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# IMPACT OF STRATEGIC MANAGEMENT ACCOUNTING ON FIRM'S FINANCIAL PERFORMANCE: EVIDENCE FROM BANGLADESH'S MANUFACTURING SECTOR

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ABSTRACT

*Manufacturing firms in Bangladesh operate in an increasingly competitive and dynamic business environment where effective strategic decision-making is essential for sustaining financial performance. Despite the growing importance of Strategic Management Accounting (SMA), empirical evidence on its adoption and influence on financial performance in the Bangladeshi manufacturing sector remains limited. This study examines the extent of SMA adoption and investigates the relationship between SMA practices and the financial performance of manufacturing companies in Bangladesh. The study employs a quantitative research design based on contingency theory. It uses primary data collected through a structured questionnaire survey of 78 listed manufacturing companies selected through stratified random sampling from the Dhaka Stock Exchange. Data were collected between August and November 2023 and analyzed using multivariate regression and Structural Equation Modelling (SEM). The analysis considers five contingent factors influencing SMA adoption: firm size, company age, ownership participation, accounting staff qualifications, and technology usage. The results reveal that ownership participation ($\beta = 0.421$, $p < 0.01$) and technology usage ($\beta = 0.289$, $p < 0.01$) have significant positive effects on SMA adoption, while accounting staff qualifications show a negative association ($\beta = –0.159$, $p < 0.10$). Firm size ($\beta = 0.117$) and company age ($\beta = 0.103$) demonstrate positive but statistically insignificant relationships with SMA usage. Furthermore, SEM results indicate that strategic analysis significantly and positively affects financial performance ($\beta = 0.30$). The findings suggest that SMA adoption is positively influenced by ownership involvement and technological capability and that greater use of SMA practices contributes to improved financial performance among manufacturing firms in Bangladesh.*



## INTRODUCTION

The modern business world has seen increased exposure of manufacturing companies in third-world economies like Bangladesh to stiff global market competition, technological shocks, and cost pressures. Although the strategic decision-making process has become increasingly significant over the past few years, many companies continue to rely on outdated management accounting frameworks that emphasize past financial records rather than future strategic implications. This weakness prevents them from effectively adapting to dynamic market conditions and maintaining long-term financial performance. A solution to this gap has been proposed as Strategic Management Accounting (SMA), which combines financial and non-financial data and integrates them with external and prospective outlooks (Alam et al., 2025; Rahman & Hossain, 2024). Nevertheless, SMA techniques are not fully adopted or deployed in the manufacturing sector in Bangladesh, and adoption is uneven. Recent empirical findings indicate that, though management accounting practices do have a positive impact on financial performance, the extent to which they are integrated into strategic decision-making processes determines their effectiveness (Alam et al., 2025). In addition, SMA in developing countries is underexploited due to structural issues, including insufficient managerial experience, limited technological capabilities, and weak linkages between accounting and strategic functions (Khan et al., 2024). Thus, the current research gap is the need to fill the critical knowledge gap regarding the role that SMA practices play in firm-level financial results in this context. To bridge this gap is a critical step towards better managerial practices and sustainable industrial growth in Bangladesh.

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This is due to the growing interest in strategic cost management, or strategic management accounting, owing to its increasing relevance to managers of information across the firm's borders (Simmonds, 1981). As a matter of fact, SCM and subsequent research have remained externally oriented in accordance with the premise (Cinquini & Tenucci, 2010). In fact, there has been increasing interest in Strategic Cost Management (SCM) over the last couple of years, despite the significant discussion on strategic cost management that has dominated since the early 1980s (Roslender & Hart, 2003). However, there is very little empirical research aimed at advancing our understanding of nature and the context of SCM use. Nevertheless, the research should include additional studies to develop test hypotheses on factors related to SCM adoption and use. Performance is a concept that describes the results, achievements, and output of authoritative actions. Performance estimates a company's prosperity, conditions, and consistency.

According to Gryphons (2006), the proportion of accepted or standard measures of viability, competence, and natural obligation, such as process duration, efficiency, waste reduction, and administrative consistency, is what determines a firm's performance. As per Rickard and Kono (2014), authoritative performance envelops three explicit areas of firm results which incorporate "(1) financial performance (benefits, return on resources, profit from venture, and so on); (2) market performance (deals, portion of the overall industry, and so on); and (3) investor return (complete investor return, financial worth added, and so on)."

Rather, this study examines the impacts of contingencies on business performance through the adoption and use of strategic cost management (indirect effects). This research examines how contingent factors can impact strategic cost management and, by extension, the mediating role of SCM in a company's performance. The paper will examine the impact of strategy cost management tools on business performance, a topic that, to our knowledge, has not been studied in the service industry. The current work adds to the literature on organisational configurations by examining the systematic nature of effective service organisations' adjustments to their contextual environments. The results support the main idea of contingency theory: in the service context, organisational performance is contingent on the fit between the organisational environment and its structure. This study concludes that the use of SMA systems need not be associated with better performance. However, that better performance is a fruit of an effective fit between contingent variables and SMA use.

The objectives of this research are threefold. First, the study aims to identify the extent to which Strategic Management Accounting (SMA) tools and techniques are adopted by manufacturing companies in Bangladesh. This involves examining the level of awareness, implementation, and practical use of various SMA practices within these organizations. Second, research seeks to evaluate the relationship between SMA practices and key financial performance indicators, including profitability, cost efficiency, and return on investment (ROI), to determine whether their adoption improves financial outcomes. Finally, the study aims to offer practical recommendations to enhance the strategic use of accounting information, enabling manufacturing companies to strengthen long-term financial performance and achieve greater competitive success.

The other parts of the paper are organized as follows. Synthesis of the most relevant literature is given under the following section. The hypotheses are formulated based on factors that may affect SCM usage rates. This is then accompanied by research methodology analysis and the survey results analysis. The conclusion, limitations, and recommendations for future studies are presented in the last section.

