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Effect of Management Accounting Practices on Organizational Performance of Nepalese Commercial Banks

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Tribhuvan Mahatman[1]

Abstract

Management accounting practices (MAPs) encompass tools and techniques like time-driven activity-based costing and budgeting to aid internal decision-making, costing and performance evaluation within organizations. The study aims to identify the empirical studies that investigate the impact of management accounting practices on organizational performance. The study uses a descriptive research design and survey method to examine impact of management accounting practices on organizational performance in Nepalese commercial banks. The data was collected from 7 Nepalese commercial banks through questionnaires. The questionnaires are distributed to branch managers and customers, using convenience sampling. The study analyzed the responses from 350 branch managers out of 1763 and 392 customers, with 345 being usable data. The banks are selected on the basis of stratified sampling method. The findings were presented using various statistical tools. The study used SPSS V-25 software to analyze primary data, generating descriptive and inferential statistics. The hypothesis was tested using regression analysis. The results showed a positive impact of management accounting practices on organizational performance. The study suggests that Nepalese commercial banks should adopt robust management accounting practices improve their performance. The integration of sustainable practices of management accounting can benefit both banks and their economic growth.

Keywords: Accounting tools, customers satisfaction, commercial bank, management accounting practices, organizational performance

Introduction

The Nepalese financial system began in the early 20th century with the establishment of Nepal Bank Limited in 1937. The central bank, Nepal Rastra Bank, was established in 1956. The government owned three banking organizations: Agriculture Development Bank Nepal (ADB/N), Rastriya Banijya Bank (RBB), and the Nepal Industrial and Development Corporation (NIDC). Government control of the banking industry was restricted until the 1980s. ADB/N aimed to promote agricultural development. Nepal implemented liberalized and deregulated economic policies in 1984, which had a major impact on the financial

[1] Mahatman is a Faculty of Shahid Smarak College, Kirtipur, Kathmandu

system. These measures included open market operations, indirect monetary regulation, a deregulated interest rate structure, and complete convertibility of Nepalese currency in the current account. As a result, the banking industry was able to grow and implement contemporary technology. Commercial banks, development banks, finance companies, and microcredit financial institutions are the four categories into which the Nepal Rastra Bank (NRB) divides licensed banks and financial institutions. After 1999, the number of development banks (DBs) in Nepal's banking sector increased significantly, reaching 88 in 2012. The National Reserve Bank of Nepal's (NRB) mission to advance balanced development and financial inclusion was not entirely met by this, nevertheless. Special financial institutions that support national priority areas like infrastructure development, energy, and agriculture were exempt from the 2009 NRB prohibition on new bank licenses for A, B, and C category institutions. This resulted in mergers and acquisitions that consolidated the financial sector (NRB 2017).

Commercial banks are essential to the economy because they offer financial services to citizens, companies, and the government. Banks must create successful strategies and integrate them with management accounting practices if they want to keep their competitive advantage and experience sustained development. The purpose of this statement is to investigate the connection between strategy and management accounting procedures and how they affect the perceived performance of commercial banks (Mecha et., al 2015. The financial sector, of which banks are important conduits for investment and lending, is essential to economic expansion. Nonetheless, banks are restructuring their policies and processes to address ecological imbalances brought about by industrialization as environmental concerns gain traction. They have to take into account both ecological and economic concerns when funding sustainability initiatives (Sangisetti & Kumari, 2023).

MAPs provide essential information for managers to make informed decisions, but insufficient provision can lead to ineffective resource management and performance degradation. Changes to MAPs should be context-dependent and tailored to support business operations, resulting in competitive advantages and improved performance. Effective MAPs help employees focus on differentiation needs, maintaining and improving consumer expectations (Dahal, 2022).

A strong accounting information system is crucial for a successful business, as it ensures accurate and timely execution of accounting tasks, detects deviations, implements remedial measures, and maintains an effective management system. Managers play a vital role in planning, leading, inspiring, and controlling operations, ensuring efficient resource allocation, staff management, and overall business success in the face of competition and technological advancements (Gnawali, 2017).

