



Leadstar University College

Faculty Of Business And Leadership

Department Of Business leadership

Specialization: MBA In Management Accounting

**The Assessment of Management Accounting practice in Omo Kuraz Sugar Development Project
Coordinating organization, in Salamago Woreda, South Omo Zone, SNNPRE, Ethiopia.**

By:- Tesfaye Edjem Tkapel (Nick/original/ Name Nadukot Edjem Tkapel)

ID Of Participant:- 0777/14

Under Supervision Of :- Mekonnin Mengistie

**A Thesis is Submitted to the Department of Business Leadership, Leadstar University College, in
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Declarations.

I Tesfaye Edjem Tkapel, Registration Number/ID. Number 0777/14, do hereby declare that this thesis is my original work and that it has not been submitted partially; or on full, by any other person for an award of a degree in any other university/institution.

Name of Participant ----- Signature Date

This Thesis has been submitted for examination with my approval as University college supervisor.

Name of Advisor Signature ----- Date

Approval

The undersigned certify that they have read and hereby recommended to the Leadstar University College to accept the thesis submitted by Tesfaye Edjem Tkapel and entitled " The Assessment of Management Accounting practice in Omo Kuraz Sugar Development Project , Ethiopia" in partial fulfillment of the requirements for the award of a Masters Degree in Master of Business Administration specialization in Accounting.

Name of Supervisor ----- Signature -----

Date -----

Name of Internal Examiner ----- Signature -----

Date -----

Name of External Examiner ----- Signature -----

Date -----

Name of Head of Department ----- Signature -----

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Date -----

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CHAPTER ONE

1.1 Introduction

Hilton and Platt (2011) stated that management accounting is the process of identifying, measuring, analyzing, interpreting and communicating information in pursuit of organization's goals. Management accounting is integral part of management process.

Hilton and Platt (2011) also stated that management accountants are important strategic partners in an organization's domestic and international management teams. Usually, the larger the organization is, the greater is management's need for information. The term management accounting is consisting of two words 'management' and 'accounting'. The word 'management' refers to all level managers in the organization. The primary purpose of management accounting in the organization is to help management doing their function by collecting, processing, and communicating information. The word 'accounting' not only refer to a mere record of business transaction but also cover other field of study.

Mahfar and Omar (2004) stated that management accounting form an integral part of the management process in an organization, where it provides essential information to the business in its planning, evaluating, controlling and decision making process. It is through management accounting that the managers get the tools for doing their functions.

However, traditional management accounting has been criticized because they merely focus on internal process rather than dealing with external problems such as managing the competition, generating customer value and creating competitive advantages. The rapid changes of business environment recently into global, competitive and turbulence business environment give significant impact to any type of corporation, either manufacturing or non-manufacturing company, either big, medium or small company and either profit oriented or non-profit company.

According to the International Federation of Accountants (1998) in Kader and Luther (2004), there are four sequential stages that describe the evolution of management accounting orientation. The first stage was cost determination and financial control (pre 1950). The focus of management accounting in that period was calculating product costs that supplemented by budgets and financial control of production process. The second stages was information for management planning and control (pre1965). At that time, management controls were oriented toward manufacturing and internal administrative rather than strategic consideration. The third stage was reduction of resource waste in business processes (by 1985). Kader and Luther (2004) stated that at that period the challenge for management accounting, as the primary providers of information, was to ensure that appropriate information was available to support management at all levels. The last stage was creating of value through effective resource use (by 1995) that was to be achieve by the use of technologies to examine the drivers of customer value, stakeholder value and organizational innovation.

Wiweru, Hoque and Uliana (2005) stated that there are several evidences on the changes of management accounting practices in developed countries. Libby and Waterhouse in Wiweru, Hoque and Uliana (2005) have reported that in Canada 31% management accounting system have changed in the last three years. Burns et.al (1999) in Wiweru, Hoque and Uliana (2005) argued that there have been significant changes in management account practices in the UK during the last decade. How about in developing countries, such as Indonesia? There are several studies that try to reveal the management accounting practices in several developing countries, such as in Nigeria and Malaysia.

1.2 Background

What is Management Accounting?

A logical start is to examine the words 'management' and 'accounting' individually. Unfortunately, neither of these words has a single, universally agreed. Management might be seen to encompass the entire range of activities involved in running an organization, not forgetting that organizations take many forms, including businesses of many types and not-for-profit organizations, within the private or public sectors. Accounting may be seen to encompass any of the activities that attempt to gauge the performance of an organization, or to plan for an organization's future performance. Additionally it may be seen to include the traditional 'accounting' roles of stewardship, control and audit. The layman might think of accounting as being concerned only with those financial measurements undertaken by those with the title

‘accountant’ and of management as being concerned only with those activities undertaken by those with the title ‘manager’. Neither is the case in real life. In competitive business environments, and within a public sector that is increasingly focused upon effectiveness, value for money and ‘best practice’, all organizational participants take on a responsibility for both management and accounting. The actions of each individual within an organization have, after all, ‘trickle-down’ effects on other parts of the organization and an ‘upward’ effect on the eventual results of the organization as a whole. So, then, what is management accounting? Well, in a nutshell, management accounting is accounting (i.e. producing useful information) for management (whoever those managers happen to be and whatever their job titles). In this sense, ‘accounting’ includes the production of all information useful in running the organization. Hence, such information may be: financial or non-financial; accurate, or broadly correct; actual (certain) or estimated (uncertain); based in the past or the future; detailed, or in a highly aggregated form; presented in any of a variety of spoken or written forms, such as numbers, tables, and graphs; related to profits/losses, costs/incomes, volumes, quality indicators, trends, etc.

Similarly, ‘management’ may include the activities of individuals in a number of positions, for example: senior managers; mid-level managers; lower-level managers; executive directors with management responsibilities; employees not usually considered to be ‘managers’, such as production line workers, call-centre operatives, and salespeople.

Thus, in many senses, an average person might not consider many of the areas of activity of management accounting to be accounting at all! Indeed, some writers have suggested that the term ‘management accountant’ should be replaced with a term such as ‘information manager’ in order to signify the wide scope of management accounting. Drucker (1994) has, for instance, suggested that the term ‘manufacturing economics’ might be a better contemporary term than management accounting, within the manufacturing environment. Obviously, a different term would be required for the public sector aspects of management accounting. Interestingly, in recent years, management accounting organizations such as the UK’s Chartered Institute of Management Accounting (CIMA) have taken a more wide-ranging view of the scope of management accounting and have tended to take a more broad ‘management consultancy’ view of the work of their members. Perusal of a recent issue of CIMA’s monthly journal *Financial Management* will confirm this trend. It is interesting, too, to note the recent change of name of this journal from the former *Management Accounting*. This name change and the changing emphasis of CIMA have not, however, met with the universal approval of its members, some of whom take a narrower view of what management accounting should encompass.

Garrison and Noreen (2000: 4) state that managerial accounting (essentially a US term for management accounting – but see Proctor’s views below) is ‘concerned with providing information to managers – that is, people inside an organization who direct and control its operations’. They continue that it ‘provides the essential data with which organizations are actually run’ and (2000: 34) that it is ‘concerned with providing information to managers for use in planning and controlling operations and in decision making’. Note, here, the distinction made by Garrison and Noreen between planning, control and decision making. It is our view that planning, control and decision-making activities are inextricably interlinked. Planning, for example, can be seen as decision making for the future, and control can be seen to be ensuring that the decisions of the past are carried out (as well as ensuring that such decisions are still appropriate).

Proctor (2002: xvii) offers the following explanations of management and managerial accounting, making a distinction between the two terms: Management accounting is orientated towards the future. It is primarily concerned with the provision of information to managers to help them plan, evaluate and control activities. It is essentially a service function; a means to an end rather than an end in itself. Managerial accounting also fits this description but the use of the word ‘managerial’ emphasizes the service role. This may seem obvious but, for much of the twentieth century, management accounting was used mainly to serve the needs of financial accounting, rather than to assist managers in their tasks.... Managerial accounting is about improving the future performance of organizations. Proctor emphasizes that management accounting is not an end in itself. In essence, the slogan ‘If it’s not useful, it’s not information’ applies. Wilson and Wai (1993: 15), writing about managerial accounting, offer the following observations:

Managerial accounting encompasses techniques and processes that are intended to provide financial and non-financial information to people within an organization to make better decisions and thereby achieve organizational control and enhance organizational effectiveness. Note that Wilson and Wai’s definition is broad in scope, reflecting management (managerial) accounting’s broad base, and that the definition incorporates aspects of many areas of study, all inter-related with management accounting:

It is both financial and non-financial information – requiring management accountants to be more than just characterless ‘bean-counters’. Additionally, management accountants deal in information, not just data, and thus must have the requisite skills to produce useful, meaningful, relevant information. Management accountants must ‘add value’ to data, processing it into useful information.

It is the provision of information to people – requiring management accountants to have ‘people skills’ and be able to communicate effectively. It is also organizational control and effectiveness – requiring management accountants to have the ability to see the implications of their advice for the whole organization and to understand how the various parts of the organization are interrelated (i.e. the ‘soft’ (people) parts as well as the ‘hard’ parts).

