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An abstract, swirling image with vibrant colors of green, blue, and orange, resembling a nebula or a microscopic view of a biological structure, serving as the background for the title.

Impact of Managerial Accounting on Human Resource Management

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Abstract

The main objective of this thesis is to identify the impact management accounting has on the human resources. Management accounting on all the business practices such as human resource, marketing and customer relation, cost management and production is a current trend in the business world today. With evaluation of the cost management; Management accounting plays a major role by inter relating to all the above-mentioned areas in an organization. Since it is a broad subject to explore, in this paper it has been discussed the impact of the management accounting to the human resource management (HR) and HR department. The data were gathered by conducting a questionnaire with open ended and close ended questionnaire form by delivering to the employees who work in human resource management, accounting and finance and administration departments on a global level. The main objective of the questionnaire form is to identify the budgeting process, employee recruitment process, rewarding process, sustainability activity and employee's opinion on the sustainability activities in the organization and overall view which employees have on their companies which they work in. Data gathered from participants who is working in Sri Lanka, Sweden, Pakistan and UAE. By collecting information from the questionnaire, research has been done by using both qualitative and quantitate analysis (Since we used both open and close ended question). Through the research we could identify that; there is a positive relationship between the human resource department and managerial accounting; managerial accounting act as mediator of information provider, decision maker, analysts and resource allocation planner.

●**Keyword:** *Management Accounting, Accounting, Human Resources, Management, role, behaviour.*

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1 Introduction

1.1 Background

Institute of management accountant (IMA) outlined a new definition to the broad scope considering the duties and responsibilities of the management accountant. In 2008 IMA defines the management accounting as; “Management accounting is profession that involves partnering in management decision making, devising planning and performance management systems, and providing expertise in financial reporting and control to assist management in formulation and implementation of organization’s strategy (IMA 2008)” Chris (1989) expresses the importance of the Human resource accounting (HRA) and the evaluation of personal management to the Human resource (HR). HRA plays an important role when considering the planning, organizing, managing, evaluation and performance measures of the HR. Further he argued that HR does not represent properly in the balance sheet though it concerns itself as an asset in early ages. Considering the factor above mentioned MA is mainly concerned about the resource allocation with an effective and efficient use and provides managers information regarding the effective internal investment. From the human resource aspect MA assists by transferring information to the HR department and the performance evaluation. The connection between the MA and HR department is important when effective and efficient use of HR. And further express that HRA is highly important to organize the HR in an effective manner and measure the productivity of HR. By considering the definition mentioned, Management accounting (MA) executes as an information centre which assists all the departments of the organization and we mainly consider how MA affects the human resource (HR) department and HR behaviour.

We are working and living in an increasingly ever changing and fast modern world, where we can get all information in seconds. “Information is the driving force of the modern organization and corporation. Without information, decisions can’t be made, employees and customers cannot be served and earning profits cannot be flourished” (Like Axson 2010). Accounting is a key source of information about business progress and performances through which managers assess and develop knowledgeable ideas about the corporation’s environment in different ways. Most importantly it revealed the details of overlooked operations and issues so managers are aware of it and allows managers to determine importance and potentials of operations. In the last two decades, many diversified approaches have been devised to best practice of managerial accounting and their impacts on human resources. In the past, it was focused on controlling the budgets and analysing financially oriented decisions. On the other hand, management accounting moves forward to new decisions to include strategic approaches that focus on measuring, identifying and managing major financial and operational factors for shareholder value based on costing value. These approaches integrate different strategies, deliver value to customer and employee, and improve production processes related to human resources. These different approaches are

- Human Organizations
- Human Resource Management
- Critical chain project management

- Just-in-time management
- Total Quality Management
- Project Focused Management etc.

1.1.1 Human Resource Management

Armstrong 1787 stated that the term personnel management has been replaced by Human resource management (HRM) in such a way that old wine in a new bottle but Guest (1787) explained it differs somehow from personnel management. Generally, its main purpose to achieve organizational goals and objectives effectively by maximizing employee's activities and performances. Thus, it has very great role in the development of economy in terms of business management. In administratively purpose, HRM includes making strategies for organizational improvement, providing rewards to the employees and provide discounts and benefits to the customers, provide promotions and also new recruitments to the organization (Birkin & Woodward, 1997; Fleming et al., 2022; Genari & Macke, 2022). Storey (1995) defined HRM in perspective of achieving goals and objectives by recruiting highly effective team of employee workforce by also using an array of personal, structural and cultural techniques. Therefore, Guest (1787) and Genari& Macke (2022) provides four dimensional skillsetsto HRM.

- The *commitment* of the employees to figure out the organizational goals and objectives.
- The *quality* of the staff and recruited person to the organization as they played role in producing quality product on standard basis, providing benefits to organization and customers.
- The *flexibility* of the recruited employee in performing managerial role, customer role and workforce for changing structure of organization for its improvement and progress.
- The *integrating* strategic policies made, arranged and posted in the organization for its acceptance and implementation.

1.1.2 Why Managerial Accounting in HRM

Human resource management not always referred to as managerial accounting. In foreign countries, it named them as human resource accounting (Hermanson, 1994) as it performs some concrete functions in the development of organizations. To help in analyzing the human resource information, organizing it and reporting it to the managers for further improvements in making decision. Thus, it improves the accuracy of the decisioning ability of the organization. Human resource accounting initiates and build employee's spirit and continuously mobilize it for HR development. It has further applications in selection, recruiting, organization development, allocation, training and also in finalizing their salaries and bonuses (Schaltegger & Burritt, 2010; Ukandu et al., 2014; Genari & Macke, 2022).

Organization

HRM mainly worked for an organization. Generally, their managers called it human resource manager. All executive staff like college, Institute Dean, Matron, supervisors and sales managers etc. engaged in human resource management. Their regularity, efficiency and effectiveness will be assessed how their organization well managed and organized. Therefore, clerical staff will be posted for these purposes. The Managers, Dean and

Supervisor of the organization involved in recruiting and selection of the employees based on their ability and also to settle their salaries, appraisals and residency within the organization. The selection of skilled workforce in the organization is very essential to use latest technology in the organization. HR planning provides requirement which types of the candidates required for short, medium and long journey in organization. Therefore, the HR manager primarily functioned in the organization as directing the workers, controlling them, provide formulative planning for organized action and course through which different organization developed and human resource management department progressed. Birkin & Woodward, 1997; Collier, 2015).

Critical Chain management

This critically important in finalizing organization projects efficiently to monitor essential resources and also limited to the prioritized tasks. This will improve the managerial accounting in completing organization project as efficiently as possible (Raz et al., 2003; Leach, 2014).

Just In Time management

This management approach is reliable in making decision to which type of goods from supplier received as according to the organization need. This reduces the business cost of the firms and increase their inventory turnover and also improve organization financially. It reduces time, save cost and minimize wasting of the products and saves organization from over production of the products (Pheng & Chuan, 2001; Nugroho et al., 2022).

Total Quality Management

This management approach is highly effective in long term success of the organization due to customer satisfaction on the products (Swiss, 1992; Ali& Johl, 2022).

Project Focused Management

This management approach is mainly focused on the organizing and planning of the project and also focused on outcomes of the initiated projects. This included time to manage the projects within the duration (Petro et al., 2019).

Without proper knowledge of cost and benefit analysis, no one can make decisions regarding human resources. Cost benefit analysis becomes a successful tool to assess business prospects, implementations and HR planning while examining profits and advantages in case of salary income value. It is difficult to give a reason for the investment of a human personal monetary fund, unless the Human Resource Department transfers its viewpoints from the process costs to advantages and returns financially. Impacts of cost including both the indirect and direct cost aspects such as payment to trainer, development of new business, office employee and their loss and office suppliers. Benefit impacts included improving generation of firm's revenue, improving quality and efficiency and increase in production.

So, HR management practice is vitally important and peremptory to bridge a gap between expected cost-benefit outcomes and a firm's human capital amount to accomplish and fulfil critical objectives. Due to this reason, the HR experts are organizing a new management accounting model to implement in their accounting dealings and business management to serve their customers, firms or employees well and fabricate a difference in the analysis of

the market with better future benefits. This motivated us in identifying the factors which are coherently demonstrated to be the best driving factor in the HR departmental arena. They lack acceptability but many organizations understand it conceptually.

The main purpose of this thesis is to identify the management accounting impact on human resources. The management accounting plays a major role in handling different businesses like marketing, customer relation, cost management and production. The accountant uses and saved both financial and non-financial information for decision making and finding impact on human resource management.

1.2 Research gap

Dworczak (2017) discusses the legitimacy theory in MA, Guadalupe (2014) emphasizes the organizational structure and division of labour in top management, Oppiet et al. (2019) discuss about the role of the management accountant in health care sector who provides the reliable financial and non-financial information to the clinical managers for and interaction between the management accountant and clinical management departments.

Nassereddine et al. (2019) discuss about the role of the management accounting as environmental accounting system where MA provide the financial and non-financial information to take the decision on sustainability and environmental management. They emphasize that MA tools such as Balance Score card (BSC) paly major role providing both financial and non-financial information for environmental management decision making and allocating budget, decisions on production cost to minimise the environmental effects as well as align to the government rules, regulations and policies. Curry (2018) discuss about the interconnection between the MA and Operational Management (OM) which emphasizes total quality management (TQM). Just in time (JIT) have been introduced by the OM to MA. She further discusses regarding the lack of the researches on MA on OM and other MA theories. Throughout the other researches on relationship between management accounting and other theories as well as Curry (2018) who emphasizes the importance of relationship of the management accounting and other management sectors and lack of the existing researches on relationship between MA and others, we could identify that there is limited research that has been issued relating to the role of the management accountant on human resource management. With the evaluation of management accounting; management accountant's duties and responsibilities also have been re designed. So, we think that, within that broad scope of duties and responsibilities, a management accountant has considerable duties and responsibilities relating to the factors of HR behaviour, employee motivation, satisfaction and maximizing productivity and minimizing the unnecessary cost of HR.

2 Problem definition (Research Problem)

In the modern era, we are visualizing a lot of progress in the field of accounting and management, thus the accounting has become an essential tool for handling different business activities. The first problem faced during identifying managerial accounting has impact on human resources is how to measure and fulfil corporations and organizations financial and non-financial benefits through accounting and information, the cost management in human resources organizing and in other departments. Without information, how organization

works, get benefits and problem of sharing organization's information among the branches and units.

The accountant saved both types of information like financial and non-financial through which companies' customer assess profits and benefits of the organization. The factors such as vast diversity in old culture, economic and some governmental infrastructure that created barriers in business and cost management. The economic instability, cybercrime, lack of internet, accountant interest and sense of usage the information were the major problem faced during managerial accounting impact on HR.

In the twentieth and twenty first century management accountant or controller is not an employee who is working in specializing in finance or accounting. The duties of the management accountant and the scope of the managerial accountant have been widening to the broader scope to an information specialist, active participating for decision making, management and strategy creation (Zarzycka, 2017, p.3). Duties of management accounting has been not limited to the cost management, and considering the mentioned factor by Zarzycka; the evaluation of the management accounting has been affected to the HR management also. The ambition of the research is to identify the how and what kind of duties of management accounting impact to the HR management. Under our research question, further evaluate about; does management accounting provide the information for HR department for HR management, does management accountant involve for the decision making and strategy creation of HR management and does management accountant's decision making, duties and information affect to the motivation of employees. At the end of our research, we answer to those questions with our findings and previous literature reviews.