Although it is impossible to ignore the manufacturing sector's influence on the economy of any nation, management accounting techniques are crucial for improve the performance of these manufacturing companies. It is acknowledged that the organization's success depends on management accounting procedures (Horngren et al., 2009). Manufacturing companies and other organizations' management can plan, direct, and control operating costs and attain maximum performance with the aid of management accounting methods and methodologies (Gichaaga, 2013).

The study aims to understand the impact of management accounting practices (MAPs) on organizational performance in Nepalese commercial banks. It seeks to provide insights and recommendations to improve performance, enhance decision-making processes, and align strategic goals with management accounting practices. Gnawali (2018) and Dahal et al (2021) failed to consider the relationship between benchmarking, time-driven activity-based costing, customer satisfaction, in the context of organizational performance. The current study aims to fill these gaps and explore the effect of management accounting practices on organizational performance and the success of commercial banks, highlighting the importance of understanding these factors.

A hypothesis is a statement that suggests or predicts the impacts of variables or phenomena is used in scientific research to guide experiments and data collection. The hypothesis tested in the study is that there is a significant impact of management accounting practices on organizational performance in Nepalese commercial banks, aiding in approving and disapproving the research goals.

Management Accounting

According to the Chartered Institute of Management Accounting CIMA (2005), CIMA is a global professional organization that provides information for management tasks like policy formulation, enterprise planning, decision-making, disclosure, asset protection, and financial accounting, focusing on stakeholder value generation and management. Global environmental changes have also pushed small and medium-sized enterprises (SMEs) transformation towards sustainability, requiring a greater focus on cost efficiency. The accounting literature has long suggested the benefits of adopting management accounting practices (MAPs) in improving business sustainability (Mueller & Weber, 2023). Small businesses benefit from MAA, with high MA knowledge resulting in the highest average solvencies. However, a decreasing solvency phenomenon occurs when increasing MA investments lead to decreased solvency when a business operates at a medium level of MA knowledge. This finding warrants further study, focusing on potential underlying variables and small business performance (Yla-Kujala et al., 2023).

MAPs provide essential information for managers to make informed decisions, but insufficient provision can lead to ineffective resource management and performance degradation. Changes to MAPs should be context-dependent and tailored to support business operations, resulting in competitive advantages and improved performance. Effective MAPs help employees focus on differentiation needs, maintaining and improving consumer expectations (Dahal, 2022). Drury et al. (1993) examined the usage of MAPs in UK industrial companies and discovered a wide range of varied practices. There was evidence of a significant gap between several parts of theory and practice, even if many seemed to closely match theory. A survey of MAPs in the UK food and beverage sector was undertaken by Abdel-Kader and Luther in 2006. They came to the conclusion that traditional management accounting is still in use, but there are signs that information on the cost of quality, non-financial measurements of personnel, and analysis of rivals' strengths and weaknesses are being used more frequently. Studies on management accounting were conducted in other European firms by a variety of researchers and covered a range of different MAPs, including costing, planning and control, performance measurement and evaluation, and decision support systems. Traditional approaches were still in use, despite the fact that businesses had begun to adopt new methods (Bruggeman et al. 1996; Pierce & O 'Dea, 1998; Szychta, 2002; Hyvonen, 2007).

Costing

The study relied on secondary data extracted from the audited financial statements of the selected firm. Direct material cost, direct labour cost, production overhead cost and administrative overhead cost were considered as independent variables while profitability (operating profit) was taking as dependent variable representing firm performance. The results indicate a significant positive relationship between direct material cost, direct labour cost and firm performance (Oluwagbemiga et al., 2014) Variable costing was used by 42% of Finnish businesses, according to Lukka and Granlund's (1996) study. Similar findings were made by Abdel-Kader & Luther (2006), who found that slightly over 50% of British businesses used this strategy. Firth (1996) noted an adoption rate of 76% by locally based Chinese enterprises in China for emerging nations. In India and Thailand, respectively, Joshi (2001); Phadoongsitthi (2003) reported a rate of usage comparable to wealthy nations. Outcomes show a substantially higher uptake of Activity Based Costing systems in the United States and Australia compared to outcomes in European and developing nations. A little more than half of U.S. corporations reportedly implemented Activity Based Costing systems, according to Krumwiede (1998).

