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An Empirical Research Study the Role of Management and Cost Accounting Tools in Enhancing Organizational Efficiency and Financial Performance

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ABSTRACT

Many organizations rely predominantly on financial accounting information to guide their decision-making processes. However, this study aims to delve deeper into whether incorporating management and cost accounting tools can offer more nuanced insights that contribute to creating a competitive edge and enhancing financial performance, specifically within the context of organizations in Nigeria.

Financial accounting provides a historical perspective on financial performance, focusing on past transactions and outcomes. While this information is crucial for understanding overall financial health and compliance, it often lacks the granularity needed for strategic decision-making. Management and cost accounting, on the other hand, offer forward-looking insights and detailed analyses that help managers make more informed and strategic decisions. These tools are designed to provide detailed information on cost structures, budgeting, and financial planning, which are essential for effective resource allocation and operational efficiency.

The study's findings indicate that management and cost accounting tools indeed offer valuable information that can significantly impact decision-making. By utilizing these tools, managers can gain a clearer understanding of cost behaviors, profitability drivers, and operational efficiencies. This information enables them to make focused decisions that not only address current challenges but also capitalize on opportunities to gain a competitive advantage. For instance, cost accounting techniques like Activity-Based Costing (ABC) or Standard Costing can help managers identify and eliminate inefficiencies, leading to cost savings and improved financial performance.

Furthermore, the research highlights the indisputable importance of management and cost accounting tools in organizations. These tools provide actionable insights that go beyond the financial statements, allowing managers to develop more effective strategies and operational plans.

They help in understanding the cost implications of various business decisions, forecasting financial outcomes, and improving overall financial control. As a result, organizations can enhance their strategic planning, optimize their resource usage, and achieve better financial outcomes.

In the context of Nigerian organizations, where competitive pressures and market dynamics are continually evolving, the application of management and cost accounting tools becomes even more critical. By integrating these tools into their decision-making processes, organizations can better navigate the complexities of the business environment, respond more effectively to market changes, and ultimately achieve a stronger financial performance.

In summary, the study underscores the significant role that management and cost accounting tools play in enhancing organizational efficiency and financial performance. These tools provide relevant and actionable insights that help managers make informed decisions, gain competitive advantage, and improve financial outcomes. The research demonstrates that adopting these tools is not just a matter of procedural preference but a strategic necessity for achieving long-term success and competitiveness in the market.

1. INTRODUCTION

Management Accounting might be considered as a division of accounting giving monetary and budgetary data to managers and other inner users (Weygandt et al. 2010: 4). This shows that management accounting plays a vital role in every decision that is made in an organisation, as a result, this can influence the success or otherwise of the organisation concerned. Cost Accounting as defined in the terminology published by ICMALondon; is "the use of costing and cost accounting standards, strategies and methods to the science, art and practice with regards to cost control and the ascertainment of profitability''.

It is known that management and cost accounting are useful for internal planning and control. The relevance of this might have increased as a result of improvement on the decision-making process and performance of an organization (Drury 2008:19). Today, many organizations still do not use the tools of management and cost accounting to help them by providing data with which to make efficient decision. Because of the lack or inefficient use of the necessary management and cost accounting tools, some organizations, especially the growing ones, are

perceived to be unsuccessful. Given that most decision-makers in these organizations do not have the conventional skills of management and cost accounting, they rely heavily on alternative methods such as their gut feelings, rules of thumb, personal whims, and trial and error in decision-making, which are out of place in today's competitive business environment. As a result, most decisions made by these people tend to be random, chaotic and inefficient, as they are not conscious of a well-thought-out, orderly, consistent and structured approach to management and cost accounting tools.

This, in one way or another, can hinder the financial performance and success of the organizations due to incorrect decision, imprecisions of information, use of out-of-date cost drivers, and human errors that can arise (CIMA 2011). Without the use of these tools of management and cost accounting, it may be difficult for organization managers to improve their everyday operations, make decisions that will improve the financial performance of their businesses. In any case, present day management and cost accounting tools, for example, ABC/ABM, BSC, Benchmarking, Value Chain Analysis, CVP and Differential Analysis can provide sustainable information for decision-making, which in turn can increase the sustainability, profitability and performance of organizations.