## LITERATURE REVIEW

The strategic importance of management accounting as a driver of organizational performance has been highlighted in recent literature. Strategic Management Accounting (SMA) is an extension of accounting that incorporates external market information, competitor analysis, and long-term strategic issues into the accountability of managerial decisions. The recent extensive assessment notes that SMA methods, including benchmarking, value chain analysis, and strategic pricing, enable companies to align their accounting reports with competitive approaches and enhance overall performance (Islam & Chowdhury, 2025). On the same note, modern literature states that accounting information is a core component of the entire strategic management process, especially in performance assessment and control (Uddin et al., 2024). Empirical evidence from Bangladesh studies is accumulating to support the positive roles of management accounting practices in firm performance. For example, Alam et al. (2025) demonstrate that management accounting practices in manufacturing companies substantially improve financial performance, and that rationalized managerial decision-making serves as a central mediator. This result implies that SMA can increase performance directly and indirectly by enhancing the quality of strategic decision-making. Similarly, Rahman and Hossain (2024) found that companies in Bangladesh are moving towards a variety of accounting methods to enhance the efficiency of financial reporting and operations. However, the strategic use of these methods is not being fully realized. The SMA tools are cost-oriented and instrumental in increasing financial value creation. Also, the new literature indicates that managerial accounting should be integrated with strategic decision-making processes and that the efficient exploitation of accounting information enhances the monitoring and control of organizations.

Numerous scholars (Simons, 1987; Chenhall & Langfield-Smith, 1998; Guilding, 1999; Cinquini & Tenucci, 2010) have used the contingency theory approach to study SCM practices.

According to Nguyen and Tran (2025) and Abdel-Kader and Luther (2008), this is because larger businesses have access to more resources, which enables them to implement more sophisticated management accounting practices. Communication and control issues arise as businesses expand, necessitating specialized and complex accounting and control procedures (Hoque & James, 2000). Furthermore, Abdel-Kader and Luther (2008) noted that large companies, due to their resources and expertise, can afford to upgrade from simpler to more advanced management accounting practices.

The extent of MAP use requires different firm-specific parameters, which are usually related to the number of years the firm has been in operation. This point centres on the idea that more seasoned organisations need to embrace and utilise newer organisations.

A study by Simons (1987) found that owners' participation was positively associated with the extent of strategic management accounting use. A study by Hoque and James (2000) examined the impact of owners' participation on the use of strategic management accounting techniques in manufacturing firms. The findings indicated that owners' participation was positively associated with the extent of strategic management accounting use. A study by Roslender and Hart (2003) revealed that owners' participation was positively associated with the extent of strategic management accounting use.

Haldma and Laats (2002). Nguyen and Tran (2025) reported that the absence of QA shortfalls is a barrier to greater utilization of methods. Revealed that organizations with sophisticated IT infrastructure and strategic management accounting software exhibited a greater extent of use of strategic management accounting techniques, according to Mensah et al. (2024). IT-enabled systems facilitated data integration from multiple sources, advanced analysis, and real-time access to strategic information, thereby improving strategic decision-making.

Strategic analysis is significant for determining an organization's financial performance. It entails assessing internal and external issues that may affect the company's capacity to meet its objectives. Companies can perform a detailed strategic analysis to identify their strengths, weaknesses, opportunities, and threats, which will serve as the foundation for formulating effective plans (Johnson & Kaplan, 1987). Financial performance, on the other hand, is a measure of how well a firm earns revenue and manages its resources to attain profitability and sustainability (Pham et al., 2020; Elhossade et al., 2021). For example, a corporation with an innovation strategy may invest extensively in R&D, potentially leading to new product introductions and revenue growth (Boselie & Paauwe, 2005). Furthermore, strategic analysis helps identify market risks and opportunities, enabling businesses to adjust their financial strategy accordingly (Ghazalat et al., 2025).

Based on the literature and theoretical overview, SMA has been studied extensively in other countries. However, there is little empirical evidence on the relationship between SMA practices and financial performance in Bangladesh's manufacturing sector. Most Bangladeshi literature on firms has focused on basic management accounting frameworks, emphasizing cost control, management, and bookkeeping. It has failed to examine the broader strategic aspects of accounting, which integrate competitive and longitudinal performance with an organization's financial data. In addition, the limited international literature focuses on large, established firms in advanced, stable markets, which may differ significantly from Bangladesh, where manufacturing firms face severe global competition, resource scarcity, and drastic changes in government policies. This lack of literature indicates that the potential relationship between SMA adoption and the profitability, efficiency, and sustainable growth of Bangladeshi manufacturing firms has likely not been studied in any meaningful way. Fulfilling this requirement is likely to add a new dimension to the relevant literature and enhance practical decision-making on how SMA could be applied to improve pessimistic financial performance in developing countries.

This study aims to examine the adoption of Strategic Management Accounting (SMA) practices among manufacturing companies in Bangladesh and assess their impact on financial performance. Specifically, it investigates the extent to which SMA tools and techniques are used, evaluates their relationship with key financial indicators such as profitability, cost efficiency, and return on investment (ROI), and provides recommendations for improving the strategic use of accounting information to enhance long-term financial performance and competitive advantage. The following are the hypotheses of the study:

**$H_{1a}$:** Firm size has a positive and significant impact on SMA usage.
**$H_{1b}$:** Years in operation (age of the company) has a positive and significant impact on SMA usage.
**$H_{1c}$:** Ownership participation has a positive and significant impact on SMA usage.
**$H_{1d}$:** Qualification of accounting staff has a positive and significant impact on SMA usage.
**$H_{1e}$:** Information technology has a positive and significant impact on SMA usage
**$H_2$:** There is a significant and positive impact of strategic analysis on financial performance.

## MATERIALS AND METHODS

Research philosophy refers to the views, assumptions, and methodologies that guide how researchers approach their inquiries. Research philosophy addresses issues such as the origins and nature of knowledge. This study seeks to establish causal relationships and generalizable findings by employing a quantitative research design. The researcher collected quantitative data through surveys or questionnaires on the use of SMA in manufacturing companies. The collected data is then analyzed using statistical techniques, such as a multivariate regression model, to examine the relationships between independent and dependent variables. The study's positive research philosophy assumes that an objective reality can be observed and measured and that knowledge can be obtained through systematic observation and analysis.