2.1 Purpose and aim of the Study

As a provider of information management accounting is being increasingly important to the global economy ((Zarzycka, 2017, p.3). The role of the management accountant has been expanded to the "business counter model where, provide assistant and guidance for planning and decision making from the "bean counter" model which early ages of the organization system use that management accounting for business analysis (Pashc, 2019, p.3). From theoretical perspective; management accounting is a mediator for information distribution and provide guidance for the other departments including HR department. From our pervious courses, we could identify that; role of management accountant consists with participants for the HR management and strategic creation of HR such as; performance evaluation, conducting training and development, employee recruitment and etc.

Our purpose of study is to identify the above-mentioned criteria from the practical perspective by examining the organizations and identify duties and responsibilities of the role of the management accountant within an organization relating to the HR management.

2.2 Research problems

How does management accounting affect human resource management?

Throughout the research question we suppose to discuss and cover criteria of the management accounting to the human resource management such as;

- Feasibility of sharing information and how it is implemented to the organizational culture

- Direct relationship of the management accounting to the human resource management and relationship of the planning measurement of performances and rewarding employees and the management accounting.

2.3 Objectives

The main purpose of the study is to identify the managerial accounting has impact on human resource management.

- To identify managerial accounting impacts on human resources management.
- To identify limitations and barriers in success of managerial accounting. To identify changing in organization and companies benefits.
- To identify managerial accounting role in decision making and company's and organization benefits.
- To identify its role in rewarding the customer and targeting performance, measurement and planning.
- To identify nature and perspectives of the human resource management.

2.4 Delimitation

This research is done with a questionnaire with limited number of responses including open ended and close ended question sending to the employees who working in different business sectors and one main limitation is; with the limited time period which we had, we are unable to interview management accountants to get information regarding their job description. Therefore; thesis has been done considering the employees' perspective who send their opinion MA and management accountant's role as they think. On the other hand; during conducting questionnaire, participants who work in the HR departments have not exact idea about the tools which are used by MA.

2.5 Target group

The thesis is targeted to the students and future researchers who wish to study in the areas of management accounting and human resource management and motivational factors on employees and their behaviour. We hope to provide the descriptive information regarding the impact management accounting on human resource management on the practical point of view.

3 Literature Review

3.1 Utilization of MA data

Pelz, 2019, investigates the relationship between organizational strategic goals and the application of managerial accounting among other management practices. It offers an

understanding of how management decisions are influenced by managerial accounting practices, which in turn affect HRM tactics (Pelz, 2019). The broad goals and objectives that an organization adopts to direct its operations and decision-making are referred to as strategic priorities. The mission, vision, and long-term objectives of the organization are typically in line with these priorities. They offer a framework for wise resource allocation and decision-making. The numerous approaches, procedures, and procedures that managers use to accomplish organizational goals are referred to as management techniques. These methods may include risk management, process improvement procedures, performance measurement, and more (Pelz, 2019). The specific strategic issues and priorities that an organization is dealing with frequently influence the choice of management strategies. The process of gathering, evaluating, and presenting financial data for management's use in making decisions entails management accounting. To support strategy planning, budgeting, performance evaluation, and resource allocation, it focuses on giving internal stakeholders pertinent financial insights (Oyewo, 2021).

3.2 Integration of MA and HRM

Oyewo, 2021, covers an organizational control framework that combines financial and non-financial controls. It draws attention to how managerial accounting and other control systems affect, how employees behave and perform in HRM (Oyewo, 2021). An "integrative framework of organizational control" symbolizes an advanced model that is consisted with number of gears of organizational control practices and processes, with a particular emphasis on how these features relate to accounting functions. A more thorough comprehension of how control mechanisms and accounting practices interact to affect an organization's performance, behaviour, and strategy alignment would result from the creation of an integrated framework of organizational control within the field of accounting and organizations (Oyewo, 2021).

3.3 Relationship between MA and HRM

Islam, Kamruzzaman & Redwanuzzaman, 2013, identifies pertinent issues and explores how managerial accounting research has changed over time. This can offer information about the focus and range of research on the relationship between managerial accounting and HRM. To support managerial decision-making, performance assessment, and internal reporting, research in managerial accounting primarily focuses on researching various elements of accounting within organizations. This field aims to create methods, strategies, and understandings that support managers in making decisions that improve the effectiveness and efficiency of their organizations (Islam, Kamruzzaman & Redwanuzzaman, 2013). This study contributes to better decisions and enhances organizational performance by bridging the gap between financial information and managerial decision-making.

3.4 Future HRM

The integration of financial information and managerial accounting techniques into HRM decision-making processes is one of the difficulties and opportunities discussed by Kouhy et al., 2009 from a larger viewpoint. The future of human resource management (HRM) is impacted by several opportunities and difficulties brought on by shifts in technology, demographics, work habits, and corporate environments. Workplaces are changing as a result

of automation, artificial intelligence, and robotics. While new technologies increase productivity, they also spark worries about job loss and the need to upgrade the workforce's skills (Kouhy et al., 2009). Organizations struggle to acquire and keep skilled people in a variety of industries as global marketplaces grow and specialized skills become more important. Managing varying expectations, communication preferences, and work preferences among a workforce made up of Baby Boomers, Gen X, Millennials, and Gen Z offers issues (Siahaya & Sandanafu, 2022). HRM must modify its rules, communication plans, and performance assessment techniques to meet the growth of remote work and flexible work schedules. To build flexible, varied, technologically advanced, and people-centred workplaces, HRM must strike a balance between these opportunities and obstacles. In defining organizational cultures, fostering talent, and promoting overall corporate performance, HR experts will be instrumental (Siahaya & Sandanafu, 2022).

3.5 Consideration of performance measurement elements

In the study by Alvarez et al, 2021, a stakeholder-based approach to performance measurement is introduced. It is emphasized how important it is to take into account all stakeholders, including workers while using management accounting procedures and making decisions (Alvarez et al, 2021). When creating, implementing, and assessing performance measurement systems inside of an organization, a stakeholder approach to strategic performance measurement takes into account the interests and expectations of diverse stakeholders. This strategy acknowledges that organizations are responsible to a wider range of stakeholders than just shareholders, such as employees, consumers, suppliers, communities, and regulators. Performance measuring systems should therefore take into account the various priorities and viewpoints of different stakeholders.

3.6 MA, HRM and accountability

According to Hiromoto, 2019, An in-depth discussion of control and accountability in management accounting is provided in this review article. It can shed light on how managerial accounting and other control systems affect HRM procedures and worker behaviour. Accountability is the requirement that people or other entities accept responsibility for their deeds, choices, and results (Hiromoto, 2019). It entails taking responsibility for one's actions and holding stakeholders accountable. Accountability encourages openness, honesty, and trust in interpersonal interactions, whether in a social, professional, or professional situation (Hiromoto, 2019). Ensuring that people are prepared to defend and explain their conduct and that they are accountable for the duties and decisions they make. Accountability and control frequently go hand in hand. Effective control mechanisms support accountability by offering a framework for assessing performance and results (Alvarez et al, 2021).

3.7 Effective use of MA data to HRM to achieve organizational goals

The HRM department's strategic alignment has a big impact on how an organization handles its accounting (Ho & Kuvaas, 2020). This process involves coordinating HR initiatives with overarching strategic goals, which have a significant impact on data-driven decision-making, cost control, performance measurement, compensation strategies, and allocation of financial resources. Resources can be effectively directed towards HR activities that boost the

organization's competitiveness by aligning HR with the strategic goals, allowing for optimal budgeting and resource allocation (Ho & Kuvaas, 2020). By focusing HR efforts on the precise capabilities required for the strategic goal, this alignment encourages prudent cost management while cutting back on wasteful spending. As a result of aligned HR departments developing pertinent KPIs that reflect HR's contribution to more general organizational goals, performance assessment, and metrics become increasingly important (Ho & Kuvaas, 2020). An accurate accounting of these indicators provides information on the effectiveness of HR methods and provides evidence to support the investment in HR efforts.

3.8 MA as a shield to HRM

The structure of compensation and awards is also influenced by strategic alignment. With the alignment, HR must make sure that compensation plans bring in, keep, and inspire workers who can advance the organization's strategic objectives (Siahaya & Sandanafu, 2022). This requires careful tracking of several compensation elements, including base pay, performance bonuses, stock options, and perks, all the while ensuring the organization's financial security. The function of strategic alignment in risk management and compliance is equally important. Potential financial liabilities resulting from employee interactions, diversity and inclusion programs, and legal and regulatory compliance must be taken into account by HR and financial accounting. Strong accounting procedures help to estimate and provision for future lawsuits, fines, or settlement eventualities, reducing financial risks that may result from these areas (Islam, Kamruzzaman & Redwanuzzaman, 2013).

3.9 HR cost management

It is impossible to overstate the importance of strategy alignment for attracting and developing talent. This alignment directs HR to pinpoint the particular competencies and skills needed to carry out the organization's strategic roadmap. As a result, this strategic focus has an impact on the hiring procedure, training and development initiatives, and career paths for employees. Organizations can obtain insight into the real effects of hiring costs, training costs, and employee turnover rates by integrating HR indicators into financial accounting (Greer, 2021). This allows for a thorough assessment of the financial effects of these HR activities. To maximize financial results, HR departments are given the authority to hone their strategy for people management and development (Hiromoto, 2019).

3.10 Effective use of HR capital

Data-driven decision-making and strategic alignment must work together. Data becomes a crucial decision-making factor when HR activities are coordinated. Organizations can evaluate the return on investment (ROI) for various HR initiatives by analysing both financial and HR metrics (Warren, Moffitt & Byrnes, 2015). This strategy makes it possible to allocate resources intelligently, guaranteeing that HR efforts are in line with the most effective programs working towards organizational objectives. By strategically utilizing human capital, this data-driven strategy not only maximizes the return on HR investments but also improves the organization's overall financial performance (Siahaya & Sandanafu, 2022).

3.11 Integration of HR data for financial decision making

Organizations might undergo radical change as a result of the complex interplay between strategy alignment and accounting in HRM. Weygandt, Kimmel & Aly (2020), argued that organizations can maximize the potential of their human capital to spur financial success by coordinating HR activities with broad strategic goals. This alignment has an impact on data-driven decision-making, risk management, compensation schemes, resource allocation, cost management, performance measurement, and talent acquisition and development (Weygandt, Kimmel & Aly, 2020). As a result, the HR function is improved and helps the company to achieve its strategic goals while also using budgetary restraint to maintain and develop. The integration of HR with financial objectives emerges as a potent method for gaining lasting competitive advantage in an era where organizations must make every resource count (Weygandt, Kimmel & Aly, 2020).

3.12 Direction which provides by MA to HRM

According to Haldorai, Kim & Garcia, 2022, Within Human Resource Management (HRM), budgeting and resource allocation have a significant impact on the accounting environment, influencing financial practices and results in a variety of ways. Effective budgeting, which bases financial planning on strategic goals, essentially grounds HR functions in the larger organizational strategy (Haldorai, Kim & Garcia, 2022). The budgeting process benefits from this alignment because it directs the distribution of financial resources to HR initiatives that directly advance overarching business goals. The capacity to translate the organization's strategic goal into financial projections that support the HR budget is a requirement for such alignment (Haldorai, Kim & Garcia, 2022).

