

EXPLORING THE ROLE AND THE USAGE LEVEL OF MANAGEMENT ACCOUNTING PRACTICES: A QUALITATIVE INQUIRY [SPECIAL REFERENCE TO APPAREL MANUFACTURING COMPANIES IN SRI LANKA]

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ABSTRACT

Management accounting (MA) is a continuously evolving method of accounting that is primarily used for internal purposes and creates statements, reports, and documents that help management make informed decisions related to business performance. The objective of this study is to identify the extent of usage level and explore the role of management accounting practices in relation to the apparel manufacturing industry (AMI) in Sri Lanka. Adopting an inductive approach, this study employs a qualitative perspective, focusing on five leading apparel manufacturing companies, selected based on revenue rankings. Data were collected through semi-structured interviews and direct company observation. This methodological framework facilitates an in-depth exploration of the contextual and nuanced application of Management Accounting Professionals (MAPs) in real-world settings. Thematic analysis was used to achieve the objectives of this study. This study primarily focuses on costing systems, budgeting systems, information for decision-making, performance evaluation systems, and strategic management accounting. It was found that the usage levels of costing systems, budgeting systems, decision-making information, and strategic management accounting are very high. However, the usage of performance evaluation systems is considerably lower in AMI than in the other MA systems. The study identified 14 challenges in implementing MAPs, including time-consuming inventory monitoring, coordination difficulties, resource constraints, and data management complexities. Additionally, issues such as limited access to reliable data, complexities of global supply chains, balancing detailed financial analysis with practical constraints, cultural resistance, varying financial literacy levels among employees, and lack of awareness regarding the value of MAPs were also highlighted. The researchers found that the organizational cultures observed in all companies clearly recognize the important role that MAPs play in driving organizational success. Furthermore, this study discovered eight technological adaptations, trends, and future directions of MAPs in the AMI industry, including the integration of artificial intelligence (AI). Finally, this study revealed nine recommendations for improving the effectiveness of MAPs in enhancing organizational performance. Considering all these factors, researchers can conclude that this study sheds light on the extent of usage level and the role of management accounting practices in AMI in Sri Lanka.

Keywords: Apparel manufacturing industry, Sri Lanka, artificial intelligence, challenges and limitations, management accounting practices.