

**A NEW ERA FOR MANAGEMENT ACCOUNTANTS IN NIGERIA: A GUIDE
TO ACHIEVEMENT OF ENHANCED ORGANIZATIONAL PERFORMANCE
AND SUCCESS**

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ABSTRACT

Management accountants, in the conventional and contemporary age, have contributed to the development of organisations with regards organisational performance and success which has proven to be latent in Nigeria. The differences in development of organisational performance are dependent of the factors which have influenced both facets of roles of management accountants in Nigeria. This study compares the conventional and contemporary roles of management accountants and their contribution towards enhanced organisational performance and success in Nigeria. Secondary sources were analysed and information was gathered in the bid to produce literature on the issue of concern. The study shows that even with its current situation, management accountants, to varying extents, contribute to organisational performance and success. The study serves as a steer to academicians, potential employees, practicing management accountants and students in ensuring that these roles move with changes in the business environment for the sake of organisational performance and success.

Keywords: Management accountant, Conventional role, Contemporary role, Organisational performance, Organisational success, Nigeria

1.0 INTRODUCTION

Historically, (Kerby & Romine, n.d.) explained that management roles generally were limited to the financial roles used in making decisions concerned with resources and finance needed to enhance organisational wealth and at same time achieve its objectives. Management accounting role was initiated by the need for decision making in the old days. In the new age, management accountants are not only involved in making strategic decisions which are major in achieving organisation's mission, vision and objectives but are also engaged in the financial aspects narrowed down with the introduction and design of management accounting systems. The historical roles were such that the management accountant were perceived to contribute minutely to the performance of the organization and hence not held in high regard as a result restricting their roles as accountants. Management accountants were responsible for gathering historical data, preparation of financial statement and manual preparation of cost reports and so on. All these were termed as bean counting (Ramli at al., 2013). This information—both financial and non-financial—was used to make strategic, tactical and operational decisions. Soon after, the expansion of the management accountant responsibilities began with the increasing need for information by line manager for planning and coordination, and by executives for control and strategic planning (Atkinson et al., 2012).

The changing need in technology and competition (Kerby & Romine, n.d.; Sa'id & Tsamenyi, 2012) has brought about the creation and development of new computer

systems used in the historical job tasks of the management accountant. This has left the management accountants free of those roles and hence, broadened their scope. Management accountants are now asked to become business partners or strategic decision makers. The question now is are they ready for the change the current developments have brought about? Also Included in their roles are linking costs to organisational strategy, experts in change management, system design and so forth. Professional bodies such as ACCA, CIMA and AICPA have updated their syllabi in ensuring that these roles are mastered by scholars for application in their assigned roles after completion of their studies.

Management accountants in the 21st century are now involved in varying positions which will tell on the performance and success of an organization. In order for young and aspiring management accountants to be qualified for such roles, a lot need to be done in ensuring that they are eligible and prepared for the corporate world. Some of these include; acquiring analytical skills, embrace change and risks, familiar with computer aided software used in accounting and financial reporting and know something about functional roles (Kerby & Romine, n.d.). In the light of the aforesaid, this study is aimed at serving as a guide to management accounting practitioners, academics, employers both in the public and private sectors in ensuring that indeed the roles of management accountants are of current nature and are fit to enhance organisational performance and success. The study includes roles in the old age and in the new age and how organisational performance improvement and success have been achieved

1.1 Background information

In Nigeria, management roles both in the public and private sectors are still in course of transformation. Even with the severity in competition, technological developments and advancements seem to be slowing the performance and success of organisations in Nigeria. Managerial roles still have a mixture of both historical and contemporary roles which have contributed to sluggish organisational performance and success in both the public and private sectors. Ajibolade (2013) included further that the changes in business environment, management structure, information technology and globalisation were the reasons for the changes made in the roles of management accountants in Nigeria.

Traditionally, management accountants worldwide were responsible for undertaking roles that smoothens the progress of cost management techniques in an organization such as cost behaviour, profit analysis of a particular product and so on. Presently, skills must be developed in facets such as value chain analysis, balance score card, activity based costing and a lot more (Institutes of Management Accountants, 1996).

Also, management accountants used to be under the accounting department (Ahid & Augustine, 2012) automatically qualifying them as a 'cousins' to financial accountants.

In accumulation to the aforementioned in previous paragraphs, exposure in terms of technology, growing user needs for improved decision making and the likes have brought about the new and reinvented roles of management accountants in the 21st century, an opportunity that Nigerian organisations have not completely exploited to enhance positive organisational turn around.

