

**CHRISTIAN SERVICE UNIVERSITY COLLEGE**  
**SCHOOL OF BUSINESS**  
**DEPARTMENT OF ACCOUNTING AND FINANCE**

**MANAGEMENT ACCOUNTING PRACTICES IN PUBLIC HOSPITALS WITHIN**  
**KUMASI METROPOLITAN**

**BY**

**ELIZABETH HAMMOND**

**MARY OPOKU**

**PETER NUAKO**

**RICHARD KUMANG ASALIWEH**

**TETTEH SAMUEL JOHNSON**

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**FINANCE OPTIONS)**

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## DECLARATION

We **Richard Kumang Asaliweh, Peter Nuako, Tetteh Samuel Johnson, Mary Opoku and Elizabeth Hammond** hereby declare that this report has never been presented by anybody in this university or any other institution of higher learning for the award of an academic qualification.

Names	Index Numbers	Signature	Date
Elizabeth Hammond	10004337	.....	.....
Mary Opoku	10003294	.....	.....
Peter Nuako	10003338	.....	.....
Richard Kumang Asaliweh	10002562	.....	.....
Tetteh Samuel Johnson	10002484	.....	.....

## APPROVAL

I certify that **Richard Kumang Asaliweh, Peter Nuako, Tetteh Samuel Johnson, Mary Opoku and Elizabeth Hammond** carried out the research under my supervision and have submitted with my approval.

Supervisor's Name	Signature	Date
Mr. Christopher Bright Daboug	.....	.....

Head of Department (Accounting and Finance)	Signature	Date
Dr. Mrs. Joyce Quartey	.....	.....

Dean, School of Business	Signature	Date
Dr. Stephen Banahene	.....	.....

## **ABSTRACT**

This study investigated the management accounting practices in public hospitals in Ashanti Region, specifically within the Kumasi metropolis. Specifically, the work explored on the extent of management accounting practices on public hospitals and its impact on their performance, the benefits and challenges faced in the adoption of management accounting practices. The research used mixed methods. Both questionnaires and interviews were used for data collection. There are nine government hospitals within the study area, and out of this nine (9), five (5) hospitals were chosen for this study. In all, fifty (50) questionnaires were administered, and out of this fifty (50), forty-nine (49) were returned, representing 98% response rate. Aside this, 10 interviews were also granted to management accountants of the various hospitals. Data was analyzed using SPSS. The findings showed that almost ninety percent of the public hospitals use various management accounting practices such as activity-base costing, balance scorecard, standard costing and budgeting and budgetary control. The study further analyzed the impact of these MAPs on the performance of public hospitals and concludes that there exists a strong relationship between management accounting practices and performance of public hospitals. The study proposed the following recommendations on the basis of the findings. More training on MAP programs should be organized regularly for the accounting staff. The public hospitals that are practicing all the MAPs should continue with it whereas those that are not practicing should put measures in place to adopt for the purpose of the benefits. This study contributes to the body of knowledge in the area of management accounting by providing insights on both literature and research methodology.

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## **DEDICATION**

We would like to dedicate this document to the Most High God who made all our dreams come true. We would also like to dedicate to Mr. Christopher Bright Daboug for his kindness, ideas and his knowledgeable advice to us in writing this research project. We gratefully thank him for his time, suggestions and other help he offered to us in going through this research process. Again, we would like to dedicate it to our parents/guardians who have tirelessly tried to see that we realize our dreams in spite of all the challenges they always went through. Once more, we dedicate this research to the rest of our family members who directly or indirectly gave us support. Moreover, we dedicate this piece of work to all manufacturing firms within Kumasi Metropolis, as well as those who played a great deal during the process of data collection. This fastened the process of writing this research report. Lastly, we would like to dedicate this report writing to all our lecturers and staff at Christian Service University College Business School who imparted knowledge in us and made us what we are today. Thank you very much.

## **LIST OF ACRONYMS**

MAP – Management Accounting Practices

ABC – Activity Based Costing

BS – Balanced Scorecard

SC – Standard Costing

BBC – Budgeting and Budgetary Control

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## **CHAPTER ONE**

### **1.0 Introduction**

This is chapter one and it focuses on the overview and background of the study, problem statement, research objectives, research questions and the significance of the study. The section ends with the scope, limitation of the study and the organization of the study.

### **1.1 Background of the Study**

Maximum utilization of resources in public sector including public hospitals in Ghana is very crucial to the growth and development of the country. Most of the resources used by public hospitals for administration of their services are normally sub-vented from government, internally generated and donations from NGO's. These resources are entrusted to these institutions through the accountants to ensure efficient and effective use of funds to provide good health care for the general public. These resources are not adequate enough for the hospital operations and measures have to be in place to ensure optimum utilization. Effective management of the resources greatly falls on the shoulders of accountants. Management accountants therefore play a significant role in the effective management of these resources. It is in the light of this that exploration of management accounting practices within the public sector specifically in the public hospitals is to be conducted to assess its impact on resources management. This has motivated the researchers to conduct a study on Management Accounting Practices in Public Hospitals within Kumasi. Emphasis will be placed on Management accounting practices, their usage in public hospitals and how they affect the performance of service delivery.

Kader & Luther, (2006); Uyar, (2010) stated that "Management Accounting Practices have become more prevalent in today's business". Abdel-Kader & Luther, (2006, 2008); Uyar, (2010) noted in their researches that during the early years prior to the 1980's, emphasis was

placed on full absorption costing, process costing, standard costing, marginal costing, break-even analysis, and budget and budgetary control as cost accounting techniques for planning, controlling, evaluation, and decision making. Management accounting practices seek to ensure effectiveness and efficiency at an organization or institution. It's utilization in public hospitals emphasize on the revenue and expenditure incurred in rendering services to the public. Public hospitals generate revenue internally, and subventions from the government. Expenditure incurred in public hospitals can be capital expenditure or recurrent expenditure. The control and monitoring of all expenditures incurred in generating the revenues for operation is the core mandate of management accountants. Existing management accounting practices can be activity-based costing, balanced scorecard, standard costing, and budgeting and budgetary control.

## **1.2 Statement of the Problem**

According to Sleihat, Al-Nimer, &Almahamid, (2012) and Lin & Yu, (2002) research work, they pointed out that the application of management accounting in less developed countries remains inadequate and studies in this area are exceptional in literature. In the light of the above, an exploration of the extent of adoption of management accounting practices within the public sector organization, specifically, public hospitals and its implication on resources and performance related is necessary. This study attempts to fill this gap by examining MAPs in service industry in a developing country, using public hospitals in Ghana as the research context.

The quality of service provided by public hospitals is very important to the general public. Ndwiga, (2011) and Mbogo, (2011) found that the utilization of proper management accounting practices improves the financial performance of the profit-oriented industries. The

limitation of their study was their inability to ascertain whether MAP also has any influence on the performance of non-profit oriented industry using public hospitals as our case.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objectives**

The general objective is to explore management accounting practices in public hospitals within Kumasi Metropolitan.

#### **1.3.2 Specific Objectives**

Below are the specific objectives for this study;

1. To assess the extent of Management Accounting Practices used by public hospitals and how it affects the non-financial performance of the hospitals.
2. To evaluate the effects management accounting generate for public hospitals.
3. To examine the challenges of adoption of management accounting practices in public hospitals.

### **1.4 Research Question**

1. What type(s) of management accounting is regularly utilized in your hospitals?
2. Does the hospital derive any effect from using MAPs?
3. What challenge(s) does the hospitals face in using MAPs during service delivery to the public?

## **1.5 Significance of the Study**

This study seeks to add knowledge on management accounting practices in public hospitals within Kumasi metropolitan. This research study is significant in the sense that, the researchers are looking at how to correct the abnormality of government resources been misused and high government expenditure been incurred by the adoption of proper MAPs. The benefits that will be derived from using MAPs will help the hospitals to efficiently and effectively manage government resources. Government will also benefit since it will help in minimizing the high expenditure on the economy. This study is expected to sharpen stakeholders' knowledge on the existence of the various MAPs. Moreover, this study will also be of great benefit to the students/ researchers of management accounting practices in public hospitals.