Budgeting

A budget is a planned financial allocation for a predetermined time period that is used to assess organizational, segmental, or individual performance and support decision-making. It is an essential instrument for planning, making decisions, and maintaining control since it describes the financial and operational goals of an organization. Budgetary control assesses whether plans are being followed or if modifications are required by comparing anticipated revenue and expenditure with actual revenue and spending. The budget provides a crystal-clear picture of what must be accomplished throughout the allotted time (El-Kassar & Singh, 2019; Kamau et al., 2017). Budgeting is the practice of creating spending plans by following several processes. When creating a budget, a budget manual (a collection of budget policies) is created with information about the budget that needs to be created. A budget controller (also known as a budget director or budget officer) is then appointed for the task, and a budget committee is formed under his leadership with representatives from various organizational departments. When necessary, members of the budget committee may also be nominated from the outside as specialists. When budgeting, the time frame, process, and important variables are also taken into account (Chhikara et al., 2020).

Benchmarking Practice

Companies engaged in industrial environments were the first to create benchmarking (Spendolini, 1992). The usefulness of benchmarking has been recognized by several organizations, and they are now using it to enhance their systems, processes, and performance. Despite being widely used, benchmarking has in fact become normal and, as a result, is a crucial component of certain organizations' organizational culture (Spendolini, 1992) and sustaining strategy (Huq et al., 2008). There is evidence in the literature that benchmarking practices are becoming more and more common (Yasin, 2002). Studies in the UK, Partnership Sourcing (1997); Cooper & Lybrand (1994a); Cooper & Lybrand (1994b) and studies on organizational benchmarking by Azhar and Omar (2008) all demonstrate the rising popularity of these practices. It's interesting to note that organizations in Europe that are quickly embracing the British Quality Foundation (1997) and European Foundation for Quality Management (1993) frameworks for performance management would struggle to operate effectively without benchmarking. Conclusion of these paragraphs, benchmarking practices are increasingly popular in businesses, with studies in the UK, and Europe proving their effectiveness, especially for European organizations adopting British Quality Foundation and European Foundation frameworks.

Performance Evaluation

According to Banker et al. (2000), the main justifications for the use of nonfinancial performance metrics include the fact that they are more accurate predictors of future financial success than accounting measures and that they are useful in assessing and

encouraging management performance. The adoption of customer-related non-financial performance measures is higher than that of other non-financial performance measures within the same family. The findings of a study conducted by Drury & Tayles (1995) of MAPs in 260 UK SMEs validated the significance of nonfinancial variables, particularly those that reflect customer happiness, product quality, and supplier and delivery dependability. Summary of the above paragraph is success is measured using both financial and non-financial metrics, with financial indicators like ROI and profit indicators being common. Non-financial performance metrics, such as customer happiness, product quality, and supplier dependability, are more widely adopted for assessing management performance.

Performance evaluation is a crucial management accounting function, according to Emmanuel et al. (1990). Managers can use performance evaluation information to help their organization's strategic goals get accomplished (Jusoh and Parnell, 2008). According to Hall (2008), firms have been attempting to create more thorough performance measurement systems (PMS) in recent years to give managers and staff information to aid in managing their operations. The balanced scorecard (Kaplan & Norton, 1996), performance hierarchies (Lynch & Cross, 1991) are two well-known methods for giving a larger range of performance measurements (Hall, 2008).

