Evaluation of the Qualitative Features of Management Accounting Information in an Unstable Macroeconomic Policy Environment: A Survey of Manufacturing Firms

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Abstract: Accounting information reacts to the macroeconomic environment; there is a positive association between a stable economy and the inherent quality of accounting information. The aim of this paper was to ascertain if the quality of management accounting information will remain the same in face of unstable and frequent changes in macroeconomic policies especially among manufacturing firms. Using a sample of one hundred users and preparers of management accounting information, and adopting questionnaires to gather primary data, analysis was done through descriptive and inferential statistics using frequency tables, measures of central, and dispersion parameters, then independent-sample T test applied.. The first hypothesis showed results above P<0.001hence rejected. The second hypothesis confirmed that several challenges facing macroeconomic policies implementation create doubt in the quality of MAI, with calculated mean greater than expected mean of 3. The results indicated that MAI should be detail and current to aid decision making. The findings of the study have implications for accountants, and decision makers who rely on management accounting information to ensure that caveat are included in relying on such report. As a result of this research, it can be concluded that management accountants should endeavor to take into account the changes associated with macroeconomic policies in their reports to avoid financial losses and be able to compete well in the industry. It recommended that strategic management accounting reports be added to existing reports to mitigate the impact of macroeconomic policy changes.

Keywords: macroeconomic policies, manufacturing firms, qualitative characteristics, strategic management accounting.

1. Introduction

Accounting provides information that firms’ management require for decision making and performance evaluation. Such accounting information changes with variations in technology, competition and macroeconomic policies(Ojuia,2016a;Habibollah, Nakhaei and Ahmadimousaabad, 2014), it is pertinent for accountants to include current changes in reports for such to be effective for decision making (Ojuia,2016a). The challenge of including macroeconomic policies impact on the operations of businesses in Nigeria is enormous due to instability and inconsistencies on the part of government in the implementation (Olowe,2011). The Management Accounting Information(MAI) is the most frequent and widely used accounting information managements of firms apply in decision making process ( ), hence the quality of such is important and must be given due consideration (Briciu,Scorte and Mester,2013 ;Bahramfar & Rasoli, 1998). Qualitative features and qualities of any accounting information including MAI are relevance and reliability (primary qualities) which increases its usefulness and effectiveness (Kieso, Waygandt and Warfield, 2005; Mokarrami, 1997; Hendrickson, 1992); comparability and consistency (secondary qualities) which create avenue for peer review and evaluation (Habibollah et al, 2014). These aforementioned attributes could only be made possible if macroeconomics policies are stable over a period of time, which is not the case in developing nations like Nigeria.

Macroeconomic policies are those policies of the government aimed at the aggregate economy to promote the goals of full employment, stability in prices (wages, inflation, interest rates and exchange rates), and growth. Common macroeconomic policies are fiscal and monetary. Fiscal policy involves steps taking by the government to make changes in government spending or tax to stimulate economic growth while monetary policy deals with changes in money supply in the economy. In achieving any of the aforementioned others will be sacrificed (Ullah and Rauf, 2013). For instance, in attempting to achieve full employment in the
economy in the short-run, inflation may occur in the longer run which affects the microeconomic agents like the firm making MAI ineffective for decision making. The Nigerian government have embarked on various macroeconomic policies to address various gaps in the economy. Some of the policies applied apart from the use of monetary and fiscal policy are export promotion strategy, imports substitution strategy, NEEDS, Vision 20 20 20, the MDGs and Treasury Single Account (TSA). The fundamental objectives of these policies in Nigeria are meant to maintain price stability, maintenance of balance of payments equilibrium, and promotion of employment, output growth and sustainable development. There is a positive association between monetary policy, fiscal policy, exchange rate policy and firm performance (Ekpo, 2014; Dornbusch and Fischer, 1981). The instability in macroeconomic policy has been the hallmark of most developing economies with the government and monetary authorities making frequent adjustments to suit economic realities (Olowe, 2011; Ojo, 2008).

