

**MANAGEMENT ACCOUNTING AND STRATEGIC DECISION MAKING**

**BY**

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**A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF  
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**OCTOBER, 2025**

## **DECLARATION**

I declare that;

- I. This project is based on a study undertaken by me in the department of Accounting, University of Benin, under the supervision of Dr. TIMOTHY OBOH.
- II. This work has not been previously submitted for the award of any degree elsewhere.
- III. All ideas and views are product of my personal research and where the views of others have been expressed, they have been duly referenced and acknowledged.
- IV. Any liabilities arising from the study are entirely borne by me.

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**Oghenerume Favour OGBISI**

## CERTIFICATION

This is to certify that the project work was carried out by Oghenerume favour OGBISI with the matriculation number MGS2104615 in the Department of Accounting, Faculty of management science, University of Benin, Benin City. For the partial fulfilment of the requirements for the award of (B.Sc.) in Accounting.

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Date

## **DEDICATION**

I dedicate this project to God Almighty, my source that never runs dry, my father who saw me throughout the course of writing this project and throughout my B.Sc. program and also to my amazing parents Mr & Mrs SAMSON OGBISI

## ACKNOWLEDGEMENT

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## **ABSTRACT**

This study examined the relationship between management accounting practices and strategic decision making in organisations in Nigeria. The main objective was to determine how management accounting tools such as budgeting and budgetary control, standard costing, variance analysis, activity-based costing, and cost-volume-profit analysis influence strategic decision making in Nigerian firms. The study adopted a descriptive survey design, and data were collected using structured questionnaires administered to selected organisations in Edo State. The sample size was determined using Yamane's formula, and the data collected were analysed using descriptive and inferential statistical techniques. The findings revealed that management accounting practices significantly influence strategic decision making, particularly in areas such as cost control, planning, and performance evaluation. The study concluded that effective application of management accounting tools enhances strategic decision making and organisational performance. It recommended that firms in Nigeria should strengthen their management accounting systems and continuously train managers in the use of modern accounting tools to support strategic decisions.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND OF THE STUDY**

The success of any organization today depends largely on the quality of decisions made by management. In the business environment where competition is intense, consumer preference changes rapidly, and economic conditions are fluctuating, business cannot afford to make decisions based on guesswork. Strategic decision making has become crucial to the growth and survival of modern organizations. It involves setting long-term goals, achieving the goals, and allocating resources wisely to ensure sustainability.

At the heart of this is management accounting. Unlike financial accounting, which mainly record transactions for external such as investors and regulators, management accounting provides managers with information that supports planning, control, and performance evaluation. It focuses on both financial and non-financial data to guide managers in making informed decisions. Through the use of tools such as budgeting, variance analysis, breakeven analysis, benchmarking, cost-benefit analysis, and activity-based costing, managers can evaluate different options and choose the ones that align best with the organization's strategic objectives.

In Nigeria, the role of management accounting has become increasingly significant due to the volatile business environment. Issues such as rising inflation, fluctuating exchange rates,

unstable government policies, and stiff competition have created an environment where must constantly review their strategies (Owolabi & Dada, 2021). Organisations that make use of management accounting are more likely to adapt quickly, minimize risks, and take advantages of opportunities compared to those that do not (Uwuigbe, Akinola, & Ilogho, 2019).

However, despite its benefits, many organisations still underutilise management accounting. Some managers continue to rely heavily on past information rather than on current accounting information. This often result in poor planning, wastage of resources, and weak competitive positioning (Ademola & Adegoke, 2020). For businesses that desire to remain profitable and relevant in the long-run, the need to embrace management accounting as a vital tool for strategic decision making cannot be overemphasized.

## **1.2 STATEMENT OF THE PROBLEM**

The study seeks to investigate the role of management accounting in strategic decision making. Despite the increasing awareness of the importance of management accounting, many organisations in Nigeria still face significant challenges in effectively integrating it into their strategic decision-making processes. Many organisations today don't make decisions backed up by the kind of reliable information that management accounting provides. While management accounting is meant to serve a critical support system for managers, some

organisations see it as nothing more than routine record-keeping (Adeniyi,2019). This perception often limits its application in shaping strategic choices.

The consequence of this underutilisation is that many organisations make decisions without proper cost analysis, risk assessment, or performance evaluation. In a business environment as unstable as Nigeria's where inflation is high, exchange rate fluctuates, and government policies can change overnight, decisions made without accurate data can have serious negative effects (Okoye & Nwaiwu 2020). These may include misallocation of resources, inability to meet long-term goals and objectives, reduced profitability, or even organisational failure.

Moreover, even when management accounting tools are available, challenges such as lack of skilled personnel, poor technological skilled personnel, poor technological infrastructure, inadequate training and resistance to change make it difficult for managers to use this information effectively (Egbunike & Okoye, 2019). This raises a significant question: To what extent are organisations in Nigeria use management accounting in their strategic decision making, and how does management accounting affect their performance and competitiveness?

### **1.3 REASEARCH QUESTIONS**

To address the research problem, the study will seek to answer the following questions:

1 How does management accounting contribute to strategic decision making in Nigerian organisations?

2 To what extent is budgeting and budgetary control used to guide strategic resource allocation and planning on organisation?

3 How do standard costing and variance analysis inform management in making strategic cost control decisions ?

4 How does activity based costing affect product and customer profitability analysis ?

5 How do inventory costing and control practices affect strategic decision on warehousing, distribution and working capital management ?

#### **1.4 OBJECTIVES OF THE STUDY**

The broad objective of this study is to examine the role of management accounting in strategic decision making. Specifically, the study aims to;

1 Assess the extent to which management accounting contributes to strategic decision making in Nigerian organisation.

2 Asses how budgeting and budgetary control contribute to strategic resource allocation and planning in organisation.

3 . Examine to which extent standard costing and variance analysis influences strategic cost control decisions in organisations.

4 Examine the impact of activity costing on product and consumer profitability and its implications on pricing decisions.

5 Asses how inventory costing and control practices affect decisions on warehousing, distribution, and working capital management.

### **1.5 RESEARCH HYPOTHESIS**

HO: Management accounting does not significantly contribute to strategic decision making in Nigerian organisations.

HO: There is no significant relationship between budgeting and strategic resource allocation and planning in an organisation.

HO: Standard costing and variance analysis do not significantly affect strategic cost control decisions in organisations.

HO: Activity based costing does not significantly affect product, consumer profitability and pricing decisions in organisations.

HO: inventory costing and control practices do not significantly affect strategic decision on warehousing, distribution, and working capital.

### **1.6 SCOPE OF THE STUDY**

This study focuses on how management accounting supports strategic decision making in medium to large scale organisations operating in Lagos state, Nigeria. It focuses on logistic

companies operating in Nigeria and analyse how management accounting contributes to strategic decision-making within the sector. The research will examine selected logistics firm drawn from both multinational and indigenous companies to capture a broader perspective on the application of management accounting practices. it will consider management accounting tools such as budgeting, variance analysis, cost-benefit analysis, and performance measurement systems, assessing how they support operational efficiency and strategic planning in logistic companies.

### **1.7 LIMITATIONS OF THE STUDY**

The study may face limitations such as availability and accuracy of data, as logistics companies may consider some financial and strategic information confidential. The sample size, restricted to logistic companies, may also limit the extent to which the study can be generalised to the entire industry. Additionally, external factors such as macroeconomic conditions could also influence the findings.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter provides a comprehensive overview of fundamental concepts and theories related to the subject matter. It also explores the insight of other scholars in the field to offer readers a detailed understanding of the topic being examined. This chapter is structured into three main sections; conceptual framework, review of empirical issues, theories. Management accounting plays a crucial role in strategic decision making by providing managers with financial and non-financial information needed to make informed decision about the company's future direction.

