



# **Strategic Management Accounting Practices and Earnings per Share: An Empirical Analysis of Quoted Manufacturing Firms in Nigeria**

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## **ABSTRACT**

This study investigates strategic management accounting practices and earnings per share of quoted manufacturing firms in Nigeria. The objective of the study was to ascertain if there was significant relationship between strategic management accounting practices and earnings per share of quoted manufacturing firms. The study employed the ex post facto research design and relied on secondary data from 25 quoted manufacturing firms while data were analyzed using panel data analysis, ordinary least square estimator, fixed effects and random effect models. The study found that 55.6 percent variation in earnings per share of the quoted manufacturing firms can be traced to variation in strategic management accounting variables as formulated in the regression model. The model results further found that target costing has negative and no significant effect on the earnings per share, activity based costing and absorption costing has positive and significant effect on the earnings per share of quoted manufacturing firms in Nigeria. The study recommend that executives and management of manufacturing firms are to embrace and support the strategic management accounting practices as they have been empirically proven to give competitive advantage in the global competitive business environment. Finally, Financial Reporting Council of Nigeria (FRCN) and other relevant professional bodies should regulate the application of strategic management accounting standards by manufacturing firms in Nigeria as an oversight function.

**Keywords:** Activity Based Costing, Target Costing, Absorption Costing, Earnings per Share

## **INTRODUCTION**

The purpose of managerial accounting is to improve financial performance and profitability by giving information that may be used to plan, regulate, and make choices. Strategic management accounting is a field of accounting dedicated to increasing shareholder value and aiding management in achieving organizational goals. Many advanced managerial and costing techniques in strategic management accounting have resulted in significant improvements in determining and measuring costs, resulting in significant cost savings and reductions, and some of these strategic costing systems may have resulted in traditional cost structures being changed, which has a significant impact.

Earnings per share is another way to gauge a company's financial performance. Financial performance, on the other hand, is a concept that refers to how successfully management has reached its goals. It affects all stakeholders, and it is influenced by both internal and external factors such as costing methods and strategic management accounting practices, as well as technological advancement and macroeconomic issues. If a company is profitable, the shareholders' return is maximized, employees are paid on time, and creditors are paid on time. Return on equity, return on assets, net profit margin, and earnings per share are all used to measure it. A firm can be said to be performing to expectations if there is an increase in profitability that maximizes shareholders' wealth (Oyewo, 2013).

According to finance theory, because shareholders provide capital to the company, the ultimate goal of the company is to maximize shareholder wealth (Jensen, 2002). The importance of financial performance may be judged at both the micro and macro levels of the economy. At the micro level, financial performance is the most cost-effective source of money and an essential requirement of a

competitive organization. In an era of increased market rivalry, it is not only a byproduct, but also a must for successful business. As a result, an organization's management's major purpose is to increase corporate performance, which is a must for conducting any business (Bobakova, 2003). A sound and successful business environment can withstand negative shocks and contribute to the macroeconomic stability of the business environment. The aforementioned financial performance analysis is primarily based on the strategic management accounting and costing techniques used by manufacturing businesses.

The six components of strategic costing systems are activity-based costing, target costing, attribute costing, life cycle costing, cost of quality, and value chain costing. Many important factors have influenced the contemporary business climate, including client empowerment, degree of competition, and technical innovation. As a result of these changes, businesses established costing methods. These technologies enhanced cost estimation and assessment dramatically, resulting in considerable cost savings and reductions, better decision-making, and improved performance (Onaolapo & Oladegi, 2013).

Strategic management accounting, which is an unavoidable element of any organization, comprises both financial and non-financial information concerning the cost of obtaining or utilizing resources. Managers utilize cost accounting data to make judgments on strategy formulation, research and development, budgeting, production planning, and pricing, among other things. New cost accounting techniques such as activity-based costing, target costing, life cycle costing, just-in-time accounting, back flush accounting, and throughput accounting arose in response to criticisms of the loss of relevance of accounting information affecting corporate performance as a result of traditional techniques (Okunbor, 2013).

