

## **Abstract**

### **The influence of Management Accounting Systems on managerial performance: a multidimensional approach**

The current competitive environment has forced business organizations to constantly change and adapt to the new challenges. These challenges have contributed to increase the importance of the information in the decision-making process. In this context, management accounting systems (MAS) can provide information to assist managers in planning and controlling business processes (Soobaroyen & Poorundersing, 2008). As such, these systems become a powerful decision support tool.

Although managers are the main beneficiaries of the information provided by the MAS, other human resources from business organizations can play an important role in promoting the effectiveness of such systems and the consequent utilization of the information.

Several authors have studied the influence of factors related to the human resources in the effectiveness of the MAS. However, according to literature reviewed, this influence was verified only for some of these factors, namely for the top management support (Fong & Quaddus, 2010), for users satisfaction (Fong & Quaddus, 2010) and for decentralization (Chenhall & Morris, 1986; Hammad, Jusoh, & Ghazali, 2013; Soobaroyen & Poorundersing, 2008).

The management accounting systems definition, presented by Chenhall & Morris (1986) is the most cited in the literature. It was defined through the following four dimensions related to the characteristics of the information used in an organizational context:

- scope (external, non-financial and future oriented information);
- timeliness (frequency and speed of reporting);
- aggregation (information aggregated by time period and/or functional area and analytical information or in formats consistent with decision models); and
- integration (information on precise targets for the several activities and their interrelationship within subunits and reports on intra-subunit interactions).

However, these dimensions have been operationalized and used, in the literature, through individual constructs.

Based on an extensive review of the literature, we verified the difficulty in comparing the results related to the use of management accounting systems. As such, the need for a multidimensional approach that measures the information characteristics of MAS in a comprehensive and integrated way was identified.

In this context, a MAS multidimensional approach was tested and validated as a second order factor, including its four dimensions. This study was based on an online survey, and addressed to the financial managers of small and medium-sized Portuguese business organizations. The sample size was 284, which correspond to a response rate of 20,23%. The results of the exploratory factorial analysis along with the confirmatory factorial analysis suggest that the effectiveness of MAS can be measured by a second order factor, which includes the four multidimensional components referenced above.

After validating the measurement model, this second order factor was utilized in the structural model to assess the influence of MAS in the managerial performance. The results of this model allow to conclude that such influence is positive, which validates this new instrument.

In the future, this instrument will allow managers to self-assess the MAS of their business organizations. It also provides researchers with an instrument to measure and evaluate MAS as a comprehensive and multidimensional approach.

Keywords: Management accounting systems; MAS; Information characteristics; Confirmatory factorial analysis; Second-order factor; Small and medium business organizations

Bibliography:

Chenhall, R., & Morris, D. (1986). The Impact of Structure, Environment, and Interdependence on the Perceived Usefulness of Management Accounting Systems. *The Accounting Review*, LXI(1), 16–35.

Fong, S. C. C., & Quaddus, M. (2010). Intranet use in Hong Kong public hospitals. *International Journal of Accounting and Information Management*, 18(2), 156–181. <http://doi.org/10.1108/18347641011048138>

Hammad, S. A., Jusoh, R., & Ghazali, I. (2013). Decentralization, perceived environmental uncertainty, managerial performance and management accounting system information in Egyptian hospitals. *International Journal of Accounting & Information Management*, 21(4), 314–330. <http://doi.org/10.1108/IJAIM-02-2012-0005>

Soobaroyen, T., & Poorundersing, B. (2008). *The effectiveness of management accounting systems: Evidence from functional managers in a developing country*. *Managerial Auditing Journal* (Vol. 23). <http://doi.org/10.1108/02686900810839866>