



RESEARCH ARTICLE

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## THE EFFECTIVENESS OF MANAGEMENT ACCOUNTING IN ACHIEVING STRATEGIC AND COMMERCIAL OBJECTIVES

**\*Dr. Rasha Jasim Ahmed Ebraheem Alobaidy**

Lecturer Dr., College of Islamic Sciences, Department of Islamic Banking and Finance, University of Iraqi

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#### \*Corresponding author:

**Dr. Rasha Jasim Ahmed Ebraheem Alobaidy,**

### ABSTRACT

This study aimed to identify the effectiveness of management accounting in achieving the strategic and commercial objectives for commercial banks, where the study population consisted of all managers and heads of departments of senior management and financial departments in commercial banks, and was taken from the study population consisted of administrative accountants. In order to achieve the objectives of the study, the researcher developed a questionnaire prepared specifically for this study. To be sure of the validity of the questionnaire and stability, and then distributed to the members of the study sample by a questionnaire for each director or head of department, where the number of questionnaires distributed (160) questionnaire, while the total questionnaires used in the statistical analysis was (150) questionnaire. The researchers adopted a number of statistical methods in the analysis of the study data using the Statistical Package for Social Sciences (SPSS) program. The study concluded that the information provided by management accounting contributes to achieving the strategic and commercial objectives of the institution. This study also recommends the need to enhance reliance on management accounting and its tools in achieving the objectives of commercial banks.

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### INTRODUCTION

Accountants recognized the rapid development of information technology and the need for many parties, which led them to find accurate accounting disciplines that serve each category and specific purpose, and management accounting is one of the branches of specialized accounting, which mainly aims to provide financial information in addition to providing some non-financial information. For the purpose of serving the various departments of the establishment in carrying out its functions and duties (Abu Nassar, 2005: 54). Management accounting is the rationale for all accounting and management sciences, as its primary task is to provide information to all parties. Therefore, it is the advanced activity of accounting and administrative systems, it prepares information from administrative and accounting data after counting, analyzing and extrapolating them to the management of the establishment and the relevant authorities in order to use them in decision-making and control and achieve the strategic objectives of the organization (Adam, 2006: 43).

Management accounting helps the management to plan its foundations and adopt future policies to achieve its desired objectives, and therefore the need to use management accounting information in making investment decisions and achieve the objectives of the business, financial and strategic is urgent (Kahl, 2009: 65). Therefore, the responsibility of the management accountant today has become great and requires him to be ready to perform those tasks.

**So the search problem can be summarized in the following question:**

How effective is management accounting in achieving strategic and commercial objectives?

**The Importance of Research:** The importance of the study is to indicate the extent of the contribution of management accounting in achieving the strategic and commercial objectives of commercial banks. Management accounting provides information that helps the administration to plan its future policies to achieve its desired objectives.

Secure short-term decisions with strategic plans. The study seeks to try to provide a guide that guides and guides the banks in the process of achieving strategic and administrative gains, and thus contribute to the field of administrative and financial accounting. Strategic and commercial despite its importance.

### Research objectives

This study aimed mainly to highlight the extent of the contribution of management accounting in achieving the strategic and commercial objectives of a sample of Iraqi banks, as this study aimed to raise the awareness of commercial bank administrations on the contribution of management accounting in profitability and quality of work, as well as to reach the results, which would Achieving the objectives of the study.

### Study hypotheses

By asking the problem of the study and refer to the previous studies can be formulated the hypothesis of the study as follows:

### Management accounting contributes to the achievement of strategic and commercial objectives for commercial banks.

### The limitations of the study

The current research is determined by a subject that seeks to highlight the effectiveness of management accounting in achieving the strategic and commercial objectives of a sample of private commercial banks in Baghdad.

## Chapter two: Theoretical framework and previous studies

### First: the theoretical framework

**The concept of management accounting:** The researchers have introduced several definitions of the concept of management accounting through different perspectives, most of which concluded that management accounting is only part of an integrated management information system for the organization to perform specific functions. These definitions include Kaplan, *et al.*, 1998, who defined management accounting as a system that provides information to assist managers in performing planning and control activities. Management accounting activities include the collection, classification, processing and analysis of information and the delivery of information reports to managers (Juma, 2011) has been referred to as a systematic scientific framework aimed at assisting the administration in the formulation of policies and rationalizing decisions on the achievement of the objectives of the unit in the light of reality variables by providing timely and appropriate information. Management Accounting (Mown & Hansen, 2006) is a system that provides information to the internal parties of the organization and is designed to support management with the information it needs. Important solutions to problems and work on performance evaluation. He did not disagree (Garrison, *et al.*, 2006).

