# Test of Effective Factors on Settlement of Management Accounting System

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**Abstract**
In the today's competitive space, managers try to create maximum values in their organization and to assign more market and business contribution to their products and services. Management Accounting, as the consultant of managers for decision-making and planning, plays an important role in organizations. This research studies management accounting through testing the effective factors and variables on its process and future. To do so, eight assumptions including 8 effective variables on Management Accounting System (MAS) were tested by distributing questionnaires between experts and by fulfillment of appropriate statistical tests. These variables are university education and research system, IT, culture and cultural components, organizational factors, modern management accounting methods, economic variables, business requirements, and business variables. The results show that all these factors affect management accounting and should be considered in the theoretical framework of management accounting and designing future conceptual patterns for it.
**Keywords**: management accounting, culture and cultural components, business requirements

## Introduction

Over time, knowledge has been developed and has played a predominant role due to business developments and economic environment changes and positioning various sciences at the knowledge development borders. Management accounting, as a novel knowledge, was created on the course of survival of managers, evolution of accounting to respond this need, and, the most important, cooperation of staff and other beneficiaries with managers to accomplish the goals of economic agencies. From the beginning of this century, societies and organizations have enormously changed and trade environment is changing rapidly. All the changes in trade environment affect management accounting. These effects will be visible when we examine critiques about management accounting methods.

Technology advances have changed completion principles globally. For more effective competition, companies must try to produce products and offer services by three elements of conservation triangle (price, quality, accessibility), with lower prices and higher quality. Unfortunately, structure of management accounting has not changed its form from the beginning of this century. Market has changed, but management accounting hasn't. This static state has produced irrelevant information about management accounting that could not ascertain its goals. In other words, regarding to the significant changes in business and its effects on decision-making, management accounting has become the paradigm of 21st century, which its responsibility is managing information system, providing and analyzing information in different levels, applying it for decision-making, planning, controlling, guiding, organizing, participating, and managing today's economic agencies. In these conditions, study of effective factors on management accounting and their roles in success and survival of organizations is very important, because each organization needs an updated Management Information System (MIS) for directing and encouraging its managers to achieve the goals. Companies need to know in what path they should direct their efforts to achieve their goals.

## Theoretical fundamentals and history of research

According to the declaration of US Accountants Association, management accounting is defined as: "The process to identify measure, gather, analyze, provide, participate, and communicate required financial and economic information for management in planning, evaluating, and controlling internal operations of an organization". Management accounting helps members of an organization by improving decision-making process and managing members, and is deemed as a tool to measure and provide financial and operational information to direct managers' activities, to encourage proper behaviors, and to create and support necessary values to achieve the strategic goals. Traditional management accounting concentrated on financial information such as product costing or obtained revenue by each department. However, nowadays analysis of non-financial information, such as construction period or waste percentage, is an important part of management accounting. Therefore, non-financial information complements financial information and provides a broader understanding that may improve decision-making process. Management accounting describes information provided by financial accounting and cost accounting by special techniques, and interprets quantitative models to make proper decisions by given information. Management accounting uses minor economic models, operation research, statistics, and mathematics if necessary.

Management accounting is not a static process, but it intends to become compatible with environmental changes. According to Blocher model, three factors change environment and affect organizational changes: technology change, globalization, and customer needs. Those organizations that are not compatible with these three factors cannot survive a long time. Study of management accounting is studying a process, not a set of methods; although methods are also noticed in the process approach. Management accounting process relates with characteristics of organizations and business, which are permanently changing. Organizations and their effective factors must be understood to recognize management accounting. Continuous changes of business created dynamic trade environments and information was exploited for decision-making and managing. Recognition and perception of this environment helps identification of management accounting as a modern paradigm. Consequently, these changes cause changing management accounting approaches and perspectives. Briefly, the most important and most effective environment in an organization is anything outside its borders, including:

