MANAGERIAL ACCOUNTING AND DECISION MAKING: THE CASE OF SELECTED REAL ESTATE IN ADDIS ABABA

By

ZAID HAGOS

DECEMBER, 2022

ADDIS ABABA, ETHIOPIA

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DECLARATION

I hereby declare that the study which is being presented in this thesis entitled "Managerial Accounting and Decision Making: The Case of Selected Real Estate in Addis Ababa" is original work of my own. It had not been presented for a partial fulfillment for any educational qualification at this university or any other and in any projects by any means, and all the resources materials used for this thesis had been accordingly acknowledged.

___________________ ___________________

Zaid Hagos Date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

Asmamaw Getie (Asst. Prof.) Signature & Date

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ABSTRACT

The purpose of this study is to investigate the use of Managerial Accounting and Decision Making in Selected Real Estate in Addis Ababa.A descriptive research design is used, the study used both primary and secondary data. Data collected from 10 selected real estates in Addis Ababa. Data was measured using IBM SPSS/2021.Management accounting go through four stages, according to the International Federation of Accountants (IFAC): 1. cost determination and financial control 2. information for management planning and control 3. reducing resource waste in business processes and 4. creating value through the effective use of resources. In light of this, the current study is being done to find out what kinds of decision managers usually make, and if managers use management accounting information when making decisions and if this helps them to make right decision. The questionnaire distributed to the: finances, marketing, construction and office engineering. Even though stage 1 is used, but the study shows that stage 2 is mostly used. The results show that very little information from management accounting is used to make decisions, and management doesn't pay as much attention to management accounting as they should. This study recommends the creation and enhancement of awareness on the importance of Information for decision making. And it can assist policymakers and the government can use the study findings to build and broaden importance of managerial accounting in making decisions.

Key Words: Management Accounting, Accounting Information, Decision Making

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ACRONYMS

ABC	Activity Based Costing
ABCM	Activities Based Cost Management
ACCT	Accountant AMAT Advanced Management Accounting Techniques
BSC	Balanced Score Card
CIMA	Chartered Institute of Management Accountants
CM	Construction Manager
CVP	Cost-Volume-Profit
EOQ	Economic Order Quantity
FIFO	First in First Out
FM	Finance Manager
IFAC	International Federation of Accountants
IMA	Institute of Management Accountants
JIT	Just-in-Time LIFO Last in First Out
MAI	Management Accounting Information
MAP	Management Accounting Practice
MM	Marketing Manager MRP Material Requirement Plan
NPV	Net Present Value SWOT Strength, Weakness, Opportunity & Treats
TMAT	Traditional Management Accounting Techniques
TQM	Total Quality Management

CHAPTER ONE

1. INTRODUCTION

This Chapter presents the background of the study, the statement of the problem, the research objectives (general and specific), the significance of the study, research question, the scope of the study.

1.1 Background

Decisions made by management rely heavily on accurate and timely accounting information (Gray et al., 2015). Management is the practice of guiding an organization toward its long-term objectives by utilizing its resources, particularly its people. According to Ejiofor (2015) (cited in Tewodros, 2009), the manager must devise a strategy for obtaining accounting information that is appropriate for the company. In business, accounting serves as the primary tool for recording, reporting, and evaluating the economic events and transactions that affect companies. Payroll, costs, capital expenditure, and other obligations of a company are all handled by this software. There are a variety of internal and external users who can access financial information about a firm's operations. An end in itself, the decision that is helped by the availability of accounting information is referred to as an end in itself (Arneld and Hope 2011). Management accounting makes use of both financial and non-financial data and is geared toward internal users who use the data to make decisions that contribute to the achievement of the organization's aims and objectives.

There are a number of financial metrics that are used by management to make decisions. Customers' satisfaction levels, production quality, the performance of competitors' products, and customer loyalty are examples of non-financial information.

Financial and non-financial information, gathered by management accountants, is used to inform business decisions (Bushman, 2017). Managerial accounting can be defined as "the process by which executives are assisted in fulfilling their organizational objectives; a formal mechanism for gathering and communicating data for the purpose of aiding and coordination collective decisions in light of overall goals or objectives of an organization"(Macintosh, 2013).

Accountants play a critical role in providing economic and financial information, as can be seen from this definition. Risky decisions are often made by management because they can't always be predicted with certainty. As a result, management must always show some guts when faced with tough decisions. All organizations must make the correct decision if they hope to remain in business. Financial and non-financial techniques have been integrated into current management accounting practices (MAPs) in an effort to provide critical information on both an operational and organizational level.

Balanced score cards (BSC), activity-based costing (ABC), target costing, and strategic MAPs are the result of modern management practices like total quality management (TQM), supply chain management (SCM), Lean manufacturing, and Just In Time (JIT) being increasingly adopted by organizations today (Ittner and Larcker, 2014. As a result of the global economic crisis, the authors (Pavlatos and Kostakis 2015) argue that new economic conditions necessitate the adaptation of MAPs to meet the market dynamics. There is a lot of competition in the business and corporate world in both developed and developing countries in the current era. In addition to meeting the benchmark, business owners strive to elevate their organizations' overall market position (Sleihatet al., 2012). To stay ahead of the game in today's competitive business environment, companies look for ways to gain an advantage over their rivals. This is especially true in the African market, where foreign investment is becoming increasingly welcomed and has been growing rapidly.

As a result of this type of competition, organizations that can anticipate what the global market will look like in the near future and are prepared to compete will have an advantage over those that have only focused on domestic competitors and have no idea what their future competition environment will look like. Making timely, effective, and efficient business decisions is one way to compete in such a competitive environment. Taking this into consideration, the following problem statement is proposed.

1.2 Statement of Problem

One of the primary sources of information used to make decisions in organizations is management accounting. Making both short-term and long-term business decisions is made easier with the help of a management accounting information system. Workers, managers, and executives can make better decisions and improve their organization's process and performance with the help of management accounting systems (Hilton, 2011). Organizations employ management accounting techniques in order to evaluate their operations.

Budgeting, variance analysis, and breakeven analysis are all examples of these. In order to plan, direct and control operating costs and achieve profitability, organizations use these methods. Management accounting is widely acknowledged as being critical to an organization's success (Horngren et al., 2013). Management accounting practices must be in place for an organization to survive in a competitive, ever-changing world. Management relies on data for making decisions. This knowledge is essential for managers and cost accountants, and the way in which management accounting data is used can either help or hinder an organization's ability to take action or make changes (Bescos and Mendoza, 2000; Anderson et al., 2011; Abrahammson and Helin, 2010).

It has been customary for management accounting data to be denominated financially. As a result, management accounting information has expanded to include operational or physical (non-financial) information, such as quality and process times, and subjective information, such as customer satisfaction, employee capability, and new product performance (Anthony A. Atkinson, et al., 2017). Managerial skills and abilities are critical to a company's success, and they can vary greatly among different managers.

Marketing, production, and financial decisions must be made by the management team. A primary goal of decision-making is to maximize the utilization of the company's capital or resources. Management accounting practices in Nigerian companies were studied by Adelegan (2011). Using a combination of decision analysis and responsibility accounting, the researchers discovered that the majority of management accounting in the country is still focused on the traditional methods of budgeting and cost accounting, as well as providing management with information for planning and control. Many Nigerian companies appear to be entering the third stage of evolution in their management accounting practices, according to the findings. As a catalyst for the thesis, this research was a driving force. Research into management accounting information's use in developing countries is also a factor in this thesis.

Research in management accounting has increased significantly in the last decade, but little is known about its form and effectiveness in developing countries' businesses (Mc Chlery et al., 2014). Lack of research-based knowledge may be due to the belief that the discipline of management accounting is best served by studying the most innovative and successful examples of practice found in leading western and Japanese firms (Mitchell et al., 2013).

The gap between accounting theory and practice seems to be about right. Also, it is important to remember that this gap has nothing to do with how accounting is taught in schools. Instead, it's caused by a lack of research in accounting, especially management accounting (Inanga, 2015). Many studies (e.g., Tewodros, 2009; Mintesinot, 2013) have looked into the role of accounting in Ethiopian manufacturing firms. However, most of these studies put a lot of emphasis on financial accounting, the management of finances, the adoption of information technology, and the credit availability of manufacturing firms, and not much on management accounting and its practice, especially when it comes to how management accounting relates to management.

1.3 Research Questions

This paper attempted to educate practitioners and academics on the use of managerial accounting practices in real estate companies so that they can determine the appropriate practice for companies. As a result, in order to investigate the situation, the following research questions are posed in this study:

- What is the current management accounting practice adopted by real estate companies?
- What type of decisions managers often make?
- Do managers use management accounting information in decision making?
- How management accounting information help managers to be effective in their decision?
- What looks like the association between management accounting information and decision making?

1.4 Objectives of the Study

1.4.1 General Objective

The overarching objective of this research work is to assess the use of management accounting practices in managerial decision making in real estate companies in Addis Ababa.

1.4.2 Specific Objectives

The study carry out with the assumption of the following objectives to meet.

- To identify which management accounting practices in real estate companies are widely used.
- To identify the types of decisions managers often made.
- To what extent do managers use management accounting information for decision-making.
- To assess whether management accounting information help managers to be effective in their decisions.
- To identify an association between management accounting information and decision making.