Exchange rate variation can adversely affect the ability of a firm to import needed raw materials and therefore reduce manufacturing output making the reports of the making budgeting less important. Fluctuations in exchange rate leads to instability in purchasing power of the firm with projected financial statements unable to achieve set goals (Opaluwa, Umeh and Ameh, 2010). Virtually all researches on exchange rate argue that the type of exchange rate regimes incorporated by a country have implications on the economy through their effects on international trade, output, financial markets, inflation, employment, and investment (Olowe, 2011). Also interest rate (monetary policy) fluctuation and tax or subsidy variations (fiscal policy) have implications on the economy and business firms output making the four essential attributes of MAI unattainable.

MAI is either traditional management accounting (TMA) which include techniques like standard costing, variance analysis, Just-in- Time, process costing, absorption costing, budgeting, break-even analysis and cost volume profit analysis or strategic management accounting (SMA) which include but not limited to activity based costing, attribute costing, brand value budgeting, benchmarking, competitive position monitoring, competitor cost assessment, environmental management accounting, life cycle costing, quality costing, strategic costing, target costing, kaizen costing, value chain costing, strategic pricing and customer accounting (Ojua, 2016; Ojra, 2014; Cinquini and Tenucci, 2010; Ramljak and Rogosic, 2012), while TMA is basically historical and rely on internal data, SMA is current and mixes internal and industrial data for report presentation though with emphasis on competitors’ strengths and weaknesses (Ojua, 2016; Rababa’h, 2014; Fagbeni et al, 2013) but virtually ignores macroeconomic indices.

This paper investigates the extent to which MAI conforms to the instability associated with macroeconomic policy in Nigeria based on the four accepted qualitative features and how such affect effective decision making by managements. This study is important for several reasons. First, there is need to know the extent to which MAI include macroeconomic indices and how it affects decision making among manufacturing firms. Second, the internal users of MAI are interested in high quality reports which will encompass all acceptable current economic trends in line with the globally accepted standards (Caraiman, 2015; Bukenya, 2012). Third, academic researches on the qualitative features of management accounting information are limited compared to other forms of business information (Kieso et al, 2005; Bahramfar & Rasoli, 1998; Mokarrami, 1997). Lastly, the relationship between qualitative features of MAI and macroeconomic policy have resulted in mixed findings (Caraiman, 2015; Achim, 2009; Kieso et al, 2005; Bahramfar & Rasoli, 1998; Mokarrami, 1997) hence the need to make contribution on the subject matter. It provides evidence on the impact of macroeconomic policy instability on the quality of MAI and reports, hence it has potential implications for the preparers and users of MAIs especially as it’s relates to manufacturing firms. This study gives new insights into the association between instability in macroeconomic policy and the quality of MAI as presented by management accountant.

The research questions for which this paper attempts to provide answers to are: (i) is there any positive association between macroeconomic policy stability and the qualitative features of MAI? (ii) Are there challenges facing manufacturing firms with instability in macroeconomic policies in relation to MAI presentation to management? The rest of the paper is divided into four parts. Part 2 discusses the literature part 3, the methodology. Part 4 explains the analysis and implications of findings while part 5 is the conclusion and recommendations.

2. Literature Review

Manufacturing firms in Nigeria are the major sources of economic propeller (after the oil industry) producing for local consumption and exports. The manufacturing sector has been the pivot of Nigeria economy as it contributed 39.67% to the Gross Domestic Product (GDP) in 2011 (Oyergba, 2014; Oyergba, et al 2015). However, the performance and productivity have deteriorated, contributing far less to the GDP as...
compared to the past three decades when manufacturing played significant roles in the Nigerian economy (Sangosanya, 2011). Among the myriad of challenges facing the sector is the mono-product Nigerian economy, and fall in capacity utilization caused by unstable government policies (monetary, fiscal, exchange rate policy) and globalization (Aluko et al, 2004). The management of these firms rely on MAI with budgeting highly applied for controlling costs and performance evaluation, it plays a pivot role in managing and directing process of the organization (Dugdale, 1994). Such reports in most cases do not align with the reality of unstable macroeconomic policies hence isolating the firms from current situation in the economy because they come too late, too distorted and unevenly aggregated hence not good enough for strategic management due to its lack of focus on strategic planning but only on inventory evaluation; it places emphasis on financial measures ignoring the non-financial ones. The application of SMATs is more of monitoring competitors’ performance (Alsoboa et al, 2015; Ojra, 2014; Ahmad and Leftesi, 2014; Ramljak and Rogosic, 2012) to the detriment of macroeconomic policies which impact on business organization (Olowe, 2011; Opaluwa et al., 2010; Ojo, 2008).

