accounting Research, 10*, 153.

Granlund, M., & Lukka, K. (1998b). Towards increasing business orientation: Finnish management accountants in a changing cultural context. *Management Accounting Research, 9*(2), 185-211.

Gray, S., Salter, S., & Radebaugh, L. (2001). *Global Accounting and Control. A Managerial Emphasis.* John Wiley and Sons.

Gronroos. (1978). A Service-Orientated Approach to Marketing of Services. *European Jouranl of Marketing, 12*(8), 588 – 601.

Guilding, C., & McManus, L. (2002). The incidence, perceived merit and antecedents of customer accounting: an exploratory note. *Accounting, Organizations and Society, 27*, 45-59.

Guilding, C., Cravens, K. S., & Tayles, M. (2000). An international comparison of strategic management accounting practices. *Management Accounting Research, 11*(1), 113-135.

Gul, F. A. (1991). The effects of Management Accounting Systems and Environmental Uncertainty on Small Business Managers' Performance. *Accounting and Business Research, 22*(85), 57-61.

Gupta, A. K., & Govindarajan, V. (1984). Business unit strategy, managerial characteristics, and business unit effectiveness at strategy implementation. *Academic Management Journal*, 25–41.

Gupta, S. P. (1995). *Statistical Methods*. New Delhi: Sultan Chand and Sons.

Hair, J., Black, W., Babin, B., & Anderson, R. (2010). *Multivariate data analysis* (7th ed.). NJ: Prentice-Hall.

Haldma, T., & Laats, K. (2002). Contingencies influencing the management accounting practices of Estonian manufacturing companies. *Management Accounting Research, 13*(4), 379-400.

Hall, M. (2008). The effect of comprehensive performance measurement systems on role clarity, psychological empowerment and managerial performance. *Accounting, Organizations and Society, 33*, 141-163.

Hambrick, D. D. (1980). Operationalizing the concept of business-level strategy in research. *Academy of Management Review, 5*, 567-575.

Hamel, G. (1996). Strategy as Revolution. *Harvard Business Review.Juky –August*, 69-82.

Hamel, G. (1998). Strategy innovation and the quest for value. *Sloan Management Review, 39*, 7-14.

Hansen , A. (2010). Non-financial performance measures, externalities and target setting: A comparative case study of resolutions through planning. *Management Accounting Research, 21*(1), 17-39.

Hansen, A., & Mouritsen, J. (2005). *Strategies and organizational problems: Constructing corporate value and coherence in balanced scorecard processes. In C. S. Chapman (Ed.), Controlling strategy: Management, accounting, and performance measurement.* Oxford: Oxford University Press.

Hansen, D., & Mowen, M. (2003). *Cost Management. Accounting and Control* (4th ed.). South-Western: Thomson Learning.

Hansen, D., & Mowen, M. (2006). *Cost management: accounting and control* (5th ed.). Ohio: outh-Western College Publishing.

Hansen, S. C., & Van der Stede, W. A. (2004). Multiple facets of budgeting: an exploratory analysis. *Management Accounting Research, 15*, 415-439.

Harris, M. (1996). Organizational politics, strategic change and the evaluation of CAD. *Journal of Information Technology, 11*(1), 51-58.

Harrison, G. L. (1992). The cross-cultural generalizability of the relation between participation, budget emphasis and job related attitudes. *Accounting, Organizations and Society, 17*(1), 1 – 15.

Harrison, G. L. (1993). Reliance on accounting performance measures in superior evaluative style: the infl uence of national culture and personality. *Accounting, Organizations and Society*, *18*(4), 319 – 339.

Hart , F. J., & Wet De Johannes. (2008). EVA and Innovations in Decision Making and Financial Management. *Working paper series*.

Hart, S. L., & Banbury, C. (1994). How strategy-making processes can make a difference. *Strategic Management Journal, 15*(4), 251-269.

Henderson, R., & Mitchell, W. (1997). The Interactions of Organizational and Competitive Influences on strategy and Performance. *Strategic Management Journal, 18*, 5-14.

Heracleous, L., & DeVoge, S. (1998). Bridging the gap of relevance: strategic management and organisational development. *Long Range Planning, 31*(5), 742-754.

Hermes, N., Smid, P., & Yao, L. (2007). Capital budgeting practices: A comparative study of the Netherlands and China. *International Business Review, 16*, 630-654.

Hesford, J. W., Lee, S., Van der Stede, W. A., & Young, S. M. (2007). Managementaccounting: a bibliographic study.

Heyes, R. H., & Pisano, G. P. (1994). Beyond World Class:The New Manufacturing Strategy. *Harvard Business Review, January-February,* 77-86.

Hickman, C. R., & Silva, M. A. (1984). *Creating Excellence.* New York: New American Library.

Hilton, R. (2002). *Managerial Accounting. Creating Value in a Dynamic Business Environment* (5th ed.). McGraw-Hill.

Hilton, R. (2009). *Managerial Accounting. Creating Value in a Dynamic Business Environment.* McGraw-Hill.

Hilton, R. W. (2008). *Managerial Accounting* (7th ed.). New York: McGraw-Hill.

Hofer, C. W., & Schendel, D. (1978). *Strategy Formulation: Analytical Concepts.* St.Paul MN: West Publishing.

Hofstede, G. (1980). *Culture's Consequences: International Differences in Work-Related Values.* Beverly Hills, CA: Sage.

Hoozee , S., & Bruggeman , W. (2010). Identifying operational improvements during the design process of a time-driven ABC system: The role of collective worker participation and leadership style. *Management Accounting Research, 21*(3), 185-198.

Hopwood, A. G. (1990). Accounting and organization change. *Accounting, Auditing & Accountability Journal, 3*(1), 7-17.

Hoque, Z. (2004). A contingency model of the association between strategy, environmental uncertainty and performance measurement: Impact on organizational performance. *International Business Review, 13*(4), 485-502.

Hoque, Z. (2005). Linking environmental uncertainty to non-financial performance measures and performance: A research note. *The British Accounting Review, 37*(4), 471-481.

Hoque, Z. (2006). *Strategic Management Accounting Concepts, Processes and Issues* (2nd ed.). London: Spiro Press.

Hoque, Z., Mia, L., & Alam, M. (2001). arket competition, computer-aided manufacturing and use of multiple performance measures: An empirical study. *The British Accounting Review, 33*(1), 23-45.

Horngren, C. T., Bhimani, A., Foster, G., & Datar, S. M. (1999). *Management and Cost Accounting*. Europe: Prentice Hall.

Horngren, C. T., Datar, S. M., & Foster, G. (2006). *Cost Accounting: A Managerial Emphasis* (13th ed.). New Delhi: Prentice Hall.

Horngren, C., & Foster, G. (1997). *Cost accounting: a managerial emphasis* (9th ed.). London: Prentice-Hall.

Horngren, C., Bhimani, A., Datar, S., & Foster, G. (2002). *Management and Cost Accounting*. Pearson Education.

Hoskin, K., & Macve, R. (1986). Accounting and the examination: A genealogy of disciplinary power. *Accounting, Organizations and Society*, *11*(2), 105 – 136.

Hoskin, K., & Macve, R. (1988). The genesis of accountability: The West Point connection. *Accounting, Organizations and Society, 13*(1), 37 – 74.

Hoskin, K., & Macve, R. (1994). Writing, Examining, Disciplining: The Genesis of Accounting's Modern Power. In A. G. Hopwood , & P. Miller, *Accounting As Social and Institutional Practice* (pp. 67 – 97). Cambridge, UK: Cambridge University Press.

Hoskin, K., & Macve, R. (2000). Knowing more as knowing less? Alternative histories of cost and management in the USA and UK. *Accounting Historians Journal, 27*(1), 91 – 149.

Hrisak, D. (1996). The controller as business strategist. *Management Accounting, 78*(6), 48-49.

Hussain, M. M. (2003). The impact of economic condition on management of accounting performance measures: experience with banks. *Managerial Finance, 29*(2-3), 23 – 41.

Hussain, M. M. (2005). Management accounting performance measurement systems in Swedish banks. *European Business Review, 17*(6), 566 – 589.

Hussain, M. M., & Hoque, Z. (2002). Understanding non-financial performance measurement practices in Japanese banks. *A ccounting, Auditing and Auditability Journal, 15*(2), 162 – 183.

Hutaibat, A. K. (2005). *Management Accounting Practices in Jordan - A Contingency Approach.* Ph.D Thesis, University of Bristol, United Kingdom.

Hyv¨onen, J. (2007). Strategy, performance measurement techniques and information technology of the firm and their links to organizational performance. *Management Accounting Research, 18,* 343-366.

Hyvönen, J. (2005). Adoption and Benefits of Management Accounting Systems: Evidence from Finland and Australia. *dvances in International Accounting, 18,* 97-120.

IFAC. (1998). *International Management Accounting Practice Statement: Management Accounting Concepts.* New York.

IIBF. (2008). *Principals and Practices of Banking* (2nd ed.). Mumbai: Macmillan.

IMA. (2008). *Definition of Management Accounting.* Institute of Management Accountant.

Innes, J., & Mitchell, F. (1990). The process of change in management accounting: some field study evidence. *Management Accounting Research, 1,* 3-19.

Innes, J., & Mitchell, F. (1991). A survey of activity-based costing in the U.K.'s largest companies. *Management Accounting Research, 6*(6), 137-153.

Islam, M., & Kantor, J. (2005). The development of quality management accounting practices in China. *Managerial Auditing Journal, 20*(7), 707-724.

Ismail, T. H. (2007). Performance evaluation measures in the private sector: Egyptian practice. *anagerial Auditing Journal, 22*(5), 503-513.

Israelsen, P., Anderson, M., Rohde, C., & Sorensen, P. (1996). Management accounting in Denmark: Theory and practice. In A. Bhimani, *Management Accounting: European Perspectives* (pp. 31-53). Oxford: Oxford University Press.

Ittner, C. D., & Larcker, D. F. (1995). Total quality management and the choice of information and reward systems. *Journal of Accounting Research, 33,* 1-34.

Ittner, C. D., & Larcker, D. F. (1998). Innovations in performance measurement: trends and research implications. *Journal of Management Accounting Research, 6*, 205-238.

Ittner, C. D., & Larcker, D. F. (2001). Assessing Empirical Research in Managerial Accounting: A Value-based Management Perspective. *Journal of Accounting & Economics, 32*, 349-410.

Ittner, C. D., & Larker, D. F. (1997). Quality strategy, strategic control systems, and organizational performance. *Accounting, Organizations and Society, 22*(3/4), 293-314.

Ittner, C. D., Larcker, D. F., & Meyer, M. W. (2003). Subjectivity and the weighting of performance measures: evidence from the balanced scorecard. *The Accounting Review, 78*(3), 725 – 758.

Ittner, C. D., Larcker, D. F., & Randall, T. (2003). Performance implications of strategic performance measurement in fi nancial service fi rms. *Accounting, Organizations and Society, 28*(7=8), 715 – 741.

Hauser, J.&Tellis, G. & Griffin, A. (2006). Research on innovation: a review and agenda for marketing science. *Marketing Science, 25*(6), 687–717.

Jaworski, B., & Kohli, A. (1993). Market orientation: Antecedents and consequences. *Journal of Marketing, 57*(3), 53-70.

Jermias, J., & Gani, L. (2002). inking strategic prioroties, organizational configurations and management accounting systems with business unit effectiveness: Experience from Indonesian publicly held companies. *3rd Conference AAA.* Nagoya, Japan.

Jin, Z., Hewitt-Dundas, N., & Thompson, N. J. (2004). Innovativeness and performance: evidence from manufacturing sectors. *Journal of Strategic Marketing, 12*(4), 255–266.

Johannessen, A., Olaisen, J., & Olsen, B. (1999). How can Europe compete in the 21st century. *International Journal of Information Management, 19*, 263-275.

Johnson, G., & Scholes, K. (2002). *Exploring Corporate Strategy* (4th ed.). New Delhi: Prentice Hall.

