Impact of Management Accounting Techniques on Financial Performance of Manufacturing Firms in Nigeria

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Abstract
The study examines the assessment of the impact of management accounting Techniques on Financial Performance of Manufacturing Firms in Nigeria. The objective of the study is to determine whether management accounting Techniques can be used as a tool for performance evaluation in manufacturing company and to evaluate the relationship between the success of manufacturing firms and management accounting techniques, also to find out whether management accountants in manufacturing firms employ management accounting techniques in data analysis. Data were collected from primary source and secondary source for the study. However, as a survey study the data for the research will be collected through questionnaire and interview, The research design used for this study is both quantitative and qualitative. The study adopts simple random sample as the sampling techniques. The population of the study was 67 staff randomly selected from the targeted population. The findings of the study show that management accounting techniques have significant effect on the performance evaluation of manufacturing firm. Based on the findings the study recommended that Companies should consult professional accountants and techniques to be used when starting a business to learn about various laws that affect their mode of operations and also to familiarize them self with the variety of financial record that the need to maintain. Based on the findings one can conclusively affirm that management accounting employ management accounting techniques in decision making and that firms cannot do without management accounting practices. Management should adopt techniques that would aid attainment of organizational goals. Techniques employed should be constantly appraised to remove possible areas of weakness

Keywords*: Management, Accounting, Performance, Manufacturing, Firms, Techniques*

INTRODUCTION

The chartered institute of management accounting (CIMA) defines management accounting as 'an integral part of management concerned with identifying , presenting and interpreting information used for formulating strategy , planning and controlling activities , decision taking , optimizing the used of resource , disclosure to shareholders and others external to the entity , disclosure to employees, safeguarding assets.

Management accounting practices and techniques help management of organizations including manufacturing firms to plan, direct and control operating costs and to achieve optimal performance (Gichaaga, 2013) Management accounting is the "application of appropriate techniques and concepts in processing the historical and projected economic data of an entity to assist management in establishing a plan for reasonable economic objectives and in the making of rational decisions with a view towards achieving these objectives" (Gichaaga, 2014, p.12). Most Companies use management accounting practices to assess their operations. These include budgeting, variance analysis and breakeven analysis. These methods help organizations to plan, direct and control operating costs and to achieve profitability. Effective management accounting practices scan operational environment and provide management with information from its environment to facilitate decision-making and achieve competitive advantages and change (Smith, 2009). According to McWatters (2001). Without the application of management accounting techniques no business can succeed in it's operations and attain it's set objectives. Moreover it's decision making will not be guided as management accounting techniques provide adequate guide to management making
Management accounting is the application of accounting knowledge, techniques and skills to the provision of information designed to assist all levels of management in planning and controlling the activities of a business enterprise.

The impact of the manufacturing industry in every countries economy cannot be overlook, however for a better performance from these manufacturing firms, management accounting practices to access better operations is very needful. It is recognize that management accounting practices are important to the success of the organization (Horngren, et al., 2009). The Manufacturing sector is a key driver of industrialization; however, in the developing world with much emphasis on African, the sector has not achieved desirable sustainable performance, An adoption of effective management accounting practices by manufacturing firms is an obvious means to approach the challenges of competition, change and costing so as to improve performance (Horngren, Datar, Foster, Rajan, &.Ittner, 2009).

Management accounting adapts to organizational change which are often driven by three major forces: technological change, globalization, and customer needs. A critical review of these characteristics of management accounting practice show that, it is capable to mitigate the factors which cause the poor performance of manufacturing sector in most economy in world. Association of Ghana Industries AGI (2013) attributed the poor performance of most manufacturing firms in Ghana to competition, technological change, power and cost of operation among others. Obed (2016) argued that cost of operation can be a driving force of the poor performance, with this assertion manufacturing sector requires effective cost control system to achieve desired results thus Cost control form part of effective management accounting practice. This seeks to suggest that there is relationship between management accounting practices and performance of manufacturing firms. The Association of Ghana Industries (AGI) has bemoaned that the manufacturing sector of Ghana continues to constrict. Is of this concern that the AGI has always voicing their concerns, when the manufacturing sector recorded an unprecedented -8% growth rate in 2015 (Obed, 2016). Notwithstanding the current performance trend, it is believed that the Ghanaian manufacturing sector still has potentials to achieve desirable results and contribute significantly to economic growth if the challenges are addressed. This study is to explore management accounting practices and examine the extent to which the level of adoption affects the performance of manufacturing firms in Ghana and the relationship that exist between effective management accounting practices and performance of manufacturing firms in Ghana. Following both theoretical evidences and authoritative assertions (it is clear that management accounting practices can influence performance of manufacturing sector. However, there exists limited empirical literature in relation to the sector in Ghana. Although it is easy to obtain prior studies on management accounting practice it is equally difficult to associate them with the manufacturing sector in Ghana. Most of the few studies on management accounting practices associated to manufacturing sector in Ghana include Abor and Effah (2011); Amoako (2013); Mbawuni and Anerte (2014).