Decision Making

According to (Martin et al., 2015), some research places a high focus on effective decision-making procedures. Whatever course a business takes, it should ultimately be able to make logical choices that will increase its performance, development, and ability to survive. All of these concepts may be related to how management accounting plays a part in making decisions. Thus, we might argue that management accounting is used to enhance decision-making in terms of timing, quality, cost, and performance. All these factors will therefore help to enhance a company's position in the market, enabling it to expand and fend off competition pressure. Management accounting must be able to give businesses accurate and trustworthy information even though it plays significant roles in decision making.

Management accounting is crucial for businesses to make important decisions, maintain a competitive position, create cultural values, support organizational activities, motivate behaviors, and guide managerial action. It is often focused on dealing with internal management needs and providing information, as managers require this information for effective decision-making (Otley,2016; Richardson et al., 2017; Trucco, 2015). These topics include product pricing (marketing), risk analysis (investment), integration (strategic management), and acquisitions (finance). Managers will gather data that is pertinent to their choices, and management accountants frequently make this data available to managers. The

theories are shown that management accounting aids gathering, processing, and distribution of information to decision-making (Hosomi et al., 2017).

Time Driven Activity Based Costing (TDABC)

This study aims to design an integrated Economic Value Added (EVA) and Time-Driven Activity-Based Costing (TDABC) model, which minimizes Capital Charge (CC) by increasing the effectiveness of invested capital and maximizes Net Operating Profit Less Adjusted Tax (NOPLAT) by reducing the indirect cost of idle resource capacity. The system links lagging indicators with leading indicators using the Balance Scorecard (BSC). Numerical examples are provided to aid understanding of the proposed model. The capital and time drivers may boost operational IC efficiency while bringing down indirect costs shown in comprehensive income statements (Choi 2014). The study in Sweden uses cognitive time (CTD) to address time subjectivity in workers' self-assessments of activity length. The CTABC model is proposed to address this issue, considering both revenue and cost formulae. This approach reduces economic inefficiencies caused by insufficient human time utilization and combines cognitive and physical time in cost accounting, thereby boosting client contract profitability (Pashkevich et al., 2023).

In the scenario of Pakistan, this study investigates the cost calculation technique for Industry a smart manufacturing strategy that third-world nations are rapidly adopting. Many businesses are reluctant because of costly capital expenditures and technological expenses, despite the worldwide relevance and financial advantages. Time-driven activity-based costing (TDABC), a real-time application costing method, is suggested as a more affordable and effective alternative. The study shows that using this strategy may result in increased productivity, smaller operating budgets, and effective resource use, giving businesses a competitive edge in the industry (Ali et al., 2023).

Customer satisfaction

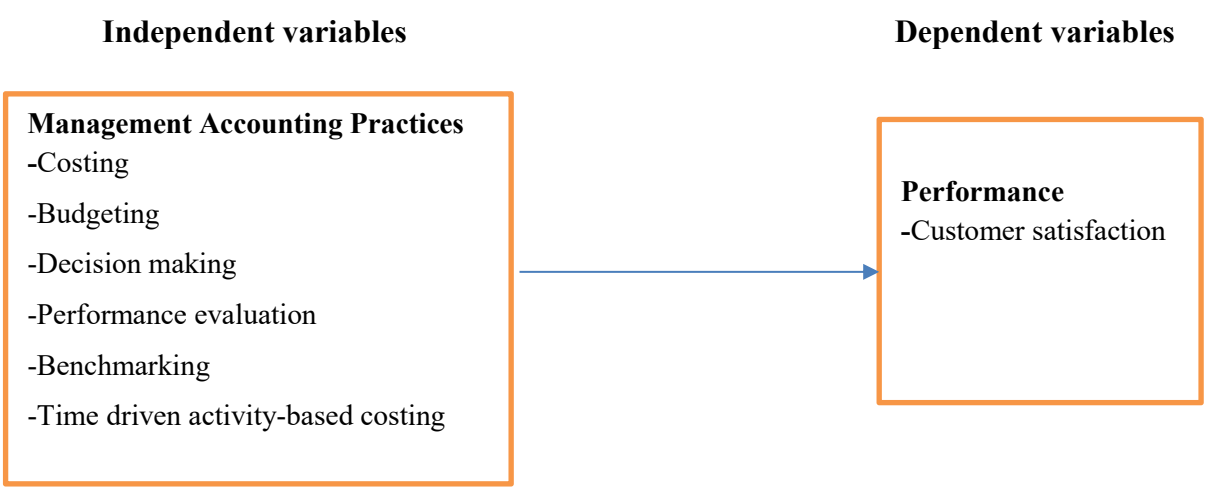
The item’s reliability, responsiveness, assurance and tangibles factors have positive and significant impact on customer satisfaction. It revealed that higher the responsiveness, reliability, assurance and tangible factors would lead to higher level of customer satisfaction (Subedi, 2019). The banking industry is no exception in terms of the importance of customer happiness for financial institutions. Customer happiness is crucial for the profitability and long-term viability of banking businesses. Customer satisfaction in the banking industry is positively affected by empathy, assurance, reliability, responsiveness, and tangibility (Rahman et al., 2020).