Johnson, G., Scholes, K., & Whittington, R. (2005). *Exploring corporate strategy: Text and cases* (7th ed.). Prentice Hall Financial Times Pearson Education Limited.

Johnson, H. T. (1981). Toward a New Understanding of Nineteenth-Century Cost Accounting. *The Accounting Review, 56*(3), 510-518.

Johnson, H. T. (1995). Management Accounting in the 21st Century. *Cost Management, 9*(3).

Johnson, H. T., & Kaplan, R. S. (1987). *Relevance Lost: The Rise and Fall of Management Accounting.* Boston, Massachusetts: Harvard Business School Press.

Jorgensen, B., & Messner, M. (2010). Accounting and strategising: a case study from new product development. *Accounting, Organizations and Society, 35*, 184–204.

Joshi, P. L. (2001). The international diffusion of new management accounting practices: the case of India. *Journal of International Accounting, Auditing and Taxation, 10*, 85-109.

Joshi, P. L., A.-M. J., & Bremser, W. G. (2003). Corporate budget planning, control and performance evaluation in Bahrain. *Managerial Auditing Journal, 18*(9), 737-750.

Jusoh, R. (2006). *The usage of balanced scorecard measures, business strategy and firm performance.* PhD dissertation, University Sains Malaysia, Malaysia.

Jusoh, R., & Parnell, J. A. (2008). Competitive strategy and performance measurement in the Malaysian context. *An exploratory study. Management Decision, 46*(1), 5-31.

Jusoh, R., Ibrahim, D. N., & Zainuddin, Y. (2006). Assessing the alignment between business strategy and use of multiple performance measures using interaction approach. *The Business Review, Cambridge, 5*(1), 51-60.

Simmon, K. (1981). Strategic Management Accounting. *Management Accounting*, April, 26-29.

Shank, J.K.&Govindarajan, V. (1989). *Strategic Cost Analysis: the evolution from managerial to strategic accounting.* Homewood: Richard Irwin Inc.

Kalafut, P. C., & Low, J. (2001). The value creation index: Quantifying intangible value. *Strategy and Leadership, 29*(5), 9-15.

Kaplan, & Norton. (1996). Using the balanced scorecard as a strategic management system. *Harvard Business Review, 74*(1), 75-85.

Kaplan, & S, R. (1998). New Roles for Management Accountants. *Journal of Cost Management (Fall),* 6-14.

Kaplan, R. (1984). The evolution of management accounting. *The Accounting Review, LIX*(3), 390-418.

Kaplan, R. (1986). The Role for Empirical Research in Management Accounting. *Accounting, Organizations and Society, 11*(4/5), 429-452.

Kaplan, R. (2001). Strategic Performance Measurement and Management in Nonprofit Organizations. *Nonprofit Management and Leadership, 11*, 353–370.

Kaplan, R. S. (1995). New roles for management accountants. *Cost Management, 9*(3), 6.

Kaplan, R. S., & Norton, D. (2000). *The Strategy-Focused Organization.* Boston: Harvard Business School Press.

Kaplan, R. S., & Norton, D. P. (1996a). *The balance scorecard: Translating strategy into action.* Boston, MA: Harvard Business School Publishing.

Kaplan, R. S., & Norton, D. P. (1996b). Using the Balanced Scorecard as a Strategic Management System. *Harvard Business Review, January-February*, 75-85.

Kaplan, R. S., & Norton, D. P. (2001). Transforming thebalanced scorecard from performance measurement to strategic management: Part 1. *A ccounting Horizons, 15*(1), 87 – 104.

Kaplan, R., & Norton, D. P. (2001b). ransforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part I. *Accounting Horizons, 15*(1), 87–104.

Kathy , K., & Paul , C. M. (2009). *Target Costing in the Automotive Industry: A Case Study of Dynamic Capabilities.* Working paper series.

Kazmi, A. (2008). *Strategic Management and Business Policy* (3rd ed.). New Delhi: McGraw-Hill Companies.

Kellett, B. M., & Sweeting, R. C. (1991). Accounting innovations and adaptations: A U.K. case. *Management Accounting Research, 2*(1), 15-26.

Kelly, M., & Pratt, M. (1994). Management Accounting Texts in New Zealand: The Need for a Paradigm Shift. *Accounting Education, 3*(4), 313-329.

Klammer, T., Koch, B., & Wilner, N. (1991). Capital budgeting practices-a survey of corporate use. *Journal of Management Accounting Research, 1*, 13-130.

Kloot, L. (1997). Organizational learning and management control systems: Responding to environmental change. *Management Accounting Research, 8*(1), 47-73.

Knights, D., & McCabe, D. (1997). How would you measure something like that? Quality in a retail bank. *Journal of Management Studies, 34*(3), 371 – 388.

Kober, R., Ng, J., & Paul, B. J. (2007). The interrelationship between management control mechanisms and strategy. *Management Accounting Research, 18*(4), 425-452.

Koch, T., & MacDonald, S. (2006). *Management of Banks* (6th ed.). Manson: Thomson South-Western.

Kominis, G., & Emmanuel, C. R. (2007). Developing an extended model of managerial motivation. *Management Accounting Research, 18*(1), 49 – 75.

Kotha, S., & Swamidass, P. M. (2000). Strategy, advanced manufacturing technology and performance: Empirical evidence from U.S manufacturing firms. *Journal of Operations Management, 18*(3), 257-277.

Kotler, P. (1976). *Marketing,Planning and Control* (3rd ed.). Englewood Cliff.N.J: Prentice Hall.

Kotler, P., & Armstrong, G. (2012). *Principles of Marketing* (14th ed.). New Jersy, USA: Pearson Education Inc.

Krumwiede, K. R. (1998). The implementation stages of activity-based costing and the impact of contextual and organizational factors. *Journal of Management Accounting Research, 10*, 239-277.

Kwock, Y. (1999). *A theoretical integration and empirical test of strategic management: Environment, strategy, structure, implementation, and performance in the hospitality industry*. Unpublished doctoral dissertation, Virginia Polytechnic Institute and State University, Blacksburg.

Jones, L. (1988). Competitor cost analysis at Caterpillar. *Management Accounting*, October, 32-38.

Laitinen, E. K. (2006). Explaining management accounting change: Evidence from Finland. *International Journal Accounting, Auditing and Performance Evaluation, 3*(2), 252-281.

Lamb, Robert, & Boyden. (1984). *Competitive Startegic Management.* EngleCliffs,NJ: Prentice-Hall.

Lamminmaki, D. (2008). Accounting and the management of outsourcing: An empirical study in the hotel industry. *Management Accounting Research, 19*(2), 163-181.

Langfield-Smith, K. (1997). Management control systems and strategy: A critical review. *Accounting, Organizations and Society, 22*(2), 207-232.

Langfield-Smith, K. (2007). *A review of quantitative research in management control system and strategy* (Vol. 1). (e. a. Chapman Christopher S, Ed.) Oxford: Elsevier.

Langfield-Smith, K. (2008). Strategic management accounting: how far have we come in 25 years? *Accounting, Auditing & Accountability Journal, 21*(2), 204-228.

Larry, A. B. (2002). *Segmentation Strategies.* USA: Phoenix Business Consulting, Inc.

Lau, C. M., & Tan, M. (1998). The impact of budget emphasis, participation and task difficulty on managerial performance: a cross-culture study of financial service sector. *Management Accounting Research, 9*(2), 163 – 183.

Laverty, K. J. (2004). Managerial Myopia or Systemic Short-termism? The Importance of Managerial Systems in Valuing the Long Term. *Management Decision, 42*(8), 949-962.

Lazaridis, I. T. (2004). Capital budgeting practices: A survey in the firms in Cyprus. *Journal of Small Business Management, 42*(4), 427–433.

Lee, M. (2000). The determinants of perceived service quality and its relationship with satisfaction. *Journal of Services Marketing, 14*(3), 217-231.

Leftesi, A. (2008). *The Diffusion of Management Accounting Practices in Developing Countries: Evidence from Libya.* Ph.D Thesis, University Huddersfield, United Kingdom.

Libby, T., & Waterhouse, J. H. (1996). Predicting change in management accounting systems. *Journal of Management Accounting Research, 8*, 137-150.

Lillis, & Anne. (2002). Managing multiple dimensions of manufacturing performance - an exploratory study. *Accounting, Organizations and Society, 27*, 497-529.

Littler, D. A., & Sweeting, R. C. (1989). *Management Accounting in Technology Based Businesses.* London: CIMA.

Lobo, M. X., Tilt, C., & D, F. (2004). The Future of Management Accounting: A South Australian Perspective. *Journal of Management Accounting Research, 2*(1).

Lord, B. (1996). Strategic management accounting: the emperor's new clothes? *Management Accounting Research, 7*, 347-366.

Lukka, K., & Granlund, M. (1996). Cost accounting in Finland: current practice and trends of development. *The European Accounting Review, 5*, 1-28.

Lukka, K., & Shields, M. (1999). Innovations in management accounting focus. *Management Accounting, 77*, 33–34.

Lumpkin, G. T., & Dess, G. G. (1995). Simplicity as a strategy-making process: the effects of stage of organizational development and environment on performance. *Academy of Management Journal, 38*(5), 1386-1407.

Luther, R. G., & Longden, S. (2001). Management accounting in companies adapting to structural change and volatility in transition economies: a South African study. *Management Accounting Research, 12*, 299-320.

Lynch, R. L., & Cross, K. F. (1991). *Measure Up! Yardsticks for Continuous Improvement.* London, U.K: Blackwell.

Lynch, R. L., & Cross, K. F. (1992). *Measure up – The Essential Guide to Measuring Business Performance.* London: Mandarin.

Lyne, S. R. (1988). The role of the budget in medium and large U.K. companies and the relationship with budget pressure and participation. *Accounting and Business Research, 18*(71), 195-212.

Ma, Y., & Tayles, M. (2009). On the emergence of strategic management accounting: an institutional perspective. *Accounting and Business Research, 39*(5), 473-495.

Mabberley, J. (1992). *A ctivity-Based Costing in Financial Institutions.* London, UK: Pitman.

Macy, G., & Arunachalam, V. (1995). Management accounting systems and contingency theory: In search of effective systems. *Advances in Management Accounting, 4*, 63-86.

Malina, N. A., & Selto, F. H. (2001). Communicating and controlling strategy: an empirical study of the effectiveness of the Balanced Scorecard. *Journal of Management Accounting Research, 13*, 47-90.

Malmi, T. (1997). Towards explaining activity-based costing failure: accounting and control in a decentralised organization. *Management Accounting Research, 8*, 459-480.

Malmi, T. (1999). Activity-based costing diffusion across organizations: an exploratory empirical analysis of Finnish firms. *Accounting, Organizations and Society, 24,* 649-672.

Maqbool-ur-Rehman, S. (2011, April). Which management accounting techniques influence profitability in the manufacturing sector of Pakistan? *Pakistan Business Review April*, 53 - 115.

McLaney, E. J., & Atrill, P. (2002). *Management Accounting for Non-specialists.* London: Prentice Hall.

McMann, P. J., & Nanni, A. J. (1995). Means versus ends: a review of the literature on Japanese management accounting. *Management Accounting Research, 6*(4), 313-346.

McNair, C.J., & Leibfried, K. (1992). *Benchmarking: A Tool for Continuous Improvement.* Texas: Omneo.

McWatters, C. S., Morse, D. C., & Zimmerman, J. L. (2001). *Management Accounting: Analysis and Interpretation.* New York: McGraw-Hill/Irwin.

Mia, L. (1993). The role of MAS information in organizations: An empirical study. *British Accounting Review, 25,* 269-285.

Mia, L. (2000). Just-in-time manufacturing, management accounting systems and profitability. *Accounting and Business Research, 30*(2), 137–151.

Mia, L., & Brian, C. (1999). Market Competition,Management Accounting Systems and Business Unit Performance. *Management Accounting Research, 10*, 137-158.

Mia, L., & Clarke, B. (1999). Market competition, management accounting systems and business unit performance. *Management Accounting Research, 8*, 137-158.

