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KUMASI

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SCHOOL OF BUSINESS

"EXPLORING MANAGEMENT ACCOUNTING PRACTICES IN MEDIUM AND LARGE ENTERPRISES IN GHANA".

by

Rexford Atta-Boakye Jnr. B.ed (Accounting Studies)

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DECLARATION

I hereby declare that this submission is my own work towards the MBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

REXFORD AITA-BOAKYE JNR
PG 1623007 .... Rexford .... 16-10-09 ....

Student Name & ID Signature Date

Certify by:

K. O. APPIAH .... 19/10/09 ....

Supervisor's Name Signature Date

Certify by:

.... 21-10-09 ....

Head of Department's Name Signature Date

DEDICATION

I dedicate this study to Almighty God, my wife, Mrs. Mabel Boakye and my Children; Samuel Osei-Boakye, Emmanuel Nyarko-Boakye, & Nyamekye-Boakye and finally my father, Elder Osei Mensah for their love, support and encouragement throughout the study.

"I Love you all"

ABSTRACT

Given the competitive nature of the existing business environment, researchers and practitioners need systematic information about the currently operating Management Accounting Practices (MAPs) and the factors influencing them. This study explores the MAPs in selected Medium and Large Enterprises (MLEs) sector in Ghana through the application of the International Federation of Accountants (IFAC)-based model and contingency theory. The questionnaire sought respondents' opinions on the present and expected functions of management accounting and accountants in Ghanaian commercial sector. The empirical results indicate that there are growing importance of Management Accounting (MA) and accountants in MLEs sector in Ghana as the firms grow in size. This notwithstanding, the findings recommend that policy makers, entrepreneurs and corporate organisations need to be conscious of the changing role of management accounting and accountants and restrategised their management practices to sustain growth of their market share and shareholders' wealth.

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LIST OF ABBREVIATIONS

ABB	Activity-Based Budgeting
ABC	Activity-Based Costing
ASCPA	Australian Society of Certified Practising Accountants
CDFC	Cost Determination and Financial Control
CV	Creation of Value
ICMA	Institute of Chartered Management Accountants
IFAC	International Federation of Accountants
IMA	Institute of Management Accountants
IPC	Information for Planning and Control
MA	Management Accounting
MADEP	Management Accounting Department
MAPs	Management Accounting Practices
MAS	Management Accounting System
MLEs	Medium and Large Enterprises
NBSSI	National Board for Small Scale Industries
SMEs	Small and Medium Enterprises
RWR	Reduction of Waste Resources

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CHAPTER ONE

THE RESEARCH INTRODUCTION AND CONTEXT

1.0 Introduction

Recent years have witnessed major changes in business structure. In general, today's businesses are far more complex in terms of both structure and operation. Increasing recognition is given to satisfying the needs of different stakeholders who include customers, suppliers, employees, credit analyst and others. Ghana has made important reforms within its financial and cost management aimed at improving the business environment for its private sector development. Environmental hostility from intensive competition stresses the importance of formal control and sophistication, Otley, (1978)

In the conditions of market economy and intensified competition, the management of private enterprises, in order to be consciously competitive on the market needs to have objective information about the formation and shape of the company's performance, which are documented in mandatory financial statements. The most common internal factors that have been examined in relation to management accounting are organisational size Merchant (1981), technology Dunk, (1992), and companies strategies Chenhall, and Morris, (1995). Therefore, the need for developing such management accounting systems, which could provide adequate information about main impacts on cost characteristics and companies' performance, has grown rapidly in Ghanaian private enterprises and all the other corporate institutions.

Management accounting, as an integral part of the management process, distinctly adds value by continuously probing whether resources are used effectively by people and organisations - in creating value for customers, shareholders or other stakeholders. In this regard, resources include not only financial ones, but also all other resources created and used by organisations as a result of financial expenditures. Thus, information and knowledge, work processes and systems, trained personnel, innovative capacities, morale, flexible cultures, and even committed customers may be included as resources - along with special configurations of resources that may be identified as strategic capabilities, core competencies or intellectual capital.

To be able to make generalisations about the directions of development of Management Accounting System (MAS), both researchers and practitioners need more systematic information about the currently operating management accounting systems and the factors influencing them. The field of organisational activity encompassed by management accounting has developed through four evolutionary yet recognisable stages, namely; Cost determination and Financial Control, information for management planning and control, reduction of waste of resources in business processes and creation of value through effective resource use. The role of Management accountants refer to the outcome of the process of evolution over the four stages. It is one of the organisational activities designed to manage resources strategically. Each stage is a combination of the old and the new, with the old reshaped to fit with the new in addressing a new set of conditions in the management environment (IFAC, 1998).

It has been argued Kaplan and Atkinson (1998), and Otley, (1995) that new techniques have affected the whole process of management accounting (planning, controlling, decision-making, and communication) and have shifted its focus from a 'simple' or 'naive' role of cost determination and financial control to a 'sophisticated' role of creating value through improved deployment of resources. Ittner and Larker, (2001) claimed that companies increasingly integrating value (innovative) practices using comprehensive 'value based management' framework"

Admittedly, the increasingly important role and contribution of companies as well as the recent promotion and supporting policy on developing businesses, the study aims to examine the scope and the development of the management accounting issues in Ghanaian industrial sector, determine the role of MAS and Management accountants in relations to emerging business environment and analysing the impacts and changing roles of Management Accounting Practices (MAPs) in firms in Ghanaian context. We recognised, but set questions; to what extent are the practices advocated by academic, textbooks, and professional institutes actually applied to organisations?, at what stage of evolution is the management accounting of particular organisations, or industries?, and what are the changing roles of (MAPs) and management accountants? Thus, besides the description of the situation, the present study will examine the practice of management accounting and accountants in Ghana using Medium and Large Enterprises (MLEs) on a survey.

1.1 Statement of Problem

There has been a limited degree of research interest in the changing function of management accounting and roles of management accountants in developing countries. Surveys of the role of management accountants have focus mainly on companies in developed countries. Drury, Braund, Osborne and Tayles (1993) surveyed management accounting practices in U.K. manufacturing companies. Cropper and Drury (1996) also undertook a study of the nature and scope of management accounting in UK Universities Moreover, Ax and Bjornenak, (2000) in a study of how management accounting innovation is disseminated to other locations to increase global homogenisation of management accounting practices, concluded that the trend in the world of management accounting practices may not be as homogenous and US oriented as they seem to be.

However, in less developed countries of which Ghana is no exception there is limited empirical analysis of management accounting practices (Alawattage, Hopper, and Wickramasinghel, 2007). Adelegan, (2000) did a survey on "the management accounting practices in Nigerian companies". In the light of this, the study is purposed to replicate the management accounting practices in Nigeria in the context of Ghana to explore the management accounting practices in sample MLEs in Ghana to measure the level of growth vis-a-vis International Federation of Accountants (IFAC-based) model. To this end study aims at finding answers to the questions below;

1.2 Research Questions

The research seeks to answer the following questions;

1. What are the roles of management accounting and management accountant in MLEs? (Accomplished in pages 49 to 55)
2. At what stage of evolution process in management accounting practices are companies in Ghana? (Accomplished in pages 56 to 57)
3. What are the changing roles of MAPs in the Ghanaian MLE sector? (Accomplished in pages 57 to 61)

1.3 Objectives of the Study

A research objective is the researcher's version of a business problem. Objectives explain the purpose of the research in measurable terms and define standards of what the research should accomplish (Zikmund 2000, p. 93). The purpose of the study is to have the broad overview, scope and nature of management accounting practices in some selected MLEs in Ghana. The specific objectives of this study are;

1. To examine the roles of management accounting and/or management accountants in sample MLEs in Ghana. (Accomplished in pages 49 to 55)
2. To determine stages of evolution process in management accounting practices in selected corporate firms in Ghana. (Accomplished in pages 56 to 57)
3. To make policy recommendations on how to improve the management accounting practices in Ghana. (Accomplished in pages 67 to 69)

1.4 Relevance of the Study

Ever since Kaplan and Johnson (1987) published the article on "Relevance Lost, the rise and fall of Management Accounting", there have been growing interests of professional accounting institutes, perhaps fearing that management accountants would increasingly be seen as unessential in business organisations subsequently devoted considerable resources to the development of a more innovative practices for management accounting systems and management accountants Kaplan, (1984).

However, for an organisation to survive in the competitive, ever-changing world, it must put in place sound management accounting practice. Managers need information for decision making. An understanding of cost behaviour is fundamental to managerial and cost accounting, and Management Accounting information and the way it is used can support or hinder action and change of action in organisations Abrahammson and Helin, (2000). Thus the study aims to examine the scope and the development of the management accounting practices in MLE sector. It further explores the role of MAS and Management accountants in relations to emerging business environment. It finally, analyses the changing roles of Management Accounting Practices (MAPs) in the Ghanaian business context.

This study is of significance to; the professional institutes for academic purposes. In the same account, it may serve as an impetus to other academics for curriculum development and research work. Again it will offer entrepreneurs and managements of MLEs, the best management accounting practices that can be of benefit to their organisations' operations which according to Merchant and Otley (2007), "a management system is designed to help an organisation adapt to the environment in which it is set and to deliver the key results desired by stakeholder groups".

1.5 Scope of the Study

This study will be conducted to explore management accounting practices in medium and large enterprises in Ghana. In line with this, to gather the pertinent information, the research is limited in gathering information through a small sample. For these reasons, this study cannot be generalised to population that differ from those included in this study. Probable, a large sample would increase validity of the study.

Nevertheless, this study will be focussing on examining the simultaneous the role of management accounting and management accountant in relation to the stage of evolution process in the sample MLEs in Ghana through the process of observation analysis. The researcher will adhere strictly to analytic method while dealing with this phenomenon in Ghanaian context. The researcher will also attempt to report in an objective manner, in order to reinforce the ideas explored, aiming to reach the most satisfying results. Due to the budget constraints, this study will only be conducted in a small sample, thus may affect the results of the study.

1.6 Limitation of the Study

Given the limited scope and exploratory nature of this project, these were the challenges;

1. Though medium and large enterprises are fewer in Ghanaian industrial sector, the study focused on 42 enterprises selected from; Service, Manufacturing and Others in

Ghana whose characteristics could be used as a representation of other firms in the country. However, only 20 questionnaires were received for the research as most of the companies were unwilling to respond to the questionnaires for study.

2. There were lots of difficulties in getting the data from these industries as most of their management accounting information reports are not in conformity with the General Accepted Accounting Practice. But utmost care was taken to maintain the quality aspect in the data.
3. The study is limited to cost and effort of the investigator. Though there has been chance for bias, the investigator has taken all the steps for the reduction of bias.
4. The questionnaire presents the views, perceptions, and beliefs of individuals from unique organisational setting. Hence, the findings are dependent on the information the researcher receives from the questionnaire administration.

This notwithstanding, it can still be argued that the study yielded reliable results in describing the phenomenon not yet existent in the literature. Furthermore, the results of the study answer the research question presented. Hence, the results meet the challenges of the validity and reliability.

