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Full Length Research Paper

Exploring the role of management accounting in improving the performance of managers in the new environment "evidence from Bahrain"

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Management accounting system is a subservient of different levels of management in most companies. In the less-developed countries, environment of companies has been changed in the last decades. These companies applied new management philosophies and competitive strategies. Therefore, companies should review the role of its management accounting system in this new environment. This paper explored the role of management accounting through the management process including planning, executing, and evaluating the performance in the listed and un-listed companies in Bahrain. A survey conducted in these companies using questionnaires. The findings of this study indicate that the studied companies changed their strategic plans for similar reasons. Also, it found that the management accounting played multi roles that were to evaluate performance of managers, to identify the managerial problems on time (problem solving), to enhance participation and motivation of managers and to pay the attention of managers toward the important issues in their departments (attention-directing). Several prior studies investigated the change of management accounting in the developed countries. However, this study added value by filling the gap in the literature on exploring the role of management accounting system in supporting management in light of the new setting of one Gulf country.

Keywords: management, accounting-strategy-planning, control and performance evaluation

INTRODUCTION

The main objective of this paper is to explore the role of management accounting in planning, executing, and evaluating the performance of companies in Bahrain. More specifically, this study discusses the following aspects: Change environment of companies and the need to change management accounting practices; The role management accounting to support management through: providing information for planning, control and decision making, Motivating managers and other employees toward the performance goals; evaluating

The performance of managers, and other employees. The remaining sections of this study will explain the literature review about the research topic, the research

methodology, and finally, analyzing findings of the empirical study.

LITERATURE REVIEW

Change environment of companies and the need to change management accounting

In the recent decades, the research topics are interesting in the changes in management accounting practices. However, Burns and Scapens (2000) observed that researchers pay less attention to the

changes in management accounting practices. Johnson and Kaplan (1987) criticized management accounting practices. They argued that the traditional practices have been "relevance lost". They pointed these practices offered little benefit for providing useful and timely information for better decision and control in the new competitive environment. Global economic pressures force companies around the world to deliver more efficient and effective products and services. Companies started to change their managerial strategies to align the new competitive environment. The new strategies focus on such concepts as decentralization, empowerment, coordination, and participation Agasisti et al. (2008). As part of this transformation process, companies find it is necessary to review the role of management accounting to align the new environment with the objective to improve cost control, budgeting and performance measurement and to ensure efficiency and effectiveness of service quality provided. Mok, (2003); Valderrama and Sanchez, (2006); Hopwood (2008). To support this change in the companies' environment there is a need for new accounting and budgeting innovations in order to provide valuable information for decision making in terms of assessing the costs and benefits Edwards et al., (1999). Changes to the accounting system can be seen as improvements in the budget system and the performance management system Ronald (2008). Recent management accounting practices such as activity-based costing (ABC) Brown et al. (2004); Baird et al., (2006); Baird, (2007), the balanced scorecard (BSC), and the use of key performance indicators (KPIs) Kasurinen, (2002); Waweru et al., (2004), are also needed to provide more relevant information to support decision making. Such techniques enable better control over resources in the business companies and provide valuable information to adapt to the rapidly changing organizational environment Jackson and Lapsley, (2003); Lapsley and Wright, (2004); Tambulasi, (2007). Tuan and Malcolm, (2011) examined how changes in management accounting practices in Malaysian manufacturing companies took place in response to a changing business environment and the effect of changes on performance. They concluded that the level of changes in management accounting practices increased over the five year period from 2003 to 2007. The changes mostly occurred through the introduction of new practices. Findings in this study also revealed that there were no significant differences in management accounting practices among local and foreign companies, or between small and medium, and large companies. This study also supported previous research in terms of the positive relationship between changes in management accounting practices and performance.