1. General environment: This environment includes political/legal, economic, social, cultural, and technological impacts from all countries in which an organization activates, which is introduced by "PEST" word.
2. Business environment: This environment includes special factors of a company such as competitors, customers, and suppliers. In the recent years, much public notice to natural environment and objections of environment groups conduced addition of another "E" to this abbreviation and PESTEL was created. "EL" was added to PEST by Harvard University in 2005. This means that one must analyze a business by political, economic, social, technological, environmental, and legal perspectives at start and must measure its validity and compatibility with the norms. This adaption is necessary for success in market. PESTEL analyzes peripheral environment of business and it is an appropriate strategic tool to identify a "large image" of business environment.
3. Legal and political environment: Governmental policies affect economic, industrial, and operational environments. Political changes complement planning activities of companies. In much economic anticipations, changes of governmental policies are not considered. In the national level, political effect is noticeable and includes legislation for trade, pricing, tax, employment, health, and security. International policies also affect organization directly; e.g. orders of EU on all member countries.
4. Economic environment: Economic factors include general growth level, trade cycle, financial and administrative situation, administrative policies, transactions, interest rate, etc. Economic environment is an effective and important factor in internal level. Governments play important roles in managing major economics. Their goals are achieving static and satisfying growth levels to control inflation and to avoid important changes of existing currency. This takes effect through enacting and applying financial and monetary policies. Since this growth increases economic welfare, pleasure, and employment level, it is urgent. Generally, trades are affected by governmental financial and monetary policies. For example, high interest rate causes increment of investment cost and decrement of customer demand. Inflation affects economic growth, more inflation expectation, and increment of business confidence. Inflation and interest rate are closely related; so interest rate must be adjusted regarding to economic infrastructures of each country.
5. Social and cultural environment: Social and cultural factors are related to the main capital, which is social changes, demography, and culture. Social changes include changes in nature, attitudes, and habits in a society. Social changes occur constantly and related and unrelated trends to trade can be identified, and this is a necessity. Culture is a variable that affects management accounting environment in a country, and it, in fact, is determined by culture of a country. Incompatibility between different countries about accounting methods stems from this fact that the goal is cultural accounting, not technical accounting. Cultural relativity in management accounting implicitly states that people from different cultures construct and use management accounting concepts differently. Accounting systems are developed and executed in a cultural environment. Therefore, culture affects applications of management accounting significantly, e.g. structure of management accounting and efficacy of an accounting system nearly depends on how information is used by management accountants or how information affects their behaviors (Hopwood, 1974). This is significantly formulated by culture. Consequently, management accounting tools may be effective in a culture, but not or less in another (Chow et al., 1996). Thus, designing an effective MAS requires perception and identification of different cultural aspects of a country.
6. Technological environment: Technological factors are important for economic growth, because they

produce opportunities and threats for trades. Technology helps economy growth. Technology changes rapidly and organizations should adapt themselves with it. These changes can affect organization activities in the following fields: types of products and services, production methods, service methods, market identification methods, company administration methods, communication with foreign clienteles,…

7. Ecological environment: Ecology and environment have been noticed by two perspectives: one is the effects of organizations on their environments, and the other is the effects of ecology on organizations. Nowadays, environmental problems imply that managers codify strategies to preserve natural resources and constrain environmental pollutions. On the other hand, they must examine how environmental affairs affect their future business. This requires analysis of activity environment of an organization, regarding conflicts, cultures, and methodologies of customers.

Evolution of accounting for costing can be divided into its traditional scope, namely industrial accounting, that is responsible for its calculations; and its modern scope, namely management accounting, which is responsible for application of costing in managerial decisions. Management accounting is the knowledge of managing costs emphasizing managing costing items as a competitive component and an element of survival triangle. Finished price is one of the important dimensions for competition. Balancing this component with other competition dimensions, i.e. quality and time, requires managing it. Cost management is all managerial actions to satisfy customers and to control and decrease final cost by related tools, which its goal is maximizing profit and company value at present and future. Each agency must face with three dimensions (quality, function, product price) beside its competitors. Managers are seeking cohesive and real information to use in their decisions. Therefore, a theoretical framework is necessary to help managers in measurement of costs and applying cost data.