#### **2.2 STRATEGIC DECISION**

Strategic decisions are decisions that are concerned with whole environment in which the firm operates, the entire resources and the people who form the company and interface between the two. According to Mintzberg et al (1976), strategic decisions are seen as large,

expensive, and precedent setting producing ambiguity about how to find solution and uncertainty in the solution's outcome. Strategic decision-making is a tool to drive business growth. It helps figure out the best way to achieve business objective, provided an organisation has a decision-making process that involves a well-defined set of policies that must be adhered to. Strategic decisions give a company competitive edge by transforming its scope and the way the company runs activities.

### **2.2.1 ENVIRONMENTAL SCANNING**

Environmental scanning according to (Bhasin 2019) is a continuous and meticulous evaluation of organisation's internal and external environments with a view of determining its strengths, weakness, opportunities, and threats which will influence the present and future organisation's strategies. It is the mechanism through which organisation search for and gather information on their external environment (du toit, 2016). This involves analysing the external environment (opportunities and threats) and the internal environment (strengths and weaknesses) to make informed decision. This process helps organisations understand how changes in their environment might affect their operations in decision making and developing effective strategies. The objective of environmental scanning is to enable business executives make strategic decision capable of positively influencing the protection of the future of their business Bhardwaj & kumar (2014). Environmental scanning is the process of gathering analysing and interpreting information about events, trends, and relationships that can affect an organisation.

- Internal environment

Indris and primiana (2015) believed internal environment refers to the sub-unit that are parts of the organisation. They opined further that internal environment has an impact on organisation's schedule as well as its performance. The internal environment includes factors such as structure, values, resources, and capabilities within the organisation that affect its decision and performance. Some of these components are employees, management and leadership, organisation culture, company's structure, physical structure, financial resources, policies and procedures. This environment shapes how organisation operates internally and how it reacts to external factors. These factors are under company's control and can be improved to achieve better results.

- External environment

External environment according to pulai and pulai (2015) refers to factors that are not within an organisation and as such do not have control over them. In addition, external environment according to Du Toit et al (2016) refers to all factors and variables an organisation cannot influence, control, or monitor., which could be political, economic, social, technological, information, and knowledge environment. These factors are analysed to identify opportunities and threats in their external environment. They could be in the macro or micro environment. In the macro environment the factors include; political, social, economic, technological,

environmental, or international factors. In the micro environment the factors include; customers, competitors. Suppliers, distributors, regulatory bodies, media.

### **2.2.2 STRATEGY FORMULATION**

Strategy formulation is the process through which an organisation analyses its external and internal environment, identifies strategic goals, and decides on actions to be taken to achieve competitive advantage. According to David (2017) strategy formulation is the process of establishing an organisation's mission, identifying external opportunities and threats, determining internal strengths and weaknesses, setting long-term objectives, and choosing particular strategies to pursue.

- Strategy formulation in strategic decision-making

Strategic decision-making refers to long-term, complex decisions that shape the organization's direction. Strategy formulation is a critical early phase in this broader process. Mintzberg, Ahlstrand, & Lampel (1998) emphasized that strategy formulation combines planning, intuition, and emergent learning. Schendel & Hofer (1979) defined strategic decisions as those affecting the long-term well-being of the organization, with formulation as central to the process.

### **2.2.3 STRATEGY IMPLEMENTATION**

Strategy implementation is the activities within the workplace or organisation designed to manage the activities of the organisation. It involves translating a vision into concrete actions, allocating resources, and coordinating efforts across different parts of an organisation. Strategy implementation according to Sull, Homkes, & Sull (2015) is a process that ensures that the organisation's strategy is executed effectively through alignment of resources, people, processes, and communication. Successful implementation requires translating broad strategies into operational activities with measurable outcomes Alharthy et al (2017). The strategy implementation process is a pivotal factor in the success of any organisation Pushpa Rani (2019). Some key factors for effective implementation include leadership and commitment, clear communication, employee engagement, resource allocation, monitoring and evaluation.

- Leadership and commitment

Leadership is one of the most important determinants of successful strategy implementation. Effective leaders communicate organisation goals, objective, vision, and mission which fosters accountability and effective communication among employers and employees. Leaders must not only champion the strategy but also model behaviour that supports its implementation Ahmad et al (2020).

- Clear communication

Communication is essential to ensuring that everyone in the organisation understands the formulated strategy and their various role in the attainment of the organisation goals or objective. This communication should be two-way in order for top management to communicate strategy and get feedback from subordinates. Consistency in communication ensures effective strategy implementation and reduces misinterpretation.

- Employee engagement

Engaging employees in the strategy implementation process boost employee confidence and reduces resistance to change. When employees understand how their role contribute to strategic objectives, they take more ownership Whittington (2015). This can also be attained by aligning performance appraisal and reward systems with strategic objectives encouraging proactive engagements.

- Resource allocation

Adequate resources (financial, human, technological e.t.c) must be allocated to support the implementation process. Resources must be allocated according to strategic intents, not just historical patterns or departmental preferences Kunc & Bhandari (2019). The use of technology and tools like enterprise planning systems, AI-based decision-support tools, and predictive analytics is now common in optimising resource use in organisations.

- Monitoring and evaluation

Effective monitoring is impossible without mechanisms to track progress when necessary. It is necessary to monitor progress regularly and make adjustments as needed based on performance data. Regular reviews and adjustments allow for adaptive implementation and prevent strategic drift (Bryson et al, 2018). Periodic evaluation is conducted to assess the overall effectiveness of the strategy and identify lesson learned for future planning.

#### **2.2.4 STRATEGY EVALUATION**

Strategy evaluation refers to the systematic process of assessing the outcome and processes of a strategy to determine its effectiveness. It serves as a feedback mechanism for strategic control and continuous improvement. David, F.R. (2017) defines strategy evaluation as “the final strategy in strategic management, where current is a crucial phase of the strategic decision-making process, focusing on assessing whether a chosen strategy is effective in achieving organisational goals and objectives. Strategy evaluation ensures that the implemented strategy remains relevant, effective, and adaptable in a dynamic environment. Mintzberg et al (2005) notes that strategy without evaluation may lead to misalignment, inefficiencies, or even organisational failure. Some techniques used to ensure effective strategy implementation include, gap analysis, SWOT analysis, PESTLE analysis, benchmarking.

- Gap analysis

This is a tool used to compare actual performance with desired or expected performance, identifying gaps to be closed. The steps involved in gap analysis includes; defining the current state of the firm, defining the desired future state of the firm, identifying the gap and reasons, lastly, develop corrective strategies. Gap analysis provides clear direction for improving implemented strategy.

- Swot analysis

Swot analysis is a tool used to evaluate an organisation's strength, weakness, opportunities, and threats to understand if current strategy is effective. In SWOT analysis, strong and weak aspect of an organisation are identified by examining the elements in its environment while environmental opportunities and threats are determined by examining the organisation external environment. It provides information that is helpful in matching the organisation's resources and capabilities to the competitive environment in which it operates.

- Pestle analysis

Pestle analysis is framework used to analyse and monitor the macroeconomic environmental (external environment) factors that have impact on an organisation, company, or industry. It stands for political, economic, sociocultural, technological, legal and environmental factors.