In today's competitive environment, many organizations can fight for survival and sustainability. Also, it may not be sufficient to gauge efficiency without considering the organizational Sustainability. Schaltegger (2008:7) contends that Sustainability of organizations is identified with sustainability accounting and the estimation of profitability. Sustainability can assume a critical role in creating competitive advantage, through key choices and execution of the choices (Zilahy and Kovacs 2008). Along these lines, organizations can profit from data about sustainability and become Sustainable, which can create competitive advantage for the organization and have a certain impact on the performance of the organization.

Today, many organizations face a high level of insecurity because of vicissitudes in technology, deregulation of the market and increase in competition (Bishnu and David 2002). Botten and Sims (2005:441) contend that competitive advantage can be improved if managers can act and think like proprietors, since this will enable them to accomplish their objectives, take more risks and enhance the financial results of their organizations. The utilization of the management and

cost accounting tools can help in giving dependable data about risks and future projections, thereby increasing the efficacy of activities.

For this reason, this research is aimed at studying the significance of management and cost accounting tools to gaining competitive advantage plus how this affects the financial performanceof an organization. The research intends to answer the following research questions:

1. Do the management and cost accounting tools assist an organization to createcompetitive strategy and advantage?
2. What is the effect of sustaining competitive advantage on the financial performance of organizations?

Consequently, the hypotheses to be tested, in their null form, are stated below:

1. H_0: Application of management and cost accounting tools do not exert significant effects gaining competitive advantage.

2. H_0: There is no significant relationship between competitive advantage and financial performance.

2. LITERATURE REVIEW

Management Accounting

Management accounting is the provision of financial and non-financial information for decision-making to managers. According to the Institute of Management Accountants (IMA): "Managerial accounting is a profession involving partnership in making managerial decisions, developing planning and performance management systems and providing expertise in financial reporting and control to help management develop and implement organizational strategy".

The Institute of Cost Accountant of India (2012) considered management accounting as an accounting system that helps management improve its efficiency. According tothe Institute, "the main focus of management accounting is to define policy andformulate plans to achieve the desired objectives of management and helpsmanagement to plan and control the performance of the organization so as to follow the path of continuous improvement." Proctor (2012) in his own case claims thatmanagement accounting revolves around improving the future performance oforganizations and is primarily about providing information to organizational managersto assist

them in planning, evaluating and monitoring activities. According to him, management accounting has three roles;

- **Directing attention** to accounting information for the purpose of making plans and resolutions.
- **Keeping the score** in discerning the successes of resolutions.
- **Solving problems** that emerge as a result of resolutions not working as expected.

Garrison et al. (2010: 33) reason that management accounting has to dowith the provision of information to people who manage and oversee operations withinan organization. They also believe that management accounting put emphasis on decisions that affect the future, relevance and timeliness. Correia, et al (2008: 6) view management accounting as methods and processes that focus on the use of organizational resources, as well as activities and tasks that help managers create value for shareholders and customers. They believe that management accounting supports the creation and implementation of a strategy that increases the competitive advantagesof the organization and supports both strategic and operational decisions of managers. Thus, management accounting may prove valuable to the organization in providing sustainable, relevant and accurate information for making decisions about financial results.

Cost Accounting

Cost accounting is a method of accounting which is aimed at recording the company's costs of production by estimating the cost of production at each stage of production, as well as fixed costs. This is accounting for all costs incurred in the business in a way that can be used to improve its management. Cost accounting can also be seen as the process of recording, classifying, summarizing and allocating costs associated with aprocess, and then developing different course of actions to control the costs.

Cost Accounting primarily deals with collection and analysis of relevant cost data for interpretation and presentation for various management problems. Cost accounting accounts for the cost of products, service or an operation. As pointed out by the Institute of Cost Accountant of India (2012), cost accounting is ‘the establishment ofbudgets, standard costs and actual costs of operations, processes, activities or productsand the analysis of variances, profitability or the social use of funds’.