Governments have four macroeconomic policy objectives: achieving potential growth; maintaining sustainable internal and external accounts; preventing a destabilizing rate of inflation; and poverty reduction (Hailu and Weeks, 2011). Macroeconomic policies are instruments which governments of a country tries to regulate economic affairs; it consists of the fiscal, monetary, exchange rate regimes and trade policies that determine production outcomes in the real sectors and other sectors (Opaluwa et al., 2010). Monetary policy involves government control of the money supply in an economy using certain instruments by manipulating interest rate to achieve economic growth, stability in the rate of inflation and exchange rate as well as employment. Fiscal policy on the other hand involves the use of government expenditure, taxes and subsidies inform of reliefs to promote growth (Caraiman, 2015; Olowe, 2011; Opaluwa et al., 2010; Achim, 2009; Kieso et al, 2005; Bahramfar & Rasoli, 1998; Mokarrami, 1997).

The stability in macroeconomic policies breed economic growth (Olowe, 2011; Opaluwa et al., 2010; Achim, 2009; Bamidele and Englama, 1998; Obaseki and Onwudukit, 1998) and positive impact on macroeconomic entities hence making reporting seamless with decision making qualitative and profitability enhanced. However the Nigerian governments over the years always make policy somersaults the norms (Opaluwa et al., 2010) making internal reporting (MAI) unreliable (Okafor, 2012; Bukenyia, 2014; Kieso et al., 2005; Mokarrami, 1997) due to decisions based on incomplete knowledge of economic situation (Dumitr, 2009). The outcome of policy somersault of macroeconomic policies is demonstrated in table 1 showing the impact on the economy.

### Table 1 Analysis of Macroeconomic policies outcome in Nigeria (2011-2015)

<table>
<thead>
<tr>
<th>Economic variables/ Years</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>2.65%</td>
<td>6.31%</td>
<td>5.39%</td>
<td>4.28%</td>
<td>4.89%</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>$2,742.86</td>
<td>$3,300.03</td>
<td>$3,082.5</td>
<td>$2,835.3</td>
<td>$2,612.1</td>
</tr>
<tr>
<td>Investment</td>
<td>14.48%</td>
<td>15.8%</td>
<td>14.9%</td>
<td>14.91%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Inflation</td>
<td>9.01%</td>
<td>8.05%</td>
<td>8.5%</td>
<td>12.23%</td>
<td>10.28%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>9.9%</td>
<td>7.8%</td>
<td>10%</td>
<td>10.6%</td>
<td>6%</td>
</tr>
<tr>
<td>Gen govt revenue</td>
<td>7.82%</td>
<td>10.52%</td>
<td>11.05%</td>
<td>14.30%</td>
<td>16.37%</td>
</tr>
<tr>
<td>Gen govt expenditure</td>
<td>11.81%</td>
<td>12.6%</td>
<td>13.37%</td>
<td>14.05%</td>
<td>17.36%</td>
</tr>
<tr>
<td>GDP share of World total</td>
<td>0.962%</td>
<td>0.965%</td>
<td>0.938%</td>
<td>0.918%</td>
<td>0.908%</td>
</tr>
<tr>
<td>Average Exchange rate to $1</td>
<td>N 190.5</td>
<td>N 180</td>
<td>N 155</td>
<td>N140</td>
<td>N 120</td>
</tr>
</tbody>
</table>