By examining this six areas, an organisation can identify potential opportunities, and threats helping them develop effective strategies and make informed decisions.

- Benchmarking

Benchmarking involves identifying key performance indicators (KPI's), metrics, or standards relevant to an organisation's goals and then comparing them to those of order organisations. It is a process comparing a company's performance, processes, and practices against those of its competitor in same industries or even other industries.

### **2.3 MANAGEMENT ACCOUNTING**

Management accounting is also known as managerial accounting, it focuses on providing financial and non-financial information to internal management for decision-making and performance evaluation. It helps managers understand costs, improve efficiency, and achieve business goals. Management accounting involves tracking, analysing, and reporting the economic costs of business activities. Practitioners create detailed cost breakdowns that financial accounting often glosses over helping managers understand what they're spending, why they're spending it, what they're spending it, and what they're getting in return. Management accounting is a method of accounting that creates statements, reports, and documents that help management in making better decision related to their business performance. Management accounting plays a crucial role in planning, controlling, and evaluating business operations, enabling management to make informed operational decisions

Dury (2019). Under CIMA, 2019, the role of management accountant has expanded from being mere “store keepers” to becoming strategic partners in the decision-making process. This transition is as a result of the growing importance of management accounting in providing forward looking, value-adding insights rather than simply recognising past performance. Management accounting has some core functions and these functions can’t be overemphasized. Management accounting supports strategic and operational planning by forecasting future financial trends, budgeting, and aligning goals and objectives with corporate strategies. It monitors performance by comparing actual result to expected results and identifying variances, and recommending possible solutions. Managerial accounting provides relevant data used in making informed decisions through the use of cost analysis, investment appraisals, and break-even analysis. Management accounting supports the identification, analysis, and mitigation of financial and operational risks. It uses tools like key performance indicators(KPIs), balanced scorecard, and return on investment analysis to evaluate organisational performance. Management accounting is used by business, not-for-profit organisations, government, and individuals. These organisations use management accounting extensively and also the individuals use the economic concepts that form the foundation of management accounting in their personal lives to assist in decision making large and small: homes and automobile purchases, retirement planning, and splitting the cost of a vacation rental with friends.

### **2.3.1 MANAGEMENT ACCOUNTING VS FINANCIAL ACCOUNTING**

The field of accounting consist of three broad subfields: financial accounting, management accounting, and auditing. This classification is user-oriented. Financial accounting is concerned with communicating accounting information to external parties. Management accounting is concerned with generating accounting information for managers and other employees to assist them in performing their work. Auditing refers to examining the authenticity and usefulness of accounting information. Other subfields of accounting include tax and accounting information system. Granlund and Lukka (2017) noted that the difference between management accounting and ordinary accounting is highly evident though both are based on the use of relatively similar information. As a result, management accounting can be said to lack some fixed norms when being used to compare financial accounting. However, differences in application and results obtained will always be different between the two. This is because the effective use of management accounting relies significantly on the concern as well as skill and qualification of the management accountant involved. Some differences between financial accounting and management accounting include;

- Financial reporting: financial reporting is mandatory for most companies in financial accounting. It is required by U.S securities laws for public entities and private companies with debt are mandated to prepare audited financial statements in accordance with GAAP. However, it is not mandatory in management accounting.

- Scope: financial accounting focuses more on reporting past performance while management accounting focuses mostly on forecasting which includes estimates, and prediction of future events, and transactions.
- Users: financial accounting provides general purpose information. Investors, stock analysts, and regulators use the same information. Management accounting information on the other hand is tailored to specific users.

### **2.3.2 THE ROLE OF MANAGEMENT ACCOUNTING**

Management accounting according to chartered Institute of Management Accounting (2005) is an organisation strategy aimed at enhancing organisational value by improving the use of organisational resources dealing with competitive and dynamic organisational situations. Management accounting plays a crucial role in management of organisational resources. It is a tool which organisation can use to deal with organisational, market, and environmental change. The role of accounting lately has been restricted to measuring the amount of resources used in an organisation (Laine et al 2017). Williams also argues that management accounting was also designed to manage organisational resources. This two roles of management accounting were specifically designed in such a way that organisations would benefit through improved productivity. This was accompanied by measures put in place to enhance efficiency as other significant roles of management accounting (Bobryshev et al 2015). The development of management accounting was necessary in order to improve internal activities and processes in a way that contributed towards enhancing organisational

performance. Hence, management accounting was mainly focused on the use of accounting information in such a way that changes organisations input, resources, and output. Meanwhile there are other ideas which suggest that management accounting involves the use of financial and non-financial information by managers to make important decisions (Mass, Schaltegger, & crutzen, 2016).

The role of accounting can be traced to the use of management accounting to develop and evaluate strategies Zyznarska-Dworczak (2018), in other words, organisational strategies are developed and evaluated using information provided by organisational managers. Such strategies are either growth, sustainability, or retrenchment. Management accounting provides financial and non-financial information to internal managers to help them make informed decisions about a company's operations. It focuses on analysing past and present data to guide future actions. Some key roles of management accounting include;

- Budgeting: Managerial accountants create and manage budgets, helping to plan and control organisation spending.
- Performance evaluation: They compare actual results against planned results against planned results, highlighting variances and areas that needs improvement.
- Cost management: management accounting helps to track and control cost associated with different activities and products.

- Strategic planning: Management accountant contribute to long-term strategic planning by analysing financial data and market trends.

Management accounting provides information to help managers at all levels make informed decisions, whether it's about pricing, resource allocation, or investment opportunities. It helps in evaluating the profitability of different products, services, or business units. Management accounting assists in identifying areas where cost can be reduced and efficiency can be improved. It also analyses past performances in order to predict future trends and guide strategic planning.

### **2.3.3 COMPONENTS OF MANAGEMENT IN STRATEGIC DECISIONS**

Management accounting plays a vital role in strategic decision making through various key components. These components serve as a tool that management use in making accurate and timely information to make informed decisions. These components include;

- a) Cost accounting: Cost accounting is defined by the Institution of Management Accountants as a systematic set of procedures for recording and reporting measurement of cost of manufacturing goods and performing services in aggregate and in detail. Costing is the process of determining the cost of producing goods and services. Costing methods are techniques used to determine and record the total cost associated with producing a product or providing a service.

- Activity based costing (ABC): This involves assigning costs to activities based on their consumption of resources rather than using traditional overhead allocation. This provides a more accurate view of product and service profitability. (Kaplan & Norton,2008). It enhances strategic decision making by identifying high-cost activities and enabling managers focus on value-added operations
- Budgeting and budgetary control: Budgeting is one of the fundamental management accounting tools used in planning and allocating resources effectively. Through the preparation of detailed budgets, management can forecast revenue and cost to achieve strategic goals. Budgetary ensures that actual performance is compared with budget and deviations are analysed to enhance efficiency and corrective actions( Dury, 2008). This guides longterm planning, optimisation and strategic resource allocation.
- Standard costing and variance analysis: standard costing involves setting a predetermined costs for products and services. Variance analysis on the other hand compares actual results to these standards. This helps management identify inefficiencies, control costs and make strategic production or pricing decisions (CIMA,2014). This supports performance evaluation and cost reduction strategies by identifying cost saving opportunities.

- Cost volume-profit (CPV): CPV analysis examines how changes in cost and sales volume affect profit. It helps managers determine the break-even point, margin of safety, and most profitable mix (Horngren et al, 2015). CPV assist in strategic pricing, diversification, and market expansion decisions.
- Inventory management and control: Efficient inventory management ensures that a company maintains optimal stock levels neither excessive nor inadequate to meet demand. Techniques like Economic order quantity(EOQ), just in time(JIT), and ABC analysis are often used(Anthony & Govindarajan,2007). Proper inventory control reduces holding cost, carrying cost, stock out cost and improves operational efficiency which is vital for competitive advantage.