Shanmugam and Chandran (2022) explored the factors influencing e-banking, emphasizing reliability, safety and security, assurance, technological enhancement, and speed as crucial elements for commercial banking services that depend entirely on Internet processes. The study by Yu and Nuangjamnong (2022), investigated the impact of mobile banking services on customer satisfaction. Their findings indicate that transaction speed, accessibility, affordability, adaptability, ease of use, and relative advantage significantly influence customer satisfaction. Goet and Kharel (2022), examine the effects of accessibility, communication, time savings, and safety on customer satisfaction with mobile banking services provided by Nepalese commercial banks. Their findings reveal a positive and significant correlation between these factors.

Contingency Theory

A company may profit from utilizing one or more of the best management accounting practices, depending on specific circumstances or factors. Effectiveness is unpredictable since it depends on the interactions between management actions, attitudes, and a specific situation (Fielder, 1978). According to Emmanuel et al. (1990), contingency theory is used to investigate the complex connections between strategic goals, organizational architecture, and management accounting systems (MAS), as well as how these elements impact organizational performance.

Conceptual Framework



(Gnawali, 2017; 2018; 2021; Dahal et al., 2021; Dahal, 2021; 2022 Mechaetal. 2015)

Methodology

This study chooses deductive approach similar to other studies in strategy and management accounting system (Gnawali, 2021; Rahman et al., 2021; Liu et al., 2020). This study used quantitative approach to investigate the management accounting practices (MAPs) in Nepalese Commercial Banks. It used descriptive research design to describe the extent of MAPs use and an explanatory casual research design to explore the impact of MAPs on organizational performance. The study selected 7 commercial banks from 20 banks (stratified sampling), based on government ownership and highest capital holder bank from private banks. Primary data are collected from branch managers and customers on the basis of convenance sampling method. The items of the questionnaire were adapted from Gnawali (2017); Gnawali (2021); Dahal (2020); Mechaetal (2015); Sakariya (2018); Sangisetti and Kumari (2023); McLellan (2014).

According to the Annual Report of the Banks, there were 1763 total numbers branch manager in these banks. To determine the sample size, researcher used the following formula prescribed by Adhikari (2021).

$$n=\frac{\frac{Zz^2P.(1-P)}{e^2}}{1+\frac{Z^2P.(1-P)}{Ne^2}}$$

where n=sample size

N=1763

Z=1.96

e=0.05

p=0.5

$$=\frac{\frac{(1.96)^2.0.5.(1-0.5)}{(0.05)^2}}{1+\frac{(1.96)^2.0.5.(1-0.5)}{1763.(0.05)^2}}$$

=316

Hence, for the further analysis of the data, minimum of 316 respondents were necessary.