## **1.6 Scope and Limitation of the Study**

### **1.6.1 Scope of the Study**

Geographically, this research will cover the public hospitals within Kumasi Metropolitan. The study will evaluate the management accounting practices of these five sampled public hospitals and it will be centered on MAP dimensions including: activity-based costing, balanced scorecard, standard costing and budgeting and budgetary control. This study will assess the extent of usage, effects, influence and challenges of MAPs in public hospitals. The findings of this study will represent the usage of MAPs, effects, influence and challenges of the entire public hospitals within Kumasi.

### **1.6.2 Limitation of the study**

Out of the nine Government hospitals in Kumasi Metropolitan, the researchers selected a limited number of five for our research. The researchers will be able to overcome this limitation by selecting the best five hospitals based on their expertise and their daily work output. So, the



information gathered from these five selected hospitals can be used to represent the entire Kumasi Metropolitan public hospitals.

Access to information: it was a challenge getting information from some respondents. Despite being made aware of the purpose of the study; some were reluctant to offer the needed information.

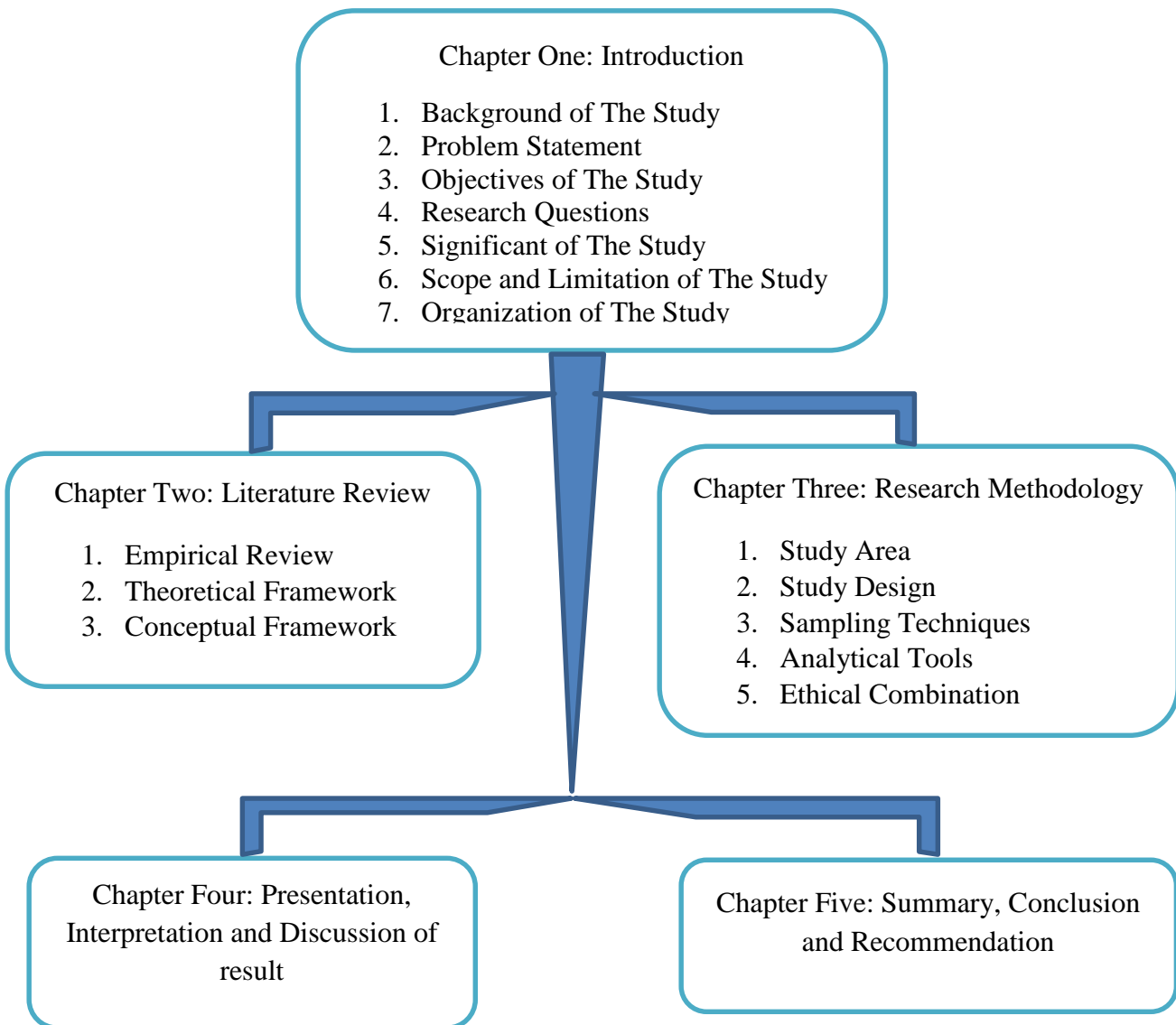
### **1.6.3 Methodology of the study**

The researchers sampled five public hospitals within Kumasi metropolitan for the study. This study will be adopted by administering questionnaires and interviews to 50 respondents in addressing the core objectives. This study will employ the Statistical Package for Social Science (SPSS) for processing of data collected from respondents through questionnaires and interviews. The information generated from this software will be used by the researchers for analysis.

### **1.6.4 Organization of the study**

The study is organized in five chapters. Chapter one entails the introduction to the research which covers the background to the study, the statement of the problem, objectives of the study, the research questions, scope of the study, significance of the study and organization of the study. Chapter two reviews related literature. Chapter three covers the methodology of the study. Chapter four presents analysis of the data gathered in the survey to obtain meaningful information and relationships. Finally, chapter five summarizes and provides significant conclusions for the study. It also makes some recommendations for the study. Below is a diagram that explains further

**Figure 1.1: Diagrammatic Organization of the study**



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews other studies conducted on the subject matter and related areas. Some research findings, reports, publications that are applicable to the study were duly consulted and reviewed. The chapter first addressed the conceptual framework for the study, theoretical framework and empirical review.

#### **2.1 Overview of Management Accounting Practices and Public Hospitals**

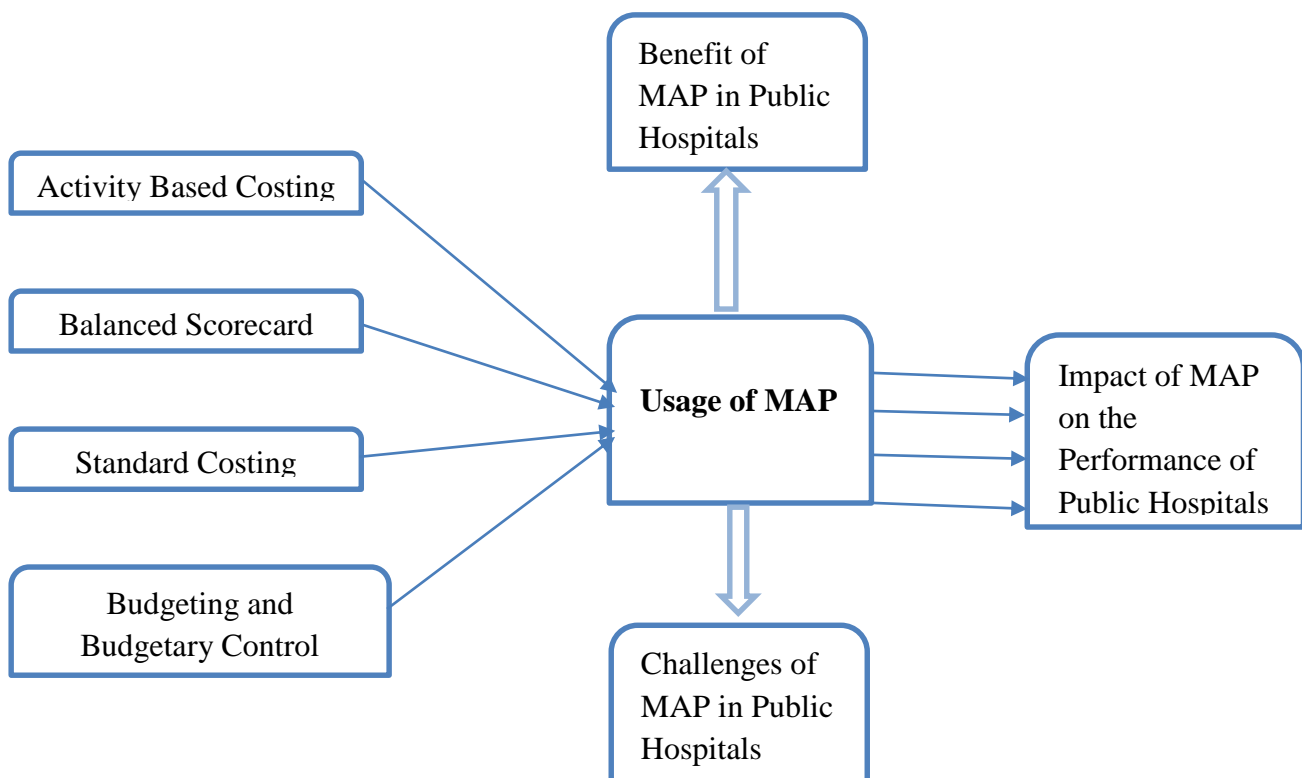
Uyar A. (2010) defines management accounting practices as the various approaches and techniques used by organizations in order to acquire relevant information to help stakeholders make decisions and maintain effective control over corporate resources. According to McGraw (2000) management accounting provide information for decision making, assist managers in directing and controlling activities, motivate managers and other employees towards organizational goals and lastly, assess the organization's competitive position. Smith (2009) asserts that management accounting practices include activity-based costing, balanced scorecard, standard costing and budgeting and budgetary control.