Planning, control and decision making

Managers would rely on managerial accounting information in formulating plans for the operations Powell, (1992). Capon *et al.* (1994) found that a majority

of companies used managerial accounting information in sophisticated corporate planning and corporate financial plans through their budgeting system. Budgets are the most important control and planning mechanisms of management accounting in implementing those plans. Most studies concluded that budgets are used to communicate top management's expectations to managers and employees. The budgets process provides for coordinated planning among different functional areas Ramsey and Ramsey, (1985); Bremser, (1988). Hopwood (1972), and Abernethy and Stoelwinder, (1991) argued that budgets can be used as a control mechanism to standardize the behavior by specifying the means to produce an output unit. Armstrong *et al.* (1996) concluded that budgetary controls are closely linked with considerations of labor controls. On the other hand, management would rely largely on managerial accounting information for virtually all major decisions. Managerial accounting information often assists management through its attention-directing function. However, managerial accounting information often directs managers' attention to an issue that requires their skills. There are prior studies on the role of management accounting with respect to decision making lead to quite differing results within a company. Whereas Mouritsen et al. (2001) found that companies started to develop joint functional analysis in inter-organizational relationships. Ha*kansson and Lind (2004) showed that no collective accounting information is used in such relationships. Firms with inter-organizational relations need to develop and implement appropriate information systems, which are able to cope with the complex planning and monitoring requirements arising from these structures. Finally, offshoring is a typical strategic management decision, which is subject to uncertainty, complexity and a variety of risks that may lead to hidden costs. Management accounting acts as a consulting and information-providing function. In the research of strategic decisions and management accounting, undertaking such research can be relevant in two ways. First, due to the wide range of approaches available to strategic management accounting (SMA), the findings could help managers in their choice of SMA technique to adopt in a company-specific strategic setting. Second, the issue of the linkage between strategy and SMA is explored in a new perspective: while SMA has always been considered as the informative support for strategic decision making by managers, only a few studies have considered strategy, to some extent, as one of the variables affecting the introduction of SMA in organizations Guilding, et. al., (2000); Cadez and Guilding, (2008). Here, the focus is placed on business strategy by considering it the main variable of a contingent model of SMA orientation in organizations. In the study of Michael and Andreas (2010), they explored the extent of involvement of management accounting in strategic inter-organizational decisions and control in the context of offshoring of services. They concluded

management accounting is involved in offshoring activities to a much lower extent than expected.

Motivation of employees

One of the most important objectives of using management accounting information is to motivate managers and other employees to direct their efforts toward achieving the company's goals. One way in which employees can be motivated toward the company's goals is through *empowerment*. An empowerment is the concept of encouraging and authorizing workers to take the initiative to improve operations, reduce costs, and improve product quality and customer service. Budget participation and rewards are also important to motivate managers toward the company's goals. Many prior studies conducted about participation, for example, Lyne (1988) examined the managerial utilizes of budgetary information, to what extent of managers are participated in setting their performance targets, and the sources of forces to meet these targets. Skinner's (1990) studied the managerial uses of profit information included in the budget. Drury *et al.* (1993) studied management accounting practices in the British Companies, reported that management uses budgets information for multi purposes. Cress and Pettijohn (1985) found the participative budgeting is used when lower-level managers have more information than top management and also when the manager's rewards is associated with budget performance. Milani (1975) studied the motivational consequences of budgeting. He found that participation in budgeting increases satisfaction and motivation and makes manager considers responsible for achieving the company's goals. Hopwood's (1972) found a positive relation between rewards and achievement of performance targets to motivate managers. Bails and Asada (1991) found that there was positive relation between bonus and promotion of managers and achievement the budget targets.

Performance evaluation

To identify the consequences of motivating the employees toward the organization's goals, it is important to measure their performance in achieving those goals. Such financial and non-financial measurements then can be used as the basis for rewarding performance through feedback control. For example, most large corporations compensate their executives, in part, on the basis of the profit achieved by the subunits they manage. In other companies, managers are rewarded on the basis of operational or non-financial measurements, such as product quality, sales, or on-time delivery. In addition to measuring the performance of employees, the management accounting

system measures the performance of an organization's subunits, such as divisions, product lines, geographical territories, and departments. These measurements help the subunits' managers obtain the highest possible performance level in their units. Such measurements also help top management decide whether a particular subunit is a value-added unit Weisenfeld (1990). Budgets seemed to be a standard for performance that is also used to evaluate managerial performance. Feedback control explores to what extent employees achieved expected levels of budget targets during a specified time period Srinivasan, (1987). Anderson (1993) found that companies are still develop its budgets and uses them as their main performance measurement system. Joye and Blayney (1990) found 93 percent of companies' sample employed budget variances information for setting targets and evaluating performance. Guilding *et al.* (1998) also, found that performance evaluation was based mainly on achieving budget targets. Weisenfeld and Tyson (1990) found that using budget as a main tool for performance evaluation relies on the effectiveness of information communication process. They also found a positive association between budget variances and improvement the performance and bonuses of managers.