A convenance sampling of 60 Chief Financial Officers (CFO) or branch managers are taken from each bank (Gnawali, 2017*).* The researcher distributed 80 questionnaires to 7 province banks branch managers, aiming for a 60% response rate. Out of 350 retuned questionnaires, 345 were used, resulting in a 62.5% response rate. Data collection involved convenance sampling of 70 customers. Where it is expected a large number of respondents are not cooperate and send back the questionnaires, a larger sample should be selected (Gupta,

1996). The distribution of questionnaires to customers was random, with a 50% return rate. Out of 490 questionnaires, 392 were returned, with 345 usable, resulting in an 80% response rate. There were two separate questionnaires designed for the purpose of data collection from the respondents. One of these questionnaires was designed for employees of the banks and other for customers.

The study explores management accounting practices and organizational performance using 50 opinion statements from literature reviews and a questionnaire using a Likert 5-point scale. It assesses costing, budgeting, decision making, performance evaluation, benchmarking, and customer satisfaction, influenced by factors like personnel response, appearance, social responsibility, services innovation, word-of-mouth, competence, and reliability. A scale is a measurement tool that can be used to measure a question with a predetermined number of outcomes (Hair et al., 2007). The use of a five-point scale is aligned with previous studies in the management accounting area for example those by Drury et al. (1993); Guilding et al. (1998); Hoque and James (2000); Hoque (2004); and Abdel-Kader and Luther (2006). Responses to questions in these sections is measured through the use of scales. The study used SPSS V-25 software to analyze primary data, generating descriptive and inferential statistics. The hypothesis was tested using regression analysis. Descriptive measures included frequency distributions, central tendency, and dispersion.

Data Analysis

Demographic profile shows the general information of the respondents. This study was based on the information collected from 345 managers, CFO and customers of commercial banks. They provided information about their gender, age, number of children, education level, work experience and training.

Table 4.1 Demographic Profile of Respondents

		Frequency	**Percent**
Gender	Male	209	60.6
	Female	136	39.4
Age	18-30	3	.9
	31-50	342	99.1

Education level Postgraduate	345	100.0
Work Experience 1-10 years	5	1.4
11-20 years	338	98.0
Above 20 years	2	.6
Training National	336	97.4
Both	9	2.6
Position Branch manager	343	99.4
CFO	2	.6
Province Bagmati	52	15.1
Gandaki	49	14.2
Karnali	50	14.5
Koshi	49	14.2
Lumbini	48	13.9
Madesh	49	14.2
Sudurpaschim	48	13.9
Customer gender Male	196	56.8
Female	149	43.2
Customer age 18-30	257	74.5
31-50	64	18.6
51 and above	24	7.0
Customer education +2/ Bachelor	44	12.8
Master	267	77.4

M.Phil./PH. D	34	9.9
Customer visit Daily	40	11.6
Weekly	24	7.0
Monthly	256	74.2
Other	25	7.2

The table reveals the distribution of respondents based on gender, age group, education level, work experience, training, position, and province. Out of 345 respondents, 209 are male and 136 are female. The majority have completed postgraduate education. Out of 345 respondents, 5 have 1-10 years of work experience, 338 have 11-20 years, and 2 have above 20 years. 336 have attended national level training, while 9 have attended both national and international level training. Out of 343 respondents, 343 are branch managers and 2 are CFO. The highest number of respondents is in Bagmati, followed by 14.5%, 14.2%, 14.2%, 13.9%, and 13.9% in Karnali, Gandaki, Koshi, Madhesh, Lumbini, and Sudurpaschim.

The study reveals that out of 345 respondents, 196 are male and 149 are female. The majority of customers are aged between 18-30, with 257 aged 31-50 and 64 aged 31-50. The highest degree received is a master's degree, followed by a +2/bachelor and M. Phil/PhD. The majority of customers visit banks monthly, with 74.2% visiting monthly, followed by 11.6% daily, 7.2% other times, and 7% weekly.