1.7 Organisation of Study

This study consists of five chapters. Chapter one is to address; background of the study, statement of the problem, objective of the study and the research questions, relevance of the study, scope of the study, the limitations of the study, and organisation of the study. The second chapter of the study deals with definitions and concepts of MLEs, the evolution process of MAPs (IFAC model), the role the management accounting and management accountant, management accounting information and controls, and the changing roles of management accounting and accountant. Finally contingency theory was used to explain the challenges of MAP. The third chapter deals with the methodology, research design, sample and sampling techniques, research instruments and others. Finally, a brief background of research area is given. The fourth stage deals with the discussion of findings and analysis of data. The fifth and final chapter deals with the summary of findings, summary of recommendation and finally conclusion of the study. For the findings of the study the investigator conducted a survey with a well structured questionnaire covering all sorts of questions relevant to the topic "Exploring the management accounting practices in MLEs in Ghana."

Chapter Summary

The chapter focussed on; the general overview of the study background, problem statement, research questions, research objectives, relevance, scope, limitations, and an organisation of the study. The chapter ended with an overview of what to expect of the study and this led the researcher to review literature in connection with the study in the next chapter.

CHAPTER TWO

REVIEW OF RELEVANT LITERATURE

2.0 Introduction

This section of the study primarily focuses on different researches and other literatures that focus on several aspects that will help with the progression of this study. Firstly, a short definition, evolution and change of management accounting will be given. Thereafter, the study discussed empirical and theoretical review of management accounting and accountants in the context of changing environment. The researcher used Contingency theory to explain the challenges and possible solutions proposed to overcome these problems.

2.1 Definition & Concepts of Management Accounting

Management Accounting System (MAS) is defined as a set of management practices which are essential part of organisations' decision making and control system designed to provide information to managers for their decision making and control function Chenhall, (2003): Simons, (1995). Drury, (2004) defines Management Accounting as a system that provides useful information for managers in terms of decision making, planning, control and performance evaluation Drury, (2004). Thus management accounting is seen as provision of information for planning and control in an organisation

However, the Chartered Institute of Management Accountants (CIMA), aptly summarises the above definition as "the process of identification, measurement, accumulation, analysis, preparation, interpretation and communication of information used by management to plan, evaluate and control within an entity and to assure appropriate use of and accountability for its Resource (economics resources). Thus, Management accounting also comprises the preparation of financial reports for non-management groups such as shareholders, creditors, regulatory agencies and tax authorities" (CIMA Official Terminology).

The researcher infers that management accounting systems provide information (material and non-material) to both internal and external users for decision-making. For the purpose of this study, the researcher describes management accounting as: A value adding continuous improvement process of planning, designing, measuring and operating nonfinancial and financial information systems that guides management action, motivates behaviour, and supports and creates the cultural values necessary to achieve an organization's strategic, tactical and operating objectives Atkinson, Banker, Kaplan, and Young, (2001)

2.2 Evolution and Stage of Management Accounting Review

The management accounting has developed through four evolutionary yet recognisable stages; Stage 1 – IFAC describes management accounting before 1950 as similar to company secretarial. A technical activity necessary for the pursuit of organisational objectives. Its focus was mainly oriented towards the determination of product cost and controlling of expenditure. The focus on product cost was supplemented by budgets and financial control of production processes.

At stage 1, one the researcher sees that management is concerned with cost determination and financial control. However, Ashton, Hopper, and, Scapens, (1995) argued that the dissemination of cost information tended to be slight, and its use for management decision making poorly exploited.

Stage 2 – in the 1950s and 1960s the focus of management accounting is seen to have shifted to the provision of information for planning and control purposes. management accounting is described by IFAC as "a management activity, but in a staff role" (para 19) to provide information to support ' line' management's operations the focus was for management planning, control and decision-making, including basic model building.

At this stage the researcher contends that although the primary role of Management accounting as provision of information to support management, control system tended to be reactive, identifying problems and actions only when deviations from business plan took place (Ashton et al., 1995).

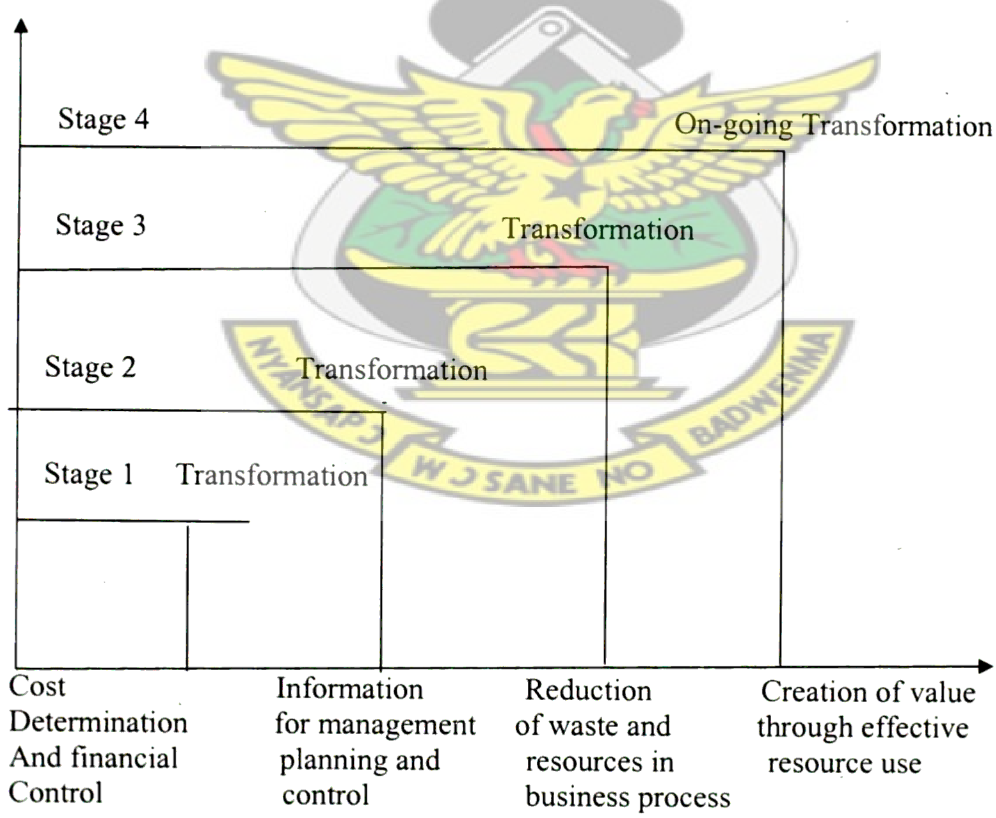
Stage 3 – The world economic downturn in 1970s following oil price shock and the increased global competition in early 1980s threatened the Western established markets. Managing of resources (including information) to 'directly' enhance profits by bearing down on input is the position of management accounting. The role of management accounting practice is the reduction of waste and loss in business resources through process analysis and cost management technologies. However, management accounting was seen as an integral part of management 'owned' by all managers as the distinction between 'staff' and 'line' management become blurred, IFAC (1998, para. 7).

The researcher sees that at this stage there is the need for management accountants to provide management with the most efficient and effective cost management technologies to support managers and employees at all levels. Thus the design, maintenance and interpretation of information systems become of considerable importance in effective management Ashton et al., (1995).

Stage 4 - in the 1990s world-wide industry continued to face considerable uncertainty. Like in stage 3, management accounting is positioned as an integral part of management 'owned' by all managers as the distinction between 'staff' and 'line' management become blurred. The role of management accounting is directly enhance outputs and add value through strategy of 'leveraging' resources (especially information). The focus is the creation of value through using resources effectively to drive customers' value, shareholders value and innovation, IFAC (1998, para. 7).

In summary, the difference between stage 2, and stage 3 and 4 is the change in focus away from information provision and towards resource management; in the form of waste reduction (stage 3) and value creation (stage 4). However, the focus on information becomes a resource, along with other organisational resources; there is a clearer focus on information provision in stage 2 is not lost, but is re-figured in stage 3 and 4 information becomes are source, along with other organisational resources; there is a clearer focus on reducing waste (in both real and financial terms) and on leveraging resources for value creation. Accordingly, management accounting is seen in stage 3 and 4 as "an integral part of management process, as real time information becomes available to management directly and as the distinction between staff and line management becomes blurred" IFAC (1998, para. 19). The use of resource (including information) to create value is seen to be an integral part of management process in contemporary organisations. The diagram below illustrates the four evolutionary stages of management accounting which is expected to continue in the future.

Figure 2.2: Evolution process of Management Accounting



Source: IFAC, 1998

It should be pointed out that the stages are not mutually exclusive; each successive stage encompasses the concepts of the previous stage, and incorporates additional ones that arose out of a new set of conditions. Although the IFAC (1998) framework is focused on concepts rather than practices, there is some lack of clarity about this. Example paragraph 19 describes "the way in which management accounting as a field of activity is positioned within organisations", it seems those who drafted that statement view concepts as merely derivatives of practices. Another caution, recognised by the statement, is that the scope, role and organisational positioning of management differ across organisations, culture and countries. Again, the framework describes some broad characteristics of each stage; it does not provide illustrations of specific management accounting practice (MAP) related to a particular stage of evolution. Therefore, there is the need to review IFAC's framework to measure the sophistication level.

Nonetheless the research acknowledges Management Accounting at its current evolutionary stage addresses the needs of the organizations operating in dynamic and competitive environment. The new organisational context implies:

- flat structures;
- use of cross-functional teams;
- management of value chains (remove division between firm, suppliers and customers);
- understanding one's core competencies and identity within relevant value chains, by progressively becoming more virtual and agile;

- developing delegation, trust, devolution and subsidiary through simultaneously integrated information systems and availability of localized information in real time at points of need;
- less reliance on financial control, by creating (real time) localized control, based on non-financial Performance Indicators;
- acceptance of ambiguity and paradox as realities to work with and through; and

Cultural integration through shared and accepted visions, rather than accepting the forms of cultural separation associated with traditional forms of employment or professional specialisation IFAC, (1998).

2.3 Management Accounting and the Management Process

Management is concerned with developing and maintaining the competent workforce in order to achieve and accomplish the organisational performance through common goals, common values, the right structure, and providing the training and development they need to perform and to respond to change. The central purpose, then, of the management process is to secure, as it faces change, the vitality and endurance of an organisation through the ongoing co-ordination of activities, efforts and resources. Thus, the management process includes

- establishing organisational directions in terms of objectives and strategies;
- aligning organisational structures, processes and systems to support established directions;
- securing the commitment at a requisite level of those contributing essential skills and effort; and

- instituting controls that will guide an organization's progress towards the realization of its strategies and objectives.