So, where did management accounting come from? Who invented it? Why was it developed, and by what types of person? As with most forms of historical study, a number of partly conflicting ‘stories’ or paradigms exist, each claiming to give authoritative responses to such questions. Such ‘stories’ may concentrate, according to the slant adopted by their authors, on the commercial, organizational, cultural, sociological, political or ideological aspects of management accounting’s history. The past few decades have seen an explosion in the amount and variety of research undertaken into management accounting’s history, practices and trends. While some of this research might be criticized for being repetitive, unnecessary, too specialized and/or impractical, this research base at least provides a wealth of ideas to increase our understanding of the possible forces that shape management accounting. An understanding of these forces is useful in considering individual scenarios within which management accounting is applied and in analyzing the likely or observed out-comes of such applications.

Obviously, there is a limited amount of time available to you for such background reading, but it is often only by going back to the original papers that you can fully appreciate the worth of such contributions to the literature. Some of these papers can be surprisingly readable; others may be less so! A number of specialized texts on such papers, covering a wide variety of management accounting related subjects, have been produced in recent years, two examples being Ashton et al. (1995) and Emmanuel et al. (1995).

Excellent analyses of the history and context of management accounting, taking a variety of perspectives, have been provided by writers such as Loft (1995), Roslender (1995) and Johnson and Kaplan (1987). Loft gives an overview of a number of different ‘schools of thought’ on management accounting’s history. Roslender looks at the context of management accounting within a framework of critical theory, relating it to a number of recognized social models. Johnson and Kaplan management accounting give their own analysis of management accounting’s history and apply this to their theory of why management accounting lost some of its relevance during the later years of the twentieth century. Merchant (1998) and

Robson and Cooper (1989) respectively give their observations on the relationships between management accounting and theories/models of ethics and power/control.

1.3 Problem Statement

The major management accounting practice of the Omo Kuraz Sugar Development project is applicable in the Two sectors such as Finance, and procurement and supply management sectors of the project. There are Five departments of this sectors, in which accountants, team leaders and managers utilize information for decision making in order to fulfill the project implementation requirements for better success in performing each activities in the planned time. In finance department, the permanent and daily laborer employees salaries payment, financial report preparation is the major activities of the department. The delay of salary payment is one of the main problems have negative effect on the project brings demoralization and decrease the motivation of the employees needs to be solved . In the cost and budget department, the financial administrative Budget released from Federal Sugar corporation is deposited in one account of the project and all sectors utilize randomly not specifically to the all departments according to their annually action plan. (Omo Kuraz Sug. Dev. Project Finance Office report, jun2015)

The material planning and inventory department collects the material, labor and manufacturing overhead cost action plans from all 7 sectors according to their need assessment, and they organize into project plan as the whole. but, all materials requested by sectors do not purchased according to the request causes the delay in some activities of the sectors. The purchasing department coordination and act of collaboration with material suppliers is weak in bid process enable required property not to be supplied in the exact time. In addition materials/heavy machineries ordered/imported from outside of the country takes long time to be received from main sugar corporation in Addis Ababa can affects the project activities progress.(Omo Kuraz Sugar Development Project Jun report2015 or, senae 2007 E.C/). The property administration is one of the major duty important for the success of planned activities within the project. materials in the store stock needs special arrangements, balance and managements. The facilities such as vehicles, guest houses, cafeterias, potable water , recreation centers and employees living houses management is important in making employers to love the work environment. the discomfort of such facilities observed in some areas requires management attention. So, it is important in management accounting to understand if all resource mentioned above effectively organized, administered, controlled

and utilized wisely. The problems mentioned above enforced me to work my research study to know how the managers, team leaders and accountants/experts management practice is going on and what are the causes and the degree of its effects on the overall project activities. How the decision made by the manager according to the management accounting practice information favor the implementations of the organization and applied. What are the solutions to overcome such problems necessary to suggest for the managers of the project in order to enable the projects activities completed in the required time.

1.4. Research Questions

1. How management accounting practice is performed with in the concerned sectors of the project?
2. How the managers of the project utilize management accounting information for decision making?
3. What are the tools and techniques utilized by accountants within the departments activities?
4. How is monitoring and evaluation of management accounting practices of the organization?
5. What are the challenges and opportunities in management accounting practice with in the performing departments?

1.5 Objectives

1.5.1 Main/General Objective

Generally, the aim of the study was to assess how the management accounting practice of Omo Kuraz Sugar Development Project is in line with the overall project planned activities and its implementation within the performing departments.

1.5.2 Specific Objectives

- ❖ To assess how the management accounting practice (planning, directing and control) is performed in the organization
- ❖ To know how the management members/ executive managers of the project utilize management accounting information for decision making.
- ❖ To know the tools and techniques applied by the project accountants in the managing of finance, budget and cost, procurement, material planning and inventory, facilities management and property administration activities.
- ❖ To assess performance monitoring and evaluation in management accounting practices in the organization
- ❖ To identify the shortfalls and strength of management accounting practice with in the performing departments of the project.

1.6 Significance/Justification of the study

The huge amount of money budgeted from Federal Sugar Corporation allocated for the Omo Kuraz Sugar Development project activities implementation managed by finance office. so, it is important to know whether there is effective utilization within the departmental activities and the techniques used by accountants in running the practice. The material planned are purchased and distributed to the departments accordingly, and some project activities implementations are delayed in the required time due to some problems. therefore, it is important assess the management accounting practice problems within the departments and to know the causes of the problems in the experts practice, team leaders and managers decision making and control to overcome the situation further more. The research study benefit is enables the project managers to solve the problems for the success of the project activities. Result of this research project can be used as a base point for further studies in the related issues.

1.7 Scope of the study

This study was undertaken to assess the management accounting practice of the Omo Kuraz sugar development project in the sectors working on accounting transactions at South Omo Zone, Salamago Woreda District. Therefore, it is bounded in departments performing accounting practice and how experts, team leaders and managers of the project utilize accounting information such as budget planning, allocation and control, effective material planning and purchase process as well as its administration information for effective success of the project goals.

1.8 Description of the study area

A national survey conducted regarding the sector confirms that Ethiopia has more than 500,000 hectares of land suitable for sugarcane development. And, the abundant water resource, suitable climate and untouched fertile and irrigable land needed for the sector the nation is naturally endowed with demands a strategic plan that enables the country to utilize this huge potential effectively. Accordingly, the Five

Years Growth and Transformation Plan (GTP) the FDRE government has set is highly cognizant of these potential of the nation for the sector.

The sector is one among other key development issues believed to play a pivotal role in transforming the country's economy to the level of those countries with middle income. This is because that the ten new sugar factories the nation has planned to build and is actively engaged in together with the concluded expansion projects on its existing sugar factories help the nation a great deal in doing away with not only of the import of sugar, fuel, kerosene, etc spending a very huge amount of money but also enable it to export sugar to the international market.

Moreover, the wide job opportunities the sector is capable of creating to citizens of this nation and the electric power these factories will generate and send to the national grid will also play a significant role to the country's move to become an economy of industry led one. Therefore, as the sector is an indispensable one to the effort the country is aggressively exerting to get rid of poverty, it has won the full commitment of the FDRE government.

Accordingly, some selected areas of South Omo, Bench-Maji and Kefa zonal administration of Southern Nations, Nationalities and Peoples Region are among others the FDRE government has identified as sites of huge potential for sugar development. Therefore, Sugar Corporation is here constructing five sugar factories among which three with a capacity of 12,000 TCD (Tone of Cane Crushed Per Day) and two with 24,000 TCD which contribute a lot to attain the above goals the country has set to reach by the end of the GTP period. These five factories will have a capacity of producing 1,946,000 tons of sugar per annum. All the FDRE government development activities are geared towards the nation's constitution. Article 8 No. 1 of the constitution states that nations, nationalities and peoples are the sole owners of power and have equal rights to benefit from the nation's resources. Accordingly, the FDRE government, while running this and also other projects, gives priority to the all forms of benefit of natives of the project areas. And, it, prior to the inception of such projects, always holds discussion with the concerned people and start running them getting their full consent.

Furthermore, the government, more than anyone else takes care of the national as well as internationally registered heritages of the country of natural, cultural and religious nature. Therefore, there is no internationally registered historical, cultural, archeological and religious site to be affected due to the project. (www.et.sug.cor.org.com)

Socio-Economic Situation of the Command Areas of the Project

The command area of the project encompasses selected areas of Salamago and Nyangatom Districts of South Omo Zone ; Surmma and Menit shasha Districts of Bench-Maji and Deicha District of Kefa Zone while the total sugar plantation field of the project is 175,000 hectares.

According to the data gathered on a survey issued on July, 2011 the total population of the districts which the project encircles is 279,026. About 53,596 people are expected living in the actual project command areas. These areas are sparsely populated and the average population density of the districts as a whole is 9.6 persons per square kilometers and when it comes to the much selected actual point of land of the command area the population density will definitely get lower. Therefore, there will be no massive settlement program, let alone a massive resettlement.