It has been the desire of the Nigerian government to see to it that industrialisation contributes to the country's infrastructural and economical development. However, the country is still in the process of perfecting her oil trade and agricultural dealings which

has up till present not shown any obvious result. Moreover, Nigeria has not tapped fully into its manufacturing base which has resulted in mediocre success in the sector. Mediocrity in the Nigerian manufacturing sector has led to inefficiencies ensuing to a need in development of effective management practices allowing her to be able to compete on the global platform using a revised system with management accountants contributing to the course. Even with the hurdles management accounting, as part of the needful steps to be taken, has proven to be effective in ensuring that goals are met using existing systems (Ajibolade, 2013).

The problems affecting the Nigerian organisations in both public and private sectors are due to the back dated systems and procedures which have policies that do not fit with the modern changes in coming into play. Hence the faith of organisational performance and success is put to test depicting that management roles, depending on its nature, contributes to organisational performance and success. Chukwunedu & Okoye (2012), discovered in their study that curricula of the management accounting course in Nigeria is also deficient in that fresh graduates are lacking technical expertise needed for their various roles in the work place with no hope of improved performance and success of the organization. Hence, management accountants are still living on past glory, negatively affecting performance and success of the organisation.

1.2 Aim

The aim of this theoretical study is to compare the historical management accountant roles with the contemporary roles ensuing to the success and enhancement of organizational performance in Nigerian organisations.

1.3 Objectives

- Overview of conventional and contemporary roles of management accountants

- Reasons ensuing to changes in management accounting roles
- Skills essential to management accountants in the 21st century
- Management accounting roles in the 21st century and its contribution to organisational success and performance in Nigeria

1.4 Significance of the study

Historically, roles of the management accountant were perceived—and later confirmed—as contributing minutely to the performance of organisational sectors in existing sectors which these organisations belong. However, revolution has occurred due to the growing need in technology, competition, expanding roles, management hierarchical structures leading to the broadened organisational tasks of management accountants. Enhanced decision making is one of the end results of what has been sowed initially—that is due to improved controls, time and cost savings and many more for businesses. Therefore, this study aims to review the importance of the new era management accounting roles as compared to the conventional roles. The study aims to influence career options of young and aspiring management accountants in deciding their career journey by acquiring skills they find compatible with the kind in demand in the corporate world. Furthermore, being that skills are being acquired through educational training, tertiary institutions, professional and training bodies will be able to design particular curricula used in instilling the skills needed and expected by a management accountant in the work place. The study also aims to serve as a guide to employees, academicians and the public in realising the importance of the roles of management accountants in the developed world resulting in enhanced organisational performance and success.

2.0 LITERATURE REVIEW

2.1 Conventional and contemporary roles of management accountants

Richmond Website (2011), presented while comparing financial accounting and management accounting that management accounting has been as an important role for businesses for over a century even with the fact that there has not been an agreed description—like financial accounting of what management accounting represents. Management accounting started as cost accounting during the DuPont era with the production of powder. Previously, management accounting roles were aimed at mostly controls vis-à-vis cost control measures such as manual budgeting, product costing, and absorption costing which consumed time, energy and money. Parker (2002) consented that there is a relationship, though not direct between the varying management roles to organisational performance and success. This intermediary, known to be change, determines the possibility of it taking place in relation to the role of management accountants according to how it is perceived by the people implementing it. The people within an organisation, for instance, employees might feel that change is not necessary while thinking about the negative effect on their job security which affects organisational performance and success in the short, medium and long run.

The historical roles mainly involved, in addition, analytical roles (Parker, 2002), product cost analysis, overhead allocation, costs for special decision making (Institute of Management Accountants, 1996; Parker, 2002), financial roles (Kerby & Romine,

n.d) used in planning and controlling of organisational resources to facilitate achievement of objectives and goals. Parker (1996) also found evidence of what is termed as new roles of management accountants existing as far back as 1700s by the industrialists. The differences with now are the evolution of the factors such as technology, globalisation—changes in management accounting roles which were either non-existent or basic stage in the 18th century—have come into play. This designates that the changes in roles of management accounting roles are not uniquely exceptional with the reason being that they have been in existence farther than has been imagined. The fine tuned roles have brought about numerous differences that have impacted organisational performance and goal congruence bridging parts of the massive gap that once existed.

