

# **THE IMPACT OF MANAGEMENT ACCOUNTING PRACTICES ON FINANCIAL PERFORMANCE OF MANUFACTURING COMPANIES IN HAMBANTOTA DISTRICT**

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## ABSTRACT

This study examine the impact of management accounting practices on financial performance of manufacturing companies in Hambantota district. In the current business market, management accounting practices are very important as well as compulsory for the companies. The researcher has decided to study the manufacturing companies which are existing in Hambantota district of Sri Lanka.

The objective of this study is to examine the impact of management accounting practices on financial performance of manufacturing companies in Hambantota district. In addition to the relationship between management accounting practices and financial performance of the manufacturing companies of Hambantota district is also analyzed. As well as the researcher has identified what extent do the manufacturing companies use the management accounting practices for their business activities in Hambantota district.

Manufacturing companies in Hambantota district are 54, out of the 43 manufacturing companies were selected as sample. According to the findings, descriptive statistic were highest mean value for financial statement analysis therefor it has high level counting practices. Costing method practice, budgeting practice, working capital management practices have high level accounting practice.

Between the financial statement analysis and financial performance have moderate positive relationship. Between costing method practice and financial performance have a moderate positive relationship. Between budgeting practices and financial performance have a moderate positive relationship. Between working capital management practices and financial performance have a moderate positive relationship. As well as between overall accounting practices and financial performance have a moderate positive relationship.

Finally overall management accounting practice has significantly explained 40% of the variance of profitability. Around 39% of variance of profit is explained by dimension of financial statement analysis.

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