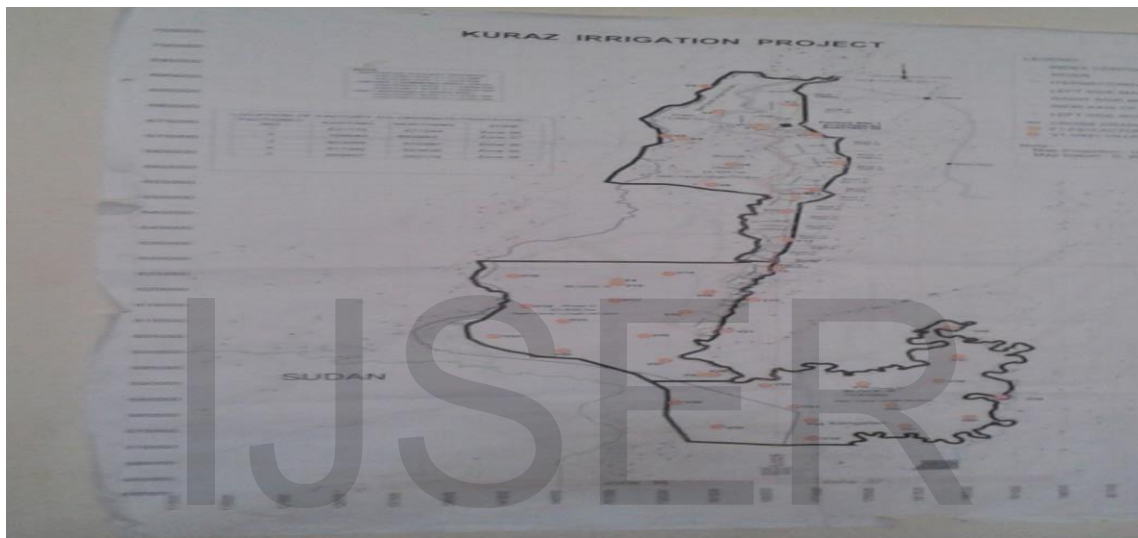
The majority of the people living in and around the command area of the project are pastoralists leading their lives wondering around searching for grazing land and water of their cattle. Besides to this they had been repeatedly exposed to shortage of food due to erratic rainfall. There is no significant crop production going on in the project command area districts except small amount of crops grown using flood retreat farming. Therefore, those living on agriculture are very insignificant in number. And, the main food sources for the households are market crops, livestock products such as milk & meat.

These pastoralists have been leading their lives denied of infrastructures and social service giving institutions for a very long time. They knew no school, health stations, potable drinking water, flour mills, etc. marginalized to keep on leading their cumbersome day-to-day lives throughout their history.

Generally, as the survey conducted shows, no cultivation or settlement is identified in the command area of the project. And, only some groups of the Kwegu of Nyangatom and the Bacha nationalities of Salamago District lead their lives on fishery using the riverbank of Omo. On the other hand, very far

away from the command area of the project, there are three national parks and one international heritage registered by UNESCO

The map of the project



Vision

Stand as one among ten leading countries of the world in sugar industry in 2023 based on a suitable growth.

Mission

creating modern technology and capable human resource so as to develop the nation's potential to the sector, produce sugar, sugar by-products and co-products and take remarkable foreign market share and support the nation's economy beyond satisfying domestic demand.

Core values

- Suitable change and competitiveness;
- Virtuous work ethics;

- Productivity is crucial to our existence;
- Popularity is our typical features;
- We never stop learning
- We encourage creativity and best performance;
- Working in team spirit is our unique feature;
- Environmental protection is a fundamental to our development
- Development of human resource is vital to our success.

General goals

- To improve sugarcane & co-product productivity & cane sugar content improvement.
- To ensure the community participation & beneficiary from sugar development industry.
- to increase natural resource environmental protection in sugar development project command area.
- To decrease environmental hazards in the materials as well as human life with in the project.
- To increase quality materials procurement & supply for its goal achievement
- To increase implementation capability using new research finding results.
- increase corporation information & communication technology utilization.
- increasing organization work capacity using continuous improvement changes tools & structure working system improvement.
- ensuring women & youths participation & benefit in the overall organization implementation activities.
- to increase profitability per year by increasing products production inside & outside of the country to increase income generation
- decrease wastage of money & materials, increase resource saving, production cost control & decrease corporation costs.
- To ensure good governance in the project area (EFDRE Sugar Corporation 2nd Growth and Transformation Plan, March 2008 E.C).

1.9 Limitations of the study

The potential weakness of the study that is beyond control of the researcher and which may have implications or restriction on the study or result of the study are :-In sufficient information and research related documents, the constraints to undergo detail evaluation of organizations entire records, Insufficiency of more relevant reference books, the shortage of time in performing research activities and in addition, finance constraints are other expected constraints which might affect the output of the study .

The compensatory measures taken to mitigate effects of noted limitations is that gaining some related budget planning, cost determination, management accounting practice tools/techniques and other information from internet and collecting the generalized information by distributing questionnaires to get primary information from the accountants, team leaders and managers of the Omo Kuraz Sugar Development project Organization.

CHAPTER 2: LITRATURE REVIEW

2.1 INTRODUCTION

Management accounting is at a critical juncture. Increased competition and uncertain business conditions have put significant pressure on corporate management to make informed business decisions and maximize their company's financial performance. In response, a range of management accounting tools and techniques has emerged. Given this abundance of solutions, what decision support tools and cost analytics methodologies are finance professionals employing? And what are the frontier issues in cost management? Surprisingly, there have been few contemporary broad-based surveys that illuminate and identify cutting-edge issues in cost management today. That's why the Institute of Management Accountants (IMA) and Ernst & Young (E&Y, 2003) undertook a survey to understand the evolving role of management accountants, the goals of the organizations they serve, and the tools they use to meet those goals.

Excellent analyses of the history and context of management accounting, taking a variety of perspectives, have been provided by writers such as Loft (1995), Roslender (1995) and Johnson and Kaplan (1987).

2.2 THEORETICAL LITRATURE REVIEW

Management accounting practice (planning, directing and control)

Several accounting literatures stated that environment where management accounting practices are changing. Yazdifar and Tsamenyi (2005) stated that they were a flurry of books and articles aimed at developing the new (advanced) management accounting techniques. Waweru, Hoque and Uliana (2005) mentioned that the recent management accounting literature suggest that the environment in which management accounting is practiced certainly appears to have changed with advanced in information technology, highly competitive environments, economic recession. The new management accounting techniques include activity based costing, target costing, kaizen costing, balance scorecard and others.

Abdel-Kader and Luther (2006) described that the most notable innovative management accounting techniques are activity based techniques, strategic management accounting and the balance scorecard. Chan (2002), in Mahfar and Omar (2004) found that Singapore companies were ineffective in the use of costing tools and that the coal Singapore companies were reluctant to use advanced management accounting techniques such as Total Quality Management (TQM) and Activity Based Costing (ABC). Adelegan (2004) also in Mahfar and Omar (2004) found that management accounting practices in developing country of Nigeria was still concerned with the process of cost determination and financial control using budget.

Nishimura (2002), Rahman, Tew and Omar (2002) and Omar, Rahman and Abidin(2002) in Mahfar and Omar (2004) provided the similar findings. Nishimura (2002) Mahfar and Omar (2004) revealed that advanced management techniques have almost never been used by Japanese's companies that affiliates with Singapore, Malaysia and Thailand. Rahman, Tew and Omar (2002) in Mahfar and Omar (2004) mentioned that Small medium Industries in Klang Valley Malaysia still relying on the simple and less complicated management accounting practices, such as budget and standard costing.

The management accountants' role in organization

There have been changes over the last 30 years in the way the management accountant's role is characterized. From bean counters to business partners (Baldvinsdottir, et.al, 2009 and Malmie, 2001). The main focus of management accountants has always been improving organizations' performance and profitability. Traditionally, management accountant has been invariably relegated to a role of organizational cost keeping and budgeting and on delights of process costing and budgetary variance analysis. (Misrha, 2011). According to Devie, Tarigan and Kunto (2008) management accountant is intended satisfy top level management need and to motivate in achieving organization's objectives.

Kaplan and Atkinson (1998) also stated that management accountants are no longer mere scorekeepers of past performance but become value adding members of management teams. The management accountant should be highly skilled and important members of management team. (Cooper, 1996). Management accountants today is metamorphosing from bean counters into financial and strategic managers Devie, Tarigan and Kunto (2008) explained that there are four types of management accountant role in an organization, as an administrator, as a doer, as a concepthor and as an actor. A management accountant play role as an administrator if he or she does the administrative or bookkeeping tasks such as recording transaction or being a cashier.

Management accountant would be a doer if he or she run accounting system in day-to-day operational activities. The next role is as a conceptor. A management accountant can be classify as a conceptor if he or she has higher understanding level of accounting concept but the concept has not become important in the organization. Finally, Devi, Tarigan and Kunto (2008) mentioned that a management accountant can be an actor if he or she concern in strategy level or provide information to top-level manager in doing strategic decision planning and decision making.

