UNIVERSITY OF GHANA
(College of Humanities)

NON-FINANCE MANAGERS’ PERSPECTIVES ON THE ROLE OF
MANAGEMENT ACCOUNTANTS: THE CASE OF GOLD MINING COMPANIES
IN GHANA.

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OF MASTER OF SCIENCE IN ACCOUNTING AND FINANCE

AUGUST, 2019
DECLARATION

I hereby declare that this long essay is the result of my own efforts and have not partly or in its entirety been submitted to any university for a degree and that all sources of information quoted in this research have been duly acknowledge by means of complete references.

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RAYMOND TETTEVI          DATE

(10700549)
CERTIFICATION

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of dissertations laid down by University of Ghana, Legon.

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DR. CLETUS AGYENIM-BOATENG                      DATE
DEDICATION

I dedicate this work to my lovely wife, Mrs. Precious Acolatse-Tettevi, my children, Daniella Hayford, Hannah Tettevi, Raymond Tettevi Jnr and Victor Tettevi and my pastor Joshua Ardey
ACKNOWLEDGEMENT

I am deeply grateful to God for his blessings and guidance throughout this study. All thanks to God for giving me life and good health to complete this work successfully.

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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AISC</td>
<td>All-In-Sustaining Cost per ounce</td>
</tr>
<tr>
<td>CIMA</td>
<td>Chartered Institute of Management Accountants</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality management</td>
</tr>
<tr>
<td>ABC</td>
<td>Activity-Based Costing</td>
</tr>
<tr>
<td>AMAT</td>
<td>Advanced Management Accounting Techniques</td>
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<td>TMAT</td>
<td>Traditional Management Accounting Techniques</td>
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<td>NIS</td>
<td>New Institutional Sociology</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
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<tr>
<td>ERP</td>
<td>Economic Recovery Programme</td>
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ABSTRACT

The gold mining industry is a price taker, a predicament that makes cost control and management the most important consideration to maximise profit. Despite the growing concern for employing management accountants to utilize modern management accounting techniques to control cost, mining companies continue to adopt traditional methods of cost control. The study, therefore, seeks to investigate the perceptions of non-finance managers on the role of management accountants and the extent of support and emphasis that these managers place on management accountants.

This study is an interpretative qualitative research which adopts a case study approach. The instruments used were interviews and publicly available documents. The data is analyzed using thematic analysis.

The study finds that non-finance managers perceive the role of management accountants to include: bookkeeping, budget preparation, cost awareness and management and adoption of modern costing techniques. However, management accountants do not play the role of cost awareness and management effectively. Also, the adoption of modern costing methods is low in gold mining companies.

The study recommends that management of gold mining companies should sponsor management accountants in the corporation to learn modern accounting techniques and encourage the use of these techniques to control cost. Also, management accountants should create cost culture among the operational staff to be cost conscious and play active role in controlling cost in the organisation. The study also recommends future research that focus on management accountants’ perspectives on the role of modern management techniques in gold mining companies.
CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study examines non-finance managers perspectives on the role of management accountants in Gold mining sector in Ghana. The chapter introduces the entire study. It provides a general background to the study. It further discusses the problem statement, research objectives, research questions, the methodology used for the study and the organization of the study.

1.1 Background of the Study

The gold mining industry is a price taker, a predicament that makes cost control and management the most important consideration if a gold mining company is to maximise profit (Botha, 2013). Since September 2011, the gold price on the London Bullion Market plummeted from a high of $1,896.50 to a low of $1,050.60 in December 2015 (LBMA 2018). From that time to date, gold price has struggled to regain its glory and as a result squeezing its margin over the years. The average industry All-In-Sustaining Cost per ounce (AISC/Oz) still hovers between $900 per ounce and $800 per ounce (Hamilton 2018) whilst the gold market price barely holds itself at $1,200 per ounce.

Consequently, gold mining companies in the world, including Ghana, are compelled by this situation to downsize their operations as the prices of critical inputs for extraction do not respond to the slump in the world price (Campbell, 2003). This approach worsens the unemployment situation in the country and causes job insecurity which has the tendency of discouraging skilled
workers into this sector. Instead of downsizing operations and investment in explorations activities as a result of declining gold prices, Mitchell and Steen (2017) suggest that modern management accounting techniques like Activity Based Costing, Balance Scorecards, Data mining, Throughput Accounting, Life Cycle Accounting, Theory of Constraint, Forecasting can be used to control cost in order to reduce the impact of declining gold prices on the operations of this sector.