Management accounting which measures and reports financial and non-financial information related to the organization's acquisition or consumption of resources, has an exceptionally important position within the entire accounting information system of an organization because it provides infornmation to both management accounting and financial accounting as subsystems of the accounting information system. When its information is intended for the financial accounting it measures product costs in compliance with the strict legal and professional regulations. When its information is used for internal purposes it provides the basis for planning, control, and decision-making. Accounting data used for external reporting very often do not completely satisfy managers" needs for decision-making purposes. Attempts at slight modifications of financial accounting systems for managerial purposes rarely end happily and far from effective (Wikipedia. 2015).

According to the Institute of Management Accountants (IMA): "Management accounting is a profession that involves partnering in management decision making, devising planning and performance management systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization's strategy".

The primary focus of economic planning and management in Nigeria over the years has been the transformation of the economy through industrialization, however, desired results are yet to be obtained. The Nigerian economy is far from being fully industrialized and the manufacturing sector is yet to take a prominent place in the scheme of things (Ayodele&Falokun, 2003). The country has not been able to shift its export base, from crude oil and agriculture to manufactures. Up to date, on the average, the manufacturing sector's contribution to gross domestic product (GDP) has been unimpressive ranging between 3 to 6 percent since the turn of the millennium. For instance, manufacturing contribution to GDP declined from about 6% in 2000 to 3.91% in 2006 and between 4.03% and 4.1 7% from 2007 to 2010 (National Bureau of Statistics 2011).

The need to increase company level efficiency has been a dominant suggestion offered as the key to reversing this unimpressive performance. As Soderbom and Teal (2002) suggested, a key policy issue the Nigerian government should face is to understand and address the factors that will enable the efficiencies of companies and consequently their competitiveness to increase

Ayodele andFalokun (2003) also suggested the adoption of the combination of suitable management techniques with suitable technology and other resources in addressing the low productivity of the sector.

Company performance is the net result of the combined efforts of all individuals and groups in an organization . Companies referred to in this study are the manufacturing companies. The definition of company performance is problematic because it varies, depending on the viewpoint from which it is being assessed. For example, from society's viewpoint, performance may be assessed in terms of efficiency of production of products or services needed by the society. From the owners viewpoint. Profitability and growth rate in earnings may be the criteria, while

employees may assess performance from how well employees are being treated.
Customers may look at product quality. prompt delivery and competitive pricing Since management must take into account the various expectations of these groups in setting its goals, management's criteria for assessing company performance may be assumed to adequately reflect the concerns of others groups such as the society, employees, Suppliers and customers . Therefore the aim of this study is to examine the impact of management accounting techniques on financial performance evaluation in manufacturing firms in Nigeria

STATEMENT OF PROBLEM

Management accounting techniques aim at providing information, which should help management to plan and control the resources of the organization in order to achieve the objectives of the organization.
Even though management accounting system is supposed to assure that manufacturing work is done according to the company strategy, this has not been the reality in many companies. It has been known for many decades that management and production systems used in manufacturing have not developed in harmony. This misalignment is a reason for why unfavorable decisions are encouraged in manufacturing (Skinner, 1971; Kaplan, 1984).
When reviewing publications regarding management accounting systems, it is obvious that the interest in the topic has grown in recent years. However, the researcher will provide an overview of management accounting as a tool for performance evaluation in manufacturing company.
To attain a remarkable performance and profitability, organization, face the problems of ascertaining which products, labour, territories, sales persons, plant division and company segment are contributing the most to the profitability of the organization and how to balance quantitative variables with qualitative variables in arriving at a definite decision in the evaluation of projects.
In view of this, the problem treated in this research is management accounting techniques in manufacturing firms

OBJECTIVES OF THE STUDY

1. To evaluate the relationship between the success of manufacturing firms and management accounting techniques
2. To find out whether management accountants in manufacturing firms employ management accounting techniques in data analysis
3. To explore the usefulness of managerial information in carrying out effective management accounting techniques
4. To investigate the categories of staff that participates in management decision making and the impact of such participation on organization's performance.