Source: Researcher computations

The table above shows the unstable nature of the Nigerian economy which affects the operation of manufacturing firms, rendering the reports of management accountants ineffective for decision making. For instance the unstable exchange rate affects the importation of plant and machinery, and raw materials (Ibrahim and Muritala, 2015) in most cases budgeted sum are overshot leaving out the four attributes of MAI (Bahramfar & Rasoli, 1998). Also the continuous alteration in the interest rate has created challenges in the authenticity of cost of funds report (Habibollah et al., 2014). The frequent variations in granting of subsidies and tax waivers to firms for illogical reasons make reporting of net returns on investment incorrect in most cases. To mitigate these challenges the reporting quality of accounting information should be applied on MAI taking into account the instability in monetary policy, fiscal policy (tax and subsidy regimes) and exchange rate policy to avoid financial and non-financial losses by firms.
There are two dimensions of any reporting quality: accrual quality and asymmetric timeliness of loss recognition (Fakile et al, 2013). Accrual quality leads to disclosure that improves transparency and reduce information paucity (Healy & Palepu, 2001). Asymmetric timeliness of loss recognition shows that if reporting is more transparent and more frequent, managers will have little chance of manipulation either voluntary or otherwise (Maines and Wahlen, 2003).

According to United Kingdom’s Accounting Standards Board (ASB) the qualitative characteristics of accounting information are reliability, relevance, materiality, comparability, understandability and timeliness for it to be useful to the users. Using table 2 below, the primary qualities expected of MAI are reliability and relevance, while the secondary qualities include comparability and consistency.

<table>
<thead>
<tr>
<th>Qualitative Characteristics</th>
<th>User-specific quality</th>
<th>Overriding objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision usefulness</td>
<td>Primary qualities</td>
<td>Components</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Components</td>
</tr>
<tr>
<td>Compareability</td>
<td></td>
<td>Constraints</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Hierarchy of qualitative features of accounting information. Adapted from Nakhaei and Ahmadimousaabad, 2014

Reliability is the extent to which information is verifiable, faithful, and neutral. That is the users should know the meaning of the information and the limits to the knowledge content of the information provided (Maines and Wahlen, 2003; Glaucier, Underdown and Clark, 1980). MAI should be reliable with users able to hold some basic assumptions about the quality of accounting information produced by accountants. Decisions can be taken with ease without fear of backlash (Bukenya, 2014). Relevance is the influence MAI have on decision making (Bukenya, 2012). For accounting information to be relevant, it should provide a good and logical basis of pick a course of action. Relevant information should have predictive value, feedback value, and timeliness. Timeliness connotes that the information must be available to management before it loses its value to influence decisions. Obaidat (2007) opined that information is useful when it is available when it is required and not delayed.

Comparability entails review over time. It is the ability to help users see similarities and differences between events and conditions. Accounting information especially MAI will be useful when it can be compared period by period internally and externally by industrial comparison (Noravesh & Shirzadi, 2012). Consistency means conformity with unchanging policies and procedures over period of time. Conformity is achievable by applying the same accounting treatment to similar events at all time. The users of MAI crave for understanding particularly when decisions are to be taken. For proper understanding, MAI must contain the aforementioned qualitative features. Understandability refers to users’ knowledge (Habibollah et al., 2014) which depends on the quality of the reports and prior information.

Reviews of related literature indicate the impact of macroeconomic policy on firms operations and the reporting quality:

Umeora (2013) in a review of the effect of Value Added Tax (VAT) and collection procedure on economy growth and impact on businesses in Nigeria and returned that VAT has positive association with government revenue and the economy but negatively affect firms’ operations because of the correctness of sum deductible. Thus affecting the MAI of most firms with the absence...
of most of the qualitative characteristics. Leahy & Whited (1996) reported that uncertainty and instability in macroeconomic policy reduce investment in their study but couldn’t prove any empirical evidence on this issue hence the outcome remains inconclusive. Symons, Howett and Alcantara (2011) in an international research work on payment of taxes using basic indices of cost of taxes, compliance burden and collection rate concluded that most firms pay companies income taxes faster that VAT due to inconsistent administrative procedures and variances in computations causing disagreement. Spyros (2001) and Floros (2004) in their studies examined the impact of inflation on the activities of business firms in Greece and concluded that returns on investment is reduced and depreciation of the capital of the sampled firms. Chawla (2011) concluded that exchange losses due to fluctuation in currency exchange rate affect the competitiveness of businesses making foreign firms have edge over local ones especially if the currency of such country is stable. Kamil (2012) also reviewed impact of exchange rate regimes of changes in exchange model on foreign currency borrowing decisions on firms operating in South America and concluded that the exposure level of these firms though reduced the value of debt contracted it has led to vulnerability of exchange rate shocks . In a Nigerian study, Umoru and Oseme (2013) discovered that fluctuation in exchange rate only impact on firms in the long run hence short run effect might not show critical effect. Usman and Adejare (2014) examined the effect of monetary policy on industrial growth in Nigeria, the study revealed that rediscount and deposit rates have significant positive effect on industrial output however instability in monetary rate makes planning difficult by most sampled firms. Sikiru and Umaru (2011) in their research reviewed the relationship between fiscal policy and economic growth concluded that productive expenditure positively impacted on economic growth when there is stability and consistency in policy implementation. In this situation the MAI relevance and reliability is assured. Tomola, Adebisi and Olawale (2012) linked bank lending to the manufacturing firms capacity utilization and concluded that interest rate have positive effect on the output of the firms. Charles (2012) opined in his study that a stable macroeconomic policy on money supply positively affect manufacturing firms performance, and company lending rate, income tax rate, inflation rate and exchange rate negatively affect their performances.

Management accountants’ reports (both TMA and SMA) are expected to be current and trendy taking into account the volatility in the economy to ensure understandability (Nakhaei and Ahmadimousaabad, 2014). However sudden changes in fiscal, monetary and exchange policies might not be effected in the report making reliability doubtful. For instance a MAI report on the acquisition of a fixed asset to be imported abroad will not be reliable if the exchange rates fluctuate frequently within a fiscal year. Also the frequent increase in the Minimum Rediscount Rate (MPR) that determines interest rate on bank loans could make MAI report on expected return irrelevant as bulk of expected profits will be eroded. Comparability from period to period might be an uphill task because the effect of inflation which is not stable year in year out and diversity in exchange rate. MAI consistency is doubtful in an unstable macroeconomic environment because different reports will be required to suit different economic situations.

The challenges facing manufacturing firms as a result of unstable macroeconomic policies are corruption and ineffective policies which have created a gap actualizing the purpose of macroeconomic policies especially fiscal policy (Gbosi, 2007), including such in MAI and when not achievable make sure irrelevant and decisions taking ineffective; lack of integration of macroeconomic plans according to Onoh (2007) is another challenge which makes managements of manufacturing firms ignore MAI that uses such plans as basis of reporting indicating irrelevance. Other challenges are misappropriations of special intervention funds; inconsistent subsidy regime for manufacturers and non-implementation of industrial policies that grant tax exemptions (Eze and Ogiji, 2013; Ogbole, 2010; Okemini and Uranta, 2008).

Based on the foregoing, the following hypotheses are proposed:

**H₃** There is no positive association between macroeconomic policy instability and the qualitative features of MAI

**H₄** There are no challenges facing manufacturing firms in the presentation of MAI to management in an unstable macroeconomic policy regime.

### 3. Research Methods

The survey research method was adopted in this study. The research paper was designed to evaluate the qualitative features of MAI in face of unstable macroeconomic policies in Nigeria. Survey research is concerned with identifying real nature of problem and formulating relevant hypothesis to be tested. Data were collected from the preparers and users of MAI. The preparers are accountant who are responsible for the preparation of the management accounting reports. The users are
basically members of management teams of sampled firms. The participants were recognized through information gathered from the local secretariat of the Manufacturers Association of Nigeria (MAN), Ogba Industrial Estate, Lagos, Nigeria. The collected data were analyzed statistically to establish the findings. Ogba Industrial Estate was chosen because of the concentration of manufacturing firms and the need to have collection of experienced respondents on the subject matter.