Modern management accounting approach is creating value, because the role of modern information system is offering information, which is the main source of valuable decisions (quality, finished price, and customer satisfaction). Modern techniques help economic agencies, by emphasizing concept of value and value-creation, to adopt suitable strategies in new competition conditions and force industry managers toward a different effort to use managerial patterns and to internalize management accounting knowledge. Value-creation is a new business paradigm for accomplishment of organizational goals, which economic agencies notice it for profit obtaining and wealth creation. Value-creation is operated in value chain. To clarify the role of accounting with value-creation approach, one must notice to the vast scope of management accounting duties including help to strategic and operational managerial decisions, control of management risk, help to measure performance fairly, and try to consolidate organizational values by providing reliable and comparable reports.

In the recent years, research projects on management accounting have been focused on experiments in different fields and social sciences. This has brought academic credit for this field. This field concentrates on identification of behaviors in real world vs. extraction of practical directions. The results of these researches are useful for future researches. Consequently, learning from theories and multi-purpose links of a management accounting research has been removed. One of the important results of researches in management accounting is that accountants must prepare themselves professionally for offering financial and non-financial information; otherwise, managers will refer to other skillful accountants that can supply related information. By this view, future of management accounting will be in danger by organizational power and promotion and they will lose their today's place. Occupiers in this field still emphasize traditional management accounting methods, and while this is true, academics cannot ignore these methods, too. In fact, not using new methods does not imply their irrelevance. The practical way is that when academic researches concludes to new methods and concepts in management accounting, the results would be published in professional journals for occupiers to become aware of them. On the other hand, mutual interaction between occupiers and academics directs both groups to better understanding, because there is a perception gap. By views of experts, there is a difference between opinion and practice, and management accounting is not an exception. Academics must try to teach topics supported by practice, and academic projects must be designed so that to be useful practically. To do this, academics must use real examples in their projects (Khodamipur & Ardekani, 2009). Here we offer some researches in management accounting in different effects and factors.

Gong and Test (2009) in a paper titled "Pick, mix or match? A discussion of theories for management accounting research" studied management accounting theories and their combination and adaption. They concluded that combination of theories is not constructive for creation of a general theory and framework regarding to lack of interpretation power, and authors must confirm conflicts in organizations, society, and between humans and must use various theories to demonstrate a general perspective of social, psychological, operational, and representative opinions.

Granlund and Malmi (2009) in a paper titled "In search of management accounting theory" studied nature of developing and applied theories. They proposed insights in management accounting researches to create better theories.

Quatrone (2009) in a paper titled "We have never been postmodern: In search of management accounting theory" studied relevance and reliance of validity of management accounting theories in regard to views of European Accounting Association. The highlight of this paper was that it directed interviews about types of relations in management accounting clearly, efficiently, and precisely.

Namazi (1999) in a paper titled "Future of management accounting" discussed about where management accounting goes, which factors did relate with it, and adaption of management accounting with technological and environmental conditions. The results showed that management accounting noticed human and behavioral factors and the roles of these factors in management to respond the existing needs. Also, professional and ethical qualifications of accountants must be promoted.

Anguti (2005) in his thesis titled "Study of efficiency of management accounting tools" pointed to reflection or non-reflection of organizations success factors in management accounting reports. These factors are innovation, study of customers' needs, cost, time, and quality. The results showed that innovation, respond to customers' needs, time and quality were not reflected in management accounting reports, and only cost was reflected in the reports.

Bahramfard, Khajavi, and Nazemi (2007) in a paper titled "Identification of obstacles of development of management accounting in production companies listed in Tehran Stock Exchange" studied problems of management accounting in 52 companies. The results showed that there were four obstacles: 1. Unfamiliarity of managers with management accounting concepts and methods; 2. Lack of enough training in universities and institutes to prepare future managers; 3. Not preparing on-time information by accounting systems; 4. Continuous changes in economic policies. On the other hand, lack of accepted management accounting standards was not an obstacle for development of this field.