The population for this study consisted of all manufacturing companies in Bangladesh. There are a total of 139 listed manufacturing companies on the Dhaka Stock Exchange. A sample is a representative subset of the larger population, carefully chosen to reflect the characteristics and diversity of the population of interest (Sekaran & Bougie, 2019). In positive research, the sample is selected to represent the population from which it is obtained. The sample size is proportional to the population to be studied. This study used stratified random sampling within a sampling frame. In research and statistics, stratified sampling is a method for obtaining a more representative sample by dividing the population into subgroups, or strata, based on specific traits (Pallant, 2020). In this method, the population is first divided into homogeneous groups based on variables of interest, such as industry type, location, or socioeconomic status. Then, a proportionate or disproportionate sample is drawn from each stratum, ensuring the sample reflects the population's diversity with respect to the identified variables. This approach allows researchers to accurately represent the population by capturing the variability within each subgroup (Pallant, 2020).

There are 8 categories of manufacturing companies: "Cement, Ceramics, Engineering, Jute, Paper & Printing, Pharmaceuticals & Chemicals, Tannery Industry, and Textile". All eight manufacturing categories are selected for the study. This study uses stratified random sampling to determine the sample size. Among these categories, a certain number of companies have been selected as the sample. The total sample size (Table 1) is 78 manufacturing companies of Bangladesh from different industries. The companies are selected randomly, but the proportions of listed companies (strata) in the share market are maintained. This study used stratified random sampling, with a total sample size of 78, proportionate to the listed companies in the capital market and sufficient to represent the population. However, stratified random sampling is used by Heryanto and Sudibyo (2017), Oyewo (2017), and other researchers in the accounting field.

Table 1. Sample from Each Stratum

| S.N | Stratum | No. of Companies in the Strata | Sample from each stratum |
|---|---|---|---|
| **1** | Cement | 7 | 4 |
| **2** | Ceramics | 5 | 3 |
| **3** | Engineering & Steel | 33 | 19 |
| **4** | Jute | 3 | 1 |
| **5** | Paper & Printing | 4 | 2 |
| **6** | Food, Pharma. & Chemical | 49 | 17 |
| **7** | Tannery & Foot | 6 | 02 |
| **8** | Textile | 50 | 29 |
| **Total** | | 157 | **78** |

Source: Author Calculation

The main objectives of this study are to explore the determinants of SMA in the Manufacturing Industry in Bangladesh. To achieve these goals, primary data was collected through a structured questionnaire. Data was collected from August 2023 to November 2023. The total questionnaire response rate was 49.68%. A panel of experts reviewed the questionnaire before pre-testing, and any recommended modifications were incorporated based on their feedback. All the constructions and their corresponding scales were taken from the previous study.

Multivariate regression was assessed to verify the research model and predict relations among the model constructs. In social science and information systems research, regression is a standard method for determining the validity of ideas using empirical data (Hair et al., 2011).

## RESULTS

### Extent of the Use of SMA Practices

The first phase of SEM execution entails a measurement model evaluation to assess the reliability and validity of the measurement items before advancing to structural model analysis, particularly in manufacturing companies in Bangladesh and in prospective multi-group analyses. This guarantees that observable indicators reflect their underlying conceptions (Hair et al., 2017). Table 2 presents the findings from internal consistency and reliability tests using Cronbach's Alpha. Hair et al. (2011, 2017) assert that Cronbach's Alpha and CR values of 0.7 or higher indicate adequate internal consistency. The findings indicate that all constructions satisfy this requirement, with Cronbach's alpha values ranging from 0.717 (Organisational Agility) to 0.870 (Technology Adoption) and CR values ranging from 0.761 to 0.873, indicating robust internal consistency. Convergent validity was evaluated by indicator outer loadings and Average Variance Extracted (AVE) values. According to the criteria established by Hair et al. (2011, 2017), outer loadings exceeding 0.7 are acceptable in confirmatory research, although exploratory studies may allow values up to 0.6. This study sets a threshold of 0.6, since research on business resilience is still nascent. All outside loadings above this threshold are shown in

Table 2. Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .785 | .880 | 12 |

Table 3. Hotelling's T-Squared Test

| Hotelling's T-Squared | F | df1 | df2 | Sig |
|---|---|---|---|---|
| 232.063 | 18.357 | 11 | 67 | .000 |

Table 4. KMO and Bartlett's Test

| | | |
|---|---|---|
| **Kaiser-Meyer-Olkin Measure of Sampling Adequacy.** | | .844 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 466.579 |
| | Df | 66 |
| | Sig. | .000 |

Table 5. Principal Component Analysis

| Items | Initial | Extraction |
|---|---|---|
| ASA_1 | 1 | .493 |
| ASA_2 | 1 | .417 |

| | | |
|---|---|---|
| ASA_3 | 1 | .638 |
| ASA_4 | 1 | .677 |
| ASA_5 | 1 | .690 |
| ASA_6 | 1 | .695 |
| ASA_7 | 1 | .470 |
| ASA_9 | 1 | .351 |
| ASA_10 | 1 | .596 |
| ASA_11 | 1 | .500 |
| ASA_12 | 1 | .733 |
| ASA_13 | 1 | .649 |

**Usage of Strategic Management Accounting Practices in Respondents' Companies**

This study investigated the extent of SMA use in manufacturing industries in Bangladesh. Participants were asked to indicate their level of agreement with statements about the use of strategic management accounting practices in their company. The responses were rated on a five-point Likert scale from 1 (never) to 5 (very often). A mean score exceeding 3 indicates satisfaction with the test variables.

Table 5 shows that the respondent company preferred benchmarking (3.7179) for strategic planning purposes. From Table 6, in the case of Customer Accounting, the company has a higher priority to use customer profitability analysis (3.3205) and Lifetime customer profitability analysis (3.3077). From Table 7, from a strategic decision-making perspective, the company should prioritize strategic costing (ASA_9) given its highest mean. However, in Table 8, the company prioritizes competitive position monitoring (ASA_10) for competitor accounting, as it has the highest mean value among the tools used.

