

Contingent Approach to in-Firm Factors Affecting the Adoption of Recent Management Accounting Practices Decision: A Case Study on Selected Pharmaceutical Firms in Egypt”

Author: Fadaly, S. Dina, Assistant professor, Arab Academy for Science & Technology , College of Management.

Abstract

Recently, contemporary management accounting studies focus on management accounting techniques or procedures initiated in the industrialized countries, and whether they can be effectively adopted in developing countries. In addition, what are the factors (both impetus and impediment) that would affect the application of management accounting practices in developing countries? Several studies in different parts of the world have investigated the status of their national management accounting practices, such as the study of Chenhall and Smith (1998a) in Australia, Wijewardena and Zoysa (1999) in Japan, Drury et al (1993) in the U. K. Pavlatos and Odysseas (2009) in Greece. However, this area of research remains unsatisfactory and rare in relation to the literature of some developing countries such as Egypt. This research attempted to investigate the in-firm internal contingent factors to the adoption of recent management accounting practices. The focus of this study is the pharmaceutical industry in Egypt being the most advanced sector. A case study on three selected pharmaceutical firms in Egypt is conducted in an attempt to reveal the contingent relationship, as suggested by the literature review, between the independent variables chosen to be tested in this study, and the dependent variable. Independent variables being: employee headcount, personnel competency, ownership type, computerization level, expected contribution to overall firm success, cost justification, implementation time, financial resources required. While the dependent variable is the decision to adopt any recent management accounting practices. The researcher choice of the methodology is guided by the problem at hand and the resources that can be brought and the data collection method used to best solve the

problem. Based on the research problem identified and the nature of variables to be tested the data collection method chosen by the researcher is semi-structured interview. A qualitative analysis is then conducted through a detailed transcription of all interviews to extract the main theme of the research. The theme is then discussed separately. The results supported the relationship between employee headcount, personnel competency, computerization level, cost justification, expected contribution to overall firm success, and the ownership type on one hand and the decision to adopt recent management accounting practices in those firms on the other hand. In addition the relationship between financial resources needed and implementation time on one hand and the decision to adopt recent management accounting practices on the other hand was not supported by the research results.