According to Langwick (2006), management Accounting Practice in public hospitals stems at the techniques that will enable management acquire relevant information needed to make meaningful decisions that will improve the hospital activities and the health of the public. Hospitals use management accounting techniques to plan, direct and control operating costs while delivering quality service to the public and assess their overall operations.

## 2.2 Conceptual Framework

A conceptual framework is an analytical tool with several variations and contexts. It can be applied in different categories of work where an overall picture is needed. It is used to make conceptual distinctions and organize ideas. This conceptual model is a developed premise on MAPs usage, impact of MAPs on the performance of public hospitals, benefits and challenges of MAPs on reviewed literature. In this conceptualized model, management accounting practices (activity-based costing, balanced scorecard, standard costing and budgeting and budgetary control) are use as predictor variables to determine the extent of MAP usage in public hospitals and its impact on performance of these hospitals. The extent of MAP usage is then used as a mediating variable to determine the benefits and challenges of MAP in public hospitals. The conceptualized framework of the key MAP dimension is shown in the figure below:

**Fig 2.1**



### **2.2.1 Management Accounting Practice in Public Hospitals**

The conceptual framework for this study is based on the key MAPs dimensions adopted in this study which are activity-based costing, balanced scorecard, standard costing and budgeting and budgeting control.

#### **2.2.1.1 Activity-Based Costing (ABC)**

Weygandt, Kimmel and Kieso (2010) view ABC as a beneficial tool as it results in more accurate product costing and in more careful scrutiny of all activities in the value chain, leading to better management decisions and greater control over overhead costs. Although there are limitations such as cost, many organizations find ABC useful for accurate product costing. Kaplan and Anderson (2007) emphasize that ABC can be used to measure product cost and customer profitability. They also observe that time-driven ABC is a simpler, more powerful and more cost-effective method which simplifies costing processes, making it a useful tool to obtain accurate information that enhances the financial performance of an organization. Avis (2009) observes that ABC is particularly useful for product costing where: Production overheads are excessive in correlation to direct costs. There is a wide variety in the product range. Products utilize very different amounts of the overhead resources. Utilization of overhead resources is not fundamentally driven by volume.

Avis (2009) mentions that organizations that use ABC have found other advantages that fall within activity-based management and she emphasizes that it is in activity-based management that the real benefits of ABC often lie. Organizations have found it beneficial to apply ABC for costing employees, resources or all activities that involve or have an impact on costs. This may improve an organization's financial performance by saving unnecessary indirect costs. ABC improves the accuracy of an organization's product costs as it is possible to identify a large number of activity cost pools and also to select appropriate cost drivers for each activity

(Business case newsletter, 2014). Thus, an organization may use ABC to measure both the cost of objects and the performance of activities, which may improve its financial performance.

### **2.2.1.2 Balanced scorecard (BSC)**

Hilton and Platt (2011) define the BSC as a model of business performance evaluation that balance measures of financial performance, learning, innovations and internal operations. BSC comprises four perspectives: financial, internal operations, customer, and learning and growth. These perspectives may play an important role in increasing the performance and sustainability of an organization. Whitecotton et al. (2011) regard the BSC as a comprehensive performance measurement system that translates an organization's vision and strategy into operational performance metrics. These goals and metrics should ideally be focused on promoting the achievement of the organization's vision and strategy (Sterling, 2013). An organization could thus find the four dimensions of the BSC beneficial as they might result in improved decision-making and financial performance.

BSC furnishes an organization with a strategy to advance customer relations and internal processes that improve the decision-making process (Marr, 2014). It is a useful tool in guiding the organization in the right direction to improve financial performance and sustainability. It is also an instrument that aids the successful execution of an organization's strategies (Figge, Hahn, Schaltegger and Wagner, 2012). CIMA (2008) argues that the BSC is a tool that furnishes information to management to assist them in strategic policy formulation and achievement, and it emphasizes the need to provide the user with a set of information that addresses all the relevant areas of performance in an objective and unbiased manner.

Proctor (2012) argues that the successful implementation of the BSC may be costly as it may involve increased communication, more training and costs. Nevertheless, he provides suggestions to assist in its successful implementation. The BSC should be used as a basis for

implementing strategic goals, ensure that a strategy is in place before implementing the scorecard, ensure that senior management support the scorecard, a pilot project should be run before implementation, the scorecard should be designed to meet the requirements of the organization, the scorecard should be introduced once the design has been tailored to the organization's needs, the scorecard should not be used as a method of hierarchical control, training and communication should be properly done, the scorecard should not be complicated by striving for perfection, costs of recording, administrating, and reporting should not be underestimated. All these suggestions help the successful implementation of BSC.

### **2.2.1.3 Standard Costing**

Standard cost is predetermined cost agreed earlier under specific working conditions. Standard costing is a technique which establishes predetermined estimates of the costs of products and services, compares them with actual cost incurred in order to find out variances and takes necessary measures to control such variances (Marr, 2014). Standard costing helps management in formulating price and production policy, acts as a yardstick of performance, reduces avoidable wastage and losses, assists the process of setting budgets, assists in the improvement of efficiency, assists to motivate the staff and management, encourages a forward-looking mentality, facilitates timely cost reports and operating statements, acts as control device

### **2.2.1.4 Budgeting and Budgetary Control:**

According to Kpedor (2012) budget as a profit planning device sets standard of performance for managers. It is seen as a document which predicts revenues and expenditures of a particular economic entity, for a specified period (Ahmed, Suleiman & Alwi, 2003). The major objective of budgeting is to keep control of the activities done in an organization by providing a roadmap for future activities and setting a series of goals to be achieved and the means to achieve them

(Abdel-Kader & Luther, 2006). Therefore, a budget is a keystone of financial administration and the various operations in the field of finance are correlated through the instrument of budget. Furthermore, budgetary control is a tool implored by management to keep track of actual performance to ensure budgeted standards are met (Kpedor, 2012). It entails a repetitive circle of planning and control which is usually followed by appropriate information about actual result to the management for comparing them against the budgeted and initiating a control action if necessary. According to Okapnachi and Muhammed (2013), absence of effective budgetary control breeds disregard for laid down procedures, loss of focus and shoddy coordination of activities and these are capable of crippling an organization.

### **2.3 Theoretical Framework**

A theoretical framework is a well-built explanation of events, occasions that helps the researchers to locate their studies and to signal the origin of their proposed research (Vithal& Jansen, 2010, p.1). According to Matsoso and Benedict (2014, p. 248) theories are ways in which the world may be interpreted and reconciled to ourselves. Studies in management accounting have a long tradition with a diversity of theories being employed (Scapens& Bromwich, 2010, p. 278). This study is anchored in the resource dependency theory, behavioral theory since most studies into adoption of management accounting practices are grounded on contingency theory.