Though Johnson and Kaplan (1987) in the past courted negative publicity for Management Accounting in their research work entitled “the rise and fall of Management Accounting”, the modern management accounting professionals have managed to reposition their trade successfully in recent times that have changed the many uncomplimentary accolades like Bean Counters, Corporate Police, Financial Watch-dogs etc, and position themselves as “strategic partners, internal consultants, co-pilots” among others (Granlund and Lukka, 1997). Despite these transformations, the shadow of the stereotypes attached to accountants in general still lingers drearily over public consciousness (Oler, Skousen, Smith, & Talakai, 2016).

Despite the rising advocate for employing modern management accounting techniques in gold mining companies to reduce the practice of downsizing operations and investment in future exploration activities, gold mining companies continue to use these approaches in respond to falling gold prices. It is against this backdrop that the study seeks to investigate the perceptions of non-finance managers on the role of management accountants in gold mining companies in Ghana.

1.2 Problem Statement

There have been several studies done to investigate the roles of management accountants in modern corporations, however, much of these studies have invariably focused on the role of
management accountants in the manufacturing sector and telecommunication industry (Mitchell and Steen, 2017; Mbawuni & Anerney, 2014; Alleyne & Weekes-Marshall, 2011; Uyar, 2010; Abdel-Kader & Luther, 2006; Gerdin, 2005; Adelegan, 2004; Mahfar & Omar, 2004; Adler, Everett & Waldron 2000) with limited attention to gold mining companies (Botha, 2013).

With the limited studies on the roles of management accountants in gold mining industry, the studies have focussed on the use of general surveyed perceptions on the role of management accounting from accounting professionals. To the best of my knowledge, none of these studies have examined the perspectives of non-finance managers on the role of management accountants using qualitative study. The study, therefore, seeks to investigate the perceptions of non-finance managers on the role of management accountants and the extent of support and emphasis that these managers place on management accountants.

1.3 Research Objectives

The study seeks to examine non-finance managers’ perspectives on the role of management accountants in gold mining industry in Ghana. The specific objectives are:

- To find out what non-finance managers know about the role of management accountants in gold mining industry.
- To examine the level of significance that non-finance managers attach to the role of management accountants in the industry.
- To assess the level of cooperation that exist between non-finance managers and management accountants in the industry.
1.4 Research Questions

To achieve the research objectives set out above, the study is designed to answer the following questions:

- What are the perspectives of non-finance managers on the role of management accountants in gold mining industry?
- Do management accountants play significant role in gold mining industry?
- What level of cooperation exists between management accountants and non-finance managers in the industry?

1.5 Significance of the Study

This study has implications for policy, practice and academic research in the accounting profession.

First, the study will help management accountants of the selected gold mining companies to clearly know the perspectives of non-finance managers on their roles so that they can position themselves well enough to get the cooperation of all these managers in implementing modern management accounting techniques that can help the firm control cost more efficiently and effectively. It will also help top management realign both finance and non-finance managers to minimise cost especially in times of falling gold price.

Second, policy makers and regulatory bodies would be well-informed about the perspectives of non-finance managers on the role of management accountants so that appropriate policies can be implemented to guide actions and practices in the gold mining companies.
Thirdly, the study will add to the limited literature on this topic. Most of the studies on this subject is related to manufacturing companies and telecommunications, however, there has not been much focus on the mining sector. This study will therefore contribute to current studies on the perspectives on the role of modern accountants and serves as a basis for further research.

1.6 Research Methodology

The study adopted interpretative qualitative approach and it was conducted using case study method. Both Primary and Secondary sources of data were used in the research. The main instruments used were interviews and publicly available documents. Some level of observations were made to triangulate the data from the respondents. The sample for the study was taken from a population of gold mining companies in Ghana, particularly, Ashanti region using purposive and convenience sampling technique. The research methodology will be discussed in details in chapter three.

1.7 Scope and Limitations of the Study

The scope of the study was limited to selected gold mining companies in the Ashanti region. The intention of this study was not to generalize the findings.