Empirical Study

Research Hypotheses

- "it is expected there is no significant difference between listed and non-listed companies in changing their strategic plans"
- "it is expected there is no significant difference between listed and non-listed companies in the role of management accounting for planning, control and decision making "
- "it is expected there is no significant difference between listed and non-listed companies in the role of management accounting for motivating the individuals toward the organization's goals "
- "it is expected there is no significant difference between listed and non-listed companies in t the role of management accounting in evaluating the performance "

RESEARCH METHOD

This study used a questionnaire in Appendix I as a survey instrument. The questionnaire contained general information questions, yes/no questions, and five-point Likert scale questions. The questionnaire questions were setting based on the review of the literature. It contained the factors that were tested in this study. The questionnaire has also been tested and adapted based on a pilot study taking the views of managers and

accountants in the sample companies. The pilot study conducted in five companies which were excluded from the study sample. The feedback from this pilot study used to refine the questionnaire. Total number of companies taken from the Bahrain Companies Directory was 263 which were distributed in different industries: industrial companies, financial services, investment, insurance services, telecommunication, and banks. The respondents contacted by telephone asking whether they wish to join in this study. Out of 263 companies, 89 agreed to participate in this study, and accordingly, the questionnaires sent to the respondents (senior managers in accounting departments). Out of 89 companies, 48 were listed on the Bahrain Stock Exchange (BSE), and the remaining are non-listed companies. 59 questionnaires are received, (66.3 percent response rate). However, 7 questionnaires were eliminated because they were not completed, resulting in 52 usable questionnaires (58.4 percent response rate). Table 1 shows that out of the 52 questionnaires, 32 were from the listed companies and the remaining from the non-listed companies.

RESULTS AND DISCUSSION

The role of management accounting in planning, control and decision making

Management accounting supported different levels of management by providing information for planning, control and decision making, therefore, the questionnaire contained questions on these issues. Table 2 presents the responses of Q.1 and Q.2 in the questionnaire whether their companies prepared a strategic plan and the time period of this plan. The data in Table 2 shows that 90.6 percent of the listed companies and 90 percent of non-listed companies prepared strategic plans. 90.4 percent of companies prepared strategic plans ranging from five to ten or more years. Only three company from the listed and three companies from the non-listed sector prepared strategic plans covering over ten years. A difference that can be observed among the two groups is that 51.7 percent of listed companies and 33.3 percent of non-listed companies prepared their strategic plans covering from five to ten years. Chi-square tests reveal no statistical differences in the practices of the listed and non-listed companies in this point.

Table 3 shows the results of analyzing Q.3. In both listed and non-listed companies, a majority of the respondents are strongly agreed (≥ 90.0) that their companies changed their strategic plans. The interpretation of these results is the Bahrain National Strategic Plan 2030 transformed the own strategies of companies to align with other global initiatives, with an emphasis on efficiency and accountability. This plan adopted to match and cope with rapid development in the economy and technological progress that are now of

paramount importance. Therefore, the Bahrain companies needed to respond and potentially broaden its role to meet the expectations articulated in vision 2030. In Bahrain companies, the establishment of a more comprehensive and stringent quality assurance system was imminent and imperative challenges. However, between years 2005 and 2011, Bahrain companies have undergone several reviews of its programs by national and international agencies. These companies developed its governance, administration, and support services with the objective of creating an organization which better enables its people to achieve their potential. It aimed to decentralize decision making and accountability so that more decisions were taken at the level of departments, it provided all administrators, and staff with professional and leadership development to improve their skills and to enhance performance and job satisfaction and streamline processes policies and procedures.

Table 4 (Q.4) summarizes 5 measures for changes in strategic plan from 2005 to 2011. The results from the descriptive statistics showed high mean scores for all of the items (>6.0). This result indicated that the sample companies have similar reasons of changes in their strategic plan during the specified period. Both "competitors" and "country's economy" have the highest increased reasons in both listed and non-listed companies. These results indicate that companies in Bahrain have increasingly changed their strategic plans. These results support the first hypothesis of the study.