Table 6. Descriptive Statistics of Usage of Strategic Planning in Respondent Companies

| Tools | Details | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| ASA_1 | Benchmarking | 78 | 1.00 | 5.00 | 3.7179 | .89584 |
| ASA_2 | Integrated performance measurement system | 78 | 1.00 | 5.00 | 3.3333 | 1.04031 |
| | | | Overall mean value | | 3.52 | |
| ASA_3 | Customer Accounting | 78 | 2.00 | 5.00 | 3.2821 | 1.01799 |
| ASA_4 | Customer profitability analysis | 78 | 1.00 | 5.00 | 3.3205 | 1.06288 |
| ASA_5 | Lifetime customer profitability analysis | 78 | 1.00 | 5.00 | 3.3077 | 1.07278 |
| ASA_6 | Valuation of customer as assets | 78 | 1.00 | 5.00 | 2.4103 | 1.21073 |
| | Overall mean value | 3.077 | | | | |

Table 7. Descriptive Statistics of Usage of Strategic Decision in Respondents' Companies

| Tools | Details | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| ASA_7 | Brand valuation | 78 | 1.00 | 5.00 | 2.6154 | 1.33125 |
| ASA_8 | Strategic Pricing | 78 | 1.00 | 5.00 | 2.0000 | 1.06904 |
| ASA_9 | Strategic costing | 78 | 1.00 | 5.00 | 3.3718 | .94125 |
| | | | | Overall mean value | 2.775 | |

Table 8. Descriptive Statistics of Usage of Competitor Accounting in Respondents' Companies

| Tools | Details | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| ASA_10 | Competitive position monitoring | 78 | 1.00 | 5.00 | 3.1923 | 1.29993 |
| ASA_11 | Competitor cost assessment | 78 | 1.00 | 5.00 | 2.9487 | 1.27816 |
| ASA_12 | Competitor performance appraisal based on published financial statements | 78 | 1.00 | 5.00 | 2.0897 | 1.20805 |
| ASA_13 | Analysis of competitors' strengths and weaknesses | 78 | 1.00 | 5.00 | 2.1026 | 1.25450 |
| | | | | Overall mean value | 2.577 | |

Overall, the highest usage of strategic analysis tools of management accounting practices in the Respondents Company is benchmarking (ASA_1) because it has the highest mean value among the tools that have been used. In conclusion, the highest mean value was achieved through strategic planning; therefore, we conclude that strategic planning is superior to other tools and methods of strategic analysis in manufacturing companies in Bangladesh.

**Contingent Factors on the Extent of Use of SMA**

This section has been considered SMA used as the dependent variable and age of the company (AGC), size of the company (ORGS, log of total assets), qualified staff (QUL), uses of technology (TEC) and ownership practices (ONP) of the manufacturing firms are used as independent variables to estimate a multivariate regression model. Descriptive research estimates the descriptive statistics of the variables, and the ANOVA test is also used to determine the relationship among the variables.

**Size Influences the Extent of the Use of SMA**

Table 9 shows the frequency distribution of valuable size. Table 10 states that the standard deviation of the variable size (log of total asset) is 0.22646 and the variance is 0.51. The skewness is -1.945, and the kurtosis is 0.538. The estimated standard error is 0.02564.

Table 9. Frequency Distribution of Size

| Size (Log of total asset) | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1.00 | 3 | 3.8 | 3.8 | 3.8 |
| | 2.00 | 74 | 94.9 | 94.9 | 98.7 |
| | 3.00 | 1 | 1.3 | 1.3 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |

Table 10. Descriptive Statistics of Size

| | N | Minimum | Maximum | Mean | | Std. Deviation | Variance | Skewness | | Kurtosis | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| size | 78 | 1.00 | 3.00 | 1.9744 | .02564 | .22646 | .051 | -1.945 | .272 | 17.222 | .538 |

Table 11 presents the results of perceptions regarding the extent of company size's involvement in SMA use in their firms. The respondents were supposed to report their perceptions of the company's size on a five-point Likert scale (1 = very low extent to 5 = very large extent) regarding SMA use. The findings suggest that over 50 per cent of the responding companies report feeling at the medium level, and 25 per cent or more report feeling at the large or very large levels. The average company size estimate is 3.0641. Hence, the respondent's perception was that company size was moderately supportive of the Extent of SMA use in their company.

Table 11. Organization's Size Influences the Extent of the Use of SMA

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **Valid** | Very Low Extent | 3 | 3.8 | 3.8 | 3.8 |
| | Low Extent | 12 | 15.4 | 15.4 | 19.2 |
| | Medium Extent | 42 | 53.8 | 53.8 | 73.1 |
| | Large Extent | 19 | 24.4 | 24.4 | 97.4 |
| | Very Large Extent | 2 | 2.6 | 2.6 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |
| **Mean** | 3.0641 | | | | |

**Age of the Company Influence Extent of the Use of SMA**

Table 12 indicates the age of the company or years of operation: 28.2 per cent of the responding companies have been in operation for more than 25 years, 24.4 per cent for 5 years, and 15.4 per cent for 21-25 years. The respondent company is mature, largely due to its years of operation.

Table 12. Age of the Company or Years of Operations

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 0-5 Years | 19 | 24.4 | 24.4 | 24.4 |
| | 6-10 Years | 16 | 20.5 | 20.5 | 44.9 |
| | 11-15 Years | 5 | 6.4 | 6.4 | 51.3 |
| | 16-20 Years | 4 | 5.1 | 5.1 | 56.4 |
| | 21-25 Years | 12 | 15.4 | 15.4 | 71.8 |
| | More than 25 Years | 22 | 28.2 | 28.2 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |

Table 13 summarises perceptions of the company's age regarding the extent of MAP use in their firms. The results indicate that more than 50% of the responding firms report a low or very low extent, and over 40% report moderate or greater participation—the mean estimate of company age is 2.5256. Therefore, the respondent's perception was that the company's age generally does not affect the extent of MAP use in their firm.

Table 13. Age of the Company Influences the Extent of the Use of SMA

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Very Low Extent | 1 | 1.3 | 1.3 | 1.3 |
| | Low Extent | 43 | 55.1 | 55.1 | 56.4 |
| | Medium Extent | 26 | 33.3 | 33.3 | 89.7 |
| | Large Extent | 8 | 10.3 | 10.3 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |
| Mean | 2.5256 | | | | |

Therefore, most of the respondent companies are mature, and they perceive that their age generally does not support the extent of MAP use in their firms.