Moghaddaspur and Ebrahimi (2012) in a paper titled "Compilation and clarification of a management accounting development model in Iran" determined four groups of effective factors on development of management accounting in Iran. They prioritized them by Shanon Entropy Ranking method and provided a conceptual model for effective factors on development of management accounting. By this model, factors of major environment and profession environment affected organizational factors, and organizational factors and management accounting techniques affected developments of management accounting.

***Assumptions***

Eight assumptions were prepared to evaluate theoretical framework of management accounting to test related factors and variables:

Assumption 1: Academic system affects development of management accounting through decrement of gap between occupiers and academics.

Assumption 2: IT affects applications of management accounting in business environments.

Assumption 3: Culture and cultural components affect utilization of results of applying management accounting approaches.

Assumption 4: Organizational factors affect adoption of desirable management accounting procedures in different conditions and situations.

Assumption 5: Suitable application of modern management accounting methods in business promotes place of it in national and international levels.

Assumption 6: Business provisions affect reporting and informing methods and approaches in management accounting.

Assumption 7: Economic variables affect management accounting methods and approaches quantitatively and qualitatively.

Assumption 8: Business variables play important roles in determination of management accounting goals and responsibilities in an organization.

***Methodology***

Since the goal of this research is studying theoretical framework of management accounting, merely experts can be included in the research society. In this research, an expert is a person with necessary knowledge and skills in accounting, management, or management accounting which has obtained this knowledge by official training or experience, and meanwhile is aware of legal, political, organizational, cultural, economic, and other environment conditions affecting management accounting. Regarding this subject, the society of this research is members of scientific board, professors of management accounting, managers and members of board of directors of trade agencies, auditors in audit companies, and accountants in trade agencies.

Since the number of members of this statistical society is not clear, Cochran Formula was used to calculate the sample volume. Thus, regarding to this formula and its parameters, minimum sample volume is 96 persons in confidence interval 95%, but 105 persons were considered for more confidence and strong results. It is worth noting that in this research, regarding to minimum sample size, samples were selected randomly.

Obviously, a random selection may produce extendable results. Questionnaires were used to gather data. This questionnaire includes two sections: general section (5 questions) and specialized section (61 questions).
In the specialized section:
Questions 1 to 10 are for assumption 1, which examine the effects of factors such as courses, curriculum, researches, professional associations, behavioral researches, and interaction of profession and university on development of management accounting.
Questions 11 to 17 are for assumption 2, which examine the effects of IT on application of management accounting in production, execution, promotion, reporting, implementation of information system, and development of this knowledge.
Questions 18 to 25 are for assumption 3, which examine some cultural components such as accountability, cooperation and collectivism esprit, decrement of concealing, culture of group working, culture of finished price, culture of responding, and organizational culture.
Questions 26 to 35 are for assumption 4, which examine factors such as views of managers and staff, organizational goals, organizational chart, organizational policies, human resources, organizational discipline, organizational complexity, and organization size.
Questions 36 to 43 are for assumption 5, which examine application levels of some new methods in different organizations and their effects on successful implementation of management accounting and increment of competition power.
Questions 44 to 46 are for assumption 6, which examine the effects of labor laws, accounting standards, and information needs of managers as requirements of business.
Questions 47 to 54 are for assumption 7, which examine the effects of variables such as inflation, interest rate, supply and demand, exchange rate, unemployment rate, and economic security on management accounting methods.
Questions 55 to 61 are for assumption 8, which examine customer needs and satisfaction beside factors such as finished price, time, business needs, and value creation in an organization.
This study uses Lawshe method to measure content validity and opinions of 15 experts, obtained for locutions and reliability of variables. Minimum content reliability for these 15 arbitrators was 0.78. Since the average of calculated content reliability for the research questionnaire was 0.831, which was greater than 0.780, thus content reliability was confirmed. Cronbach's Alpha Coefficient was used to determine reliability. Cronbach's Alpha Coefficient was used to find if views, beliefs,… have a single dimension. In fact, we want to see how much of respondents had similar understanding from the questions. If Cronbach's Alpha Coefficient is greater than 0.7, then the questionnaire has an acceptable reliability. The more this value is close to 1, reliability is higher. In this research, Cronbach's Alpha Coefficients for pretest and final test were 0.886 and 0.956, respectively, which were greater than 0.7, which indicated reliability of questionnaire.