3.13 Resource allocation

In a more specific setting, resource allocation acts as the vehicle for carrying out financial strategies. An in-depth analysis of HR goals, previous expenditure trends, and anticipated needs serves as the basis for the effective allocation of financial resources. In essence, resource allocation turns into a method for HR to put the budget's strategic aim into practice. For HR to monitor actual expenditures against projected amounts and swiftly correct inconsistencies, guaranteeing optimal resource utilization, this procedure necessitates a continuous loop of financial data flowing into accounting systems.

The role of cost control and efficiency in budgeting and resource allocation is crucial to this dynamic. Budgets set financial parameters for HR activities and place pressure on the department to meet its goals within those boundaries (Hiromoto, 2019). In conjunction with effective budget management, good accounting practices enable HR to examine spending trends, spot areas of cost overruns, and implement corrective actions to bring them into line with the budgetary objectives (Greer, 2021). This careful monitoring not only promotes financial accountability but also forces HR to make the best use of resources, increasing the effectiveness of HR operations as a whole (Greer, 2021).

3.14 HRM and financial management

According to Kouhy et al., 2009, Performance evaluation and return on investment (ROI) analysis are two areas where budgeting and accounting interact. Every HR effort sponsored by the budget is expected to produce quantifiable results that support the strategic objective. Strong accounting procedures offer the framework required to record the financial inputs and results of each HR endeavour (Kouhy et al., 2009). Organizations can evaluate the efficacy of various HR interventions and calculate the return on investment by comparing costs and outcomes. It promotes evidence-based decision-making and allows for the recalibrating of strategies based on empirical findings to be able to objectively quantify the impact of HR initiatives (Kouhy et al., 2009).

4 Introduction to Theoretical Framework

Study on managerial accounting and their impact on Human Resources has proliferated in a recent year. This has led to numerous research settings, perspectives and methods. Burns et al., 2001 suggested three viewpoints of change where the author will focus on the management of the change, whereas what processes, origin, scope and what factors create managerial accounting change and how organizations manage these processes. This thesis adopts the managerial accounting as information system, service function during business challenges, their benefits, other different challenges faced by the organization, their impacts on human resources and on decision making.

4.1 Management Accounting as a System Information

Collier (2003) stated that accounting is an information collection system, converts input data into output data while using these processes and systems to interpret economic business transactions. Thus, record and report these transactions to the organization. Generally, this is the process of interpretation, evaluating, communicating and recognizing information for judgment and allowing users to make decisions by information provided. The four sequential stages of accounting mentioned following as;

Identification: It relates with accounting information about the identification of the financial issue the organization faced or will faced in future regarding business transaction. To prepare organization for that scenario, accounting information includes identification of the issue. It prepared the organization for decisioning (Suwandi et al., 2022; Turner et al., 2022).

Recording: the success of firm depends on the talent of recruited workforce in organization. It helps the organization in tracking its business in all sectors (Suwandi et al., 2022; Turner et al., 2022).

Analysis: the analysis of the collected information about the business of the organization helps managerial accounting and HR accounting in making right decision for the betterment of the organization. To utilize, interpret and analyse the collected information just to

summarize, evaluate and clean recorded issue of the firm (Suwandi et al., 2022; Turner et al., 2022).

Reporting: this stage of accounting information provides financial status of the company and helps in decision making for further business transaction and movements in the markets (Suwandi et al., 2022; Turner et al., 2022).

The first two concerned with the preparation while the last two concerned with the utilization of the collected information. (Collier, 2003; Atril et al., 2014). The accounting information system is actually a business record kept to maintain its system of accounting information. This includes purchase, sales and other objectives of the business. This provides data to decision makers with information. This information may be used by internal and external users.



Figure 3: Accounting as an information system

External Users

Are those parties outside the organization but interested in accounting information? Investor used these for buying, selling, and making decisions about profit sharing, bonds and shares. Therefore, organizational and company tax liabilities can be assessed through accounting information. Thus, taxing authorities required this information. Customers also need this accounting information through which they can determine which products and goods from which organization, market and company to buy.

Internal Users

Internal users are those inside the organization or company, interested in use of accounting information. These parties used accounting information to run their businesses. So, the employees used this information to understand and determine profit sharing and profitability of the company and organization. Basically, it has two types as;

Types of accounting

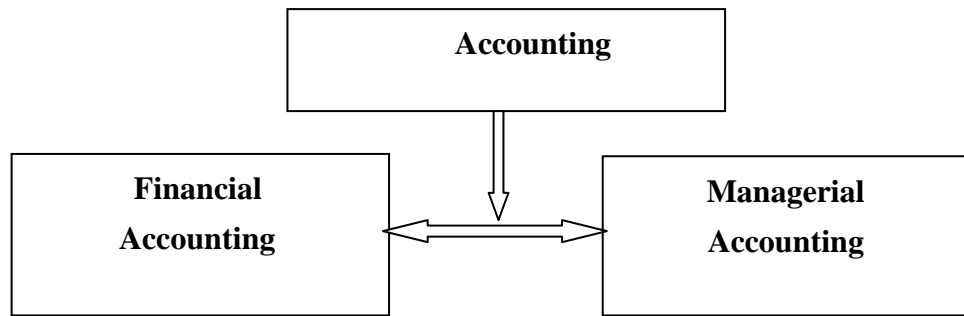


Figure 4: Types of accounting

Financial Accounting

They provide information to fulfil the requirements of external users. Information may be done and provided in the form of financial statements.

Managerial Accounting

They provide information that is necessary and helpful in running the business of organization by internal users. Through this information the internal user's can assess the profits and shares of the organization.

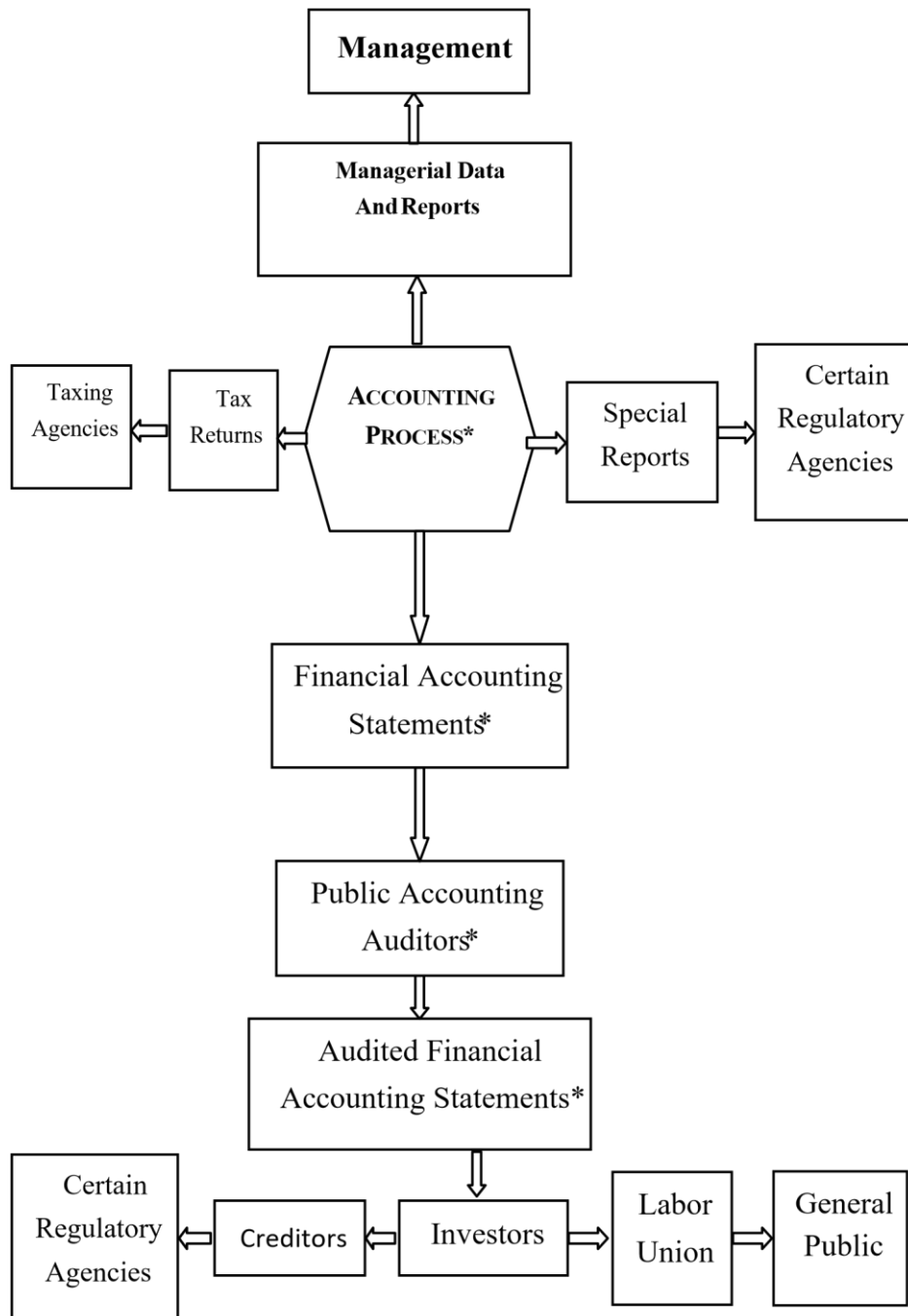


Figure 5: Flow of Information

4.2 Management Accounting as Changing in organization

Innes and Mitchell, 1990 after studying seven firms of Scottish, proposed a threefold change model which leads to management accounting change in organization. These are; Catalyst, facilitators and motivators.

Motivators

This provides complete rationale for management accounting change. It has a long-term duration perspective; completion of management change projects can be extended temporarily with existing conditions through motivators. This is in order to compete more efficiently.

Catalyst

On the other side, this model factor closely relates to actual management change. It is less general in nature but requires fast response from the company. loss of share, bond and other business in the market due to increased competition in the market, one such catalyst was identified by the researchers.

Facilitators

The enablers of management accounting change are termed as facilitators. While insufficient, but provides conditions and requirements that are required and support the demand for change.

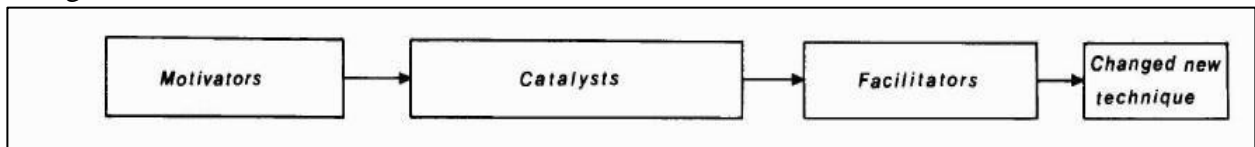


Figure 6: Innes and Mitchell's accounting change model (1990)

4.3 Organization's Legitimacy in Management Accounting

The legitimacy of an organization's relative concept means that the organization's activity is suitable, desirable and appropriate under certain conditions of values, beliefs and measurement generated by the culture, community and organization. Thus, legitimacy is actually a society's interaction, behavior and manner toward the company and its performance, where legitimacy is consulted either to satisfy performance or to perform its activities for satisfactory results as well as all other parties impacted by its operations and activities. In theory of legitimacy, a company continuously comes in front to consider not only the rights of investors and customers but also the rights of the public. Societies consequences and issues may arise when the results, operations and performed activities of the organization does not meet the social expectations. (Deegan et al., 2011; Kieso et al., 2011; John et al., 1995).