**Ownership Practices Influence the Extent of the Use of SMA**

Table 14 summarises the owner/manager's perceptions regarding the development of MAPs within their respective firms. The findings suggest that 80 percent of the responding firms note that there was a high degree or very high degree of owner/managers involvement, and more than 95 percent felt that there was a moderate or higher involvement. Thus, the owner-managers in the respondent firms are usually positive about using MAPs. The average value of the ownership practices estimate: 3.9231. In this case, the effect of a large extent is higher than that of any other Likert scale.

Table 14. Ownership Practices Influence the Extent of the Use of SMA

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **Valid** | Very Low Extent | 1 | 1.3 | 1.3 | 1.3 |
| | Medium Extent | 8 | 10.3 | 10.3 | 11.5 |
| | Large Extent | 64 | 82.1 | 82.1 | 93.6 |
| | Very Large Extent | 5 | 6.4 | 6.4 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |
| **Mean** | 3.9231 | | | | |

**Qualified Accounting Personnel Influence the Extent of the Use of SMA**

The questionnaire profile collected information on accounting staff employment and their highest qualifications. The respondent's educational qualifications and years of experience are presented in Table 15. There are several degree categories, including BBA, MBA, ACA/CMA, BSC, MSS, FCA/CA, and CFO. The respondent has qualifications and years of experience. Of the respondents, 2 have completed only BBA & MBA with 1-10 years' experience, and 1 has 11-15 years' experience. The number of respondents who have completed ACA or CMA with 1-10 years' experience is 4; 11-15 years' experience is 5; 16-20 years' experience is 11; and 21-30 years' experience is 5. The highest group of respondents have qualifications for FCA or CA. The number of respondents who have completed only FCA or CA with 1-10 years' experience is 11; 11-15 years' experience, 15; 16-20 years' experience, 12; and 21-30 years' experience, 10. The total number of respondents is 48, all of whom hold an FCA or CA qualification.

Table 15. Qualifications and Years of Experience of Respondents

| Items | | Years of Experience | | | | Total |
|---|---|---|---|---|---|---|
| | | 1-10 | 11-15 | 16-20 | 21-30 | |
| Qualifications | BBA & MBA | 2 | 1 | 0 | 0 | 3 |
| | ACCA or CIMA | 4 | 5 | 11 | 5 | 25 |
| | MSS | 0 | 0 | 1 | 0 | 1 |
| | BSC | 1 | 0 | 0 | 0 | 1 |
| | FCA or CA or CFO | 11 | 15 | 12 | 10 | 48 |
| Total | | 18 | 21 | 24 | 15 | 78 |

Table 16 summarises perceptions of how qualified staff influence the extent of MAP use in their firms. The results indicate that 59.0% of the respondents said that qualified staff influence the extent of MAP use to a large extent, 34.6% to a medium extent, and 5.1% to a low extent. The mean value of the qualified stuffs influence was 3.5128**.**

Table 16. Qualified Staff Influence the Extent of the Use of SMA

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Very Low Extent | 1 | 1.3 | 1.3 | 1.3 |
| | Low Extent | 4 | 5.1 | 5.1 | 6.4 |
| | Medium Extent | 27 | 34.6 | 34.6 | 41.0 |
| | Large Extent | 46 | 59.0 | 59.0 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |
| Mean | 3.5128 | | | | |

All in all, more than 80 per cent of the firms have qualified accounting personnel. The presence of such a pool of qualified internal accountants is likely to play a significant role in the growth of management accounting, which is reinforced by the earlier study. This observation could explain the high adoption of most accounting practices in responding firms, particularly the use of accounting techniques.

**Use of Information Technology Influences the Extent of the Use of SMA**

Table 17 summarises the respondents' uses of information technology. The results indicate that 91% of respondents have used technology, while 9% have not used advanced technology in practice management accounting. Of 78 companies, around 71 have adopted advanced technology in their operations to increase profits and accelerate financial performance.

Table 17. Uses of Information Technology Influence the Extent of the Use of Strategic Management Accounting (SMA)

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | No | 7 | 9.0 | 9.0 | 9.0 |
| | Yes | 71 | 91.0 | 91.0 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |

The summary of perceptions on the role of Information technology in influencing the degree of MAP use in their firms is presented in Table 18. Respondents were expected to rate their perception of the extent to which information technology influences the Use of MAPs on a 5-point Likert scale (1 = very low extent to 5 = very large extent). The findings show that 43.6 per cent of the respondents indicated that information technology use in determining the degree of MAP use is to a large extent, 35.9 per cent as a medium extent, and 14 per cent as low or very low. The average utilization of information technology is 3.4103.

Table 18. Use of Information Technology Influences the Extent of the Use of Strategic Management Accounting (SMA)

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **Valid** | Very Low Extent | 1 | 1.3 | 1.3 | 1.3 |
| | Low Extent | 10 | 12.8 | 12.8 | 14.1 |
| | Medium Extent | 28 | 35.9 | 35.9 | 50.0 |
| | Large Extent | 34 | 43.6 | 43.6 | 93.6 |
| | Very Large Extent | 5 | 6.4 | 6.4 | 100.0 |
| | Total | 78 | 100.0 | 100.0 | |
| **Mean** | 3.4103 | | | | |

In general, the outcome demonstrates a wide application of the developed information technology by responding firms. The widespread use of contemporary technology could motivate the adoption of MAPs within the responding firms. However, the overall importance of contingent factors is estimated using the mean value, with a benchmark of 3.00 to indicate the extent of use. Here, the highest mean value is 3.9231 for ownership practices as contingent factors to determine MAPs. The second mean value is 3.5128 for qualified staff who reported using contingent factors to measure influence on MAPs. The highest use of contingent factors is ownership practices, and the second-most important is qualified staff; the lowest mean value is 2.5256 for the age of the company.

**Multivariate Regression Output Regarding the Extent of Use of Contingent Factors**

Here, there are five contingent factors, such as AGC (the company's age or number of years in business), ORGS (the company's size, natural log (Ln) of total assets, or market share), QUL (qualified accounting personnel influence the extent of use of SMA, ONP (the ownership practices of), and TEC (the uses of information technology in SMA). These factors have been evaluated to ascertain the extent of MAPs in Bangladeshi manufacturing companies.