Accounting techniques employed in strategy management, as well as other factors that affect manufacturing firm performance, provide managers with financial and non-financial data to aid in decision-making. Managers utilize it to improve the performance of their companies by regulating their operations and activities (Scapens, 2006). Strategic management accounting practice is one of the most critical tasks for any organization, regardless of its stage of development. It's a strategy for making better use of resources while also increasing output (Okunbor, 2013).

Estimating cost behavior patterns is a priority for managers since the data enables for more exact cost forecasts in planning and decision-making (Pichetkun & Panmanee, 2012). Strategic management accounting approaches are crucial in giving accurate data that allows management to make educated decisions as businesses gain a competitive advantage over their competitors (Wang & Huynh, 2013). It is against this background that this study is aimed at ascertaining strategic management accounting practices and earnings per share of quoted manufacturing firms in Nigeria specifying the operational proxy as activity based costing, target costing and absorption costing.

### **Research Objectives**

The main aim of this study is to ascertain empirically the relationship between strategic management accounting practices and earnings per share of quoted manufacturing firms in Nigeria. Moreover, the study specific objectives are to:

- i. Investigate the relationship between activity based costing and earnings per share of quoted manufacturing firms in Nigeria.
- ii. Examine the relationship between target costing and earnings per share of quoted manufacturing firms in Nigeria.
- iii. Ascertain the relationship between absorption costing and earnings per share of quoted manufacturing firms in Nigeria.

### **Research Hypotheses**

The following null hypotheses were formulated for the study:

- Ho<sub>1</sub>** There is no significant relationship between activity based costing and earnings per share of quoted manufacturing firms in Nigeria.
- Ho<sub>2</sub>** There is no significant relationship between target costing and earnings per share of quoted manufacturing firms in Nigeria.
- Ho<sub>3</sub>** There is no significant relationship between absorption costing and earnings per share of quoted manufacturing firms in Nigeria

### **Theoretical Framework**

This study is anchored on activity – based management theory. This is because the theory underpin the objective of the study.

#### **Activity-based management theory**

The Activity-Based Management (ABM) theory is the foundation of this research. According to the notion, management is a discipline that focuses on the management of operations as a means of improving the value provided to customers and the profit generated by supplying that value (Cokins and Gary, 1999). It is not acceptable to use the phrases "ABC" and "ABM" interchangeably. ABC is a tool that assists in determining the costs of a specific production process as well as the outputs produced. The use of activity-based costing alone is insufficient for the company's further growth. Activity-based management, on the other hand, is a management concept that focuses on the planning, execution, and measurement of activities in order to assist businesses stay afloat in their ever-changing business environment.

Activity-Based Management uses the data gathered through activity-based costing to reduce or eliminate non-value-added activities, hence improving overall operations. According to Cooper, Kaplan, and Weiss (2003), ABC information alone does not elicit actions and decisions that lead to improved profit and operating performance. Instead, management must initiate a conscious process of organizational change and implementation if the organization is to benefit from the improved insights gained from an ABC analysis.

### **Conceptual Review**

#### **Strategic Management Accounting Practices**

According to Ndwiga (2011), management accounting practices are focused to providing management solutions for internal management purposes. According to Epstein and Lee (2008) and Nuhu, Baird, and Appuhami (2016), management accounting practices are organizational information systems that supply a business with appropriate information in order to give value to its customers and organizations. Methods of management accounting assist businesses in making better judgments and encouraging desirable behaviour (Abdel-Kader & Luther, 2006). Cost, budgeting, performance evaluation, information for decision-making, and strategic analysis are only a few of the strategic management accounting methods (Gichaaga, 2013).

In strategic management accounting techniques, cost cutting is a common method that firm managers use to respond to falling sustainable profitability (Anderson, 2007). The most important managerial tools are cost management strategies (Zengin & Ada, 2010), and cost management strategies are considered crucial determinants in raising revenue for manufacturing firms' success (Kumar & Shafabi, 2011). The use of a cost management strategy can help you make better decisions and gain a competitive edge, resulting in more efficient resource allocation (Ellram & Stanley, 2008). Furthermore, strategic management accounting procedures are critical to overall business management success since they allow for precise cost estimation before to the start of a process and can help with future cost forecasting.