#### **2.3.1 Resource Dependency Theory**

In recent years, (Yeager et al. 2014) have employed resource dependency theory (RDT) to examine hospital operation. Munificence, dynamism, and competition are the central tenets of RDT. The above forces have a profound impact on how organizations manage their interactions within the environment. RDT states that environmental uncertainty exposes organizations to



risks that can lead to instability of cost and revenue functions. To mitigate some of the uncertainty, managers seek strategies to reduce dependence on the environment (Miller 1987). Munificence is the availability of resources required for an organization's survival and growth (Dess and Beard 1984). Hospitals operating in less munificent financial and human resource environments employ relatively inexpensive and less labor-intensive technologies (Menachemi, Shin, Ford, and Yu 2011).

Dynamism refers to the rate of environmental change (Dess and Beard 1984; Miller 1987), which introduces unexpected performance variability. Potential responses include collaborating with suppliers, mergers and acquisitions, and vertical integration. Yeager et al. (2014) reviewed 20 major studies that apply RDT to healthcare organizations and find that these studies use a wide range in variables to measure the environment and environmental constructs. RDT has been applied to the study of Non-For-Profit organizations and their boards (Vermeer et al. 2006, 2009a, 2009b). Vermeer et al. (2006) examine the factors driving the composition of NFP audit committees. Audit committees play an important monitoring role, which has been examined within the context of the agency problems that exist between shareholders or creditors and managers. The agency framework is an uneasy fit for NFP because their objective functions are not focused on profit maximization.

Vermeer et al. (2006) use RDT to test hypotheses related to the composition of NFP audit committees. Vermeer et al. (2009b) found that the working relationship between the audit committee and the external auditors conforms to RDT. They find that resource dependencies, presence of debt, audit quality, audit tenure, and organizational size influence the relationship between the audit committee and the external auditors. RDT offers an alternative lens to study healthcare organizations.

## **2.4 Empirical Review**

To address the aim of any research study, it is paramount to establish a sound literature base around which this study will be built. This section presents a review of the literature related to the purpose of the study.

### **2.4.1 Management Accounting Practices**

The Institute of Management Accountants (IMA), the professional body of practicing and academic management accountants, defines management accounting as “The process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of financial information used by management to plan, evaluate, and control within an organization and to assure appropriate use of and accountability for its resources”. Management accounting also comprises the preparation of financial reports for non-management groups such as shareholders, creditors, regulatory agencies, and tax authorities (Smith, 2009). These include the methods and concepts necessary for effective planning, decision making (choosing among alternative business actions and controlling through the evaluation and interpretation of performance to stakeholders).

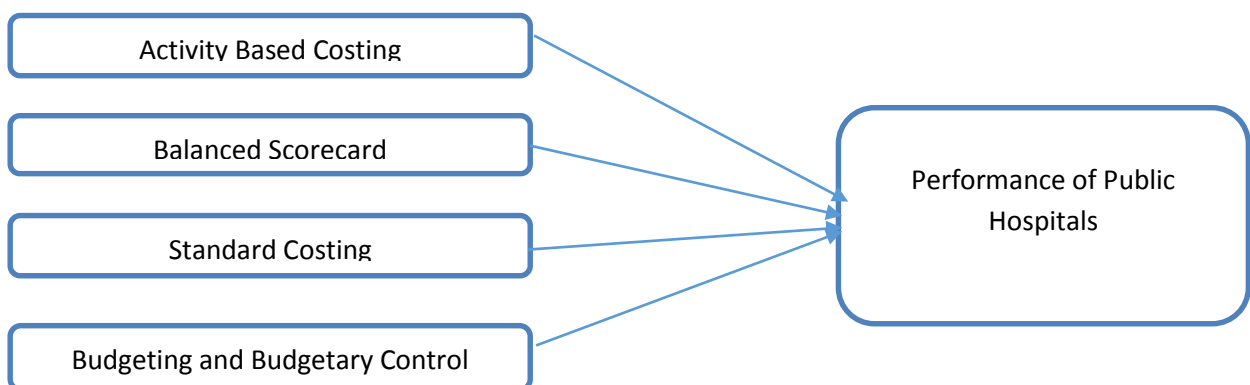
### **2.4.2 Performance of Public Hospitals**

According to Hove *et al* (2014), organizational performance is the overall technology adopted by an institution/firm to help facilitate its performance across all the activities it embarks on and includes cost, revenue enhancement and competitiveness. Performance of hospitals in its nature is structured to know the effectiveness and how efficient an organization is in attaining the set goals and the extent to which the service delivered is able in meeting the needs of all its stakeholders (Maziriri and Chinomiona, 2016).

## 2.5 Management Accounting Practices and Performance of Public Hospitals

Mia and Clarke, (1999) stated that the performance of every organization/division may be viewed as the extent to which the organization/division has been successful in attaining its planned targets. Examples of performance measures in public hospitals include: productivity, cost, quality, delivery schedule, market share, sales growth rate, operating profit, cash flow from operation, return on investment, and personnel development. Although many researchers have advanced the view that improved management accounting systems would lead to a better performance by institutions (Mia and Clarke, 1999; Mitchell and Reid, 2000; and Reid and Smith, 2002), there is only limited research supporting this position. After developing the conceptual framework for the various characters of management accounting practices, the researchers noted the interrelationships between management accounting practices and financial performance of public hospitals within Kumasi. A conceptual model is developed premised on the management accounting practices and financial performance reviewed literature. In this conceptualized model, management accounting practices (activity-based costing, balanced scorecard, standard costing, budgeting and budgetary control) are the predictor variables while performance of public hospitals within Kumasi metropolitan is the single outcome variable. The figure below depicts this conceptualized research model. Based on the literature espoused, the following hypotheses have been formulated:

**Fig 2.2**



## **2.6 Effects of Management Accounting Practices**

Management Accounting Practices (MAPs) have important roles in ensuring the efficiency in the management of the firm and may also improve performance (Ahmad & Zabri 2013). 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). Every organization adopts various management accounting practices with a key eye of benefiting from them, and it is obvious that this has been the driving force behind the several evolutionary stages that management accounting has gone through.

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 marketplace and reduce the likelihood of business failure (Mitchell & Reid, 2000, p. 385).

According to Horngren et al., (2009), management accounting practices are important to the success of the organization. According to Sunarni (2013), the main purpose of accounting information is to help users make decisions. Mahfar and Omar (2004) also remark that it is through management accounting that the managers get the tools to perform their functions. Hilton and Platt (2011) suggest that this is the primary purpose of management accounting in the organization, and it is achieved by collecting, processing, and communicating information. Good management accounting information, according to Ashton, Hopper and Scapens (2000), has three attributes: technical, behavioral and cultural. All these attributes provide certain benefits to the organization. Technical attribute improves the understanding of the measured phenomena and gives important measures for making strategic decisions. With respect to the Behavioral attribute, it promotes actions that agree with the strategic objectives of an

organization. Lastly, the cultural attribute encourages and/or generates a set of common cultural beliefs, values and mindsets within an organization (Ashton et al., 1991).

According to the Chartered Institute of Management Accountants (UK), management accounting proves to be beneficial to organizations with respect to the following: formulating business strategy; planning and controlling activities; decision-making; efficient resource usage; performance improvement and value enhancement. As it has been seen from literature, management accounting offers several benefits to organizations, and thus, this study follows the literature to operationalize the benefits of management accounting practices through the following dimensions: Planning the future strategies, tactics and operations; Controlling current activities; Measuring and evaluating performance; Optimizing the use of firms resources; Reducing subjectivity in the decision making process; and Improving internal and external communication.

## **2.7 Challenges of Management Accounting Practice on Performance of Hospitals**

Johnson and Kaplan (1987) criticized management accounting practices dimensions in public hospitals, it's incompetence and inadequacy to address the area of new accounting. It makes it irrelevant and among the growing capabilities in information processing, management accounting practices in control process and evaluation of the performance of health workers were not useful enough. Hussien conducted a research on management accounting practices in 2013. In his findings he highlighted that lack of financial resources, lack of supporting systems, lack of suitable techniques, lack of management commitment, the level of uncertainty and cost of implementation are the core potholes on the road of effective management accounting practices. The information generated by management accounting were so delayed, cumulative, and manipulated that they were not relevant to the planning decisions in controlling managers. For MAP to be effective in public hospitals it must be backed with supporting systems.