LITERATURE REVIEW

Introduction

Literature review refers to the work that a researcher consulted in order to understand and investigate the research problem, which will help into account of what has been published on a topic by accredited scholars and researchers. This process is a critical look of existing literature that is significant to the work that the researcher will be carrying out. It involves the examining documents such as books, magazine, Journals previous research that have been conducted.

Conceptual framework of the Study

Management is constantly confronted with the problem of alternative decision making especially knowing that resources are relatively scarce and limited. It is therefore pertinent that good accounting information be made available Tor proper and accurate decision. Making, maximization of profitability and optimal utilization of scarce resource. Accounting is defined by Webster's ninth new collegiate dictionary, as *the system of recording and summarizing business and financial transactions and analyzing, verifying and reporting the results. Accounting in view of this study can be defined ordinarily as the means by which managers are informed of both the process and financial status of a business concern.

Warren. Reeve and Fess (2005) defined accounting as information system that produces reports to the interesting parties about economic activities and company's Condition. The primary objective of accounting is to provide information that is useful for decision making purposes. It means that accounting is an information providing activity.

Hodggett (2012). conceptualize accounting information as the financial information about economic activities. All economic entities (e.g. businesses, government agencies, families, charitable entities) need such information because it is used for making economic decisions about those entities. An economic event of an entity is referred to as a transaction. Transactions are of two types: external and internal.

Mbanefo, (2007) conceptualize accounting as a measurement and communication system to provide economic and social information about an identifiable entity to permit users to make informed judgments and decisions leading to an optimum allocation of resources and the accomplishment of the organizations objectives.

Edwards (2012), defines Accounting as the process of identifying, measuring, recording and communicating economic information to permit informed judgments and economic decisions.

The primary purpose of accounting is to help persons make economic decisions. In our society resources must be allocated among and within all kinds of entities. Accounting information provides the basis for making decisions about resource allocation. To be useful, data must be identified, measured, recorded, classified, summarized and communicated to potential users.

These are the critical elements of accounting.

According to Fess and Niswonger (2008), accounting is the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information. Accounting information is a food for management planning and decision making. It refers to report of relevant financial information regarding the economic activities of an organization or business venture.

Empirical Study

Various studies have been carried out by various authors across the world on management accounting practices. To help direct the focus of the study and provide a basis for comparison of the findings of this research, we review certain literature in relation to management accounting practices Adler, Everett, and Waldron (2000) conducted a survey involving management accountants of New Zealand manufacturing companies. The non-probability judgement sampling technique was adopted for the sampling. Data were gathered from 165 manufacturing sites in New Zealand, which were chosen as representative of companies confronted with major environmental change and structural reform. The managers were asked to indicate which techniques were adopted in their company. The findings disclosed that the New Zeeland manufacturing firms usually adopted traditional management accounting techniques, like standard costing, direct costing and full costing than advanced management accounting techniques, like strategic management accounting. Another closely related study was performed by Abdel-Kader and Luther (2006). The authors evaluated the management accounting practices (MAPs) within the food and drinks industry in the U.K. in an attempt to understand the level of MAP's sophistication in addition to the factors that influence implementation of MAPs in this industry. The study adopted a survey research methodology. A five-point Likert scale questionnaire (1 indicating never and 5 indicating very often) consisting of 38 items which required the respondents to indicate the frequency of use of the various MAPs was used for the data collection. They were as well required to assess the importance of each practice/technique by rating them as 'not important, moderately important or important. The questionnaires were sent to 650 executives of the industry and 245 were received, representing a response rate of 38 percent. The results revealed that while the firms moved into a more uncertain environment, the level of sophistication of management accounting practices increased. Similarly, while their power relative to customers diminished, firms moved up the stages of evolution. The results also revealed that the management accounting systems used in most food and drinks companies were not particularly sophisticated. The study finally indicated that there was little evidence of management accounting directly connected with 'value creation' for the food and drinks industry in general Another related study was carried out by Liaqat (2006) to determine the application of contemporary management accounting techniques in Indian companies. A survey research design was employed. The study targeted 530 member companies of India's National Association of Financial Directors and Cost Controllers. Sixty three (63) companies responded, representing a response rate of about 12%. Stratified sampling technique was used to divide the sampling points into two strata, i.e. ABCM user firms and Non ABCM user firms. A five point Likert scale questionnaire was employed. The study focused on finding evidence on how widely contemporary and traditional management accounting practices were employed by Indian companies. It was discovered that improvement of general cost reduction and profitability were the motive behind the utilization of management accounting in Indian firms. The study also discovered a positive relationship between the adoption of ABC and firm characteristics such as pressure of competition, degree of customization, proportion of overhead to total cost, and business size. None of the variations, however, was found to be at 10% significant level. A study was also conducted by Waweru (1999) to examine the management accounting practices as well as management accounting techniques employed by publicly listed companies in Kenya together with the extent of their utilization. In addition, the type of management accounting reports produced and the frequency of their production were evaluated. The study was based on the hypothesis that the success of any company within a competitive environment largely depends on the availability of quality and timely information for the process of decision making. A study by Amoako (2013) examined the accounting practices among SMEs in Kumasi (Ghana) through data based on responses to a structured questionnaire from 210 SMEs. Although the study was situated within Kumasi metropolis, the population was not industrial specific and this may affect the findings because of differential characteristics of the various industries the SMEs may belong. Again, the study limited accounting practices to records keeping. To ascertain robust results, this study is focused on the manufacturing sector with attention on the management accounting practices and the consequence on performance Another study conducted within the Ghanaian context is that of Mbawuni and Anertey (2014). They examined the application of a broad range of management accounting practices used by telecommunication companies in