Identification, measurement, accumulation, analysis, preparation, interpretation, and communication of financial data for use by management in planning, evaluating, and regulating an organization, as well as assuring appropriate resource use and responsibility (Smith, 2009). A precise estimate of overhead costs should be accompanied with detailed cost accounting that allows for thorough investigation. From a theoretical standpoint, different methodologies for supporting overhead cost estimation have been proposed, such as approaches based on neural networks ABC approach (Sunarni, 2013) or earned value estimation (Talha, Raja, & Seetharaman, 2013). Some cost elements are variable or fixed in nature, and hence are or are not depending on output volume, which must be factored into overhead cost management. (Uy, 2014) addressed this issue, suggesting that rather than production output, overhead costs are controlled by transactions emerging from production complexity.

The amount of direct costs is simply computed and is decided by the scope of work, material unit prices, salary tariffs, and equipment usage charges. On the other hand, properly allocating overhead expenses to individual contracts is a tough undertaking. Considering the fact that overhead costs might influence a company's competitiveness. It goes without saying that overhead costs must be managed properly in order for the company to be qualified to compete in bids with fair rates. Overhead costs, according to Gichaaga (2013), are charges that are not part of the major building task but aid in the support of the main work. As a result, typical overhead cost categories include administrative staff salary, depreciation of fixed assets, and the acquisition and operation of information technology and mobile devices.

Cost behavior, according to Asaolu and Nassar (2007), is the study of how expenses vary or do not vary with a company's degree of activity. Their level of activity was determined by the amount of labor accomplished or the number of events that happened. Cost, on the other hand, is defined by Drury (2005) as the expenses incurred in the process of earning income. Profitability, on the other hand, was defined by Lucey (1997) as the difference between revenue and cost. To put it another way, profit is determined by deducting expenses from revenue. The relationship between profit and expense is proven to be linear. Variable and fixed costs, also known as indirect and direct expenses in management accounting, have traditionally been used to show how costs react to changes

in activity level. Because short-term variable costs are related to activity, doubling activity doubles total variable costs. Fischer and Schmitz (1998) predicted a profit gain as a result of this.

Given the high level of uncertainty and complexity associated with the construction process, as well as the huge number of parties involved, the business should consider whether it will be more cost-effective to finish all of the work with its own resources or to hire subcontractors. Because subcontractors and general contractors have such a big influence on how a construction company runs (Gichaaga, 2013). The option to outsource will have an impact on the amount of overhead costs in a contract. Direct labor expenses are determined by the wage paid (including all costs incurred by the manufacturer in hiring a worker), the number of laborers required to complete the process, and the paid operating time. This calculation frequently includes just direct laborers, with the rest falling under the overhead group. One of the most important aspects of this calculation is determining the paid operating time.

#### **Earnings per Share**

Earnings per share (EPS) is a ratio that compares earnings to the number of shares in circulation. This is calculated by dividing the earnings before interest and taxes by the number of outstanding shares in the company. This is the amount that each share of the company will get from the annual profit. Every share's earnings constitute a piece of the pie for the owner. As the company's earnings increase over time, the value of that portion of the company increases as well, which is why the price will be bid up. While there aren't many truisms in stock investing, one is that if earnings climb regularly over time, the stock price will rise with them. The issue of shares that raises the number of outstanding shares appears to dilute the residual value of equity owners. Tze-Sam and Heng (2011) conducted an empirical study to determine the association between financial structure and EPS as a proxy for company success. The measure is derived thus;

$$\text{EPS} = \frac{\text{Profit before Interest and Tax}}{\text{No of Outstanding Shares}} \quad 2.3$$

#### **Empirical Review**

Askarany and Yazdifar (2012) investigated the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and nonmanufacturing organizations in New Zealand. The findings suggested a significant association between the diffusion of these relatively new strategic management tools and organizational performance.