1.5 Significance of the study

The goal of this research is to evaluate current managerial accounting practices in real estate companies. Therefore, this study is significant in that its findings assist scholars in seeking more knowledge about management accounting practices in many other industries; the findings are also helpful in building on the already existing literature; policymakers and the government can use the study findings to build and broaden awareness of managerial accounting practices; the study will assist managers in making decisions by using management accounting information; and the study will assist managers to fill the gap indicated in this study.

1.6 Scope of the Study

The scope of this thesis is limited to the application of managerial accounting practices in selected real estate companies in Addis Ababa, and it may be limited or not applicable to other sectors at all. This research only looked at the managerial accounting practices of the real estate industry in Addis Ababa, not all businesses in the country. Geographically, this research is limited to Addis Ababa City administration. The city was chosen because it has a much higher concentration of real estate companies than other parts of the country. As a result, the findings of this study may be of little or no use to other companies in other industries. Finally, because the study is conducted by a single researcher, all of that researcher's limitations are applied here as well.

1.7 Limitations

It is common knowledge that every type of research will inevitably have some limitations. As a result, this research encountered some limitations during the entire process. The first drawback is from the sampling methodology used in this study, which only evaluated non-probability sampling techniques and limited participants using a purposive manner. This resulted in an inadequate sample size for statistical analysis. The second limitation is related to the dearth of prior research in the study area. Citing and referencing have been difficult because the industry is new and there are few local resources. Third the study only concentrated on the managerial accounting practices of real estate companies in Addis Ababa and not all the companies in the economy. These results are therefore only limited to the real estate companies and may be of little or no use to the companies in other sectors in the country. Fourth, due to the self-report nature of data which entailed the use of questionnaires, responses on the survey may not accurately convey their real involvement in the management accounting practices. Some of the respondent did not return the questionnaires therefore, resulting to lesser the targeted sample thus, influencing the nature of statistical reporting. Taking the afformentioned limitations the researcher tried to mange the limitation by employing mixed research design approach to brige the limitatios encounter during the research process and some limitatios are left over for future research directions.

1.8 Organization of the Paper

The research paper consists of five chapters. The introduction contains the study's background, problem statement, research question, objectives, significance, scope and limitations. The second chapter is a literature review that identifies theories, empirical evidence, and conceptual framework. The third chapter covered research methodology, including research design, sampling frame, sample technique, data sources and instruments, and data analysis methods. The fourth chapter focuses on the results and interpretation of the findings and results. The study was concluded in Chapter 5 with a summary, conclusion, and potential recommendation.

CHAPTER TWO

2. LITARATURE REVIEW

This chapter presents a literature review of the concepts under investigation, with concise descriptions and explanations of the most important concepts. It also provides theoretical and practical techniques. It is in this chapter of the research paper that the prior investigations that were related are analyzed in detail.

2.1 Meaning of Management Accounting

In Scapens (2011), he stated that various definitions are available, but some are too general to provide a suitable structure, while others simply emphasize a specific research approach. Three major accounting organizations, the Institute of Management Accountants (IMA), the Chartered Institute of Management Accounting (CIMA), and the International Federation of Accountants (IFAC), was used to examine the evolution of management accounting (IFAC).

2.1.1 Institute of Management Accountants (IMA)

The first official definition of management accounting was provided by the Institute of Management Accountants (IMA, 2013, p. 1). According to them, management accounting is: "... the process of identifying and measuring financial information used by management to plan, evaluate, and control an organization, and to ensure appropriate use of and accountability for its resources.""A profession that involves partnering in management decision making, devising systems for planning and performance management, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization's strategy," according to the definition (IMA, 2018, p. 1).

2.1.2 Chartered Institute of Management Accounting (CIMA)

"Management accounting," as defined by the Chartered Institute of Management Accountants (CIMA) (2015), encompasses all of the activities necessary to effectively manage a business:

1. Inform strategic decisions and formulate business strategy.
2. Plan long, medium and short term operations.
3. Determine capital structure and fund that structure.
4. Design reward strategies for executives and shareholders.
5. Inform operational decisions.
6. Control operations and ensure the efficient use of resources.
7. Measure and report financial and non-financial performance to management and other stakeholders.
8. Safeguard tangible and intangible assets.
9. Implement corporate governance procedures, risk management and internal controls

CIMA's definitions show that management accounting has moved closer to senior management concerns with a focus on efficiency, strategic planning and value creation.

2.1.3 International Federation of Accountants (IFACs)

The International Federation of Accountants (IFAC) defined management accounting as "an activity that is interwoven into the management processes of all organizations" (IFAC, 2012, p. 86). Management accounting is the part of the management process that focuses on adding value to organizations by achieving effective resource utilization by people in dynamic and competitive contexts.

2.1.4 Management Accounting – Role & Development

Cost accounting was the first name given to management accounting. The term "cost or work accountants" was originally used to refer to anyone who practiced this type of accounting (Wilson and Chua, 2013). According to accounting historians, cost accounting was developed during the Industrial Revolution. (Johnson, 2017). Managerial accounting grew out of the industrial revolution's need to measure and manage a company's operational resource consumption, output, and productivity (Williams, 2014). The main objective was to provide data for internal process productivity and efficiency planning and control. Information presented was geared toward the goal of saving money, time, and maximizing the use of resources. Managers' success depends on their knowledge of accounting, according to management accounting textbooks. Management accounting, for example (Horngren et al., 2016; Drury, 2012; Kaplan et al., 2014), measures, analyzes, and reports financial and non-financial information that helps managers make decisions to accomplish the goals of a business.

Management information is used by managers to select, communicate, and implement strategy. Additionally, they use management accounting data to coordinate product design, production, and marketing decisions. Organizational performance can be enhanced and the value of the contributions and accomplishments of individual organizational units and members can be evaluated with the help of management accounting information (Kaplan, 2016).

Management accounting has evolved through four distinct stages in the evolution of organizational activity. Eastern or Sino-Japanese management accounting evolution is characterized by four stages: drafting, traditional, quantitative, and integrative management accounting. Evolution on Management Accounting (IFAC, 2017) states that it has four stages under the Western or Anglo-American approach: Stage 1: Prior to 1950, this was the first stage to be completed.

Financial statements were the primary source of data for cost accounting, which was heavily reliant on ratio analysis and other cost accounting technologies. The primary data source for cost accounting was financial statements. It was at this point in2011 that the emphasis shifted to the use of decision analysis and responsibility accounting as tools for management decision-making, planning, and control in Stage 2. As a result of this, the use of traditional management accounting techniques like standard costing, cost-volume-profit (CVP), and break-even analysis became more prevalent. Stage 3 is the stage in which the focus shifts to reducing the amount of waste in business processes. For example, the EOQ model and inventory evaluation models like FIFO, LIFO or multiple regressions were used to eliminate "non-value-added activities" in order to make this possible. Finally, in the years following 2015, the focus shifted to the generation or creation of value through the effective use of resources and technologies that examine the drivers of customer value, shareholder value, and organizational innovation. Strategic Management Accounting (SMA) and Just-in-Time (JIT) were introduced at this time, along with other newer methods of management accounting. IFAC (2018) found that between 2011 and 2012, the world's attention had shifted to stage 4 of management accounting, particularly in developed countries. "Management accounting refers to that part of the management process that is focused on an organization's resource use," says the International Federation of Accountants (IFAC) in its revised 2010 International Management Accounting Practice Statement. Because these processes and technologies are focused on improving an organization's value, they're referred to as value-added management.

Shields (2017) predicted that management accounting would become what it is not and cease to be what it is due to environmental and organizational changes. Management accounting's definition, nature, and boundaries are going to change over time. In the future, the term "management accounting" will be supplanted by "organizational accounting." Accounting and accountability in organizations, organizational subunits, as well as inter-organizational arrangements can now be viewed in a broader context (cited in Tewodros, 2009).

2.2 Management Accounting & the Management Process

Ejiofor (2013) (cited in Tewodros, 2009) says that management is the art of working with people to achieve the broad goals of an organization, and that in order to do so, the manager must devise strategies for obtaining accounting information that is appropriate for the company. Management has been defined as the process of enabling people to work together toward common goals and values, establishing an effective organizational structure, and ensuring that employees have the tools and resources they need to succeed and adapt to change. International Federation of Applied Mechanics (2013) Establishing goals and strategies for the organization, aligning structures, processes, and systems, ensuring that key contributors are committed, and implementing controls to guide the organization's progress toward the achievement of those goals are all part of the management process. Management is a multi-step process. As a part of management, accounting is concerned with the efficient use of resources in: establishing strategy mixes that support organizational objectives; developing and maintaining organizational capabilities required for strategy realization; and negotiating the strategy and capability change necessary to ensure ongoing organizational success and survival. Management accounting

Structure the work, build capability, resource appropriately, and respond creatively to or proactively address new challenges that may arise in relation to your management accounting function's work. This is just a small sample of what you'll need to do in order to effectively manage your management accounting function (IFAC, 2018).

2.3 Management Accounting Practice in Developing Counties

An investigation by Ghosh (2019) into the management accounting practices of Singapore's largest manufacturing and service firms revealed some interesting findings. Results showed that budgeting, capital budgeting, long-range planning, breakeven point analysis, return on investment, and standard costing all had high adoption rates (more than 80 percent), while Activity-Based Costing had a low adoption rate (11 percent). A general improvement in Singapore's management accounting practice was also noted by Ghosh and Chan (2014), who found that more companies were using a variety of accounting techniques to manage their business affairs. There is a slow adoption of new techniques like Total Quality Management (TQM) and Activity-Based Costing by Singaporean companies, but they are still lagging behind multinationals. It comes next in the form of an investigation of management accounting practices in Singapore by Chan (2012). The findings showed that management accounting practices have improved slightly since 1998.