Ghana. The study used a cross-sectional survey that yielded 37 useable questionnaires from respondents with varied professions in accounting and finance in MTN Ghana, a leading Telecommunication company in Ghana. The findings show that the most used category of MAPs is strategic analysis practices, traditional budgeting techniques, and relies more on financial measures than non-financial measures. Mbawuni and Anertey, (2014) study suffered methodological flaws. The topic of the article is not adequately represented by the scope of the study. The unavailable of specific empirical evidences on the subject matter cause interest groups and parties to turn to literatures from other parts of the world which may not be representative to the Ghanaian settings. For instance, although Waweru (1999) was undertaken in Kenya, the fact that there are differences in the geographical conditions between Ghana and Kenya limits the extent to which the study findings can be generalized to the Ghanaian settings. Also, Waweru (1999) examined the relationships between management accounting practices and organizational performance, they obtained mixed findings. In response to these findings, this study aims to find out whether the situation is different in Ghana. It thus aims to investigate the adoption rate of management accounting practices and their influence performance of manufacturing firms in Ghana.

Ahmed and Scapens (2003). argued that the role and utilization of accounting information in decision-making strategies and processes as well as managers preferences are divergent despite the existence of external influences that might drive convergence. Moreover, we argue that there is only limited convergence towards short-term financial objectives as financial and strategic objectives and the subsequent use of accounting information are strongly influenced by decision-making strategies, processes and managers preferences. Indeed, their studies provide evidence that convergence towards short-term financial objectives is limited in this case of a Nigerian organization and more importantly, their findings reveal that the contextual influence on the role and utilization of accounting information is driven by a complex interplay of numerous contextual, that is exogenous and endogenous factors such as national and international market pressures, the cooperative structure, justification pressures and company objectives. As a result, their studies shows that only limited and superficial evidence of convergence of management accounting practices. While there might be evidence of converging in the choice of applied management accounting practices, this refers only to the technical level of accounting practices. Indeed, technical convergence has to be differentiated lrom de 1acto convergence, which implies uniform application and interpretation of accounting data.