The items in the questionnaire require respondents to indicate their response base on 1-to-5-point Likert scale. In this study, respondents' responses with a mean score of 1.00 to 1.80 are considered as very low, 1.81 to 2.00 are considered low, 2.61 to 3.40 are considered as enough, 3.41 to 4.20 are considered as high while responses with mean score of 4.21 to 5.00 are considered as very high (Kurniawati & Siahaan, 2021).

The means all items are above 3 as the threshold, indicate that the surveyed respondents feel that there is appropriate budgeting for management accounting practice.

Table4.2

Reliability of Items

Variables	Code	Items	Cronbach's Alpha
Budgeting	B	7	.710
Decision Making	DM	7	.766

Costing	C	7	.702
Performance Evaluation	PE	7	.718
Time Driven Activity Based Costing	TDABC	7	.786
Benchmark	BE	7	.821
Customer Satisfaction	CS	8	.918

Before performing analysis of collected data, reliability of questionnaires has been tested. Since the value of Cronbach's Alpha of each summated scale is greater than 0.7, summated scales are reliable for further analysis. They are far higher than thresholds recommended by scholars. Reliabilities of each summated scale have been shown by table 4.2.

Table:4.3

Variables	**Mean**	**Standard deviation**
Budgeting	4.2356	0.5476
Decision Making	4.2816	0.4865
Costing	4.3214	0.4598
Performance Evaluation	4.2080	0.3564
Time Driven Activity Based Costing	4.1820	0.4784
Benchmark	4.2401	0.5067
Customer Satisfaction	4.1021	0.6154

The variables in the questionnaire require respondents to indicate their response base on 1-to-5-point Likert scale. In this study, respondents' responses with a mean score of 1.00 to 1.80 are considered as very low, 1.81 to 2.00 are considered low, 2.61 to 3.40 are considered as enough, 3.41 to 4.20 are considered as high while responses with mean score of 4.21 to 5.00 are considered as very high (Kurniawati & Siahaan, 2021).

The displayed means in table 4.3 are all above 3 as the threshold indicate that the surveyed respondents feel that there is sound budget, costing, decision making, performance evaluation, benchmarking, time driven activity-based system those are enhancing organizational performance and customer satisfaction level is also high.

Regression between Management Accounting Practices and Performance

Table 4.4

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate

.826[a]	.682	.676	2.22130

a. Predictors: (Constant), SUM_TD, SUM_PE, SUM_B, SUM_DM, SUM_C, SUM_BE

The table 4.4 shows that 68.2% of the organizational performance is explained by cost, budget, decision making, performance evaluation, benchmark, time driven activity-based costing.

Table 4.5

ANOVA[a]

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3569.888	6	594.981	120.584	.000[b]
Residual	1667.753	338	4.934		
Total	5237.641	344			

a. Dependent Variable: SUM_P

b. Predictors: (Constant), SUM_TD, SUM_PE, SUM_B, SUM_DM, SUM_C, SUM_BE

The table 4.5 shows that the model is significant at 1% level of significance as p-value (0.00) is less than level of significance (0.01). So, multiple linear regression model can be used to analyze the data.

Table 4.6

Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	8.171	1.989		4.107	.000
SUM_C	.125	.032	.149	3.865	.000
SUM_B	.108	.028	.146	3.883	.000
SUM_DM	.111	.028	.143	4.023	.000
SUM_PE	.142	.025	.199	5.697	.000
SUM_BE	.175	.069	.229	2.541	.012
SUM_TD	.198	.071	.260	2.801	.005

a. Dependent Variable: SUM_P

The table 4.6 shows that linear model can be fit or appropriate. Cost has positive impact on organizational performance as P value 0.001 is less than alpha 5%. Further when cost increases by one point then organizational performance is expected to increase by 0.125 point. Budget has positive impact on organizational performance as P value 0.000 is less than alpha 5 %. Further when budget increases by one point then organizational performance

is expected to increase by 0.108 point. Decision making has positive impact on organizational performance as P value 0.000 is less than alpha 5%. Further when decision making increases by one point then organizational performance is expected to increase by 0.111 point. Performance evaluation has positive impact on organizational performance as P value 0.000 is less than alpha 5%. Further when performance evaluation increases by one point then organizational performance is expected to increase by 0.142 point. Benchmark has positive impact on organizational performance as P value 0.012 is less than alpha 5%. Further when benchmark increases by one point then organizational performance is expected to increase by 0.175 point. Time driven activity-based costing has positive impact on organizational performance as P value 0.005 is less than alpha 5%. Further when time driven activity-based costing increases by one point then organizational performance is expected to increase by 0.198 point.