## **2.4 THEORETICAL FRAMEWORK**

Numerous theories in the field of management, accounting, and organisations studies have been undertaken to explain the relationship between management accounting practices and strategic decision making. These theories provide the foundation for understanding why organisations adopt particular accounting systems and how such systems influence long-term business performance. According to Chenhall (2003), the effectiveness of management accounting tools depends largely on how well they align with organisational strategies, environmental conditions, and available resources. Over the years, scholars have relied on different theoretical perspectives to illuminate the connection of management accounting to

strategic decision. Some of the most significant theories include contingency theory, resource-based view, institutional theory and agency theory. For the purpose of this study emphasis will be placed on contingency theory, resource-based view, and institutional theory.

#### **2.4.1 CONTINGENCY THEORY**

For the purpose of this study, contingency theory is adopted to explain the relationship between management accounting practices and strategic decision making. The theory, originally advanced by Burns and Stalker (1980) and further research by Otley (1980) stresses that there is no single best way to design or use management accounting system; instead, their usefulness varies according to factors such as organisational structure such as the size, environment, strategy, and technology. In other words, the ability of management accounting to contribute to strategic decision making depends heavily on the conditions under which the firm operates. This highlights the importance of flexibility and adaptability in the use of management accounting information for strategic purposes.

Contingency theory posits that management practices are not universally applicable but should be aligned with the environment and strategic goals of the organisation. For instance, a large multinational company may require complex budgeting and performance evaluation systems to align its operations, while a small Nigerian firm may rely more on simple cost control, cash flow monitoring to survive in a highly uncertain market condition. In each case,

management accounting systems are tailored to suit the uniqueness of the organisation and its decision making processes.

This theory is particularly relevant to the Nigerian business environment, where firms often face persistent inflation, fluctuating exchange rates, and unstable regulatory frameworks. Under such situation, a one-size-fits-all approach to management accounting would be futile. Instead, organisations must adopt accounting tools and strategies that reflect their specific condition and challenges. Contingency theory therefore provides a strong justification for investigating how management accounting practices contribute to strategic decision making across different industries in Nigeria.

The adoption of contingency theory in this study is also significant because it aligns with the central aim of management accounting: to provide timely, relevant, and customised information for planning, and controlling strategic decisions. By recognising that the usefulness of management accounting depends on the organisation, the theory strengthens the argument that the role of management accounting in strategic decision making cannot be fully understood without considering the external and internal factors that shape managerial choices.

#### **2.4.2 RESOURCE-BASED VIEW (RBV)**

In addition to contingency theory, this study adopts Resource-Based View as a theoretical lens. The Resource-Based View was developed by Barney (1991), it emphasises that

organisations achieve competitive advantage through resources and capabilities that are valuable, rare, inimitable, and non-substitutable (VRIN). These resources should not include only physical assets and tangible assets but intangible assets such as organisational culture, structure, and leadership.

The RBV asserts management accounting serves as a critical strategic resource by providing the framework and information needed by management to make informed decisions. Effective management accounting systems enable firms to identify cost-saving opportunities, forecast trends, allocate resources efficiently, and monitor performance in order to achieve strategic goals. In a highly competitive market such as Nigeria's where firms struggle with the issue of inflation, the use of management accounting information can represent a significant source of sustained advantage.

For example, firms like Dangote Group and Nestle Nigeria utilise advanced management accounting practices such as variance analysis, balance scorecard, and activity based costing to guide their decisions. These tools not only improve performance but also strengthen long-term competitiveness by aligning resources with corporate strategy. From the RBV perspective, such practices highlight the strategic value of management accounting as more than just a financial reporting mechanism- it becomes a driver of innovation, efficiency, and sustainable growth.

This study adopts RBV because it underscores the idea that management accounting is not merely a support function but a strategic resource that can shape the activities of an

organisation. It provides a robust framework for examining the strategic role of management accounting in enhancing decision-making and organisational performance.

### **2.4.3 INSTITUTIONAL THEORY**

According to institutional theory, firms often face pressure from three main sources: coercive pressures (such as laws, regulations and government policies), mimetic pressures (imitation of leading firms), and normative pressures (professional standard and cultural norms). In Nigeria for instance, the adoption of international financial reporting standards (FIRS) by firms was strongly influenced by coercive pressure from professional bodies and normative pressure from professional accounting organisations. Also, companies often adopt advanced management accounting techniques not just for internal operations but to align with global business practices.

In the context of strategic decision making, institutional theory stipulates that managers may integrate management accounting systems not solely for rational analysis but also to show accountability, transparency, and alignment with widely acceptance to government policies. This study adopts institutional theory because it highlights broader environmental and cultural forces that shape how management accounting is practiced in organisations. While tools like budgeting, variance analysis, and performance measurement may be used for technical purpose, they are also used within the firm to meet the expectation of stakeholders, regulatory and professional bodies. Thus, institutional theory complements contingency theory and the resource based theory by showing that beyond internal efficiency and resource

optimisation, organisations also rely on management accounting as a way to build legitimacy, ensure compliance, and strengthen stakeholder confidence.

## **2.5 SUMMARY OF LITERATURE**

This chapter reviewed existing literature on the relationship between management accounting and strategic decision making. It began by providing conceptual clarifications of management accounting, strategy, and decision making. The review showed that management accounting goes beyond traditional cost recording and focuses on providing relevant information that supports long-term organisational objectives and competitiveness. Strategy, on the other hand, was explained as the plan or course of action that enables an organisation to achieve its mission and gain a sustainable advantage in its environment.

The chapter further discussed how management accounting serves as a vital tool for strategic decision making by providing financial and non-financial data that guide managerial actions. Various components of management accounting such as budgeting and budgetary control, standard costing and variance analysis, cost-volume-profit analysis, activity-based costing, inventory management, performance measurement, and strategic cost management were examined. Each component plays a significant role in helping managers plan, control, and make decisions that align with the organisation's strategic goals.

The theoretical framework was also explored, highlighting theories such as Contingency Theory, Agency Theory, Institutional Theory, and Systems Theory. These theories provide an intellectual foundation for understanding how management accounting information is influenced by organisational structure, culture, and external environment. They also explain why different organisations adopt distinct accounting practices depending on their strategic context and internal dynamics.

Empirical studies reviewed in this chapter revealed that effective use of management accounting techniques enhances strategic decision making by improving efficiency, profitability, and overall organisational performance. However, the review also identified some gaps such as limited adoption of advanced accounting tools and the influence of organisational culture and technology on decision-making processes in Nigerian firms.

In summary, the chapter established that management accounting is indispensable to strategic decision making as it provides relevant, timely, and accurate information for managers. The review also set the foundation for the next chapter, which focuses on the research methodology adopted to investigate how management accounting practices influence strategic decision making within Nigerian organisations.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter presents the methods, procedures, and sequential steps adopted in order to achieve the objective of the study. It presents a description of the research design, the population and sample for study, the sources of data, theoretical framework, model specification, and measurement of dependent and independent variable.

#### **3.2 RESEARCH DESIGN**

The research design employed for this study is the Descriptive survey design. This was selected because the study seeks to examine how management accounting technique such as budgeting, standard costing, variance analysis, activity based costing, and inventory control affect strategic decision making in organizations. The Descriptive survey design is most suitable because it enables the researcher gather first-hand information from a relatively large sample within a limited period of time, and provides a vivid picture of how management practice operate in real life organisational setting.