On the contrary, the contemporary roles of management accountant in the 21st century have widened the scope for this group of accountants even as far as key strategic positions. It is also palpable that the current roles include direct strategic involvement with cross functional management teams in addition to financial and operational decision making. The new era of the management accountant roles have in addition, according to (Parker, 2002), encompasses a multidisciplinary approach in contributing to the performance and success of organisation. Other reasons apart from the obvious include inclusion of factors such as intellectual capital, more discriminatory products, change in work attitude and the likes—in addition to financial and non-financial—in influencing organisational strategies, goals, performance and success. The new era of the management accountant roles came about as a result in increased pressure by the Japanese industries on European companies to develop new management techniques

which will not simply include financial calculations but also put into consideration employees, customer, quality and service of the organisation (Atkinson et al., 2012).

Narrowing down to specifics, management accounting systems in Nigeria are a mix of both the historical and contemporary roles due to the staggered transformation completely to the contemporary roles considering the factors that have come into play. This has crippled the performance and success of Nigerian organisation especially in the manufacturing sector—not to say completely. Yet, some organisations have testimonies of improved performance and achieving their goals which is an indicator of success.

2.2 Changes in the roles of management accountants in Nigeria

Change should occur so as to influence organisational performance and success. Organisational performance and success in this study encompasses both financial and otherwise in achieving strategy. Change in the role of the management accountant roles in Nigeria has created a platform such that the platform consisting of their roles is expanded, though complete transformation has not been complete. So to say, the traditional roles of the management accountant have been replaced favourably by new roles. Studies have mentioned common *raison d'être* resulting from changes in the roles of management accountants. These have been aforesaid in the aspects of; technological advances, increased number in ranges of discriminating goods, changes in organisational structure, increase demand of information used in making strategic decision making, globalisation, intense competition (Ramli et al., 2013).

Technological advances: includes the development of management accounting systems used in collecting data that was done manually in the past, such as number of holding stocks, to make quick decisions on the spot—one of the problems encountered by this

group of accountants in the past. Nowadays, managers are assigned to upbeat roles like—audit and control the use of information because of the open access granted to these data thereby, putting the organisation at a vulnerable position as a downside risk. More so, technological advances have created a possibility for the integration of different areas within the organisations which coordinates the responsibilities of the management accountant. This indicates how major the role of the management accountant is playing in ensuring organisational success and hence the importance of the contemporary role with the influence of technology (Ahid & Austine, 2012; Ajibolade, 2013).

Moreover, the **increased demand for information** which facilitates decision making process has led to the change in the roles of a management accountant in Nigeria in the 21st century. Aside from the financial data needed, the non-financial data is also important in making informed decisions. Initially, complete dependency was on the quantitative aspects. In this day and age, a mix of both types of information can be used to make better suited business decisions which are linked to strategic, operational and tactical goals of the organisation. So to say that, wider scope in accounting which includes a mix of quantitative and otherwise are now part of their roles (Parker, 2002).

Expanding roles: As organisations now source for management accountants who can lead businesses to their success at the same time improve organisational performance. That is effectiveness and efficiency in operations will be brought up to standards in achieving the point revealed above. Hence, it is the responsibility of management accountants to engage in continuous skills improvement and to gain updated insight in current developments and knowledge. This usually ensues to value creation by organisation and hence success and enhanced performance (Ramli at al., 2013).

Nonetheless, such factors have influenced management accountants to be ever forward looking not just in their roles but also in the skills and knowledge they are making efforts to possess.

Moreover, (Ahid & Augustine, 2012) explicated that the **gradual flattening of the organisational structure** has widened the platform in which the roles of management accountants exist. With this evolvment, management accountants are involved in strategic roles needed in organisation's survival. So also, the **increase in the availability of discriminating goods** that is manufacturing of goods for different target market—the high income earners get better quality for what they pay than the low income earners.

2.3 Skills essential to management accountants

Potential employees have made it clear that little or no effort is being made to acquire technical skills needed by fresh graduates and even practicing management accountants transferring the costs to the employer vis-à-vis training and development costs of inexperienced staff. Management accountants are usually made part of teams involved in –not limited to—projects or organisational tasks mainly for cost reduction purpose (Ramli at al., 2013). Other roles include operational and technical roles apart from the financial roles. Hence management accountants are obliged to ensure that their portfolio of skills cover major expertise that prepares them to contribute directly or indirectly to performance and success of their company.

The skills available to be acquired by management accountants are numerous. It is such that due to the nature of their job roles, they are required to work with personnel from different departments and areas of the organisation to get things done (Ramli at al.,

2013). In comparing what is needed against what has been obtained, management accountants who practice within the Nigerian jurisdiction are still yet to realise their worth within an organisation and what is expected of them. They are still seen lurking around or being stationed under the umbrellas of the financial accountants of an organisation.