According to Wouters and Verdaasdonk 2002; Hall et al..(2007) in their studies observed that in evidence that the complexity of financial decision-making has increased and importantly that it has resulted in an increasing implementation of sophisticated and efficient analysis techniques by managers in different nations (Zopounidis&Doumpos, 2002). Morcover, an increasing dominance of sophisticated Discounted Cash Plow (DCF) methods has been indicated, which are however less used in strategic investment decisions (Pike 1983). Yet again, the literature on these aspects does not provide a holistic explanation when and how managers use this accounting information (Wouters&Verdaasdonk, 2002). Hall et al; (2007) in their studies observed that in evidence that the complexity of financial decision-making has increase and importantly that it has resulted in an increase implementation of sophisticated and efficient analysis techniques by managers in different nations (Zopounidis & Donumps, 2002) morcover ,an increasing dominance of sophisticated discounted cash flow (DCF) methods has been indicated, which are however less used in strategic investment decisions (pike 1983). Yet again, the literature on

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Simon (2007) in his study used the first part of the statement as measure of control for management and the second part for evaluating the effectiveness of the accounting information via continuous monitoring. Kim (2009) argues that the usage of accounting information depends on the quality of information by the user. Quality of information depends on reliability form of reporting, timeliness and relevance to the decision. Pal (2002), observe that time factor in accounting information is very important in the case of periodicity concept which defines a specific interval of time for which an entity's report is prepared which can be a fiscal year, natural year, quarterly or even monthly.

Theoretical Review

Theoretical postulations or justifications are required for the evaluation of relationships between the various variables in the study. For this reason the study adopts the institutional theory, the contingency theory and adopted theory. These theories help develop the key constructs and the interrelationships between the proposed concepts.

1 .Institutional Theory of Organizations

The institutional theory of organizations is an adaptive change process framework. It examines the impact of external environment factors and market conditions on organizational change and development (Barnett &Caroll,1995). The institutional theory depends, heavily, on the social constructs to help define the structure and processes of an organization (Scott, 2001). Using institutional theory, Burns and Scapens (2000) have conceptualized management accounting change as change in organizational rules and routines. Under old institutional economic (OIE) theory, management accounting is conceived as a routine, and potentially being institutionalized, management accounting practices can both shape and be shaped by institutions which govern organizational activity. In OIE there are three dichotomies which offer insights into the process of management accounting change. They are:
(1) formal versus informal change; revolutionary versus evolutionary change; and
(3) regressive versus progressive change (Burns &Scapens, 2000). Burns and Scapens (2000) conceptualized the formal versus informal change dichotomy as the most appropriate for explaining the relationship between management accounting and organizational change. The theoretical assumption underlying the first dichotomy provides that there is a relationship between the level of management accounting practices and organization performance Formal and informal management accounting change is used to imply that change is not specifically directed (formal change), but may evolve out of the intended actions of the individuals who are enacting and reproducing organizational routines (informal change) (Meyer & Rowan, 1977). Mat(2010), formal change occurs through the introduction of new management Accounting systems and techniques, which in turn, engender the organization to change including organizational performance. Therefore, management accounting practices include formal practices such as costing system, costing techniques, budgetary system, performance evaluation system and strategic accounting (Smith et al. 2005). These theoretical management accounting practices are explored among the manufacturing firms within the study frame. This provides theoretical concepts underlying one of the objectives of study which focuses on identifying the Manufacturing Accounting Practices adopted by these firms.

2 .Contingency Theory

The Contingency theory posits that an appropriate match between organizational characteristics to contingencies will improve organizational effectiveness (Morton & Hu, 2008). However, in the contingency theory of organizations, there is no universally acceptable model of the organization that explains the diversity of organizational systems design of one organization to the other. This can be related to organizations operating in different industries or sectors. Otley (1980) applied contingency theory to management accounting practices and explained that there is no single general standard accounting practice that can be applied to all organizations. He explain that in 'essence, each organization will have its own management accounting practices. The theory looks at certain influential factors that will assist management to decide on an appropriate management accounting practice. These factors can either be technological changes and the infrastructure of an organization.' A contingency perspective suggests that effective management accounting systems should align with both internal and external factors (Battilana &Casciaro, 2012). The internal factors can be likened to the ownership structure or management and key personnel similarly; the external factors can be likened to technological change, competition and market forces. This study thus aims to empirically investigate the validity of contingency central theorem that organizational performance depends on the fit between organizational context and structure. Contingency theory is relevant to this study, in that it is paramount to explain how accounting systems might be affected by the fit between environmental and organizational factors.

3.Adapted Theory

Looking at the effect of the impact outward environmental factors and market conditions on organizational change and development is very necessary to the performance of manufacturing firms. This creed is derived from the institutional theory which subjects an adaptive change as a means of determining high performance by manufacturing firms. From such a creed, the study objective of identifying factors that influence or affect management accounting practices within manufacturing industries is easily developed.so with the adapted theory it seek to explain how these manufacturing firms are able to adapt to changes that mostly happens These factors are market conditions, external environmental factors and structural or internal organizational change. It stands to reason from the institutional theory that when organizations adapt quickly and efficiently to these conditions, it would be easy to use new trend of management accounting procedures to boost their performance.