Baldvinsdottir et.al. (2009) described the role of a management accountant in an organization management accountants felt differ to the non-financial managers because other managers did not fully understand and how to use the financial information. The financial data usually were held in accounting system department. At that period, management accountants feel that they have to educate their non-financial managers in using the accounting information. In the nineties, the financial data are available in all levels of business. Management accountants worked together with other managers to find out the best for the company. Management accountants were no longer distinguish themselves from the non-financial managers. They consider themselves as the member of management team. In the naughtiest, the rapid changes in Information Technology made information are available throughout organization. Management accountants should be partners with other managers. They should work together hand in hand in achieving corporate business strategies. Sometimes, it is rare to find an individual within organization with the title as “management accountant”, but there is always an individual who do the management accountant functions.

The rapid changing of business environment recently into global, competitive and turbulence business environment give significant impact to how people doing their business in any type of corporation, either manufacturing or non-manufacturing company, either big, medium or small company and either profit oriented or non-profit company. In today's rapid changes, every organization must continuously ensure its sustainability in global market. Companies must able to compete nationally and internationally in order to sustain in the market. Management accountings practices have to assure that information provided to managers are relevant and useful in doing their jobs. Literature foresees new management accounting techniques and changes in organizational and business environments having a huge impact on management accountants' roles, yet empirical evidence on fundamental shifts in these roles remains relatively scarce (Burns & Baldvinsdottir, 2005 in Lambert and Sponen, 2009).

Management accounting tools and techniques

Although there is no universal agreement of what constitutes strategic management accounting, we have taken it to include the techniques most commonly appearing in the textbooks (for example Hoque, 2006) under this heading. These are:- Costing the Value Chain, Cost management of supply chains, Competitor accounting, Customer profitability analysis, the Balanced Scorecard, Benchmarking, Product life cycle costing, Target costing, Quality costing (use of cost of quality reports and so on) and Cost accounting systems for 'lean' production –i.e. throughput accounting and back-flush accounting.

Most Popular Management Accounting Tools

There's considerable variability in what management accounting tools companies use. Management accounting practice top priorities tools applicable in many Small scales, medium and Big large scale governmental and nongovernmental business industries are:-

- Product costing analysis tools (including methods for allocating indirect costs or overhead allocation, traditional costing)
- Budgets for planning and control tools (operational budgeting, ABM/std budgeting and capital budgeting)
- Standard costing variance analysis
- Decision support tools (Quantitative techniques, internal transfer pricing and Cost-Volume-Profit (including break-even) analysis)
- Responsibility centers/accounting
- Capital expenditure appraisal techniques (payback, NPV etc.)
- Working capital measures (debtor days, creditor days, daily cash balances, stock turnover)
- Short-term decision support tools (relevant cost analysis; tools for dealing with risk and uncertainty)
- Strategic management accounting.
- performance evaluation tools (benchmarking)

These are the most popular management accounting tools. Source:- by Dr. Michael Lucas and professor Malcolm Prowl, at Open University and Mr. Glynn Lowth at Nottingham Trent University, UK Companies Act, 2006).

Management accounting monitoring and evaluation

What monitoring and evaluation have in common is that they are geared towards learning from what you are doing and how you are doing it, by focusing on: Efficiency, Effectiveness and Impact of the work done.

Why do Monitoring and evaluation? Monitoring and evaluation enable you to check the “bottom line” of development work: Not “are we making a profit?” but “are we making a difference?” Through monitoring and evaluation, you can: Review progress; Identify problems in planning and/or implementation; Make adjustments so that you are more likely to “make a difference”. Help you identify problems and their causes; Suggest possible solutions to problems; Raise questions about assumptions and strategy; Push you to reflect on where you are going and how you are getting there; Provide you with information and insight; Encourage you to act on the information and insight; Increase the likelihood that you will make a positive development difference.

Monitoring is the systematic collection and analysis of information as a project progresses. Its Objectives is to improve efficiency, effectiveness, and increases the probability of reaching project goals, To keep the work on track, and can let management know when things are going wrong. To determine if resources and capacity available are sufficient and are being well used, Whether the capacity you have is sufficient and appropriate, and whether you are doing what you planned to do. It is based on targets set and activities planned during the planning phases of work. It is a part of evaluation and occurs during implementation of a project as mid-term and terminal evaluations. If done properly, Monitoring is an invaluable tool for good management, and it provides a useful base for evaluation.

Monitoring involves: Establishing indicators of efficiency, effectiveness and impact; Setting up systems to collect information relating to these indicators; Collecting and recording the information; Analyzing the information; Using the information to inform day-to-day management. Monitoring is an internal function in any project or organization.

Evaluation is the systematic application of scientific methods to assess the design, implementation, improvement or outcomes of a program (Rossi & Freeman, 1993; Short, Hennessy, & Campbell, 1996). It is the systematic assessment of the worth or merit of some object. Evaluation is the comparison of actual project impacts against the agreed strategic plans. It looks at what you set out to do, at what you have accomplished, and how you accomplished it..

The global factors or challenges in management accounting practice

Significant Management Challenges

In early 1980s, techniques and operations in management accounting were not able to meet substantial and major needs of organizations especially organizations operating at global level. Even some accounting writer's e.g. Kaplan and Johnson criticized this condition and enumerated the most important challenges for management accounting [1, 7]. The most important challenges are briefly as follows:

1. Not introducing new techniques in management accounting
2. Dominating management accounting

Management accounting which has been dominated by financial accounting is the second major challenge in countries especially in Iran. General, management accounting has been undermined by financial accounting reported outstandingly during past 60 years [15].

3. The lack of the relationship between theory and practice
4. The appearance of the management accounting

Forth challenge is related to appearance and evolution history of management accounting. Management accounting was affected by recession in 1980s. For instance Kaplan claimed that management accounting was not a new concept and its creation dated back to 19th century [15]. Also, Johnson and Kaplan argued that most techniques of management accounting in 1980s were already discovered and introduced by 1925[7]. (International Journal of Economic Behavior and Organization, Oct. 20,2013).

Evidence review of Integrated business economics research from manufacturing companies throughout (Yogycarta, indonesia,2013) indicated that there are 11 factors vitally important, average important or negligible deriving changes in management accounting practice and accountant roles. they are:- Information technology, economic globalization, advanced manufacturing technology, accounting software development, Quality oriented market, government regulation, external finance reporting standards, business environment, human rights awareness, new management style, and new accounting tools/ techniques, (Yazdifar and Tsamenyi, 2005).

Factors explaining the amount and type of management accounting undertaken are

1. The extent to which the firm was financially constrained (as indicated by low profitability and cash or credit constraints): the greater the extent of financial constraint, the more management accounting was done (in particular formal budgeting and C-V-P analysis).
 2. The educational background and professional experience of the owner-manager/decision-maker.
 3. The nature of the firm's operations and the extent to which these afforded a predictive model.
- Application of many management accounting tools (such as budgeting and C-V-P analysis) requires the

ability to predict costs and revenues with a reasonable degree of accuracy, such as when a business has a standard product and operates in a stable environment.

4. External stakeholder requirements, in which formal budgetary planning and control cause the providers of funds requires detail management accounting information. (Charity institute of management accounting (CIMA), UK Companies Act, 2006)

In general, constraints for large corporation are management commitment, Organizational expertise, Adequate technology, significant change in competitive environment and available ERP tools. Results from (Institute of Management Accountants (IMA) and Ernst & Young (E&Y), 2003).

2.3 EMPIRICAL LITRATURE REVIEW

Management Accounting Practices

Management accounting practices are measured by two variables, management accounting tasks and management accounting tools/techniques. Many research findings indicate that business performance evaluation, financial/cost control, profit improvements, budgeting, fixed assets investment planning, tactical decision making, productivity/efficiency improvement, generating customer value, product quality management, continuous improvement, managing customer/supplier relationship and managing information technology are management accounting tasks. overall sample companies consider that preparing the budget or budgeting is the most vital management accounting tasks right now. However, the analysis also revealed that for medium-scale, the most important management accounting tasks is profit improvements, whereas preparing the budget was on the top three.

For the 2nd variable" budgets, cost variance analysis, standard costing activity based costing (ABC), balanced scorecard, total quality management, business forecasting, just in time, cost driver analysis, target costing and value added analysis in the most research finding are the management accounting tools or techniques for accounting managers in managing their institutes. The result indicate that the most important tools in all sample companies was budget. This tools was perceived as the most important tool for both medium and big-scale companies. This result is in line to Adelegan (2002), Nishimura (in Mahfar and Omar (2004). All the big-companies (100%) consider the budget as the most important management accounting tool. The top-three for medium scale were budget, Total Quality Management and Cost Variance analysis. The top-three for big-scale companies were Budget, Cost variance analysis and Standard costing.

2.4 RESEARCH GAPS

The research literature reviews gaps observed in the title of management accounting practice is that this practice is recently given focus in 1980 in the world. The modern system is widely applicable in the developed countries, but yet not widely in under developing countries like Ethiopia. There are no relevant literatures and researches in Omo Kuraz Sugar Development Project based on this research topic. This shown that it needs to make researches. Some literature review indicated that many manufacturing and service rendering companies managers are managing or leading their accounting practice without profession. This gab will brings improper management without knowledge of accounting and leads to loss in resource and cannot make the institutes more profitable in planning organizing and controlling the resources wisely needs to pay attention furthermore. the clear reason that makes me to study management accounting practice in Omo Kuraz Sugar Development Project is to see how this practice takes place and what are the problems encountered in resource planning allocation and effective utilization in the project area.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The research design or the logical structure of this research enquiry is descriptive case study research design which describes the nature of problems of management accounting practice in Omo Kuraz Sugar Development Project. The most affected groups in the study are accountants, managers, daily laborers and implementation material suppliers. Due to this research designed to know how it is practiced and what are the causes of the problems encountered and what will be the solution to overcome the problems in comparison to really management accounting science..