Table 5 shows the results of analyzing Q. 11 in the questionnaire. It shows that 31.2 percent and 45 percent of both listed and non-listed companies respectively applied budgets. On a whole basis, 36.5 percent of all companies applied budgets. On the other hand, 9.4 percent and 25 percent of both listed and non-listed companies respectively used product costing systems. On a whole basis, 15.4 percent of companies applied product costing. It is found that the statistically significant differences in the budgets and product costing practices among listed and non-listed companies. On the other hand, it is found that 21.9 percent and 5 percent of both listed and non-listed companies respectively applied activity-based-costing (ABC). On a whole basis, 15.4 percent of all companies applied this contemporary technique. On the other hand, 18.8 percent and 25 percent of both listed and non-listed companies respectively used target costing technique. On a whole basis, 21.2 percent of companies applied this advanced technique. It is found that the statistically significant differences in the budgets and product costing practices among listed and non-listed companies. The explanation for this may be that management in both listed and non-listed companies is interested in applying the advanced management accounting techniques continually.

Table 6 indicates the responses of managers of Q.5, Q.6, and Q.7. It shows that 50 respondents (96.2 percent), both listed and unlisted, companies use

Table 1. Distribution of responses

Industry	Listed Companies	Non-listed Companies	Overall	%
Commercial Banks	10	3	13	25
Investment	5	3	8	15.4
Financial services	4	2	6	11.5
Insurance	6	1	7	13.4
Industrial	5	9	14	27
Telecommunications	2	2	4	7.7
Total	32	20	52	100

Table 2. Strategic plan and time period covered

Strategic plan & Time period	Listed Companies		Non-listed Companies		Overall		Chi-square
	N	%	N	%	N	%	
Prepare strategic plan	29	90.6	18	90	47	90.4	-
Time period:							
5 years	11	37.9	9	50	20	42.6	0.23NS
5-10 years	15	51.7	6	33.3	21	44.7	0.85NS
Over 10 years	3	10.3	3	16.7	6	12.7	-

Not significant at 0.5 level

Table 3. The change in the strategic plan

	Listed Companies		Non-listed Companies		Overall		Chi-square
	N	%	N	%	N	%	
Change in a strategic plan:							
Yes	29	90.6	18	90	47	90.4	0.08 NS
No	3	9.4	2	10	5	9.6	

NS: Not Significant at 0.5 level

Table 4. Reasons of change the strategic plan

Reasons of change the strategic plan	Listed Companies N=		Non-listed Companies N=		Overall		
	Mean	SD	Mean	SD	Mean	SD	t-test
competitors	8.5	1.51	7.91	1.31	8.04	1.29	2.30*
company's policy	7.64	1.72	7.52	1.4	7.51	1.32	1.31
customers	7.4	1.64	6.91	1.39	7.12	1.33	1.11
suppliers	7.01	1.21	6.43	1.19	6.32	1.05	0.92
country's economy	8.41	1.69	8.01	1.28	8.11	1.35	3.03*

*significant at 0.05 level between listed and non-listed companies

Table 5. Management accounting techniques applied

Strategic plan & Time period	Listed Companies N= 32		Non-listed Companies N= 20		Overall N= 52		Chi-square
	N	%	N	%	N	%	
budgets	10	31.2	9	45	19	36.5	5.29*
Standard costing	1	3.1	0	-	1	1.9	-
Activity-based-costing/management	7	21.9	1	5	8	15.4	5.01*
target costing	6	18.8	5	25	11	21.2	5.19*
balanced scorecard	5	15.6	0	-	5	9.6	-
product costing	3	9.4	5	25	8	15.4	4.23*

*significant at 0.05 level

Table 6. Setting of performance standards

Practice	Listed Companies		Non-listed Companies		Overall	
	N	%	N	%	N	%
Use management accounting information for planning and control						
Yes	30	93.8	20	100	50	96.2
No	-		-			
Establish rules to set the performance standards:						
Yes	28	93.3	20	100	48	96
No	2	6.7	-	-	2	4
Update performance standards continually						
Yes	3	10	5	25	8	16
No	27	90	15	75	42	84

management accounting information for planning and control. However, this practice was different among companies, 84 percent of them do not follow same procedure to update the performance standards. Furthermore, 93.3 percent from listed and 100 percent from non-listed companies, managers responded that their companies issued rules to establish performance standards. Therefore, it is concluded that companies in Bahrain follow standardized procedures to prepare performance standards.