Clinton and White (2012) focused on the use of management accounting techniques across different industries in a specific geographical location found that most of the firms in the location that constituted the sample mostly use budgets for planning and control purposes, and customer profitability analysis while there is a limited use of other MA techniques such as discounted cash flow technique, activity-based costing, quality control costing and target costing.

Dauda, Akingbade and Akinlabi (2010) examined the influence of strategic management on corporate performance in selected small scale enterprises in Lagos, Nigeria. Cross sectional survey research method was adopted for the study and 140 participants were randomly selected among small-scale enterprises in Lagos metropolis. Findings of the study showed that strategic management enhances both organizational profitability and company market share.

Dodmingd (2007) studied the Application of Activity Based Cost and Management to Support Competitive Strategy in the Banking Sector of South African economy. This research investigated the effect of activity-based cost management (ABC/M) on organizational strategies, specifically in the context of cost effective supply of products and services within the banking environments. The results confirm that ABC/M has the capability to support corporate strategies through the supply of more accurate information that is used to design, develop and provide cost-effective products and services, resulting in the creation and sustainability of competitive advantages.

Dugdale, Jones and Green (2005) carried out a study on Contemporary Management Accounting Practices in UK manufacturing and found out that the old techniques are still being used alongside the contemporary techniques. The study, which involves interviewing 41 UK manufacturing companies reveals that almost all the techniques developed since the late nineteenth century, and evident in the historical literature, are still in use today. The old techniques still being practiced in the UK include the heavily criticized standard costing, Absorption costing and Marginal costing. The contemporary techniques include activity-based costing and throughput accounting among others. They conclude that old methods have not died, they are still taught, examined and used.

#### **METHODOLOGY**

This study investigated the relationship between strategic management accounting practices and earnings per share of quoted manufacturing firms in Nigeria. The study adopted ex – post facto and research design because

it relies on historical or past data of manufacturing firms in Nigeria. The population of the study comprised of 25 quoted manufacturing firms on Nigerian Stock Exchange as at 31<sup>st</sup> December, 2019. Secondary data was used to carry out this study. Secondary data was collected from the company Annual Reports. While data were analyzed using panel data analysis, ordinary least square estimator, fixed effects and random effect models and was facilitated by E – view 9.0.

## RESULTS AND ANALYSIS

### Strategic Management Accounting Practices and Earnings per Share

**Table 1: Panel Unit Roots Tests**

Method: EPS	Statistic	Prob.**	Cross-sections	Obs
<b>Panel Unit Root at Level</b>				
Levin, Lin & Chu t*	0.56340	0.7134	26	224
Im, Pesaran and Shin W-stat	-4.04635	0.0000	26	224
ADF - Fisher Chi-square	116.010	0.0000	26	224
PP - Fisher Chi-square	123.432	0.0000	26	234
Series: TC				
Levin, Lin & Chu t*	-20.0689	0.0000	26	230
Im, Pesaran and Shin W-stat	-9.76497	0.0000	26	230
ADF - Fisher Chi-square	182.213	0.0000	26	230
PP - Fisher Chi-square	211.191	0.0000	26	234
Series: ASC				
Levin, Lin & Chu t*	-32.6319	0.0000	26	227
Im, Pesaran and Shin W-stat	-6.18200	0.0000	26	227
ADF - Fisher Chi-square	81.7202	0.0053	26	227
PP - Fisher Chi-square	102.198	0.0000	26	234
Series: ABC				
Levin, Lin & Chu t*	-9.68983	0.0000	26	228
Im, Pesaran and Shin W-stat	-4.03341	0.0000	26	228
ADF - Fisher Chi-square	102.454	0.0000	26	228
PP - Fisher Chi-square	97.0346	0.0002	26	234
<b>Panel Unit Root at First Difference</b>				
Series: D(EPS,2)				
Levin, Lin & Chu t*	-7.48089	0.0000	26	167
Im, Pesaran and Shin W-stat	-11.3210	0.0000	26	167
ADF - Fisher Chi-square	226.067	0.0000	26	167
PP - Fisher Chi-square	281.029	0.0000	26	182
Series: D(TC,2)				
Levin, Lin & Chu t*	-49.9461	0.0000	26	170
Im, Pesaran and Shin W-stat	-20.8815	0.0000	26	170
ADF - Fisher Chi-square	251.438	0.0000	26	170
PP - Fisher Chi-square	416.821	0.0000	26	182
Series: D(ASC,2)				
Levin, Lin & Chu t*	-18.4367	0.0000	26	165
Im, Pesaran and Shin W-stat	-8.01929	0.0000	26	165
ADF - Fisher Chi-square	169.710	0.0000	26	165
PP - Fisher Chi-square	273.147	0.0000	26	182
Series: D(ABC,2)				
Levin, Lin & Chu t*	-25.7134	0.0000	26	168
Im, Pesaran and Shin W-stat	-10.9448	0.0000	26	168
ADF - Fisher Chi-square	206.827	0.0000	26	168
PP - Fisher Chi-square	294.124	0.0000	26	182