Middaugh, J. K. (1988). Management control in the financial-services industry. *Business Horizons, 31*(3), 79 – 86.

Miles, R., & Snow, C. (1978). *Organizational strategy, structure and process.* New York: McGraw-Hill.

Miller, G., De Meyer, A., & Nakane, J. (1992). *Benchmarking Global Manufacturing.* Illinois: Business One Irwin.

Miller, P., & O'Leary, T. (1987). Accounting and the construction of the governable person. *Accounting, Organizations and Society, 12*(3), 235 – 265.

Mintzberg, H. (1987). Crafting Strategy. *Harvard Business Review, 65*(4), 66-75.

Mintzberg, H., & Waters, J. (1985, jul/ago). Of strategies, deliberate and emergent. *Strateg Management*, 257–72.

Mishra, P. (2014). *Business Research Methods.* Oxford: Oxford University Press.

Monden, Y., & Hamada, K. (1991). Target Costing and Kaizen Costing in Japanese Automobile Companies. *Journal of Management Accounting Research, Fall*, 16-34.

Moon, P., & Bates , K. (1993). Core analysis in strategic performance appraisal. *Management Accounting Research, 4*(4), 139-152.

Morgan, G., & Sturdy, A. (2000). *Beyond Organizational Change: Structure, Discourse and Power in UK Financial Services.* London, UK : Macmillan.

Morgan, M. J. (1993, May). Accounting for strategy. *Management Accounting*, 20-24.

Morris, T. (1986). *Innovations in Banking: Business Strategies for Employee Relations.* Beckenham, Kent, UK: Croom Helm .

Mouritsen, J., & Kreiner, K. (2003). Not for profit- For sale: Management control in and of an internet start-up company. In A. Bhimani, *Management accounting in the digital economy* (pp. 169-184). Oxford, UK: Oxford University Press.

Munro, R. (1995). Managing by ambiguity: an archaeology of the social in the absence of management accounting. *Critical Perspectives on Accounting, 6*(5), 433 – 482.

Nanni , A. J., Dixon, J. R., & Vollman, T. E. (2002). Integrated performance measurement: Management accounting to support the new manufacturing realities. *Journal of Management Accounting Research, Fall*, 1-19.

Narver, J., & Slater, S. (1990). The effect of a market orientation on business profitability. *Journal of Marketing, 54*(4), 20-35.

Neely, A. D. (1999). The performance measurement revolution: why now and what next? *International Journal of Operations & Production Management, 19*(2), 205-228.

Nik Ahmad, N. N., Sulaiman, M., & Alwi, N. M. (2003). Are budgets useful? A survey of Malaysian companies. *Managerial Auditing Journal*, *18*(9), 717-724.

Nimtrakoon, S. (2009). *Organization Strategy, Management Techniques and Management Accounting Practices: Contingency Research in Thailand.* Ph.D Thesis, University of Hull, United Kingdom.

Nmadu, T. M. (2007). Strategic Management in some Nigerian Businesses: “A business reality”. *Journal of Management Research and Development,, 1*, 17-23.

Noble, C. H., & Mokwa, M. P. (1999, October). Implementing Marketing Strategies:Developing and Testing a Managerial theory. *Journal of Marketing, 63*.

Norman, R., & Ramfrez, R. (1993). From Value Chain to Value Constellation:Designing Interactive Strategy. *Harvard Business Review.July-August*, 65-77.

Norris, G. (2002). Chalk and cheese: grounded theory case studies of the introduction and usage of activity-based information in two British banks. *British Accounting Review, 34*(3), 223 – 255.

Nunnally, J. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.

Nwankwo, G. O. (2000). Organizing for Financial Risk Management. *The Credit Administrator, 2*(2), 32-39.

Osayameh, R. (1991). Lending and Credit Administration Model for Commercial Banks. *Nigerian Financial Review, 4*(2), 55-60.

Otley, D. (1980). The contingency theory of management accounting: Achievement and prognosis. *Accounting, Organizations and Society, 5*(4), 413-428.

Otley, D. (1994). Management control in contemporary organizations: towards a wider framework. *Management Accounting Research, 5*(3-4), 289-299.

Otley, D. T. (1999). Performance management: a framework for management control systems research. *Management Accounting Research, 10*(4), 363 – 382.

Oyedijo, A. (2004). *Strategic Management: An Introductory Text.* Lagos: Strategic International Press Ltd.

Oyedijo, A., & Akinlabi, H. (2008). Relationship between the Intensity of Strategic Management and Corporate Financial Performance in Nigerian Banks. *International Journal of Multi-disciplinary Research, 1*(1), 52-61.

Palmer, R. J. (1992). Strategic goals and the design of strategic management accounting systems. *Advances in Management Accounting, 1*, 179-204.

Parasuraman , A., Zeithaml , V. A., & Berry, L. (1988). SERVQUAL: a multiple-item scale for measuringcustomer perceptions of service quality. *Journal of Retailing. 64: 12-40., 64*, 12-40.

Parker, L. D. (2002). Reinventing management accountant. *The Chartered Institute of Management Accountant*.

Parker, R. H. (1969). *Management Accounting: An Historical Perspective.* Macmillan and Co Ltd.

Patiar, A., & Mia, L. (2008). The interactive effect of market competition and use of MAS information on performance: Evidence from the upscale hotels. *Journal of Hospitality and Tourism Research, 32*(2), 209-234.

Pearce, J. A., & Robinson, R. B. (2003). *Strategic Management:Strategy Formulation and Implementation* (3rd ed.). Homewood,III: Richard D.Irwin Inc.

Pearce, J. A., Robbins, K., & Robinson, R. B. (1987). The Impact of Grand Strategy and Planning Formality in Financial Performance. *Strategic management Journal, 8*(2), 125-134.

Pekar, P. J., & Abraham, S. (1995). Is strategic management living up to its promise? *Long Range Planning, 28*(5), 32-44.

Pelham, A., & Wilson, D. (1996). A longitudinal study of the impact of market structure, firm structure, strategy, and market orientation culture on dimensions of small-firm performance. *Journal of the Academy of Marketing Science, 24*, 27-43.

Perera, S., Harrison, G. L., & Poole, M. (1997). Customer-focused manufacturing strategy and the use of operations-based non-financial performance measures: A research note. *Accounting, Organizations and Society, 22*, 557-572.

Perera, S., McKinnon, J. L., & Harrison, G. L. (2003). Diffusion of transfer pricing innovation in the context of commercialization-A longitudinal case study of a government trading enterprise. *Management Accounting Research, 14*(2), 140-164.

Peters, T. J. (1984). Strategy Follows Structure:Developing Distinctive Skills. *California Management Review, XXVI*(3), 111-125.

Phadoongsitthi, M. (2003). *he role of management accounting in emerging economies: An empirical study of Thailand.* Ph.D Thesis, University of Maryland, College Park.

Phillips, F. (1999). Auditor attention to and judgements of aggressive financial reporting. *Journal of Accounting Research, 37* (1), 167-89.

Pierce, B., & O‘Dea, T. (1998). Management accounting practices in Ireland – The preparers‘ perspective‘ . *Research Paper Series Paper*(34).

Pitt, L., Caruana, A., & Berthon, P. (1996). Market orientation and business performance: Some European evidence. *International Marketing Review, 13*, 5- 18.

Porter, M. (1985). *Competitive Advantage.* New York: Free Press.

Porter, M. E. (1987, May-June). From Competitive Advantage to Corporate Strategy. *Harvard Business Review, 65*(3), 43-59.

Porter, M. E. (1996). What is strategy? *Harvard Business Review, 74*(6), 61-78.

Porter, M. E. (1998). *Competitive Strategy: Techniques for Analysing Industries and Competitors.* New York: The free press.

Pradhan, A. (1999). *Organizational Climate in Nepal.* An unpublished Ph.D Thesis, Tribhuvan University, Kathmandu.

Preda, P., & Watts, T. (2004). Contemporary Accounting Innovations in Australia: Manufacturing versus service organizations. *Journal of Management Accounting Research, 2*.

Priece, J. L., & Delbecq, A. L. (1977). Organization structure, individual attitude and innovation. *The Academy of Management Review*, *2*(1), 27–37.

Prună, S. (2008). Strategic Management in Modern Organizations. *National Intelligence Academy Romania*.

Puxty, A. G., & Lyall, D. (1989). *A Survey of Standard Costing and Budgeting Practices in the UK.* London: CIMA.

Raiborn, C., Mallouk, B., Spraakman, G., Barfield, J., & Kinney, M. (2004). *Managerial accounting.* Toronto: Thomson Nelson.

Rapaport, A. (1992, May-June). CEO and Strategists:Forging Common Framework. *Harvard Business Resview*, 84-91.

Ratnatuga, J. (2004). Empowerment Accounting: The Role of Financial Statements in the Shift from the Informational to the Influential Paradigm. *Journal of Management Accounting Research, 2*(2).

Ravichandran, K. (2010). Influence of Service Quality on Customer Satisfaction, Application of SERVQUAL Model. *Int. J. Bus. Manage, 5*, 117-124.

Rayport, J. F., & Svioklar, J. J. (1995, November-December). Exploiting the Virtual Value Chain. *Harvard Business Review*, 75-85.

Rhyne, L. C. (1963). The relationship of Strategic Planning to Financial performance. *Strategic Management Journal, 7*(3), 432-443.

Robyn, K., Peter, C. M., & Sandra, W. (2010). Budgeting practices and performance in small healthcare businesses. *.Management Accounting Research, 21*(1), 40-55.

Roehl-Anderson, J. M., & Bragg, S. M. (2005). *Controllership: The work of the Managerial Accountant.* New Jersey: John Wiley and sons Inc.

Roslender, R., & Hart, S. (2003). In search of strategic management accounting: Theoretical and field study perspectives. *Management Accounting Research, 14*(3), 255-279.

Rubin, D. (2010). *Statistics: Causal Inference. International Encyclopedia of Education* (3rd ed.). Oxford, U.K: Elsevier.

Ruekert, R. (1992). Developing a market orientation: An organizational strategy perspective. *International Journal of Research in Marketing, 9*, 225-245.

Russell, K. A., Siegel, G. H., & Kulesza, C. B. (1999). Counting more, counting less: Transformations in the management accounting profession. *Strategic Finance, September, 81*(3), 39-44.

Said, A. A., HassabElnaby, H. R., & Wier, B. (2003). An empirical investigation of the performance consequences of nonfinancial measures. *Journal of Management accounting Research, 15*, 193-223.

Saunders, A., & Cornett, M. M. (2008). *Financial Institutions Management: A Risk Management Approach* (6th ed.). Singapore: McGraw Hill.

Scapens, R. W. (1991). *Management Accounting: A Review of Recent Developments.* The Macmillan Press Ltd.

Scapens, R., Ezzamel, M., Burns, J., & Baldvinsdottir, G. (2003). *The Challenge of Management Accounting Change: Behavioural and Cultural Aspects of Change Management.* Oxford: Elsevier/CIMA Publishing.

Scarbrough, P., Nanni, A. J., & Sakurai, M. (1991). Japanese management accounting practices and the effects of assembly and process automation. *Management Accounting Research, 2*(1), 27-46.

Scarpello, V., & Campbell, J. (1983). Job satisfaction: Are all the parts there? *Personnel Psychology, 36*, 577-600.

Scherrer, G. (1996). Management accounting: a German perspective. In A. Bhimani, *Management Accounting: European Perspectives* (pp. 100-122). Oxford, UK: Oxford University Press.

Schroeder, D. M., & Congden, S. W. (2000). Aligning competitive strategies, manufacturing technology, and shop floor skills. *Production and Inventory Management Journal, 41*(4), 40-47.

Schulz, M. (2001). The Uncertain Relevance of Newness: Organisational Learning and Knowledge Flows. *Academy of Management Journal, 44*(4), 661-681.

Scott, B. R. (1984). National Strategy for Stronger US Competiveness. *Harvard Business Review.March-April*.

Seal, W. (2001). Management accounting and the challenge of strategic focus. *Management Accounting Research, 14*(4), 487-506.

