

Adoption of management accounting practices in health care companies listed in the Colombo Stock Exchange and factors influencing adoption

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Health care sector is a key player of a country's economy, and there has been concerns regarding the efficiency of the public health care sector throughout the world. Therefore the involvement of the private sector in the development of the health care sector becomes important. The adoption of Management Accounting (MA) practices have the main benefits as cost saving, reaching new segments of the population, efficiency, enhancement of reputation and better customer service and satisfaction. According to Fonseka et.al (2005), the adoption of MA in Sri Lanka is low. For that study 47 companies listed in the Colombo Stock Exchange (CSE) from 6 industry sectors have been analyzed, but companies working in the health care sector have not been included in the sample. Further the factors influencing the adoption have been analyzed in general. Therefore this research attempts to use a structured framework to analyze the factors influencing the adoption of MA Practices using the Technology Acceptance Model (TAM) and Theory of Planned Behavior (TPB). The sample for this study is the Health care sector companies listed in the CSE. The whole population was selected and this includes six companies. Data was collected through structured questionnaires with 5 point likert scale and interviews. To measure the level of adoption, 20 MA Practices were selected and to measure the factors influencing the adoption, TAM & TPB have been used. This study follows a quantitative approach and the data was analyzed using descriptive analysis techniques. It was found out that the adoption of certain MA practices is low in health care companies listed in the CSE. i.e. Target Costing, Management by Exception, Process reengineering, Balanced Scorecard, Activity Based Costing, Responsibility Accounting, Total Quality Management, Kaizen costing, Differential Costing, Just In Time and Theory of Constraints. The reasons for the low adoption have been identified as the less perceived ease of use of MA Practices and less knowledge of ICT knowledge among the employees. In addition to that, MA Practices such as Cash-flow Statement, Budgetary Control, Variance Analysis, Variable Costing, Ratio Analysis, Standard Costing, CVP- Analysis, Absorption Costing and Segment Reporting have a high level of adoption. The reasons for the high adoption have been identified as Perceived Usefulness of MA Practices, Attitudes of the companies towards the MA practices, External pressure and Security of the MA practices. This research would help the companies to understand their awareness of MA practices and their benefits while identifying the reasons that influence the adoption of MA practices. It can contribute to the whole economy by enhancing the efficiency of the health care sector.