The instability of the financial markets and financial crises pressurized the organization to justify their existence, evaluate their values through legitimate process. Suchman (1995) defined legitimacy as a generalized assumption or perception where actions of the organization and firm are appropriate, suitable or proper within socially constructed systems

of belief, firms, norms and values. Generally, it is socially constructing values of the organization to fulfill their social contracts that enables their aims and objectives recognition in a turbulent environment. It is said, when organization activities not follow the rules, regulations and moral values of the society, it highly sanctioned by the society which may even lead to failure of the organization. Therefore, legitimacy theory sometimes viewed as managerial motivation. The organization in order to legitimate their legitimacy, disclose all the social contracts and environmental information. Thus, previous literature explained that legitimacy is un-dimensional asset of the organization (Meutia et al., 2022). It helps the organization system to explore, popularized and survive in the turbulent environment. Thus, legitimacy in any managerial human resource department of the firm and also in any organization is utmost important component for their strategic work in implementing policies, organizational behaviors and communicating its social responsibilities and results in the environment under moral values. It also helps in the development of sustainable management accounting in the environment (Deegan, 2006; O'Dwyer et al., 2011; Meutia et al., 2022).

4.4 Management Accounting impacts, scope and applications

Across the world, managerial accounting is becoming the fastest process of decision making in any organizational company. It values the organization and helps to generate profits of the company and solve economic, social and society issues. In management accounting, operations and activities are done for making strategic decisions while in financial accounting, operations and activities are done to assure investors about the business sustainability. Once the management accounting process is used entirely, managerial accounting is adopted as a culture within the company.

Sean (2017) used termed managerial accounting as the operation through which eligible and competent accountants furnish both non-financial and financial types of information to managers within the organization cover different organizational units so that helps in making their decisions better and acceptable by the organization, culture and community. Managerial accounting makes decisions that are beneficial, guided and profitable to the organization and sustainable within the culture and community. (Macintosh & Quattrone, 2010). Sean (2017) explained that the management accountant makes a framework for not only detecting the risks of loss of the organization but makes a strategic plan on how to make standard decisions which manage the loss detecting risks.

Their activities are not restricted to some specific organizational units but to whole departments or units within the culture, company and organization. (Stein, 2017) These include human resources, marketing, finance and sales. The specific functions of these units within the organization includes; targeted investment, setting of prices and values, IT system determination, determining auditing system, valuation and compensation of the company and human resources within the organization. (Ward, 1992; Ward, 2012; Macintosh and Quattrone, 2010; Stein, 2017) Thus, an organization has power to hire a management accountant or not but, in most cases, they hire an impressive and experienced management accountant. (Stein, 2017).

4.5 Management Accounting Implemented into organizational culture

Managerial accounting is implemented into the organization with full perspective rules, as its roles are substantial and inevitable while its utilization is even more critical and helpful in making the organization successful or contributing the organization towards failure. Alvesson (2012) referred to cultural organizations as beliefs and values within company and organization interaction between staff and customers to its aspects of accountability and integrity. Management accounting is critical in accountability and integrity within the culture, company and organization. (Alvesson, 2012; Sean Stein, 2017; WARD, 2012).

To maintain and sustain the Managerial accounting, the accountants have to deal with strategic and planned conferences, consultation and gathering through which they can assess and ensure the structure of the organizations and policies to implement the managerial accountant into the organization. They benefit the organization within the culture. Policies either set to internally or externally to maintain the confidentiality of the accountant in management accounting while conducting these policies to regulate the organization. The change in management accounting does not have a cost effect on the cultural organizations. Thus, the role of accountant can affect the operation and activities of independent departments or units within the company so that these units or departments concern themselves with managerial accountants for making decisions. (Ossimitiz et al., 2016; Stein, 2017).

4.6 Managerial Accounting is a Decision-Making Approach

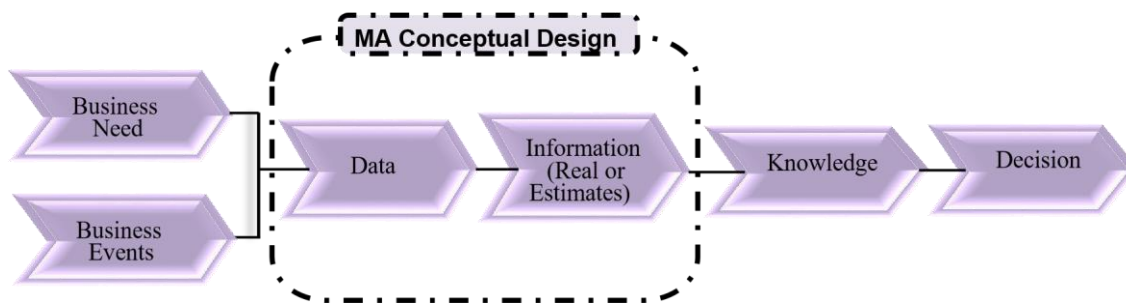


Figure 7: MA conceptual design

Everyday life, decision-making is a crucial part of organization survival and success. Thus, we all make decisions in our personal life for proper working. In addition, we all consciously and unconsciously make decisions at working organizations and companies. (Burstein et al., 2008; Zager et al., 2006) As a profession, accounting is evolved to make decisions to help people and organizations. It has three traditional roles mentioned as

- Attention directing
- Problem solving and
- Scorekeeping (Collier, 2003; Socea, 2012)

From four sequential stages of management accounting, the last two elements such as 'Analysis and Reporting of financial information' stages helped and involved in decision making. (Atril et al., 2014; Collier, 2003)

According to policies concerning management accounting is a decision-making approach through which a managerial accountant determines the success of the plans of the company and organization and also determines the loss of the project. They determine the health and safety of the customers working there. This increased organization value and thus accountants make decisions on performances based and evaluation cost. It is holistic and internal. Its benefits are mentioned as; satisfactory organizational results increased, organization performance enhanced and better profits. This encourages its use in cultural organization and encourages decision making ability of all the units and sections established on the provided description of the management accounting and receive award and honour by its consistent use in organization. (Nnenna, 2012; Socea, 2012)

Decision making ensures the organization's success and its survival. But for this purpose, the information must encounter the following standard made by Emery (1969) as;

- Help sensitivity and change the results of a decision
- Affect the respective decision
- Help reduce the future uncertainty

Greenberg & Baron (2008) mentioned that to make decisions from gathered managerial and financial information is one of the most dominant and critical functions of the company and corporation. This is because through decision making, the organization moves forward with better performances.

4.7 Human Resource Management

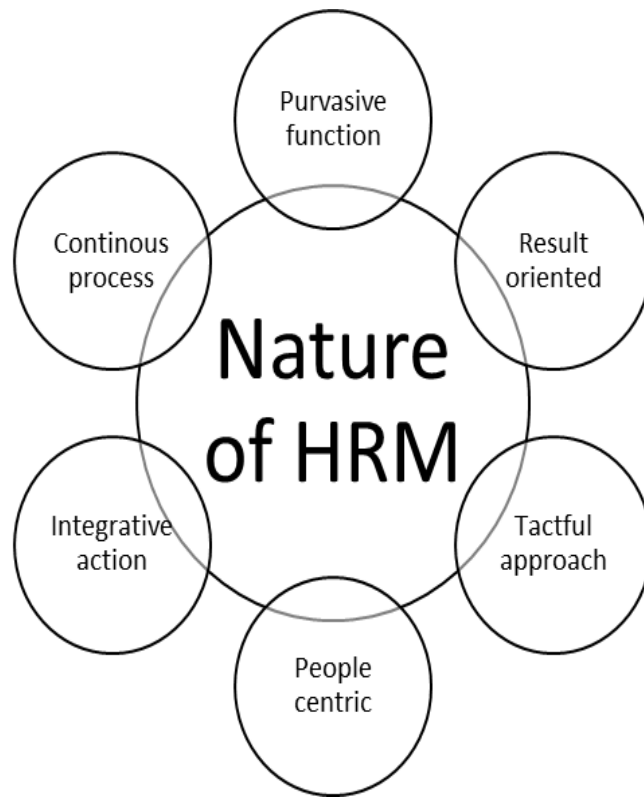


Figure 8: Nature of HRM

The management accountant role widened broadly and they perform a key crucial role in strategic human resource management in the areas of measure and reporting performances, providing information, strategic decision making and planning. In fact, human resource is performing some of the important functions of managerial accounting to provide outcomes and strategies to human resources in terms of employee's absence and presence rate, accidents of the employees, their health safety and treatment, productivity and employees turnover and attaching financial status to get benefits. In addition, the accountants have a close relationship with HR management. This ensures that the fundamental guidance is required for the success of strategies, policies and procedures made by the HR department. (Wright et al., 1992; Guest, 1989; Houselid, 1995; Ichniowski et al., 1995)

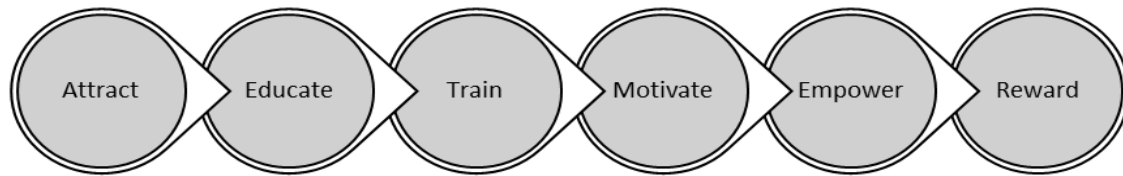


Figure 9: Human Resource Management

This generates hypotheses of human resource management about their roles in areas of providing managerial and financial information to organization and in decision making.

The management accountant has an integrating key role in human resource strategies in areas of providing information, reporting, analysis and measuring of the performance, planning and development and decision making.

This also generates hypotheses as managerial accounting as information system, service function during business challenges, their benefits, other different challenges faced by the organization, their impacts on human resources and on decision making.

In the future, the managerial accountant will have many business partner roles and function in relation to HR management.

5 Methodology

5.1 Pre-Understanding

A researcher plays both roles as researcher and actor by enriching with theoretical and practical involvement in the industry. Theoretical knowledge and practical knowledge interconnected with each other. Theoretical knowledge comes first and practical experience second (Petit and Huault, 2008. p.4). Epistemology principle and the practical experience of the field of study or the knowledge of the organization which researchers work on is an essential element for a researcher to identify the problematization, use the methodology and come up with suggestion (Petit and Huault, 2008).

With the theoretical knowledge gained through the studies especially in the areas of management accounting, Human resource management, management and administration, authors have knowledge about the management control system and strategies where an organization needs to be executed. Especially with the management accounting course which the authors studied in the previous semester give a vast theoretical information about an organization's strategic framework, cost management and the behaviour of the human

resource and how it affects an organization's future retention. In addition to that Upekshika has been working for more than four years in the external and internal auditing departments and the finance departments so she has practical knowledge regarding the behaviour of the human resource on newly and existing accounting policies related to the HR. Observations which are gained by working assists to identify the issues and gaps where MA and HR have been struggling on. Umar also have educational background on accounting, HR management and management through the courses which were done previous semesters and bachelors.

5.2 Research Philosophy

Bryne (2016) discussed the methodology which is a philosophical element where the gathered data is structured and examined with the methods (methods is different from the term “methodology”) used to gather data such as questionnaires, interviews or case studies. Methodology is related with ontology and epistemology and all the elements are combined in research under research philosophy term.