The questionnaire included questions (Q.9) on these issues. Table 7 shows purposes served by management accounting information in the study sample. In the listed companies, respondents rated in follow-up the plans, followed by solving a decision problem, to coordinating and revising the plans. But, in the non-listed companies, management accounting information was rated highest to revising the plans and then to solve a decision problem and to follow-up the plans. Furthermore, Management accounting information in both listed and non-listed companies was mostly similar as shown in Table 7. Significant differences can be observed in management accounting information of listed and non-listed companies to solve a decision problem, to follow-up the plans, and to revise the plans. These differences may be caused by the degree of feedback control of listed and non-listed companies. Listed companies had more effective feedback control as compared to the non-listed companies. Indicate listed companies encourage motivation in achieving the company's plan than non-listed companies.

The role of management accounting in evaluating the performance of managers

Management accounting information is used for an effective control and for the performance evaluation of managers. Frequency of preparing performance reports reflected the desire of management to improve performance of employees continually. Therefore, Tables 9 shows the results of analyzing Q.13 in the

questionnaire. It shows that 78.1 percent of listed companies prepare their performance reports on quarterly basis. On the other hand, 50 percent non-listed companies prepare their performance reports semi-annual basis. On a whole basis, 63.5 percent of companies prepared their performance reports on quarterly basis. It is found that the statistically significant differences in the performance reports among listed and non-listed company for both a quarterly basis and a semi-annual basis. The explanation for this may be that management in the listed companies is interested in improving the performance of managers continually. Consequently, listed companies may consider it appropriate to facilitate such a practice and to emphasis on quarterly performance. Table 10 shows the results of analyzing Q.8 in the questionnaire. It shows that 56.3 percent of listed companies and 60 percent of non-listed companies prepared performance standards based on both by output unit and department. Also, 25 percent of non-listed companies prepared their performance standards on a departmental basis.

Table 11 shows the findings of uses of performance reports in both groups of companies (Q.12). It indicated the way in which these reports are used to evaluate performance. It is found that the common practice in both groups is to improve performance next period, for rewarding and for control purposes. Also, the listed companies used the performance reports for decision making. These results revealed a major change in the view and behavior of managers in Bahrain. It also indicated that these companies have a greater tendency to use management accounting practices.

Table 12 shows the results of analyzing Q.15 in the questionnaire. It shows the reasons of departments' failure to achieve predetermined performance goals. In both groups of companies, listed and non-listed, it is found that the most important reasons are the lack of facilities, poor scheduling, lack of resources and skills and performance standards were beyond their reach respectively. These findings indicated these managers need more training to improve their performance. It is found that there are no significant

Table 7. Specific purposes served by management accounting information

Purposes	Listed Companies			Non-listed Companies			Overall			t-test
	Mean	SD	N	Mean	SD	N	Mean	SD	N	
Revising plans	4.01	0.89	30	4.23	1.02	20	4.05	0.93	50	1.66
2-follow-up the plans	4.41	0.85	30	3.51	1.1	20	4.11	1.06	50	2.89*
3-Communicating	3.59	1.29	30	2.56	1.35	20	3.19	1.39	50	2.46*
4- Coordinating	4.25	1.05	30	3.22	1.04	20	3.89	1.16	50	3.54*
5-Attention-directing	3.43	1.4	30	2.87	1.03	20	3.23	1.29	50	1.54
6-Solve a decision problem	4.37	0.93	30	3.87	0.89	20	4.21	0.97	50	2.00*
7- Performance evaluation	3.35	1.27	30	2.91	0.07	20	3.25	1.24	50	1.88*

*significant at 0.05 level between listed and non-listed companies

Table 8. Motivation to achieve a company's plan

	Listed Companies		Non-listed Companies		Overall		Chi-square
	N	%	N	%	N	%	
Motivation:							
Yes	24	75	11	55	35	67.3	0.08 NS
No	8	25	9	45	17	32.7	

NS: Not Significant at 0.5 level

Tables 9. Time period to prepare performance reports

Frequency of preparing performance reports	Listed Companies		Non-listed Companies		Overall		Chi-square
	N	%	N	%	N	%	
Every three months	25	78.1	8	4	33	63.5	5.37*
Every six months	5	15.6	10	5	15	28.8	5.01*
Every year	2	6.3	2	1	4	7.7	-
Total		32 100		20 100		52 100	