As organisations strategise to carry out vigorously to achieve their organisational objectives and aims it requires the mobilisation or development of requisite capabilities through efficient and effective deployment of resources. Resources are deployed in structures, "control" mechanisms, and securing-commitments to create the capabilities necessary for organisational success. Without effective resource deployments, requisite capabilities are unlikely to be developed; and resources are likely to be wasted in ineffective structures, controls, and commitments. Management accounting refers to that part of the management process focused on the effective use of resources in

- establishing strategy mixes that support organisational objectives;
- developing and maintaining the organizational capabilities necessary for strategy realization; and
- negotiating the strategy and capability change necessary to secure ongoing organizational success and survival.

Management accounting is an aspect of the management process of organisations. It provides a focus and distinctive perspective on one key dimension of organisational activity - identifying, obtaining and using resources. In addition it stands beside and interacts with other parts of the management process which focus respectively on other key dimensions of organizational activity: direction setting, structuring securing commitment, control, and change. It is interwoven with other parts of the management process, by being associated from a resource perspective with; organisational direction setting, organisational structuring, organisational commitment building, organisational change, organisational process design, organisational control, and organisational information systems design.

The researcher can therefore summarise the above information that Management Accounting and the Management Process is that part of the management process concerned with effective and efficient utilisation of resources use over time. This can be referred to as the management accounting function or business process. The management of the management accounting function will likely involve establishing objectives and strategies for the function, structuring the work of the function, building the capability of the function, resourcing the function appropriately, responding creatively to, or proactively addressing new challenges bearing on the work of the function and assessing the ongoing efficiency and effectiveness of the function IFAC,(1998).

2.4 Management Accounting Information

Management accounting information refers to the accounting information used inside the organisation. By tradition, accounting information has been considered financial in its nature. Different types of financial information include for instance, cost of producing a product or service or cost incurred in departments. However, management accounting information has begun to encompass also non-financial information such as quality as well as subjective measurements for example, customer satisfaction. Atkinson, Banker, Kaplan, and Young, (2001).

2.5 The Role of Management Accountants Review

The Institute of Certified Management Accountants (ICMA), states "A management accountant applies his or her professional knowledge and skill in the preparation and presentation of financial and other decision oriented information in such a way as to assist management in the formulation of policies and in the planning and control of the operation of the undertaking. Management Accountants therefore are seen as the "value-creators" amongst the accountants. They are much more interested in forward looking and taking decisions that will affect the future of the organization, than in the historical recording and compliance (scorekeeping) aspects of the profession. Management accounting knowledge and experience can therefore be obtained from varied fields and functions within an organisation, such as information management, treasury, efficiency auditing, marketing, valuation, pricing, logistics, and others.

"Today's management accountant information, driven by the procedures and cycle of the organisation's financial reporting system, is too late, too aggregated, and too distorted to be relevant for managers' planning and control decisions." (Relevance Lost, Johnson & Kaplan, 1987). Johnson & Kaplan's other main argument in relevance lost was that the existing management accounting methods could not adapt to new competitive environments is also applicable. But other factors were related to the US's lack of competitive products, such as quality, level of innovation, reliability and flexibility.

This notwithstanding, the role of management accountants have changed significantly in the past 15 years. The paper by Newman, Smart, and Vertinsky, (1989) suggest that major tasks of management accountants are score-keeping and maintenance of financial records for internal and external users. However, Kaplan, (1995) identified new tasks and roles for management accountants. Kaplan (1995) proposes that in the future management accountants would be involved in formulating and implementing corporate strategy and designing organization's management information systems. Similarly, Cooper (1996a, 1996b) argues that management accountants need to develop skills in system design and implementation, change and strategy management as well as in cost management.

The Australian study by Birkett (1989) found that the purpose of management accounting was to "provide management with the necessary key information as quickly and accurately as possible, to enable appropriate action to be taken" (p 16). The 1994 ASCPA study concluded that "the management accounting function was...value-adding participation in organisational processes of strategy formulation, control, and change" (Barbera, 1996a, p 53). Significantly, the terms 'value-adding', 'organisational processes', 'strategy', and 'change' had found their way into this definition, reflecting the changes in the business environment and management philosophies, as well as changes in the management accountant's role. Some additional observations are made when comparing the results of these two studies. Barbera, 1996a, p 53, found:

- Management accountants' users, customers or clients are more broadly defined to include engineers, operations, marketing, HR personnel, cross functional teams and cellular work teams.

- the roles of management accountants expanded to include providing expert advice, team leadership, leadership in using statistical/analytical techniques, the design and management of information systems, the design and control of performance measurement systems, providing information, being teachers, guides, analysts, internal consultants, and interpreters and managers of complexity.

The results of the studies conducted in the US and the UK largely mirror these findings. The IMA study found that, increasingly, management accountants spent more time as "internal consultants or business analysts", work on "cross functional teams", are "actively involved in decision making" and "work closely with their 'customers' to provide the right information and help use the information to make better decisions" (Russell et al, 1999, p 40). The term 'change' also features in this study. Management accountants are increasingly assuming the role of change agents. Russell et al (1999) claim that "Management accountants aren't just managing change: They are initiating change." (p 41). Binnersley (1997) agrees that management accountants "need to recognise and facilitate the changes taking place rather than resist them as they have the expertise to apply rigorous measurement discipline, ability to develop systems and a unique view across the business." (p 36). Sharma (1998) concurs that management accountants will "be called upon to operate as managers of business value and agents of change" (p 24). As does Zarowin (1997), who claims that "new accountants are change agents and more – much more" (p 38). "More proactive, and central role within the management process" Burns, Ezzamel, and Scapens, (2000).

The researcher sees that, modern accountants require a broad understanding of organisational processes; particularly production processes, and should contribute to aiding implementing the firm's strategic plans. Modern management accountants are now just as involved in organisational activities as production and marketing managers. This role of the accountant is very different to the one conveyed in the writings of Johnson & Kaplan (1987). This new "hybrid-accountant" has been formed by new information technology such as Enterprise Resource Planning, routine accounts being processed by computers, outsourcing and an increasing need for the accountant to be involved in strategic planning and decision making. Although on the surface management accounting may seem as it was in 1920 (in terms of techniques) its use is very different. "Management by numbers" as Johnson & Kaplan quote is still part of management accounting, but only a part, modern management accounting is now used more so than any other time previously for decision support and strategy. This is reflected in the rise of the new role for the modern management accountant, who can be seen as a linking pin, which binds all aspects of the organisation together.

Although there is strong support for accountants' proactive involvement in change, in summary, international literature largely views the role or function of a management accountant as: business analyst, strategy formulator, internal consultant or advisor (or 'business partner'), change agent, 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.

2.6 The Changing Roles of MAPs

Sharma (1998) reports on research conducted by Chenhall and Langfield-Smith, involving a survey of 140 manufacturing firms in Australia. A number of current and future trends in management accounting tasks and activities were observed, and are presented in Table 2.6

Table 2.6 Current and Future Trends in Management Accounting

Current Trends	**Future Trends**
High Emphasis	**High Emphasis**
Budgeting for Planning and Control	Budgeting for Planning and Control
Variance Analysis	Variance Analysis
Capital Budgeting	Capital Budgeting
Return on Investment Techniques	Return on Investment Techniques
Absorption Costing	**Moderate Emphasis**
Variable Costing	Balanced Scorecard
Moderate Emphasis	Customer Satisfaction Measurement
Balanced Scorecard	Activity-based costing and management
Customer Satisfaction Measurement	Shareholder Value analysis
Low Emphasis	Benchmarking
Activity-based costing and management	Absorption Costing
Shareholder Value analysis	Variable Costing
Benchmarking	

(Adapted from Sharma, 1998, p 24)

It is apparent from the above analysis, that respondents believed that some traditional management accounting techniques such as budgeting, variance and Return on

Investment (ROI) analyses will continue to used and be given a high level of emphasis in Australian manufacturing firms. Additionally, Sharma (1998) reports that "management will continue to place emphasis on financial performance measures, relative to non-financial measures" (p 24). The study also found that new techniques such as strategic planning, product profitability analyses, long range forecasting, benchmarking and ABC will assume increased importance in the future.

Sharma (1998) claims that in the future, management accounting will develop in areas involving "a broad spectrum of cross-functional disciplines" (p 24), such as:

- ✓ Performance Management (eg developing key financial and non-financial indicators)
- ✓ Asset Management (eg. managing a product through its life cycle)
- ✓ Business Control Management (eg corporate governance and internal control frameworks)
- ✓ Environmental Management (eg accounting for the environment)
- ✓ Financial Management (eg activity based management)
- ✓ Intellectual Capital Management (eg measuring and managing employee satisfaction)
- ✓ Information Management (eg implementing and generating value from e-commerce)
- ✓ Quality Management (eg implementing TQM within and organisation and managing quality improvements), and
- ✓ Strategic Management (eg value chain analysis for assessing competitive advantage).

The amount of emphasis placed on each of these areas depends on individual organisational factors such as size, industry and individual business needs.

The other Australian study reported by Barbera (1996a) found the current tasks associated with management accounting to be:

- participation in resource-related direction setting for an organisation (eg strategy formulation, business planning, operational decision making)
- support of organisational change processes
- contribution to the design, implementation and review of performance measurement and control systems contribution to the development of performance-based, user-focused information systems. (p 53).

Russell, Siegel, and Kulesza (1999), report on the findings of the IMA study in the US which found that compared to five years ago, respondents spend more time performing the following tasks, and expect to continue to focus primarily on these activities: Internal Consulting, Long term, strategic planning, Computer systems and operations, Managing the accounting/finance function, Process improvement, and Performing financial and economic analysis (p 41).

On the other hand, respondents spend less time on the following tasks, as compared to five years ago, and expect to continue to spend less time on these activities: Accounting systems and financial reporting, Consolidations, Managing the accounting/finance function, Accounting policy, Short-term budgeting process, Project accounting, Compliance reporting, Cost accounting systems, Tax compliance (p 42).

The summary of these empirical results is that , the UK study reported by Burns et al (1999) found that there had indeed been a change in the tasks conducted by management accountants, however this change was primarily in the way management accounting information was used "rather than change in management accounting systems and techniques perse" (p 28). Traditional management accounting information continued to be generated, but these results are interpreted in a broader context: "Based on our observations, a key role for management accountants today is to place financial numbers into a broader context and relate them to key non-financial measures. The management accountant integrates the different perceptions of the business indicated by the financial and non-financial measures, and integrates managers' understandings of their operating performance, the financial results and the strategic directions of the business." (p 29)

It could be inferred from the analysis that the distinction between 'traditional' and 'modern' management accounting practices can be illustrated by reference to cost control techniques. Cost accounting is a central method in management accounting, and traditionally, management accountants' principal technique was variance analysis, which is a systematic approach to the comparison of the actual and budgeted costs of the raw materials and labour used during a production period.