Decision Making Tools

In recent years. several techniques have been developed to aid decision making process. These techniques relied on the combine effort of mathematicians, statisticians and computer specialists to help us forecast possible outcomes.

One of the most significant sets of tools now available for decision makers is operational research. The terms "management science and" operational research" are used interchangeably, however management science seeks to describe, understand and predict the behaviour of complex system of human beings and equipment. Operational research is the quantitative aspects of forecasting i.e. the use of mathematical and scientific techniques to study the alternatives in a problem situation with a view to providing a quantitative basis for arriving at an optimum solutions in terms of the global sought. The Operation Research techniques use model to explain the variables involved in a decision situation and do not provide solution, they only provide quantitative data to help manages make decision. Common operation research techniques include network analysis risk analysis statistical decision theory etc.

The procedures of management science resemble those of the rational problem solving approach, although some key differences may be noted. The basic steps include:
(i) Formulate the problem in the context of the total system.
(ii) Construct a mathematical model of the system.
(ii) Derive a solution
(iv) Test the model
(v) Install a feedback mechanism.
(vi) Implement the solution.
Types of models and management science techniques simulation
(i)This attempts to construct a simplified version of the reality being dealt with and to manipulate the model as through dealing with reality. The technique is useful where it is costly or impossible to work with reality directly. It is a way of operating a business “on paper" or in a computer. Simulation can also be used with mathematical models to predict probable outcomes of pricing and investment decisions.
(ii) Resource Allocation Techniques: these are techniques used to make optimum allocation of resources. Such techniques includes. linear programming and transportation model. Linear programming is used to work out the best way of allocating resources within certain constraints. Specifically. it can be used to determine the combination of inputs/outputs yields the minimum/maximum results. Within the known constraints. Linear programming can be applied by means of graphic. algebraic and simplex method. Transportation model seeks to determine the best method of distribution that can be used by a firm operating in different locations the model may be a minimizing or maximizing problem.
(ii) Statistical Control Models: these are the different statistical and mathematical techniques used to control inventors and quality of incoming raw materials or finished goods manufactured by an organization.
v) Queuing or waiting line Model: these are used to determine how long a waiting line would be most preferable. The models are appropriate whenever a service is required to meet irregular demands. It entails the use of mathematical techniques to balance the cost of waiting lines with the cost of maintaining and efficient waiting line. For example, if customers of a bank wait too long to receive the required services, they may take their businesses to other banks. But it might be too expensive to keep a sufficiently large number of operating counters to assign quick Service to every bank customer, hence a balance must be maintained to determine the appropriate course of action.
(V) Game Theory: refers to the techniques used for predicting the behavior of rational individual’s institutions of conflict. The main elements of the game are the player, the rule of the game the outcome, the values assigned to the various pay-off by the player, the variable controlled by the player and availability of information. Game theory is widely used in military. it is also useful in business organizations operating in highly competitive environment. Such businesses use the theory to predict the reaction of competitors to price increase, new product and promotional strategies. Game theory also assists managers in designing effective strategies for competing within a competitive environment.
(vi) Statistical Decision Theory: This concerned with the evaluation of potential outcomes of various decision alternatives. An important aspect of statistical decision theory is the assignment of probabilities to various occurrences. "The methods used include pay-off matrices and decision tree Niswonger (2008).

Management Accounting Practices

Ittner and Larcker (2002) defined management accounting practices as a variety of methods specially considered for manufacturing businesses so as to support the organization's infrastructure and management accounting processes. Management accounting practices can include budgeting, performance evaluation, and information for decision-making and strategic analyses, among many others. Management accounting is a branch of accounting that produces information for managers and forms an important integral part of the strategic process within an organization. It involves the process of identifying, measuring, accumulating, analyzing, preparing, interpreting, and communicating information that helps managers fulfill organizational objectives (Hilton & Platt, 2011; Horngren, Sundem, Stratton, Burgstahler&Schatzberg, 2007).Gichaaga(2014) asserts that management accounting practices can consist of performance evaluation, budgeting, strategic analyses and information for decision-making, among others. They help management acquire relevant information needed to make meaningful decisions (Alleyne& Weekes-Marshall, 2011). Management accounting adapts to organizational change and three major forces cause organizations to evolve: technological change, globalization, and customer needs (McWatters, 2001). Competitiveness in the global market has led much organization to improve their management accounting practices and these necessary management accounting practices will help firms to improve continually.