Whilst the similarity of operations does not require selecting many of the gold mines for the research finding to reach saturation point, time constraint limited the number of contact hours with respondents for further and better interaction.
Another amount of challenge envisaged is access to information. In Ghana, information gathering and storage is still at its infantile stage of development; the little people have, and they are very cagey about it. This notwithstanding, the researcher, being a mining management accountant himself, used his professional relationship to get the necessary information for the study.

1.8 Organisation Of The Study

This work is organized into five main chapters.

Chapter one consists of the introduction, which deals with the background of the study. It further gives the problem statement, research objectives and research questions, significance of the study, research methodology, scope and limitations and organization of the study.

Chapter two reviews relevant literature and the theoretical framework that guides the study. This chapter is essential as it serves as grounds for discussing empirical data and relevant theories and concepts.

Chapter three focuses on the methodology that was adopted in the conduct of the study and it includes the following: research design, data collection methods and Data analysis approach.

Chapter four is mainly concerned with presentation of the results and discussion of findings.

Chapter five finally provide a summary, recommendations and conclusions.
Chapter Two

Literature Review

2.0 Introduction

This chapter reviews the relevant literature regarding the topic under study. It will focus on the theoretical and empirical review of related studies and relevant theories as well as their contribution to this current study. The main areas will include: the concept of management accounting, evolution of management accounting, benefits of management accounting, determinants of management accounting practices, theories of management accounting, empirical studies and the gold mining sector in Ghana.

2.1 The Concept of Management Accounting

Management accounting is a branch of accounting that produces information for managers and forms an important integral part of the strategic process within an organization (Hilton & Platt, 2011). It involves the process of identifying, measuring, accumulating, analysing, preparing, interpreting, and communicating information that helps managers fulfil organizational objectives (Horngren, Sundem, Stratton, Burgstahler & Schwartzberg, 2007). The Chartered Institute of Management Accountants (CIMA) (UK) also views management accounting as an integral part of management process which requires the identification, generation, presentation, interpretation and use of information.

The term management accounting practices has been defined by Littner and Larcker (2012) as the various methods especially considered for manufacturing firms in order to support the infrastructure and management accounting processes of the organization. Gichaaga (2014) asserts that management accounting practices consist of performance evaluation, budgeting, strategic
analyses and information for decision-making, among others. They help management acquire relevant information needed to make meaningful decisions (Alleyne & Weekes-Marshall, 2011).

2.2 Evolution of Management Accounting

Management Accounting practices are not static practices but evolves constantly in all industries. Burns et al., (2009) assert that there have been significant changes in management accounting practices in the UK during the last decade. Libby and Waterhouse (2006) reported that in Canada 31 percent of management accounting systems have changed in the last three years. These changes have not only taken place in the developed countries but in developing countries as well (Sunarni, 2013). Usually, the larger the organization, the greater management needs for information. In order to adapt to the changes within the business environment, organizations must change their management accounting practices and adopt those that suit the environmental conditions (Gerdin, 2005). Parker (2012) emphasized that flexibility is an important characteristic of management accounting due to the fact that it assumes that careful attention has been given to ascertain the principal needs of management, many of which cannot be accurately determined in advance.

One of the most popular criticisms of management accounting has been that its traditional tools such as standard costing, variance analysis, budgeting, and cost volume profit analysis merely focus on internal process rather than dealing with external problems such as managing the competition, generating customer value and creating competitive advantages and are no longer adequate for today’s manufacturing companies (Cooper & Kaplan, 2011; Ashton et al., 2015). Advanced management accounting practices have thus been developed in recent years.
Yazdifar and Tsamenyi (2005) had earlier stated that there were a flurry of books and articles aimed at developing the new (advanced) management accounting techniques. The new management accounting techniques include activity based costing, target costing, kaizen costing, balance scorecard and others. Abdel-Kader and Luther (2006) point out that the most notable innovative management accounting techniques are activity based techniques, strategic management accounting and the balance scorecard. Uyar (2010) went on to proclaim that the most significant three management accounting practices are planning and control, budgeting, and cost-volume-profit analysis. The common management accounting practices followed in organizations include: Total quality management (TQM), activity based costing (ABC), budget and standard costing, cost determination and financial control using budget, benchmarking and the cost of quality reporting (Adelegan, 2004; Adler et al., 2000; Waldron, 2005).