While some form of variance analysis is still used by most manufacturing firms, it nowadays tends to be used in conjunction with innovative techniques such as life cycle cost analysis and activity-based costing, which are designed with specific aspects of the modern business environment in mind. Lifecycle costing recognizes that managers' ability to influence the cost of manufacturing a product is at its greatest when the product is still at the design stage of its product lifecycle (i.e., before the design has been finalised and production commenced), since small changes to the product design may lead to significant savings in the cost of manufacturing the product. Activity-based costing (ABC) recognizes that, in modern factories, most manufacturing costs are determined by the amount of 'activities' (e.g., the number of production runs per month, and the amount of production equipment idle time) and that the key to effective cost control is therefore optimizing the efficiency of these activities. Activity-based accounting is also known as Cause and Effect accounting.

Both lifecycle costing and activity-based costing recognise that, in the typical modern factory, the avoidance of disruptive events (such as machine breakdowns and quality control failures) is of far greater importance than (for example) reducing the costs of raw materials. Activity-based costing also deemphasizes direct labour as a cost driver and concentrates instead on activities that drive costs, such as the provision of a service or the production of a product component.

The researcher infers from the above that management accounting and accountants should be future-focused to be abreast of their expected tasks thus; Zarowin (1997) suggests that accountants must possess skills in persuasion and facilitation, as well as good presentation skills to be an effective change agent. In addition, accountants should have more foresight, be less backward looking, and more risk taking.

2.7 MAS Challenges- Contingency Theory

A very rarely expressed alternative view of management accounting is that it is neither a neutral or benign influence in organisations, rather a mechanism for management control through surveillance. This view locates management accounting specifically in the context of management control theory. The contingency approach to management accounting is based on the premise that there is no universally appropriate accounting system applying equally to all organisations in all circumstances Emmanuel, Otley, and, Merchant, (1990). Rather it is suggested that the particular features of an appropriate accounting system will depend upon the specific circumstances in which an organisation finds itself.

Emmanuel et al., (1990) drew attention to the fact that Management Accountants, in acknowledgement of changing circumstances have always attempted to adapt systems in order to make them more useful. However, adoption of a contingency approach was original because it required management accountants to identify and assess the impact of contingent variables on the design of a MA control system. Emmanuel et al., (1990) concluded that the theory was more successful in identifying contingent variables than it was in assessing their impact on the design of a management control system. He suggested that this could be partially explained by the fact that the theory focused exclusively on MA controls whereas, in fact, organisations use a much wider range of overall controls.

How effective the design of an accounting system is depends on its ability to adapt to changes in external circumstances and internal factors. We presume that organisations operate as open systems, being concerned about their goals and responding to external and internal pressures. The contingency-based approach assumes that management accounting systems are adopted in order to assist managers in achieving some desired company outcomes or goals. If a management accounting system is found to be appropriate, then it is likely to provide enhanced information to the individuals who then can take improved decisions and thus achieve the organisational goals in a better way.

The major external factors that have been examined at the company level in management accounting and control (including cost accounting) research are external environment Chapmann, (1997); Hartmann, (2000), and national culture Hofstede, (1984). The most widely emphasised research aspects are environmental uncertainty and hostility. The hardly predictable environmental elements have their own impact on organisational structure, performance evaluation, budgeting and budgetary control, and are associated with more open and externally focused financial accounting systems. Environmental hostility from intensive competition stresses the importance of formal control and sophisticated accounting Otley, (1978). The most common internal factors that have been examined in relation to management accounting are organisational size Merchant (1981), technology Dunk, (1992), and companies' strategies Chenhall, and Morris, (1995).

As organisations become larger, the need for managers to handle greater quantities of information increases to a point where they have to institute controls, such as rules, documentation, specialization of roles and functions, extended hierarchies and greater decentralization down to hierarchical structures Child and Mansfield,(1972). Khandwalla (1972) found that large firms were more diversified in product lines, as well as more divisionalised and employed mass production techniques and more sophisticated controls. According to Merchant's study (1981), large companies are more decentralised and use more sophisticated budgets in a participative way. In conclusion empirical research of contingency theory in management accounting has been conducted at different levels (industry, firm, and units of a firm), considering different contextual factors. The present study is purposed to use the contingency theory and IFAC-based model to investigate the sophistication level of MAPs in the sample medium and large enterprises sector in Ghana.

Chapter Summary

The chapter defined some concepts relevant to the study. IFAC's conceptual framework and contingency theory were highlighted in the literature while at the same time literature relevant to the study was reviewed. The literature highlighted on contentions generated by the various authors on issues pertinent to the study. The next chapter outlined the methodology on how the research objectives were carried out and achieved.

CHAPTER THREE

THE RESEARCH METHODOLOGY

3.0 Introduction

This chapter would give discussion of different methods and procedures used and done in the study. In this part the different techniques used in this research method would be discussed to give explanation of its purpose for the study. This section focuses on, research design, population, sample and sampling technique, sources of data, research instrument, validity of the instrument and finally, a brief background of the research area.

3.1 Research Design

This research utilises the survey method. Survey was chosen as a research technique in this study to investigate and describe management accounting practices of selected MLEs in Ghana. The argument for choosing survey was based on two major reasons. Firstly, survey provides a quick, efficient and accurate means of assessing information about the population. Secondly, survey is more appropriate where there is a lack of secondary data. In this case, there was limited data of management accounting practices on companies in Ghana; thus, conducting a survey to gain information about management practices was necessary. Surveys may be further classified by the communication medium used into mail, telephone survey and personal interview (Emory, 1985).

For the constraint imposed by the entire population of the MLEs in the industrial sector could not be studied. On this basis, a careful selected sample size has been chosen to form the basis of investigation.

The sampling technique used in this respect was quota sampling (non-probability). The selection of companies in Ghana was based on basis of personal judgement. The justification for the choice of this method is that the entire population within which to select the sample size is unknown. However, a limited number of populations was chosen. To this end, the population was regrouped into subgroups that are more or less equal on characteristics to enable the researcher screen the various companies using defined criteria for the selection of the sample of the population that could give true and fair view of the impact of MAPs in the changing role of management accounting practices in selected companies in Ghana. The reason for taking this method is to have a procedure that ensures that certain characteristics of a population sample will be represented to the exact extend that the investigator desires Zikmund, (pp 352, 2000).

3.2 Population

The main respondents are the financial Directors and Management Accountants of the companies and the firm's accountant. However, where there was no management accounting department, the principal respondent is the head of finance section. To this end Forty-two Companies springing from; Banking, wood products, mining, Agro-Chemical, construction firms, pharmaceuticals, Trade and commerce and others were selected and zoned into three to represent the three industrial sectors in the country.

These are manufacturing/industry, service (banking, commerce and trade), and Agriculture/Others (Mining, construction, Agro-chemical companies etc.).

3.3 Sample Size and Sampling Procedure

Sampling in research refers to collecting information about some group of people in order to answer the research questions. A sample is a subset of a larger group called population (Fink, 2003, p. 33). The sampling units for this research were the management accountants and managements of selected companies. Quota sampling method was deemed appropriate as it allows the researcher to classify population by pertinent properties, determines desired proportion of sample from each class, fixes quota for each interviewer Zikmund (2000). The appropriate characteristics of the sample members are their managerial skill and experience vis-a-vis management accounting practices among enterprises. With this sampling method it was acknowledged there could be the risk that the sample was less than fully representative. The choice of sampling method was influenced by the sampling criteria of available resources, and knowledge of the target population.

3.3.1 Characteristics of Sample

The sample population was drawn from the companies in Ghana with due cognisance to their outstanding characteristics that could be used to draw a valid conclusion. The companies sampled for this study were at first chosen on the basis of grouping the companies into three. These were; manufacturing, Service and Agriculture. Even though the sampling process was not carried out totally randomly, the sampling process ensures a good representation of population.

In total, the sample comprises forty-two selected companies. The eligibility criteria were selected based on conditions that:

1. Companies should have been registered with the registrar of companies,
2. Companies that have 30 and more employees and with assets valued and turnover not less than GH¢ 1,000,000.00. Hence, Medium and Large Enterprises (MLEs) were the focused population while the Micro and Small Enterprises (MSEs) were excluded.
3. Companies should have audited accounts for at least last two years,
4. Companies should be in good standing with all regulatory bodies relevant to their operations (i.e., Internal revenue service, Value added Tax service and SNNIT) , and finally
5. Companies with government interest, Government shares should be below 55 percent.

   Source; Researcher's field survey

3.4 Sources of Data

Primary data was utilised. The following were the rationale for the choice of primary data for this study;

1. When the use of large number of respondents in different locations is possible.
2. If the social climate is open enough to allow full and honest answer.
3. If there is a need for standardised data from identical questions without need to have face-to-face interactions.
4. If the addressed respondents are able to read and understand the questions.

Based on the above reasons the questionnaire was used to collect primary data on management accounting practices of sample MLEs in Ghana.

3.5 Research Instrument

3.5.1 Introduction

This section focuses on the data collection instrument in the survey. The research utilised questionnaire and unstructured interview as the data collection tools.

3.5.2 Questionnaire Design

A set of questionnaire was administered, to management of the selected companies. Each questionnaire has thirty-four questions (see Appendix at page 74 to 78). Section 'A' focused on the respondents and the company profile, and finally the characteristics of the companies selected. The second section 'B' was further divided into four subsections; B1: identifies the present role of management accounting system and accountants, as well as management accounting process. B2: management information and control systems. B3, the evolution and changes in management accounting practices in Ghana, and finally B4: The changing roles of management accounting in Ghana. A closed-ended questionnaire was designed for the purpose of this project. Below is a breakdown of how the questionnaire was distributed;

Table 3.5.2 Questionnaire Distribution

SECTORS	FIRMS	% COMPOSITION
MANUFACTURING	17	40
SERVICE	15	36
AGRICULTURE	10	24
TOTAL	42	100

Source: Researcher's Survey Design, 2009

3.5.3 Personal Interview:

This is a face-to-face question and answer session between the person asking the questions and the respondents. The personal interviews enabled the researcher to clarify a lot of conflicting issues and eliminated misunderstanding and contradictions since it required the presence of the researcher. The interview was conducted concurrently with the administration of the few self-administered questionnaire.

3.6 Validity of the Instrument

According to Saunders et.al; (2007), validity is concerned with whether the findings are really about what they appear to be about. To validate the instrument used, the researcher pre-tested a sample of the set survey questionnaire. This was done by conducting initial survey to at least three participants zoned into; manufacturing, service, and Agriculture. After the respondents have given their answers to the questionnaire, they were asked to cite the parts of the questionnaire that needs amendment. Afterwards, the content of the survey questions was reanalysed to remove the unnecessary questions.

3.7 Analysis Technique

Statistical Package for the Social Sciences (SPSS) was used to perform descriptive and quantitative analyses. The quantitative analysis employed for this research was based on frequencies, tables, percentages and a pie graph while, the descriptive was based on using the theories to analyse the primary information. The instruments of data collection were tailored from primary source after the researcher had realised their efficiencies and effectiveness to give a positive result on what they were meant to measure (research objectives). Interestingly, the content of the instruments aligned with the objectives of the instruments.