Seal, W. B., & Croft, L. (1997). Professional rivalry and changing management control approaches in UK clearing banks. *Accounting, Auditing and Accountability Journal, 10*(1), 60 – 84.

Sephton, M., & Ward, T. (1990, April). ABC in Retail Financial Services. *Management Accounting (UK)*, 29 & 33.

Sethi, S. P. (1971, August). Comparative cluster analysis for world markets. *Journal of Marketing Research, 8*, 348– 354.

Shah, P. (2009). *Management Accounting.* New Delhi: Oxford University Press.

Shank, J. K., & Govindarajan, V. (1992a). Strategic Cost Management: Tailoring Controls to Strategies. *Journal of Cost Management, Fall*, 14-24.

Shank, J. K., & Govindarajan, V. (1992b). Strategic Cost Management: The Value Chain perspective. *Journal of Management Accounting Research, Fall*, 179-198.

Shank, J. K., & Govindarajan, V. (1993). *Strategic Cost management: The New Tool for Competitive Advantage.* The Free Press.

Shelby, D. H., & Dennis, B. A. (2004). Market Segmentation Strategy, Competitive Advantage, and Public Policy: Grounding Segmentation Strategy in Resource-Advantage Theory. *Australasian Marketing Journal, 12*(1).

Shields, M. D. (1997). Research in management accounting by North Americans in the 1990s. *Journal of Management Accounting Research, 9,* 3-61.

Shields, M. D., & Young, S. N. (1991). Managing product life cycle costs: an organizational model. *Journal of Cost Management, 5*(3), 39-52.

Shields, M. D., Chow, C. W., & Kao, Y. (1991). Management accounting practices in the U.S. and Japan: Comparative survey findings and research implications. *Journal of International Financial Management and Accounting, 3*(1).

Shil, N. C., Alam, M. F., & Naznin, M. (2010). Cost and management accounting practices in Bangladesh: a survey. *International Journal of Managerial and Financial Accounting, 2*(4,1), 364-382.

Shinohara, M. (1982). *Industrial growth ,Trade and Dynamic Patterns in the Japanese Economy.* Tokyo: University of Tokyo Press.

Siegel, G., & Sorensen, J. (1999). *Counting More, Counting Less: Transformations in the Management Accounting Profession. The 1999 Practice Analysis of Management Accounting – Executive Summary.* USA: Institute of Management Accountants.

Sim, K. L., & Killough, L. N. (1998). The performance effects of complementarities between manufacturing practices and management accounting systems. *Management Accounting Research, 10*, 325-346.

Simmonds, K. (1982). Strategic Management Accounting for Pricing: A Case Example. *Accounting and Business Research, 12*(47), 206-214.

Simons, R. (1987). Accounting control systems and business strategy: An empirical analysis. *Accounting, Organizations and Society, 12*, 357-374.

Simons, R. (2000). *Performance Measurement and Control Systems for Implementing Strategy.* New Jersey: Prentice-Hall.

Simpson, J. B., & Muthler, D. L. (1987, Spring). Quality costs: facilitating the quality initiative. *Journal of Cost Management*, 25-34.

Singh, S., & Singh, Y. (2008). *Risk Management in Banks: Concepts and Applications.* New Delhi: Excel Books.

Sisaye, S. (2003). Process innovation and adaptive institutional change strategies in management control systems: Activity based costing as administrative innovation. *Advances in Management Accounting, 11*, 251-285.

Slater, S., & Narver, J. (1994a). Does competitive environment moderate the market orientation-performance relationship? *Journal of Marketing, 58*(1), 46-55.

Smyth, E. B. (1960). Management accounting in Australia. *The Accounting Review, 35*(3), 464-470.

Soin, K. (1996). *Organizational Change and the Introduction of Activity Based Costing in a UK Clearing Bank.* Unpublished PhD thesis, Sheffield Hallam University.

Soin, K., Seal, W., & Cullen, J. (2002). Activity based costing and organizational change: an institutional perspective. *Management Accounting Research, 13*(2), 249 – 271 .

Speckbacher, G., Bischof, J., & Pfeiffer, T. (2003). A descriptive analysis on the implementation of Balanced Scorecards in German-speaking countries. *Management Accounting Research, 14*, 361-387.

Stalk, G. (1988, July-August). Time-The Next Source of Competitive Advantage. *Harvard Business Review*(4), 41-51.

Stalk, G., Evans, P., & Shulman, L. E. (1992, March-April). Competing on Capabilities:The next Rules of Corporate Strategist. *Harvard Business Review*, 57-69.

Stonich, P. (1982). *Implementing strategy: Making strategy happen.* Cambridge MA: Ballinger.

Subbaiah, B. (2012). Marketing Strategies In Bank Products. *International Journal Of Multidisciplinary Educational Research, 1*(4), 271-271.

Subedi, R. B. (2013). Strategic Management-An Overview. *Economic Mirror*.

Sulaiman, M., & Hashim, M. K. (2004). Issues and research agenda for Malaysian SMEs revisited. *8th International Conference on Global Business & Economic Development.* Mexico.

Sulaiman, S., & Mitchell, F. (2005). Using a typology of management accounting change: An empirical analysis. *Management Accounting Research, 16*(4), 422-437.

Sulieman. (2011). Banking Service Quality Provided by Commercial Banks and Customer Satisfaction. *American Journal of Scientific Research ISSN 1450-223X Issue 27*, 68-83.

Szendi, J. Z., & Elmore, R. C. (1993). Management accounting: Are new techniques making in-roads with practitioners? *Journal of Accounting Education, 11*(1), 61-76.

Szychta, A. (2002). The scope of application of management accounting methods in Polish enterprises. *Management Accounting Research, 13*(4), 401– 418.

Tayles, M., & Drury, C. (1994). New manufacturing technologies and management accounting system: Some evidence of the perceptions of UK management accounting practitioners. *International Journal of Production Economics, 36,* 1-17.

Thapa, R., & Rawal, D. (2010). *Principles and Practices of Nepalese Banking.* Kathmandu: Buddha Academic Enterprises Pvt Ltd.

Thomas, L. C. (2000). A survey of credit and behavioural scoring: Forecasting financial risk of lending to consumers. *International Journal of Forecasting, 16*(2), 149–172.

Thompson, A. A., & Strickland, A. J. (2003). *Strategic Management: Concepts and Cases* (12th ed.). New York: McGraw-Hill.

Tillema, S. (2005). Towards an integrated contingency framework for MAS sophistication: Case studies on the scope of accounting instruments in Dutch power and gas companies. *Management Accounting Research, 16*(1), 101-129.

Ting, D. (2004). Service Quality and Satisfaction Perceptions: Curvilinear and Interaction Effect. *The Int. J. Bank. Mark, 22*(6), 407 – 420.

Treacy, William, F., & Mark, C. (2000). Credit risk rating systems at large US banks. *Journal of Banking and Finance, 24,* 167-201.

Ullrich, M. J., & Tuttle, B. M. (2004). The effects of comprehensive information reporting systems and economic incentives on managers' time-planning decision. *Behavioral Research in Accounting, 16*, 89-105.

Vaivio, J. (1999). Exploring a ‘non-financial’ management accounting change. *Management Accounting Research, 10*, 409-437.

Van der Stede, W. A., Chow, C. W., & Lin, T. W. (2006). Strategy, choice of performance measures, and performance. *Behavioral Research in Accounting, 18*, 185-205.

Van Triest, S., & Elshahat, M. F. (2007). The use of costing information in Egypt: a research note. *Journal of Accounting and Organizational Change, 3*(3), 329-343.

Verbeeten, F. (2010). he impact of business unit strategy, structure and technical innovativeness on change in management accounting systems. *International Journal of Management, 27*(1), 123-143.

Vieira, R., & Hoskin, K. (2005). Accounting practices and discourses change: The implementation ofactivity based costing in a Portuguese bank. *Workshop on the Changing Roles of Management Accounting as a Control System.* Antwerp, Belgium.

Vieira, R., & Hoskin, K. (2007). ower, discourses and accounting change: the implementation of activitybased costing in a Portuguese bank. *APIRA 2007 Conference.* Auckland.

Vinnari, E., & Näsi, S. (2008). Creative Accrual Accounting in the Public Sector: ‘Milking’ Water Utilities to Balance Municipal Budgets and Accounts. *Financial Accountability & Management, 24*(2), 97–116.

Waclawski, J. (1996). *Large-scale organizational change and organizational performance.* Columbia University, New York.

Waldron, M. (2005). Overcoming barriers to change in management accounting systems. *Journal of American Academy of Business, 6*(2), 244-249.

Walters, D., & Lancaster, G. (1999a). Value Based Marketing and its Usefulness to Costomers. *Management Decision, 37*(9), 697-708.

Walters, D., & Lancaster, G. (1999b). Value and Information-Concepts and Issues for Management. *Management Decision, 37*(8), 643-656.

Walters, D., & Lancaster, G. (2003). Implementing Value Strategy Through the Value Chain. *Management Decision, 38*(3).

Ward, K. (1992). *Strategic Management Accounting*. Oxford: Butterworth-Heinemann.

Waweru, N. M., Hoque, Z., & Uliana, E. (2004). Management accounting change in South Africa Case studies from retail services. *Accounting, Auditing & Accountability Journal, 7*(5), 675-704.

Welsch, G., Hilton , R., & Gordon , P. (1988). *Budgeting: profit planning and control* (5th ed.).

Wijewardena, H., & De Zoysa, A. (1999). A comparative analysis of management accounting practices in Australia and Japan: an empirical investigation. *The International Journal of Accounting, 34*(1), 49-70.

Williams, J., & Seaman, A. (2002). Predicting change in management accounting systems: national culture and industry effects. *Accounting Organisations and Society, 26*(4-5), 443–460.

Williamson, P. J. (2010). Cost innovation: Preparing for a ‘‘value for- money’’ revolution. *Long Range Planning, 43*, 343–353.

Wilson, R. M. (1991). *Strategic management accounting, in Issues in Management Accounting*. (D. J. Ashton, T. M. Hopper, & R. W. Scapens, Eds.) London: Prentice-Hall.

Wilson, R. M. (1997). *Strategic cost management*. Dartmouth: Ashgate.

Wilson, R. M., & Chua, W. F. (1993). *Managerial Accounting: Method and Meaning* (2nd ed.). U.K: Chapman & Hall.

Wu, J., & Boateng, A. (2010). Factors Influencing Changes in Chinese Management Accounting Practices. *Journal of Change Management, 10*(3), 315-329.

Wu, J., Boateng, A., & Drury, C. (2007). An analysis of the adoption, perceived benefits, and expected future emphasis of western management accounting practices in Chinese SOEs and JVs. *The International Journal of Accounting, 42*, 171-185.

Xiaolan, F., & Rongping, M. (2014). Enhancing China’s Innovation Performance: The Policy Choices. *China & World Economy, 22*(2), 42–60.

Yalcin, S. (2012). Adoption and Benefits of Management Accounting Practices: An Inter-country Comparison. *Accounting in Europe, 9*, 95 - 110.

Yazdifar, H. (2003). Management accounting in the twenty-first-century firm: a strategic view. *Strategic Change, 12*(2), 109-113.

Yeshmin , F., & Fowzia , R. (2010). Management accounting Practices: A comparative analysis of manufacturing and service industries. *Journal of Centre for Socio-economic Research, ASA University Bangladesh, 4*(1).

Yeshmin, F., & Das, S. (2009). Management accounting techniques: appraisal of managerial performance of the financial institutions in Bangladesh. *Institute of chartered Secretaries and Managers of Bangladesh (ICSMB), XI*(3), XI.

Yoshikawa, T. (1994). Some aspects of the Japanese approach to management accounting. *Management Accounting Research, 5,* 279-89.

Yoshikawa, T., Innes, J., & Mitchell, F. (1989). Japanese Management Accounting: A Comparative Survey. *Management Accounting (UK), 67*(10), 20-23.

Zarowin, S. (1997). Finance‘s Future: Challenge or Threat? *Journal of Accountancy, 183*(4), 38- 42.