Financial Performance

Financial performance refers to the act of performing financial activity. More broadly, financial performance is related to the extent to which financial goals have been met. This is the process of measuring the results of an organization's policies and operations in monetary terms. It is used to measure the overall financial state of an organization over a certain period of time and can also be used to compare similar firms in the same industry or to compare industries or sectors in aggregations.

Raiborne and Kinney (2013: 12) view financial performance as a concern of shareholders and other stakeholders about the profitability and growth of an organization. Financial performance can also be expressed as a subjective measure of how well an organization uses its assets from its core business and how it generates its revenues. Taylor and Haneberg (2011: 20) believe that profit could be the focus of financial performance as well as market share, economic value added, and earnings before interest, tax, depreciation and amortization. Financial indicators can be considered as an integral part of the existence of the organization.

The Concept of Competitive Advantage

A Competitive advantage is an attribute that allows an organization to perform better than its competitors. Competitive advantage allows a company to achieve superior profits compared to its competitors and creates value for the company and its shareholders. This is a leverage that a business has over its competitors. Competitive advantage should be difficult, if not impossible, to duplicate. If it is easily copied or replicated, it does not count as a competitive advantage.

Abernethy and Brownell (1999) indicated that the theory of competitive advantage recommends that it is healthier for everybody if choices are made based on comparative advantage at all dimensions, nationally, in organizations, locally and individually. They elucidate this; taking note that it is about a request for the optimal use of resources and the globalization of manufacturing and services throughout the world, as if we were living in a boundless society. This is due to the fact that organizations can create and achieve success in different nations a long way from their unique base.

In addition, Chenhall (2005) argues that monetary assets will move to where they will be fully employed. He takes note of offshore services for countries and places that offer an economic

advantage are an irreversible pattern. Along these lines, organizations will be increasingly fruitful if they utilize the intensity of competition instead of standing in the way. Coulter (2010) describes three perspectives on comparative advantage, these include; the industrial-organization view, the resource-based view and the guerrilla view. These are discussed below:

The industrial-organisation view This viewpoint put spotlights on the basic qualities in an industry, the competitive environment of organizations plus its effect on competitive advantage. Gaining as well as maintaining comparative advantage implies dissecting outer powers and concentrating on making key choices and taking measures on the recognized perspectives (Coulter, 2010). Along these lines, the management and cost accounting functions ought to create methodologies that examine competitive environmental powers. Such an analysis will help developstrategies for creating a competitive advantage in an organization**.**

The resource based viewIn this view, it is proposed that when obtaining and maintaining a competitive advantage, the resources of the organization are more important than the industry structure. (Coulter, 2010). Nonetheless, Cullen and Parboteeah (2005) contend that not all assets can lead to creating competitive advantage. They recommend that in order for a competitive advantage to be remarkable, assets must include value, must be uncommon, must be hard to imitate and should be able to be used. In this way, organizations need to utilize the vital skills to mobilize assets that can prompt competitive advantage. Identifying the right resource mobilization strategies to increase competitiveness are features that can be delivered by management and costaccounting tools.

In addition, Walker (2009) proposes that for an organization seeking to accomplish competitive advantage, it must position its products offering more proficiently than contenders and protect its position in the market against competitors. Along these lines, an appropriate examination of the outer condition and the availability of necessary resources (assets and opportunities) can add to the competitive advantage of an organization.

The guerrilla-view of competitive advantage This suggests the competitive advantage of an organization is momentary, as long as the environment keeps on experiencing radical and frequently progressive changes. Coulter (2010) recommends that changes modify an organization's competitiveness, and it may be necessary to develop more effective competitive strategies.

Therefore, the organizations' management and cost accounting functions ought to be innovative in creating methodologies that save the competitive advantage of such organizations.

These three perspectives gave a unique view to understand and develop the best approaches to develop competitive advantage in an organization. Thus, when creating and maintaining a competitive advantage, it is important to consider the environment for possible threats, to have the necessary resources and to adapt to the changing forces of competition and the needs of customers.