Furthermore, the academia has its own contributions towards the ladder-climbing in the career life of a management accountant. The curricula currently in Nigeria are not up to date as compared with what is expected outside the academia. Mostly cost based courses are being taught in tertiary institutions. It is with the help of professional bodies like Chartered Institute of Management Accountants (CIMA) have made it possible for a fraction of management accountant to jump-start their career with a strong foundation. Having explained the above, skills required as a management accountant include but not limited to analytical skills, use of computer aided systems and software. These skills make it possible for the roles of management accountants to easily carry out their roles so they are seen as useful while contributing to their various organisations. Strategically, management accountants are required to be able to make decisions in line with the organisational strategies with information made available to their finger tips (Ahid & Austine, 2012).

2.4 Management accountant roles and its contribution towards organizational success and performance in Nigeria

The success and performance of a company also depends on the efficiency and effectiveness in management accountant roles. Chronological results have shown that even though the contemporary roles facilitate better success and enhance performance

for an organisation, these roles originated from the conventional roles. It has been due to the factors which have come to play that performance measures and design has improved ensuing to success. Therefore there is an indication that a relationship exists between performance, success and management accountant's role.

Additionally, it has been explicated that management accountant roles in Nigeria might eventually become unimportant being that it has been difficult for them to keep up with the changes in current business environment. A study by (Ramli at al., 2013) indicated that business performance evaluation, planning and managing budgets and cost accounting are the major roles of management accountants. Logically, business performance evaluation, cost management and planning of budgets can be tied to performance and success of an organisation in that the management accountant is responsible for ensuring continuous improvement in organisation's performance in the short, medium and long term. This only explains other non-dominated reasons why there has been an expansion in roles of management accountants.

Planning, control, directing and decision making are major roles of management accountants. These roles entail ensuring that day to day activities are in line with the organisation's strategic objective by ensuring continuous improvement linked to performance. Additionally, giving directives and making informed decision using quality information made available by the management accounting systems should lead to organisational performance and success. The use of these information systems makes assessment of data easy and integrates all part of the organisation (Ahid & Augustine, 2012).

3.0 METHODOLOGY

Theoretical in nature, the paper covers the conventional and contemporary roles of management accountants and their contribution towards organisational success and performance. Secondary sources were used to collect data for the purpose of gaining insights from professional point in view on the issue at hand. More so, books, journals and articles were used to synthesise information during the course of the study.

4.0 ANALYSIS AND INTERPRETATION

The history of the roles of management accountant in contributing to organisational prosperity and performance has been in existence far back as during the industrial age in the 18th century. Management accountants were considered as 'bean counters'. Nations such as Nigeria, which is a developing country, are presently crawling up the ladder of development especially in their manufacturing and agricultural sectors. The issue of what is need and what is in possession has been difficult to bridge when compared with what is available in other jurisdictions.

However, as time and generations have passed, their roles began to increase together with globalisation and technology. These occurrences brought about the increased demand for more quality information to be used in making informed judgements that will be in line with the organisational strategies and goals. The tasks were rather too demanding for management accountants who were initially under the umbrella of the financial accountants.

Technology for one made it possible for these roles to be minimised with the help of innovative management accounting systems. In the light of the above, the new roles began to include strategic decision making roles, value management and so on. By the

look of things, management accountant roles will eventually be merged with those of financial accountants. These two roles are co-dependent coupled with the increasing demand in reduction of wage costs by employees. Considering the skills requisite to potential management accountants such as analytical skills and functional skills are needed for management accountants to be able to survive in a competitive jobs market combined with high employment rate in Nigeria.

It has been logically proven that the historical roles were less contributing to the performance and success of organisations considering the time spent majorly in cost management and little or no time—in some cases—spent on performance. On the flip side of the coin, performance management at its peak is effectively contributing to organisational goal congruence and hence success. The reason being that, the new roles of the management accountants have made it possible for these benefits to unfold. The hunger for more improved performance will mean assigning more key roles to management accountants at all levels of the organisation.

5.0 SUMMARY AND CONCLUSION

In Nigeria, roles of the management accountant are still ongoing changes from the archaic ways of management with a little mix of the contemporary ways to an absolute transformation. This will create more opportunities for management accountants. In the case where management accountants are surrounded by numerous opportunities, they are assigned roles of choice—not in all cases—serving as a motivational factor. A motivated workforce drives an organisation towards enhance positive performance and hence t success.

For further improvement of this study, being that it is a theoretical study; empirical research should be done to satisfy the above mentioned factors driving the evolvement of the new roles of management accountants and its link to enhanced organisational performance and success.

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