5.2.1 Ontology and epistemology

Accounting function and the action of the human resource are components of the economy where accounting provides information to mitigate the information asymmetry. Principal and the agent are the ontology of an organization where agency theory expresses that accounting provides the information to mitigate the agency problems (Vosselman, 2014, p.3). Accounting is a mediator which provides information to the behavioural pattern of the human being and the actual behaviour. Provided Information by the accounting system directly affects the homo economics and the decisions regarding the creations and operation of an entity depends on the information which is provided through the accounting reports. Accounting behaves as a mediator to decide the performance evaluation, identifying failures and faults, rewarding and the demotion. Behavioural patterns of the homo economic can be changed with the information which are provided by the accounting (Vosselman, 2014, p.7-19). Considering the factors mentioned above by Vosselman, we think that the reality of HR management depends on the information which are provided from the accounting department and decisions which are taken by management accountants; are directly attributed to the HR behaviour.

Epistemology is what we assume as reality where we believe with the knowledge and it is opposite of the ontology (Vosselman 2014 and Collis et al. 2021). Considering this factor, we use the interpretivism perspective by assuming the participants provided their honest opinion about the management accounting control system about their companies. Therefore, the epistemology has been used since we depend on the assumption of believing on participants' honesty.

5.2.2 Inductive research

Fikfaket et al., (2004) discusses that qualitative research tends to have inductive research where induction information analysis has been done by the inductive researchers. Qualitative research discusses the research question gathering evidence from the more informative way

like interviews with epistemological perspective where quantitative research builds on hypothesis and calculates the data to identify the accuracy of the hypothesis. We planned to conduct the qualitative research analysis and the data has been collected with the ambition of gathering evidence to provide employee's opinion on their organization's management control system and identify the behavioural pattern of their relating to the managerial accounting policies and procedures.

5.3 Research Strategy

5.3.1 Qualitative research strategy

Qualitative strategy is more aligned with analysing the social phenomena rather than quantitative analysis which provides more descriptive, exploratory evidence from a small number of data gathering rather than calculating large sums of data through quantitative analysis with hypothesis. Qualitative analysis is more suitable for analysing human behaviour of an organization or social aspects (Azungah, 2018, p.2-3). Considering the data, we could gather and the factor that we analyse regarding the human behaviour on the accounting policies, qualitative analysis is most suitable for our research since it gives more exploratory and inductive results of the human management. Keegan (2009) discusses that good qualitative research is a combination of theoretical knowledge and practical skills. The research has been combined with the information of the practical world by doing a questionnaire and gathering information from the articles and books reviewing relating to the MA and HR management.

5.3.1.1 Exploratory Studies

Keegan (2009) emphasizes that qualitative research is more suitable with exploratory studies. The research has been done gathering the data from a questionnaire with open ended questions and discussing what is management's accountant's behaviour and how it affects the human resource's behaviour.

5.3.2 Quantitative research

Since we used close ended questions as well and those data have been analysed by considering the pattern of answering to the questions and percentages; qualitative analysis also has been taken placed in a minor way but we mainly focus to the carry out a qualitative strategy. Therefore, both qualitative and quantitative research strategies (mixed method) have been in the research.

5.4 Literature Search

Juntunen et al., (2021) discuss the narrative literature review on a business thesis. Literature review elaborates the theoretical aspect for a thesis and gives an analytical view about the previous thesis. Literature review consists of several steps under the main three steps as; planning, conducting and reporting. Sub steps consist with; searching and selecting literature (Juntunen and Lehenkari., 2021, p.4).

5.4.1 Process of the Literature Search

Literature search has been done by accessing the database of Umeå university online library. Searching online articles, journals and books, theoretical knowledge and information from the previous research on management accounting, accounting and human resource management. The key words for the search use as; management accounting, role of the management accounting, accounting, human resource management, qualitative research have been used. We could find different sources where the research on the role of the management accounting has been done and our research built by assisting those research information. For qualitative research it is essential to have data from theoretical as well as practical aspects. Reviewing the previous research and books on management accounting assists us to enrich the theoretical knowledge in addition to the courses which we have done in the previous semester and build our research planning.

5.4.2 Source Criticism

Literature review has been done with the articles related to HR management, MA and accounting which describe the theoretical aspect about the MA and HR management and previous findings related to the managerial control framework as affected to the HR management as well as evaluation of the MA and HR and HRA. In addition, the analysis part consists of the literature review where they discuss the “role of the management accounting”. The key words to select those articles use the mentioned topic here and we argued about our research question based on those articles also. For more reliable findings, literature review has been done with mainly peer review articles and most of them are from recent previous years where they give more updated and relevant information for the topic. In Addition to that article have been collected internationally since the questionnaire data collection is also done at the international level.

5.5 Practical Method

5.5.1 Questionnaire form

By distributing a questionnaire form including the open-ended question to the employees who work in the different business sectors such as; travel and leisure, manufacturing, banking and finance, hotel and restaurants by questioning regarding the management accounting and HR management, we have collected the data for the analysis. Mainly data was collected from Sri Lanka, Pakistan and a few from Sweden and the United Arab Emirates. The purpose of this questionnaires is to identify and gather the data regarding the knowledge which employees have on management accountant's role and identify the management control system which is utilized by the companies to execute the operations and management.

The questionnaire form is mainly consisted of inquiring the sectors where mainly managerial accounting exists such as; budgeting and budgetary meetings, organizational structure, sustainability, role of management accountant, IT system relating to the accounting and finance and recruiting, the performance evaluation and rewarding process.

Tabel 1: Overview of the data collection

Total responses	49
Responses on opinion welfare system	39
Responses on role of the management accountant	29
Responses on role of MA in HR management	26

5.6 Possible errors with primary data

The questionnaire has been distributed to the different levels of employees working organizations such as; from entrepreneurs, Top management, middle level and ground level management as well as senior and junior executive and non-executive employees. While responding to the questionnaire few of them mentioned that they ignored some questions which they could not understand. As an example, few of respondents who work in the HR departments have no clear idea about the accounting system of the company as well as few of other respondents have no exact idea of the management accounting system of the organization. Therefore; errors and as well as misunderstanding of the question could occur when they were answering the questionnaire.

5.7 Data Analysis

Selecting a method for qualitative data is quite challenging since we need to analyse the data which are given by the third party as their opinion and ideas and need to interpret without changing their basic idea. Thematic analysis has been selected to analyse the data which is a well-recognized method of qualitative data analysis.

While writing a thesis it is important to elaborate the data analysis method for the trustworthiness. If research does not discuss the data analysis method and tools, readers can be in doubtful situations about the outcome of the research (Norwell et al., 2017, p.2).

Thematic analysis is widely used for qualitative research which is a process of identifying, analysing, organizing, describing and reporting themes which are founded from a bulk of data which is applied to inductive versus deductive coding methods. Thematic analysis can be used by the even early stage of researchers since it is easy to analyse the data with the several analysing steps and provide the well-structured information (Norwell et al., 2017, p.2). Considering the above factors and experience level which we have, we think that thematic analysis is the best for our research.

Norwell et al: (2017) emphasizes the lack of literature on thematic analysis compared to the found theory, ethnography and phenomenology is a factor that most researchers have a doubtful mind to use thematic analysis. In addition to that more flexibility can lead to the inconsistency and lack of coherence when deriving the themes from the analysis.

6 Empirical Findings

In this chapter we discuss data which were collected through our questionnaire. The questionnaire forms consist of multiple-choice questions and several open-ended questions and here we summarize the information we could find out. As a consideration of the values and ethics of the thesis, participant’s information has not been included and all the anonymous data have been presented here.

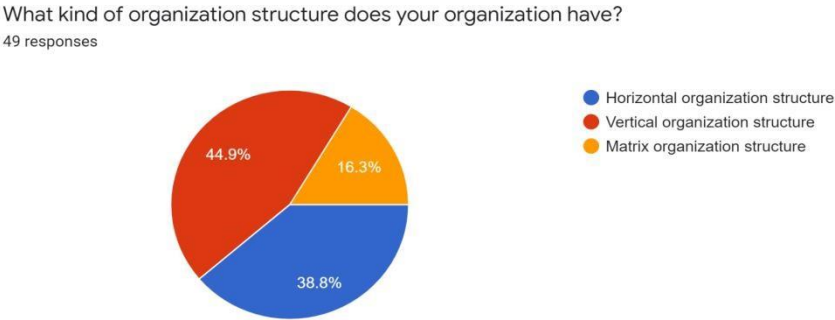


Figure 10: Organizational structure

Figure 10 shows the participants responses on the organizational structure where they are employed in. As per the responses; vertical organization structure is most popular among business organizations, secondly horizontal and matrix organization structure also being popular among the companies. Vertical organizational structure has decentralized authority system. And it is popular as democratic working system. Though vertical organizational structure is a dominant organizational system where authorization power and decision-making process are under top management. Matrix organization can be mentioned as combination of horizontal and vertical organization system and it is been popular among the organizations now a days.

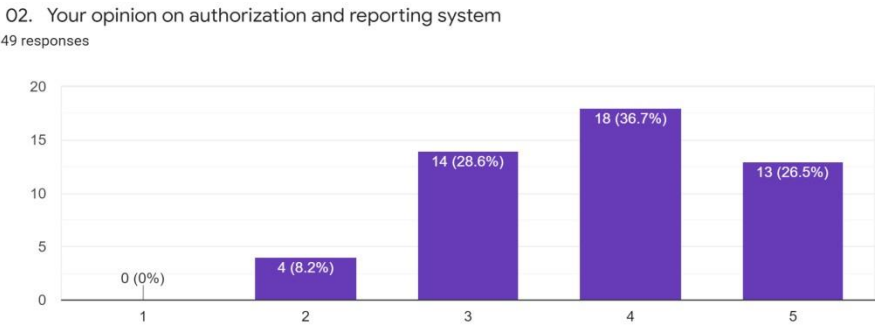


Figure 11: Authorization and reporting system

Figure 11 shows the employees’ opinion on organizational structure; where the satisfaction level of the employees numbered in 1 to 10. 1 represents the complex (time consuming and

consists with number of steps and 5 represents the clear and comfortable system (express and few steps)

Considering on the responses, most of the respondents think that; authorization and reporting system is timely effective and comfortable. The ambition of this question is to identify the correlation between organizational structure and effectiveness of authorization and reporting procedure and here we can consider that vertical organization structure as effective authorization system.

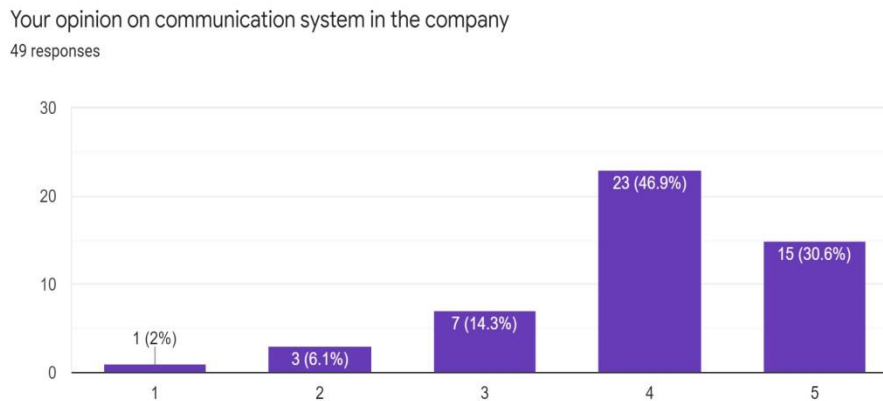


Figure 12: communication system

Figure 12 represents the communication system of the organization. Communication system is directly attribute to the organizational structure and the reporting system. Addition to that easy communication system increase the employee motivation. Opinion has been ranked from the 1 to 5 here 1 represents the complex and 5 represents the clear and comfortable.