Strategies for gaining competitive advantage In a competitive market in which global players are present, gaining sustainable competitive advantage is paramount. Porter (1985) suggested that any trading company has a choice of three general strategies for gaining sustainable competitiveadvantage. These strategies are considered below:

i. Cost Leadership:Cost leadership is achieved when the firm can produce its products with minimal cost compared to its competitors.
ii. Differentiation: This strategy involves the differentiation of a product or service offered by a firm. A firm can create differentiation by offering products or services that are unique and superior in quality compared to other products.
iii. Focus: This strategy involves obtaining competitive advantages by focusing on a narrow segment of the market that is poorly served by competitors.

The tools necessary to achieve competitive advantage The following tools and methods help an organization achieve a competitive advantage:

a) Strategic Cost Analysis: To gain a competitive advantage, M. Porter (1985)recommended using Value Chain Analysis. According to Porter, to achieve competitive advantage, firms must create value for their customers, where they cansucceed and present a moving target to their competitors by constantly improving theirposition. Three of the most important factors in this regard are innovation, quality andcost reduction. According to Porter, the goal of the value chain analysis is to find links between value-added activities, which leads to lower costs and / or increased differentiation.

Value chain analysis is a process in which a firm identifies its core and supporting activities that increase the value of the finalproduct, and then analyses these activities to reduce costs or increase differentiation (OvidijusJurevicius 2013). According to the author, the Value chain is an

internal activity that the firm participates in when converting inputs to outputs. Furthermore, the author explained that the analysis of the value chain is a strategic tool used to analyse the internal activities of a firm. Its purpose is to recognize which activities are the most valuable (that is, which are the source of value or differentiation benefits)for the firm, and which of them can be improved to provide a competitive advantage. In other words, analysing the internal activities, it shows where the competitive advantages or disadvantages of the firm are. A firm that competes with the advantagesof differentiation will try to perform its activities better than competitors. If the firm competes with the cost advantage, it will try to perform internal activities at a lower cost than competitors. When a company is able to produce goods at a lower price than a market price or provide superior products, it makes a profit.

The value chain includes five main activities and a number of supporting activities. Primary activities are defined in sequence as inboundlogistics, operations, outbound logistics, marketing, and sales and services. Secondary activitiesexist to support core activities and include firm infrastructure, human resourcesmanagement, technology, and procurement.

Strategic cost analysis also includes determining the value chain and the processes of competitors' cost drivers so as to understand relative competitiveness. Thus, this information can be used to identify opportunities to reduce costs, as recommended by M. Porter. Reducing costs will be possible by identifying activities that are beneficial to an organization and those that can be subcontracted. A constant cost reduction program will help an organization gain a competitive advantage. However, a companythat significantly reduced costs through JIT could not use it as a competitive advantage, since the increase in prices from suppliers could more than negate the advantage.

b) Cost Management:Cost management really focuses on reducing costs. It also includes continuous improvement and change, not just cost control. There are traditional methods of cost accounting, such as standard costing, budgets and budgetary control, which are used to control costs and reduce costs on an on-goingbasis, but cost management is used on a one-time basis and is used when anyopportunity to reduce costs is identified. However, a distinctive feature and hallmark of cost management is that cost reduction and control should not be realized at theexpense of customers' satisfaction. In fact, cost management will advocate spendingmore money on a specific

activity, if it increases the value of the customers. Thus, when a firm organizes an expensive training program for its employees, it expectsimproved performance after the completion of the training and, therefore, the high costof training is justified.

c) Life Cycle Costing:Product lifecycle costs for products and services are directly incurred from the design stage through development to product launch, production and sales and the final withdrawal of the product from the market.

d) Target Costing:Target costing is the concept of price-based costing instead of cost-based pricing. A target cost is the estimated long-run cost of a product or service whose sale enables a company to achieve a targeted profit. In the target costing approach, management estimates how much the market will be willing to pay for the new product even before the new product has been designed (Brewer et al., 2005). Target costing continually motivates the management to reduce or not to exceed target costs.