As a result, it was discovered that Singapore companies were unable to use effective costing tools and that the local Singapore companies were avoiding advanced management accounting techniques. In part, this is because advanced techniques are extremely difficult to implement and require a large amount of resources to implement. In Thailand, Phadoongsitthi (2013) found results that were similar to those found in Singapore and India by the same researchers. According to the findings of the study, budgeting, planning, and performance evaluation practices were widely used by Thai manufacturing and service companies, but newer approaches such as target costing, product life cycle analysis, and zero-based budgeting were not widely implemented.

Four African retail companies were studied by Waweru et al. (2014), who discovered significant shifts in management accounting systems over the course of the study. Modern management accounting practices, such as activity-based cost allocation systems and the balanced scorecard for performance measurement, are being used more frequently as a result of these adjustments. Management accounting practices in Brazilian medium and large manufacturing and non-manufacturing businesses were examined by Frezatti (2017). The results showed that recent management-accounting practices, such as budgeting, were adopted at a lower rate than more traditional practices.

2.4 Management Decision Making Process

An individual's decision-making process can be defined as a series of mental processes that culminate in a choice between several possible outcomes. A final decision is made at the end of every decision-making process. As a result, the user can take action or express an opinion of their own.

It was written by James Reason in 2011(Cited in Tewodros, 2009). Choosing a course of action from a variety of options is a simple definition of decision-making. Assumption 1: The most profitable or least expensive option is always assumed to be the best option. Management's job is to find the best alternative with the help of the management accountant. Making a decision entails deciding which course of action is the best one Emmanuel and colleagues (2013). It's essential to make decisions when there's no clear path to follow. The seven stages of Drury's model are sequential. The decision-making process, also known as the planning process, is referred to as "making choices between alternatives" by this model. Following the decision-making process, he introduces a second set of stages, dubbed the control process, to monitor and make adjustments to the actual results of the selected alternatives.

2.5 Decision Making & Management Accounting

A variety of new techniques have emerged to meet the information requirements for decision making as a result of this customization, including advanced quantitative methods as well as a number of qualitative methods (Yeshmin and Hossan, 2011). Managing accounting's primary function is to provide information that enables managers to connect their daily actions to the organization's long-term strategic goals. An organization's management must be aware of the costs it incurs. As a result, a company's production costs are tracked through a cost accounting system. As a result, it will be discussed first because it is considered the most fundamental tool for making decisions. Further decision-making accounting concepts are therefore built on top of this basic cost foundation. Experience, intuition, moral conviction, and the more trivial reasons in business politics—turf wars and power struggles and personal self-aggrandizement—are some of the less rational but often equally valid reasons for making decisions by decision-makers.

There are times when quantitative factors aren't enough to make a decision. There will always be some aspects that can't be quantified, so management must take into account these qualitative aspects as well when making decisions. Drury Christopher J. 2015) Short-term and long-term decisions can be categorized based on their time frame. When making a decision, it is important to look at it from both perspectives (Ibid.). The term "short term" usually refers to something lasting no longer than a year. The importance of the time value of money is low when making short-term decisions. Today's data is heavily weighted in favor of making these judgments. Long-term decisions are more difficult to change than short-term ones. There are long-term consequences to decisions that are made now. Such decisions necessitate a longer-term commitment from the company's resources. It's possible that these choices will influence others in the future, which could have long-term ramifications. (Ibid.

2.6 Empirical Studies

Managerial accounting has improved in Singapore according to Ghose and Chan (2017). More companies are utilizing various accounting techniques to manage their business affairs. TQM and ABC, however, continue to be adopted by Singaporean companies as they continue to fall behind multinational corporations in the use of these new techniques. An investigation of management accounting practices in Singapore was conducted by Chan (2012). Since 1997, there has been some improvement in the practice of management accounting, according to the results of the study. To make matters worse, the study found that local Singapore firms were unable to effectively use costing tools due to the high levels of complexity and the substantial resources required for their implementation.

Wijeywardena and Zoysa (2016) examined the differences in the adoption of management accounting techniques in Australia and Japan by mailing a survey questionnaire to the 1000 largest manufacturing firms in each country. Total assets were used to calculate the company's size. A total of 217 Japanese companies and 231 Australian companies answered the 31 questions about managerial accounting techniques that were asked. This research included a comparison of methods used in various cultural settings. The study found significant cultural differences between Japan and Australia, such as the use of small firms as subcontractors, the training of employees in cost accounting specific to their company, and the different educational backgrounds of management accountants in Japan and Australia.

On the basis of the responses, a profile of the sample firms was tabulated (e.g. asset size, export ratio, annual sales, the number of employees, and the nature of market competition) in percentage terms. There were also many other variables that were analyzed in this study. These included: how important management accounting tools are; how they are used; how cost accounting data is used; why standard costing is important; and how it is used. When it comes to cost control, Australian companies rely heavily on budgeting, standard costs and variance analysis at the manufacturing stage while Japanese companies prefer to use cost-cutting tools like target costs at the planning and design stages of the product development process. Japanese companies seem to understand better than their Western counterparts that cost should be managed and avoided during the product planning and product cycle stages rather than when products have entered full-scale production," according to a study by Howell and Sukarai (2012) In a survey conducted by Adler, Everett, and Waldron (2010), management accountants in New Zealand manufacturing companies were asked to describe the methods they used. Adler et al. provided a questionnaire that included a wide range of management accounting techniques in order to provide a more complete set of response options for their study.

On a five-point scale, respondents were asked to place management methods "from most used to least used." To reach a response rate of 19%, a judgment sampling method was used, resulting in 165 completed questionnaires. It was discovered that more traditional methods of management accounting like full costing, direct costing, and standard costing were employed than more advanced methods like strategic management accounting. The findings of the Ainikkal (2013) and Hawkes et al. (2013) studies, as well as those of Adler et al. (2000), are generally consistent with the lack of adoption of advanced management accounting techniques. However, individual findings are inconsistent. Companies in Australia adopted ABC and the cost of quality techniques, and large companies were more likely to use modern accounting techniques, according to a study. Anand et al. (2014) examined the responses provided by 53 Indian CFOs in their study of cost management practices in India. The study's goal was to document how cost management practices, such as overhead accounting, budgetary control, and standard costing, have evolved in Indian corporations.

Questionnaire results were also examined for any significant differences in management motivation for standard costing implementation and use between ABCM user firms and traditional costing systems. To conduct value chain and supply chain analysis, the study found that companies can successfully extract accurate cost and profit data from their ABC cost systems. Firms with an ABC cost system appear to have better benchmarking and budgeting insight, but their prioritization of budget goals is inconsistent, as opposed to those companies that use more traditional costing systems. Researchers Abdel-Kader and Luther (2016) studied the food and beverage industry in the United Kingdom to better understand the level of sophistication of management accounting practices (MAPs) and factors that influence their implementation in this industry. A survey questionnaire was sent to 650 executives in the industry as part of this study's research methodology. There were a total of 245 usable, completed questionnaires.

According to a Likert scale, participants were asked to indicate how often they used 38 management accounting practices (MAPs) (1 indicating never and 5 indicating very often). Every technique and practice was rated on its relative importance by the participants, who were asked to give it a score of "not at all, somewhat, or very important." According to the findings, companies' management accounting practices became more sophisticated as the business climate became more uncertain. When a company's power over its customers decreased, it moved up the evolutionary ladder.

Many food and beverage companies' accounting practices were found to be lacking in sophistication, according to an examination of management accounting systems. No evidence of management accounting that directly correlated with "value creation" could be found. For the National Association for Financial Directors and Cost Controllers (NAFDCC), Liaqat surveyed more than 500 companies. (2006a) conducted an empirical investigation to discover how modern management accounting methods are being used in India. In total, the sample consisted of 63 companies, with a response rate of about 13%. Non-ABCM users and ABCM users were grouped together in the sample. On a five-point Likert scale, respondents answered the questions. The study's goal was to find evidence of how widely Indian industry had adopted both traditional and modern management accounting practices. According to the findings, management accounting in Indian companies is used to improve overall profitability and reduce costs. Researchers found a correlation between the use of ABC and the characteristics of the company (e.g., degree of customization, pressure of competition, business size, and proportion of overhead to total cost).

At the ten percent level, none of the differences were found to be significant. In Malaysian manufacturing firms, Isa & Thye (2016) investigated the use of management accounting practices. Among other things, they looked at the relationship between product variety, complexity of production, level of competition and company size and overhead expenses. The Federation of Malaysian Manufacturers Directory was used to randomly select management accountants in 500 Malaysian manufacturing companies. Over the course of the project, we received 75 complete and relevant responses. That amounted to a 15% response rate. Respondents included CEOs, general managers, and management accountants at all levels of the organization. Waldron and Everett's measures for traditional and advanced management accounting techniques (TMAT and AMAT) were used in this study (2014). A total of four methods were used to represent the TMAT: total material and labor costs, standard material and labor costs, and total process costs. Twelve techniques comprised the AMAT: Activity-Based Costing; Activity-Based Management; Kaizen Costing; Value Added Accounting; Cost of Quality; Economic Value Added; Life Cycle; Cost Modeling; Strategic Management Accounting; Throughput; and Back-Flush Costing. Salawu etal., (2012) conducted a survey of Activity-Based Costing Adoption among Nigerian Manufacturing Firms.