In summary, Table 19 presents model fit evidence, with R = 0.593 and $R^2$ = 0.351, indicating the model's goodness-of-fit. Adjusted R-Square value is 0.306, and the value of R-Square Change is 0.351. The F-statistic is 7.792, which is significant at 1% level. Table 20 shows the *Spearman's* correlation between the variables.

Table 19. Value of R-Square and F-Statistics

| Model | R | R Square | Adjusted R-Square | Std. Error of the Estimate | Change Statistics | | | | | Decision |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | F Statistics Significant and Acceptable |
| 1 | .593[a] | .351 | .306 | .70322 | .351 | 7.792 | 5 | 72 | .000 | |

Table 20. Spearman's Correlations

| Items | QUL | TEC | ONP | RGS | AGC |
|---|---|---|---|---|---|
| QUL | 1.000000 | | | | |
| TEC | -0.065108 | 1.000000 | | | |
| ONP | 0.151057 | 0.392729 | 1.000000 | | |
| RGS | 0.088571 | 0.150420 | 0.115455 | 1.000000 | |
| AGC | 0.157238 | -0.166538 | -0.064803 | 0.277199 | 1.000000 |

Table 21 presents the ANOVA results, with an F-statistic of 7.792 and a significant p-value at the 1% level, with a Mean Square value of 3.853. In addition, the sum of the squared values was estimated to be 19.267. The probability of the estimated F-statistic is acceptable and significant at 1% level.

Table 21. ANOVA[a] Test

| Model | | Sum of Squares | Df | Mean Square | F | Sig. | Decision |
|---|---|---|---|---|---|---|---|
| 1 | **Regression** | 19.267 | 5 | 3.853 | 7.792 | .000[b] | F Statistics Significant and Acceptable |
| | **Residual** | 35.605 | 72 | .495 | | | |
| | Total | 54.872 | 77 | | | | |
| a. Dependent Variable: Extent of Use of Management Accounting Practices | | | | | | | |
| b. Predictors: (Constant), QUL, ORGS, AGC, TEC, ONP | | | | | | | |

Table 22 displays the results of the multivariate regression model. The owner's participation standardized beta coefficient is 0.421 (p.01) in the regression analysis. One of the five variables has a negative relationship, while four have a positive relationship. As qualified accounting personnel have a negative coefficient, they are not a good predictor of the extent of MAP use.

The estimated Durbin-Watson (DW) value is 2.036, which is greater than 1.00 (DW>1). The estimated DW value is acceptable and indicates the model's fitness. Collinearity Statistics by Tolerance value have been presented in Table 22, where the independent variables have tolerance values within an acceptable range. The estimated ToL value should be greater than 0.25 (ToL > 0.25); otherwise, there is a risk of multicollinearity. The variables age, size, ownership participation, qualified staff, and technology all have Tolerance values greater than 0.25; they do not exhibit collinearity.

Collinearity statistics, as measured by VIF, are presented in Table 22, where the independent variables have VIF values within an acceptable range. The estimated VIF value should be less than 4.0 (VIF < 4.0); otherwise, there is a risk of multicollinearity. The variables age, size, ownership participation, qualified staff, and technology all have VIF values less than 4.0, indicating no collinearity problem. The residual diagnostic results from the Durbin-Watson test are presented in Table 23.

Table 22. Regression of Output of Contingent Factors on MAP

| Model | | Unstandardized Coefficients | Standardized Coefficients | | t | Sig. | Correlations | | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Zero-order | Partial | Part | Tolerance | VIF |
| 1 | (Constant) | -.273 | .777 | | -.351 | .727 | | | | | |
| | ONP | .422 | .102 | .421*** | 4.113 | .00 | .476 | .436 | .391 | .860 | 1.162 |
| | QUL | -.039 | .024 | -.159* | -1.635 | .10 | -.110 | -.189 | -.155 | .953 | 1.049 |
| | AGC | .043 | .040 | .103 | 1.063 | .29 | -.003 | .124 | .101 | .958 | 1.044 |
| | RGS | .082 | .067 | .117 | 1.224 | .225 | .100 | .143 | .116 | .993 | 1.007 |
| | TEC | .848 | .299 | .289*** | 2.833 | .00 | .421 | .317 | .269 | .866 | 1.155 |

Note*: * denote 10% level of significance (p<0.10) and *** denote 1* level of significance (p<0.01)*

Table 23. Durbin Watson Statistics

| Estimated Durbin-Watson (DW) | Criteria | Decision |
|---|---|---|
| 2.036 | DW>1 | Acceptable |

Table 24 presents the results of the residual diagnostics: the mean residual is zero, and the standard residual is also zero, both of which are highly desirable in statistical analysis. The maximum value of the residual is 1.54508, and the minimum value of the residual was estimated to be -1.6043. Zero means the residual's value indicates the strength of a linear regression model, and it is an assumption of the regression model.

Table 24. Residuals Statistics

| Items | Minimum | Maximum | Mean | N | Criteria | Decision |
|---|---|---|---|---|---|---|
| Predicted Value | 2.2100 | 4.2751 | 3.4103 | 78 | Mean of Residual =0 | Accepted |
| Residual | -1.60435 | 1.54508 | .00000 | 78 | | |
| Std. Predicted Value | -2.399 | 1.729 | .000 | 78 | | |
| Std. Residual | -2.281 | 2.197 | .000 | 78 | | |

**Application of the Structural Equation Model to Measure the Impact of Strategic Analysis on Financial Performance**

Table 25 shows the reliability statistics (Cronbach's Alpha), and Table 26 presents the KMO and Bartlett's test for sampling adequacy. A high Cronbach's Alpha value indicates robust internal consistency, assuring the data's reliability. A high Kaiser-Meyer-Olkin (KMO) score indicates a strong correlation and shared variability among the variables, indicating their appropriateness for factor analysis.

However, the reliability statistics are presented as Cronbach's Alpha in Table 25. Cronbach's Alpha is 0.802, which is suitable for conducting SEM. Table 26 presents an acceptable KMO value of 0.800, indicating a sufficient sample size to conduct SEM.