According to Mitchell and Reid (2000) on their study on editorial problems, challenges and opportunity: the small business as a setting for management accounting, the appropriate support systems delimit the likelihood of the public hospitals failing. Another key challenge facing the public hospitals is utilizing management accounting is the failure of stakeholders in public hospitals to organize relevant training and courses for accounting staff in the hospitals. This challenge can be backed by Ahmed and Mohammed research study conducted in 2013 assessing the challenges faced by Libyan organization in adopting various management accounting systems. The last challenge this study analyzed from the previous researches was the cost incurred in implementing and enforcing the various management accounting dimensions including activity-based costing, balanced scorecard, standard costing and budgeting and budgetary control.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

In our exertion to investigate public hospitals management accounting practices, a distinct and systematic methodology that will aid us to achieve accurate results is more important. In this chapter, we described how data was collected and analyzed. It is mainly centered on the research design that was used, study population and area, sample size, data collection tools and methods to be used, statistical data processing and analysis packages to be used in analyzing MAP's, effect, influence, challenges and the problems faced in executing the study by the researchers.

#### **3.1 Research Design**

For the purpose of achieving the objectives set for this study, the researchers used qualitative and descriptive research design. This research adopted a descriptive survey through which views and opinions of respondents were sampled. This study use survey which allowed the researchers to gather information from a sample of respondents to align with Ary, Jacobs and Rezavieh (2002). This is used to identify and assess management accounting practices in public hospitals within Kumasi Metropolitan. Another reason for the descriptive survey considered the most pertinent design for carrying out this research. It is for the fact that this study deals with things as they are at present. Information obtained from the descriptive survey research could be meaningful in analyzing a situation since it involves describing, recording, analyzing and interpreting conditions that exist. Creswell (2002) has indicated that a survey can be done within a piece in which investigators administer a survey to a sample or the entire population of people in order to describe the attitudes, opinions, behaviors or characteristics of the population. Since the study mainly seeks to assess the practices of management accounting,

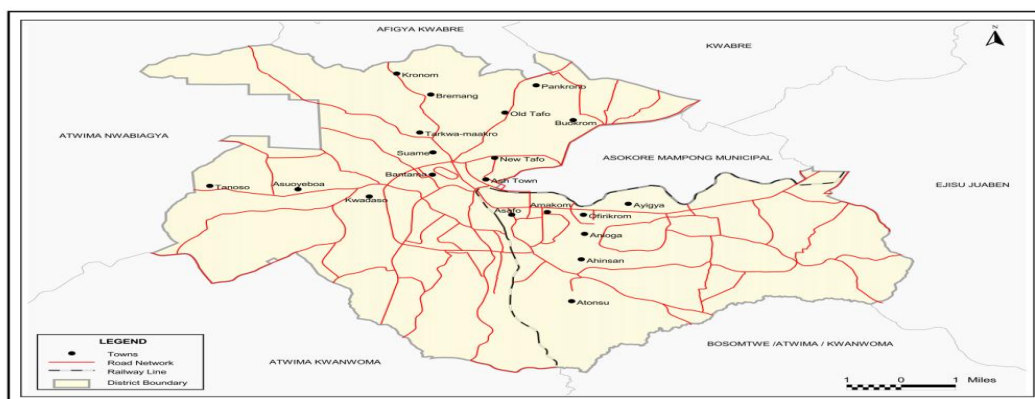
cross-sectional study design afforded the researchers to capture the relevant information. These methods enabled the researchers to process and analyze the findings in the cross-section of the study. A cross-sectional research design will help the researchers overcome the limitation of time required to carry out this type of research. This study type aims at obtaining data from a representative selection of the population and from that sample the researchers are able to present the findings as being representative of the population as a whole. Moreover, the qualitative enquiry allowed close interactions with the respondents, observation of their settings and interpretation of findings (Osuala, 2001). The justification for using qualitative research for this study is because it collects descriptive information and gives detailed descriptions and explanations of the phenomenon studied rather than providing and analyzing statistical data.

### 3.2 Area of Study

The research was wholly conducted in Kumasi metropolitan. The latitude and longitude of Kumasi metropolitan, Ghana is: 5°33'N0°12'W

#### Map of Kumasi Metropolitan

Figure 3.1



Source: Ghana Statistical Service, GIS



### 3.3 Study Population

Research population is defined as the total number of units from which data can be collected, such as individuals, artifacts, events or organizations. Burns & Grove (2003) describe population as all the elements that meet the criteria for inclusion in a study. The study population for the research constituted all public hospitals within Kumasi Metropolitan. All public hospitals including clinics, polyclinics, hospitals, and teaching hospitals with an estimated average number of 9 will form the population for the study. Below is the diagrammatic representation of the population under study;