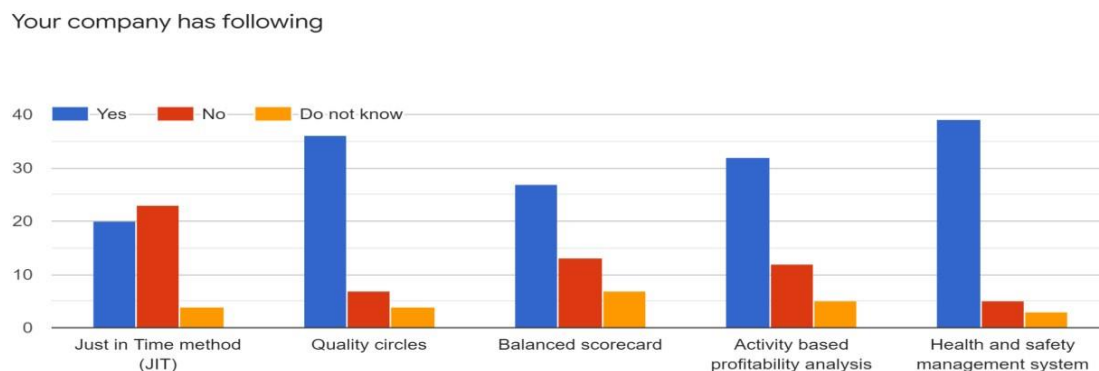


Figure 13: Management accounting tools

The graph shows the management accounting tools which are implemented in the respondent's working environment. Health and safety management system and the quality circles have been largely implemented in the organizations. As per the graph JIT has not

much popular among the organizations and it can be considered due to nature of the organization it can be varied. (Respondents represents manufacturing, hotel, finance and other service industries therefore this can be varied if organizations are clustered in to a one category).

Your opinion on budgeting and budgetary meeting
48 responses

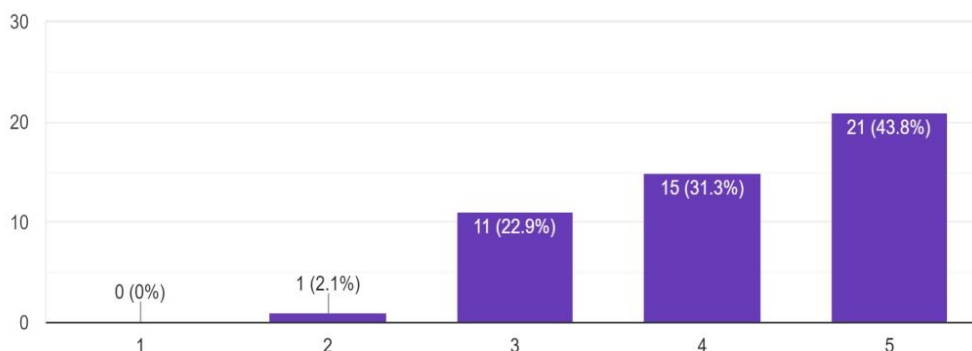


Figure 14: Opinion budgetary meetings

(Opinion has been ranked from 1 to 5 where 1 represents the “wasting” and 5 represents the “highly recommended”).

As per the respondents; budgetary meetings are highly recommended in the organizations which is a one of main ways of delivering information relating to the period’s targets, performance, evaluations and decisions on new implementations. Considering on the responses it can be mentioned that; budgetary meetings are highly recommended in to the organizations.

What kind of bonus system does company has
47 responses

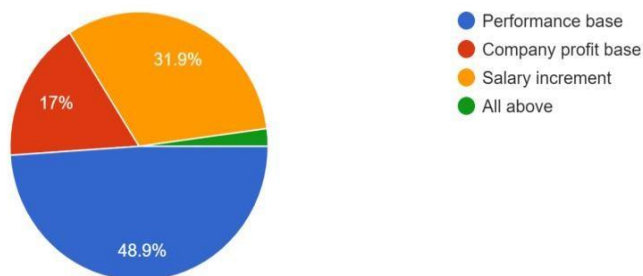


Figure 15: Bonus system

Bonus system which gives as an appreciation to the employees as per their performance within the organization plays a key role to the employee retention and loyalty. As per the diagram; it is mostly depended on the performance and some of the companies use the salary increment and few has all mentioned methods such as; performance base, profit base and salary increment base.

Are you satisfied with the bonus system in the company?

49 responses

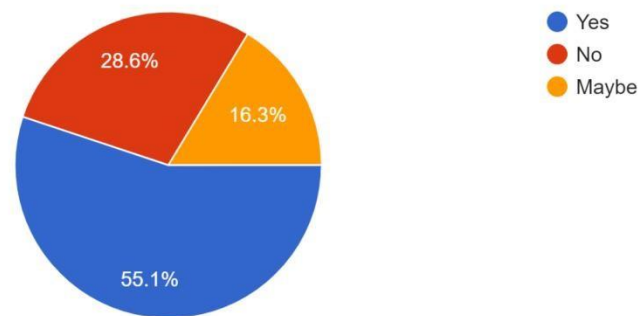


Figure 16: Satisfaction of the bonus system

As per the respondents; majority of the employees satisfy with their bonus system in the company. The above diagrams shows that most of the companies has performance base bonus system where employees receive a grant according to their performance and goal achievements. As a combination of the two diagrams, it can be mentioned that employees are happy when they receive a grant for their performance and it led to the employee retention and loyalty to the company.

Does your company issue a sustainability report?

48 responses

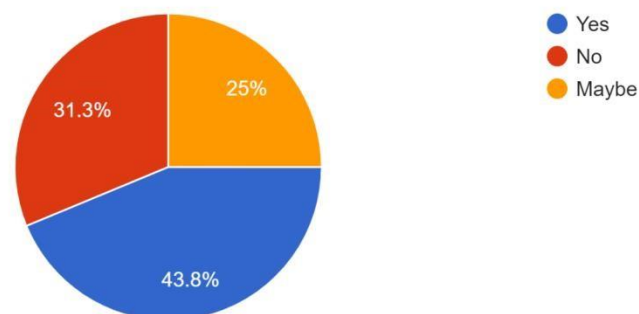


Figure 17: Sustainability report

Issuing sustainability report is covered in the legal background in accounting and most of the organizations declared about their sustainability activities along with their final report.

Majority of the respondents mentioned that sustainability reports have been issued by their companies and there are 25% respondents who do not know about the sustainability reports in their organizations.

Your opinion on sustainability reporting
46 responses

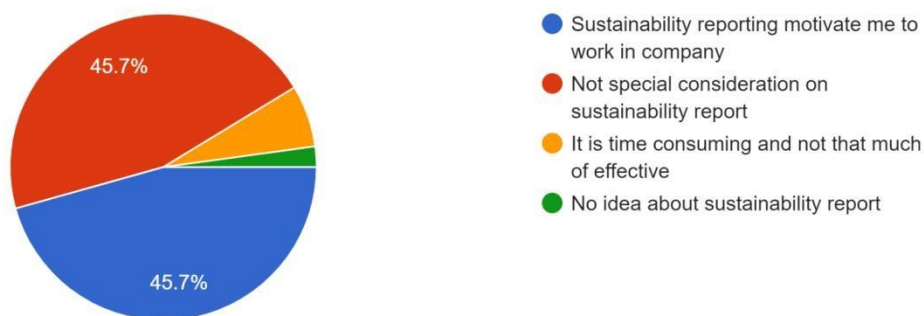


Figure 18: Opinion on sustainability report

MA has a considerable responsible their hand when issuing the financial report. The purpose of asking this question is to identify how far employees has knowledge on sustainability reports and activities. Majority of the responses indicates that employees motivate with the sustainability activities which are executed in the company and surprisingly same amount of the percentage mentioned that they do not have special consideration on the sustainability reports. and only less percentage of the respondents have not idea about the sustainability report. And some of think that it is time consumable and not that much of effective and this can be happened due to the organizations less attention on sustainability activities and they issue a report due to the fact of accounting policies requirement.

Name the accounting software company use
39 responses

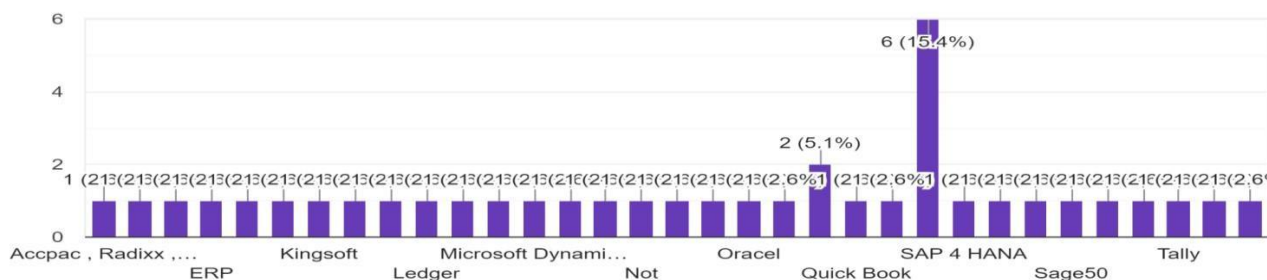


Figure19: Accounting software

We request to participants to mentioned the accounting software which they are working in. As per the respondents SAP ERP system is the most popular accounting software among the

finance and accounting departments. Quick book also is in the second place and the other software have on same level of interest which is not considerable attraction. An effective ERP system helps to management accountant to gather information efficiently and effectively. In addition to that decision making process is highly accurate and forecasting, and target achievements can be measured in a highly effective manner.

Is your accounting system easy to adapt and user friendly?
49 responses

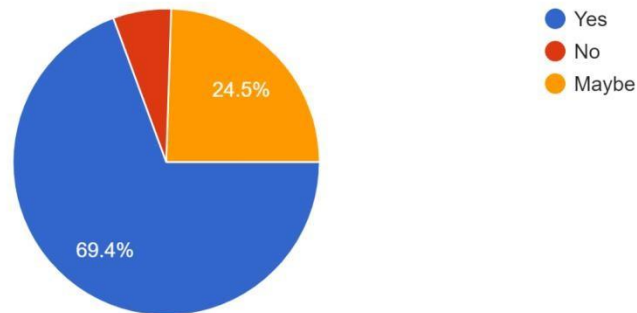
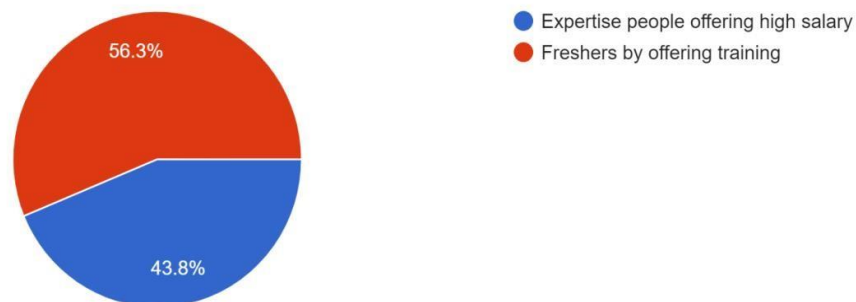


Figure 20: ERP system comfortability

We ask from the participants to mentioned their ERP system which is executed in their organizations and the figure 19 is shows the result. The aim asking the employees opinion about their ERP is to identify whether it is efficient and employee satisfaction on that. The comfortable working environment increases the employee motivation and productivity of HR. By analysing the responses; it can be mentioned that; majority of the respondents are satisfy with their ERP system and lesser amount have not satisfy with their ERP system.