Zeithaml, V. A., & Bitner, M. J. (1996). *Services Marketing.* New York: McGraw-Hill.

Annexure -1

List of Commercial Banks in Nepal

S.No.	Names	Operation Date(A.D.)	Head Office	Paid-up Capital
1	Nepal Bank Ltd.	1937/11/15	Dharmapath, Kathmandu	1772.83
2	Rastriya Banijya Bank Ltd.	1966/01/23	Singha durbar plaza,	8502.40
3	Nabil Bank Ltd.	1984/07/12	Kantipath, Kathmandu	2436.84
4	Nepal Investment Bank Ltd.	1986/03/09	Durbarmarg, Kathmandu	3768.01
5	Standard Chartered Bank Nepal Ltd.	1987/02/28	Naya-baneshwor, Kathmandu	1853.90
6	Himalayan Bank Ltd.	1993/01/18	Thamel, Kathmandu	2760.00
7	Nepal SBI Bank Ltd.	1993/07/07	Hattisar, Kathmandu	2355.74
8	Nepal Bangladesh Bank Ltd.	1994/06/06	Naya-baneshwor,	2009.40
9	Everest Bank Ltd.	1994/10/18	Lazimpat, Kathmandu	1761.13
10	Bank of Kathmandu Ltd.	1995/03/12	Kamaldi, Kathmandu	1684.40
11	Nepal Credit and Commerce Bank Ltd.	1996/10/14	Siddharthanagar, Rupandehi	1400.00
12	Lumbini Bank Ltd.	1998/07/17	Narayangadh, Chitawan	1601.60
13	NIC Asia Bank Ltd.	1998/07/21	Biratnagar, Morang	2311.60
14	Machhapuchhre Bank Ltd.	2000/10/03	Prithivichowk,	2478.79
15	Kumari Bank Ltd.	2001/04/03	Durbarmarg, Kathmandu	1603.80
16	Laxmi Bank Ltd.	2002/04/03	Adarshanagar, Birgunj, Parsa	1694.08
17	Siddhartha Bank Ltd.	2002/12/24	Kamaladi, Kathmandu	1619.24
18	Agriculture Development Bank	1968/01/21	Ramshahpath, Kathmandu	9474.30
19	Global IME Bank Ltd.	2007/01/02	Birgunj, Parsa	2418.10
20	Citizens Bank International Ltd.	2007/04/20	Kamaladi, Kathmandu	2101.84
21	Prime Commercial Bank Ltd	2007/09/24	NewRoad, Kathmandu	2342.72
22	Sunrise Bank Ltd.	2007/10/12	Gairidhara,Kathmandu	2015.00
23	Grand Bank Nepal Ltd.	2008/05/25	Kamaladi, Kathmandu	2000.00
24	NMB Bank Ltd.	2008/06/02	Babarmahal, Kathmandu	2000.00
25	Kist Bank Ltd.	2009/05/07	Anamnagar, Kathmandu	2000.00
26	Janata Bank Nepal Ltd.	2010/04/05	NayaBaneshwor, Kathmandu	2000.00
27	Mega Bank Nepal Ltd.	2010/07/23	Kantipath, Kathmandu	1631.00
28	Commerz & Trust Bank Nepal Ltd.	2010/09/20	Kamaladi, Kathmandu	2000.00
29	Civil Bank Ltd.	2010/11/26	Kamaladi, Kathmandu	2000.00
30	Century Commercial Bank Ltd.	2011/03/10	Putalisadak, Kathmandu	1080.00
31	Sanima Bank Ltd.	2012/02/15	Nagpokhari, Kathmandu	2016.00
Total Capital base of Commercial Banks				76692.72

Annexure -2

QUESTIONNAIRES FOR THE BANKS' EMPLOYEES

Questionnaires

Dear Sir/Madam!
This research is being conducted by the PhD scholar of Central Department of Management, Tribhuvan University on **Management Accounting Systems and Strategic Management: Applications and Integration in Nepalese Commercial Banks**. Each of your opinion will be very important to managers, policy makers, researchers and academicians for strategy development and policy perspectives .Your Individual responses will be treated anonymously and only the general findings will be presented in the final report. *I would like to assure you that the information extracted from this research will be used for academic purposes only.*

1. **Name of the Bank**: ……………………………………………………………………………
2. **Sex:** Male [ ] Female [ ]
3. **Age**: 18 to 30 [ ] 31 – 50 [ ] 51 and above [ ]
4. **Educational level**: S.L C. [ ] +2 or Bachelor level [ ] Postgraduate [M. Phil/PhD [ ]
5. **Work Experience:** 1-4 years [ ] 4-8 years [ ] 8-12 years [ ] 12- 16 years [ ] 16 & above [ ]
6. **Bank Training Exposure**: National [ ] International [ ] Both [ ] None [ ]

7.. **Position**: …………………………….

8.. **Department**: …………………………

The following statements relate to your feelings about the particular bank you have chosen. Please show the extent to which you believe this bank has the feature described in the statement. Here, number from 1 to 5 are available that shows your perceptions about the service quality of bank. ***The digit 5 indicates strongly agree, 4 indicates agree, 3 indicates slightly agree, 2 indicates disagree and 1 indicates strongly disagree***. Circle (0) or Tick (√) at the appropriate alternative number that comes closest to your opinion. You should rank each statement as follows:

Part I: Management Accounting

S. N	**Budgeting and planning**	score				
1	Budgeting develops a sense of responsibility, policy among the employees and assist in assignment of responsibility.	1	2	3	4	5
2	Budgeting increases operational efficiency; reduce waste and uncertainty of future.	1	2	3	4	5
3	With the installation of budgeting system, employees of the organization become conscious of the needs to conserve business resources.	1	2	3	4	5
4	Budget ensures better understanding and harmonious relation between top management managers and workers.	1	2	3	4	5

5	Budgeting acts as a control tool for administration and medium of written communication.	1	2	3	4	5
6	Budgeting helps to make plan about the sources and uses of money and when and where additional cash borrowing necessary.	1	2	3	4	5
7	Planning and budgeting is concerned with the implementation of a plan and strategy for the year ahead.	1	2	3	4	5
	Controlling and Reporting	1	2	3	4	5
8	Controlling detects and corrects unintentional performance error and intentional irregularities such as theft or misuse of resources, waste, fraud and mismanagement.	1	2	3	4	5
9	Manual, guidelines, rules and regulations are prepared and followed properly.	1	2	3	4	5
10	There are proper and timely feedback, monitoring, supervision systems adopted in your organization that helps to improve & refine the services.	1	2	3	4	5
11	The controlling system has properly defined authority & responsibility and evaluates the report.	1	2	3	4	5
12	Control system is used to monitor and measure employees' performance against targets (output quality).	1	2	3	4	5
13	There is a mechanism of reviewing periodic status reports on department wise progress in achieving corrective actions.	1	2	3	4	5
14	Your organization benchmarks competitors' products and seek best solutions.	1	2	3	4	5
15	You have managed the responsibility centers like investment, profits, revenue and cost that helps to control its activities that leads to better performance.	1	2	3	4	5
	Decision support system/Decision Making					
16	MAS provide accurate cost information to Management accountant with respect to product pricing.	1	2	3	4	5
17	Investment decision is made on the basis of Net present value and profitability Index.	1	2	3	4	5
18	Capital structure decision made based on the basis of earning per share and Net profit analysis.	1	2	3	4	5
19	The organization has made customer profitability analysis to make customer related decision.	1	2	3	4	5
20	The organization has made a decision about which product is more profitable or less profitable based on benefit-cost analysis of a product/services.	1	2	3	4	5
21	The organization has applied break-even analysis for launching a new product.	1	2	3	4	5
22	You have made a decision with consultation of the employee (participative) about merger, acquisition, strategic alliance and joint ventures.	1	2	3	4	5
23	Good decision has helped to retain the quality customers for long period of time in your organization.	1	2	3	4	5
24	Decision making has helped to develop proper and effective corporate, business and functional strategy	1	2	3	4	5
25	Good decision has helped to increase market share, productivity and profit	1	2	3	4	5
26	MAS helps bank management to make inventory ,dividend, financing marketing and, outsourcing decision	1	2	3	4	5
27	MAS helps bank managers to eliminate products and services that are incurring losses	1	2	3	4	5
	Costing system					
28	MAS has helped to segregate the total cost in fixed, variable and semi-variable component that leads to reduce the cost and to increase revenue and profit	1	2	3	4	5

29	MA helps to reduce cost in areas of product improvement, operation methods, marketing areas, administrative and financial areas.	1	2	3	4	5
30	Activity based costing/management technique has helped to identify and eliminate non-value added activities and cost in your organization.	1	2	3	4	5
31	Target costing helps to examining a competitors' product in order to identify opportunities for product improvement and cost reduction.	1	2	3	4	5
32	Kaizen costing (continuous improvement on process) has helped to reduce the cost of components and products by a pre-specified amount more effectively.	1	2	3	4	5
33	Business process re-engineering has improved the key business process in your organization by focusing an simplification, cost reduction, improved quality and enhance customer satisfaction.	1	2	3	4	5
34	The organization has adopted and applied standard costing technique in controlling cost i.e. salary, operational, cost and R & D cost.	1	2	3	4	5
35	The organization has used cost information (i.e. operating cost, cost of delivering services, and cost of serving a customer's) to develop competitive strategies.	1	2	3	4	5
36	MAS provide cost information to bank management for determining reimbursements and setting fees and prices of product /services.	1	2	3	4	5
	Performance evaluation					
37	The organization makes customer satisfaction surveys frequently.	1	2	3	4	5
38	Bench marking system has been adopted for the quality delivery of services.	1	2	3	4	5
39	Balance sheet analysis and income statement are made to measure the performance which help to get information about strengths & weaknesses.	1	2	3	4	5
40	Performance evaluation is based on variance analysis between expected and actual.	1	2	3	4	5
41	Performance evaluation is made based on Residual income, ROI, Divisional profit, Return on asset, Return on Equity that assesses the organizational performance.	1	2	3	4	5
42	Performance evaluation is made based on cash flow analysis.	1	2	3	4	5
43	Performance evaluation is made based an employee's attitude/behavior.	1	2	3	4	5
44	Performance evaluation is made on the basis of employee turnover, customers' relationship, financial management, Internal efficiency and innovation.	1	2	3	4	5
45	An effective measurement and reporting process can improve performance and lower costs.	1	2	3	4	5

Part II; Strategies

S. N	**Segmentation Strategy**	score				
1	The bank concentrates on trying to achieve the best performance in a relatively narrow product-market or niche product.	1	2	3	4	5
2	The Market segmentation has helped to identify market opportunities.	1	2	3	4	5
3	Segmentation helps to our bank to adapt the changing business situation (culture, customs, income group etc).	1	2	3	4	5
4	The bank has focused in service sector industries while investing the capital.	1	2	3	4	5
5	The bank has focused those groups who have lower and medium and higher level of incomes.	1	2	3	4	5
6	The bank has focused in manufacturing/business and trade sector industries while investing the capital.	1	2	3	4	5
7	The bank chooses to specialize in a particular geographic area/market/customers segment (Rural, Urban, countries etc).	1	2	3	4	5