Table 25. Reliability Statistics

| Cronbach's Alpha | N of Items | Condition | Decision |
|---|---|---|---|
| .802 | 17 | CA>0.70 | Accepted |

Table 26. KMO and Bartlett's Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .800 | Condition | Decision |
|---|---|---|---|---|
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1038.006 | KMO>0.70 | Accepted |
| | Df | 136 | | |
| | Sig. | .000 | | |

Table 27 shows the Principal Component Analysis, where the component loadings are greater than 0.40, indicating no inconsistency in the selected factors.

Table 27. Principal Component Analysis

| Items | Initial | Extraction | Criteria of Factor Value | Decision |
|---|---|---|---|---|
| ASA_1 | 1 | .670 | 1>0.40>0 | Accepted |
| ASA_2 | 1 | .619 | 1>0.40>0 | Accepted |
| ASA_3 | 1 | .647 | 1>0.40>0 | Accepted |
| ASA_4 | 1 | .684 | 1>0.40>0 | Accepted |
| ASA_5 | 1 | .699 | 1>0.40>0 | Accepted |
| ASA_6 | 1 | .708 | 1>0.40>0 | Accepted |
| ASA_7 | 1 | .481 | 1>0.40>0 | Accepted |
| ASA_8 | 1 | .774 | 1>0.40>0 | Accepted |
| ASA_9 | 1 | .553 | 1>0.40>0 | Accepted |
| ASA_10 | 1 | .616 | 1>0.40>0 | Accepted |
| ASA_11 | 1 | .558 | 1>0.40>0 | Accepted |
| ASA_12 | 1 | .750 | 1>0.40>0 | Accepted |
| ASA_13 | 1 | .663 | 1>0.40>0 | Accepted |
| FP_1 | 1 | .960 | 1>0.40>0 | Accepted |
| FP_2 | 1 | .968 | 1>0.40>0 | Accepted |
| FP_3 | 1 | .938 | 1>0.40>0 | Accepted |
| FP_4 | 1 | .791 | 1>0.40>0 | Accepted |

Moreover, the empirical validation of this model is presented in Tables 28 and 29, where the Chi-square is 169.257 and is significant at the 1% level. The CMIN/DF discrepancy is 1.745, which is acceptable. The goodness-of-fit criteria show values of 0.796 and 0.714, with the RMSEA at an acceptable level. The model fit evidence has no inconsistency in the SEM analysis. In Figure 1, SEM path analysis states the impact of strategic analysis on financial performance.

Table 28. R Square and Adjusted R Square

| Items | Value | Condition | Decision |
|---|---|---|---|
| **GFI/R Square** | .796 | GFI>0.60 | Acceptable |
| **AGFI/Adj. R Square** | .714 | AGFI>0.60 | Acceptable |

Table 29. Model Fit Evidence

| Criteria | Statistics/ Value | Condition | Decision |
|---|---|---|---|
| **Chi-square** | Value =169.257<br>Prob= 0.00 | P<0.05 | Accepted |
| **CMIN/DF** | 1.745 | CMIN/DF<4.0 | Accepted |
| **RMSEA** | .098 | RMSEA<0.10 | Accepted |
| **ECVI** | 3.211 (LO 90_2.792- HI 90_3.732 | HI>ECVI>LO | Accepted |

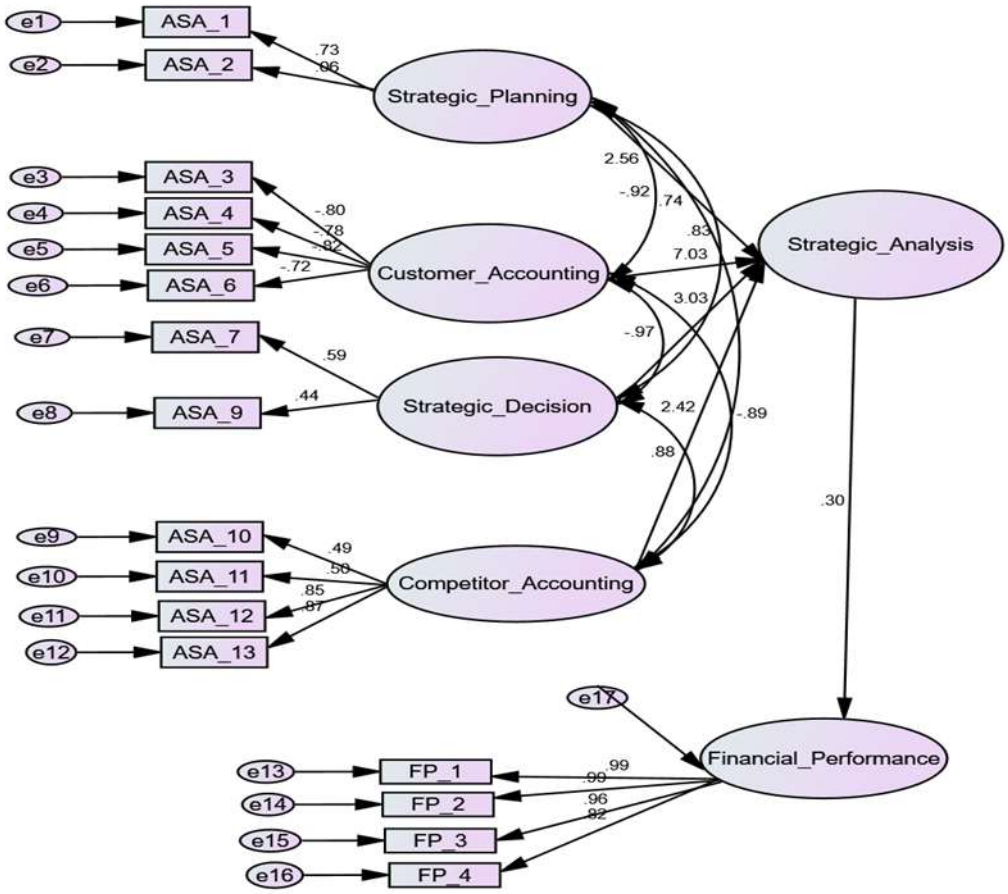


Figure 1. Impact of Strategic Analysis on Financial Performance

**Hypothesis Test**

However, the results have led to making decisions on developed hypotheses. There are five hypotheses, based on hypothesis 1, for this section, focusing on the impact of contingent factors on MAPs. Table 30 presents the results of hypothesis testing and the decision regarding hypothesis one. However, these findings have been used to accept the developed hypotheses $H_{1a}$ (insignificant), $H_{2b}$ (insignificant), $H_{2c}$ (significant), $H_{2d}$ (rejected), and $H_{2e}$ (insignificant) to determine contingent factors.

