

MODERN MANAGEMENT ACCOUNTING PRACTICES: EFFECT ON MANAGEMENT ACCOUNTING SYSTEM PERFORMANCE OF LISTED MANUFACTURING SECTOR ORGANISATIONS IN SRI LANKA

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Sri Lanka is facing challenges in achieving economic growth in the recent years. Contribution from the manufacturing sector is significant in this regard. This study was undertaken to answer the management problem of whether the addition of Modern Management Accounting practices improves the performance of existing Management Accounting Systems in manufacturing sector organizations. Adoption level of ten most prominent Modern Management Accounting practices were tested using a performance measurement construct to understand the level of Management Accounting System performance. Quantitative method of study supported by in-depth interviews and a further explanatory study was undertaken to explain the relationships observed. It was revealed that the adoption levels of all ten practices were below the previously known findings and the average level of adoption was at 54%. Analysis of the quantitative data showed that Management Accounting System performance level average of 74% for all the variables. Simple correlation analysis revealed that there was a fair positive association between the use of Modern Management Accounting practices and Management Accounting System performance in the sample studied. The explanatory study was undertaken using the contingency theory framework. And in conclusion it can be stated that the mix of contingency factors affect the level of adoption of Modern Management Accounting Practices and Management Accounting System performance can be enhanced by the adoption of Modern Management Accounting Practices in manufacturing organizations.

Keywords: *Contingency factors; Modern Management Accounting Practices; Management Accounting System Performance*