**SAMPLING PROCEDURE**

The participants were selected by random sampling. Random sampling was adopted because it is the best way to obtain a representative sample from the population. In random sampling, members of the population have equal chance of selection without influence or chance that any other individual will not be chosen (Owojori, 2002) The criteria for participation are that (a) the participants must be a member of the management team (b) the participants must have been experienced in the preparation of MAI in the last 5 years, and (c) the participants must have good knowledge of macroeconomic policies of the government. Random samples of one hundred (100) participants were drawn as a subset of the total population of available manufacturing firms in the industrial area. Data for the study were obtained through the primary source. The primary data were generated through self-administered questionnaire. Questions were asked on the impact of macroeconomic policies on MAI given the qualitative features of accounting information. A pilot survey was adopted for the reliability test and it yielded correlation coefficient of 0.69. The instrument was a survey questionnaire with 5 Likert scale response options of Strongly Agreed (SA), Agreed (A), No Effect (NE) Disagree (D), and Strongly Disagreed (SD) with weights of 5,4,3,2 and 1 respectively. Pursuant to this, the population mean is set at ‘3’, to analyze the data, descriptive and inferential statistics were applied. Frequency tables, measures of central, and dispersion parameters were used in descriptive statistics. Then an independent-sample T test was used to analyze the data using SPSS Software. The questions used in the questionnaire were developed based on prior studies of Nakhai and Ahmadimousaabad (2014) and Bukenya (2014).

**4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

**4.1 Hypotheses Testing**

Hypothesis 1: There is no significant association between macroeconomic policy instability and the qualitative features of MAI

From table 4 below, and using responses from questions 1-6, the respondents show good knowledge of the attributes of macroeconomic policies in Nigeria. Over 60% of the respondents agreed that macroeconomic policies affect MAI’s quality as tabulated (questions 1-6). The mean and standard deviations refer to the absence of spacing or dispersion in responses to the questionnaire, the Z score column shows the relationship between the estimated mean of ‘3’ and the calculated mean-only the feedback response of 2.21 is less than 3, indicating that MAI has not been effective tool in decision making in an unstable macroeconomic policy regime. However the four qualitative features return above ‘3’ showing that the perceived qualities in MAI are affected by unstable macroeconomic policies.

To further demonstrate the relationship a T test was carried out using the responses in table 4 (1-6).

<table>
<thead>
<tr>
<th>Features</th>
<th>No of sample</th>
<th>Calculated mean</th>
<th>Pop mean</th>
<th>Std dev</th>
<th>Std error</th>
<th>Mean diff</th>
<th>df</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understandability</td>
<td>100</td>
<td>3.75</td>
<td>3</td>
<td>1.6</td>
<td>0.03</td>
<td>0.75</td>
<td>99</td>
<td>4.66</td>
<td>P&lt;0.001</td>
</tr>
<tr>
<td>Relevance</td>
<td>100</td>
<td>3.55</td>
<td>3</td>
<td>1.52</td>
<td>0.03</td>
<td>0.55</td>
<td>99</td>
<td>3.02</td>
<td>P&lt;0.001</td>
</tr>
<tr>
<td>Reliability</td>
<td>100</td>
<td>3.45</td>
<td>3</td>
<td>1.48</td>
<td>0.03</td>
<td>0.45</td>
<td>99</td>
<td>3.61</td>
<td>P&lt;0.001</td>
</tr>
<tr>
<td>Comparability</td>
<td>100</td>
<td>3.50</td>
<td>3</td>
<td>1.50</td>
<td>0.03</td>
<td>0.5</td>
<td>99</td>
<td>5.74</td>
<td>P&lt;0.001</td>
</tr>
<tr>
<td>Consistency</td>
<td>100</td>
<td>4.00</td>
<td>3</td>
<td>1.73</td>
<td>0.03</td>
<td>1</td>
<td>99</td>
<td>3.32</td>
<td>P&lt;0.001</td>
</tr>
<tr>
<td>Feedback</td>
<td>100</td>
<td>3.32</td>
<td>3</td>
<td>1.45</td>
<td>0.03</td>
<td>0.32</td>
<td>99</td>
<td>2.20</td>
<td>P&lt;0.001</td>
</tr>
<tr>
<td>Macro. Impact</td>
<td>100</td>
<td>3.92</td>
<td>3</td>
<td>1.69</td>
<td>0.03</td>
<td>0.92</td>
<td>99</td>
<td>5.43</td>
<td>P&lt;0.001</td>
</tr>
</tbody>
</table>