#### Source: Computed from E-view 9.0

\* Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality, Im, Pesaran and Shin; ADF - Fisher and PP - Fisher - Null Hypothesis: Unit Root (Individual Unit Root process). Levin, Lin & Chu Test.

- Null Hypothesis: Unit Root (common Unit Root process), Automatic lag length selection based on Modified Schwarz Criteria and Bartlett kernel.

Again, it can be seen from the Table 1 above that the data are stationary at first difference for 1%, 5% and 10% levels of significance. It is therefore deduced that the series are characterized as I (1)

process; consequently, suitable for use in a test for panel cointegration strategic management accounting and earnings per share of the quoted manufacturing firms.

**Table 2: Pedroni Residual Cointegration Test**

	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	3.792663	0.0040	-2.796045	0.0074
Panel rho-Statistic	2.690719	0.0064	2.570779	0.0049
Panel PP-Statistic	1.440535	0.0251	-4.564624	0.0000
Panel ADF-Statistic	2.868841	0.0079	-1.259938	0.1038
Alternative hypothesis: individual AR coeffs. (between-dimension)				
	Statistic	Prob.		
Group rho-Statistic	4.930243	0.0000		
Group PP-Statistic	-5.123902	0.0000		
Group ADF-Statistic	-1.188261	0.1174		

Source: Computed from E-view 9.0

The co-integration test is consistent with Pedroni (2004), which is an Engle-Granger based test. The test allows for heterogeneous intercepts and trend coefficients across cross-sections, with different methods of constructing statistics for testing the null hypothesis of no co-integration. From the results in table 2 above, it is clear that most of the p-values are all less than 0.05. We can therefore safely conclude that the panel co-integration results provide us with evidence of co-integration since most of Pedroni test statistics reject the null hypothesis of no co-integration for the estimated models.

**Table 3: Regression Results**

Variable	Pooled Effect			Fixed effect			Random effect		
	$\beta$ coefficient	T. stat	p. value	$\beta$ coefficient	T. stat	p. value	$\beta$ coefficient	T. stat	p. value
TC	0.000723	0.688120	0.4920	0.000230	0.264291	0.7918	0.000282	0.326153	0.7446
ASC	-0.029200	-0.607491	0.5441	0.001826	0.039668	0.9684	-0.006730	-3.151045	0.0001
ABC	-0.175946	-2.061890	0.0402	-0.838889	-3.448956	0.0009	-0.772708	-0.879227	0.3801
C	5.717058	5.367330	0.0000	3.557867	3.203194	0.0016	4.100142	2.521867	0.0123
R-squared	0.335385			0.452733			0.744918		
AdjR <sup>2</sup>	0.224081			0.386397			0.556743		
F-statistic	3.130283			6.824906			4.421776		
F- Prob	0.026257			0.000000			0.000538		
D W	1.327236			2.025105			1.883485		
Correlated Random Effects - Hausman Test									
Test Summary		Chi-Sq. Statistic		Chi-Sq. d.f.		Prob			
Cross-section random		3.250236		3		0.3546			

Source: Computed from E-view 9.0

### Analysis of Results

Given that the Chi-Sq. Probability is greater than 0.05, being 0.3546, the random effect model is adopted. From the above, the study adopted the random effect model for the analysis of the effect of strategic management accounting on earnings per share of the quoted firms in Nigeria.