### 2.3 Benefits of Management Accounting

Organizations adopt various management accounting practices in order to benefit from them, and it is obvious that this has been the driving force behind the several evolutionary stages that management accounting has gone through (Kader & Luther, 2004). Horngren et al., (2009) claims that it is recognized that, management accounting practices are important to the success of the organization. According to Sunarni (2013), the main purpose of accounting information is to help users make decisions. Mahfar and Omar (2004) also remark that it is through management accounting that the managers get the tools to perform their functions. Hilton and Platt (2011) suggest that this is the primary purpose of management accounting in the organization, and it is achieved through collecting, processing, and communicating information.
Good management accounting information, according to Ashton, Hopper and Scapens (2011), has three attributes: technical, behavioural and cultural. All these attributes provide certain benefits to the organization. In terms of the technical attribute, it improves the understanding of the measured phenomena and gives importance to making strategic decisions. With respect to the behavioural attribute, it promotes actions that are in agreement with the strategic objectives of an organization. The cultural aspect encourages and/or generates a set of common cultural beliefs, values and mind-sets within an organization (Ashton et al., 2011).

As stipulated by the Chartered Institute of Management Accountants (UK), management accounting proves to be beneficial to organizations with respect to the following: formulating business strategy; planning and controlling activities; decision-making; efficient resource usage; performance improvement and value enhancement. As it has been seen from literature, management accounting offers several benefits to organizations, and thus, this study follows the literature to operationalize the benefits of management accounting practices through the following dimensions: Planning future strategies, tactics and operations; Controlling current activities; Measuring and evaluating performance; Optimizing the use of firms resources; Reducing subjectivity in the decision making process; and Improving internal and external communication (CIMAUK, n.d.)

2.4 Determinants of Management Accounting Practices

The sensitivity of management accounting to all businesses requires that organizations always endeavour to determine and establish a particular management accounting system that best fits the ever-changing business environment (Burns et al., 2009). Existing literatures on management
accounting have shown that several factors determine the choice of management accounting practiced by organizations. These determinants have been categorized as internal and external or environmental, technological and business strategy (Allahyari & Ramazani, 2011).

Drawing attention to the changes in the business environment, Waweru, Hoque and Uliana (2005) remarked that several accounting literatures suggest that the environment within which management accounting is practiced certainly appears to have changed with advanced information technology, highly competitive environments, and economic recession. The rapid changes of business environment recently into global, competitive and turbulence business environment significantly impact any type of corporation, both manufacturing and non-manufacturing company, big, medium or small company and either profit oriented or non-profit company (Yazdifar & Tsamenyi, 2005). According to Gichaaga (2014), various factors influence the changes in management accounting practices in organizations. McWatters, Morse and Zimmerman (2001) explain that globalization, customer needs, and technological change are the three main forces that cause organizations to change.

As an important part of any organization, an accounting staff happens to be an internal factor that determines the choice of management accounting practices. According to Hilton and Platt (2011), management accountants are important strategic partners in an organization’s domestic and international management teams.

Another internal factor that influences the choice of management accounting practices is the role of owners or managers. Hilton (2000) points this out by asserting that the managers must specify
a major part of their working time to access, evaluate and interpret the changes and management decision making process. Allahyari and Ramazani (2011) also affirm that manufacturing managers of firms are under pressure to discover ways to balance costs cutting and quality improvement by considering profitability.

2.5 Theories of Management Accounting

2.5.1 Contingency Theory of Management Accounting

The contingency approach to management accounting is based on the premise that, there are no universally appropriate management accounting systems (MAS) that applies equally to all organizations in all circumstances (Waterhouse & Tiessen, 1978). It therefore requires that there should be an appropriate match between organizational characteristics and management accounting techniques to improve organizational effectiveness (Morton & Hu, 2008). A contingency perspective suggests that effective management accounting systems should align with both internal and external factors (Battilana & Casciaro, 2012). Depending on the match between management accounting system characteristics and these various factors affecting the organization, different levels of effectiveness or performance might be witnessed.

Burns & Stalker (1961) discussed why management accounting practices may be unalike when comparing one organization to the other. This can be related to organisations operating in different industries or sectors. Otley (1980) applied contingency theory to management accounting practices and explained that there is no single general standard accounting practice that can be applied to all organisations. In essence, each organization will have its own management accounting practices.
The theory looks at certain influential factors that will assist management to decide on an appropriate management accounting practice. These factors can either be technological changes and the infrastructure of an organization.