	Innovation Strategy	1	2	3	4	5
8	The bank believes in being the first to develop new products in the industry	1	2	3	4	5
9	The bank often reacts to product innovations in the industry by offeringsimilar, lower-cost products.	1	2	3	4	5
10	The bank conducts market research to get information about needs, economic status and switching of the customers that leads to creation of new idea, product, process and risk factors.	1	2	3	4	5
11	Innovative bank can easily gain competitive advantage, growth, customer's retention.	1	2	3	4	5
12	The bank has technological superiority than othersthat helps to sustain in future and has improved online banking systems.	1	2	3	4	5
13	Bank has focused on creation of more diverse and inclusive banking sectors (like micro loan to poor customers, women, students etc)	1	2	3	4	5
14	The innovation of a new product or technology is as important as their features and could add significant value by way of cost saving, improved productivity and so on in your bank.	1	2	3	4	5
15	Innovation helps to satisfy unmet customer needs by bridging gaps in products, services and processes, on the way to improving customer relationships.	1	2	3	4	5
	Resources mobilization strategy					
16	The bank has managed financial, technical, human and physical resources as per the need.	1	2	3	4	5
17	The bank has improved the utilization of available equipment, services, and facilities.	1	2	3	4	5
18	There is a proper accumulation and allocation of resources.	1	2	3	4	5
19	The bank has recruited competent staff that helps to achieve objectives.	1	2	3	4	5
20	Resources are adequately and timely made available for implementing strategies.	1	2	3	4	5
21	The bank has sound information systems and such Information is accessible to all concerning persons.	1	2	3	4	5
	Lending strategy					
22	The bank has developed credit policies,procedures and analytical capabilities before making loan.	1	2	3	4	5
23	Authorized staff from credit department of the bank visits business sites of prospective customer.	1	2	3	4	5
24	Loan decision has been made by loan committee after valuation of property, project viability, collecting and verifying documentary proofs of income, residence, age and other information (lending sectors, loan limit).	1	2	3	4	5
25	The bank has made analysis regarding borrower creditworthiness in terms of character, capacity, cash, collateral, condition and insurance.	1	2	3	4	5
26	The bank has followed the directives and rules of Nepal Rastra Bank while making loan.	1	2	3	4	5
27	The bank has made a decision about loan after detailed investigation of financial statements (Income statement, balance sheet, cash flow statement, and different ratios).	1	2	3	4	5
28	The bank has monitored, reviewed and followed the loan customers frequently in terms of risk and has made sufficient loan loss provision for bad and poor loan.	1	2	3	4	5
	Service delivery Strategy					
29	The bank has an ability to perform the promised services accurately and dependably with convenient operating hours.	1	2	3	4	5
30	The knowledge and courtesy of employees and their ability to convey trust and confidence in the mind of customers.	1	2	3	4	5

31	The appearance of physical facilities, equipment, personnel and communication materials that lead customers' attraction and retention.	1	2	3	4	5
32	Once quality service is extended to a customer, a loyal customer will work as an agent to the bank and facilitate growth of business and distinguish themselves from their competitors.	1	2	3	4	5
33	Machines such as ATM, cash deposit machines, cheque deposit machines, are used to help the banks to provide faster, reliable and better services to our customers.	1	2	3	4	5
34	Responsiveness is the timely reaction towards the customers' needsthat helps to build confidence of customers.	1	2	3	4	5
35	The bank retains customer loyalty by providing a good quality personal service across the counter and maintains long term customer relationship..	1	2	3	4	5
36	The bank has responded rapidly and reliably to a customer's request that helps obtaining and retaining valuable customer.	1	2	3	4	5
	Treasury management Strategy					
37	The treasury management helps to bank to reduce financial and liquidityrisk and increase the return in the bank.	1	2	3	4	5
38	The treasury management can predict the cash requirement and managing the cash limits and cash flow properly including foreign exchange..	1	2	3	4	5
39	Liquidity management has helped to invest its fund in securities and other instruments that helped to increase profit and maintain optimum cash level.	1	2	3	4	5
40	Treasury management helps to mobilize fund in short terminvestment ie in purchasing currency, securities, government development bond etc.	1	2	3	4	5
41	Successful treasury management involves not only avoiding insolvency (and therefore bankruptcy), but also increasing collection rates,and selecting appropriate short-term investment in your bank.	1	2	3	4	5
42	Cash management system is to improve revenue, maximize profits, minimize costs and establish efficient management systems to assist and accelerate growth.	1	2	3	4	5
43	Treasury management has helped to predict unseen and emergency requirement of cash in your bank.	1	2	3	4	5
44	The organization has managed the matching of maturity time between assets and liabilities	1	2	3	4	5
45	In case of shortfall of liquidity, manager can manage cash from cash reserves, resale of quick asset, commercial paper, credit	1	2	3	4	5

Part III: Management accounting, strategic Management & Performance

1. **Do you employ any accounting staff?**

Yes	[ ]
No	[ ]

2. **If yes, Please indicate the highest qualifications of your firm‘s internal accountant.**

MBA/MBS,MA	[ ]	**M. Phil Degree**	[ ]
Bachelor	[ ]	**PhD**	[ ]
+2 Level or below	[ ]	**CA/ACCA**	[ ]

3.**In your Bank, management accounting practices and strategic management have helped management in;**

Strongly Disagree	Disagree	Slightly Agree	Agree	Strongly Agree
1	2	3	4	5

a	The management accounting systems(MAS) and strategic management(SM)improve profitability, market share and productivity	1	2	3	4	5
b	The MAS and SM speeds effective decision making, good management system and organizational structure.	**1**	**2**	**3**	**4**	**5**
c	The MAS and SM increaseefficiency effectiveness and strong financial position	1	2	3	4	5
d	MAS and SM help adaptability, service delivery and quality.	1	2	3	4	5
e	MAS and SM help fast exploitation of new opportunities in the market.	1	2	3	4	5
f	MAS and SM provide non-economic information, such as customer preferences, employees attitudes, labour relations, competitive threats etc.	1	2	3	4	5

4. How do you rate the effectiveness of your strategies and policies?

Highly Satisfactory 5 4 3 2 1 Not Satisfactory

5. How do you view the present political environment vis-à-vis the goals and functioning of your bank?

Highly favourable favourable So So Unfavourable Highly unfavourable

6. To what extent has competitive situation affected your Bank?

Extremely 5 4 3 2 1 Not at all

7. Rate the strengths of your Bank in relation to the following aspects in the given scale.

a) Profitability Max 5 4 3 2 1 Min.

b) Stable/Expanding market Max. 5 4 3 2 1 Min.

c) Strong financial position Max. 5 4 3 2 1 Min.

d) Technological efficiency Max. 5 4 3 2 1 Min.

e) Disciplined/trouble free labor Max. 5 4 3 2 1 Min.

f) Adaptability Max. 5 4 3 2 1 Min.

g) Market shares Max. 5 4 3 2 1 Min.

h) Price advantage Max. 5 4 3 2 1 Min.

i) Service delivery & Quality Max. 5 4 3 2 1 Min.

j) Promotional pattern Max. 5 4 3 2 1 Min.

k) Technical personnel Max. 5 4 3 2 1 Min.

l) Organizational structure Max. 5 4 3 2 1 Min.

m) Management Max. 5 4 3 2 1 Min.

n) Research and development Max. 5 4 3 2 1 Min.

8. How do you view about the competitive situation for your products?

Highly Favourable Favourable So So Unfavourable Highly Favourable

9. How do you rate the implementation of your strategies and policies?

Highly Satisfactory 5 4 3 2 1 Not Satisfactory

10. How far the Management Accounting system helps in to formulate and implement the following strategies?

a) Segmentation Strongly Agree 5 4 3 2 1 Strongly Disagree

b) Innovation Strongly Agree 5 4 3 2 1 Strongly Disagree

c) Service quality strongly Agree 5 4 3 2 1 strongly Disagree

d) Resource MobilizationStrongly Agree 5 4 3 2 1 Strongly Disagree

e) Lending Strongly Agree 5 4 3 2 1 Strongly Disagree

f) Treasury Management Strongly Agree 5 4 3 2 1 Strongly Disagree

11. To what extent the following strategies affect performance?

a) SegmentationStrongly Agree 5 4 3 2 1 Strongly Disagree

b) Innovation Strongly Agree 5 4 3 2 1 Strongly Disagree

c) Service quality strongly Agree 5 4 3 2 1 strongly Disagree

d) Resource MobilizationStrongly Agree 5 4 3 2 1 Strongly Disagree

e) Lending Strongly Agree 5 4 3 2 1 Strongly Disagree

f) Treasury Management Strongly Agree 5 4 3 2 1 Strongly Disagree

Thank you for your cooperation

Annexure -3

QUESTIONNAIRES FOR THE BANKS' CUSTOMERS

Dear Respected Participants!
I am planning to conduct a research study on **Management Accounting Systems and Strategic Management: Applications and Integration in Nepalese Commercial Banks**. The objective of this questionnaire is to collect information about the **quality of service and Customer Satisfaction** offered by Commercial banks in Nepal. Each of your opinion will be very important to managers, policy makers, researchers and academicians for strategy development and policy perspectives .Your Individual responses will be treated anonymously and only the general findings will be presented in the final report.

1.**Name(optional)**:……………………….
2**. Sex:** Male [ ] Female [ ]

3. **Age**: 18 to 30 [ ], 31 – 50 [ ] 51 and above [ ]

4**. Educational level**: S.L C or below [ ] +2 or Bachelor level [ ] Postgraduate [ ]

M. Phil/Ph. D[ ]

5. **Frequency of using the bank:** Daily [ ] Weekly [ ] Monthly [ ]Other:

………………….

The following statements relate to your feelings about the particular bank you have chosen. Please show the extent to which you believe this bank has the feature described in the statement. Here, number from 1 to 5 are available that shows your perceptions about the service quality of bank. ***The digit 5 indicates strongly agree, 4 indicates agree, 3 indicates slightly agree, 2 indicates disagree and 1 indicates strongly disagree***. Circle (0) or Tick (√) at the appropriate alternative number that comes closest to your opinion. You should rank each statement as follows:

S.N	**Customer Satisfaction and service Quality**	**Score**				
1.	The bank's physical features are visually appealing and it has modern looking equipment.	1	2	3	4	5
2	The bank's reception desk employees are neat appearing.	1	2	3	4	5
3.	When you have a problem, the bank shows a sincere interest in solving it.	1	2	3	4	5
4.	Employees in the bank give you prompt, accuracy and quality service in time.	1	2	3	4	5
5.	Employees in the bank are never too busy to respond to your request.	1	2	3	4	5
6.	The behavior of employees in the bank instills confidence in you.	1	2	3	4	5
7.	Employees in the bank are consistently courteous with you.	1	2	3	4	5
8.	Employees in the bank have the knowledge to answer your questions.	1	2	3	4	5
9.	The bank has operating hours convenient to all its customers.	1	2	3	4	5
10.	The bank has employees who give you personal attention.	1	2	3	4	5
11.	You intend to continue being a customer of the bank for a long time to come	1	2	3	4	5

12.	You will encourage friends and relatives to use the service offered by this bank	1	2	3	4	5
13.	You feel proud being associated with this bank as its client.	1	2	3	4	5
14.	You feel that the bank has provided enough safety and confidence in its service.	1	2	3	4	5
15.	There exists reliability is about the accuracy and timeliness in the service provided.	1	2	3	4	5
16.	If the bank regularly informs you of new or important banking information through various media, e.g. on the television or radio, you will have a better relationship with your bank.	1	2	3	4	5
17.	The bank provides technologically advanced services, e.g. internet banking, SMS banking, ABBS, ATM, TT, draft and so on.	1	2	3	4	5
18.	You selected this bank based on its interest offered on your deposit.	1	2	3	4	5
19.	You selected this bank based on its fees for services and interest on borrowed loan.	1	2	3	4	5
20.	You are satisfied with the overall service quality of the bank.	1	2	3	4	5

Thank you for your cooperation

Annexure - 4

QUESTIONNAIRES FOR CEO AND TOP LEVEL MANAGEMENT REPRESENTATIVES

Dear Respected Sir/Madam!
I am planning to conduct a research study on **Management Accounting Systems and Strategic Management: Applications and Integration in Nepalese Commercial Banks**. The objective of this questionnaire is to collect information about the significance and usages of **Management Accounting Techniques** used by Commercial banks in Nepal. Each of your opinion will be very important to managers, policy makers, researchers and academicians for strategy development and policy perspectives. Your Individual responses will be treated anonymously and only the general findings will be presented in the final report. Please indicate as they relate to your organization by tick mark (√) or circle ○ the appropriate number against each management accounting techniques. This section tries to find information regarding the level of significance and management accounting practices in your organization.
Here, number from 1 to 3 are available that shows your perceptions about the significance and usages of **Management Accounting Techniques**.
In significance part the digit 3 indicates **highly significance,** ***2 indicates*** **significance,** ***1 indicates*** **not significance**.
In uses part the digit 3 indicates **Always use,** ***2 indicates*** **Some times,** ***1 indicates*** **not Never Use**.
Circle (0) or Tick (√) at the appropriate alternative number that comes closest to your opinion. You should rank each statement as follows:

Scales			**Management Accounting Techniques**	**Scales**		
Highly significance	**Significance**	**Not Significance**		**Always use**	**Some times**	**Never Use**
			Budgetary control			
			Variance analysis			
			CVP Analysis			
			Ratio Analysis			
			Cash flow statement analysis			
			Activity based costing			
			Target costing			
			Standard costing			
			Opportunity costing			
			Segment Reporting			
			Responsibility accounting			
			TQM			
			Inter firm comparison			
			Process Reengineering			
			Kaizen costing			
			Competitors Analysis			
			SWOT Analysis			
			Balance score card			
			Attribute costing			
			Life cycle costing			
			Variable and absorption costing			
			JIT			
			Theory of Constraints(TOC)			

Thank you for your coperation

Annexure-5

Operational Results of Nepal Bank Limited (Amount in million)

S.N.	Details \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	1449.1	1064.3	-10347.5	-10066.5	-6056.7	-5399.8	-4958.8	-4851.8	-4607.7	-3084.1
2	Borrowing	52.4	0	1124.9	1717.4	1604.9	1820.1	1970.7	2125.1	1842.4	2153.8
3	Deposits	35735	35934	35830	39014	41829	45194	42130	46804	56052	62989
4	Total Assets	44161.88	47045.15	35918.91	39258.79	42053.44	47559.11	43073.70	52601.20	58615.52	73782.30
5	Total	11782.60	11023.70	13889.80	14421.40	16283.30	16651.90	13479.00	5815.80	7661.90	8473.20
6	Loan and	19078.1	19108	17456	12180.4	13377.5	15480.6	19261	25074.2	26637.8	29551.3
7	Total	2310	1970	1714	1544	1828	2417	2816	0	0	3,106
8	Net Profit	710	1730	1207	227	239	894	249	755	176	755
9	Employees	3818	2912	2960	2937	2885	2442	2926	2,869	2,819	2,786

Source: Nepal bank Limited

Annexure-6

Operational Results of Rastriya Banijya Bank (Amount in million)

S.N.	Details \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	1557.5	-23839.8	-21437.9	-20282.5	-18385.1	-17219.5	-13290.5	-8617.1	-7422.9	-2313.2
2	Borrowing	161.9	338	3215.7	4351.5	2213.1	2516	3873.6	4039.8	4812.8	2923.1
3	Deposits	40867	43016	46195	50464	64341	68161	68623	73924	87775	91094
4	Total Assets	45056	35189	39880	46140	53305	68714	84098	81223	100560	101524
5	Total	4232.9	3142	8552.9	11778.9	12822.2	14731.5	15642.9	12989.5	15333.1	26501.1
6	Loan and	27969.6	26514.4	28614	26863.8	25214.8	27353.6	31464.1	35616.6	36792.2	40346.2
7	Total	2270	1785	1933	1912	2287	3243	3746	3295	3179	3966
8	Net Profit	1040	1322	1591	1616	1718	1923	2027	17691	1446	1517
9	Employees	3996	3417	3301	3127	3002	2697	2650	2605	2555	2526

Source: Rastriya Banijya Bank

Annexure-7

Operational Results of NABIL Bank (Amount in million)

S.N.	Details \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	1146.4	1804.2	1482.4	1657.7	1874.8	2057	2436.2	3129.4	3835.7	4566.5
2	Borrowing	961.5	229.7	17.1	173.2	882.6	1600	1981.3	374.9	1950.6	611.1
3	Deposits	14119	14587	19347	23342	31915	37348	46341	49696	55024	63610
4	Total Assets	16745	17186	22330	27253	37133	43867	52080	58141	63200	73241
5	Total	3687.8	3697.1	4353.3	6174.8	8952.3	9966.6	10875	13612.1	13082.8	14074.9
6	Loan and	7996.9	8635.1	11078	13021.3	15657.1	21514.6	27816.6	32902.8	38765.6	42731.7
7	Total	1053	1195	1360	1480	1670	2092	2764	3062	3990	4608
8	Net Profit	455	519	635	674	746	1031	1139	1344	1696	2219
9	Employees	372	426	441	427	416	505	563	657	650	742

Source: NABIL Bank

Annexure-8

Operational Results of Nepal Investment Bank (Amount in million)

S.N.	Details \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	557.1	740.7	1234.5	1158.1	1370.8	1959	3421.1	3765.2	4585.4	5161.3
2	Borrowing	6.8	61.5	50	550	800	1050	1088.8	1087.3	1330.8	1617.6
3	Deposits	11525	14255	18927	24489	34452	46698	50095	50138	57011	62429
4	Total Assets	13255	16274	21330	27591	38873	53011	57305	58357	65756	73152
5	Total	1745.3	4172.5	4074.2	5672.9	6518.6	6879.4	7403.1	7896.4	7425.1	10441.1
6	Loan and	5872.6	7174.4	10295.4	13007.2	17482	27145.5	36250.4	40689.6	41665.2	42510.4
7	Total	914	1146	1461	2000	2750	2834	2901	3999	2,909.84	3,999
8	Net Profit	153	232	351	501	697	901	1266	1177	1039	1915
9	Employees	325	325	390	514	622	766	877	877	883	910

Source: Nepal Investment Bank Limited

Annexure-9

Operational Results of Standard Chartered Bank (Amount in million)

S.N.	Details \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	1119	1527.9	1278.2	1576.3	1755.3	2117.2	2493.4	3053	3371.6	3677.8
2	Borrowing	79.1	78.3	43.8	10.2	1190.9	0	300	0	350	0
3	Deposits	21161	19335	23061	24647	29744	35872	35183	37999	35966	39466
4	Total Assets	23642	22171	25776	28597	33336	40587	40213	43811	41677	45631
5	Total	10357.7	11360.3	9704.1	12850.6	13564	13902.8	18640.5	19847.5	17258.7	12962.6
6	Loan and	6028.5	6662	8213.5	8905.1	10538.1	13355	13118.6	15932.2	17698.2	18376
7	Total	1319	1288	1419	1567	1776	2114	2297	2461	2638	2777
8	Net Profit	538	539	659	692	819	1025	1086	1119	1169	1218
9	Employees	263	302	345	351	377	392	429	429	423	454

Source:Standard Chartered Bank

Annexure-10

Operational Results of Himalayan Bank Ltd. (Amount in million)

S.N.	Details \Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1	Net Worth	740.6	1435.9	1328.2	1541.7	1766.1	2146.5	2513	3119.9	3439.2	3995.5
2	Borrowing	538.8	66.4	485	383	360	870	500	500	510	500
3	Deposits	22010	24814	26491	30048	31843	34681	37611	40921	47731	53072
4	Total Assets	24762	27863	29460	33519	36176	39320	42717	46736	54364	61153
5	Total	4014.3	2878.3	5509.6	10890.5	11821.6	12752	8531.5	8295.2	8664.4	10070.5
6	Loan and	10894.2	13081.7	13245	15515.7	17672	19985.2	25292.1	28976.6	31656.6	34282.6
7	Total	1146	1195	1395	1396	1607	1992	2170	2603	2919	3530
8	Net Profit	263	325	457	492	636	753	509	893	959	944
9	Employees	455	501	561	584	591	591	577	647	793	830

Source:Himalayan Bank Ltd.

Annexure-11

Profile of sample organization

Nepal Bank Limited

Nepal Bank Limited, The first bank of Nepal was established in November 15, 1937 A.D (Kartik, 30, 1994). It was formed under the principle of Joint venture (Joint venture between govt. & general public). NBL's authorized capital was Rs. 10 million & issued capital Rs. 2.5 million of which paid-up capital was Rs. 842 thousand with 10 shareholders. The bank has been providing banking through its branch offices in the different geographical locations of the country.

The bank's top level management consists of Central Bank-nominated 5- member – management committee (acting as BOD), 4- member- executive management, and 8 chief mangers. The organization structure emanates and goes down from chief executive officer, deputy chief executive officer senior chief manager (level 11) chief manager (level10),senior manager (level 9)manager (level 8), deputy manager (level 7) , assistant manager (level 6) senior assistant (level 5), assistant (level 4), and junior assistant(level 3). Altogether, there are 2746 staffs as of 2012. It is the joint venture between the government and the private sector. Its shareholding compositions comprise 50% by general public, 40.5% by Nepal government, and remaining by others.

The bank has played a crucial role to promote banking services at a time when even rudimentary transportation and communication services were not available in the country. The bank has been operating through 117 branches.

Profile of Nepal bank ltd. (amount in million)

S.n.	details/years	2002/03	2008/09	2012/13
1	Paid up capital	380.4	380.4	1772.8
2	total deposit	34737.4	41451.7	56042.6
3	Total loans	28258.9	27494.6	40448.9
4	Total investment	11782.60	16651.90	8473.20
5	Total Revenue	429	2417	3106
6	Total Expenses	3354	2730	4648
8	Total Branches	154	100	117
9	Total Employees	5250	2442	2746

Source: Nepal Bank Limited

Its activities have grown tremendously in the course of time. Mobilization of deposits has grown from Rs 3.088 million in 1937-38 to over Rs. 56042.6 million in 2012-13 and similarly loans and advances have grown from Rs 1.985 million in 1937-38 to almost Rs 40448.9 million in 2012-13.

The bank's vision statement states its **vision** "To remain the leading financial institution of the country." The bank's **mission** statement says that NBL seeks to provide an environment within which the bank can bring unique financial value and services to all customers. It will be a sound institution where depositors continue to have faith in the security of their funds and receive reasonable returns; borrowers are assured of appropriate credit facilities at reasonable prices; other service-seekers receive prompt and attentive service at reasonable cost; employees are paid adequate compensation with professional career growth opportunities and stockholders receive satisfactory return for their investment. According to its **values** statement, they believe that their banking should be based on respect, service, safety, reward, cooperation, support, and opportunity for the people with whom they work including customers and the economic community of Nepal.

Nepal Bank Ltd. has the following objectives;

- Continue to maintain leading share of banking sector with a significant presence in all major geographical areas in the country.
- Provide competitive and customer-oriented banking services to all customers through competent and professional staff.
- Reclaim leadership within the national financial community (retrieved from www.nepal bank.com. np/bank overview/introduction. php accessed on March 28,2012.)

Rastriya Banijya Bank Limited (1966)

Rastriya Banijya Bank Ltd. (RBBL) is fully government owned, and the largest commercial bank in Nepal. RBB was established on January 23, 1966 under the RBB Act. RBB has Nepal's most extensive banking network with over 154 branches through which it provides various banking services to a wide range of customers.

The bank's mission and vision statement says that RBB is committed towards the satisfaction of its customers by providing modern banking facilities/services throughout Nepal and to contribute in the socioeconomic development of the country. The bank aims to reach every rural and urban corner of Nepal to accommodate the requirement to the people. The Bank's extensive branch network and international connection are designed to transact banking activity between any part of country and any part of the world.

Profile of Rastriya Banijya bank.(amount in million)

S.N.	Details/years	2002/03	2008/09	2012/13
1	Paid up capital	1172.3	1172.3	1172.3
2	total deposit	39308.6	57990.8	87775
3	Total loans	27969.6	27353.6	40346.2
4	Total investment	4232.9	14731.5	26501.1
5	Total Revenue	248	3243	3966
6	Total Expenses	5602	2850	
8	Total Branches	130	123	154
9	Total Employees	5402	2697	2526

Source*:* Rastriya Banijya bank

Its activities have grown tremendously in the course of time. Mobilization of deposits has grown from Rs 39308.6 million in 2002-03 to over Rs. 87775 million in 2012-13 and similarly loans and advances have grown from Rs 27969.6 million in 2002-03 to almost Rs 40346.2 million in 2012-13.