The Target Costing feature is actually to find the target cost, which a firm must be able to achieve. In this technique, the first stage is to determinethe target price that the product will achieve in the market. In the second stage, thetarget profit margin is determined. In the third and final stage, the target profit marginis deducted from the target selling price to reach the target cost. If the estimated actualcost exceeds the target cost, the firm should examine ways and means of reducing thecost. The main advantage of adopting the target cost estimate is that it is set out duringthe product design and planning phase so that it has maximum effect.

e) Kaizen Costing:This method is also widely used for cost management. Kaizen is a Japanese term for process improvement due to small additional amounts, not due to big innovations. Thus, while target costing is applied at the design stage, kaizen costing is applied at the production stage. The Kaizen costing provides impressiveresults when used correctly.

f) Activity Based Costing (ABC) and Activity Based Management (ABM): ABC is a costing method that measuresthe cost and effectiveness of activities, resources and cost objects such as products andservices to provide more accurate and valuable information for management decisions. It is a method of assigning costs to cost units based on thebenefits derived from indirect activities, for example, ordering, setting up and qualityassurance. ABC includes determining the main activities that occur in an organization, assigning costs to cost pools and cost centres for each

activity, identifying cost driversfor each major activity, and finally assigning activity costs to products.

Activity can be said to be a function or set of all interrelated transactions that are carried out so as to perform a task (Oker, 2003). For example, many processes and operations, such as setting up a machine before production, processing materials, preparing supply agreements with suppliers, preparing a detailed list of necessary parts, etc., are called "activity". In a narrower scope, we can define activity as a workthat is performed in any organization. ABC checks every activity of all departments ina company, whether activity reflects an increase in the cost of the product or not.

ABM is a system that uses information provided by ABC analysis that helps managers use the minimum organizational resources to meet their customers' needs. ABM is a management decision-making method that uses ABC information to increase customer satisfaction and profitability. The Institute for the Cost Accountant of India (2012) stated that ABM is closely related to ABC, but it differs from the same in its primary purpose. Based on ABC, the focus is on activities to measure the cost of products/services. It tries to calculatecosts as precisely as possible. On the other hand, ABM focuses on managing theactivity itself. ABC monitors activities related to the calculation ofcosts, while in the ABM; resources are tracked to activities forevaluation of the activities themselves. In other words, efforts are being made to further improve the activities Thus, although ABC provides information on costs, ABM involvesmaking decisions based on the information.

g) Business Process Re-engineering:Reorganization of a business process involves the study of business processes and making significant changes in the operation of the organization. This includes a redesign of how work is done through an activity. The goal is to improve key business processes in anorganization by simplifying, reducing costs, improving quality, and increasingcustomer satisfaction. Through the BPR, it is possible that existing processes andmethods can be abandoned, and completely new methods of executing businessprocesses are used.

h) Balanced Score Card (BSC):The latest contribution to strategic management accounting highlighted the role of management accounting in the development andsupport of an organization's overall competitive strategy. Thus, a new approach tostrategic management was developed in the early 1990s by Dr Robert Kaplan (Harvard Business School) and David Norton. They called this

system "balanced scorecard". Recognizing some of the shortcomings and uncertainties of previous managementapproaches, balanced scorecard approach provides a clear prescription as to whatcompanies should measure in order to balance out the financial perspective.

A balanced scorecard is a management system (and not just a measuring system) that allows organizations to explain their vision and strategy and put them to action. It provides feedback to both internal business processes and external results in order to continuously improve strategic performance and results.

BSC provides organizations with a strategy to promote relationships with customers and internal processes that improve the decision-making process (Marr 2014). It is auseful tool for guiding the organization in the right direction to improve financial performance. It is also a tool that helps the successfulimplementation of the organization's strategies (Figge et.al 2002: 269). CIMA (2008) states that the BSC is a tool that provides information to management to help them develop and achieve strategic policies and emphasizes the need to provide the user with a set of information that affects all relevant areas of activity in anobjective and impartial manner. Thus, the BSC can improve formulation of theorganization's strategy by providing more relevant information for decision-making.