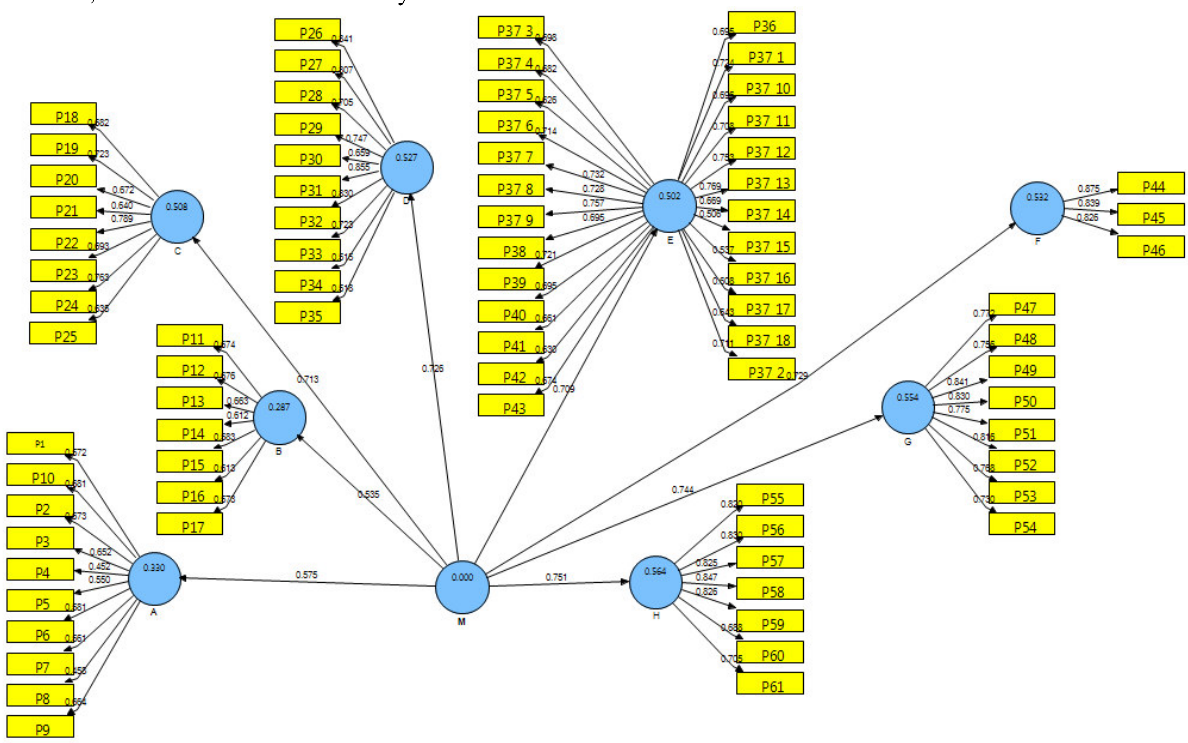
***Analysis of assumptions***
In this research, at first we examined normality of data distribution for each assumption by Kolmogorov-Smirnov statistic. Since data is not normal, Single-sample T Test was used. Firstly, coefficients 1 to 5 were assigned to the options, so that 5 was for "very high", 4 for "high", 3 for "average", 2 for "low", and 1 for "very low". By the results of Single-sample T Test, we decided about rejection or acceptance of assumptions at significance level 0.05. Then, Non-parametric Friedman Test was used to examine components of assumptions.