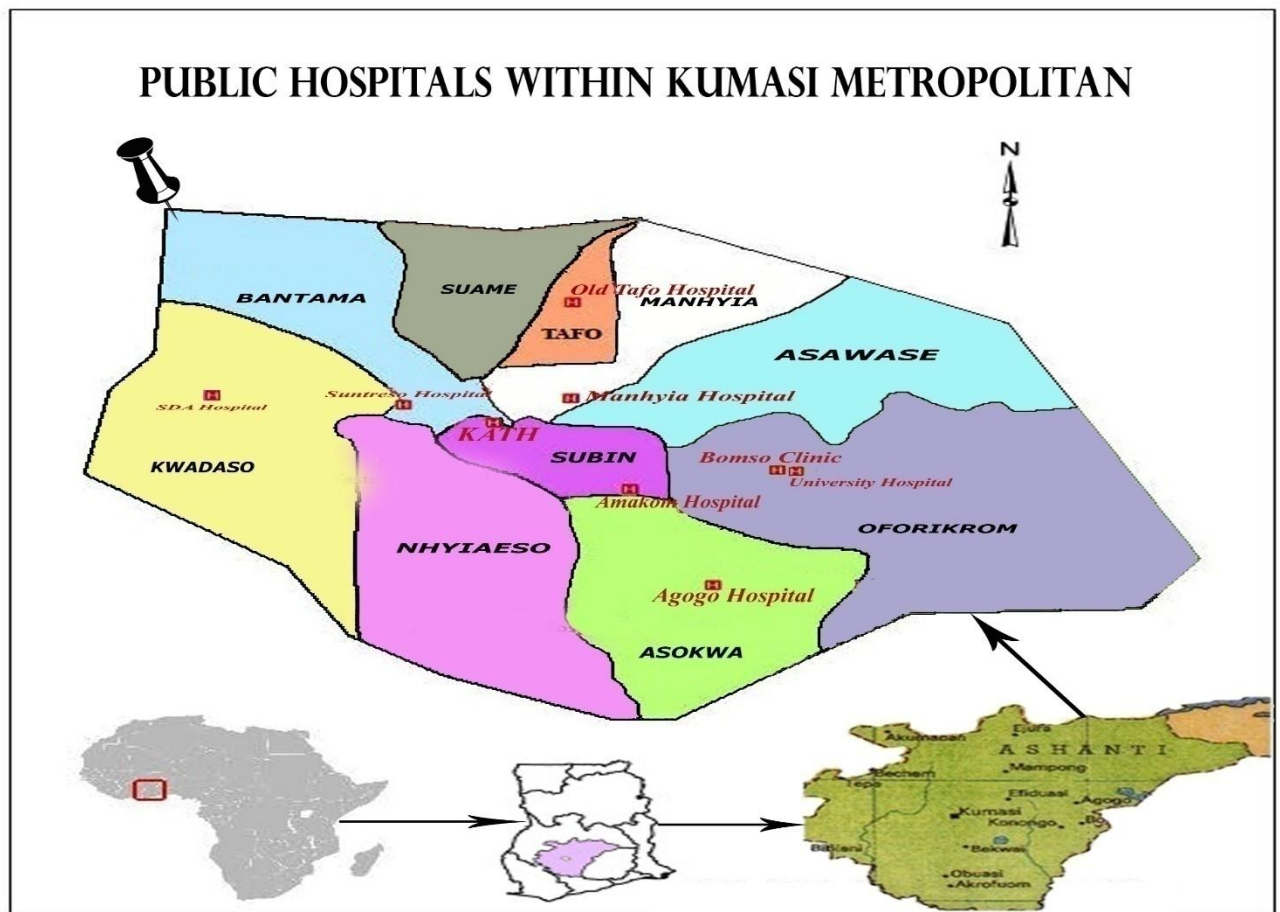


Figure 3.2

### **3.4 Sample Size and Selection Method**

Polit et al (2001) defined a sample size as a proportion of a population. The sample size of five (5) was further stratified into the categories of hospitals engaged in the following sectors; clinics, polyclinics, hospitals and teaching hospitals. In this way, the researchers built up a sample that is satisfactory to the researchers' specific needs. The Public hospitals for this study are; Komfo Anokye Teaching Hospital, Kwadaso SDA Hospital, Suntreso Hospital, Manhyia Hospital and Kumasi South Hospital (Agogo Hospital). This study employed purposive sampling technique for selecting the participants. Purposive sampling was chosen because of the nature of the study which was aimed at getting information from technical respondents that is, people who are accounting inclined. Creswell (2002) stated that, in purposive sampling, researchers intentionally select individuals and sites to learn or understand a phenomenon. Purposive sampling enables researchers to handpick the cases to be included in the sample on the basis of their judgment. Again, purposively, the study limited itself to only public hospitals within the population under study.

### **3.5 Source of Data**

Data used for this research work can be sourced from two main ways, namely primary data and secondary data (Saunders et al, 2007). This study integrates both primary data and secondary data to achieve the stated objectives.

#### **3.5.1 Primary Data**

Primary data as defined by Galvan J.L (2013), is a source of data that provides a firsthand information that is absent to the objectives of the study. Data is considered primary if they are the first form, original or new that have been generated by the user and collected specifically for that purpose. The data gathered for the research are from the questionnaires and interviews.

Structured questionnaires were the main research instruments used to gather the primary data for the study. The structured questionnaire was used to gather the views and opinions of respondents. This source serves as the main source for describing management accounting practice on the performance on public hospitals.

### **3.5.2 Secondary Data**

Secondary data refers to data that has already been collected from some source. Most organizations collect and store a variety of data to support their operations. This research was based on some secondary data that were also used to obtain additional information on the subject to support responses gathered from the questionnaires used. The secondary source of data includes published and unpublished articles, thesis, journals, books and other reports.

### **3.6 Data Collection Tools/Methods**

Saunders, (2011) says, it is better to use two methods of data collection within a study in order to object appropriately what the researcher's opinions are in relation to what the respondents are saying. Since a survey is the strategy that was used, most of the data was collected using a structured questionnaire. These comprise questions on the stated objectives.

#### **3.6.1 Questionnaires**

These are questions formulated for the research study in public hospitals within Kumasi. The researchers used structured questionnaires as the main data collection method. This instrument was administered to respondents to solicit for information within the organization in relation to the objectives of the study.

### **3.7 Data Management**

Data management is administrative process that includes acquiring, validating, storing, protecting, and processing required data to ensure accessibility, reliability and timeliness of the data for its users.

#### **3.7.1 Data Processing**

Data collected was processed both manually and by computer through SPSS. This involves editing, summarizing, analyzing and coding of the data. The researchers further edited and tabulated the collected data. Each questionnaire was ranked for consistency, accuracy, and completeness. Editing was carried out to direct any deviance in the collected data. The researchers reduced the data into frequencies, tables and percentages for ease of analysis. Data was processed both manually and electronically as stated.

#### **3.7.2 Data Analysis**

Data was also analyzed using a computer program known as Statistical Package for Social Science version 20. This technique was chosen because its findings are easily interpretable and understandable. The technique also gives a pictorial view of findings.

### **3.8 Ethical Combination**

Department of Accounting, Christian Service University College has endorsed this study. The researchers sent an official letter to the public hospitals before the researchers revisited them to conduct interviews and distribute questionnaires. An informed, verbal consent was obtained from each respondent before questionnaire is administered. Ethical courtesies and moral

standards such as respect for protocols, culture and human rights were strictly adhered to. Also, organizational principles and policies were duly followed. Respondents were assured of non-disclosure and non-usage of information for any personal interest but for academic purpose only.

## **CHAPTER FOUR**

### **PRESENTATIONS OF RESULTS AND DISCUSSION**

#### **4.0 Introduction**

This chapter presents the results of data analysis. Responses from 5 sampled public hospitals comprise 50 questionnaires, out of which 49 were received (representing 98%) and structured interviews were used in the data analysis. This chapter presents results on the various management accounting practices by public hospitals, what factors influence the use of specific management accounting practices and how they affect performance. It also looks at the effects derived from using management accounting practices and finally establish the link between management accounting practices and the performance of public hospitals. Information was collected from staff in the finance department within the sampled hospitals.

#### **4.1 Presentation of Results**

This study shows the results of respondents in relation to; Characteristics of respondents, development and testing of hypothesis, management accounting practices in public hospitals, the extent of the use of Management Accounting Practices by public hospitals, impact of management accounting practices on the performance of public hospitals, benefits of management accounting practices, and challenges of management accounting practices.

##### **4.1.1 Characteristics of Respondents**

The respondents were asked a series of questions in relation to their demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondents. The respondents' bio data were looked at in

terms of position, the duration for which the respondents have worked in the hospital, and level of education as shown below

		POSITION	WORK EXPERIENCE	EDUCATION
N	Valid	50	50	50
	Missing	0	0	0

**Table 4.1**

**4.1.1.1 Position of Respondents**

The researchers questioned respondents to indicate the position they hold in the hospital to assess whether the respondents are in the right position to answer management accounting related questions.

Table 4.2a shows the data collected

Title	Senior Accountant	Accountant	Assistant Accountant
Frequency	11	24	15

SPSS generated the output Table 4.1.2b below in relation to the validity of the respondent’s response. Since the question was open, the researchers used *50-character string* in inputting responses into the software.

Position					
		Freq	Percent	Valid Percent	Cumulative Percent
Valid	<u>Accountant</u>	24	48.0	48.0	48.0

	<u>Assistant Accountant</u>	15	30.0	30.0	78.0
	<u>Senior Accountant</u>	11	22.0	22.0	100.0
	<u>Total</u>	50	100.0	100.0	

*Table 4.2b*

The researchers sort after the position of respondents to critically analyze the validity of data collected. Data from non-accountants may render the data invalid or less reliable since they may have less or no understanding on what MAP is.

#### **4.1.1.2 Work Experience of Respondents**

Respondents were asked to state the duration for which they have been working in the hospital. With this the researchers can assess how familiar the respondent is in respect of the operation of the hospitals. Raw data was tabulated and processed through SPSS. The information gathered shows most respondents have been in the hospital for more than 5 years. This is shown in Table 4.3a

<b>Duration</b>	<b>Less than 2 years</b>	<b>3-5 years</b>	<b>5-10 years</b>	<b>More than 10 years</b>	<b>Totals</b>
<b>Frequency</b>	0	5	16	29	50



<b>Work Experience</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3-5 years	5	10.0	10.0	10.0
	5-10 years	16	32.0	32.0	42.0
	More than 10 years	29	58.0	58.0	100.0
	Total	50	100.0	100.0	

Table 4.3b

#### 4.1.1.3 Level of Education of Respondents

In order to establish whether data was obtained from learned respondents, respondents were asked to state their education level to determine respondents have better understanding of what Management Accounting Practices are. The data collated is shown below

Table 4.4a

<b>Education Level</b>	<b>Professor</b>	<b>PhD</b>	<b>Master</b>	<b>Bachelor</b>	<b>Diploma</b>	<b>Other</b>	<b>Totals</b>
<b>Frequency</b>	0	6	13	26	0	5	50

Table 4.4b

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PhD	6	12.0	12.0	12.0
	Masters	13	26.0	26.0	38.0
	Bachelor	26	52.0	52.0	90.0
	Others (ICA)	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

It is evident from Table 4.1.4b that majority of the respondents are accounting inclined because most of the task in the MAP required people who have accounting knowledge hence taking the percentage of 52%, 38%, 12% and 10% in respect of Bachelor, Masters, PhD and Others (Institute of Chartered Accountants) respectively. This implies that data for this study was obtained from learned respondents who can easily practice management accounting in their jurisdiction, hence reliability of data and practices of management accounting is highly valued.