*significant at 0.05 level

Table 10. The basis to set performance standards

Basis of preparing performance standards	Listed Companies		Non-listed Companies		Overall	
	N	%	N	%	N	%
Output unit	5	15.6	3	15	8	15.4
Department	7	21.9	5	25	12	23.1
Both	18	56.3	12	60	30	57.7
Others (input unit)	2	6.2	0	0	2	3.8
Total	32	100	20	100	52	100

Table 11. Specific purposes served by performance reports

Purposes	Listed Companies			Non-listed Companies			Overall			
	Mean	SD	N	Mean	SD	N	Mean	SD	N	t-test
1.rewarding	4.1	0.9	32	3.81	0.84	20	4.1	0.89	52	2.19*
2. improving performance next period	2.59	1	32	3.41	0.83	20	3.2	0.94	52	3.01*
3. profitability planning	2.79	1.2	32	2.65	0.81	20	2.77	1.03	52	0.61
4. control purposes	3.3	1.1	32	2.61	1.11	20	2.98	1.12	52	2.18*
5. product costing	2.75	0.9	32	2.51	0.91	20	2.65	0.9	52	0.85
6. decision making	3.43	1	32	3.9	0.89	20	3.66	0.94	52	1.91
7. timely recognition of managerial problems	2.67	1.3	32	2.32	0.97	20	2.5	1.09	52	1.59

*significant at 0.05 level between listed and non-listed companies

Table 12. Reasons of failure the departments to achieve predetermined performance goals.

Reasons	Listed Companies			Non-listed Companies			Overall			
	Mean	SD	N	Mean	SD	N	Mean	SD	N	t-test
lack of facilities	3.63	0.95	31	3.49	1.3	19	3.59	1.09	50	0.47
poor scheduling	3.17	1.12	31	3.19	1.32	20	3.17	1.19	51	0.07
lack of resources and skills	3.03	1.17	31	2.77	0.69	20	2.94	1.03	51	1.03
Performance standards are beyond our reach	2.11	1.02	32	2.55	1.44	20	2.26	1.2	52	1.04

*significant at 0.05 level between listed and non-listed companies

Table 13. Factors affecting the effectiveness of information flow to achieve the standards

Factor	Strongly agreed		Agreed		Neutral		Disagreed		Strongly disagreed	
	N	%	N	%	N	%	N	%	N	%
Management keep inside information	9	18	19	38	8	16	5	10	9	18
continuous information flow	25	51	6	12.3	5	10.2	12	24.5	1	2
good communication channels	9	17.3	10	19.2	12	23.7	17	32.7	4	7.6
An effective management style	15	30	18	36	10	20	5	10	2	4
An effective planning	11	22.9	12	25	9	18.8	10	20.8	6	12.5

statistical differences in the responses among the two groups.

Communication was required if the company's goal is to achieve the performance standards. Table 13 shows the results of analyzing Q.14 in the questionnaire. It shows 56 percent of the respondents indicated that inside information was not available to prepare the performance reports. On the other hand, a majority of the respondents were strongly agreed that a continuous information flow was generally available to prepare the performance reports. In both listed and non-listed companies, communication was accepted by the users' departments to some extent. A majority of them disagreed that good communication channels were received. Furthermore, in the implementation of the performance goals, management style and planning were the most important factors for the achievement of

the performance goals. In the listed companies the results indicated there was common satisfaction with these two factors. On the other hand, in the non-listed companies, some respondents were not satisfied with management style applied.

CONCLUSIONS

The findings provided by data analysis show that management accounting practices of listed companies were to some extent different in compare with non-listed companies. In general, it is concluded the following findings of this study:

Most of the surveyed companies in Bahrain had strategic plans. All the surveyed companies in Bahrain used different management accounting practices. It is

found statistical significant differences in management accounting practices among listed and non-listed companies in this regard. Most of the surveyed companies in Bahrain issued general rules to apply management accounting practices. The main purposes of using management accounting information in the surveyed companies were:

- Revising plans for the operations
- Following-up plans for the operations
- Communicating top-management expectations' to managers and employees
- Coordinating planning among different function areas
- Attention-directing function
- Solve a decision problem
- Performance evaluation

Most respondents in both listed and non-listed companies agreed that participation increases the motivation of managers to achieve performance standards. Most managers agreed that:

- management accounting information flow was necessary in setting the performance standards;
- performance reports provide good communication among departments;
- managers are satisfied that management style was important factor to execute performance standards; and

Most respondents about performance evaluation agreed that:

- management accounting information was used to evaluate the performance of managers, to identify the managerial problem on time and to improve the performance in next period;
- the main reasons for not achieving the performance goals were inefficient managers and poor planning and scheduling; and

In general, I conclude that the listed companies used advanced management accounting practices as compared to non-listed companies. This study added value to the literature on the management accounting practices in listed and non-listed companies in Bahrain. These findings provided some benchmarks in Bahrain companies and the other companies in other developing countries.