Dugdale (1994) highlighted which management accounting practices are widely used in manufacturing organisations. Those that were highly favoured were budgeting for controlling costs and performance evaluation. His findings revealed that budgeting plays an important role in the managing and directing process of the organization. This tells managers what costs to expect over the next budgeted period and also gives an indication when the company might expect to go through a seasonal change and the impact it will have on the company’s cash flows and revenues. Perhaps this is the main reason why this particular management accounting practice is highly rated over many other practices. Dugdale (1994) further went on to mention that budgeting enables organisations to effectively plan and develop strategies to achieve their goals. Luther & Longden (2001) also observed that the budgeting process is an integral part of managing and controlling costs in the manufacturing sector, for example, in the UK, South Africa and Australia.

Over the last few decades, a number of innovative management accounting techniques have been developed. This innovation is needed to support modern technologies and new management process. Abdel-Kader and Luther (2008) noted that “the new techniques have affected the whole process of management accounting (planning, controlling, decision making and communication) and have shifted its focus from a ‘simple’ role of cost determination and financial control, to a ‘sophisticated’ role of creating value through the deployment of resources”. It also has been argued that these ‘new’ accounting techniques are important in the search for a competitive advantage to meet the challenge of global competition. Many researchers suggest that an appropriate accounting
system depends upon organizational contextual variables (Gordon & Miller, 1976; Otley, 1980). For example, Otley (1980) proposed the need to identify specific aspects of an accounting system associated with certain defined circumstances and demonstrate an appropriate matching.

2.5.2 New Institutional Sociology

The foundations of New Institutional Sociology (NIS) were laid by Meyer and Rowan's (1977) seminal paper, which came after a series of puzzling observations made in the 1970s by a group of researchers studying the educational sector in the USA. Specifically, they had identified inconsistencies and observed the loose coupling (March and Olsen, 1976; Weick, 1976) of formal structures/procedures and actual work practices, which existing organizational theory could not explain (Meyer and Scott, 1992).

The institutional theory is an adaptive change process framework. It examines the impact of external environment factors and market conditions on organisational change and development (Barnett & Caroll, 2015). The institutional theory depends, heavily, on the social constructs to help define the structure and processes of an organization (Scott, 2001). The most fundamental principle and distinct feature of the institutional theory is in conformity. Within the old institutional economics (OIE) theory, institution is defined as: “a way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of a people” (Burns & Scapens, 2000).

The key contention of NIS is that some organisations exist in highly institutionalized environments. In this sense, “environment” is not merely conceptualized as a source of task
constraints or a relational network (of customers, suppliers and other near constituencies) that poses demands for operational coordination and control on an organization. Rather, it includes the cultural rules and social norms that are reflected in specific formal structures and procedures of the organization. That is, institutionalized organisations tend to adopt structures and procedures that are valued in their social and cultural environment. They do this in order to achieve legitimacy and to secure the resources that are essential for their survival.

Using institutional theory, Burns and Scapens (2000) have conceptualized management accounting change as change in organizational rules and routines. Under Old institutional economic (OIE) theory, management accounting is conceived as a routine, and potentially institutionalized, organizational practice. By being institutionalized, management accounting practices can both shape and be shaped by institutions which govern organizational activity. In OIE there are three dichotomies which offer insights into the process of management accounting change. They are: (1) formal versus informal change; (2) revolutionary versus evolutionary change; and (3) regressive versus progressive change (Burns & Scapens, 2000). Burns and Scapens (2000) conceptualised the formal versus informal change dichotomy as the most appropriate for explaining the relationship between management accounting and organizational change.

Formal and informal management accounting change is used to imply that change is not specifically directed (formal change), but may evolve out of the intended actions of the individuals who are enacting and reproducing organizational routines (informal change) (Meyer & Rowan, 1977). Mat (2010), formal change occurs through the introduction of new management accounting
systems and techniques, which in turn, engender the organization to change including organisational performance.

Therefore, management accounting practices include formal practices such as costing system, costing techniques, budgetary system, performance evaluation system and strategic accounting (Smith et al. 2005). These theoretical management accounting practices are explored among the manufacturing firms within the study frame. This provides theoretical concepts underlying the first objective of study which focuses on identifying the MAP adopted by these firms.

An important aspect that runs through Meyer and Rowan's (1977) paper is that the formal structures and procedures of institutionalized organisations may become decoupled from actual work practices. Formal structures and procedures are adopted in order to acquire legitimacy and guarantee the resources required for the survival of the organization, but they are detached from the everyday organizational practices so as not to disturb the normal processes of daily operations.