Regarding the organization structure of the bank, it has a Board of Directors whose all members are nominated by the Nepal government. A 5-member Executive committee oversees the different departments at head office on a day-to-day basis. Ten chartered Accountants have also been contracted as part of the management Team to strengthen the financial controls of the bank. The bank has 15departments in its head office and 5 Regional offices across the five development regions of the country. RBB has the largest branch network in Nepal, covering 51 branches in the mountainous region, and 19 in the Kathmandu Valley (retrieved from http://rbb.com. np/introduction .php accessed on March 18,2012)

Nepal Investment Bank Limited (1986)

Nepal Investment Bank Ltd.(NIBL) previously Nepal Indosuez Bank Ltd., was established in 1986 as a joint venture between Nepalese and French partners. The French partner (holding 50% of the capital of NIBL) was Credit Agricole Indosuez, a subsidiary of one of the largest banking groups in the world.

With the decision of Credit Agricole Indosuez to divest, a group of companies comprising of bankers, professionals, industrialists and businessmen, has acquired on April 2002 the 50% shareholding of Credit Agricole Indosuez in Nepal Indosuez Bank Ltd. The name of the bank has been changed to Nepal Investment Bank Ltd. with the following shareholding structure.

- A group of companies holding 50% of the capital
- Rastriya Banijya Bank holding 15% of the capital
- Rastriya Beema Sansthan holding 15% Percentage.
- The remaining 20% being held by the general public

Profile of Nepal investment bank ltd. (amount in million)

S.N.	Details/years	2002/03	2008/09	2012/13
1	Paid up capital	295.3	1203.9	3012.9
2	total deposit	7922.8	34451.8	57010.6
3	Total loans	5872.6	27145.5	42510.4
4	Total investment	9102.4	40205.5	69781.6
5	Total Revenue	578	3921	3999
6	Total Expenses	461	3020	2084
7	Net Profit	117	901	1915
8	Total Branches(Number)	NA	31	44
9	Total employees(Number)	254	766	910

Source: Nepal Investment Bank Limited

Its activities have grown tremendously in the course of time. Mobilization of deposits has grown from Rs 7922.8 million in2002/03 to over Rs 57010.6 million in2012/13 and loans and advances have grown from Rs 5872.6 in 2002/03 to almost Rs 42510.4 million in 2012/13.The bank has been providing services like lockers, exchange, mobile services ABBS, forward contract and remittance in addition to regular banking activities. Total revenue, expenses, number of employees and branches are also increasing.

NIBL is managed by a team of experienced bankers and professionals having proven track record, offering services for the satisfaction of customers in terms of reliability and professionalism. Its vision is "to be the most preferred provider of financial services in Nepal". Its mission statement states "to be the leading Nepali bank, delivering world class service through the blending of state- of-the art technology and visionary management is partnership with competent and committed staff, to achieve sound financial health with sustainable value addition to all our stakeholders. We are committed to do this mission while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance" (retrieved fromwww.nibl.com.np accessed on 01, April 2012).

Himalayan Bank Ltd. (1993)

Himalayan Bank (HBL) was established in 1993 in joint venture with Habib Bank Ltd. of Pakistan. HBL's vision is to become a "leading Bank of the country" by providing premium products & services to the customers, thus ensuring attractive and substantial returns to the stakeholders of the bank. The bank's mission is to become preferred provider of quality financial services in the country' i.e. to become preferred provider of quality financial services, with customers at focus. The bank always strives positioning itself in the hearts and minds of the customers. The bank's main objective is to become the bank of first choice.

Despite the cut-throat competition in the Nepalese banking sector, Himalayan Bank has been able to maintain a lead in the primary banking activities, i.e. loans & deposits and modernizing banking sector. It has the highest deposit base and loan portfolio amongst private sector banks.

HBL is known throughout Nepal for its innovative approaches to merchandising and customer service. For example, services such as ATMs and tele-banking were first introduced by HBL. Products such as premium savings account, HBL proprietary card, and millionaire deposit scheme are other innovations. Other financial institutions in the country have been following its lead by introducing similar products & services. the most recent rating of HBL by Bankers' Almanac as country's number 1bank easily confirms its claim.

Profile of Himalayan bank ltd. (Amount in million)

S.N.	Details/years	2002/03	2008/09	2012/13
1	Paid up capital	429	1013.5	2400
2	total deposit	21002.8	31805.3	47731
3	Total loans	10894.2	19985.2	34282.6
4	Total investment	4014.3	12752	10070.5
5	Total Revenue	889	1992	3530
6	Total Expenses	677	955	2153
8	Total Branches	12	23	44
9	Total Employees	357	591	830

Source: Himalayan Bank Ltd

Its activities have grown tremendously in the course of time. Mobilization of deposits has grown from Rs 21002.8 million in 2002/03 to over Rs. 47731 million in2012/13 and loans and advances have grown from Rs 10894.2in 2002/03 to almost Rs 34282.6million in 2012/13.The bank has been providing services like lockers, exchange, mobile services ABBS, forward contract and remittance in addition to regular banking activities. Total revenue, expenses, number of employees and branches are also increasing.

All the branches of HBL are integrated into Globus (developed by Temenos) the single banking software where the bank has made substantial investments. This has helped the bank provide services like Any Branch Banking Facility' internet banking and SMS banking. Living up to the expectations & aspirations of the customers and other stakeholders of being innovative, HB very recently introduced several new products& services, e.g. Millionaire Deposit Scheme, Small Business Enterprises Loan, pre-paid Visa Card, International Travel Quota Credit Card, Consumer Finance through Credit Card and online TOEFL, SAT, IELTS, etc. fee payment facility. HBL also has a dedicated offsite 'Disaster Recovery Management System' Looking at the number of Nepalese workers abroad and their need for formal money transfer channel, HBL has developed exclusive and proprietary online money transfer software Himal Remit TM. By deputing its own staff with technical tie-ups with local exchange houses and banks, in the Middle East and Gulf region, HBL is the biggest inward remittance handling bank in Nepal. All this only reflects that HBL has an outside-in rather than inside-out approach where customers' needs and wants stand first. HBL has a 15-member BOD, 5-member executive committee, and a 20- member management team. "HBL is not only a bank; it is a committed corporate citizen. " Corporate Social Responsibility (CSR) holds one of the very important aspects of HBL, due to which it has always promoted social activities and sponsorship in the past and in the present on an ongoing basis (retrieved from www. himalayanbank.com, accessed on April,6, 2012).

Nabil Bank Ltd. (1984)

Nabil Bank Limited is the nation's first private sector bank, commencing its business since July 1984. Nabil was incorporated with the objective of extending international standard modern banking services to various sectors of the society. Pursuing its objective, Nabil provides a full range of commercial banking services through its 48 points of representation. In addition to this, Nabil has presence through over 1300 Nabil Remit agents throughout the nation.

Nabil, as a pioneer in introducing many innovative products and marketing concepts in the domestic banking sector, represents a milestone in the banking history of Nepal as it started an era of modern banking with customer satisfaction measured as a focal objective while doing business. Operations of the bank including day-to-day operations and risk management are managed by highly qualified and experienced management team. Bank is fully equipped with modern technology which includes international standard banking software that supports the E-channels and E-transactions.

Nabil is moving forward with a Mission to be "1st Choice Provider of Complete Financial Solutions" for all its stakeholders; Customers, Shareholders, Regulators, Communities and Staff. Nabil is determined in delivering excellence to its stakeholders in an array of avenues, not just one parameter like profitability or market share. It is reflected in its Brand Promise "Your Bank at your service". The entire Nabil Team embraces a set of Values "C.R.I.S.P", representing the fact that Nabil consistently strives to be Customer Focused, Result Oriented, Innovative, Synergistic and Professional.

Operations of the bank including day-to-day operations and risk management are managed by highly qualified and experienced management team. The bank is fully equipped with modern technology which includes ATMs, credit cards, state-of –art, world renowned software from Infosys Technologies System. Its products are loan, trade finance, deposits, remittance, cards & ATMs, E-banking, clean bills, etc.

Profile of Nabil bank ltd. (amount in million)

S.N.	Details/years	2002/03	2008/09	2012/13
1	Paid up capital	491.7	689.2	2029.8
2	total deposit	13437.7	23342.4	55023.7
3	Total loans	7996.9	21514.6	42731.7
4	Total investment	3687.8	9966.6	14074.9
5	Total Revenue	1023	3374	6794
6	Total Expenses		1067	4575
8	Total Branches		38	49
9	Total Employees	326	505	742

It earned revenue of Rs. 6794 million with its total deposit Rs. 55023.7 million and investment Rs. 14074.9 million in 2012/13. The bank has been providing services like lockers, exchange; mobile services ABBS, forward contract and remittance in addition to regular banking activities. Total revenue, expenses, number of employees and branches are also increasing.

The Board of Directors consists of the members: one chairman and 9 directors. The management team consists of (i) one chief executive officer,(ii) Risk Units,(iii) Legal& Company Secretariat,(iv) Corporate, project Financing , SME and Micro Lending , (v) Consumer Banking, (vi) Deposit Relation Management< (vii) Card Division, (viii) Central Operations, (ix) Global Markets, (x) Merchant Banking, (xi) Finance, (xii) Human Resource,

(xiii) IT, (xiv) Internal Audit, and Branches (15 in Kathmandu and 19 outside Katmandu) (retrieved from www.Nabilbank.com/accessed on 06 April, 2012).

Standard Chartered Bank Ltd. (1987)

Standard Chartered Bank Nepal Ltd. (SCBL) has been in operation in Nepal since 1987 as a Joint-venture bank. Today, the bank is an integral part of Standard Chartered Group that has 75% ownership in the company with 25% shares owned by the Nepalese public. The bank enjoys the status of the largest international bank currently operating in Nepal.
An integral part of the only international banking Group currently operating in Nepal, the Bank reputation of a leading financial institution in the country. With 15 points of representation and 13 ATMs across the kingdom and with around 350 local staff, SCBL is in a position to serve its customers through a large domestic network. In addition to which, the global network of Standard Chartered Group gives the Bank a unique opportunity to provide truly international banking in Nepal. SCB has a 6-member BOD, a 10- member management committee, a 6- member audit committee.

Profile of standard chartered bank Nepal ltd. (amount in million)

S. N.	Details/years	2002/03	2008/09	2012/13
1	Paid up capital	339.5	620.8	1610.2
2	total deposit	18755.5	29743.9	35965.6
3	Total loans	6028.5	13355	18376
4	Total investment	10357.7	13902.8	12962.6
5	Total Revenue	1264	2114	2777
6	Total Expenses	667	1067	1559
8	Total Branches	NA	13	20
9	Total Employees	275	377	454

Its activities have grown tremendously in the course of time. Mobilization of deposits has grown from Rs 18755.5 million in 2002/03 to over Rs 35965.6 million in2012/13 and loans and advances have grown from Rs 6028.5 in 2002/03 to almost Rs 18376 million in 2012/13.The bank has been providing services like lockers, exchange, mobile services ABBS, forward contract and remittance in addition to regular banking activities. Total revenue, expenses, number of employees and branches are also increasing.

SCBL offers a full range of banking products and services in wholesale and consumer banking, catering to a wide range of customers encompassing individuals, mid-market local corporate, multinationals large public sector companies, government corporations, airlines, hotels as well as the DO segment comprising of embassies, embassies, aid agencies , NGOs and INGOs. Its main products are letters of credit import/export, working capital loans, medium term facilities, deposit services, credit card services, ATMs services, foreign exchange services.

The bank has been the pioneer in introducing 'customer focused' products & a service in the country ad aspires to continue to be a leader in introducing new products in delivering superior services. It is the first bank in Nepal that has implemented the anti-money laundering policy and applied the 'Know Your Customer' procedure on all the customer accounts.

Corporate Social Responsibility (CSR) is an integral part of Standard Chartered's ambition "to become the world's best international bank". CSR is the mainstay of the Bank's values that believes in delivering shareholder value in a socially, ethically, and environmentally responsible manner (retrieved from www.standardcharterd.com.np, accessed on April 6, 2012.