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APPENDIX

Appendix (I): Questionnaire

General information

Your company name and/or Trademark: _____
 Business activity of your company: _____
 Business scope (National/International): _____
 Your company is listed/or unlisted in the BSE: _____
 Your name (Not necessary): _____
 Your job: _____
 Your work experience in the company: _____
 Total full-time employees in your company: _____

Kindly answer the following questions by ticking (✓) the appropriate choice:

Role of management accounting in planning, control and decision making

Q.1 Does your company have a strategic plan? * Yes * No

Q.2 If your answer is yes, how many years does your a strategic plan cover?

1. * 5 years.
2. * 5-10 years.
3. * Over 10 years.

Q.3 Has your company changed its strategic plan? * Yes * No

Q.4 If your answer is yes, indicate what is reason for changes in strategic plan from 2005 to 2011 by ticking the appropriate scale.

Strongly	Agree	Neutral	Disagree	Strongly
Agree			disagree	
5	4	3	2	1

1. * competitors
2. * company's policy
3. * customers
4. * Suppliers
5. * country's economy

Q.5 Does your company rely on management accounting information for planning by preparing performance standards? * Yes * No

Q.6 Does your company continually update performance standards to add a new budget period?

* Yes * No

Q.7 Does your company establish rules for department to set the performance standards?

* Yes * No

Q.8 On what basis does your company prepare the performance standards?

6. * output unit
7. * department
8. * both
9. * Others, please specify _____

Q.9 management accounting information has multi purposes; please tick appropriate scale for each of the following statements.

Strongly	Agree	Neutral	Disagree	Strongly
Agree			disagree	
5	4	3	2	1

1. Revising plans for the operations
2. following-up plans for the operations
3. Communicating top-management expectations' to managers and employees
4. Coordinating planning among different function areas
5. Attention-directing function
6. Solve a decision problem
7. Performance evaluation _____

Role of management accounting in motivating employees

Q.10 All managers in your company are motivated to achieve the company's plan. Do you agree with this statement?
 * Yes * No

Q.11 The following management accounting techniques are employed in most companies to execute their plans and motivate their employees. Please indicate which technique is applied in your company?

Yes No

- 1 budgets
- 2 Standard costing
- 3 Activity-based-costing/management
- 4 target costing
- 5 balanced scorecard
- 6 product costing

Q.12 Performance reports have a number of purposes, indicate how important do you think that each of the following purpose is relevant for your company (please indicate the influence of each purpose using a rating scale):-

Extremely	Not		Neutral		Important	Extremely
Not Important	Important	5	4	3	2	1

- 1.rewarding
- 2. improving performance next period
- 3. profitability planning
- 4. control purposes
- 5. product costing
- 6. decision making
- 7. timely recognition of managerial problems

Role of management accounting in evaluating the performance

Q.13 How many times are performance reports prepared in your company?

- 1. * Every three months
- 2. * Every six months
- 3. * Every year
- 4. * Any others, please specify _____

Q.14 The following is some of the statements that may affect information available to achieve performance standards; please tick the appropriate scale.

Strongly	Agree	Neutral	Disagree	Strongly
Agree			agree	
5	4	3	2	1

- 1. Management keep inside information
- 2. continuous information flow
- 3. good communicate channels
- 4. An effective management style
- 5. An effective planning

Q.15 Your company may fail to achieve the performance standards. This may be caused by some problems. (Please, tick the appropriate scale).

Strongly	Agree	Neutral	Disagree	Strongly
Agree			agree	
5	4	3	2	1

- 1. lack of facilities
- 2. poor scheduling
- 3. lack of resources and skills
- 4. Performance standards are beyond our reach

(Any comments would you like to add on management accounting practices in your company)