Table 30. Decision on Hypothesis

| Hypothesis | Coefficient Sign | Decision |
|---|---|---|
| **$H_{1a}$:** The size of the organization has a positive and significant impact on MAPs. | 0.117 | Positive but insignificant |
| **$H_{1b}$:** Years in operation have a positive and significant impact on MAPs. | 0.103 | Positive but insignificant |
| **$H_{1c}$:** Owner/manager's participation has a positive and significant impact on MAPs. | 0.412 | Positive and significant |
| **$H_{1d}$:** Qualification of accounting staff has a positive and significant impact on MAPs. | -0.159 | Negative and partially significant |
| **$H_{1e}$:** Information and communication technology has a positive and significant impact on MAPs. | 0.289 | Positive and significant |
| **$H_2$:** There is a significant and positive impact of strategic analysis on financial performance. | 0.30 | Positive and Significant |

First, the results reveal that firm size (measured by the log of Total assets) has a very small, positive association (0.117) with the use of SMA practices. Second, the results show that the age of the firms (measured by years of operation) is weakly associated with SMA use. Though the relationship is positive, the result is insignificant. Thirdly, ownership practice is a key variable that has a positive and significant impact on SMA. The sign of this variable is highly expected, and the result is significant at 1% level. Fourthly, the variable 'qualified staff' was used as an independent variable. The coefficient sign for this variable is negative, which is unexpected. Moreover, finally, the use of technology has a positive impact on SMA, with significant results. Here, the coefficient sign of the variable technology is expected.

## DISCUSSIONS

The findings indicate that organizational size and years of operation have a positive, though statistically insignificant, influence on management accounting practices. These findings support the developed hypotheses $H_{1a}$ and $H_{1b}$. This observation aligns with current research on emerging economies, which suggests that neither firm size nor age provides predictive power for performance unless complemented by strategic capabilities and innovation-oriented practices (Mia,

2023). The quality of strategic decision-making seems more decisive than structural characteristics in Bangladesh, where numerous production companies must operate under limited resources. Managerial involvement is positively and significantly associated with SMA practices. This highlights the key consideration in participatory management: the relevance and use of accounting information in strategic decision-making. The result is consistent with previous studies and supports hypothesis $H_{1c}$, which posits that owner involvement enhances alignment between accounting systems and organizational strategy, thereby improving financial performance (Rana & Hossain, 2024). Curiously, the accounting staff qualification shows a negative, yet somewhat significant, association with SMA practices, which failed to support hypothesis $H_{1d}$. This opposite outcome can indicate a gap between academic credentials and the applied strategic skills needed to implement the SMA successfully. Accounting education in most developing nations, including Bangladesh, does not focus on strategic analysis and decision support but rather on traditional financial reporting (Maniruzzaman et al., 2025). Thus, the availability of qualified personnel might not necessarily be reflected in improved performance without corresponding training and experience.

The results also indicate that information and communication technology (ICT) plays a positive and significant role in SMA practices, supporting our hypothesis $H_{1e}$. This explains why technological infrastructure is relevant to data processing, real-time analysis, and strategic decision-making. The finding is consistent with the current literature, which devotes significant attention to digitalisation as an effective approach to management accounting systems and organisational performance (Rahuman, 2025). Enhanced use of ICT in the Bangladeshi manufacturing industry would help companies shift from traditional accounting methods to more advanced, strategy-driven practices. In addition, the results indicate that strategic analysis has a significant positive impact on financial performance, supporting hypothesis $H_2$. This provides strong grounds for the main assumption of SMA, namely the integration of external, competitor, and market-oriented information into accounting systems. This implies that companies that undertake strategic analysis can adapt to environmental changes and remain profitable in the long run. Overall, the results show that SMA has a positive impact on financial performance through managerial engagement, technological capability, and strategic orientation, rather than solely through structural characteristics. To policymakers, the research will add to the limited empirical evidence on SMA in developing economies, specifically in Bangladesh's manufacturing industry.

## CONCLUSIONS

The primary purpose of this study is to identify a range of contingent factors that determine the extent to which businesses use SMA. This study was conducted on the listed manufacturing companies in Bangladesh. A quantitative research method has been applied to evaluate the objectives of this research. A structured questionnaire has been used to collect data. After considering the prerequisite data test, the multivariate regression model and the structural equation model have been applied. The summary of the empirical results showed that strategic planning (3.52), customer accounting (3.077), strategic decision (2.775), and competitor accounting (2.577) are used by the respondent companies. ORGS, ONP, TEC, and AGC positively influence management accounting methods. The beta values indicated that strategic analysis was a significant predictor ($\beta = 0.30$; $p = 0.073$). This indicates that SMA positively affects performance.

Based on the findings, the policy recommendations state that SMA should be institutionalized by the government and regulatory authorities, and integrated into national accounting standards and industrial policies, so that firms are cognizant of its strategic importance to their long-term financial performance. The increase in managerial capacity should be the focus of the policy. Given the importance of information and communication technology (ICT), policymakers must hasten the digital transformation of the manufacturing industry. Moreover, innovation hubs and technology support centres can also be set up to assist companies, especially SMEs, in overcoming financial and technical hurdles to adopt ICT-enabled SMA systems.

However, theoretical and practical implications indicate that theoretical implications are required to implement SMA successfully. Best practices between academia and industry may be shared through joint research projects, financial support for empirical research, and knowledge-sharing platforms. However, a limitation of this study is that, due to company privacy and the availability of top management, it was quite difficult to reach all the listed manufacturing companies; therefore, 78 companies responded to this research. Further research should consider all the listed manufacturing companies and include other companies that practice proper management accounting.

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