***Results***
Descriptive statistics: This section examines demographic features of sample. In the sample there are 60% of women and 40% of men. About 10% of sample volume is managing directors, 28% is scientific board members and accounting professors, 44% is professional experts, and 18% is other posts. 40% has doctorate, 51.43% has MA, and 8.57% has BA. 92.38% has educated in accounting and 7.62% in management. 20% has more than 15 years of business record, 36.19 between 10-15 years, and 43.81% between 50-10 years. Indices of descriptive statistics are as table below:

| | Number | Average | Median | Deviation | Highest Amount | Lowest Amount |
|---|---|---|---|---|---|---|
| Academic System | 105 | 3.55 | 3.50 | 0.47 | 4.80 | 1.30 |
| Information Technology | 105 | 3.58 | 3.43 | 0.55 | 5.00 | 2.14 |
| Culture & culture components | 105 | 3.49 | 3.38 | 0.65 | 5.00 | 2.00 |
| Organizational Factors | 105 | 3.30 | 3.30 | 0.60 | 4.80 | 1.60 |
| Modern Management Accounting Methods | 105 | 3.73 | 3.60 | 0.54 | 4.96 | 2.36 |
| Business Provisions | 105 | 3.23 | 3.33 | 0.62 | 4.67 | 1.00 |
| Economic Variables | 105 | 3.24 | 3.38 | 0.60 | 4.62 | 1.00 |
| Business Variables | 105 | 3.23 | 3.28 | .612 | 5.00 | 1.14 |

Inferential statistics: Firstly, Kolmogorov-Smirnov Test was used to examine normality of distribution of questions. Since significant levels of all questions and main variables were less than 0.05, then data distribution was not normal. Since data of questionnaire was not normal and data was not enough for Lisrel and Imus software, we used Smart PLC software to examine the conceptual model, structural equations, and measurement models.

Fitness of measurement models: A measurement model is from a general model when it includes a variable and its related questions from that model. As the following figure shows, there are 8 measurement models for 8 variables in the questionnaire. Therefore, we must analyze these 8 measurement models to analyze the general model. Three criteria of reliability, convergent validity, and divergent validity are used to examine fitness of measurement models. Reliability is examined by coefficients of factor loads, Cronbach's Alpha coefficients, and combinational reliability.




Criterion for suitability of coefficients of factor loads is 0.4. Since criteria for 40 coefficients of factor loads are greater than 0.4, then this criterion is suitable. After measurement of factor loads, we must calculate Cronbach's Alpha coefficients and combinational reliability. Cronbach's Alpha is greater than 0.7, which indicates an acceptable reliability. Of course, sometimes 0.6 is taken as criterion; if combinational reliability for each variable is greater than 0.7, it indicates internal stability of measurement models, and a value less than 0.6 indicates lack of reliability. Cronbach's Alpha and combinational reliability for these 7 variables are greater than 0.7, which indicates a suitable reliability of model.

The second criterion is validity, which examines correlation of each variable with questions (indices). In this research, AVE is greater or equal to 0.5 for all 8 variables. Since suitable values for Cronbach's Alpha is 0.7, for combinational reliability is 0.7, and for AVE is 0.5, then all criteria have suitable values for factor loads. So reliability and convergent validity are confirmed.

Divergent validity is the third criterion that must be examined. This criterion examines correlation of questions for a variable with that variable and with the other variables. In this research, questions for each variable are mostly correlated with that variable than with the other variables.

Fitness of structural model: After examination of fitness of measurement models, we examine fitness of structural models. Despite measurement models, structural model does not deal with questions (obvious variables), and examines hidden variables and their interrelations. There are several criteria for examination of fitness of structural model, which the first one is T Significance Coefficients. T values for all relations of research variables are more than 1.96, which confirms the relations. Since all relations are estimated, this means super fitness of model.