Traditional cost systems' failure to provide relevant costs ranked highest among respondents' reasons for switching to ABC, according to the research. In order to improve global competitiveness, traditional methods of allocating overhead were thought to be deficient. Another 60 percent have adopted ABC due to expanding product lines, more competitive markets and higher costs. More than half of the sample was familiar with ABC, which is widely used in the manufacturing industry. Forty percent of those polled said they haven't implemented ABC because of the high costs and difficulties associated with doing so. However, small-scale manufacturing was unable to adopt ABC because of the high costs associated with its implementation.

This finding could be explained by the fact that larger companies are more likely to offer a diverse range of goods and services, making ABC an attractive option. This suggests that companies who have not yet adopted ABC because of its high implementation costs should do so, as the long-term benefits will outweigh its costs in the long run. Identifying and eliminating inefficient products, departments, and activities aids in the allocation of more resources to profitable ones. Finally, senior management should lend their full support to ABC's implementation and implementation success. ABC. During the time of the study, Thanju (2011) examined the factors that contributed to the evolution of management accounting in three private hospitals in Nairobi.

Changes in the business environment have been linked to management accounting changes in developed countries. A study in private Kenyan hospitals has not been documented. Specifically, this study was designed to fill this void. The study's goal was to examine the causes and effects of the management accounting shifts that occurred in these three Nairobi hospitals between 2006 and 2011. Using a cross-sectional survey design, primary data was gathered through structured questionnaires and one-on-one interviews with the financial managers and management accountants of the private hospitals. Analyzed data was presented in a narrative, graphic and pictorial form to aid in understanding the findings.

There were significant changes in all areas of management accounting, according to the study results. As a result, many cutting-edge accounting methods were implemented by the companies. Management accounting is changing because of factors such as increased competition, technological advancements, the need for financial and non-financial measures of performance, financial performance, board member expectations, statutory and regulatory body requirements, and the availability of resources, according to the findings. There is a lack of accounting staff, poor communication between managers and the accounting department, strict government and regulatory requirements, as well as difficulty obtaining information about competitors that hinder management accounting change, according to the study. Some manufacturing companies in the Ethiopian capital city of Addis Ababa were studied to see how management accounting information was used in decision-making and management control.

Management accounting information is intended to identify decision types and areas requiring management control that managers frequently use, as well as to determine whether managers use that information in their decision-making and control. Managers' effectiveness in making decisions and exercising control is also evaluated. In order to gather the information for this study, researchers used a questionnaire and in-depth interviews. Financial, marketing, production, and accounting executives were all given a survey to complete. An informal interview is also used to gather information. Research shows that management accounting information is used by manufacturing companies in the Ethiopian capital city of Addis Ababa, but it also shows that managers who use it are more effective in making decisions and controlling their operations.

A study by Mintesnot (2013) at Metals and Engineering Corporation (METEC) looked into how management accounting can help companies make better decisions. By looking at how management accounting information affects decision-making, this thesis aims to learn more about the link between management accounting data and business strategy. Management accounting information plays an important role in METEC, and that role is examined in this study. It also identifies the current strengths and weaknesses of the management accounting system and examines the measures that need to be taken to improve the management accounting information system to determine the extent to which management accounting information is used in METEC. A self-administered questionnaire and structured interviews were used to conduct the survey among employees of Metals and Engineering Corporations (METEC) in industries under the control of Metals and Engineering Corporation (METEC).

According to the findings, management accounting's current system has numerous shortcomings. Even though the results show that management accounting information is rarely used for decision making and that the management's focus on management accounting is below the required level, the research results show that the accounting policy is financial accounting-oriented and not helpful in making management accounting reports. Policies aimed at improving management accounting in Ethiopian manufacturing firms can benefit greatly from the study's findings. Ethiopian researchers and researchers around the world will be encouraged to focus their attention on the manufacturing sector as an area for management accounting research.

2.7. Resaerch Gap

Various studies on the application of management accounting in making managerial decisions were examined in this chapter. According to a slew of research, developed countries began adopting management accounting in the 1990s. Most empirical evidence on this topic in developing countries has been collected in the twenty-first century. Studies also revealed that a substantial amount of research focuses on specific practices and techniques of management accounting. In terms of research, costing systems, budgeting, and performance evaluation systems have been the most popular areas. The majority of these factors apply to all industries, but some are specific to certain ones only. Research by Waweru et al. (2014), for example, suggested looking into the impact of these management accounting changes on the company's overall success. A study by DiMaggio and Powell (2011) suggested that some organizations copy and imitate other organizations in order to conform to established practices. Management's use of accounting data to make decisions is also a source of concern. Because the debate over management accounting is still raging, further research into the impact of these practices on management decision-making in Ethiopian real estate firms is warranted. Research on management accounting practices in real estate firms has thus identified a significant gap because there are few studies on manufacturing companies in developing countries.

2.8 Conceptual Framework

According to Wu et al. (2016), the most critical factor in a dynamic and ever-changing competitive environment is the ability to make effective decisions quickly. Short-term and long-term analyses of decision support can be made. Management accountants, according to Abdel-Kader and Luther (2006), can use management accounting techniques for routine or short-term decisions. Management accountants can also use management accounting techniques for longer-term capital investment decisions. In an evolutionary model of MAP, such techniques are developed from stage I to stage IV. Following a review of both theoretical and empirical literature, the researcher came up with the following conceptual framework for the study. Managerial decision making and the application of management accounting practices are shown to be connected in the study's conceptual framework. To help real estate companies in Addis Ababa make better decisions, the figure below conceptualizes the implementation of management accounting practices (costing, budgeting, performance evaluation, information for decision-making and strategic analysis).

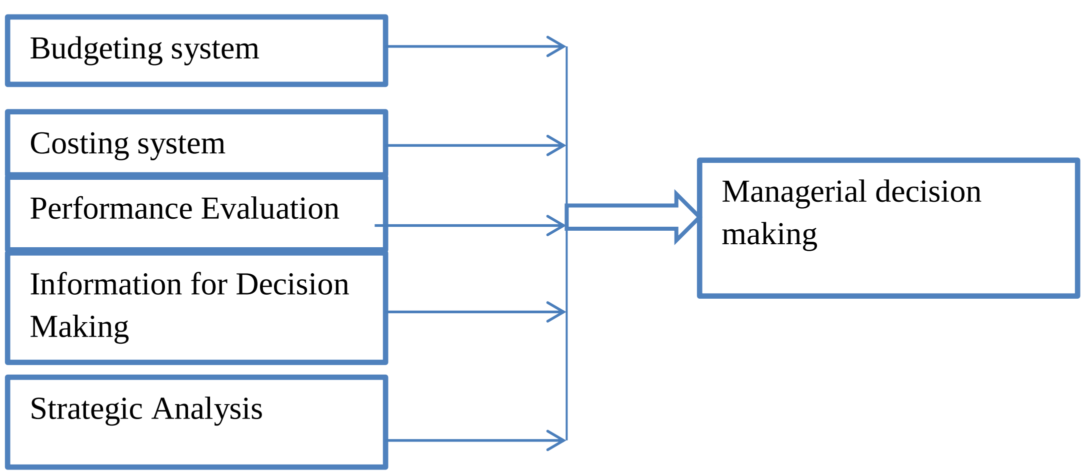

Figure 1: The conceptual framework of the study

Source: constructed by researcher,2023

CHAPTER THREE

RESEARCH METHODOLOGY

3. Introduction

In order to assess the use of management accounting practices in managerial decision-making, this study employed a specific research methodology. Methods, sampling techniques, and instruments used in data collection discussed in detail in this chapter.

3.1 Research Design and Methodology

A descriptive research design used in the study. Descriptive research design is used to describe an event or phenomenon as it currently exists and is appropriate when the study is concerned with specific predictions, factual narratives, and characteristics of individuals or situations (Kothari, 2013). This study employed both qualitative and quantitative research to learn about the current managerial accounting and decision making in selected real estates of Addis Ababa. The qualitative data was collected via keyinformant interview and the quantitative methods was used to generate numerical data, which was then statistically manipulated to meet the objectives via descriptive statistics (frequencies and percentages). Primary and secondary data are collected and analyzed.

3.2 Data Collection

The study used both primary and secondary data. Interviews and questionnaires were primary sources of data, while relevant documents were secondary sources of data. A questionnaire was developed to collect the required data from the above-mentioned selected respondents because it is the dominant tool for collecting first-hand data.

In order to gain a thorough understanding of both the subject and the organization, conducting a document review is a necessity. There are many sources of secondary data for this study, including the area's literature, articles and previous studies by various authors, official data from the Central Statistical Agency (CSA), and documents from real estate companies. .

3.3 Population & Sample Size

This section explains the population and sampling determination relevant to the study in order to get a meaningful result and to ensure the representativeness and reliability of information obtained throughout the research. The total target population of real estate companies in Addis Ababa, according to the Central Statistical Agency (CSA), is one hundered sixteen (116) 2021. It is possible to use a stratified sampling technique based on the structure, date of establishment, and size of operators, but the required specific data is difficult to locate.

To determine the reeresentative samples multistage sampling was conducted. First representative samples from 116 eal estate companies were selected. Second, from the randomly selected companies reperesenative samples using purposive method was selected. Since the purposive sampling method is easier, quicker, and cheaper to implement, it is chosen ten real estates to include the sample units of real estate companies.A representative sample size of 10 to 30 percent of the total population is found to be adequate for research purposes by Kothari (2014).