3.8 Background of Research Area

The term small, medium and large enterprises (SMLEs) covers a wide range of definitions and measures, varying from country to country and between the sources reporting SMLE statistics. Although there is no universally agreed definition of SMLE, some of the commonly used criteria are the number of employees, value of assets, value of sales and size of capital. Among them the most common definitional basis used is employees because of the comparatively ease of collecting this information, and here again there is variation in defining the upper and lower size limit of an SMLE. Despite this discrepancy, a large number of sources define medium enterprises to have a cut-off range of 30-99 employees.

In the United States and Canada medium enterprises, generally include firms with less than 500 employees. The EU defines a medium-sized enterprise as one with 250 employees, a small enterprise as one with less than 50 and microenterprise as one with a maximum of 10 employees. At the same time, to qualify as an SME in the EU, a firm must have an annual turnover of Euro 40 million or less and/or a balance sheet valuation not exceeding Euro 27 million. In case of Japan SME is defined as a firm with employees of 300 or less and capital size of 300 million yen or less in manufacturing, a firm with employees of 50-100 or less and capital size of 50 million in retail and service sector. In developing countries, the number of employees and the size of asset or turnover for SMLE tend to be much smaller compared with their counterparts in developed countries due to their relative size of business entities and economics. The National Board for Small Scale industries (NBSSI) classifies MLEs as follows: Medium enterprise: 30 - 99 employees, and Large enterprise: 100 and more employees Mensah, (2004).

This research focused on Medium and large enterprise to determine the impact of management accounting practices have on firm's management and growth. The research would use the operational definition of National Board for Small Scale industry for Medium and Large Enterprise (MLEs). The rationale for the choice of MLEs is based on the premise that the private sector development is said to be critical for employment creation, growth and development of Africa Kurokawa, Tombo, Willem, and Velde, (2008). However, small and medium enterprises sector in Ghana face a host of growth constraints as most of them are beset with host of problems and constraints.

Chapter Summary

The chapter explained the procedures that were employed to collect the field data for analysis component of the study. The adoption of both descriptive and quantitative techniques in the data collection was to ensure cross checking and confirmation or otherwise. Due to the resources constraints, the sample size was limited to 42 medium and large enterprises in Ghana. Survey questionnaire was utilised to collect field data for the study. The analysis of the field data is presented and discussed in the next chapter.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter aims to analyse the data collected by questionnaire; the questionnaire was addressed by sample MLEs in Ghana. After the data collection the next thing to be done is data presentation, interpretation and analysis. It is important that the research output be presented in an organised, coherent and understandable manner so that those who will read the research can propose important decisions about the results of the study. This section intends to discuss the information acquired from the survey done for this research. The study is divided into two parts. The first part section 'A' discusses the profile of respondents and the respondent companies. The second part, section 'B' is further divided into four; B1 (the current role of Management Accounting (MA), and management accountants), B2 ((MA) information and controls), B3 (the evolution process of Management Accounting Practices (MAPs)), B4 (the changing role of MAS)).

In line with the research questions, the study was limited to; management accountants, accountants, financial controllers, and managers whose responses were key to the achieving of the set objectives of the study. However, the selected few dealt with the presentation and discussion of responses from the companies on the topic of study under the following sub-headings:

4.1 The Response Rate

The questionnaire was sent altogether to 42 selected companies in Ghana in June, 2009. Ten of the questionnaire was self administered while a total of 32 were emailed to companies outside Kumasi. A reminder was sent after one week. In total, 14 emails reached the recipient as in 10 cases the email was bounced back due to invalid address and in 8 cases the recipient was not reachable due to personal factors (e.g., illness, maternity leave or retirement). Altogether, 24 responses were received including the self administered questionnaire within two weeks of which 20 were usable for the analysis. Thus, the unusable response rate was 16.67 % (4of 24), while the response rate for usable answers was 83.3 %. (20 of 24). The respondents comprised of the senior level managers, including Chief Executive Officers, financial controllers, accountants and Management Accountants. In the light of this, the sample size was reduced to 20 instead of the planned 42 respondent companies representing 47.62 percent (20 of 42). Table 4.1 shows the profile of the respondent firms;

Table 4.1. Companies Data

NAME OF SECTOR	RESPONDENT COMPANY
Manufacturing	1. Lumber and Logs Limited-Kumasi
	2. DOMOD Aluminium company -Tema
	3. GHACEM Ltd-Subsidiary Firm
	4. Nana Kwasi Oppong & Sons Co. Ltd.
	5. .Kama Health Services-Kumasi
	6 Fan Milk Ghana Ltd- Accra
Service	1 Prudential Bank Ghana Ltd-Accra
	2 Nwabiagya Rural Bank Ltd-Kumasi
	3. Ecobank Ghana Ltd
	4 Vodafone Ghana Ltd
	5 Garden City Saving & Loans Companies-Kumasi
	6 Toyota Ghana Ltd-Subsidiary Firm
	7 Cal Bank Ltd
	8. Agricultural Development Bank Ghana Ltd
Agriculture	
	1 Agricare Ltd-Kumasi
	2. Darko Farms & Company Ltd-(Joint Venture)
	3.Multivate (Agro-Chemical) Co. Ltd-Kumasi
	4 Tractor & Equipment Co Ltd- Subsidiary Firm
	3 Agric Engineering Co. Ltd
	6 Crocodile Machetes Ghana Ltd- Subsidiary Firm

Source; Research Design 2009.

4.1.1 Background of Respondents and Companies' Profile

The respondents' background is summarised in Table 4.1.1. Twenty percent of the respondents were financial controllers, 30% were accountants, 35% were management accountants and 15% of them were other managers. This demonstrates the fact that there is a growing importance of management accountants in the firms in Ghana. It clearly implies that the perspective of the study will be from the core group (management accountants). On gender, a majority of the respondents were male (70%). This point to the fact that women are not so much involved in the management level of MLEs sector. It shows that the study will be from the man's perspective.

The data further showed that with regard to working experience, more than 65 percent of the respondents have been in the position for over 3 years. The implication of this data shows that the participants of the study have been in the industry for long time and have experienced many things that can contribute to determining the changing role of management accounting and accountants. Again, it suggests that the respondent have a lot of ideas regarding what are best for the industries. Finally, five percent had Diploma/HND, while fifty percent of them had completed a professional degree, with 10% holding a Master's degree and 35% with a bachelor qualification. This means that majority of the sample had at least professional certificates in addition to graduate or post graduate degrees from the universities and professional institutions. This group of respondents will give the study a perspective that is based from the notion of learned individual. The calibre of human resources occupying management position, one could deduce from the data that the information was from the right source.

Table 4.1.1: Background of Respondents

	Frequency	Percent
Position:		
Financial Controller	4	20
Management Accountant	7	35
Accountant	6	30
Others/ managers	3	15
TOTAL	20	100
Gender:		
Male	14	70
Female	6	30
TOTAL	20	100

	Frequency	Percent
Industry:		
Manufacturing	6	30
Service	8	40
Agriculture	6	30
TOTAL	20	100
Value of Assets		
< GH¢5 million	6	30
GH¢5 million – GH¢ 24 million	4	20
GH¢ >25 million	10	50
TOTAL	20	100
Ownership Structure:		
Local (>100% local)	12	60
Foreign (> 100% foreign)	5	25
Joint Venture	3	15
TOTAL	20	100
Capital invested/Shareholder's Fund:		
< GH¢25 million	10	50
>GH¢ 25 million	10	50
TOTAL	20	100

Source: *Field Survey, 2009*

4.1.3 Business Classification of Responding Firms

The data gathered form the survey consisted of medium and large enterprises (MLE). In this analysis, the researcher defines MLEs; Medium Enterprises: Employ between 30 and 99 people with assets value of less than GH¢ 5 million while the Large enterprises are those firms with assets valued at over GH¢ 5 million. The implication of the information is that the data is almost complete representation of the entire industrial sector of Ghanaian companies as it captures not only the medium enterprises but also the large enterprises. In Ghana, available data gathered from the registrar of companies indicates that about 90 percent of companies registered are small and medium enterprises. This shows that the large enterprises are just 10 percent of the industrial sector which confirms the idea of Kurokawa, et al., (2008) that small and medium enterprises faced host of constraints in terms of growth.

Table 4.1.3 shows that the distribution of the firms according to sales turnover. 30 percent of the firms recorded an annual sales turnover of less than GH¢ 5 million, while the other 70 percent also recorded an annual sales of more than GH¢ 5 million. Table 4.1.4 on the other side, explains the companies in terms of employees' size. The data reveals that a firm's size has a significant effect on its turnover. However, when it is either expressed in ratio/percentage, the correlation stands to be insignificant between the firm's size and its turnover. This notwithstanding, larger firms maintain a strong capital base so as to maintain and lure investors, creditor and market confidence and to sustain future development of the business. This explains the assertion of Mensah, S. (2004) that the small and medium enterprises are constraint with access to finance.

Table 4.1.3 Business Classification of Responding Firms

Turnover	**Type of Business**	**Frequency**	**Percentages**
GH¢ < 5 Million	Medium Scale	6	30
GH¢ >5 Million	Large scale	14	70
Total		20	100

Source: *Field Survey, 2009*

4.1.4 Number of staff in the company

30 percent of the responding companies have between 30 and 99 staff population, while the other 70 percent of the firms have staff population of over 100 as shown in table

4.1.5. The firms with staff population less than 100 and more than 29 are classified as medium enterprise while the companies with more than 100 employees are classified as large enterprises based on the national board for small scale industries (NBSSI) operational definition of small, medium, and large enterprises in Ghana.

Table 4.1.4 staff Structure

Number of Persons	Frequency	Percent
30-99	6	30
100 and over	14	70
Total	20	100

Source: *Field Survey, 2009*

4.1.5 Management Accounting Departments (MADEP)

Table 4.1.5 below shows the responses when a question was asked on "does your organisation have a management accounting department?" The data revealed on the number of management accounting department that the companies operate. From the survey, it was discovered that 14 respondents representing 70% responded 'yes' while the remaining representing 30% responded 'no'. The data revealed that almost all the large respondents in the service sector have management accounting department. This information nullifies the idea that management accounting practices are mostly employed by the manufacturing services in relation to the rest of the MLE sector in Ghana.

Table 4.1.5 Management Accounting Department

	Frequency	Percentage
Yes	14	70
No	6	30
Total	20	100

Source: *Field Survey, 2009*

Further analysis based on questions (4.1.12 to 4.1.14 in appendix 1) of the questionnaire suggested that the highest of the respondents representing 70 percent of the companies claimed that they have management accounting departments, 30 percent have managers performing general functions. However, an average of 85% percent of the responding companies claimed to have a section in their organisation that is responsible for formulation of policies, directing, organizing, planning and controlling of activities. The data confirms what Drury (2004) and Atkinson et al., (2001) that management accounting provides useful information for management to achieve the firms' objectives.