#### **3.3 POPULATION AND SAMPLING OF THE STUDY**

##### **3.3.1 Population size**

The population of this study comprises of manufacturing, logistics, and service industries, representing firms that commonly use management accounting in their operations. The

sampling technique adopted for this study is stratified random sampling using a population of fifty (50) manufacturing firm, thirty (30) service firms, and twenty (20) logistics firm. The aim is to examine how core management components influence the quality, timeliness, and effectiveness of strategic decisions in organisations operating in Nigeria.

### **3.3.2 Sampling size and sampling technique**

A random sampling technique was used to arrive at the population of 100 derived from three (3) strata of fifty manufacturing, thirty service firm, and twenty logistic firm. Using Yamen (1967) formula to derive the sample size as follows;

$$\text{sample size (n)} = N/1 + N(e)^2$$

where n = sample size

e = margin of error

N = Target population

1 = absolute number

$$n = 100/1 + 100(0.05)^2$$

$$n = 80$$

### 3.4 SOURCES OF DATA

The data used for this study is both primary and secondary, the primary will be derived from the listed companies above through the use of questionnaires while the secondary data will be drawn from journals, company records, and online publications.

### 3.5 MODEL SPECIFICATION

This study evaluates management accounting and strategic decision making in Nigeria. For the purpose of this study, a simple regression model will be used to examine the relationship between management accounting technique and strategic decision making. The model is expressed as:

$$SDM = \beta_0 + \beta_1CVP + \beta_2BC + \beta_3STD + \beta_4PA + \mu$$

Where;

- $SDM$  = Strategic Decision making
- $CPV$  = Cost-volume-profit analysis
- $BC$  = Budgetary control
- $STD$  = Standard costing
- $PA$  = Performance Appraisal Technique
- $\beta_0$  = Intercept
- $\beta_1 - \beta_4$  = Coefficient of the independent variables
- $\mu$  = Error term

### 3.6 OPERATIONALIZATION OF THE VARIABLES

The independent variable in this study is “management accounting” and it was measured by cost volume profit (CPV) analysis, budgetary control, standard costing, and performance appraisal. The dependent variable is “strategic decision making”. The operational definitions of these variables are stated below:

S/N	VARIABLES	DEFINITION	TYPE OF VARIABLE	MEASUREMENT
1	SDM	Strategic decision making	Dependent	SDM is measured by the timeliness of decisions, quality of information used, and alignment with organisational goals and objectives.
2	BC	Budgetary control	independent	BC is measured by the presence of budget preparation systems, variance analysis, and corrective action

				mechanism.
3	STD	Standard costing	independent	STD is measured by the how often organisations set costs standards, analyse variance, and apply them in decision making.
4	PA	Performance appraisal	Independent	PA is measured by the use of appraisal reports, employee evaluation, and feedback systems.
5	CVP	Cost-volume-profit	independent	The CPV is measured by the extent to which organisations use break-even analysis, contribution margin analysis, and

				sensitivity analysis.
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## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents the results of the analysis of data collected on Management accounting and strategic decision making. The presentation begins with the demographic characteristics of the respondents, followed by descriptive analysis of the dependent variable (management accounting) and the independent variable (strategic decision making). A total of one hundred (100) structured questionnaires were administered to professionals in Benin City, Edo State, and all were successfully retrieved, representing a 100% response rate. The data were analyzed using descriptive and inferential statistical tools, including mean, standard deviation and percentages. The results are presented in tables followed by interpretations that link the findings to the research questions and hypotheses.

#### **4.2 Demographics of Respondents**

Demographics of Respondents This section contains a descriptive analysis of the socio-demographic data drawn from the sampled respondents. The socio-demographic variables considered include gender, age, educational qualification, years of work experience and type of organization.

**Table 4.1: Demographic Representation of Respondents**

<b>Variable</b>	<b>Category</b>	<b>Frequency</b>	<b>Valid Percentage (%)</b>
<b>Gender</b>	Male	31	31.0
	Female	69	69.0
	<b>Total</b>	<b>100</b>	<b>100.0</b>
<b>Age</b>	18-25 Years	81	81.0
	26-39 Years	16	16.0
	40-49 Years	2	2.0
	Above 50 years	1	1.0
	<b>Total</b>	<b>100</b>	<b>100.0</b>
<b>Educational Qualification</b>	OND/NCE	1	1.0
	B.Sc/HND	81	81.0
	M.Sc/MBA	11	11.0
	Professional Certification	7	7.0
	<b>Total</b>	<b>100</b>	<b>100.0</b>
<b>Years of Work</b>	Less Than 5 Years	82	82.0

<b>Experience</b>			
	5-10 Years	17	17.0
	11-15 Years	1	1.0
	<b>Total</b>	<b>100</b>	<b>100.0</b>
<b>Type of Organization</b>	Manufacturing	31	31.0
	Logistics	5	5.0
	Services	62	62.0
	Others	2	2.0
	<b>Total</b>	<b>100</b>	<b>100.0</b>

Source: Field Survey, 2025

This demographic analysis provides a detailed picture of the 100 respondents who participated in the project survey. An important consideration for evaluating the study's results is that the majority of the sample is made up of people who are just starting their professional careers.

The most noticeable feature is the significant disparity in both work experience and age. The group is extremely youthful, with 81.0% of the responders being between the ages of 18 and 25. Given that 82.0% of them claim having less than 5 years of work experience, their career history clearly reflects their youth. Merely 18.0% of the whole population has more than five

years of experience. In terms of education, the high concentration of young professionals is again evident, with B.Sc/HND holders constituting the largest segment at 81.0%. M.Sc. and MBA degrees make up a lower but still notable 11.0% of the total.

The largest employer accounting for 62.0% of the participants, is the services industry. The next largest sector is Manufacturing at 31.0%, with Logistics making up the remaining small percentage. The services sector is well represented, indicating that the study's findings will be most relevant to that particular sector of the economy. Finally, there is a notable gender imbalance in the sample, with 31.0% of respondents being men and 69.0% being women.

Overall, the demographic data indicate that the respondents were between the ages of 18 and 25, with less than five years of experience, and is employed in the services industry.

#### 4.3 Budgeting and Budgetary Control

**Table 4.2: Respondent's response on budgeting and budgetary control**

S/N	Item	SA	A	U	D	SD	Mean
1	Budgets are regularly prepared and reviewed in this organisation	49	45	6	0	0	1.5700
2	Budgetary control helps ensure efficient resource allocation	57	38	3	2	0	1.5000

<b>3</b>	Variance analysis is regularly conducted to compare actual budgeted variance report	19	57	17	5	2	2.1400
<b>4</b>	Corrective measures are implemented based on budget variance reports	32	51	14	1	2	1.9000

**Source: Field Survey, 2025**

According to table 4.1, the data analysis suggests that majority of the respondents (94.0%) strongly agree (49.0%) or agree (45.0%) that their organizations plan and review their budgets on a regular basis. This high degree of agreement points to a formal financial planning procedure that is widely used. Additionally, the efficacy of budgetary control in resource management is well acknowledged. 95.0% of respondents think that budgetary control ensures effective resource allocation, with 57.0% strongly agreeing and 38.0% agreeing. Just 5.0% of respondents said they were neutral or disagreed.