So the study used ten (10) selected companies, which represents more than 11 percent of the total population. The chosen real estate firms, according to the researcher, represent the entire population. As a result, generalizing from sample to population is feasible while still achieving the study's goal. It is for these reasons that the researcher focused on a wide range of employees, including finance, construction managers and office engineers who are all involved in preparing and using management accounting data for decision-making. The sampling frame comprise the list of all mangers in each company and the sampling unit is individual managers who work as manger in the respected company

3.4 Questionnaire Design

Data collection methods was adapted from previous studies on the same subject (Rosmawati 2014) (Abdel-Kader, 2008) (Khurram Ashfaq, 2014) to achieve the study's goal (Tewodros 2009). Purposive sampling was used to select respondents who worked for Addis Ababa-based real estate firms who answered the survey questions.

A non-probability purposive sampling method is the most appropriate sampling design for this investigation. When a researcher selects his or her own sample, he or she is utilizing purposefully sampled data. For example, the researcher may select people who represent a wide range of viewpoints and expertise on the subject matter (Leedy and Ormrod, 2005). The questionnaire was designed to be simple and easy to understand in order to encourage respondents to participate effectively and meaningfully.

3.5 Data Analysis Method

After gathering the necessary data, the findings was properly tallied, tabulated, analyzed, interpreted, and summarized so that conclusions and recommendations can be forwarded. Among various methods of data analysis percentages, median and standard deviation using SPSS/2021 version were used. This is because the student researcher believes that percentage mean and standard deviation can be adequate to analyze the data and convey the information in a simple and understandable way.

3.5.1 Quantitative Data Analysis

A descriptive statistics analysis will be undertaken for the quantitative data on tools and techniques and project success measures using IBM SPSS Version 21 for analyzing the data. Descriptive Statistical analyses of the obtained data was performed characterizing managerial accounting practices in managerial decision makingmeasures using percentage. The interpretations of percentage was applied to determine the extent to which they contributed to managerial accounting practices in managerial decision making by real states.

3.5.2 Qualitative Data Analysis

In this study the qualitative data that was extracted through transcription and mainly relies on meanings and words. Thus, it involves interpreting and translating the meaning and categorizing expressions into sub themes unified to the research objectives. Qualitative research is concerned with describing phenomena in words to gain an understanding of the issues being researched. This type of research is concerned with subjective assessment of attitudes, opinions and behaviors and the data generated are not subjected to rigorous quantitative analysis.

3.6 Ethical Consideration

The willingness of individuals to disclose the necessary information plays significant role for the successful completion of this research. For this reason, while conducting this research the researcher agreed to make sure that treating both the respondents and the information they provide with honesty and respect. These are some vital ethical principles that the researcher strictly complies with: (a) Do No Harm - safeguarding an individual participating in the study against doing anything that harm. (b) Privacy and Anonymity - any respondents participating in this study are guaranteed. (c) Confidentiality - any information provided by an individual participating in this study have been treated in a confidential manner.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4. Introduction

This chapter focuses on the presentation and analysis of data. The data analysis utilized responses from 10 selected real estate companies. The chapter presents findings regarding the use of management accounting practices in managerial decision-making through a case study of selected Addis Ababa real estate companies. 120 questionnaires were distributed to accountants, finance managers, marketing managers, office engineers, and construction managers in order to collect information from them (general managers). The researcher received 110 out of 120 returned questionnaires, for a response rate of 92%. Despite the fact that, among the responses, five (4.5% of the total) questionnaires were unusable because they were incomplete. Thus, it can be concluded that the usable response rate of 87.50% (105) obtained in this study is sufficient for analysis and is acceptable.

4.1 Respondents' Profile

The respondents were asked a series of questions about their demographic and operational characteristics. These questions were meant to find out important things, such as the respondent's demographics. The results are talked about below.

4.1.1 Education

Table 1.Educational status of respondants

Job Position		Education Status		Total
		BA/BSc Degree	MA Degree	
Finance Manager	Frequency	5	17	22
	Percentage	22.73%	77.27%	100.00%
Construction Manager	Frequency	5	11	16
	Percentage	31.25%	68.75%	100.00%
Marketing Manager	Frequency	18	3	21
	Percentage	85.71%	14.29%	100.00%
Office Engineer	Frequency	14	2	16
	Percentage	87.50%	12.50%	100.00%

Accountants	Frequency	30	0	30
	Percentage	100.00%	0.00%	100.00%
Total	Frequency	72	33	105
	Percentage	68.57%	31.43%	100.00%

Source: field Survey 2022

In Table 1, the respondent's education is summed up. All of the accountants have bachelor's degrees, but none have master's degrees. Most finance managers have a master's degree; 77.27% have one. About 22.73% of them have earned their first degree. When it comes to education, about 85.71% of marketing managers have at least a bachelor's degree. 14.29% only have a master's degree. When it comes to education, 31.25% of construction managers have their first degree and 68.75% have their master's. In the same way, 87.50% of office engineers have a bachelor's degree and 12.50% have a master's degree. Table 1 below gives a more in-depth look at the respondents' educational backgrounds

4.1.2 Work Experience of Respondants

Table 2. Work Experiance

Job Position		**Work Experience**				**Total**
		Above 15 Years	10-15 Years	5-10 Years	Below5 Years	
Finance Manager	Frequency	5	13	4	0	22
	Percentage	22.73%	59.09%	18.18%	0.00%	100%
Construction Manager	Frequency	9	2	5	0	16
	Percentage	56.25%	12.50%	31.25%	0.00%	100.00%
Marketing Manager	Frequency	0	0	21	0	21
	Percentage	0	0	100.00%	0	100.00%
Office Engineer	Frequency	0	0	9	7	16
	Percentage	0	0	56.25%	43.75%	100.00%
Accountants	Frequency	0	0	14	16	30
	Percentage	0	0	46.67%	53.33%	100.00%
Total	Frequency	14	15	53	23	105

	Percentage	13.33%	14.29%	50.48%	21.90%	100.00%

Source field survey 2022

Table 2 provides an overview of the respondents' employment experience. The majority of accountants 53.33% have less than five years of progressive experience in the field, while 46.67% have between five and ten years of expertise. 59.00% of financial managers have between 10 and 15 years of experience, 22.73% have above 15 years of experience, and 18.18% have between 5 and 10 years of experience. There are no financial managers with fewer than five years of experience. When examining the job experience of marketing managers, all of them have between 5 and 10 years of experience, but none have fewer than 5 years, 10 to 15 years, or more than 15 years of experience. The majority of construction managers 56.25% have at least 15 years of experience, while 31.25 percent have between 5 and 10 years of experience. Approximately 12.50% of construction managers have between 10 and 15 years of experience. Similarly, the majority of office engineers (56.25%) have between 5 and 10 years of experience, while 43.75 percent have less than 5 years of experience.

4.2 Quantative Data Analysis and Interpretation on Managerial Accounting and Decision Making

4.2.1. Analysis of Management Accounting Practices in t he Selected Real Estate Companies

The 26 management accounting techniques listed in the questionnaire are illustrated in Table 3. The techniques with mean scores above 2.00 are ranked from budgeting to product costing in Table 3's top 11 management accounting techniques. These are the eleven management accounting techniques adopted and utilized by select Addis Abeba real estate companies. In contrast, the remaining 15 techniques (ranked from 12 to 26) had mean scores of less than 2.00, indicating minimal or non-use of the techniques in the real estate companies selected for this study. Budgeting is the most common technique of management accounting, with an average score of 4.57. With a mean score of 4.41, Income Statement Analysis ranks second, followed by Balance Sheet Analysis. The cash flow analysis and financial ratio analysis, whose average score exceeds 3.50, follow closely behind. Next on the lists of the top five management accounting techniques most frequently used by the sampled Addis Abeba real estate companies are cost and benefit analysis and standard costing, both of which had means greater than 3.00. Table 3: Stage of Evolution for Selected Management Accounting Methods.

Table 3. Evolutional Stage of Selected Management Accounting Techniques

Descriptive Statistics			
Management Accounting Techniques	**Median**	**Rank**	**Stage**
Budgeting	4.57	1	2
Income Statement Analysis	4.41	2	1
Balance Sheet Analysis	4.28	3	1
Cash Flow Analysis	3.98	4	1
Financial Ratio Analysis	3.54	5	1
Cost and Benefit Analysis	3.39	6	2
Standard Costing	3.28	7	2
Statement Equity	2.74	8	1
SWOT Analysis	2.30	9	1
CVP Analysis	2.26	10	2
Product Costing	2.22	11	2
Absorption Costing	1.74	12	2
Process Costing	1.67	13	2
EOQ for Inventory	1.65	14	3
Total Quality Management	1.61	15	4
Benchmarking	1.57	16	4
Enterprise Resource Planning	1.52	17	3
Batch Costing	1.50	18	2
Just in Time	1.48	19	4
Material Requirement Plan	1.46	20	3
Statistical Analysis	1.43	21	3
Activity Based Costing	1.43	22	4
Balanced Score Card	1.35	23	4
Target Costing	1.33	24	4
NPV Analysis	1.30	25	3
Kaizen Costing	1.15	26	4

Source Field Survey 2022

Only absorption costing, process costing, and batch costing were omitted from the list of the eleven most effective techniques for Stage 2 (information for management planning and control). The mean scores for EOQ for inventory, Total Quality Management, and Benchmarking were less than 2.00 and greater than 1.50. In Addis Abeba, Kaizen costing is the technique used least frequently by the sampled real estate companies. The findings indicate that selected real estate companies in Addis Ababa predominantly apply Stage 1 (financial accounting data) and the majority of Stage 2 (traditional management accounting) management accounting in practice. However, management accounting techniques were not utilized during stages 3 and 4. Alternately, the application of Stage 3 (resource waste reduction) and Stage 4 (advanced management accounting) management accounting techniques is essential for real estate companies to gain performance and resource utilization advantages. Stage 2 comprises three of Table 1's top seven management accounting techniques (budgeting, cost and benefit analysis, and standard costing). This finding provides evidence that selected real estate companies in Addis Ababa apply Stage 2 management accounting in practice. In addition, all seven Stage 2 management accounting techniques were included in Table 1's list of the top 18 techniques. Thus, the application of all seven techniques of Stage 2 management accounting aids in drawing the conclusion that a subset of Addis Abeba-based real estate firms have reached the second stage of accounting evolution.