Organizational Performance

According to Richard, Devinney, Yip, and Johnson (2009), organizational performance can be categorized into the following three specific areas of firm outcomes:

(1) Financial performance (profits, return on assets, return on investment, etc.);

(2) market performance (sales, market share, etc.); and

(3) shareholder return (total shareholder return, economic value added, etc.).

There is most empirical support for the association between management accounting practices and performance, with an increased use of non-financial information (Baines & Langfield-Smith 2003;Chenhall & Langfield-Smith, For example, Chenhall and Langfield-Smith (1998) point out that a greater use of advanced management accounting practices, such as quality improvement programs, benchmarking and activity based management, in firms that placed a strong emphasis on product differentiation strategies, ultimately results in high performance Uyar (2010) noted that the perceived importance of cost accounting is driven by decreasing profitability, increasing costs and competition, and economic crises. The author also noted that while companies still perceive traditional management accounting tools as still important, new management accounting practices such as strategic planning, and transfer pricing are perceived less important than traditional ones. most study also found that the most important three management accounting practices are budgeting, planning and control, and cost-volume-profit analysis. As presented earlier, performance may be an antecedent or an outcome factor of management accounting and organizational change. Prior studies show that there may be a link between performance and change. Low financial performance is said to be one of the reasons for the firm to change its management accounting and internal organizational factors to improve performance (Granlund, 2001 Laitinen (2006) supports this view, as he suggests that large changes in MAS may be associated with good financial performance.

The Relationship between Management Accounting Practices and Performance

Management accounting practice helps an organization to survive in the competitive, ever-changing world, because it provides an important competitive advantage for an organization that guides managerial action, motivates behaviors, supports and creates the cultural values necessary to achieve an organization's strategic objectives Gichaaga (2013). Ahmad and Zabri (2013) are of the view that research into management accounting practices (MAPs suggests that MAPs have important roles in ensuring the efficiency in the management of the firm and may also improve performance. Management accounting practices enable management to obtain relevant information for meaningful decision making (Alleyne and Weekes-Marshall, 2011, p. 49). Management accounting practices also permit firms to compete in the market place and reduce the likelihood of business failure (Mitchell & Reid,2000, p. 385). Gichaaga (2014) used a five - point Likert scale questionnaire featuring Costing System, Budgeting, Performance Evaluation, and Information for decision making and strategic analysis as the dimensions of management accounting practices. There were seven indicators under costing system, seven indicators under budgeting, six indicators under performance evaluation, ten indicators under information for decision making, and eight indicators under strategic analysis indicators under information for decision making, and eight indicators under strategic analysis.

RESEARCH METHODOLOGY

Data were collected from primary source and secondary source for the study. However, as a survey study the data for the research will be collected through questionnaire and interview, The research design used for this study is both quantitative and qualitative. The study adopts simple random sample as the sampling techniques. The population of the study was 67 staff randomly selected from the targeted population.

DISCUSSION OF FINDINGS

The findings of the research shows that management accounting have significant effect on the performance evaluation of manufacturing firm. The findings correlate with the study of Ahmad and Zabri (2013) are of the view that research into management accounting practices (MAPs suggests that MAPs have important roles in ensuring the efficiency in the management of the firm and may also improve performance. Management accounting practices enable management to obtain relevant information for meaningful decision making.

CONCLUSION

The research study revealed that accounting and management accounting perfume a crucial role on management decision and organization performance, which has been shown to be major forces in decision making. This is achieve by implementing the best fundamental concept of accounting suitable for each company. The company used has case study made the researcher to understand that for any company to be successful, should endeavor to make use of accounting information because accounting it self is a language of business, and before venturing in to any business one must know the right method to achieve the stat goals and objectives.

RECOMMENDATION

Base on the statement of problem, objective of the study and the result of the findings, the following recommendations are made.

1. Companies should consult professional accountants when starting a business to learn about various laws that affect and also to familiarize them self with the variety of financial record that the need to maintain.

Clear cut definition of long term corporate objective within which the accounting information system will operate should be provided

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