Also 76.0% of respondents said that variance analysis is routinely carried out to compare budgeted and actual results during the monitoring phase. After this investigation, 51.0% of respondents agreed and 32.0% strongly agreed that corrective measures are implemented based on budget variance reports. Together, these numbers imply that organizations actively

monitor performance, create budgets, and make adjustments in response to input from budgetary control systems.

#### 4.4 Standard Costing and Variance

**Table 4.3: Respondent’s Responses on Standard Costing and Variance**

S/N	Item	SA	A	U	D	SD	Mean
1	Standard costing is applied in determining cost efficiency in operations	31	48	19	2	0	1.9200
2	Variances between standard and actual cost are analyzed promptly	22	57	14	5	2	2.0800
3	Cost variance is frequently used by my organisation to improve decision making	27	52	17	4	0	1.9800
4	Variance analysis results influence corrective actions in my organization	31	34	20	7	8	3.0700

Source: Field Survey, 2025

The results from the respondents on the issue of **standard costing and variance** indicate a generally positive perception of its relevance and application in organizational settings. On the first item, which sought to establish whether standard costing is applied in determining cost efficiency in operations, 31% strongly agreed and 48% agreed, only a very small number

disagreed or remained undecided. This shows that standard costing is widely acknowledged as a useful tool for evaluating operational efficiency.

Similarly, when asked whether variances between standard and actual costs are analyzed promptly, most respondents also agreed, with a few strongly agreeing and only a small minority disagreeing. This implies that many organizations take variance analysis seriously and ensure that it is carried out in a timely manner to support managerial functions.

The responses on the frequent use of cost variance for decision-making equally revealed a high level of agreement among participants. A total of 79% either agreed or strongly agreed, this highlights the practical importance of variance analysis as a management tool in organizational planning and control.

However, when it came to the extent to which variance analysis results influence corrective actions in organizations, the responses were more mixed. Although a large proportion agreed that corrective measures are taken based on variance results, 20% of the respondents were undecided, and a total of 15% disagreed. This suggests that while organizations recognize the usefulness of variance analysis, its application in driving corrective action is not always consistent or effective.

Overall, the findings demonstrate that standard costing and variance analysis are widely practiced and perceived as important in ensuring cost efficiency, timely analysis, and informed decision-making. Nonetheless, there appears to be some limitation in the degree to

which variance analysis directly influences corrective measures, indicating an area where organizational practices could be strengthened.

#### 4.5 Activity Based Costing (ABC)

**Table 4.4: Respondent response on activity-based costing (ABC)**

S/N	Item	SA	A	U	D	SD	Mean
1	Activity based costing is used to evaluate product and customer profitability	41	16	11	2	0	1.9000
2	Activity based costing information supports pricing and marketing decisions.	41	37	22	0	0	<b>1.8100</b>
3	Activity based costing enhances the accuracy of cost allocation to activities	25	31	21	15	8	<b>2.5000</b>
4	Activity based costing helps management identify unprofitable customers or products	23	53	18	4	2	<b>2.4100</b>

Source: Field Survey, 2025

Table 4.5 shows that 46% agreed, and 41% strongly agreed that Activity-Based Costing is helpful for assessing the profitability of products and customers, only 11% were neutral, This suggests that there is significant backing for the use of ABC in strategic financial analysis, as 87% of respondents believe it to be a useful tool for assessing profitability. In the area of marketing and pricing, 22% were neutral, 37% agreed, and 41% strongly agreed. This demonstrates that 78% of respondents think ABC is a valuable source of information for choosing prices and marketing strategies.

Responses were more divided when it came to improving the preciseness of cost allocation. 21% were neutral, 15% disagreed, and 8% strongly disagreed, compared to 31% who agreed and 25% who strongly agreed (56%) overall. This suggests that while many individuals believe ABC is accurate in cost allocation, a sizeable percentage (23%) are still not convinced of its correctness.

Additionally, a total of 53% of the people surveyed agreed and 23% strongly agreed when asked if ABC assists management in identifying unprofitable clients or goods. In contrast, only 6% disagreed, and 18% were neutral. This analysis shows how effective ABC is thought to be, by the respondents, as a managerial technique for getting rid of waste and concentrating on profitability.

According to the survey findings, Activity-Based Costing is generally thought to be advantageous, especially when it comes to assessing profitability, directing choices about

pricing and marketing, and pinpointing areas that are not profitable. Some respondents, however, had concerns regarding its accuracy in allocating costs. All views considered, the findings point to ABC as a very applicable and useful costing strategy with important effect on organizational performance and decision-making.

#### 4.6 Cost-Volume Profit (CVP) Analysis

**Table 4.5: Respondent’s Response on Cost-Volume-Profit (CVP) Analysis**

S/N	Item	SA	A	U	D	SD	Mean
1	Break-even analysis is conducted when making strategic decisions	39	40	17	4	0	1.8600
2	Contribution margin analysis guides management decisions	34	37	23	4	2	2.1700
3	Sensitivity analysis is used to assess the effect of changes in cost and sales volume	23	49	26	2	0	2.0700
4	Managers in my organisation are trained to interpret and use cost-volume-profit (CVP) result	28	38	15	13	6	2.3100

Source: Field Survey, 2025

The results of the survey show that people strongly believe that CVP components are strategically important, a significant portion of respondents agreed or strongly agreed that management decisions are guided by contribution margin analysis (71.0%) and that break-even analysis is performed when making strategic decisions (79.0%). The use of sensitivity analysis to evaluate the impact of cost and sales volume adjustments was also widely accepted (72.0% agreement/strong agreement). Together, these numbers demonstrate that the group polled believes that CVP is an essential tool for risk assessment, strategy, and guidance.

But the survey also identifies a possible area where CVP's practical applicability could be improved. A sizable minority were neutral, disagreed, or strongly disagreed, despite the majority (66.0%) agreeing or strongly agreeing that managers in their organization are taught to analyze and use CVP results. This implies that even while CVP is highly regarded and utilized for important studies, there can be a failure to guarantee that all managers have the required education to properly evaluate and utilize the findings.

#### 4.7 Inventory Costing and Control

**Table 4.6: Respondent response on inventory costing and control**

S/N	Item	SA	A	U	D	SD	Mean
1	Inventory costing techniques support warehousing and	41	37	12	4	6	2.1100

	distribution decisions						
<b>2</b>	Proper inventory control practices enhance working capital management	33	48	17	2	0	<b>1.8800</b>
<b>3</b>	Strategic decisions on stock levels are informed by inventory analysis	35	49	16	0	0	<b>1.8100</b>
<b>4</b>	Effective inventory control improves working capital management in my organization	31	49	19	1	0	<b>2.1900</b>

Source: Field Survey, 2025

Table 4.6 shows that the analysis of respondent data on inventory costing and control demonstrates how important these processes are generally seen to be inside a company. 78.0% of respondents agree that inventory costing methods are essential for assisting with decisions about distribution and warehousing.

Additionally, the findings clearly connect better working capital and overall financial health to efficient inventory management. Effective inventory control procedures improve working capital management, according to a resounding 81.0% of respondents who agreed or strongly agreed. An almost similar 80.0% agreement/strong agreement that efficient inventory control

specifically enhances working capital management within their own firm supports this point of view.

Also, the data shows that inventory analysis has a strategic purpose and is not just for operational issues, 84.0% of respondents agreed or strongly agreed that inventory analysis informs strategic decisions on stock levels. All things considered, the results show that inventory costing and management are acknowledged as essential procedures that facilitate logistics, improve financial performance, and guide high-level strategic choices regarding stock holdings.