4.2.2. Analysis of the Link Between Decision Types and Managerial Accounting Information

Decision-making is an indispensable managerial function. The decisions made by management can be categorized as marketing, construction, or financial. The optimal utilization of an organization's capital or resources is a primary objective of decision-making. Effective decision-making requires pertinent data and specialized data analysis. The accounting department is the primary source of decision-making information. Consequently, the accounting department is expected to provide information to all levels of management, and managers view the accounting department as capable of providing data useful for marketing, production, and financial decision-making. This section identifies the types of decisions that managers frequently make.

4.2.2.1. Types of Decisions Frequently Made by Construction Managers

The type of decision typically made by construction managers is outlined in Table 4. In this regard, the data indicate that 100 percent of respondents spend a considerable amount of time on issues such as raw material selection, supplier selection, rent vs. buy, and inventory level determination, and that approximately 68.75% of respondents frequently face decisions regarding the daily wage of workers. Nevertheless, 56.25 percent of respondents said they frequently face overtime and second shift-related decisions.

Table 4. Type of Decision Usually Made by Construction Managers.

	Frequency	
Types of Decision	No	Percentage
Determine Daily Workers Wage	11	68.75 %
Working Hours (Overtime or Second Shift)	9	56.25 %
Determine the Inventory Level	16	100.00%
Rent or Buy	16	100.00%
Selection of Suppliers	16	100.00%
Selection of Raw Materials	16	100.00%

Source Field Survey 2022

Table.5 outlines typical decisions made by construction managers. The selection of suppliers is a typical decision faced by construction managers. Typically, information on the supplier's financial condition, the quoted price, the supplier's manufacturing capacity, the supplier's dependability, and the terms of payment are required when selecting the supplier to whom purchase orders for materials are to be issued. Consequently, 85.71 percent of respondents (11 of 16 who made this decision) obtained management accounting information in order to make this decision. About 57.14 percent of construction managers (9 of 16 respondents) require management accounting information for determining inventory levels, and the accounting department is obligated to provide this information.

Table 5. Decision items for which Managers are provided with MAI

	Frequency	
Types of Decision	No	Percentage
Determine Daily Workers Wage	5	28.57%
Working Hours (Overtime or Second Shift)	7	42.86%

Determine the Inventory Level	9	57.14%
Rent or Buy	11	71.43%
Selection of Suppliers	11	71.43%
Selection of Raw Materials	14	85.71%

Source Field Survey 2022

A frequent choice for construction managers is whether to rent or purchase a given product. The decision requires management accounting information. As is evident from Table 5, approximately 71.43 percent of respondents (11 out of 16 who made this decision) use management accounting information to determine whether to rent or buy. About 85.71 %, 28.57 %, and 42.86 % of construction managers require management accounting information for selecting raw materials, determining daily worker wages, and determining working hours (overtime or second shift), respectively, and respondents obtain the necessary information.

4.2.2.2 Types of Decisions Frequently Made by MarketingManagers

Table 6. Types of Decision often made by Marketing Manager

	Frequency	
Types of Decision	Number	Percentage
Determine Selling Price	19	90.48%
Anticipate Market Opportunities	14	66.67%
Advertising	19	90.48%
Credit Sales	21	100.00%
Respond to Competitors Action	16	76.19%

Source Field Survey 2022

Table 6 shows the groups of items that make up the kind of decision that marketing managers usually make. In this way, the data show that all of the respondents made decisions about credit sales, and 90.48 percent of them said they spent a lot of time on things like pricing and advertising. The marketing manager also has to decide how to respond to a competitor's move (about 76.19% of respondents) and how to predict market opportunities (about 66.67% of respondents).

Marketing managers make a variety of decisions, including selecting sales prices and forecasting market opportunities. In order to make good judgments, managers typically require many forms of information.

Table 7. Marketing Managers and the use of Information System

	Frequency	
Types of Decision	Number	Percentage
Determine Selling Price	16	76.19%
Anticipate Market Opportunities	12	57.14%
Advertising	12	57.14%
Credit Sales	19	90.48%
Respond to Competitors Action	14	66.67%

Source Field Survey 2022

Typically, marketers devote considerable time to anticipating market opportunities. Taking advantage of market opportunities can provide numerous benefits to businesses. It may assist them in attracting new customers. Despite this, only 57.14 percent of respondents (12 of 21 who made such decisions) obtained management accounting information in order to make these decisions. Additionally, marketing managers frequently make advertising-related decisions. The sub-decision under "advertising" includes determining the type of media, frequency of advertising, advertising company selection, which product to advertise, etc. 12 out of 21 respondents, or 57.14 percent, use management accounting information to make these kinds of decisions. The marketing manager will also be required to determine the selling price. In this instance, 76.19% (16 of 21) of respondents who made these decisions obtained management accounting information. In addition to crediting sales and responding to the actions of competitors, marketing managers frequently face the following decision points: 90.48 percent of respondents (19 out of 21) who made these decisions and 66.67 percent of respondents (14 out of 21) who made these decisions received management accounting information for making these decisions, respectively.

4.2.2.3 Types of Decisions Frequently Made by Finance Managers

Table 8. Types of Decision often made by finance manager

	Frequency	
Types of Decision	Number	Percentage
Bank Loan	15	68.18%
Account Payable Payments	20	90.91%
Desired Cash Balance	11	50.00%
Determining the Financial need for Projects	18	81.82%
Investment	13	59.09%

Source Field Survey 2022

Table 8 shows the groups of items that make up the kind of decision that finance managers usually make. In this way, the data show that all respondents spent a lot of time figuring out how much money different projects needed, and 90.91 percent of respondents said they spent a lot of time on accounts payable issues. About half the time, the desired ending cash balance is set with the help of finance managers. About 68.18% of finance managers make decisions about bank loans and 59.09% make decisions about investments. Finance managers usually have to make decisions about investments, bank loans, payments to accounts payable, the desired ending cash balance, and how much money projects need.

Table 9. Finance Managers and the use of Acounting Information System

	Frequency	
Types of Decision	Number	Percentage
Bank Loan	15	100.00%
Account Payable Payments	16	80.00%
Desired Cash Balance	11	100%

Determining the Financial need for Projects	16	88.89%
Investment	10	76.92%

Source Field Survey 2022

The finance manager encounters decisions pertaining to bank loans. In this instance, all respondents (15 of 15 who made such decisions) use management accounting information to make such decisions. Determining the financial requirements for projects is another frequent decision that finance managers face. 88.89% of respondents received accounting and management information (16 out of 18 who made such decisions). In order to make investment decisions, managers typically require information from the accounting department. However, 76.92% of respondents responded that they acquire the required information from accounting. According to Table 9, almost 80% of finance managers make account payable settlement decisions. In order to make such judgments, managers typically acquire information from accountants regarding management accounting.

4.2.3. Analysis of the Role of Management Accounting Information for Decision Making Process

Managers engage in a variety of activities, including decision-making, to achieve the goals and objectives of the organization. Accounting is one of the informational sources that can assist managers in making the best decisions. Acourdingly, the following section presents the role of management accounting information for decision making process.

4.2.3.1. Possiblity of Managers to Employ MAI in their Decision-Making

Respondents were asked wherethere they imploy manegerail accounting information system in theier descion making process (Table 10).

Table 10. Possiblity of managers to employ MAI in their decision-making

Job Position		**Use of Management Accounting Information by Managers**		**Total**
		Yes	No	
Finance manager	Frequency	9	13	22
	Percentage	40.91%	59.09%	100.00%

Accountants	Frequency	16	14	30
	Percentage	53.33%	46.67%	100.00%
Total	Frequency	25	27	52
	Percentage	47.99%	52.01%	100.00%

Source Field Survey 2022

The information in Table 10 is a summary of how managers use management accounting information for decision-making. Approximately 53.33 percent of accountants (16 out of 30 respondents) stated that management accounting information is used to make decisions. Even 40.91 percent (9 of 22 respondents) of finance managers concur with the accountant. In contrast, 46.67 percent of accountants (14 out of 30 respondents) believe there is no trend in managers' use of management accounting information. 59.09% of finance managers (13 out of 30 respondents) also reported that managers have no interest in using management accounting information for the following reasons.