#### **4.2 Development and testing of hypothesis**

For the purpose of the analysis and hypothesis testing, there are two general classes of significant tests: parametric and non-parametric tests. Parametric tests are more powerful because the data are derived from interval and ratio measurements (Cooper and Emory, 1995). Such tests are normally valid only if four basic assumptions are met. Field (2009) lists these as (i) the variable is measured on a ratio or interval scale (ii) data are from a population with a normal distribution (iii) there is homogeneity of variance and (iv) data values in the variable are independent. If data is measured in categorical form (nominal or ordinal), they do not

otherwise meet the other assumptions for parametric testing. Nonparametric tests are used to test hypotheses (Cooper and Emory, 1995). Therefore, in order to determine whether the appropriate variables fall under parametric testing or not the nature of data should be examined. The researchers tested the reliability of the variables under study using the Cronbach Alpha Coefficient and Friedman Chi-Square. The reliability of management accounting practices used by public hospitals, benefits, influence on hospitals performance and challenges faced is paramount to the stakeholders involved. Using SPSS (v20) below is the tabulated output of all the variables involved.

*Table 4.5 Reliability of variables using Cronbach Alpha Coefficient and Friedman Chi-Square*

<b>Reliability Statistics</b>				
Variables Testing	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Friedman's Chi-Square	N of Items
Management Accounting Practices (ABC, BS, SC and BBC)	.654	.746	107.251	4
Impact of MAP on hospital performance	0.039	0.330	159.430	5
Effects of MAP	0.976	0.981	50.168	11
Challenges of MAP	0.926	0.933	211.679	6

Sources (Field survey)

KEY: ABC-Activity Based Costing, BS-Balanced Scorecard, SC-Standard Costing and BBC-Budgeting and Budgetary Control.

Cronbach's Alpha ranges from  $0 \leq x \leq 1$ , the values closer to 0 appear to be less reliable whiles x-values closer to 1 appears to more reliable (Cronbach, 1951). Friedmna's Chi-Square also

highlight that the reliability of a variable depends on the number of data sets factorial to the number of rows (S) powers (T!)<sup>s</sup>. the higher the value the more reliable the variables are while those of lesser values tend to be less reliable (Siegel and Castellan 1988).

### 4.3 Management Accounting Practices in Public Hospitals

In this part, the researchers seek to answer the first objective which states, “assessing the extent of management accounting practices adoption in public hospitals within Kumasi metropolitan and how it affects the performance”. Out of the 50 questionnaires distributed, 49 respondents completed this section representing 98% response rate. Respondents’ were asked to rank each question at the rate at which they occur in the form of Never (1), Not Aware (2), Occasionally (3), Frequently (4) and More Frequently (5) as to how they used a particular management accounting practice. Below is the tabulated response processed through the SPSS (v20).

**Table 4.6 The Extent of Use of Management Accounting Practices by Public Hospitals**

		<b>Activity Based Costing</b>	<b>Balanced Scorecard</b>	<b>Standard Costing</b>	<b>Budgeting and Budgetary Control</b>
N	Valid	49	49	49	49
	Missing	1	1	1	1
Mean		4.3265	3.9592	4.0816	4.5306
Std. Deviation		1.00805	1.30638	1.09614	.71011

Field Survey (2019)

A low standard deviation indicates that the data points tend to be very close to the mean whereas a high standard deviation indicates that data is spread out over a large range of values. From the information above, it was analyzed that the usage of management accounting practice in public hospitals is commendable with the least mean of 3.9592 representing the usage of Balanced Scorecard by hospitals. The most frequently used management accounting practice was Budgeting and budgetary control and Activity Based Costing recording 4.5306 and 4.3265

respectively. From the interview conducted with the staff of these public hospitals, they responded the ABC helps them to allocate the cost attributable to NHIS holders. According to them, NHIS holders have ceiling for bill, the staff need to bill them within the ceiling, all these was possible by the help of Activity Based Costing. These findings correspond to Caplan 2006 and Wilson and Chua, 1988 which highlighted that the core mandate for any organization to adopt management accounting practices is for the ascertainment of cost per unit, the allocation of that cost and how these costs can be controlled with the budget.

#### **4.3.1 Impact of Management Accounting Practices on the Performance of Public Hospitals**

After analyzing the extent of MAP usage by public hospitals, the researchers further analyzed the impact of these management accounting practices on non-financial performance of public hospitals. The researchers did not focus much attention on the financial performance because the population under study is made up of governmental institutions which are not profit oriented. Their performance is assessed by the quality of service, cost management, strategic planning and communication. Respondents were asked to rank responses from Strongly Disagree (1), Disagree (2), Uncertain (3), Agree (4) and Strongly Agree (5) to the listed impact of Activity Based Costing, Balanced Scorecard, Standard Costing and Budgeting and Budgetary Control on the performance of the hospitals.

This study seeks to examine the relationship between the use of management accounting practices and hospital performance to gain greater insights on the impact and significance of the relationships. Such knowledge would inform about the performance or implication of using the different management accounting practices, thus providing some basis to gauge the effectiveness of management accounting practices usage and to identify room for improvement. *Table 4.7a*

<b>Dependent Variable</b>	
Performance of Public Hospitals	Binary
<b>Independent Variables</b>	
Activity Based Costing	5-Likert Scale
Balanced Scorecard	5-Likert Scale
Standard Costing	5-Likert Scale
Budgeting and Budgetary Control	5-Likert Scale

In assessing the impact of the various MAPs on performance, the researchers adopted a multiple regression analysis with 5% margin of error and 95% confidence level.

*R* represent the positive or negative relationship between Management Accounting Practices and the Performance of public hospitals

*R*<sup>2</sup> represent how a unit change in the Management Accounting Practices will impact the hospitals performance

*β* compares the relationship between each Management Accounting Practices and the hospitals performance forgoing any negative sign.

Below is the processed data using SPSS (V20) Table 4.7b

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.966	.451		4.357	.000
Activity Based Costing	.013	.114	.037	.111	.912
Balanced Scorecard	-.170	.052	-.645	-3.295	.002
Standard Costing	-.018	.108	-.058	-.171	.865
Budgeting and Budgetary Control	-.054	.108	-.163	-.505	.616

<b>R35</b>	.531				
<b>R<sup>2</sup></b>	.282				
<b>F-Value</b>	4.420				
Dependent Variable: Performance of Public Hospitals					

Field Survey 2019

The researchers analyzed that there exists a strong relationship between management accounting practices and performance of public hospitals with R-Value of 0.531 and R<sup>2</sup> of 0.282 (This means that 28.2% change in management accounting practices can affect the performance of public hospitals. The One-Way ANOVA also shows that the aggregate impact of activity-based costing, balanced scorecard, standard costing and budgeting and budgeting control is statistically significant with a F-Value of 4.420. The F-Value can be concreted with Litwin (2000) who states that F-Value of 4 is an indication of study model fitness.

From the information processed, the researchers analyzed the linear regression formulae for the impact of management accounting on performance of public hospitals as shown below:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$$

$$Y = 1.966 + 0.013X_1 + -0.170X_2 + -0.018X_3 + -0.054X_4$$

In other words, the findings suggest that increased use of the basic management accounting practices appear to lack the ability to drive performance level in the course of managing service quality since all the correlation coefficient of the various management accounting practice is negative with the exception of Activity based Costing with a positive relationship of 0.013. The findings of this study compliment the findings of early researcher literature that evident there is no positive relationship between management accounting practice adoption and performance (Banker, et al., 2000; Callen, et al., 2000; Ittner and Larcker, 1997).

#### 4.4 Benefits of Management Accounting Practices

The researchers asked respondents to rate the degree at which they agree or disagree with the perceived benefit of Management Accounting Practices in their hospital. The responses were placed on a five Likert scale ranging from 1 (Strongly Disagree) to 5(Strongly Agree). A mean is regarded to measure satisfaction on the test variables. Standard deviation was used to indicate the variation or "dispersion" from the "average"(mean). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. This information would in turn enable hospitals to make informed judgment and decisions when prioritizing and allocating resources for adoption and usage of management accounting. The results are shown as in the *Table 4.8* below.