Again, the data revealed that 30 percent of the respondents do not have Management Accounting Department (MADEP). These firms were later identified to be part of medium enterprises. The implication of this scenario explains why most of the small and medium enterprises in Ghana flop and others unable to grow and become large enterprises. Most of these firms by their nature and out of ignorance do not recognise the role of management accounting in their companies. Hence, the managers who may not have enough training will have to perform all the sundry administrative duties. This assertion is confirmed by Frimpong, that "about one in five new businesses fail in the first eight years, and another third close because of entrepreneur not getting proper training".

Moreover, the information further suggested that 40 percent of respondent companies have over 10 staff in the management accounting department (MADEP), 30 percent have between 5 and 10 staff while 30 percent of the firms have less than 5 staff in MADEP. Interestingly the heads of the MADEP are chartered Accountants who have other professional and academic certificates in addition. The data clearly show that all the firms even including the medium enterprises have at least professional accountants. Admittedly, one could infer from the information that there is a correlation between the firm size and the engagement of the services of professional accountants. Again, one can conclude that as firms grow, management sees the growing importance of management accounting and therefore increases the staff size and create a special section for management accounting functions. This view is shared by Merchant, (1981) that the most common internal factors that have been examined in relation to management accounting are organisational size.

4.2 MAPs in MLEs in Ghana

4.2.1 Present Functions of Management Accountants (Research Q1)

Companies were given three scales (1-3) to rank the roles of management accountants in their organisations, giving 3 to the important and 1 to the unimportant. When the question was asked on the present functions by the management accountants, the data revealed that management accountant perform important functions. Majority of the respondent companies on average 59 percent gave a rank of 3 (important) to provision of information required by management, formulation of policies, planning and controlling of activities, disclosure to employees and decisions or taking of alternative course of actions, disclosure to those external to the entity and safeguarding of assets as roles for management accountants. However, about 28 percent ranked the six functions as ambivalent while, on average 13 percent of the respondents ranked the six functions above as unimportant (see table 4.2.1). The data demonstrates that management accountants add value and this confirms Atkinson et al., (2001) when he outlined the functions of management accounting.

Table 4.2.1: The Present Role of Management Accountants

	Unimportant (%)	Ambivalent (%)	Important (%)	Total
Provision of information required by management for: Formulation of policies	10	20	70	100
Planning &Controlling of activities	5	25	70	100
Decision/taking of alternative action	5	35	60	100
Disclosure to those external to the entity	15	35	50	100
Disclosure to employee	30	20	50	100
Safeguarding asset	15	30	55	100
AVERAGE RANKING	13	28	59	100

Source: Researcher's Survey Findings, 2009

4.2.2 Management Accounting & the Management Process (Research Q1)

The responses on why management accountants participate in management is also similar to the above. Majority of the respondents on average 66 percent ranked as important management accountants' participation in management to ensure that there is effective; formulation of plans to reach objectives, formulation of short term operating plans and obtaining and controlling finances (treasury management), recording of actual transactions, corrective actions/financial control and reviewing and reporting on system of operations as important reasons for management accountant's involvement in management. While on average 23 percent of the respondents ranked management accounting participation as ambivalent and 11 percent of the respondent companies ranked the participation process as unimportant. (see table 4.2.2). The implication is that management accountants play prominent function for the enterprise growth. This confirms what Drury, (2004), and Birkett (1989) identified in their studies that the purpose of management accounting was to "provide management with the necessary key information as quickly and accurately as possible, to enable apt action to be taken.

Table 4.2.2: Management accountants' participation in the management process

	Unimportant (%)	Ambivalent (%)	Important (%)	Total
formulation of plans to reach objectives	5	10	85	100
formulation of short term operating plans	5	30	65	100
Recording of transactions	15	30	55	100
Corrective actions/financial control	15	25	60	100
Treasury management	15	30	55	100
Reviewing & Reporting on system of operations	10	15	75	100
AVERAGE RANKING	11	23	66	100

Source: Researcher's Survey Findings, 2009

4.3 Management Information and Controls (Research Q1)

4.3.1 Information Technology

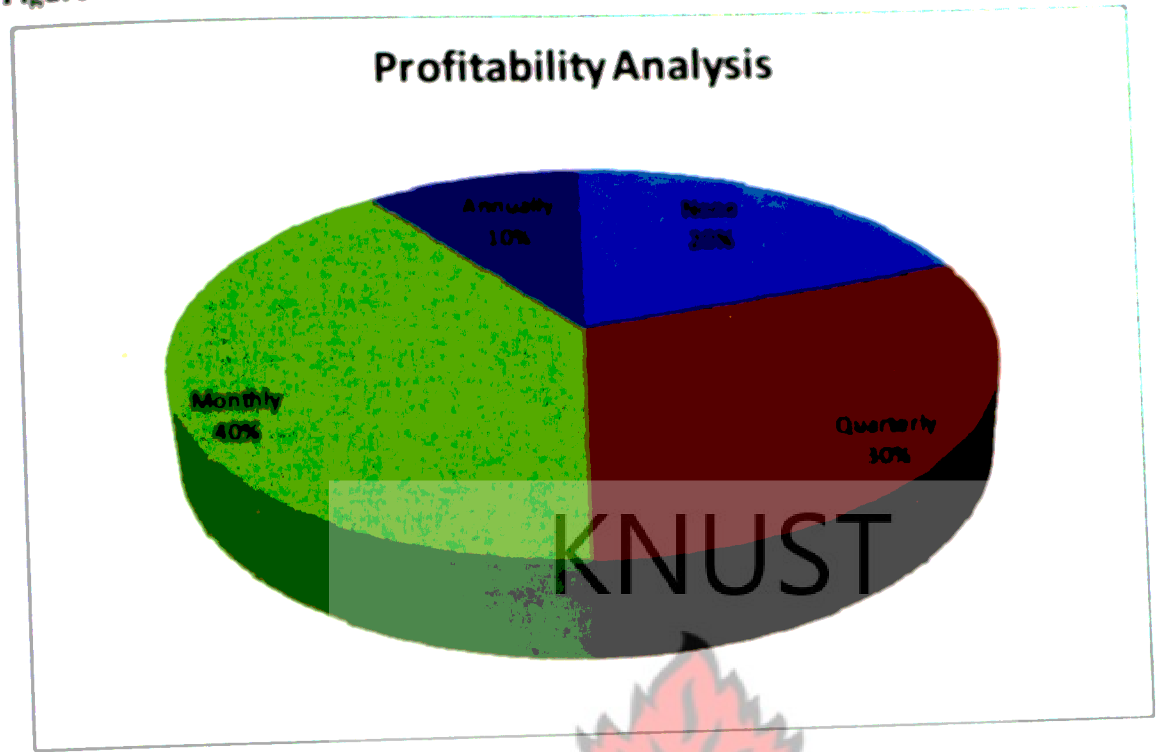
The data collected showed that most of the respondents 85 percent always use computers, 10 percent of the respondent companies use computers sometimes while 5 percent responded they rarely/never use computers. Also, when a when a further question was asked about the popular computer application the companies use. Admittedly, 90 percent of the responding companies said they use some customised software like; Flexcube, tally accounting, and other enterprise system software while the remained respondents (10 percent) did not respond at all. The implication of the data suggests that organisations have become more complex in terms of their corporate structure and geographical presence due to the globalisation process, and they are facing an increasing amount of data to be handled in daily operations. To overcome the problems incurred by different information systems within the organisation, companies have to network all their operational systems into one single system which according Russell et al., (1999), computer system upgrading is a primarily task of management accounting. This validates a statement a Managing Director of one of the respondents said on the need to leave the excel-world behind as follows:

"The Excel is convenient for all kinds of to and fro but when the volume (of information) increases then the pain increases and the system suffocates by itself." Field survey, *March*, 2009).

4.3.2 Profitability Analysis

When a question was asked on the profit analysis, 80 percent (16) of the respondent claimed that they analyse profit while 20 percent (4) of the respondents never assessed the profitability of their production/service activities. Again, the data assembled further showed that 80 percent of those who analyse their profits; 40 percent of the respondent (8) claimed that they do so monthly, 30 percent of the respondents (6) responded that they do so quarterly while the remained 10 percent of the respondents (2) also claimed that they do so yearly. Moreover, the data gathered revealed that the four respondent companies that never analysed their profitability claimed that they do not see the need to analyse when asked to give reasons. See figure 4.3.2. The data disclosed that the 4 respondents who claimed they never analyse their profits were almost found in medium enterprises where most of the enterprises are owned and managed by families. This undoubtedly explains why some firms flop and are unable to grow to become large firms. With regard to the firms that analyse their profit the information suggested that most of the do so monthly thus confirming what Sharma (1998) observed in his studies that new techniques such as strategic planning, product profitability analyse and others will be assumed increased importance in future.

Figure 4.3.2 Profitability Analysis



Source: Researcher's Survey Findings, 2009

4.3.3 Performance Reporting

A question sought to ascertain how the performances of managers are evaluated. 20 percent placed a strong emphasis on a manager's success in meeting budgets, 30 percent emphasised manager's performance relative to others within the organization, 25 percent and 15 percent respondents favoured managers' ability to control cost and financial performance respectively. Only 10 percent of respondents indicated that they compare their manager's performance relative to competitors. The responses of the survey are shown in table 4.4.1. The data demonstrates that most of the firm are in stage 3 as IFAC study of management accounting practices identified. The implication of this information is that most of the respondent companies are in the process of reducing cost and waste in the most efficient and effective manner to achieve the firms' objectives.

Table 4.3.3 Evaluation of the performance of manager

	Frequency	Percent
Manager's success in meeting budgets	4	20
Manager's performance relatively to others within the organisation.	6	30
Managers' ability to control cost	5	25
Financial performance	3	15
Compare their manager's performance relatively to competitors.	2	10
TOTAL	10	100

Source: Researcher's Survey Findings, 2009

4.3.4 Investment Appraisal Techniques

Majority of respondents 16 out of the 20 (80 percent) indicated that they appraised their capital investment decisions while 4 (20 percent) of the respondents responded that they do not appraise their investment. However, when a question was asked on the technique employed in the company a combination of the investment appraisal techniques was favoured most (45 percent representing nine firms). 20 percent (4 firms) and 15 percent (3 firms) of respondents favoured payback period technique and net present value respectively. Only 15 percent and 5 percent respondents favoured internal rate of return and accounting rate of return respectively. A reason for the high support of a combination of all the investment appraisal technique could be as a result of the different kind of investment opportunities requiring different financing methods. The implication is that although theoretically the Net Present Value is popular, the data proves that in practice most firms stick to Payback. The information again suggests that accountants must have foresight, and be less backward looking, and more risk taking which compliments Zarowin, (1997) when suggesting skills accountants should possess.