The BSC assumes that an organization is viewed from four points of view, as well as develops indicators, collect data and analyse them for each of these points of view:

1. Learning & Growth Perspective
2. Internal Business Process Perspective
3. CustomerPerspective
4. Financial Perspective

3. METHODOLOGY

Research Design

The research design is a framework that determines the collection of information, data sources and collection procedures (Asika, 1991). This is a basic data collection and analysis plan that will be used by a researcher at any time in any study. Therefore, in this study, a survey research

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design was used. Survey methods of research are aimed at describing what exists. This method is used to obtain information about the current state of phenomena, to describe "what exists" in the population (Burns and Bush, 2006).

The survey method was chosen as the appropriate method for this study, since it is the most suitable method for collecting data on a substantial population because it is cost-effective and because it makes possible to cover a larger population, in contrast to a study that only few cases can be observed, and its results can be generalized if a representative sample is accepted (Leedy and Ormrod, 2009). In addition, questionnaires are used as the main tool for collecting data in a survey method (Burns and Bush, 2006). Another gain of this strategy is that it produces information dependent on observing the present reality, which makes the data empirical. Additionally, if the survey is done cautiously, the data and the conclusions will be scientific (Burns and Bush, 2006).

Consequently, the primary data for the study was collected by means of questionnaire. To analyse the samples, the tools of Statistical Package for Social Sciences (SPSS) were employed. The relationship between management and cost accounting tools and competitive advantage was analysed using linear regression. The aim of the linear regression was to study the extent to which gaining competitive advantage can be explained and predicted by the application of management and cost accounting tools and to examine the degree of relationship between the two variables. The regression Model form is as specified below:

$$CA = a + bMCAT + \mu_i$$

Where:

CA = Competitive Advantage

a = Constant

MCAT = Management and cost accounting tools

μ_i= Error term

Population and Sample The population is a group of elements in which a researcher wants to draw conclusions (Blumberg et al., 2005). It can also be defined as a group in which a researcher is fascinated to know somewhat about (Burns and Bush, 2006). As a population for this study, forty (40) large and medium-sized organizations, including manufacturing and services, operating within Ibadan, the capital city of Oyo State, Nigeria, were identified. The relevant personnel and

departments and units included in the study as population comprised of 602 personnel in total. Out of the forty (40) target organizations for the study, ten (10) organizations were selected to be sampled, using a simple random sampling method. A total 220 questionnaires were distributed to the sampled organizations and 205 responses were received out of which 5 responses were found to be unusable because they were not properly completed. Finally, 200 responses from the sampled organizations were tested and analysed to represent the population and obtain opinions on, and understand the attitude of the organizations towards the tools and principles of management and cost accounting.

Test of Hypothesis Hypothesis 1:

H_0: Application of management and cost accounting tools do not exert significant effects gaining competitive advantage.

H_1: Application of management and cost accounting tools exert significant effects gaining competitive advantage.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.541[a]	.293	.289	0,51005

a. Predictors: (Constant), MCAT

Table 2: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.334	1	21.334	82.007	.000[b]
	Residual	51.510	198	.260		
	Total	72.844	199			

a. Dependent Variable: CA
b. Predictors: (Constant), MCAT

Table 3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.349	.126		2.784	.006
	MCAT	.787	.087	.541	9.056	.000

a. Dependent Variable: CA

The result obtained in table 1 above shows the model summary results which are aimed at establishing the explanatory power of the independent variable (management and cost accounting tools) for explaining and predicting the dependent variable (competitive advantage). The result shows that there is a positive relationship between management and cost accounting tools and competitive advantage. R, the correlation coefficients, (i.e. the linear correlation between the observed and model predicted values of the dependent variable) showed a value of 0.541. R square, the coefficient of determination showed a value of 0.293. This indicates that the independent variable (i.e. management and cost accounting tools) accounted for 29.3% of the variation in the dependent variable (competitive advantage).

The ANOVA result in table 2 was used to assess the level of significance of the impact of management and cost accounting tools on competitive advantage. The P-value from the ANOVA is 0.000; this means that the contribution of management and cost accounting tools to the model is significant since the p- value (0.000) is less than the alpha value of 0.05. This indicates that there is a significant relationship between management and cost accounting tools and competitive advantage.