R2 criterion:[1] This is a criterion to join the measurement section to the structural section of model, and indicates the effect of an exogenous variable on an endogenous variable. In this research, R2 for 7 dependent variables are "strong" and for one variable is "average", so suitability of fitness of structural model is confirmed.

Q2 criterion:[2] This criterion indicates anticipation power of model. Q2 must be calculated for all dependent variables. Q2 for endogenous variables are "average" and "strong", which indicate exogenous (independent) variables are suitable for anticipation of dependent variables, so suitability of fitness of structural model is confirmed again.

Redundancy criterion: This criterion indicates that changes of indices of a variable are endogenous and are affected by one or more exogenous variables. It is obtained by multiplication of common values of an endogenous variable in related R2. This criterion is suitable for measuring fitness of structural section of structural equations models, which is for independent variables in a model. There is no criterion for this parameter. The more the value, the better the criterion.

| | **Communality** | **R Square** | **Redundancy** | $\overline{\textbf{Redundancy}}$ |
|---|---|---|---|---|
| **A** | 0.347747 | 0.330475 | 0.114922 | 0.259208 |
| **B** | 0.395647 | 0.286538 | 0.113368 | |
| **C** | 0.492348 | 0.507743 | 0.249986 | |
| **D** | 0.532498 | 0.527453 | 0.280868 | |
| **E** | 0.468045 | 0.50232 | 0.235108 | |
| **F** | 0.716801 | 0.532078 | 0.381394 | |
| **G** | 0.618831 | 0.554002 | 0.342834 | |
| **H** | 0.630168 | 0.563637 | 0.355186 | |

Fitness of general model: General model includes both measurement and structural sections. If fitness of this model is confirmed, examination of fitness in the model is completed.

GOF criterion:[3] This criterion is for general section of structural equations models. By this criterion, a researcher can control fitness of general section after examination of fitness of measurement and structural sections.

$\mathrm{GOF} = \sqrt{0.53 * 0.48} = 0.500.$ . Regarding the three values of 0.01, 0.25, and 0.36 for weak, average, and strong levels for GOF, respectively, and obtaining 0.500 for GOF, the general model is strongly fitted.

Test of assumptions

Single-sample t-student Test was used to test the assumption. We have:

$$\begin{cases} H_0: \mu_1 = 3 \\ H_1: \mu_1 \neq 3 \end{cases}$$

[1] R Squares
[2] Stone-Geisser Criterion
[3] Goodness of Fit

| Variables | Average | Deviation | t-statistic | p- value | Confidence interval of 95% | |
|---|---|---|---|---|---|---|
| | | | | | High | Low |
| Academic System | 3.55 | .471 | 12.04 | .001 | .645 | .462 |
| Information Technology | 3.58 | 0.55 | 10.82 | 0.001 | 0.69 | 0.47 |
| Culture & culture components | 3.49 | 0.65 | 7.64 | 0.001 | 0.61 | 0.36 |
| Organizational Factors | 3.30 | 0.60 | 5.11 | 0.001 | 0.41 | 0.18 |
| Modern Management Accounting Methods | 3.73 | 0.54 | 13.91 | 0.001 | 0.84 | 0.63 |
| Business Provisions | 3.23 | 0.62 | 3.88 | 0.001 | 0.35 | 0.11 |
| Economic Variables | 3.24 | 0.60 | 4.02 | 0.001 | 0.35 | 0.12 |
| Business Variables | 3.24 | 0.61 | 3.94 | 0.001 | 0.35 | 0.12 |

According to the table, at P=0.95, values of all variables were calculated and compared with 0.05. Since this value was less than error coefficient (0.05), H0 was rejected. Since the confidence interval was positive, all assumptions were confirmed.