Table 11. Possiblity of managers to employ MAI in their decision-making **(finance manager, construction manager, and marketing manager)**

Job Position		**Use of Management Accounting Information by Managers**		Total
		Yes	No	
Finance Manager	Frequency	9	13	22
	Percentage	40.91%	59.09%	100.00%
Construction Manager	Frequency	5	11	16
	Percentage	28.57%	71.43%	100.00%
Marketing Manager	Frequency	7	14	21
	Percentage	33.33%	66.67%	100.00%
Total	Frequency	21	38	59
	Percentage	35.59%	64.41%	100.00%

Source Field Survey 2022

In short, 71.43% of construction managers, 66.67% of marketing managers, and 59.09% of finance managers don't use management accounting information for one or more of the reasons listed in table 11. About 33.33% of marketing managers use management accounting information. This is followed by construction managers, who make up 28.57% of the respondents. As expected, about 40.91 percent of finance managers use information from management accounting.

4.2.3.2. Challenges to Employ Management Accounting Informationfor Decision Making (finance managers, construction managers, and marketing managers)

Table 12. Challenges to Employ Management Accounting Informationfor Decision Making.

Description	Finance Manager		Construction Manager		Marketing Manager	
	No	Percentage	No	Percentage	No	Percentage
Complexity of the report	0	0.00%	9	81.82%	8	57.14%
Delay of the report	8	61.54%	7	63.64%	10	71.43%
Managers limited Knowledge in accounting information	10	76.92%	3	27.27%	10	71.43%
Managers do not have sufficient time to read accounting information	6	46.15%	5	45.45%	6	42.86%

Source Field Survey 2022

Users can only benefit from information if it is delivered at the time they require it. If it was not given on time, it would be a waste of organizational resources. Similarly, 71.43% (10 of 14) of marketing managers, followed by 63.4% (10 of 11) of construction managers, and 61.54% (8 of 13) of finance managers, cite report delay as an impediment to their use of the presented information. Notably, 81.82 percent of construction managers (9 out of 11 who do not use MAI) and 57.14 percent of marketing managers (8 out of 14) name the complexity of reporting as their greatest challenge. No finance manager has mentioned report complexity as a rationale for not utilizing management accounting data. Obviously, this could be attributed to their solid accounting backgrounds. In addition, 71.43 percent (10 of 14 marketing managers) and 76.92 percent

(10 of 13 finance managers) cite a lack of accounting information expertise as an issue. Surprisingly, just a tiny percentage of construction managers (27.27 percent, or 3 out of 11) cited accounting skills as a barrier to their utilization of the information.

4.2.3.3 Challenges to Employ Management Accounting Informationfor Decision Making (Finance Manager and Accountants)

Table 13. Type of challenges for employing management accounting informationfor

Description	Finance Manager		Accountants	
	Number	Percentage	Number	Percentage
Complexity of the report	0	0.00%	3	21.43%
Delay of the report	4	30.77%	3	21.43%
Managers limited Knowledge in accounting information	5	38.46%	4	28.57%
Managers do not have sufficient time to read accounting information	4	30.77%	4	28.57%

Source Field Survey 2022

When accountants and finance managers were asked why managers don't want to use management accounting information, 28.57 percent of the accountants (4 out of 14 respondents) and 38.46 percent of the finance managers (5 out of 13 respondents) said it was because managers didn't know enough about accounting. The other reason given for why managers don't use MAI is that they don't have enough time to read accounting information. 28.57% of the accountants (4 out of 14 respondents) and 30.77% of the finance managers (4 out of 13 respondents) agree. Just 21.43 percent of accountants (3 out of 14 respondents) and 30.77 percent of finance managers (4 out of 13) say that delay is one of the biggest problems with managers using MAI to make decisions. The other reason only accountants give for why managers don't want to use management accounting information is that the report is hard to understand.

4.2.4. Extent of Management Accounting Information to Facilitate Effective Managerial Decision-Making

Table 14. Extent of MAI to assist managers in making effective decisions

Job Position		**Do Management Accounting Information help Managers to be effective in their decision**		Total
		Yes	No	
Finance Manager	Frequency	7	2	9
	Percentage	77.78%	22.22%	100.00%
Construction Manager	Frequency	4	1	5
	Percentage	80.00%	20.00%	100.00%
Marketing Manager	Frequency	5	2	7
	Percentage	71.43%	28.57%	100.00%
Total	Frequency	16	5	21
	Percentage	76.19%	23.81%	100.00%

Source field survey 2022

Approximately 77.78% of finance managers, when asked to summarize the opinions of respondents regarding "whether management accounting information has helped managers make effective decisions," stated that it has helped them make better and more informed decisions, and as a result, they have become effective decision-makers. Notably, 22.22 percent of respondents who were finance managers stated that the report is of no use to them for the reasons outlined in Table 14. Nevertheless, 28.57 percent of marketing managers responded that the information is of no use. Approximately 71.43 percent of marketing managers claim that the information they gather assists them in making sound decisions. In contrast, 80% of construction managers believe the information they receive from the accounting department aids them in making sound decisions. Twenty percent of the total number of construction managers who responded said the information is not helpful.

Table 15. Reasons why MAI does not aid managers in making effective decisions.

Description	Finance Manager		Construction Manager		Marketing Manager	
	Number	Percentage	Number	Percentage	Number	Percentage
The reports are not comprehensive	0	0%	0	0%	2	100%
The reports are not provided at the time it is needed	2	100%	1	100%	2	100%
The reports are complex	0	0%	0	0%	2	100%
The reports are not prepared in a way managers need	0	0%	1	100%	1	50%

Source Field Survey 2022

Even though accounting is one of the information sources for managers to assist them in decision making, there are also instances where it may not serve the target. This could arise from different reasons(Table 15) Information is only helpful when it is given at the right time. So, all of the finance managers say that the information doesn't help them make good decisions because they don't get it when they need it. In the same way, all of the ideas of the finance manager are shared by the marketing and construction managers. Another important thing about information is that it is easy to understand. If the reports are hard for managers to understand, they may not do what they were meant to do. All of the marketing managers who say MAI doesn't help them make good decisions say that the "complexity of the report" is a big reason why they can't use the information. Surprisingly, none of the finance managers who answered said that the reports' complexity was a big reason why they couldn't make good decisions. This could be because they know a lot about accounting. Another important thing about information is that it is complete. Reports that aren't full or complete can't be used for what they were made for. Also, about 100% of marketing managers who said the report doesn't help them make good decisions said that it was because they didn't have enough information. They said this when explaining why management accounting information doesn't help them make good decisions. Another way to make information useful is to prepare and give it out based on what the user needs. All construction managers and half of those in charge of marketing have said that reports are not made and given the way they should be.

4.2 Qualitative Data Analysis and Interpretation on Managerial Accounting and Decision Making

As per the research design this research was employed both quantitative and qualitative. The quantitative research is addressed in section 4.2. this section also addresses the qualitative data that is collected from key informant interview.

The researcher first briefed the concept of the managerial accounting with respect to decision making. It was noted that management accounting practices are systems that enable firms to generate information for budgeting, reporting and controlling, measuring performance, and costing products and services that in turn assists in managerial decision making. Consequently, we requested the opinions of our key informants regarding managerial accounting practices in each company. In this regard, the majority of key informants reported that some of the primary Management Accounting Methods used during their decision-making include budgeting, income statement analysis, balance sheet analysis, cash flow analysis, and financial ratio analysis. The key informants also mentioned that commonly the management accounting, aimed at to analyze, summarize, and record expenses. Furthermore some of the respondents implied that managerial accounting allows them to translate hard data about their finances into reports that can be analyzed and used for strategic business decisions.

The researcher also asked about their understanding on the link between decision types and managerial accounting information. Making decisions is a crucial managerial task. Marketing, building, or financial decisions can all be characterized as management decisions. One of the main goals of decision-making is to use an organization's capital or resources as efficiently as possible. Relevant data and expert data analysis are necessary for effective decision-making. Information for making decisions is primarily sourced from the accounting department. As a result, managers look to the accounting department to supply information to all levels of management and believe it can do so by offering information that can be used to make marketing, production, and financial decisions. Hence, this research also tried to collect opinions and reflections on how managerial accounting influence decision making. This study also understands that type of decision made by each manger is different, for example typical decisions made by construction managers include determining daily workers wage, working hours (overtime or second shift) and determine the inventory level. It was also mentioned that a frequent choice for construction managers is whether to rent or purchase a given product. It was noted that construction managers require management accounting information for selecting raw materials, determining daily worker wages, and determining working hours (overtime or second shift), respectively, and respondents obtain the necessary information.

Marketing managers make a variety of decisions, including selecting sales prices and forecasting market opportunities. In order to make good judgments, managers typically require many forms of information. Accordingly, our respondents reflected that determining selling price, anticipating market opportunities, advertising and credit sales analysis are some of the types of decision made in the company. In similar way, finance managers usually make decision on figuring out how much money different projects needed, and on accounts payable issues. As per the key informants the type of decision made by finance managers includes bank loan, account payable payments and desired cash balance. They also reported that in order to make such judgments, managers typically acquire information from accountants regarding management accounting.

The key informants were also asked for their thoughts on how management accounting data should be used in the decision-making process. To accomplish the aims and objectives of the organization, they said that managers engage in a variety of activities, including decision-making. They stated that they were aware that one of the informational sources that can help managers make the best judgments is accounting. But it cannot be denied that there are mangers that use limited information of management accounting information. As per the information obtained from the key informants there are several challenge why mangers are left aside the accounting information in their decision process. Some of the challenges listed by the key informants include complexity of the reports, delay of the report, managers' limited knowledge in accounting information and managers do not have sufficient time to read accounting information.