$$P=ß+ß_1C+ ß_2B+ ß_3DM+ ß_4PE + ß_5BE+ ß_6TD +e_i$$

Therefore, regression in organizational performance =8.171+ 0.125 (costing) +0.108(budget) +0.111(decision making) +0.142 (performance evaluation) +0.175(benchmarking) +0.198(time driven activity-based)

The management accounting practices is positively impacting the organizational performance of Nepalese commercial banks in Nepal. It means that null hypothesis is accepted.

Conclusion

The study reveals that male branch managers in Nepal are more likely to be in decision-making positions, with 91.1% aged 31-51 and having completed postgraduates. They have 11-20 years of experience in the banking sector and 97.4% have attended national level banking training. However, female participation in banking services is low, and only 74.2% visit banks monthly.

The Cronbach alpha scores for decision making, costing, performance evaluation, benchmark, customers satisfaction are above 0.7, indicating reliability for further analysis. The mean scores above 3 indicate positive perceptions of management accounting decision-making, associated with perceived enhancements in organizational performance. The study reveals management accounting practice positively influence performance of Nepalese commercial banks. Key factors include decision making, costing, performance evaluation, time driven activity -based costing, benchmark. and satisfaction.

Management accounting is essential for an organization's success in the expanding commercial market, helping executives and managers make wise choices and guide the business towards its objectives. It encompasses activities such as budgeting, costing,

decision-making, performance evaluation, benchmarking, and time-driven activity-based costing. Management accounting helps identify strengths, weaknesses, and potential improvement areas, aiding in resource allocation, cost-control measures, and expansion opportunities. Organizations that practice sound accounting practice can enhance their practices on customers satisfaction.

All the mean scores are above 3, which suggests that, on average, respondents have positive perceptions of the decision-making in management accounting practices. The mean scores exceeding the threshold indicate a positive perception of management accounting decision-making among respondents, which is associated with perceived enhancements in organizational performance. The result is supported by Kurniawati & Siahaan, 2021.

Cronbach alpha of decision making, costing, performance evaluation time driven activity-based costing, benchmark and customer satisfaction are more than 0.7. That indicates summated scales are reliable for further analysis. The result is consisting with (Sousa et al., 2006); Hair et al. (2007) Nunnally (1978) suggested that alpha coefficients of 0.50 to 0.60 will be deemed acceptable for exploratory research. The management accounting practice positively influence performance of Nepalese commercial banks. The finding is supported by Gnawali (2017, 2018, 2021), Dahal et al. (2021), Dahal (2022), Mechaetal (2015) and Sakariya (2018).

Theoretical Implications

This study contributes to the existing body of knowledge in terms of lessening the research gap by investigating the practices of management accounting and organizational performance. It also lays the groundwork for further studies to continue exploring management accounting practices and organizational performance. The study model validates the management accounting practice and organizational performance. This implies that customers frequently visited in bank for better and efficient service and retained customers by commercial banks in Nepal. The current research also presents positively impact management practice on organizational performance.

Practical Implications

The study's conclusions can be applied to a variety of areas. The study gives managers, supervisors, and policymakers in the company and banks enough accounting information to help them focus on managerial operational decision to achieve better performance. In order to influence management decisions and raise their degree of productivity and profitability, it is crucial to gain a deeper understanding of the aspects linked to management accounting

practices and customers services. It is important for commercial banks to develop strategies with their organizational vision, mission and objectives.

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