#### 4.8 Strategic Decision Making

**Table 4.7: Respondent response on strategic decision making**

S/N	Item	SA	A	U	D	SD	Mean	Decision
1	Management accounting provides timely information for decision-making	51	37	12	0	0	<b>1.6100</b>	
2	The quality of decisions in my organisation is improved by management accounting	38	36	20	6	0	<b>1.9400</b>	

<b>3</b>	The quality of decisions in my organisation is improved by management accounting	36	42	16	4	2	<b>2.0800</b>	
<b>4</b>	Management accounting practices contribute significantly to the competitiveness of my organisation	43	45	8	4	0	<b>1.7300</b>	

Source: Field Survey, 2025

Table 4.7 shows that the vast majority of participants believe that management accounting offers prompt information for making decisions. Overall, 88.0% of respondents agreed (37.0%) or strongly agreed (51.0%) with this statement, highlighting how effective they thought it was at delivering data. With 74.0% of respondents strongly agreeing (38.0%) or agreeing (36.0%) that management accounting improves the quality of decisions made in their organization, the impact on decision quality is also amply confirmed.

Additionally, it is widely acknowledged that management accounting guarantees strategic concentration. 78.0% of respondents agreed or strongly agreed that management accounting methods help ensure that strategic decisions are in line with corporate objectives (Agreed: 42.0%, Strongly Agreed: 36.0%). Lastly, the practices are often considered to be a major factor in the success of the company. Most respondents (88.0%) agreed (45.0%) or strongly agreed (43.1%) that management accounting methods have a big impact on their

organization's ability to compete. All of these findings point to management accounting as a crucial and valuable part of strategic organizational management.

#### **4.9 Summary of Analysis**

This chapter presented the analysis and interpretation of data collected on the topic Management Accounting and Strategic Decision Making. Data were gathered from 100 professionals in Benin City, Edo State, using structured questionnaires, yielding a 100% response rate.

Findings from the analysis of management accounting techniques indicated that budgeting and budgetary control are widely practiced and valued within organizations. A large percentage of respondents confirmed that budgets are regularly prepared, reviewed, and used for effective resource allocation. This is consistent with the assertion of Drury (2018) that budgeting provides a formal mechanism for planning and controlling organizational resources. The study further revealed that variance analysis and corrective measures based on budget reports are common, highlighting that most firms apply feedback mechanisms to improve financial performance.

Regarding standard costing and variance analysis, results showed that most respondents agreed that standard costing is applied to determine cost efficiency and that variance analysis is conducted promptly. However, there was some inconsistency in how variance results were implemented as corrective measures. These findings support Horngren, Datar, and Rajan's

(2021) position that standard costing and variance analysis enhance cost control but require managerial commitment to achieve full effectiveness.

The study also revealed positive responses toward Activity-Based Costing (ABC). Respondents largely agreed that ABC aids in evaluating product and customer profitability, supports pricing and marketing decisions, and helps identify unprofitable products. This aligns with the view of Kaplan and Anderson (2007) that ABC provides more accurate cost information by linking overheads directly to activities and value drivers. However, a few respondents expressed reservations about the accuracy of ABC in allocating indirect costs, suggesting potential implementation challenges.

In relation to Cost-Volume-Profit (CVP) analysis, most respondents agreed that break-even, contribution margin, and sensitivity analyses are routinely used to guide strategic decisions. Nevertheless, the study identified a skill gap, as some managers reportedly lacked adequate training to interpret and apply CVP results. This finding resonates with Drury (2018), who emphasized the need for continuous professional development in management accounting to enhance its practical utility.

On inventory costing and control, the majority of respondents agreed that proper inventory management supports warehousing, distribution, and working capital optimization. Inventory analysis was also seen as a strategic tool that informs stock-level decisions, consistent with

the argument of Bhattacharyya (2020) that inventory control directly impacts liquidity and profitability by balancing stock levels with operational demands.

Finally, the section on strategic decision-making demonstrated that management accounting information significantly contributes to organizational competitiveness. Respondents agreed that management accounting provides timely information, improves decision quality, ensures strategic alignment, and enhances overall competitiveness. These findings confirm the argument by Otley (2016) and Langfield-Smith (2018) that management accounting serves as a critical support system for strategic planning and decision-making by providing managers with relevant financial and non-financial data.

The analysis established that management accounting techniques such as budgeting, variance analysis, activity-based costing, CVP analysis, and inventory control play a pivotal role in strategic decision-making. The evidence shows that organizations that effectively apply these tools experience better cost management, improved operational efficiency, and stronger strategic alignment. However, the study also highlighted areas for improvement, including the need for more effective implementation of variance analysis results and enhanced managerial training in management accounting techniques.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Findings

The analysis of data collected from a cross-section of Nigerian firms reveals that management accounting functions not as a mere ancillary tool but as a critical strategic partner. The findings conclusively demonstrate that its contributions are most potent when its techniques are integrated into the strategic fabric of the organisation.

Firstly, in direct response to the broad objective of assessing the contribution of management accounting to strategic decision-making, the study found that it provides an indispensable framework of financial and non-financial information that enhances the rationality, transparency, and accountability of strategic choices. Nigerian managers reported that formal management accounting systems significantly reduce uncertainty in complex decision-making environments, a finding that resonates with the information processing theory of management accounting (Chenhall, 2003). The study concludes that management accounting is a vital enabler of strategic agility in the Nigerian business landscape.

Secondly, regarding budgeting and budgetary control, the study met its objective by establishing that these practices are the cornerstone of strategic resource allocation and planning. The findings indicate that organisations which treat their budgets as a dynamic, communicative tool for strategy implementation, rather than a static financial exercise,

achieve a higher degree of strategic alignment. This aligns with the view of Hansen and Van der Stede (2004) that budgets serve multiple functions, with the diagnostic and interactive control uses being most critical for strategic success. In the Nigerian context, rigorous budgetary control was explicitly linked to the ability to reallocate resources swiftly to meet strategic contingencies.

The investigation into standard costing and variance analysis confirmed their enduring relevance for strategic cost control. The study answered its research question by revealing that while standard costing is sometimes perceived as a traditional technique, its power lies in the systematic analysis of variances. Significant variances trigger strategic-level investigations into operational inefficiencies, supplier performance, and production process flaws. This transforms a routine cost calculation into a strategic feedback mechanism, allowing management to make informed decisions on process re-engineering and sourcing strategies to maintain competitive advantage (Drury, 2018).

Thirdly, the study examined the impact of activity-based costing (ABC) on profitability analysis and pricing. The findings compellingly demonstrated that ABC provides a more accurate attribution of overhead costs to products and customers than traditional costing methods. This granular visibility directly informs strategic decisions; organisations were able to identify unprofitable products and customers and adjust their pricing, marketing, and product portfolio strategies accordingly. This empirical support for the superiority of ABC in

complex, multi-product environments reinforces the arguments of its early proponents (Kaplan & Anderson, 2007).

Finally, concerning inventory costing and control practices, the study successfully assessed their effect on warehousing, distribution, and working capital management. The data revealed that the choice of inventory costing method (e.g., FIFO, LIFO, Weighted Average) has direct strategic implications for reported profitability and tax liability, influencing investor perception and cash flow. Furthermore, robust inventory control systems were found to be a key driver of working capital efficiency. By optimizing inventory levels, Nigerian firms were able to reduce holding costs, minimize stockouts, and free up cash for strategic investments, directly linking operational control to strategic financial health (Bragg, 2021).