3.2 RESEARCH APPROACH

The research approach of the study is both qualitative and quantitative. It is quantitative in that is a descriptive approach to the testing theory and often using numbers and facts. It is also qualitative in that inductive approach to the generalizing theory and focus in constructing knowledge rather than finding it in reality.

3.3 RESEARCH METHODS

3.3.1 RESEARCH TECHNIQUES

The research data collection techniques undertaken to collect the required information are simple observation, administering written questionnaires and interviewing focus groups.

3.4 SAMPLE DESIGN

The research Sample design or the set of procedures for selecting the units from the population is convenience non probability sampling types of sample design which Involves collecting information from members of the population who are conveniently available to provide management accounting practice information. so, the population that are only selected to give information are accounting experts, senior accountant, accounting departments team leaders and accountant managers employees of the project.

A. population or universe

The Omo Kuraz Factory-1 Sugar Development Project organization which consists of more than 2000 permanent employees has 7 sectors. Among those sectors, the research study mainly focus on the finance, and procurement, supply and facility management sectors consists of 6 departments. So, the total population of the research is 95 the number of accountant employees of the above two sectors in 6 departments.

B. sampling frame

The actual list of sampling units or simply a list of the study population, from which the sample or some stage of sample selected are 95 accountant employees of the 6 departments of project mentioned above.

C. sampling unit

The accountant employee of finance and procurement supply and facility management offices are a single section selected to research and gather statics of the whole.

D. sampling technique

Non-probability convenient sampling technique involves collecting information from members of the population who are conveniently available is a technique used in this research to provide the required information. This Sampling technique is selected just because easiest to asses and they are willing to participate in this research. This sampling technique is fast, inexpensive, easy and the subjects are readily available.

E. sample size

It is the number of elements accountants selected for the sample to represent the all employees of management accounting practice in the project. it is calculated by continuous value formula,

$$n = \frac{Zs}{d}$$
Where **n** is sample size, **Z** is the abscissa at specific confidence level, **s** standard deviation of the sample and **d** is the precision level of accountant employees.

F. sample

The research sample undertaken from the total population drawn above to analysis the management accounting practice assessment is 45 people, such as Two accountant managers, Six accountant team leaders and 12 senior accountant, and 26 accountant experts in different rank with in the departments of the above two sectors.

3.5 SOURCES OF DATA

The research utilizes both primary and secondary source of data in order to gain relevant information about management accounting practice with in the study area.

3. 5.1 PRIMARY DATA SOURCES

The primary data are data collected for the first time and hence they are original. The primary sources of data are obtained from by taking available information, observing the activities and flow of management accounting practices. It is also obtained by distribution of administering written questioner to 45 accountant, team leaders and accountant managers from 95 employees population of Finance, Cost and Budget, Material planning and Inventory, Procurement and Supply and Facility management departments in which the practice is done.

3.5.2 SECONDARY DATA SOURCES

The secondary source of data are obtained from annual reports, referring manuals and financial policy of the organization, published books, previously published researches, journals and from published www.google.com internet findings.

3.6 DATA ANALYSIS AND INTERPRITATION

The research data analysis and interpretation is using percentages , simple mathematics calculations like mean and average deviations, and interoperated by using excel. The ANOVA is the procedures followed for data management, including data coding, monitoring and verification. Both statistical for numeric data and analytical techniques for non-numeric data used to analysis data.

3.7 DATA PRESENTATION

The analyzed research data is presented by using tables, graphs and pie charts... etc.

3.8 LIMITATIONS

The major limitations of this research study is that, since the project is one of the mega projects of 1st GTP plan of the government, there may be have different groups of employees with different skills and knowledge in the study area. Since the official language spoken is Amharic, there may be have a limited understanding of some respondents the research Questionnaires language to give the available and the information in the required level.

The absence of previously studied researches in this area on the title of management accounting practice may become one of the obstacle for the sample population in order to refer the required information. In addition to this, it may becomes difficult to gather information lonely and there may have negative attitude on some employees in giving the right information according to Questionnaires.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 INTRODUCTION

Result and discussion is the main part of research in which finding of the research presented and interpretation of data takes place. This section includes the demographic data and response rate of employees in data collection and analysis.

4.2 RESPONSE RATE

Among 95 employees of two sectors such as finance, and procurement and facility management, in which management accounting practice takes place, the materials distributed to collect research information is 45 personnel structured administrative questionnaires. The information gathered from 6 department employees such as finance, budget and cost, material planning and inventory, procurement, facility management and property administration. Among those, 45 are returned from the respondents filled with answers. When we looked the overall rate of the response, many employees could not respond to the distributed questionnaires immediately took about 3 weeks to complete due to the work load and negative attitude on the research. The senior expert, experts and some team leaders fear to give the right information before introducing, so the method used to clarify them about the research is that the general manager wrote the letter circularly to all concerned departments and team leaders clarified the case to the employees and then they all accepted. Some problems in response rate solved by discussing with respondents on unclear questions.

4.3 DEMOGRAPHIC DATA

When we looked at the demographic data of sample population, 2 deputy general managers, 6 team leaders 12 senior experts and 15 are accountant experts. The marital status of the respondent indicates that 25 employees are married, 14 unmarried, 3 in relationship and 3 divorced. The employees working in the project matured and well experienced. The gender status of the sample indicates that many of the employees are males. There are few numbers of female accountant experts. The research finding indicates that 84.4% of respondents are males.

The educational status of the respondent indicates that number of accountant employed in the project 66.67% are first degree holders, 31.1% diploma holders and 2.22% MSC/MA holders having more than 5 years work experience in management accounting practice. The degree of using technological equipment of the respondent is 55.56% because no broadband network connections with in the offices and management accounting activities incorporated with in desktop computers. In addition to this, the using of computers in administration and financial aspect of the project is very high in that almost all employees have their own computers to do their job. Generally, the number of accountants employed to run this activities in comparison with the required job is equal.

4.4 RESULTS OR FINDINGS AND DISCUSSION

4.4.1 Management accounting practice

4.4.1.1. Budget planning, allocation and control

The research finding indicates that the budget used to run all activities are planned from all sectors forecasted and prepared at fiscal year according to planned activities within the project and compiled in finance sector at cost and budget team and sent to sugar corporation in order to be released. The Federal Sugar Corporation do not transfer/release budget in the project account according to the budget plan. The budget allocation is not specifically according to the code of departments activities. It is utilized randomly from the project account when the General Managers and D/G Managers/authorized person of the project approval takes place. The costs recorded according to the sectors activities. Farther more, the control of the budget takes place by internal (project) auditors and external Federal auditors. In general, this is happening because the project is know on the investment period rather than generating incomes.

It is interpreted that utilization of released budget from sugar corporation randomly have negative significant effect on efficiency, effectiveness and proper utilization of money of the project because it is not utilized based on planned activities coded with allocated budget.

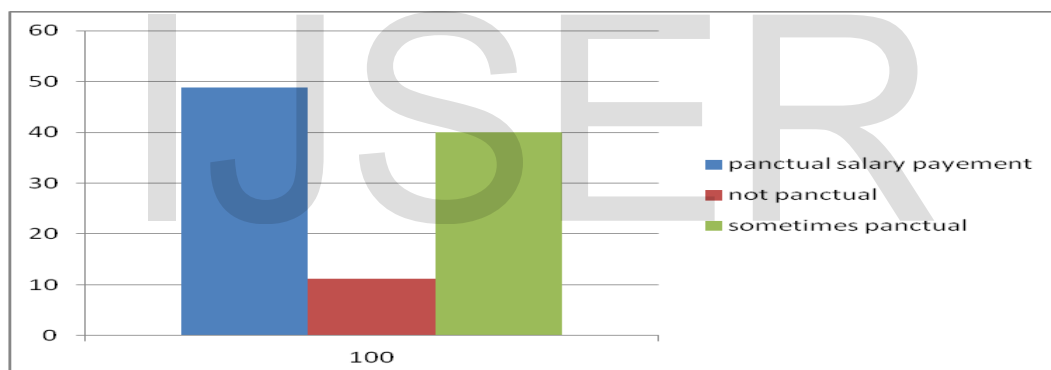
Adelegan (2004) also in Mahfar and Omar (2004) found that management accounting practices in developing country was still concerned with the process of cost determination and financial control using

budget the same to this project of Ethiopia. This result is in line to Adelegan (2002), Nishimura (in Mahfar and Omar (2004). All the big-companies (100%) consider the budget as the most important management accounting tool. The top-three for medium scale were budget, Total Quality Management and Cost Variance analysis. The top-three for big-scale companies were Budget, Cost variance analysis and Standard costing.