Table 4.3.4 Investment appraisal techniques

	Frequency	Percent
Payback period technique	4	20
Accounting rate of return	3	15
Net present value	3	15
Internal rate of return	1	5
Combination of the techniques	9	45
	20	100

Source: Researcher's Survey Findings; 2009

4.4 Evolution process and Change in MAPs in MLEs in Ghana (Research Q 2)

The mean data table 4.4A and 4.4B below, allow the study to conclude that of the 20 firms, 23.3 percent (4) are in stage 1 (cost determination and financial control), 25 percent (5) are in stage 2 (information for planning and control), 30 percent (6) are in stage 3 (reduction of waste of resources), while the remained 25 percent (5) are in stage 4 (value creation). The data suggests that about 55 percent (11) of the firms have management accounting systems in either stage 3 or stage 4 of the International Federation of Accountants' (1998) evolution process.

Table 4.4A Classification & Descriptive Statistics Of MAPs in Ghana

STAGE OF EVOLUTION OF RESPONDENTS	**N**	**Mn**	**Max**	**Mean**
COST DETERMINATION & FINANCIAL CONTROL-(CDFC) STAGE 1				
Budgeting for controlling cost	20	1	6	3.65
Capital budgeting	20	2	6	3.80
Cost accounting techniques	20	1	6	3.50
Financial control	20	1	6	3.10
Performance evaluation based on financial measures	20	1	6	2.95
TOTAL AVERAGE				**3.4**
INFORMATION FOR PLANNING AND CONTROL-(IPC) STAGE 2				
Budgeting for planning	20	1	6	3.95
Planning and controlling of operations	20	1	6	3.80
Safeguarding assets	20	1	6	3.20
Disclosures to those external to the entity	20	1	6	3.30
Disclosures to employees	20	1	6	4.00

Profitability analysis	20	1	6	3.65
Return on investment techniques	20	1	6	3.70
Reviewing and reporting on system of operation	20	1	6	3.10
TOTAL AVERAGE				**3.588**
REDUCTION OF WASTE OF RESOURCES-(RWR) STAGE 3				
Risk management	20	1	6	4.30
Budget setup	20	1	6	4.05
Quality of systems and controls	20	1	6	4.30
Financial performance	20	1	6	3.75
Costing techniques	20	1	6	3.85
Managers ability to control cost	20	1	6	4.40
Performance evaluation based on non-financial measure(s) related to employees	20	1	6	3.05
Compare manager's performance relatively to competitors	20	1	6	4.25
Computer system and operations	20	1	6	3.10
Performance sensitivity analysis when evaluating major capital investment projects	20	1	6	3.85
TOTAL AVERAGE				**3.890**
CREATION OF VALUE-(CV) STAGE 4				
Target costing	20	1	6	3.95
Long term strategic planning	20	1	6	3.55
Value creation	20	1	6	3.25
Benchmarking	20	1	6	3.90
Customer profitability analysis	20	1	6	3.95
Compliance reporting	20	1	6	3.30
Calculation and use of cost of capital in discounting cash flow for major capital investment evaluation	20	1	6	3.55
Shareholders' value analysis	20	1	6	3.70
Analysis of competitive position	20	1	6	3.95
Cost savings	20	1	6	3.60
Provision of valuable, time and accurate information	20	1	6	4.00
Planning and controlling the organisations' operation	20	1	6	3.30
Analysis of competitors' strengths and weaknesses	20	1	6	3.80
TOTAL AVERAGE	**20**			**3.677**

Adopted from IFAC 1998 for the Survey findings 2009

Table 4.4B Summary of Mean Value of Usage of MAPs in Ghana

STAGES OF EVOLUTION OF MAPs	FIRMS	MEAN	PERCENT
Cost Determination & Financial Control-CDFC	4	3.40	23.3
Information for Planning and Control-IPC	5	3.59	24.7
Reduction of Waste of Resources-RWR	6	3.89	26.7
Creation of Value-CV	5	3.68	25.3
TOTAL	20	14.56	100

Source: Research survey findings, 2009.

4.5 The changing role of MAS in Ghana (Research Q 3)

4.5.1 The changes and initiative for changes in MAPs in the last 5 years

74% of the respondents of the survey had made changes in different management accounting practices in the years 2004-2008. Half of the respondents had planned to make such changes in their management accounting system, which would yield more detailed and segmented cost information. Among the main areas needing improvement, the following were pointed out: the companies' budgeting for planning and control, costing techniques, investment appraisal techniques, and the evaluation performance techniques.

The respondents in the survey conceded that mainly two driving forces had made them develop their companies' management accounting systems, namely, the need for more detailed divisional (segmental) performance information (70% of the respondents) and changes in the organisational structure (65%) (See Table 4.5.1). Thus, the growing market pressures have raised the companies' awareness about the need for more detailed cost information. Such catalysts as changes in production/service technology and market structure had comparatively less influence on the improvements made by the companies in their management accounting systems. The analysis suggest that provision detailed information is important for the changes. The survey fulfils Birkett (pp. 16, 1989) finding that the purpose of management accounting was to provide management with the necessary key information as quick and accurately as possible to enable appropriate action to be taken.

Table 4.5.1 Changes in MAS during 2004 2008

Reasons	**Number of companies**	**Percentage**
Need for more detailed information	14	70
Changes in organisation structure	13	65
Changes in production structure	6	30
Changes in production technology	10	50
Changes in market structure	12	60
Other reasons	2	10

Source: Researcher's Survey Findings; 2009

4.5.2 Review of management accounting system

85 percent of the respondents claimed that they review their management accounting systems while the remained respondents failed to respond. However, when a question was asked; "how often do you review your management accounting system?" Most respondents 35 percent favoured reviewing of their management accounting monthly/or when the need arises. 30 percent favour annual review of management accounting system (MAS), while 20 percent favour a further quarterly review. 15 percent never or rarely do review. The information suggests that as reviews are constantly carried out in management accounting systems, the MAPs adapt to the environment to boost a result. This assertion is held by Merchant and Otley (2007) that "management system is designed to help an organisation to adapt to the environment in which it is set to deliver the key results desired by stakeholder group."

Table 4.5.2: Review of MAS

	Frequency	**Percentage**
Annually	6	30
Quarterly	4	20
Monthly/when the need arises	7	35
Never/rarely	3	15
TOTAL	20	100

Source: Researcher's Survey Findings; 2009

4.5.3 Expected Change in MAPs

A further question sought to ascertain the type of change the companies expect in the next decade. Majority of the respondents expect a highly computerised financial information system that integrates all the functional areas of the enterprise, manpower development, cost reduction and growth induced policy, and overall economic change that will strengthen and revamp the micro-economic stability to bring about change in global economic recess.

Moreover, with regard to the expected function of management accounting, the responding companies considered to be strategy, decision making, forecasting and planning (50%, 20 respondents) followed by reporting and information provision at 30% (20 respondents). Performance measurement was also mentioned by 4 respondents (10%) while performing financial and economic analysis claimed 10%. Hence, the two major functions of the management accountant of the future appear to be providing information and dealing in strategy and planning. This survey confirms prior research that the relative emphasis on each is changing (reversing).

Table 4.5.3: Expected Change of Management Accounting Systems

	Frequency	Percent
Strategy, decision making, forecasting and planning	10	50
Reporting and Provision of timely information to support decision making	6	30
Performance measurement	2	10
Performing financial and economic analysis	2	10
TOTAL	20	100

Source: Researcher's Survey Findings; 2009

4.5.4 MAPs and performance

The table 4.5.5 below shows the responses of the respondents when a question; "do management accounting practices aid performance?" 14 of the respondents which represent 70% of the total sample size answered 'yes' while 6 of the respondents representing 30% failed to answer. The response reveals that when the right accounting practices are laid down, they strengthen and sustain performance of management and management cost system which will invariable increase market share, the wealth of shareholder and sustain the viability of the firms. However, the reverse is true hence, justifying the roles of management accounting practices in large enterprises and the rationale for SMEs inability to grow to become the engine of growth for the Ghanaian economy.

Table 4.5.4 Accounting practices aid performance;

	Frequency	Percentage
Yes	14	70
No response	6	30
Total	20	100

Source: Researcher's Survey Findings; 2009

Chapter Summary

The chapter analysed the data collected from; management accountants, accountants and managers to mention a few to explore the management accounting practices in medium and large enterprises in Ghana. The parameters set for the purpose of this study in explaining management accounting practices in MLEs sector were analysed based on the data collected. This has set the scene for the next chapter which is devoted to the research summary, recommendations, and conclusion.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The previous chapters concentrated on introductory aspect of the study which delved into the problems statement, the objectives of the study, the relevance of the study, the scope of the study, the limitations of the study, and the organisation of study. It also reviewed the pertinent literature of the study. Again, the methodology and the background of the research area were discussed. Finally, the data assembled through the primary source was meticulously analysed based on the research questions raised in the introductory chapter.

However, the focus of this chapter is to summarise the findings analysed from the data gathered through the survey in chapter 4. It further discusses the summary of the researcher's recommendations, which were possible solution to the problems identified and the conclusion of the study.

5.1 Summary of Major Findings

5.1.1 The Roles of MA and Management Accountant

It was discovered that Management Accounting information is required by management in assisting them in formulation of policies, directing, organizing, planning and controlling of activities. This fulfils the assertion held by Drury (2004) who admittedly outlined the key role of management accounting practices in any organisation. In addition to these, they participate in management to ensure there are effective: Formulation of plan to reach objectives, Formulation of short term operating plans, Recording of actual transactions, Corrective actions / financial control, Obtaining and controlling finance /Treasury and Reviewing and reporting on System of Operations to the management and other users of financial information.

The data shows that Management accounting is an integral part of the management process. There has been growing importance of management accounting and accountants in the service sector of MLEs in Ghana which nullifies the idea that it is popular with only the manufacturing companies. Interestingly, all the respondent firms have at least a professional certified accountants with a special section created for management accounting.

The findings further shows that management accountants perform the following functions; provision of information required by management, formulation of policies, planning and controlling of activities, disclosures to those external to the entity, managing accounting and finance function, profitability analysis to mention but a few. Again, the finding shows that medium enterprises do not have department meant for management accounting for managerial accounting functions and could be the key reason for small and medium enterprise to be saddled with growth difficulties in Ghana.

5.1.2 The stage of evolution process MAPs

The findings revealed that Management Accounting is in the stage of evolution process in MLEs in Ghana. It is concerned with the process of; cost determination and financial control through investment appraisal techniques, budgeting planning and controls. Provision of information for management planning and control by environmental scanning in corporate firms for opportunities, threat, weakness and strength, provision of information required by management and safeguarding assets: reduction of waste in business processes through the use of decision analysis, and finally value creation to maximise the shareholders' wealth. This is in conformity with IFAC (1998), which clearly identifies the above evolution process. The data further revealed that most of the firms are now in stage 3 and 4 of the evolution process.

5.1.3 The changing role of MAPs in Ghana/ Future

The study revealed that almost all these companies have different management accounting systems with regard to modern and traditional practices such as; budgeting and planning, evaluation and measurement, techniques of investment appraisal and others which were also manifested in the stage of evolution process. According to contingency theory of management accounting, this finding locates management accounting specifically in the context of surveillance and on the premise that there is no universally appropriate accounting system applying equally to all organisations in all circumstance Emmanuel et al., (1990).