**F-Test:** The F-statistics is **4.421776**, with a probability of **0.000538**, which is lesser than the error margin of 0.05. It is therefore evident that the regression model is statistically significant in explaining the relationship between strategic management accounting and earnings per share of quoted manufacturing firms.

**Coefficient of Multiple Determinations (Adj.R<sup>2</sup>):** The R<sup>2</sup> is **0.556743** implying that the endogenous variables are responsible for approximately 55.6 percent variation in the exogenous variable earnings per share of the quoted manufacturing firms within the periods covered in this study. This is above the acceptable threshold of 55.6 therefore the model is adjudged to have appreciable goodness of fit.

**Durbin Watson statistics (DW):** The computed DW is **1.883485** from the random effect results shows that at 5% level of significance with three explanatory variables and 220 observations. This

value is marginally below 2.0, and though less than 2, is permissible. This implies the absence of serial autocorrelation among the variables within the time series.

**Regression Coefficient and Probability Value:** From the random effect model, the regression intercept is positive which implies that at constant, return on equity of the quoted manufacturing firms is valued at 4.1 percent. However, target costing positive negative and no significant effect on the earnings per share of the quoted manufacturing firms such that a unit increases on the variables can positively affect earnings per share by 0.002 percent. Absorption costing has negative and significant effect on the earnings per share of the quoted manufacturing firms such that a unit increase on the variables can positively affect earnings by 3.1 percent while activity base costing have negative and no significant effect on the earnings per share of the quoted manufacturing firms such that a unit increase on the variables can negatively affect earnings per by 0.87 percent.

**Table 4: Descriptive Statistics**

	EPS	TC	ASC	ABC
Mean	3.099154	-57.20142	14.96908	12.15958
Median	0.905000	6.475000	9.770000	8.465000
Maximum	62.47000	366.9100	172.3500	42.82000
Minimum	-38.12000	-9022.200	1.530000	1.580000
Std. Dev.	10.20393	596.2428	15.92706	8.968753
Skewness	2.841911	-13.46643	4.724187	1.105177
Kurtosis	17.03643	199.1945	40.75988	3.324825
Jarque-Bera	2484.377	424857.8	16413.37	54.07105
Probability	0.000000	0.000000	0.000000	0.000000
Sum	805.7800	-14872.37	3891.960	3161.490
Sum Sq. Dev.	26967.13	92075931	65700.86	20833.58
Observations	260	260	260	260

Source: Computed from E-view 9.0

Table 4 presents the descriptive statistics for the dependent and explanatory variables. From the table, earnings per share have minimum and maximum values of -38.12000 and 62.47000 respectively and the mean value of 10.20393 as well as the standard deviation value of 10.20393. The standard deviation of 10.20393 signifies that the data deviate from the mean value from both sides by 10.2 percent implying that there is a no dispersion of the data from the mean because standard deviation less higher than the mean value.

**Table 5: Pairwise Granger Causality Tests**

Null Hypothesis:	Obs	F-Statistic	Prob.
TC does not Granger Cause EPS	208	0.04613	0.9549
EPS does not Granger Cause TC		0.46715	0.6275
ASC does not Granger Cause EPS	208	0.66918	0.5133
EPS does not Granger Cause ASC		1.15256	0.3179
ABC does not Granger Cause EPS	208	1.34270	0.2634
EPS does not Granger Cause ABC		0.54839	0.5787

Source: Computed from E-view 9.0

Note: \*\* and \*\*\* indicate 5% and 1% significance levels respectively.

Lag length is chosen according to the Akaike Information Criterion. For strategic management accounting and earnings per share of quoted manufacturing firms variable groups Akaike Information Criterion indicates the lag length of zero.