4.4.1.2. Salary payment

It is observed that there are more than 2000 permanent and 3000 temporary/seasonal employees working in sugarcane plantation and offices of the project. According to the research data, 48.89% of the respondent shown that salary payment is punctual. The 11.11% of the respondents said it is not punctual and 40% of respondents assumed it happens sometimes because of the delay release of money from corporation on bank account and attendance of employees approval from the department's monthly.

Figure1. Salary payment punctuality in the project.



It is conclude that the salary payment is more punctual specially of those permanent employees paid from 25-31days at the end of the month.

4.4.1.3. Cost management and Financial control

Table4.1. The role of cost management and financial control in decision makers of the study area

Activity	Total sample population	Respondents		Percentage (%)
		Yes	No	
Cost management and financial control is a key input for decision makers.	45	45	-	100%

The research finding shown that the cost management and financial control is 100% a key input/backbone for all decision makers because it is difficult to know the project run is in the right way without risky. The managers or decision makers utilize summarized cost reports to make some improvement on planned activities and evaluate the strength and weakness of the project implementation to assume the next direction to solve the problems.. The cost management and control at the investment period of time will indicates the profitability, loss in the future and important to decide the value of future sugar cost at sugar production pick.

In comparison of this research result with others, Kader and Luther (2004), stated that among four sequential stages that describe the evolution of management accounting orientation, the first stage was cost determination and financial control (pre 1950).The focus of management accounting in that period was calculating product costs that supplemented by budgets and financial control of production process.

4.4.1.4. Procurement and supply chain of the project

Table4.2. Materials purchase and supply in comparison with quality, time and amount

Activity	Sample population	The number of respondents	Percentage (%)
Material planned purchased in the required time, quality and amount	45	14	31.11%
Material planned not Purchased in the required time	45	12	26.67%
Material planned sometimes Purchased in the required time	45	19	42.22%

It is observed that the materials planned from all sectors/departments of the project purchased by procurement department employees. It is important to purchase materials with high quality, in the required scheduled time and amount for efficient project work performance. This research result shown that 31.11% of respondent said the materials purchased in the required quality, time and amount effectivily,26.67% respond that not purchased in the required quality, time and amount, and 42.22% of

the respondent said that the materials planned sometimes purchased in the required quality, time and quantity. So, this shows that it needs to make improvement on purchasing to make work effective.

This contradicts the finding in some books of Government procurements, Kelly report (OGC,2003) which favorable that the goods, services or works are appropriate and that they are procured at the best possible cost to meet the needs of the acquirer in terms of quality and quantity, time, and location.

4.4.1.5. Property administration

The materials purchased from procurement and supply team and those purchased from corporation recorded in receiving vouchers and the remaining administered in the store after the requested materials with drawn from the store. This management accounting practice is undertaken by the accountants working within the property administration department of the project. In this research findings, 57.78% of the respondents said the property administration within the project according to management accounting techniques is well organized and 42.22% of them said it needs some improvement.

The structure of the department of the study area invites only diploma holders, and 1 degree holder at team leader level but the burden of the work is very high need to be corrected.

4.4.1.6. Priorities facing management accountant

The table below research finding is about the priorities facing management accountant such as experts, team leaders and managers while implementing and making decision on their day to day activities.

Table4.3 priorities facing management accountants

T.N	Priorities in management of accounting practice	Number of respondents	Respondent result in percentage	rank
1	Contributing to core strategy	19	42.22%	1st
2	Generating cost information	12	26.67%	2nd
3	Cost reduction	8	17.78%	3rd
4	Reducing risks	3	6.67%	4th
5	Setting standards	2	4.44%	5th
6	Improving process	1	2.22%	6th
7	Automating process	-	-	7th

This result stated that contributing to core strategy, generating cost information and cost reduction are the top priorities of decision enablers and makers. The top most is contributing to core strategy which contradicts the idea of some survey of cost management accountant indicated generating cost information as topmost priorities in management accountant. This is relatively related to published research survey of management accounting practice today, result from 2003 EMA - E & Y by Ashish and Garg, Debashis Ghosh, James Hudick and chuen Nowacki, which indicated that there was remarkable alignment between decision makers and decision enablers on top priorities facing management accountants. Both believe that the top two priorities for cost managers are generate "actionable" cost information and reduce costs and drive efficiency.

4.4.2 Management accounting techniques

Table 4.4 Management accounting techniques of the organization

No.	Management accounting techniques	Number of respondents	Percentage (%)
1	Costing the value chain	5	11.11%
2	Quality costing	5	11.11%
3	Benchmarking	20	44.44%
4	Competitor accounting	25	55.56%
5	Cost accounting system	39	86.67%
6	Target costing	24	53.33%
7	The balanced scorecard	39	86.67%
8	Cost management of supply chain	30	66.67%
9	Product life cycle costing	-	-
10	Customers profitability analysis	5	11.11%
11	Activity Based Costing (ABC)	39	86.67%

This research result indicated that the management accounting practice techniques used in the project planned activities implementation are:_ costing the value chain, Quality costing, benchmarking,

competitor accounting, cost accounting system, target costing, the balance score card, cost management of supply chain and activity based costing system (ABC). Among all of this technique, 86.67% of the sample population respond that Balance scorecard, cost accounting system and ABC are most commonly used in each day to day planed and implementing activities of the departments of the project.

This research study agree with earlier published work, Waweru, Hoque and Uliana (2005) mentioned that the recent new management accounting techniques include activity based costing, target costing, kaizen costing, balance scorecard and others. Abdel-Kader and Luther (2006) described that the most notable innovative management accounting techniques are activity based techniques, strategic management accounting and the balance scorecard.

4.4.3 Management accounting practice and decision making in the Omo Kuraz Sugar Dep't project

It is observed that accountant experts, senior expert, team leaders and managers of the departments have strategic links based on the structure of the organization. The accountants have responsibilities and duties for the activities they planned to do daily, weekly, monthly and yearly. The research finding indicates that relationship between management accounting practice techniques and decision making of managers is 37.78% excellent, 44.44% very good and 17.78% is good.

The management accounting information flow based on accomplished activities is from individual workers proposed to the team leader, decision made by sector mini- management and the 7 project management members on the budget costing matters. The result of the sample shows that 88.89% management accounting practice information plays a major role in managerial decision making and 11.11% of sample population said there is a gap in practice after decision is made.

The problems encountered during the practice are solved by kaizen and balance scorecard working system by discussing every week by quality circle (QCC) in which 5 employees present the activities report of the week and gives direction on the matters solved by the group and report those problems they cannot solve to the facilitators QCC to be solved and to decide whether the activities done effectively.. The problems behind the facilitators solved by the project management team through discussion. Generally, the team leaders and departments managers gives direction for the employees and the employees makes practice accordingly for all implementation of each activities. If there is any gap, they solve together.

In comparison with other researches, it is related with Wilson and Wai (1993: 15), writing about managerial accounting, encompasses techniques and processes that are intended to provide financial and non-financial information to people within an organization to make better decisions and thereby achieve organizational control and enhance organizational effectiveness.

4.5. Monitoring and evaluation

The research findings observed indicated that each department has yearly planned activities divided in 4 Quarter, 12 month plan and weekly plan. The employees day to day activities planned weekly monitored by owner and under supervision of team leaders. The implemented activities of individual employees report evaluated by team leader at the end of the week through balanced scorecard evaluation system in which perception is based on finance, customer satisfaction, internal process and learn and growth. The general evaluation undertaken by sector or Deputy General managers is twice a year. The individual employees, QCC and facilitator and Facilitators team scored high rank on implementation given recognition by the sector and General Managers of the project and afforded certificate award at the half and end of the year.

4.6. The opportunities and challenges of the management accounting practice of the project.

The respondents specially the team leaders and managers of the management accounting practices as well as field observation shown that opportunities created the working environment suitable are the application of BSC and Kaizen system practice in the whole project sectors, the presence of modern cost accounting books and standardized cost recording systems, the presence or availability of office equipments such as computers and stationeries so on, the availabilities of responsible persons and transformational leadership.

It is observed and interviewed from accountant and decision makers that the challenges or factors affecting the management accountant are the shortage of manpower of some departments in comparison of work activities. The lack of fully recorded and organized stakeholders (materials purchased from corporation and contract agreement costs of some contractors) cost data of investment on some of the project activities. The delay of materials purchased from sugar corporation and unplanned purchase, un proper use of budget of the project. Shortage of refreshment training gap of experts. lack of sharing knowledge and skills, lack of empowerment and filling gaps of employees. The presence of new accounting software problem, payroll system software and no computerized attendance controlling system. The lack of open stores enabled most expensively purchased machineries exposed to sunshine and rainfall and shortage of enough shelves on warehouse reduce life span of materials inside.

Evidence review of Integrated business economics research from manufacturing companies throughout (Yogycarta, indonesia, 2013) indicated that there are 11 factors vitally important, average important or negligible deriving changes in management accounting practice and accountant roles. they are:-

Information technology, economic globalization, advanced manufacturing technology, accounting software development, Quality oriented market, government regulation, external finance reporting standards, business environment, human rights awareness, new management style, and new accounting tools/ techniques, (Yazdifar and Tsamenyi, 2005).

In some survey findings of large corporations (results from strategic finance of the 2003 IMA-E & y survey), the factors that constrain the adoption of best practices and tools include lack of adequate technology, lack of in-house support, organization expertise, significant change in competitive environment, available ERP tools and lack of commitment/management buy-in which related to this research findings.