Again, another finding of this research is that as organisations become larger, the need for managers to handle greeter quantities of information increases to a point where they have to institute controls. This was manifested in the large and medium enterprises. The large enterprises have additional department created for management accountants with varied number of professionals. This assertion is held by Khandwalla, (1972) that large firms are more divisionalised and employed mass production techniques and more sophisticated controls.

It was discovered that most of these large enterprises operate centralised system of administration with their branches. This statement is contrary to the view held by Merchant, (1981), that large companies are more decentralised.

The data revealed that the most driving force behind these rapid changes to the information and management accounting practices is the customer. Demanding better, yet cheaper, products and services delivered faster with ever-increasing levels of customisation, customers are forcing companies to re-examine every facet of their operations. This contention is held by IFAC (1998) that at tier 4 which is the final stage, the focus is on the creation of value through using resources effectively to drive customers' value through innovation.

5.2 Conclusion

Management Accounting and accountants are more involved in the process of, measurement, accumulation, analysis, preparation, interpretation and communication of information used by management to plan, evaluate and control within entity and to assure appropriate use of and accountability for its resources and again report to non-management groups such as shareholders, and other users of financial reports.

The empirical results of the study shows that management accounting practice in Ghana has fully passed the third phase for most companies, and has only evolved into the third and forth phase for most companies. However, in majority of the survey, management accounting practice is just evolving into the fourth phase.However, the third and forth phase of management accounting process is described by reference to leading edge practice of large corporate firms in Ghana. Each stage is a combination of the old reshaped to fit with the new in addressing a new set of conditions in the management environment.

The results of this study show quite clearly that in recent years, accounting practitioners and academic have joined forces to create new forms of management accounting practices that provide decision-relevant information. The list of new cost management techniques include activity-based costing, activity-based budgeting, target cost management, investment management, strategic cost management, to name just a few. Efforts have been made to link cost management to other performance metric, creating integrated performance management system.

5.3 Recommendations

5.3.1 The role of management accounting and accountant

Information should be provided to managers at all level in order to assist them with planning and controlling the activities for which they are responsible. Information should be gathered from all relevant sources (internal and external) in order to help managers make timely and effective decisions. Information may be financial (example profit cost analysis) or non-financial (example customer complaints, attitude of workforce, machine usage or quality rating).

Again, management accountants need skills in communication, analysis, creativity and adaptability although some of the large firms pay much attention to their human asset development. This is in conformity with Cooper (1996), who argued that management accountants need to develop skills in system design and implementation, change and strategy management as well as in cost management.

5.3.2 The Stage of Evolution Process of MAPs

The analysis suggests that the four stages of management accounting evolution process are not mutually exclusive; each successive stage encompasses the concepts of the previous stage, and incorporate additional ones that arose out of a new set of conditions. Thus the researcher recommends that for effective and efficient utilisation of management accounting systems there is the need to have a clear understanding of the traditional and modern techniques with due cognisance to their adaptability.

5.3.3 The Future and Changing Roles of MA and Accountant

There is a rapid force behind changes in Management accounting practices through globalisation, technology and trade liberalisation. The introduction of e-commerce, advances in information technology, increased competition, changes in organisational structure and changed in performance measures have leveraged on sophistication of business environment Dunk (1992), and Chenhall, Morris, (1995). Thus, the researcher recommends that management accountants need to recognise and facilitate the changes taking place rather than resist them Binnersley (1997).

Recommendation for Further Research

Nonetheless, this study is subject to the usual limitations associated with survey research but there are at least several limitations to the study that need to be addressed in further research. Firstly, this study covers only selected MLEs. It is possible that the contextual factors and their effects on management accounting practices may be different for other types of industries in Ghana. Secondly, a majority of the respondents in the survey were managers and were not the management accountants as initially targeted. Thus there may be differences in the perceptions of these groups of respondents. Thirdly, the types of methodology and the measurements used in this study may be limited and not exhaustive enough, thus limiting the findings of the study. Finally, there may be other important predicting variables that could be added to theoretical framework to improve its explanatory power. Thus, generalisation of the results however, must be undertaken with caution.

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APPENDIX

Dear Sir/Madam,

I am MBA student at KNUST in Kumasi preparing my long essay on "exploring management accounting practice (MAPs) in medium and large enterprises (MLEs) in Ghana"

You are kindly requested to answer the questionnaire which will take about 15 minutes. Your cooperation is very important to finalise the topic. The collected information will be treated confidential and anonymous, and only used for research purposes.

Thanks for your kind cooperation.

SECTION 'A' (BIO-DATA)

4.1.0 PERSONAL & COMPANY PROFILE

4.1.1 What is the name of your Company? ....

4.1.2 Position in the organisation; a. Financial Controller { }, b. Management Accountant { }, c. Accountant { }, d. Manager { }.

4.1.3 Period in position; a. Less than 1 year { }, b. 1-3 years { }, c. more than 3 years { }.

4.1.4 Gender; Male { }, Female { }

4.1.5 Level of Education a. Diploma/HND { }, b. Bachelor { }, c. Master { }, d. Professional Cert. { },

4.1.6 Major Production Activities; a. Service { }, b. Manufacturing { }, c. Agric { }.

4.1.7 Value of assets. a. GH¢ <1million { }, b. GH¢ 1mln-5mln, { } c. GH¢ 5mln - 25mln { }, d. GH¢25mln and over { },

4.1.8 Ownership structure; a. 100% local { }, b. 100% foreign { }, c. Joint Venture { }.

4.1.9 Shareholders fund/Capital invested. a. GH¢ <1million { }, b. GH¢ 1mln-5mln, { } c. GH¢ 5mln - 25mln { }, GH¢25mln and over { }

4.1.10 Annual turnover. a. Less than GH¢ 5 million { } b. More than GH¢ 5mln. { }.

4.1.11 Number of Staff in the Company? a. Less than 100 { } b. More than 100 { }.

4.1.12 Do you have a management accounting Department? Yes { }, No { }

4.1.13 Do you have a section in your organisation that is responsible for producing information aimed at assisting management in:

a.	Formulation of Policies	Yes { } No { }
b.	Directing	Yes { }No { }
c.	Organizing	Yes { }No { }
d.	Planning of Activities	Yes { }No { }
e.	Controlling of Activities	Yes { }No { }

4.1.14 If yes to Q4.1.13 above, how many staff are in that department and what is the qualification of the head of the department?

SECTION B 1 (RESEARCH Q 1)

4.2.0 The Present Role Of Management Accounting System (MAS) & Accountants In The Organisation:

(Please rank (Q1 and Q2) 1 – 3 in each of the following roles, giving 3 important and 1 to the unimportant function in your organization: 1, Important ; 2, Ambivalent; 3, Unimportant).

4.2.1 Could you please rank the following factors as functions of the Management Accounting in your Organization?

a. Provision of information required by Management/formulation of policies { }

b. Planning and Controlling of activities { }

c. Decisions/taking of alternative action { }

d. Disclosure to those external to the entity { }

e. Disclosure to Employee { }

f. Safeguarding assets { }

4.2.2 Please Rank 1 – 3 if the Management accounting participates in Management to ensure that they are effective:

a. Formulation of Plans to reach objectives { }
b. Formulation of short term operating plans { }
c. Recording of actual Transactions { }
d. Corrective actions/financial control { }
e. Obtaining and Control finances – Treasury { }
f. Reviewing and reporting on system of operation { }

SECTION B2 (RESARCH Q 1)

4.3.0 **Management Accounting information & control**

4.3.1 Do you ever utilise computers in management accounting process? a. Sometimes { }, b. Rarely/Never { } c. Always { }.

4.3.2 If yes, what is the name of the software that your enterprise uses?

4.3.3 Do you analyse profit made by each department? Yes { }, No { }

4.3.4 If yes to 4.3.6, how often?...

4.3.5 If 'no' to Q 4.3.6, why? ....

4.3.6 How do you evaluate the performance of a manager?

a. Success in meeting budget targets { }
b. Manager's performance relatively to others within the organisation. { }
c. Compare their manager's performance relatively to competitors. { }
d. Manager's ability to control cost { }
e. Financial performance { }
f. Others { }, Please specify...

4.3.7 Do you use any technique to appraise investment? Yes { }, No { }

4.3.8 If yes, which one do you use? ....

a. payback period technique { } c. Net present value { }
b. Accounting rate of return { } d. Internal rate of return { }
e. Combination of some of the above, specify { }.......................................

SECTION B 3; (RESEARCH Q 2)

4.4.0 Evolution and change of Management Accounting Practice (MAP) in Ghana

{Please rank the following using 5 scale point: 1 = never, 2 = rarely, 3 = Sometimes, 4. =often, 5= very often} to reflect the use in your organisation;

4.4.1 Cost Determination and Financial Control

a. Budgeting for controlling cost { }

b. Capital budgeting { }

c. Cost accounting techniques { }

d. Financial controls { }

e. Performance evaluation based on financial measures { }

4.4.2 Provision of Information for Management Planning and Control

a. Budgeting for planning { }

b. Planning and controlling of operations { }

c. Disclosures to those external to the entity { }

d. Disclosures to employees { }

e. Profitability analysis { }

f. Return on investment techniques { }

g. Reviewing and reporting on system of operations { }

4.4.3 Reduction of Waste in Business Resources

a. Budget setup { }

b. Quality of systems and controls { }

c. Risk management { }

d. Strategic planning { }

e. Costing techniques { }

f. Management ability to control cost { }

g. Performance evaluation based on non financial measure related to employees { }

h. Compare managers' performance relatively to competitors { }

i. Computer systems and operations { }

j. Performance sensitivity analysis when evaluating when evaluating major capital investment projects { }

4.4.4 **Creation of Value Creation through Effective Use of Resources**

a. Target costing { }

b. Long term strategic plan { }

c. Value creation { }

d. Benchmarking { }

e. Customer profitability analysis { }

f. Compliance reporting { }

g. Calculation and use of cost of capital in discounting cash flow for major capital investment evaluation { }

h. Shareholders' value analysis { }

i. Analysis of competitive position { }

j. Cost savings { }

k. Provision of valuable, time and accurate information { }

l. Planning and controlling the organisations' operation { }

m. Analysis of competitors' strengths and weaknesses

SECTION B 4; (RESEARCH Q 3)

The changing role of MAS in Ghana

4.5.1 What are the changes and initiative for changes if any, in your management accounting systems in the past 5 years?

4.5.2 Do you review your management accounting systems? Yes { }, No { }

4.5.3 If yes, to Q 4.5.2, how often do you review your management accounting systems? a. Never/rarely { }, b. when the need arises { }, c. annually { }, d. Quarterly { }. e. monthly { }.

4.5.4 What are the expected changes of management accounting practice in your organisation?

4.5.5 Do management accounting practices aid performance in your organisation? Yes { }, No { }