To summarize, our Granger causality test results show that there no causal relationship among the variables in the model. The nonexistence of causal relationship among the variables contradicts our a-priori expectations and could be blamed on internal and external factors within the operating environment of the manufacturing firms.

### **Test of Hypotheses**

**H<sub>01</sub>:** Activity based costing has no significant relationship with earnings per share of quoted manufacturing firms in Nigeria.

The probability coefficient of 0.3801 is greater than the critical value of 0.05 at 5 percent level of significance, therefore the study conclude that there is significant relationship between activity based costing and earnings per share of quoted manufacturing firms in Nigeria

**H<sub>02</sub>:** There is no significant relationship between target costing and earnings per share of quoted manufacturing firms in Nigeria.

The probability coefficient of 0.7446 is greater than the critical value of 0.05 at 5 percent level of significance, therefore the study conclude that there is no significant relationship between target costing and earnings per share of quoted manufacturing firms in Nigeria

**H<sub>03</sub>:** Absorption costing has no significant relationship with earnings per share of quoted manufacturing firms in Nigeria

The probability coefficient of 0.0001 is less than the critical value of 0.05 at 5 percent level of significance, therefore the study conclude that there is significant relationship between absorption costing and earnings per share of quoted manufacturing firms in Nigeria.

### **DISCUSSION OF FINDINGS**

The estimated regression model (model 2) found that 55.6 percent variation in earnings per share of the quoted manufacturing firms can be traced to variation in strategic management accounting variables as formulated in the regression model. This implies that 45.4 percent variation could be traced to exogenous variables not captured in the regression model. The beta coefficient of the independent variables proved that absorption costing and activity based costing have negative and no significant effect on earnings per share. Evidence from the regression model indicates that if the variables are increased by 1 percent, earnings per share of the manufacturing firms reduce by 0.06 and 0.77 percent within the periods covered in this study.

The negative effect of the does not confirm our expectations on the effect of strategic management accounting and corporate financial performance. The negative effect of the variables also does confirm the objective of management policy to manage operating cost. The negative effect could be traced to poor cost management of the quoted manufacturing firms. Empirically the negative effect of the variables contradict the findings of Sajid, Alaa, and Mohammad (2015) that there is very high usage of ABC costing systems amongst the firms particularly the private companies operating in the Riyadh region of Saudi Arabia, Saaydah and Khatatneh (2014) that the tool that faces the greatest difficulty in terms of adoption is target costing followed by activity based costing and the study of Salim (2012) whose findings established strong correlations between all the studied factors of bank size.

Furthermore, the study found that target costing have positive and no significant effect on the earnings per share of the quoted manufacturing firms such that a unit increase on the variable positively increases return on equity by 0.002 percent over the periods covered in this study. The positive effect of the variable confirm our a-priori expectations and in line with strategic management accounting practices. The finding confirms management objectives in maximizing shareholders wealth. Empirically the positive effect of the variables confirm the findings of Sajid, Alaa, and Mohammad (2015) that there is very high usage of ABC costing systems amongst the firms particularly the private companies operating in the Riyadh region of Saudi Arabia, Saaydah and Khatatneh (2014) that the tool that faces the greatest difficulty in terms of adoption is target costing followed by activity based costing and the study of Salim (2012) whose findings established strong correlations between all the studied factors of bank size.

### **CONCLUSION AND RECOMMENDATIONS**

From the findings, the study conclude that activity based costing has significant relationship with earnings per share and that there is no significant relationship between target costing and earnings per share of quoted manufacturing firms in Nigeria. Also absorption costing has significant relationship with earnings per share of quoted manufacturing firms in Nigeria. The study therefore recommend that executives and management of manufacturing firms are to embrace and support the strategic management accounting practices as they have been empirically proven to give competitive advantage

in the global competitive business environment. Finally, Financial Reporting Council of Nigeria (FRCN) and other relevant professional bodies should regulate the application of strategic management accounting standards by manufacturing firms in Nigeria as an oversight function.

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