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5. Introduction

The conclusion and recommendation of this research includes the content of how the management accounting practice implemented and how it is effective in comparison of its specific activities. The research findings concluded that the project managers should pay attention on Direct, indirect and administrative cost recording for the future payments of loans. They also must focus in purchasing as well as immediate decision on the problems reported from the departments of the Omo Kuraz Sugar Development Project. It is also concluded the monitoring and evaluation system of the project is based on balanced scorecard performance evaluation.

5.2 CONCLUSION

It is concluded that there are many management accounting practice activities performed with in the concerned sectors of the project according to the 5 years GTP plan of Federal Sugar Corporation. The budget planning is forecasted from the project and released randomly from sugar corporation not according to the specific planned activities of the departments in the project. It is sometimes released in the project account below or above financial plan of the project. The budget allocation and utilization in the project is not coded according to the departmental activities have influence on the reconciliation of the costs and effective utilization at the end of the year.

The managers of the project utilize management accounting activities information of the departments for decision making when the tasks accomplished on the individuals accountants daily and weekly after

discussed by the QCC, the problems behind their capacity tried to be solved by Facilitators team. When the problems those needs managers involvement identified, it will be presented to management members of the project and then given direction of implementation. It is concluded that the management accounting information flow is according to the structures and hierarchy of the organization is effective in management of planned activities.

It is Generally observed the major management accounting techniques utilized by accountants within the departments activities are Balanced scorecard, target costing and activity based costing system (ABC) which is relatively commonly used in large big scale companies of the world.

The monitoring and evaluation of management accounting practices of the organization is according to the planned activities of individual workers monitoring their own activities under supervision of team leaders. The evaluation is when the implemented activities reported to the team leaders evaluated according to BSC system weekly. It is generally findings indicated that evaluation by the managers of the sector happened twice a year and best scorers should be given recognition and certificate award.

In general, the challenges and opportunities in management accounting practice with in the performing departments findings shown that the project have best opportunity in availability of working equipments and strong strategic leadership style. The challenges those needs focus by managers and sugar corporation is unplanned budget utilization, unplanned purchasing of materials and shareholders cost of implemented activities by the contractors as well as materials purchased from Federal Sugar corporation in order to generalize the utilized costs at the project phase for the future payments of the loan.

5.3 RECOMMENDATION

- The project financial budget planned should be released from Federal Sugar Corporation based on the planned activities of the project and utilized and allocated according to item or activities code of the sectors and departments.
- All investment costs of every activities of the project implementation data from shareholders and materials purchased from Sugar corporation should be recorded and known for the repayment of the loan of donors for the future when the Factory starts sugar production.
- The management accounting practice techniques and decision making needs special attention by the managers of the project because technically presented problems require to be solved immediately for the work efficiency and effectiveness.

- The Sugar corporation should focus in transferring of money to the project account early and attendance of permanent and daily laborers should be organized in computerized system and should be presented in finance for payment before three days to be payee.
- The purchasing of materials by Sugar corporation and department should be planned, effective and based on specified, required time, Quality and amount requested from the sectors/departments.
- Working skilled and educated manpower should be balanced with the specified job for example the property administration team invites only high education level at the team leader. and the rest is at diploma and certificate is not equal to the work burden.
- The warehouses of the project needs plenty shelves for arrangement of materials and open stores should be built and heavy Machineries should be protected from sunshine as well as rainfall.

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APPENDIX-2 RESEARCH QUESTIONNAIRES

Questionnaires for the assessment of Management accounting practice in Omo Kuraz Sugar Development project operation, in South Omo Zone at Salamago Woreda.

Part One

I. Socio-economic status of the target groups/background information of the target groups.

1. Marital status of the respondent.

☐ Married ☐ Unmarried ☐ Divorced ☐ In r/ship ☐ widow/widower

2. Gender status of the respondent.

☐ Male ☐ Female

3. Level of education or educational status of the respondent.

☐ MSC/MA ☐ BSC/BA ☐ Diploma ☐ Certificate ☐ 10/12 complete

4. The study field of the respondent.

☐ Accounting ☐ Finance ☐ Procurement and supply management ☐ Other related field

5. Your job title/work position in the project

☐ Manager ☐ Team leader ☐ Senior expert ☐ Expert ☐ Others.

6. Working department/office

☐ cost and budget ☐ Finance ☐ Property administration ☐ Material planning and Inventory ☐ Procurement

7. Work experience of the respondent.

☐ 1year ☐ 2years ☐ 3years ☐ 4years ☐ 5 & above

8. The degree of using technological equipment of the respondent?

☐ High ☐ Medium ☐ Low ☐ None

9. Using of computers in Administration and financial aspects

☐ Excellent ☐ Very good ☐ Good ☐ None

10. How do you compare the number of accountants employed in your department with management accounting practice/work?

☐ Equal to the required job Below the specified job
Beyond the required level of job other

Part Two

II. How is management accounting practiced in all of the project operation departments/offices?

1/ How is management accounting budget planning ,allocation and control takes place generally in comparison with the project activities? -----

2/ Is Temporary and permanent Employees salary payment is always punctual?

A/ Yes B/ No C/ Sometimes

If not or sometimes, what are the reasons? Explain?

3. Is cost management and financial control is a key input to strategic decision makers?

A/yes B/ No. Why?

4/ The material planned from all sectors of the project purchased in the required quality, time and amounts?

If A/ Yes B/ No, C/ Sometimes

Why? Explain the reason. -----

5/ Do you think property administration is in well organized manner? if

A/ Yes B/ No

Why? and How? Explain the reason. -----

6/ What are the priorities facing management accountants such as decision enablers (accountant, team leaders) and decision makers (managers) in the implementation of your department activities in the project?

No.	Priorities in management of accounting practice	rank
A	Generating cost information	
B	Cost reduction	
C	Improving process	
D	Contributing to core strategy	
E	Setting standards	
F	Reducing risks	
G	Automating process	

7/ Which of management accounting techniques most commonly used in your department?

☐ Costing the value chain ☐ Quality costing ☐ Bench marking

☐ ☐ ☐

Competitor accounting

Cost accounting system

Target costing

☐ The Balanced score card ☐ Cost management of supply chain

☐ Product life cycle costing ☐ Customers profitability analysis

8/ The relationship between the use of management accounting technique and managerial decision?

A/ Excellent B/ Very good C/ Good D/ poor

9/ Management accounting information play a major role in managerial decision making in the purchasing, supply of materials, material inventory control, cost & allocation of the budget of the project?

A/ Yes B/ No.

10. If yes, how the problems solved during implementation of each activities by the experts? team leader? and manager in your department? explain.-----

III. How the major activities of your day today implementation monitored and evaluated in the organization?-----

IV. What are the challenges & opportunities happened during the management accounting practice in the project implementation process in your department? what are the causes of the problem? what do you think should be the solution?

List Opportunities? -----

List challenges? -----

Appendix 3. Tables, Figures and Appendices

1. materials supplied from sugar corporation

1. Sugar package 50kg

S.No.	Description	UOM	Total Required Per Year	Total purchased	Remark
1	sugar package 50kg	Pcs	2824440.00	0.00	

2. Tyre With Tube Tyre For Machineries

S.No.	Type of Machinery	Part Number	UOM	Total Tyre Required Per Year	Total Tyre purchased	Remark
1	Versatile Tractor Front & Rear With Tube	520/85R42	Pcs	112	0.00	
2	Belarus Tractor front With Tube	420/70R24	Pcs	64	0.00	
3	Belarus Tractor Rear With Tube	18.4R/38	Pcs	64	0.00	
4	Futon Tractor Front With Tube		Pcs	12	0.00	
5	Futon Tractor Rear With Tube		Pcs	12	0.00	

6	Cat Agricultural Tractor Front With Tube	14.9/26	Pcs	8	0.00	
7	Cat Agricultural Tractor Rear With Tube	18.4/38	Pcs	8	0.00	
8	John Deere Tractor Front & Rear With Tube	620/70R42	Pcs	32	0.00	
9	Power Plus Grader With Tube	17.5/25	Pcs	228	0.00	
10	Back Hoe Loader With Tube	12-5-80-18	Pcs	16	0.00	
11	Front loader With Tube	23.5-25	Pcs	4	0.00	
12	wheel Excavator	8.25-25	Pcs	24	0.00	
13	Fork Lift		Pcs	8	0.00	
Sub-Total					0.00	

3. Tyre For Vehicles

S.No.	Type of Vehicles	Part Number	UOM	Total Tyre Required Per Year	Total Tyre purchased	Remmark
1	Prado	245/75/17	Pcs	20	20.00	
2	Prado Inner Tube	245/75/17	Pcs	20	20.00	
3	Toyota Hilux	7.00/16	Pcs	340	0.00	
4	Toyota Hilux Inner Tube	7.00/16	Pcs	816	0.00	
5	Toyota Hilux	205/R16	pc	200	0.00	
6	Toyota Land Cruiser	7.50/16	Pcs	200	0.00	
7	Toyota Land Cruiser Inner Tube	7.50/16	Pcs	200	0.00	
8	Ambulance	7.50/16	Pcs	20	0.00	
9	Ambulance Inner Tube	7.50/16	Pcs	24	0.00	
10	Faw Dump Truck With Tube	12.00/20	Pcs	262	109.00	
11	Fuel Truck With Tube	12.00/20	Pcs	44	0.00	
12	LowBed With Tube	12.00/20	Pcs	44	0.00	
13	Suzuki Motor front With Tube	2.75/21	Pcs	129	132.00	
14	Suzuki Motor Rear With Tube	2.75/21	Pcs	129	0.00	
15	Red fox Motor front With Tube	2.75/21	Pcs	30	0.00	