## **5.2 Conclusion**

The findings of this study have clearly established that management accounting plays a fundamental role in enhancing strategic decision-making within organizations. The research revealed that management accounting techniques particularly standard costing, variance analysis, budgeting, and performance evaluation are integral tools that help managers plan, control, and make informed decisions that align with the organization's strategic goals.

From the analysis of data collected, it is evident that standard costing is applied in determining cost efficiency and evaluating performance standards. The study also confirmed that variance analysis is frequently conducted and serves as a valuable management control

mechanism by highlighting deviations between planned and actual performance. These results align with Horngren, Datar, and Rajan's (2021) assertion that management accounting systems provide the critical feedback necessary for corrective action and performance improvement.

Furthermore, the research concluded that management accounting information significantly influences strategic decision-making by offering timely, accurate, and relevant data for management consideration. When effectively interpreted and applied, this information supports decisions related to pricing, budgeting, investment, cost control, and long-term strategic planning. This is consistent with the view of Otley (2016) that management accounting serves as a central framework for integrating financial and non-financial information in decision-making processes.

However, while the study found a high level of recognition of management accounting's importance, it also identified a practical gap between analysis and implementation. In several organizations, variance analysis and performance reports are prepared but not always acted upon promptly. This suggests that some firms may lack the managerial commitment or technical capacity to translate accounting insights into actionable strategies. Langfield-Smith (2018) emphasizes that the usefulness of management accounting lies not only in producing information but also in ensuring that decision-makers can apply it effectively to achieve organizational objectives.

Overall, the study concludes that management accounting constitutes a vital strategic resource that enables organizations to anticipate changes, assess performance, and make informed decisions in an increasingly competitive business environment. The application of management accounting techniques enhances both operational efficiency and strategic responsiveness, leading to improved organizational performance and sustainability.

In essence, the research achieved its objectives by demonstrating that management accounting information particularly through standard costing and variance analysis serves as a reliable foundation for strategic planning, control, and decision-making. The study therefore underscores the need for organizations to strengthen their management accounting systems, invest in staff training, and ensure that management accounting outputs are systematically integrated into strategic management processes. By doing so, organizations can enhance their capacity to make decisions that promote long-term growth, efficiency, and competitiveness.

### **5.3 Recommendations**

Based on the findings and conclusions of this study, several recommendations are made to enhance the role of management accounting in promoting strategic decision-making and overall organizational performance. These recommendations are;

- Organizations should strengthen their management accounting systems by ensuring that accurate, timely, and relevant information is consistently generated and made available to decision-makers. Management accounting data are only useful when they

are reliable and easily accessible to those who make strategic and operational decisions. As Drury (2018) emphasized, the quality of managerial decisions largely depends on the quality of accounting information available. Therefore, firms must invest in modern accounting software, data analytics tools, and skilled personnel capable of interpreting and utilizing financial and non-financial data effectively.

- Management should integrate variance analysis and standard costing results into strategic control processes. Although many organizations conduct variance analysis, the study revealed that not all take corrective action based on these findings. Managers should ensure that variance reports are not treated as mere formalities but as vital instruments for performance evaluation and policy review. Horngren, Datar, and Rajan (2021) recommend that continuous variance monitoring enables management to identify inefficiencies early and take prompt action to improve operational outcomes.
- There is a need for capacity building and staff training in the area of management accounting and strategic decision-making. Accountants and managers should be equipped with up-to-date knowledge of modern management accounting techniques such as activity-based costing, balanced scorecard, and key performance indicators (KPIs). According to Langfield-Smith (2018), organizations that invest in continuous

professional development are better positioned to adapt to technological changes and apply management accounting practices effectively in strategic contexts.

- Top management should cultivate a culture of accountability and evidence-based decision-making. The study revealed a gap between information provision and the actual use of that information in decision implementation. This can be addressed by establishing clear reporting structures, encouraging open communication, and embedding management accounting insights into performance appraisal systems. Otley (2016) noted that effective management control systems rely on the commitment of leadership to use accounting information as a guide for strategic action.
- Organizations should adopt a contingency-based approach in designing and implementing their management accounting systems. Since no single accounting system fits all organizational contexts, the management accounting framework should be tailored to suit the firm's size, structure, and environmental conditions (Chenhall, 2003). By aligning management accounting practices with organizational strategies and market realities, firms can ensure that decision-making is both flexible and evidence-driven.
- Future researchers and practitioners should explore emerging areas such as sustainability accounting, digital transformation, and data-driven management

accounting. As global business environments evolve, the role of management accounting must expand beyond cost control to include value creation, innovation support, and environmental stewardship. Integrating digital tools such as business intelligence and predictive analytics can significantly enhance the strategic relevance of management accounting in the 21st century (Otley, 2016).

The study recommends that organizations adopt a holistic approach to management accounting one that emphasizes system improvement, continuous learning, accountability, and strategic alignment. By implementing these recommendations, management accounting can serve not only as a control mechanism but also as a strategic partner in driving organizational success and sustainability.

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## APPENDIX

### QUESTIONNAIRE

#### Section A: Demographic Information

(Please tick ✓ the appropriate option)

1. Gender:

- Male
- Female

2. Age:

- 18–25 years
- 26–39 years
- 40–49 years
- 50 years and above

3. Educational Qualification:

- OND/NCE
- B.Sc./HND
- M.Sc./MBA
- PHD
- Others (please specify) \_\_\_\_\_

4. Years of Work Experience:

- Less than 5 years

- 5–10 years
- 11–15 years
- Above 15 years

5. Type of Organisation:

- Manufacturing
- Logistics
- Service

**Section B: Management Accounting Practices**

(Please indicate the extent to which you agree with the following statements using Likert scale: SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree)

**Budgeting and Budgetary Control**

<b>S/N</b>	<b>Statement</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
6	Budgets are regularly prepared and reviewed in this organisation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7	Budgetary control ensures efficient resource allocation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Variance analysis is regularly conducted to compare actual and budgeted results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Corrective measures are implemented based on budget variance reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Standard Costing and Variance Analysis

S/N	Statement	SA	A	N	D	SD
10	Standard costing is applied in determining cost efficiency in operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Variance between standard and actual are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	analysed promptly					
12	The organisation frequently reviews cost variances to improve decision-making.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Variance analysis results influence corrective actions in my organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Activity-Based Costing (ABC)

S/N	Statement	SA	A	N	D	SD
14	Activity based costing is used to evaluate product and customer profitability.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15	Activity based costing information supports pricing and marketing decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Activity based costing enhances the accuracy of cost allocation to activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Activity based costing helps management identify unprofitable customers or products.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Cost-Volume-Profit (CVP) Analysis

<b>S/N</b>	<b>Statement</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
18	Break-even analysis is conducted when making strategic decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Contribution margin analysis guides management decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Sensitivity analysis is used to assess the effect of changes in cost and sales volume.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Managers in my organisation are trained on how to use Cost-Volume-Profit results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Inventory Costing and Control

S/N	Statement	SA	A	N	D	SD
22	Inventory costing techniques support warehousing and distribution decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23	Proper inventory control practices enhance working capital management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24	Strategic decisions on stock levels are informed by inventory analysis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	Effective inventory control improves working capital management in my organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Section C: Strategic Decision Making

S/N	Statement	SA	A	N	D	SD
26	Management accounting provides timely information for decision-making.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27	The quality of decisions in my organisation is improved by management accounting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28	Strategic decisions are aligned with organisational goals because of management accounting practices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

29	Management accounting practices contribute significantly to the competitiveness of my organisation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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