

**DETERMINANTS OF MANAGEMENT ACCOUNTING
PRACTICES IN SRI LANKAN COMPANIES**



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ABSTRACT

Management Accounting is a branch of accounting which is concerned with the provision of information to people within the organization to help them make better decisions and improve the efficiency and effectiveness of existing operations. Management accounting is needed in business because it has capacity to change the business performance and financial position and its analysis provide vital in taking a business forward. The findings of previous studies suggest that there is a considerable gap between Management Accounting theory and practice in Sri Lankan companies.

The literature review was supported to identify major four determinants those are influenced to the level of Management Accounting Practices in Sri Lankan companies. Having identified the factors of low level of Management Accounting Practices, the researcher formulated the research problem as "What are the significant factors determining the Level of Management Accounting Practices in Sri Lankan Companies?" Those determinants are awareness of top management on Management Accounting techniques, size of the company, supportive organizational culture and cost bearing capacity of Management Accounting system.

The Primary data were collected from a sample of hundred registered companies using questionnaire. The collected data were analyzed by using Univariate analysis (descriptive measures) and Bivariate analysis (cross tabulation, correlation and simple regression analysis).

Based on the analysis this research is provided evidence for level of Management Accounting Practices in Sri Lanka is low. And also the researcher identified that the level of Management Accounting Practices has strong positive correlations with awareness of top management, supportive organizational culture, cost bearing capacity and size of the company.

Finding of the study will be important for companies on exploring empirical knowledge regarding determinants of Management Accounting Practices.

Key Words: Management Accounting Practices, Awareness of Top Managers, Size of the Company, Organizational culture and Cost Bearing Capacity.

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