16	Red fox Motor Rear With Tube	2.75/21	Pcs	30	0.00	
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4. Tyre for Implements

S.No.	Type of Implements	Part Number	UOM	Total Tyre Required Per Year	Total Tyre purchased	Remark
1	Land Scraper		UOM	52	0.00	0
2	Disk Haraw		UOM	16	0.00	0
3	Disk Haraw Tendem		UOM	40	0.00	0
4	Land Planner		UOM	20	0.00	0
5	Sub-Soiler		UOM	20	0.00	0
6	Water Tanker		UOM	144	0.00	0
7	Cane Curt		UOM	240	0.00	0
8	Rome Plough		UOM	72	6.00	0

5. Protective Devices

S.No.	Type of Machinery	UOM	Total Tyre Required Per Year	Total Tyre purchased	remark
1	Helmet Industriaol	Pcs	2086	0	
2	Safety Shoes	Pair	1916	316	
3	Lens Dust Protector	Pcs	1206	0	
4	Over coat Kaki	Pcs	1632	0	
5	Rain Coat	Pcs	1836	1658	
6	Leather Shoes short	Pair	3354	1704	
7	Tuta	Pcs	2566	1200	
8	Plastic Boots	Pair	1000	1780	
9	Leather Glove	Pair	1328	0	
10	Mask Dust Protector	Pcs	744	0	
11	Plastic Glove	Pair	10120	0	
12	Eye Google Lens (□□□□ □□□□)	Pcs	36	0	
13	Leather Apron	Pcs	136	0	
14	Hair Covering Cape	Pcs	52	0	
15	Over coat White	Pcs	8	0	

16	Leather Boots (□□□□ □□)	Pair	552	400	
17	Apron Kaki	Pcs	26	0	
18	Caport	Pcs	532	0	
19	walding gogel	pcs		5	project
20	Acid resistance gawon	pcs	100	0	
21	Normal goggles	pcs	1325	0	
22	dust mask	pcs	400	0	
23	head cover	pcs	1400	0	
24	uncolored goggle	pcs	1400	0	
25	woolen glove	pair	250	0	
26	ear plug	pair	1471	0	
27	ear muff	pair	100	0	
28	Hand welding Mask	pcs	50	0	
29	Dark welding glass	pcs	30	0	
30	Hand refractometer	pcs	3	0	
31	galvanized bucket	pcs	25	0	
32	wooden spoon	pcs	300	0	
33	straw hat	pcs	200	0	
34	reflective jacket	pcs	200	0	
35	rubber glove	pcs	100	0	
36	laboratory gawn	pcs	150	0	

6. Agricultural Tools

S.No.	Type of Machinery	UOM	Required QTY	purchased QTY	Remark
1	Cane knives	Pcs	9,000	0	
2	Hoe	Pcs	400	0	
4	Measuring tape 50m length	Pcs	100	0	
5	Measuring tape 100m length	Pcs	50	0	
6	Empty sugar bags (big size)	Pcs	296,700	83900	50kg
7	□□□ □□□□□□	Pcs	800	200	
8	Rake 10 finger	Pcs	100	0	
9	Water can	Pcs	500	0	
10	Axe	Pcs	4,400	2000	
11	Fork 4 prong	Pcs	150	300	
12	Shovel	Pcs	1000	1000	
13	Sickle	Pcs	50	150	
14	Knapsack sprayer	Pcs	400	139	
15	Fertilizer spoon 3 qt/ha	Pcs	1,600	0	
16	Measuring cylinder 100 ml	Pcs	50	0.00	
17	Measuring cylinder 200 ml	Pcs	10		
18	□□□ (slasher)	Pcs	300	300	project
19	kelta	Pcs	5000	5000	project
20	Iron files	pcs	4200	100	

7. Agric Chemicals, Agrochemicals, Fertilizer

S.No.	Type of Machinery	UOM	Required QTY	purchased QTY	Remark
1	Gesapax combi (Atramet Combi)	Liter	70,614	510.00	
2	Tee pool	Liter	2,940	0.00	
3	2-4D - Amine 720 SL	Liter	35,307	23,000.00	
4	Diaznon 600 EC	Liter	52,960	20,482.00	
5	Tilt 250 EC	Liter	1,500	0.00	
6	Lysol	Liter	1,200	0.00	
7	Fertilizer (UREA)	KG	1,176,900	573,000.00	
8	Fertilizer (DAP)	KG	883,000	652,000.00	
10	Roundup (Glyphosphate)	Liter	1,000	0.00	
11	Ethiole60	Liter	4,042	4042	
12	Dittol	litter	5,000	1,294.00	project

8. Office Equipments & Furniture

S.No.	Type of Machinery	UOM	Required QTY	purchased QTY	Remark
1	lap top computer	Pcs	60	10	
2	Dell Desktop computer	Pcs	170	20.00	
3	Hard disk (1Terabite)	Pcs	6	0.00	
4	Scanner	Pcs	6	2.00	
5	color printer	Pcs	7	0.00	
6	Stabilizer 1000 Watt	Pcs	290	0.00	
7	printer	Pcs	50	10.00	
8	LCD Projector	Pcs	1	0.00	
9	Medium High Back Chair	Pcs	200	0.00	
10	Secretary Table	Pcs	6	0.00	
11	Secretary Chair	Pcs	6	0.00	
12	Managerial Table	Pcs	6	0.00	
13	Managerial Chair	Pcs	6	0.00	
14	Table (single pedestal)	Pcs	200	60.00	
15	coat hanger	Pcs	6	0.00	
16	Diction Shelf (RHS metal 4 stage) storage activity	Pcs	450	0.00	
17	wooden shelf 4 Drawer	Pcs	92	0.00	
18	File Cabinet	Pcs	20	0.00	
19	Guest Chair	Pcs	120	0.00	
20	Guest table	Pcs	30	0.00	
21	Table (1m x1m)	Pcs	12	0.00	
23	Conference Table 4 drawer	Pcs	1	0.00	
24	Conference Chair U-shape	Pcs	50	0.00	
25	Safe Box (Cazna)	Pcs	3	3.00	project
26	printer A-3	Pcs	4	0	
27	AC with full Accessory	PCS	100	21	7 Project

9. Surveying tools

S.No.	Type of Machinery	UOM	Required QTY	purchased QTY	Remark
1	GPS	Pcs	5.00	0.00	
2	Prism Pol	Pcs	16.00	0.00	
3	Leveling Socya	Pcs	4.00	0.00	
4	Total station	Set	1.00	0.00	

10. Radio for Factory Work

S.No.	Description	UOM	Required QTY	purchased QTY	Remark
1	Radio with Accessory	set	1.00	0.00	60 radio

11. Transport Vehicles

S.No.	Type of Machinery	UOM	Required QTY	Purchased QTY	Remark
1	Car for Manager	pcs	5	0.00	
2	HILUX Double Cup	pcs	8	0.00	
3	Single Cup	pcs	16	3.00	
4	Transport service for Operator /Bus / 30 Passenger	pcs	4	0.00	
5	Minibus (12 passenger)	pcs	4	0.00	
6	Fuel Booty	pcs	4	1.00	
7	Motor Bicycle	pcs	16	0.00	
8	Pedal cycle	pcs	18	0.00	
9	IVECO Dam truck	pcs	4	4.00	

Annexe2 accounts payable and receivable report

Omo Kuraz Sugar Development project 2007 budget year 12 months financial plan performance

30/06/2015

S.NO	Project/factory 1	Total budget	Up to sene/jun 30 ,2006	Year, 2007 Budget .			from 2006 - 2007 budget costs
		Birr		Allocated	Utilized	Utilized budget in %	
		Birr	Birr	Birr	Birr		Birr
		1	2	3	4	5=4/3	6=2+4
	Sub-total(investment)						
2	Administration costs						
2.1	Utilized for human resource costs		93,255,352.95	156,233,185.00	153,923,228.96	98.52	247,178,581.91
2.2	Manufacturing and Administration costs			265238800.00	2,957,850.42	1.12	2,957,850.42
2.3	Office fixed and variable assets costs		13,322,734.72	10,128,962.00	10,462,011.92	103.29	23,784,746.64
2.4	Training costs						-
2.5	Health medication costs		23,909.95				23,909.95
2.6	Service payment costs		5,111,170.00	42,705,514	37,178,931.82	87.06	42,290,101.82
2.7	Vehicles transportation costs		18,232,806.12				18,232,806.12
2.8	Other carrying and a loader costs...						
2.9	Substitute or By-product costs						
	Total administration costs		129,945,973.74	474306461.00	204522023	43.12	334,467,996.86