***Conclusion and discussion***

Eight assumptions were examined in this research to study the effective factors on management accounting process, which the results of statistical tests confirmed these assumptions.The results of assumption 1 show that the educational approach of universities is an effective factor for development of management accounting by decrement of gap between occupiers and academics. Thus, training both academics and occupiers plays an important role in the space of management accounting. If training improves interaction between academics and occupiers, they will exchange their opinions and will complement each other to promote management accounting levels in their organizations. Certainly, establishment of associations, such as Management Accounting Association, is effective in approaching these two groups and introducing new researches in this field. So the results will be used for business space and preparing reports for managers. Thus, either knowledge of management accounting will grow or organizations will successfully act in the competitive environment, or the gap between academics and management accountants will be decreased.The results of assumption 2 show that IT affects application of management accounting in different business environments. According to Blocher, IT is one of the effective factors for value creation in organizations. Another way for value creation in organizations is proper management based on in-time information. This information may be submitted to managers through IT. Thus, modern methods may be used for decision-making, for example, about new products or selection of production costing methods. Also, IT can promote management accounting reporting, quality, knowledge, and designing and implementing a comprehensive management accounting system. The results of assumption 3 show that culture and cultural components affects application of management accounting methods. Regarding to the role of culture and its components in society and sciences, the effects of cultural components in management accounting space cannot be neglected. According to the statistical results, sovereignty of responding culture in an organization encourages managers to be responsive against the decisions made based on reports of management accountants. Thus, another components, such as decrement of concealing, cooperation, accountability,… can affect selection of management accounting methods and interpretation of the obtained results by management accountants. The results of assumption 4 show that organizational factors affect desirable management accounting procedures in different conditions. Knowledge of management accounting indicates accounting for management, which senses in an organization regarding to its features, so that each organization may utilize a special method of management and reporting based on its characteristics. Thus, the organization factors affecting management accounting provide information for management. The statistical results show that organization size is very important and the other factors, such as structure, policies, strategy, human resources, and goals have lower importance. One can conclude that the larger an organization, the more important the selection of desirable management accounting procedures in different conditions. This is logical, because a larger size implies more information and activities, which demands more managerial effort for survival. The results of assumption 5 show that suitable application of modern management accounting methods in business promotes place of this knowledge in the national and international levels. Promotion of place of knowledge requires growth of its components. Management accounting is not an exception, and its key role must be identified in organizations. Selection of management accounting methods can either increase organizational power or confuse managers and dissolve organizations. Therefore, promotion of traditional methods to modern methods can develop management accounting. The statistical results show that knowledge about modern methods in business and competition plays an important role for their application. Therefore, study of modern methods in universities and introducing their advantages to management accountants in organizations not only increases their applications, but advances management accounting. The results of assumption 6 show that business requirements affect reporting and informing management accounting. Each organization must consider a discipline in business space, which stems from its temporal and spatial conditions. Although management accounting has no special standard, but management accountants are required to consider factors such as information needs, labor laws, and accounting standards. According to the statistical results, these requirements affect reporting method of management accounting. For example, reporting period depends on needs of managers. Since management accountants use accounting information, they must notice accounting standards in their reports. In addition, since many business decisions are made by reports of management accountants, they must be aware of trade rules in their organizations. The results of assumption 7 show that economic variables affect application of methods in management accounting quantitatively and qualitatively. The economic environment of a society is one of the effective factors on management accounting. Economic conditions and security, beside factors such as inflation, interest rate, supply and demand, tax rate,… affect usage of management accounting methods. The statistical results confirm these factors and show similar priorities for their effects on management accounting process. For example, when demand is low in a society, managers try to find other markets. This decision is based on the reports of management accountants and their methods. The results of assumption 8 show that business variables play important roles in determination of goals and responsibilities of management accountants in an organization. Each organization must notice its customers as the most important factor in the trade world. Thus, it must consider satisfaction of customers and attraction of new ones in the survival triangle of Blocher, beside finished price and value creation process. Thus, management accountants are required to notice these variables in their duties and point to business needs in their reports.

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