The coefficients results, shown in table 3, revealed that competitive advantage is explained by 0.349 constant factor and 0.787 of the management and cost accounting tools as shown in the regression model, which is used to check the level of effect that management and cost accounting tools has on competitive advantage. This is produced below:

$$CA = 0.349 + (0.787)\ MCAT.$$

This means that every unit change in the application of management and cost accounting tools will lead to 0.787 changes in competitive advantage.

Based on the foregoing, the null hypothesis which states that there is no significant relationship between management and cost accounting tools and competitive advantage, is hereby rejected and the alternative hypothesis accepted.

Hypothesis 2

H_0: There is no significant relationship between competitive advantage and financial performance.

H_1: There is significant relationship between competitive advantage and financial performance.

The correlation analysis was adopted to test this hypothesis with the following result:

Table 4: Correlations

		CA	FP
CA	Pearson Correlation	1	.612**
	Sig. (2-tailed)		.000
	N	200	200
FP	Pearson Correlation	.612**	1
	Sig. (2-tailed)	.000	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

From the table 4 above, it is shown that the correlation coefficients for the two variables are positive. This indicates that there is a positive relationship between the two variables, meaning that every unit increase in competitive advantage will also result in increase in financial performance. Furthermore, the relationship between the variables is significant because the result above showed significance of .000 between the variables which is less than the alpha value of 0.05. Consequently, the null hypothesis that there is no significant relationship between competitive advantage and financial performance is hereby rejected and the alternative hypothesis accepted.

4. CONCLUSION AND RECOMMENDATION

The research was based on the hypothesis that many organizations still do not fully utilize management and cost accounting tools, which are essential for making efficient decisions and creating a competitive advantage. It was assumed that management and cost accounting information is often considered optional rather than integral to driving organizational strategy and day-to-day operations. This assumption led the study to focus on examining the significance of these tools within an organization.

The research aimed to address the gap where organizations may overlook the potential benefits of management and cost accounting tools, treating them as supplementary rather than central to their operations. It investigated whether incorporating these tools could enhance decision-making processes, strategic planning, and overall operational efficiency. The study sought to demonstrate that management and cost accounting tools are not just additional resources but

essential components that can significantly impact an organization's ability to operate efficiently and remain competitive.

The findings from the study highlight that the importance of management and cost accounting tools in organizations is indeed undisputed. These tools provide managers with critical information that supports efficient decision-making and strategic planning. They enable managers to analyze cost behaviors, monitor financial performance, and assess the effectiveness of various strategies. This information is crucial for developing sustainable business practices and crafting competitive strategies that enhance organizational performance.

Furthermore, the study revealed that management and cost accounting tools play a pivotal role in informing both internal and external stakeholders about the organization's sustainability and financial health. By providing detailed insights into cost structures, budgeting, and performance metrics, these tools help organizations make informed decisions that contribute to long-term success and competitive advantage. Effective use of these tools allows organizations to optimize their resources, improve operational efficiency, and enhance financial outcomes.

In conclusion, the research affirms that management and cost accounting tools are vital for organizational success. They offer valuable insights that facilitate efficient decision-making, strategic planning, and operational excellence. Organizations that integrate these tools into their management practices can achieve a competitive edge, improve financial performance, and navigate the complexities of their business environment more effectively. The study underscores that far from being optional, management and cost accounting tools are essential for driving organizational strategy and ensuring sustainable success.

The study's recommendations are summarized below:

- Directors, shareholders and managers are advised to understand the function of management and cost accounting tools in their organizations and the benefits it can provide.
- Managers are encouraged to use management and cost accounting tools as an integral part of management.
- Those that are responsible for making decisions are strongly urged to use reports prepared by management and/or cost accountants to assist them in making appropriate and informed decisions that will benefit the organization.

- Organisations that are yet to have management and/or cost accountants or management and/or cost accounting divisions are advised and encouraged to create such departments.

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