In defining management accounting more frequently than its predecessors, it touched on its interest in providing information to managers and users directly within the organization and it is working to provide the organization with the necessary and necessary information through the preparation of various types of reports, some of which are

related to performance and compared with what is planned I also work on the preparation of analytical reports in order to investigate specific problems facing the Organization. From the above definitions of administrative accounting and from the viewpoint of researchers, it is clear that the authors did not agree on a specific definition of the concept of management accounting, but it was evident their agreement on the basic management accounting functions regardless of the application environment, the researcher believes that management accounting is an integrated system of scientific principles Practical analytical methods characterized by interdependence, and intended to serve administrative decisions, and can be reconfigured and formulated based on the nature of the decision to be made and its impact on the continuity of the enterprise.

### The role of management accounting in assisting the administration in achieving its strategic and commercial objectives

The role of management accounting is to assist the establishment management to perform its functions as follows:

- 1) **Planning:** Planning means the actions and steps to be taken to identify the objectives and develop appropriate programs to obtain different resources and use them to achieve these goals and the management accountant is the task of collecting data that helps management in the planning function (Abdel Samie, 2010: 65).
- 2) **Organization:** means the organization to determine the best ways, procedures and means by which to organize the various available resources and to enable the implementation of the plans established, and the administrative accountant is responsible for the identification, collection, measurement, analysis, preparation, interpretation and communication of information used by management to achieve the basic objectives of the organization. The management accountant is used as an assistant member of the organization and is responsible for providing information and a valuable element of the management team (Noor, 2003: 65).
- 3) **Monitoring:** means measures to measure and correct the actual performance to ensure the achievement of the objectives and plans of the establishment in the sense of ensuring that the actual implementation matches the plans and take the necessary corrective decisions in the case of deviations from plans, and shows the role of management accounting in providing information to help management to perform the oversight function, The Department exercises the control function through the reports (information) provided by the administrative accountant of the events, measured and measured in the light of the schemes and the resulting deviations, with the analysis of deviations according to their causes and responsibility centers and proposing corrected actions. Management is following up on the achieved goals and obstacles to achieving the goals and taking measures to avoid these obstacles (Huber, 2003: 34).
- 4) **Making decision:** Decision-making is a central process in the management of the organization and one of the most important functions performed by the Director (Shara, 2002: 54). The decision-making

function is concerned with selecting the appropriate alternative from the various alternatives in order to achieve the objectives set by the administration. (Abu Hashish, 2005: 56).

The researcher sees through the above functions of the department, that the management accounting is the role of assistant and guide to the management in the performance of those functions, it is noticeable that the tasks assigned to the administrative accountant to provide information using management accounting methods through financial and technical analysis and planning budgets and mathematical and statistical models, will lead If the services provided by the management accounting system are blocked from management, it is not possible to perform those functions as effectively as desired. This confirms that the system of management accounting is one that is not unreasonable to lose.

## Second: Previous Studies

1. Study (2011 Alina, et.al.), "The Role of Management Accounting in providing Information for Making Decision within an Entity"

**"The Role of Management Accounting in Providing Information for Decision Making within the Organization".**

This study aims to show the role of management accounting in providing the necessary information for managers within the institutions in order to reach the best decisions, through the study of the situation of Romanian manufacturing enterprises. The study relied on the descriptive approach in addition to empirical research. The most important results of the study were that the management accounting information is very important within the entities. The study recommended the need to work to improve management accounting, in addition to the need for further studies regarding the function and role of management accounting within institutions.

2. (Sheehan & Jashim, 2012), "An Evaluation of The Changing Role of Management Accountants in Recent Years"

**"Assessing the change in the roles of management accountants in recent years."**

This study aimed to accurately assess the role of management accountants in Bangladesh companies and work To examine whether the use of sophisticated tools arising from management accounting and techniques has led to a shift in their roles from what has traditionally been seen to broader, more important, and more strategic roles in planning and decision-making. The study used the existing literature on the activities, roles and skills required of management accountants to reach the results of the study, the most important of which is that the role of management accountants has expanded in recent years, and that their roles have changed more in those companies that adopted modern management accounting techniques.