SPSS computation

The finding indicates that calculated mean is more than the fixed population mean for all independent variables, though the difference is not statistically significant. Also, the calculated T is more than (P<0.001) for all variables, it means that macroeconomic policies (monetary, fiscal and exchange regime policies have significant effect on qualitative features- understandability, relevance,
reliability, comparability, consistency, and feedback.

From these results, we reject the first hypothesis, indicating that there is significant association between macroeconomic policy instability and the qualitative features of MAI.

**Hypothesis 2:** There are no challenges facing manufacturing firms in the presentation of MAI to management in an unstable macroeconomic policy regime.

Using questions 7-10 in table 4 below, the respondents expressed their opinions on the challenges facing the perceived quality of MAI’s presentation to managements of manufacturing firms. Question 7 responses show that poor implementation of macroeconomic policy affects the quality of MAI with 70% agreeing (27% strongly) since management reports will be unreliable given basic assumptions might be invalid. 55% opined that SMA reports could mitigate the challenges but the mean of 2.4 which is less than the expected ‘3’ shows that the reports (basically for competitors’ monitoring) will not mitigate the challenges. From responses from question 10, managements apply other yardsticks other than MAI in taking decisions because of inconsistencies in macroeconomic policies, 87% confirms this assertion. Applying the calculated mean on the expected mean of ‘3’, it can be concluded that the challenges faced in implementing these policies affect MAI’s quality since the reliability and relevance of such report will be in doubt and unfit for decision making.

From these results, the second hypothesis is rejected, which means that there are challenges facing manufacturing firms in the presentation of MAI to management in an unstable macroeconomic policy regime.

**5. Conclusions and Recommendation**

The objectives of this study are to evaluate the qualitative features of Management Accounting Information (MAI) in an unstable macroeconomic environment and to review the challenges facing macroeconomic policies that impact on MAI. The first hypothesis formulated was tested using the data obtained from the questionnaires distributed among selected preparers and users of MAI. It was tested using descriptive statistical tools-frequency tables, measures of central, and dispersion parameters. It revealed that despite MAI’s qualitative features, instability in macroeconomic policies makes management doubt its integrity for decision making. There is significant association between macroeconomic policy instability and the qualitative features of MAI. To confirm this, a T test with scores was applied and returned scores of 4.66; 3.02; 3.61; 5.71; 3.32 and 2.20 for understandability, relevance, reliability, comparability, consistency and feedback respectively, all greater than 0.001 level of significance; the null hypothesis is rejected and concluded that there is significant association between macroeconomic policy instability and the qualitative features of MAI.

The second hypothesis was tested using the applied approach by using statistical tools to ascertain the challenges arising from unstable macroeconomic policy that affect the quality of MAI. It was found that corruption, poor implementation, inconsistencies in application and poor application of rules among others are challenges facing macroeconomic implementation that impact on the quality of MAIs. Using the arithmetic means which were all less than expected value of 3 and standard deviations, only the possible application of SMAT is less than ‘3’, hence the null hypothesis was rejected and concluded that there are challenges facing manufacturing firms in the presentation of MAI to management in an unstable macroeconomic policy regime.