Who do you prefer to Hire
48 responses



Does your company conduct training for newly hired people?

49 responses

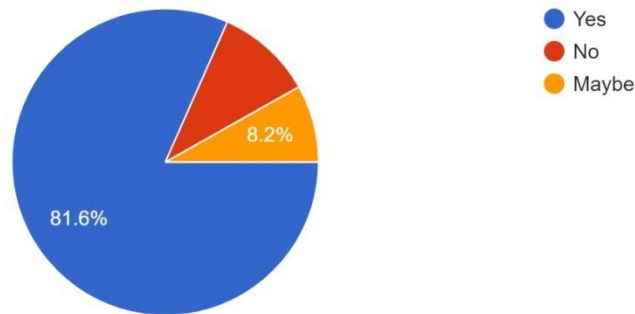


Figure 21: hiring preference and training program

The hiring preference of an organization plays a major role when considering the remuneration package, training and development program, duration of the probation period and etc. Majority of the respondents mentioned that they prefer to recruit freshers by offering training development. This emphasizes that; organizations prefer to hire freshers with low salary and not hesitate to offer training and development programs. Hiring expertise people; leads to less training and probation timing period though organization need to pay higher remuneration package since negotiation power of the experts are higher than freshers.

How often make budget in your company

49 responses

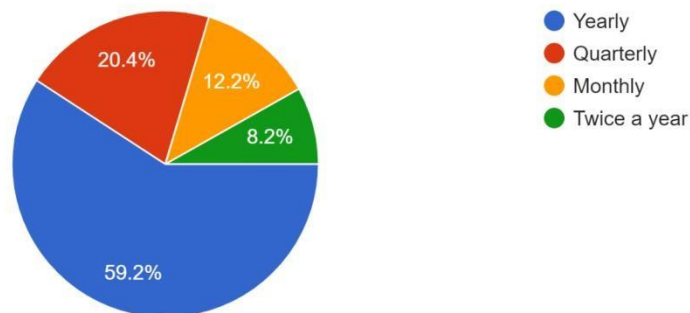


Figure 21: Budgeting

Budgeting is one of the main management accounting tools which is used in most organization in order to forecast future inflows and outflows as well as employee performance. As per the respondents; most of the companies prepare annual budgets and others prepare quarterly, monthly and few of the organizations prepare budgets twice a year. Preparing and analysing budget gives clear image about the organization's performance,

growth, achievements. And this is a well systematic way to deliver the information throughout the other departments.

Does your company have at least one employee to concern on CSR and sustainability projects?
48 responses

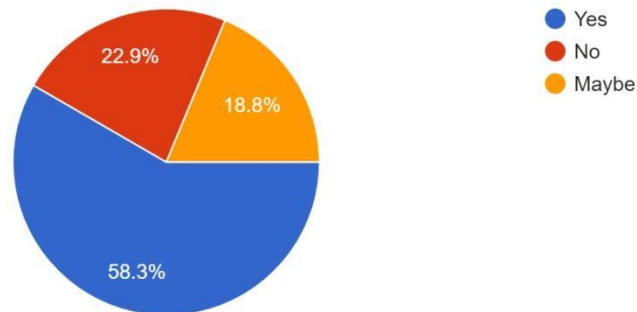
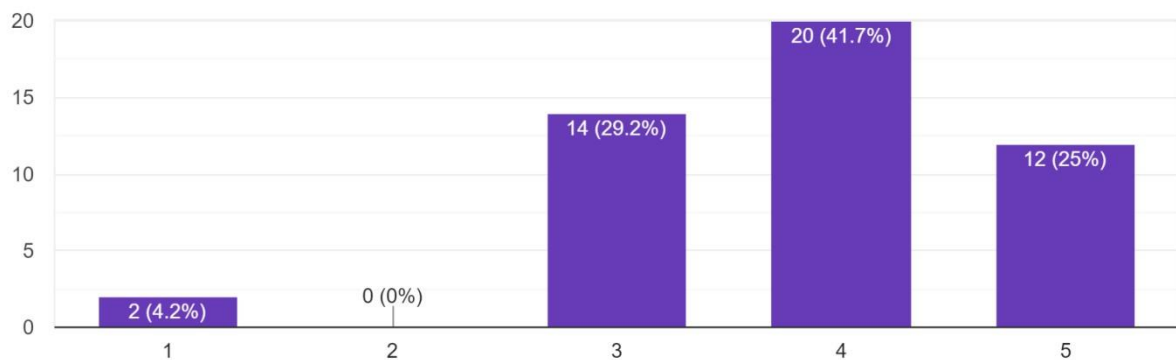


Figure 22: Organization's concern on sustainability projects

Here we observed understand the organization's truthful concern on the sustainability projects. If organization has a responsible person for CSR projects; it reflects that company has real concern on CSR and sustainability projects. As per the diagram; most of the organizations has responsible person on CSR and sustainability projects and the balance has not that much of concern on those projects.

Our company has achievable targeting process to employees
48 responses



(Opinion has been ranked from the 1 to 5 where 1 represents disagree and 5 represents strongly agree)

Target measurement and target Implementation and payments

48 responses

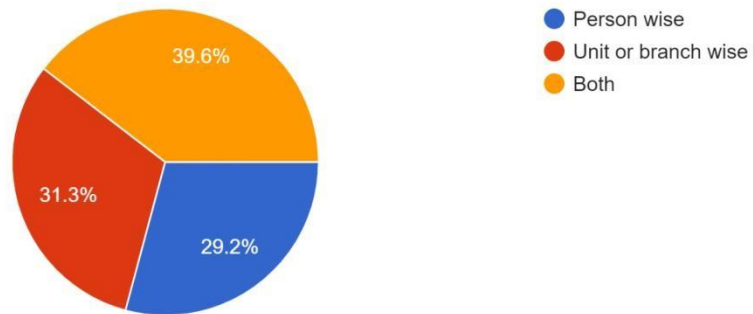


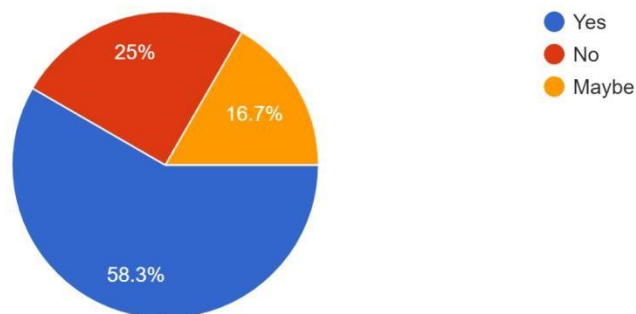
Figure 23: Employees' Target achievement

We observed about the employee's opinion on target assigning and the achievability of the targets. According to the responses, most of targets can be achievable and respondents have positive opinion on the targets.

Assigning the targets, implementation and performance payments leads to the employee motivation. As per the above diagram; it has been allocated by person wise, unit or branch wise or both and most of the organizations have both processes.

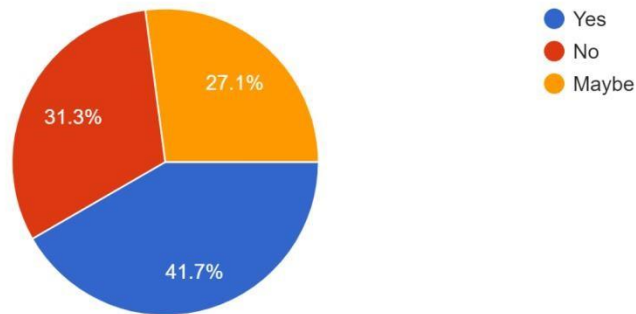
Does management accountant involve in target planning and performance measurement?

48 responses



Does management accountant directly interconnect with the HR department

48 responses



Does management accountant involve with rewarding, target management, performance evaluation process

48 responses

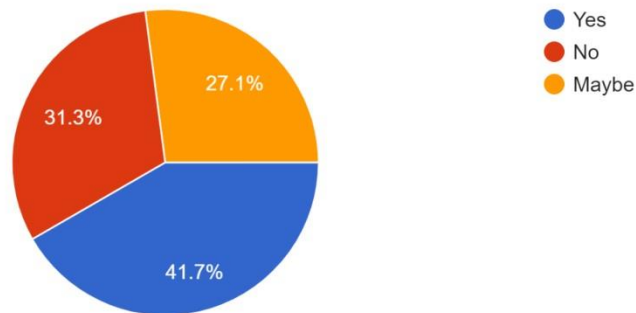


Figure 24: MA involvement to the HR matters.

The aim of this question is to identify the MA involvement to HR management in a direct way. As per the diagram it is observable that; MA directly involve to the target planning and performance measurement where employee's performance evaluation has been done and it shows that MA has direct interconnection with the HR department by rewarding, target management and doing performance evaluation.

Table 03: Overview of the responses

Analysis	Management accountant responsible for the budget forecasting, sales forecasting, risk analysis, planning and decision making of the company.
Accounting	Prepare the financial and cost accounting report on the requirements of the top management.
Information	Provide the information for the other departments and the top management for decision making. Management accountant is an information provider.
None	Depending on the nature of the operation, some companies does not have a management accountant and some have no idea about the role of the management accountant.

Management accountant's role of the company has been answered mainly as a top managerial position, decision maker, analytical and information provider. And few of them have been given neutral answers such as; *neutral, unsure, no idea and not in that department*. Most are mentioned, management accountant as an information provider who provides the information to the top management and the other operational departments on budgeting, planning, organizing resources, fund allocation and preparing and providing financial information regarding the organization's financial situation.

Management accountant's role on human resource management

Table 04: Overview of the responses

Information	MA provides the information to the HR department on financial and non-financial information.
HR cost	Assist for the HR cost budgets and payroll preparing
Measuring	Assist for the planning the KPI of the HR, performance measurement, salary forecasting
Decision making	Assist to decision making on salaries, bonus and welfare, increment and HR cost controlling.
None	MA has not been assisting to the HR department or employee doesn't have an idea about the MA's role on HR management.

Management roles within HR management mainly answered as information providers regarding the financial and non-financial figures relating to the HR and HR cost management, KPI planning, performance evaluation, salary and other benefits deciding and assisting planning, organizing and managing HR in an organization. Few of them have mentioned that; *no role, not sure, not applicable and unsure* about the role. Mostly specify that; *provide information, management accountant role in HRM for salaries, provide performance report to the HR department, play key role in HR planning, providing both financial and non-financial information and advice to enhance the HR decision making process, and HR targeting, helping to set HR targets measuring and reporting HR performance etc.*

7 Analysis and Discussion

In this section, we present the analysis and the discussion of the empirical findings of this research to justify the research topic. For the convenience of the analysis process, empirical findings are analysed with the subsections relating to the HRM and MA.

7.1 Justify organization structure, reporting and communication system

Guadalupe et al., (2014) argues about the decentralization and centralization method of communication reporting method where they express that division standardized communication method is more effective and efficient than taking all the decisions by the top management. Divisional standardized information and communication methods are easier and time saving methods of decision taking and can easily transfer the financial information in all the departments to make their own decision relating to their departments (Guadalupe et al., 2014, p.4). Management accounting systems and the organizational structure are inseparable and interdependent components in an organization (Otley, 2016, p. 5). Considering the mentioned argument by Guadalupe (2014) we analyse our empirical findings relating to the organizational structure, reporting and communication system.