## Chapter Three: Research Methodology and Procedures:

This chapter includes a description of the research community, selection of a representative sample as well as the preparation of questionnaire paragraphs and logical and statistical analysis, and then check the psychometric characteristics of the scale, as

well as the presentation of statistical methods used in the research procedures.

## First: Research Methodology

In order to achieve the research objectives, the researcher adopted the descriptive analytical approach, since it is compatible with the current study and the procedures followed.

## Second: The research community

The research community consists of all the employees working in private banks in Baghdad for the year 2019-2020

## Third: Research Sample

The sample is part of the original community from which the research problem emerges, and is selected according to scientific rules to represent the community properly, and the process of selecting the sample is a crucial process and fundamental in practical research, it identifies and affects all steps of research. The meaning of the research sample refers to the sample in which the characteristics of society are distributed in the same proportions as those in the community (Odeh, Malkawi, 1987: 128).

**The research sample consisted of (150) employees. The following table shows the demographic characteristics of the sample.**

**Table 1. Demographic variables of the sample**

Variables	N	%
Gender		
Male	85	57%
Female	65	43%
Total	150	100%

Variables	N	%
Age		
31 and less	40	27%
31-39	31	21%
40-49	30	20%
50-59	24	16%
60 and more	25	16%
Total	150	100%

Variables	N	%
Qualification		
BA	40	27%
Higher Diploma	31	21%
M.A.	30	20%
Ph.D.	24	16%
Total	25	16%
Total	150	100%

Variables	N	%
Functional experience		
5 and less	40	%27
6-9	30	%20
10-14	20	%13
15-19	35	%23
20 and more	25	%17
Total	150	100%

## Search engine

After reviewing the researcher on a set of previous studies related to the problem of the study, and reviewing a set of

**Table 2. Correction of the questionnaire**

fully agree	I agree	neutral	not agree	Fully Disagree
5	4	3	2	1

**Table 3. Arithmetic averages and standard deviations of the responses of the respondents on the paragraphs of the effectiveness of management accounting in achieving strategic and commercial objectives**

Test Value = 3			
Paragraph number	Paragraph content	Arithmetic average	Standard deviation
1	Management accounting helps build a comprehensive strategic plan for the bank.	4.68	0.470
2	Management accounting contributes to the preparation of the operational plan that is used in the implementation of the bank's comprehensive strategic plan	4.67	0.474
3	Management Accounting analyzes the market and the competitive environment fully facing the bank.	4.64	0.508
4	Management accounting helps in the development of the bank plan and the contents of the timing of activities and preparation for the purchase and the required form of the transaction and financial and tax ratings and negotiation plan.	4.52	0.635
5	Management accounting assesses the Bank's assets within conservative accounting policies.	4.67	0.500
6	Management Accounting employs multiple variables and is available based on a series of accounting ratios to achieve the best results	4.49	0.654
7	Management accounting uses the Bank's consolidated financial statements and cash flows	4.48	0.527
8	Management accounting helps analyze the technology used by the bank	4.25	0.681
9	Management accounting assesses the bank through its growth potential, market share and technology.	4.42	0.521
10	Management accounting contributes to the calculation of costs paid by the bank periodically	4.49	0.551
11	Management accounting helps revise the bank's credit policies in order to determine its customer base.		0.612
12	Management accounting helps in examining the bank's assets and components such as cash balances loans and excess liquidity	4.42	0.589
13	Management accounting analyzes and assesses the Bank's financial projections based on other investment opportunities.	4.69	0.491
14	Management Accounting calculates the Bank's internal rate of return and payback period and compares it with the Bank's internal financial requirements.	4.84	0.369
15	Management accounting provides the Bank's management with reports on the analysis and evaluation of the target bank to assist them in determining purchase prices.	4.91	0.283
All items as one unit		4.56	0.300

**Table 4. Results of One - Sample T-test for the Contribution of Management Accounting to the Strategic and Commercial Objectives of Commercial Banks**

Test Value = 3						
Arithmetic Average	standard deviation	Calculated value "v"	Degree of free	Significance level	The difference in arithmetic average	95% confidence interval for teams In the arithmetic mean Lower Upper
4.57	0.30	46.38	80	0.000	1.57	1.49 1.63

questionnaires for the previous studies, and polling the opinion of a sample of experts and specialists through the interview non-formal, the questionnaire was built according to the following steps:

1. Identify the main areas included in the questionnaire.
2. Formulate paragraphs for each area.
3. Present the questionnaire to the experts to indicate their suitability for data collection.
4. Initially modify the questionnaire.
5. Formulate the questionnaire in its final form

After taking into account the observations of the arbitrators and their amendments, the questionnaire consisted of (fifteen) paragraphs, and for each paragraph five alternatives ranging from absolute approval to absolute rejection as follows:

#### Psychometric properties of the questionnaire

##### First: Sincerity

Honesty is an important psychometric characteristic of the questionnaire (Ebel, 1972: 435), because an important

indicator of the ability of paragraphs to measure what is set for measurement (Harrison, 1983: 11), and through honesty is achieved the purpose for which the questionnaire was developed (Odeh, 1988 : 235)

##### The researcher extracted the following questionnaire:

**Sincerity of the arbitrators:** The sincerity of the arbitrators is one of the necessary and important steps in the construction of questionnaire paragraphs. The beginnings of the preparation of paragraphs due to the lack of statistical indicators on the sincerity of paragraphs (Kubaisi, 2001: 171). The researcher presented the paragraphs of the questionnaire to a group of experts and arbitrators to indicate their opinion on the validity of the paragraphs in their apparent form. The questionnaire was amended in its light.

##### Second: Stability

Stability is an important psychometric characteristic of the questionnaires, taking into account the progress of sincerity,

because the true scale is necessarily constant, and it can be said that each honest questionnaire is fixed (Imam et al., 1990: 143).

**Stability has been calculated in more than one way as follows:**

**Re-test method:** The calculation of stability according to this method, which is called the stability factor over time, is done by reapplying the questionnaire to the same stability sample at a specified time interval (Zeller & Carmines, 1986: 52), so the questionnaire was applied again to the same adult stability sample. (40) individual after (15) days. After the completion of the two applications, according to the coefficient of stability of the questionnaire by calculating the scores of this sample with the degrees in the first application, has been used correlation coefficient "Pearson" between the scores of the two applications, the correlation coefficient (0.86).

#### (Alpha Cronbach, 1951) method

This method is based on calculating the correlations between the scores of all the questionnaire paragraphs, considering that the paragraph is a questionnaire in itself. The equation (Alpha Cronbach) on the scores of the sample of the number of (40) individuals. The value of the stability coefficient of the scale (0.85).

#### Statistical means

The researcher used the statistical bag of social sciences (SPSS). The researcher used the following statistical methods:

1. Arithmetic average
2. Standard deviation
3. Alpha-Kronbach equation
4. Percentages
5. Correlation coefficient

#### Chapter 4: Research results

The results of the research hypothesis test that read: Management accounting contributes to the achievement of strategic and commercial objectives. To answer this hypothesis, the researcher has extracted the arithmetic averages and standard deviations, as shown in the following table. It is clear from Table (3) that the averages ranged between (4.25-4.91) and to a high degree, where the paragraph, "Management Accounting provides the management of the bank reports on the analysis and evaluation of the bank to assist in determining the purchase prices" the highest average of 4.91 And with a standard deviation (0.28), while the last paragraph, "Management accounting helps analyze the technology used by the bank" on an arithmetic mean (4.25) and a standard deviation (0.681).

The same table also shows that the arithmetic averages of the responses of the respondents were greater than the hypothetical mean (Test Value = 3).

And for test this hypothesis, one sample (T - test) was used. The results are as shown in Table (4). It is clear from the data of table (4) that there is a statistical significance of the contribution of management accounting in achieving the strategic and commercial objectives of commercial banks, based on the calculated value of (T), which is (46.38), which is a statistically significant value at the level of significance ( $\alpha < 0.001$ ). This refers to acceptance of the first hypothesis, which states: "Management accounting contributes to the achievement of the strategic and commercial objectives of commercial banks."

#### Recommendations

- The need to enhance reliance on administrative accounting and its tools at every stage of the work within the bank.
- The need to rely on the results of the study by the administrative accounting cadres within commercial banks as a guide that provides assistance and guidance when performing its role in each of the different stages of work
- Conducting further studies and research on the extent of the contribution of management accounting to strategic and commercial objectives on other sectors such as the industrial sector.

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