The diagrammatic presentation by SPSS (v.20) of the variables is shown below:

	N	Minimum	Maximum	Mean	Std. Deviation
BE1	50	3.00	5.00	4.5000	.67763
BE2	50	2.00	5.00	4.1600	.86567
BE3	50	3.00	5.00	4.4800	.61412
BE4	50	2.00	5.00	4.3400	1.04217
BE5	50	1.00	5.00	4.3000	.93131
BE6	50	3.00	5.00	4.3200	.55107
BE7	50	3.00	5.00	4.4800	.67733
BE8	50	4.00	5.00	4.8000	.50143
BE9	50	3.00	5.00	4.3200	.62073



BE10	50	2.00	5.00	4.4000	.85714
BE11	50	3.00	5.00	4.4000	.60609
Valid N (listwise)	50				

The output rates BE8 ranked the most enjoyed benefit, followed by BE1, BE3, BE7, BE10 and BE11 to be next enjoyable benefit of management accounting practices in public hospitals with an average of 4.50, 4.48, 4.48, 4.40 and 4.0 respectively. The next batch was BE4, BE6, BE9 and BE5 with 4.34, 4.32, 4.32 and 4.30 respectively. The least benefit been enjoyed by public hospitals in relation to the adoption of management accounting practices was BE2 with an average of 4.16. The overwhelming evidence above illustrate that greater use of management accounting practices is positively related to organizational performance as shown in Chenhall, 2005 and De Geuser, et al., 2009.

#### **4.5 Challenges of Management Accounting Practices in Public Hospitals**

To address the last research objective of this study, the researchers further analyzed the challenges faced by public hospitals in the usage of activity-based costing, balanced scorecard, standard costing and budgeting and budgetary control. The researchers per literatures reviewed listed some of the popular challenges faced by organizations. Respondents were asked to rank responses from Strongly Disagree (1), Disagree (2), Uncertain (3), Agree (4) and Strongly Agree (5) to the listed challenges on MAP.

*Table 4.9a*

<b>Dependent Variable</b>	
Challenges of MAP	Binary
<b>Independent Variables</b>	
Cost Intensive	5-Likert Scale

Low level of management commitment	5-Likert Scale
Labor Intensive	5-Likert Scale
High level of expertise	5-Likert Scale
Very Complex	5-Likert Scale

In assessing the challenges of the various MAPs public hospitals, the researchers adopted a multiple regression analysis with 5% margin of error and 95% confidence level.

*R* represent the relationship between the challenges of MAP as a demotivating factor in using management accounting practices

*R*<sup>2</sup> represent how a unit change of a challenge can demotivate the hospital from using MAP

*β* compares the relationship between each challenge and usage of MAP

Below is the processed data using SPSS (v20) **Table 4.9b**

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	-.291	.401		-.727	.471
Cost Intensive	-.178	.083	-.381	-2.140	.038
Low Management Commitment	.082	.114	.190	.717	.477
Labor Intensive	.342	.120	.446	2.844	.007
High Expertise requirements	-.092	.174	-.208	-.530	.598
Very Complex	.248	.112	.636	2.207	.033
<b>R</b>	.739				

<b>R<sup>2</sup></b>	.546				
<b>F-Value</b>	10.601				
Dependent Variable: Challenges of Management Accounting Practice					

The above analysis is presented in the diagram below Figure 4.2

The researchers analyzed that there exists a strong relationship between the listed factors as far as challenges of management accounting practices is concern with R-Value of 0.739 and R<sup>2</sup> of 0.546 (This means that 54.6% change in any of the challenges can demotivate the usage of management accounting practice in public hospitals. The One-Way ANOVA also shows that the aggregate impact of activity-based costing, balanced scorecard, standard costing and budgeting and budgeting control is statistically significant with a F-Value of 10.601. The F-Value can be concreted with Litwin (2000) who states that F-Value of 4 is an indication of study model fitness.

From the information processed, the researchers analyzed the linear regression formulae for the impact of management accounting on performance of public hospitals as shown below:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

$$Y = -.291 + -.178X_1 + .082X_2 + .342X_3 + -.092X_4 + .248X_5$$

From the above it can be analyzed that the cost intensive of management accounting practices has a negative correlational value of -0.178 making inverse contribution to the challenges with a t-value of -2.140 at a significant of 3.8%. Low management commitment possesses a challenge as far as the usage of management accounting practices is concerned with a positive relationship value of 0.082 contributing to the dependent variable at 0.717 with a significant rate of 47.7%. The next challenge analyzed was Labor intensiveness of management accounting practices, From the information it can be said labor also have a correlational value of 0.342 contributing a t-value of 2.844 at a significant value of 0.007. High expertise requirement to undertake a management accounting practice was also analyzed by the

researcher and it gave a negative correlation coefficient of -0.092 with a t-value of -0.530 at a significant level of 59.8%. The last challenge analyzed by the researcher was complexity of the management accounting systems. The complexity of the above illustrated a positive correlation coefficient of 0.248 at a t-value of 2.207 contributing to the challenges at a rate of 3.3%. The above information corresponds to Mishra and Vaysman (2011) findings on their study on cost systems choice and challenges.

## **CHAPTER FIVE**

### **5.0 SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION**

#### **5.0 Introduction**

This chapter presents the summary of major findings arising from the data analysis. This study makes appropriate recommendations for the management accounting practices in public hospitals within Kumasi Metropolitan. This study is concluded at the last section of this chapter.

#### **5.1 Findings**

The researchers investigated the various management accounting practices in public hospitals. The data processed confirms practices of management accounting in public hospitals. Nevertheless, important conclusions can be drawn from this study. Almost all public hospitals according to this study practice management accounting. These hospitals are more conversant with the various management accounting practice systems which include activity-based costing, balanced scorecard, standard costing and budgeting and budgetary control. This study concludes budgeting and budgetary control is the most frequently used MAP in public hospitals followed by Activity-Based costing, Standard costing and balanced scorecard hierarchically. The study further analyzed the impact of these MAPs on the performance of public hospitals which shows that there exists a strong relationship between management accounting practices and performance of public hospitals. Thus, 28.2% change in management accounting practices can affect the performance of public hospitals. The third research question was to analyze the benefits derived from the usage of Management Accounting Practices. From the various questionnaires distributed and interviews conducted, almost all the benefits noticed by the researchers were fully enjoyed by the public hospitals with a least average of 4.16. This means

that MAP is an identifiable key factor that influence performance and areas that need improvement in the hospital operation.

Lastly, the researchers focused on analyzing the challenges faced by public hospitals in utilizing the various management accounting systems. The researchers analyzed that there exists a strong relationship between the listed factors as far as challenges of management accounting practices are concern with such that 54.6% change in any of the challenges can demotivate the usage of management accounting practice in public hospitals. This study contributes to the body of knowledge in the area of management accounting by providing current insights on both literature and research methodologies. In this manner, this research may be used as a reference source by future researchers on similar matters. Furthermore, this study validates that management accounting practices such as activity-based costing, balanced scorecard, standard costing and budgeting and budgetary control are instrumental in stimulating performance of public hospitals within Kumasi Metropolitan. Since, hospitals seem to enjoy more benefits from the implementation of MAPs. From the data collected through interviews and observations, the researchers also came up with these findings:

Very minimal training on MAP programs are organized for their accounting staff so most of them have little knowledge about MAPs. One of the positive findings is that almost all the public hospitals practice management accounting to the optimal level.

## **5.2 Recommendation**

The study proposed the following recommendations on the basis of the findings. More training on MAP programs should be organized regularly for the accounting staff. The public hospitals that are practicing all the MAPs should continue with it whereas those that are not practicing should put measures in place to adopt for the purpose of the benefits.

### **5.3 Conclusion**

This study revealed that management accounting practices in public hospitals within Kumasi Metropolitan is essential. Moreover, the researchers recommend the following for future empirical studies:

1. Future research should investigate the impact of management accounting practice in the quality of services rendered by public hospitals.
2. Future research should consider the efficient measurement of management accounting practices in public hospitals in Ghana.

In conclusion, the use of management accounting practices will help in the successful strategic, financial and operational decision making.

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