44.9% of the participants mentioned that they are working in a vertical organizational structure where 38.8% are in a horizontal organization structure and 16.3% in matrix organizational structure. More than 60% of the respondents mentioned that their reporting and communication system is clear and comfortable. Vertical organization has a more decentralized communication and reporting system where each departments' top management are authorized to take the decision relating to their department. This enhance the Guadalupe's arguments on divisional standardized reporting procedure. Employees are satisfied with their reporting and communication method however; satisfactory respondent can be in the horizontal and matrix working environment also.

7.2 Justify the management accounting cost analysis models and bonus system.

Gosselin, (2007) emphasizes that balance scorecard as the most important innovation in the management accounting system and Christensen et al (2007) accounting cost analysis models assist to organization to mitigate the control issues and emphasizes about the labour and other cost allocation methods and performance evaluation system based on the cost centres, influence to the efficiency and inefficiency of the department's performances. According to the respondents of the questionnaire, all the mentioned quality analysis accounting tools such

as; JIT, quality circles, balanced scorecard, activity-based profitability analysis and health and safety management system have been executed in organizations and few of the replied that they don't have idea about the cost allocation method or those are not executed in their organizations. Considering the bonus systems, we gathered data relating to the bonus measurement methods as; performance base, company profit based, salary increments and combination of all of them. As per the respondents 48.9% have a performance base system and others have other bonus systems 55.1% are satisfied with their bonus system as well as have satisfactory opinion on the welfare system.

7.2.1 Justify employees' consideration on sustainability reports.

Ascani et al., (2021) emphasizes the importance of involvement of management accountants to sustainability reporting as mentioned in the CIMA and importance of the involvement for the standardization and harmonization of the sustainability reports by the future management accountants. In previous studies, management accounting does not play a considerable role in sustainable accounting; sustainable managers and sustainable engineers play a big role in sustainable reporting. The major reason for that is; sustainability measurements are not financial as an example; carbon emission, water and air pollution. Though, recent studies mentioned that, management accountant's play a considerable role by providing financial information to prepare the sustainable reports (Ascani et al., 2021, p.15).

Our purpose is rather identifying the role of management accountant's role in sustainability reporting, identifying the employee motivation and opinion on sustainability reporting where MA plays a key role in preparing sustainability reports. Majority of the companies publish the sustainability reports as per respondents and surprisingly 45.7% mentioned that they are motivated to work in a company which has more effective sustainability reports and 45.7% does not care about the sustainability report when considering the motivation to work in the company. Majority of the rest have mentioned that it is ineffective and time consuming and balance mentioned that they do not have ideas about the sustainability report. Therefore, we could come to the conclusion that considering the figures on the neural statement and the time ineffective factor; management role in the sustainability report does not affect the HR behaviour.

7.2.2 Justify budgeting process.

The budgeting is a method of transferring information to the top management and other internal stakeholders. Budgeting minimizes the information asymmetry and agency cost and it affects the behaviour of other managers and the top management (Fredrik, 2012 p.10). Budgetary meetings are highly recommended by the respondents. As mentioned by Fredrik (2012) budgeting provides the information to the departments for the decision-making process. Most of the companies prepare budgeting yearly as percentage from a participant it is 59.02% and the rest is preparing budgeting for quarterly, monthly or twice a year. Considering the opinion of the respondents on budgetary meeting; it is recommended by most of the employees. As a part of financial communication process, we think that considering that budgeting meeting will assist for a fair reflection and fund management of the company and as Fredrik mentioned before budgeting can be influence to the top management and

middle level management's behaviour regarding the cost and fund allocation and considering the responses; it is influence to the employees for fare reflection.

7.2.3 Justify role of the management accountant and impact to the HR management.

The establishment of the IMA introduces a statement of ethical behaviour for the management accountant for a more reflection of the duties and their responsibilities globally. According to the IMA; a management accountant should have ethical behaviour under the principles: honesty, fairness, objectivity and responsibility with the standards of competence, integrity and credibility (IMA 2017). As per the open-ended question regarding the role of the management accountant's behaviour of the company; most respondents mentioned that management accountants behave as information providers to the other divisions as well as to the executives and board of directors who initiates the decision regarding future development of the company based on the information.

Oppi et al. (2019) emphasizes the relationships between the clinical managers and the MAs where MAs play a centralization role by providing information to the clinical managers for their health unit management and the general management to take necessary actions to cost management and resource allocation. As per the new public management; management accountant's responsible for performance management, accrual accounting and budgeting, performance management (Paulsson, 2012, p.3). The respondents mentioned the management accountant's role in the company as mediator who provides the financial and nonfinancial information to the other departments for decision making and decision maker on company's strategies. In addition, providing financial information to the HR department, analysing and budgeting HR cost, performance evaluation, conducting training and developments. Concerning the factors here; role of the management accountant extends to providing information and assisting other departments for decision making and taking the decision than a financial role.

7.2.4 Justify societal and Ethical Issues regarding managerial Accounting

Our findings indicate mediator level of managerial accounting in information, employee's recruitment and decision making, impact on human resource management. The societal and ethical issue in management accounting has become a rising trend in recent academic researches. (Khan et al., 2016; Maas et al., 2016) Management accounting plays an important role in monetary and non-monetary benefits of the organization and concern with the abilities and tendency of the organization to deal with societal and ethical issues and exhibit a corporative ethical behaviour. The managerial accounting involves a various ethical behaviour like honesty, politeness, respect, justice, integrity, independence of the company worker and confidentiality, and compassionate behaviour in dealings and businesses. These also concerned with how to make good and better choices in regarding to presentation, disclosure and preparation of the financial and non-financial information. This provides information that helps the organization, units and other different departments in making decisions for better outcomes. It helps in avoiding misconduct and from scandals with the customers and workers. The managerial accounting involved in employees' recruitments and company sustainability regarding bonuses reward and budgeting process. The management accounting also facilitates the company's benefits goals, strategic implementation into

organizations about profits, reward and customer bonus, accountant responsibilities and companies' decision-making actions. (Flamholtz et al., 1985; Sprinkle, 2003; Maas et al., 2016; Khan et al., 2016).

8 Conclusion

This section discusses our findings on managerial accounting impact on human resource management and answering our research question.

8.1 Answering the research question

8.1.1 How management accounting impact to the human resource management

Management accounting is a broader scope which affects all the other departmental functions of an organization. Chris (1989) expresses the importance of the Human resource accounting (HRA) and the evaluation of personal management to the Human resource (HR). Atkinson et al. (2012) defined management or managerial accounting as the process of supplying the employees, customers and managers with relevant information in organization both financially and nonfinancial for allocating resources, making decisions, monitoring and evaluating the performance of the corporations. Collier (2003) stated that accounting is an information collection system, converts input data into output data while using these processes and systems to interpret economic business transactions. Zarzycka (2017, p.3) emphasizes that; management accountant or controller is not an employee who is working in specializing in finance or accounting. The duties of the management accountant and the scope of the managerial accountant have been widening to the broader scope to an information specialist, active participating for decision making, management and strategy creation. From this broader scope here discuss its impact to human resource management. A main role of MA is to provide information to the HR department. MA provides information to the HR department on payroll, HR budgeting, HR cost analysing and forecasting. Considering the management accountant's role; management accountant responsible for conducting training and development programs, performance evaluation, planning and measuring key performance indicators, resource allocation, and planning and measuring bonuses. In addition to that; sustainability reporting and CSR projects are conducted by the management accountant and this can be influential for some employees to work in the company and others have not that much concern on the sustainability reports. Finally; managerial accounting has an impact on human resource management considering the above factors and decisions and information provided from the management accountant are also impactful to the motivational behaviour of the employees.

8.1.2 Limitations and recommendations for further research

Silverman (2004) argues that qualitative research more tends to an interpretivism perspective where research depends on the participants' responses. Participants for a questionnaire or interview can be categorized as rational/non-participatory and emotional participatory. Questionnaire has been delivered throughout the participant and participants can be under these three categories and their responses could be depended on rationality, emotion or personal situations.

Data gathering has been limited to a questionnaire with questionnaires on the HR and accounting policies and open-ended questions by sending via email and we could not interview them personally.

We would like to suggest further research topics which we think we could not cover and we could identify we doing our research as; welfare system and HR cost budgeting in a hybrid working environment, Choice of Accounting and ERP system to an organization, management accountant's role in hybrid working and employee satisfaction in a hybrid working environment.

9 Appendix

9.1 Questionnaire form

1. Email

2. What kind of organization structure does your organization have?

Mark only one oval.

- ☐ Horizontal organization structure
- ☐ Vertical organization structureMatrix
- ☐ organization structure

3. 02. Your opinion on authorization and reporting system *Mark only one oval.*

1 2 3 4 5

Complex ☐ ☐ ☐ ☐ ☐ Clear and Comfortable

4. Your opinion on communication system in the company

Mark only one oval.

1 2 3 4 5

Complex ☐ ☐ ☐ ☐ ☐ Clear & Comfortable

5. Your company has following

	Yes	No	Do not know
Just in Time method (JIT)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality circles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Balanced scorecard	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Activity based profitability analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health and safety management system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Your opinion on budgeting and budgetary meeting

Mark only one oval.

	1	2	3	4	5	
Wasting time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly recommended

7. What kind of bonus system does company has *Mark only one oval.*

- ☐ ☐ Performance base
- ☐ ☐ Company profit base
- ☐ ☐ Salary increment
- ☐ ☐ Other

8. Are you satisfied with the bonus system in the company?

Mark only one oval.

Yes

No

Maybe

9. Your opinion on company welfare system

10. Does your company issue a sustainability report?

Mark only one oval.

☐

Yes

☐

No

☐

Maybe

☐

11. Your opinion on sustainability reporting *Mark only one oval.*

☐

Sustainability reporting motivate me to work in company

☐

Not special

☐

consideration on

☐

sustainability report

It is time consuming

and

not that much of

effectiveOther:

12. Name the accounting software company use

13. Is your accounting system easy to adapt and user friendly?

Mark only one oval.

☐

Yes

☐

No

☐

Maybe

☐

14. Who do you prefer to Hire

Mark only one oval.

☐

Expertise people offering high salaryFreshers

☐

by offering training

15. Does your company conduct training for newly hired people?

Mark only one oval.

☐

Yes

☐

No

☐

Maybe

☐

16. How often make budget in your company

Mark only one oval.

☐

Yearly

☐

Quarterly

☐

Monthly

☐

Twice a year

☐

17. Does your company have at least one employee to concern on CSR and sustainability projects?

Mark only one oval.

- ☐ Yes
☐ No
☐ Maybe
☐ 18. Our company has achievable targetting process to employees

Mark only one oval.

	1	2	3	4	5	
Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

19. Target measurement and target Implementation and payments

Mark only one oval.

- ☐ Person wise
☐ Unit or branch wise
☐ Both

20. Does management accountant involve in target planning and performance measurement?

Mark only one oval.

- ☐ Yes
☐ No
☐ Maybe

21. Does management accountant directly interconnect with the HR department

Mark only one oval.

- ☐ Yes
☐ No
☐ Maybe

22. Management accountant role in the company

23. Does management accountant involve with rewarding, target management, performance evaluation process

Mark only one oval.

- ☐ Yes
☐ No
☐ Maybe

24. Management accountant's role on human resource management

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