Managers were asked to share their perception or opinion on the topic of whether management accounting information has assisted managers in making effective decisions in their entire activities. In this regard, finance managers reported that the information has assisted them in making better and more informed decisions, and as a result, they have developed into effective decision-makers. Yet, they also noted that there are times when accounting may fall short of the desired results, despite being one of the information sources used by managers to aid in decision-making.

CHAPTER FIVE

5 . CONCLUSION AND RECOMMENDATION

In the chapter before this one, the results and discussion were given. In this chapter, the conclusions and suggestions are given. The goal of this chapter is to look back at the whole thesis and point out where future research should go. So, the conclusion of the research findings is given in Section 5.1. In section 5.2, the researcher's recommendation are given, and in section 5.3, suggestions for future research are talked about.

5.1 Conclusion

The main goal of this study was to find out how real estate companies in Addis Ababa use management accounting practices. A descriptive survey was used for this study. The 10 real estate companies in Addis Ababa were the main focus of this study. The current study found that budgeting, income statement analysis, balance sheet analysis, cash flow analysis, financial ratio analysis, cost and benefit analysis, standard costing, statement of equity, SWOT analysis, and break-even (CVP) analysis are the ten most important management accounting techniques.

So, using these ten techniques helps to come to the clear conclusion that most management accounting techniques are still from Stage 2, but that Stage 1 is used most of the time. On the other hand, some real estate companies barely use Stage 3 and Stage 4 management accounting techniques like Kaizen costing, net present value (NPV), and the balanced scorecard. One of the most important things that managers do to help their organizations reach their goals is make decisions.

The decisions made by management can be put into three groups: marketing, construction, and finances. Most of the time, finance managers make decisions about investments, financing, figuring out how much money projects need, etc.

Construction managers have to make a lot of decisions, like which raw materials to rent or buy, which suppliers to use, how much inventory to keep on hand, how much to pay each worker per day, and when to work (overtime or second shift). Marketing managers often have to make decisions about things like the selling price, market opportunities, giving credit for sales, advertising, and how to react to what competitors do.

To make good decisions, one needs the right information and a special way to look at the data. The accounting department is one of the best places to get the information one needs to make decisions. All levels of management should be able to get information from the accounting department. The reports are only useful if they are given to managers when they need them, are easy for users to understand, made the way users want them to be made, and are complete. But the research shows that reports are not always written in a way that makes them easy for managers, especially marketing and construction managers, to understand. It also shows that the reports made are hard to understand, especially for people who don't know much about accounting and don't put them together and give them to managers in the way they need. Also, the reports don't have enough information.

Based on the results of the research, it seems that finance managers use management accounting information a lot. On top of that, marketing and construction managers don't use management accounting information well when making decisions. The research also shows that when managers use information from management accounting, they make decisions that aren't as good as they could be.

As a result, management accountants should take on a new and more important role by becoming more and more a part of the management team in a business process. This is done to make sure that management accounting is still useful in the new, difficult business world.

5.2 Recommendation

This study recommends that real estate companies should be more aware of how important information is for making decisions, since this is the management accounting practice that real estate companies in Addis Ababa use the most. Based on the study's findings, the following points are given as important recommendation:

- Companies in the real estate industry should understand the significance of using management accounting information effectively when making decisions.
- To improve the way management accounting is used in some real estate companies in Addis Abeba, the top management of those companies needs to learn more about the advantages of using advanced management accounting techniques
- Managers, especially marketing and construction managers, should always be able to understand how reports are written. Because reports are hard to understand, especially for people who don't know much about accounting, and they aren't put together and given to managers the way they need to be.
- Real estate businesses should use accounting methods such as Kaizen costing, net present value (NPV), and the balanced scorecar
- It is crucial to make management accounting an integrated process in which management accountants work closely with engineers, construction managers, and marketing managers, among others. Therefore, management accountants should do more to promote and implement modern managerial accounting practices in real estate companies.
- Information is only useful if it is given to managers when they need it and is easy for them to understand. So, the accounting department needs to work hard to give managers the information they need when required. Also, accountants should have adequate knowledge about how to prepare a useful report because complicated reports are one of the main reasons managers don't use information to make decision
- One reason why managers (other than finance managers) don't use management accounting information is that they don't know much about accounting. So, companies should make accounting trainings for managers to help them learn more. This training could take place in-house
- Management accounting classes in colleges and universities should include and teach in depth the most up-to-date management accounting techniques. Marketing managers must frequently make judgments regarding the selling price, market potential, sales credit, advertising, and how to respond to competitors.

5.3. Future Research Direction

Finally, the study suggests the real estate industries in general, and spcially managers of different department in the real estate companies to work on increasing the awareness of providing adequate information to assist on making a right decision. In order to avoid the luck of precise decision making, in depth and updated management accounting lessons should be provided by academic institutions to broaden and build adequate knowledge.

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Appendix 1

SAINT MARRY'S UNIVERSITY DEPARTMENT OF ACCOUNTING & FINANCE (MA. in Accounting and Finance)

This research aims to assess "The Use of Management Accounting Practice in Managerial Decision Making: A Case Study of Selected Real Estate Companies in Ethiopia." Your organization is among the real estate firms selected for this study. Your insightful response to the posed topic is crucial to the study's success. Therefore, you are kindly invited to respond to each question regarding your company's use of management accounting methods for decision making. All comments will be treated in complete confidence, and participation is fully voluntary. The results will be utilized for academic purposes, and the respondents' identities will remain confidential. I would very appreciate it if you would complete the enclosed questionnaire and assist me with my research. If you have any questions, please call 0912668861.

Thank you!

Personal information

1. Name of the organization

____

2. What are the products your organization provides? You can chose two or more.

Small Houses Middle Houses Big Houses Apartments

Any other ____

3. Your current position in the organization

____

4. Your educational level

Certificate Diploma 1st Degree Masters Above

5. Field of Specialization

____

6. Your work Experience in this organization

Below 5 years 5 to 10 10-15 above 15

Question Under Research Topic

The scales you assign to each question are listed below. Indicating your level of agreement with each statement by placing a checkmark (√) in each column. When you strongly disagree (1), disagree (2), are neutral (3), agree (4), or strongly agree (5), you are in a position of disagreement (5).

7. How frequently did your organization utilize the chosen management accounting techniques?

	1	2	3	4	5
Stage I					
Balance Sheet Analysis					
Income Statement Analysis					
Cash Flow Analysis					
Statement of Equity					
Financial Ratio Analysis					
SWOT Analysis					
Stage II					
Budgeting					
Cost & Benefit Analysis					
Break-even (CVP) analysis					
Product Costing					
Standard Costing					
Process Costing					
Batch Costing					
Absorption Costing					
Stage III					
NPV Analysis					
Statistical Analysis					
Enterprise Resource Planning (ERP)					
Material Requirement Plan					
EOQ for Inventory					
Stage IV					
Benchmarking					
Total Quality Management					
Balance-Score Card					
Target Costing					
Activity Based Costing (ABC)					
Just in Time (JIT)					

Kaizen Costing					

Indicate your response by placing a checkmark in each column. depending on the type of decision you make and whether you are provided with management accounting information (MAI) to make the decision, you may or may not be provided with management accounting information (MAI). Please address your department specifically.

Kinds of decisions are frequently made and whether they have access to the necessary data			
	Types of decision	Did you get (obtain) MAI in order to make the decision	
		Yes	No
Determine daily workers wage			
Working Hours (Overtime or Second Shift)			
Determine the inventory level			
Rent or Buy			
Selection of Suppliers			
Selection of Raw Materials			
Bank Loan			
Account Payable Payments			
Desired Cash Balance			
Determining the financing need for projects			
Investment			
Determine the selling price			
Anticipate Market Opportunities			
Advertising			
Credit Sales			
Respond to Competitors Action			

9. Do managers use information from management accounting in the decision-making process?

Yes No

10. If your answer for Q. number 9 is No. Why? You can chose two or more.

a) Complexity of the report.

b) Delay of the report.

c) Managers Limited knowledge in accounting information.

d) Managers don't have sufficient time to read accounting information.

e) Any other ____

____

The following questions should be answered by managers only.

11. Information from management accounting facilitates effective managerial decision-making? Yes No

12. If your answer for Q. number 11 is No. Why? You can choose two or more.

a) The reports are not comprehensive

b) The reports are not provided at the time it is needed.

c) The reports are complex

d) The reports are not prepared in a way managers need

e) Any other ____

Thank you for taking the time to complete this questioner. Your assistant in providing this information is very much appreciated.

Appendix 2

SAINT MARRY'S UNIVERSITY DEPARTMENT OF ACCOUNTING & FINANCE (MA. in Accounting and Finance)

CHECK LIST FOR KEY INFORMANT INTERVIEW

This research aims to assess "The Use of Managerial Accounting Practice in Managerial Decision Making: A Case Study of Selected Real Estate Companies in Ethiopia." Hence, your reflections and opinions are important to enrich the academic research. The researcher would also to assert you that all comments will be treated in complete confidence, and participation is fully voluntary. The results will be utilized for academic purposes, and the respondents' identities will remain confidential.

1. Can you list down current management accounting practice adopted by your company?

----

2. May you discuss the type of decisions often make in your company in relation to managerial accounting

   ----

3. How do you explain the use of management accounting information in decision making in your company--

   ----

   ----

4. How do you rate the role of management accounting information in facilitating decision making in your company --

   ----

   ----

   5. How do you see the association between management accounting information and decision making--

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