The results show that the predictive element of qualitative features cannot be relied on in an unstable economic environment as policy somersault makes MAIs almost unimportant in decision making. This, therefore calls for complete policy shift, first to ensure all MAIs have caveat stating the possibility of variation in macroeconomic indices that might render the report invalid. The wide gap between macroeconomic policy plans and policy implementation should be reduced through constant review of MAI basically period by period to reflect the true situation, this will further increase the quality (confirming the quality features) and aid decision making.

Other recommendations are:

- Since macroeconomic policies affect the firms’ productivity, MAI should take into account possible variations caused by policy somersault that could affect its reliability and relevance.
- While SMATs are basically competitors’ performance in outlook, the inclusion of target costing, strategic costing, kaizen costing and other non-competitors based techniques in MAI will mitigate the impact of unstable macroeconomic policy on its credibility.
Data Presentation

Table 4: Responses on the association between macroeconomic policies and qualitative features of MAI

<table>
<thead>
<tr>
<th>Responses</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>mean</th>
<th>Std dev</th>
<th>Z-score</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) MAI is easy to understand since it contains all required information in simple format and language</td>
<td>40</td>
<td>25</td>
<td>15</td>
<td>10</td>
<td>10</td>
<td>3.75</td>
<td>1.60</td>
<td>4.69</td>
</tr>
<tr>
<td>(2) Macroeconomic policies affect the reliability of MAI making decision making difficult</td>
<td>30</td>
<td>30</td>
<td>15</td>
<td>15</td>
<td>10</td>
<td>3.55</td>
<td>1.52</td>
<td>3.62</td>
</tr>
<tr>
<td>(3) Instability in macroeconomic policies makes the content of MAI irrelevant hence decision making not based on MAI alone</td>
<td>30</td>
<td>25</td>
<td>20</td>
<td>10</td>
<td>15</td>
<td>3.45</td>
<td>1.48</td>
<td>3.03</td>
</tr>
<tr>
<td>(4) Due to macroeconomic policy instability, consistency quality is absent in MAI</td>
<td>40</td>
<td>20</td>
<td>5</td>
<td>20</td>
<td>15</td>
<td>3.50</td>
<td>1.50</td>
<td>3.33</td>
</tr>
<tr>
<td>(5) Internal comparison is difficult due to different economic situations at period on period with complete reversal of policies</td>
<td>45</td>
<td>30</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>4.00</td>
<td>1.73</td>
<td>5.77</td>
</tr>
<tr>
<td>(6) The feedback from decisions taking based on MAI indicates that macroeconomic policies inconsistencies affect the quality</td>
<td>22</td>
<td>38</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>3.32</td>
<td>1.45</td>
<td>2.21</td>
</tr>
<tr>
<td>(7) Poor implementation and frequent changes of macroeconomic policies affect the quality of MAI</td>
<td>29</td>
<td>43</td>
<td>19</td>
<td>9</td>
<td>0</td>
<td>3.92</td>
<td>1.69</td>
<td>5.45</td>
</tr>
<tr>
<td>(8) Corruption makes the implementation of fiscal policy difficult affecting firms’ growth</td>
<td>34</td>
<td>28</td>
<td>32</td>
<td>4</td>
<td>2</td>
<td>3.88</td>
<td>1.67</td>
<td>5.28</td>
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<tr>
<td>(9) The inclusion of SMAT reports reduces the impact of macroeconomic policy somersault</td>
<td>20</td>
<td>35</td>
<td>15</td>
<td>20</td>
<td>10</td>
<td>3.35</td>
<td>1.46</td>
<td>2.40</td>
</tr>
<tr>
<td>(10) Managements rely on other yardsticks of decision making in addition to MAI due to macroeconomic policies failure</td>
<td>55</td>
<td>32</td>
<td>3</td>
<td>0</td>
<td>10</td>
<td>4.22</td>
<td>1.87</td>
<td>6.53</td>
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Source: Researcher’s computation

References