Some argue that organisations are strategic in their response to the institutional pressures imposed on them (Oliver, 2011). They may purposefully comply with regulations or adopt specific formal structures and procedures, but do so in a manipulative fashion, in order to gain legitimacy and thereby secure resources, grants, etc. on which they depend (Edelman, 1992). However, this idea of “window-dressing” and decoupling from actual operations has been critiqued in another stream of NIS theorizing (Zucker, 1977). Specifically, the observation that institutionalized structures are decoupled from actual practices conflicts with Berger and Luckman's (1966) definition of institution: a reciprocal typification of habitualized action by types of actors.
The strength of the institutional theory lies in the concept of unifying the environment and management. Management knows the demands within the environment and is willing to incorporate them in the organization’s daily operations (Gathungu & Owanda, 2012). However, theory has some few weaknesses as well. One of such weaknesses is that, it puts enormous amount of restraint on management to conform to requirements or rules within its own environment. Too much constraint can prove to be damaging to the firm since it could inhibit creativity, diversity, and versatility within a given field (Scott 2001). Scott (2001) goes on to comment that another weakness of the institutional theory of organizations is the creation of “cookie-cutter” organizations. This causes the legitimacy of firms that are outsiders of the “cookie-cutter” set-up to be questioned.

2.6 Empirical Studies

A number of studies have been conducted by various researchers across the globe on management accounting practices. To help direct the focus of the study and provide a basis for comparison of the findings of this research, this section reviews a number of the available relevant empirical literature on management accounting practices.

A study was conducted by Waweru (2009) to examine the management accounting practices as well as management accounting techniques employed by publicly listed companies in Kenya together with the extent of their utilization. In addition, the type of management accounting reports produced and the frequency of their production were evaluated. The study was based on the hypothesis that, “the success of any company within a competitive environment largely depends
on the availability of quality and timely information for the process of decision making”. The study employed the census method of data collection to gather data from all the publicly listed companies in Kenya. The data collected by the use of a semi-structured questionnaire were analyzed using averages, tables, percentages and proportions. The findings indicate that there was no significant relationship between type and process of budgeting and the ownership and sector of the firm. It was also found that the principal purpose of management accounting reports were control and planning. Most of the management accounting reports was found to be produced monthly. The results also indicated that there was no significant gap between management accounting in theory and management accounting in practice. However, there was an application of quantitative management accounting techniques in Kenya to some degree. Finally, the study found that simple management accounting techniques was preferred to the complex techniques. Although Waweru (2009) determined the management accounting practices preferred by Kenyan firms, the question of whether or not the success of any company depends on management accounting was not answered. On the basis of these findings, the following managerial recommendations appear appropriate: Companies in Kenya should move towards strategic management accounting.

Wijeywardena and Zoysa (2009) in a comparative analysis of management accounting practices in Australia and Japan investigated the differences in the adoption of management accounting techniques through a survey questionnaire which was mailed to 1000 largest manufacturing companies in each country. The size of the company was based on total assets. A total of 217 Japanese companies and 231 Australian companies responded to the 31 questions asked, covering various aspects of managerial accounting techniques. This analysis involved comparison of techniques in different cultural contexts. Major cultural differences identified in the study were collective decision making, unique company philosophy, usage of small firms as sub-contractors,
company specific cost accounting training for each employee, and the difference in educational background of management accountants as seen in Japan compared to Australia. Based on responses, the profile (e.g. type, asset size, export ratio, annual sales, and number of employees and nature of market competition) of the sample firms was tabulated in percentage terms. Other variables explored were; importance of management accounting tools, uses of cost accounting data, purposes of standard costing, investment appraisal methods, components of budgets, timings of budget, main overhead allocation bases, manufacturing cost structure, inventories as a percentage of total assets, quantitative techniques, performance evaluation measures, product costing methods, major participants in new product cost estimation, costing systems and significant changes to costing systems. Findings of the comparative survey revealed that management accounting practices of Australian companies placed emphasis on cost control tools (e.g. budgeting, standard costing and variance analysis) at the manufacturing stage while Japanese companies focused attention on cost planning and cost reduction tools such as target costing at the product planning and design stage. This finding is in agreement with another study of Howell and Sukarai (1992) that “Japanese companies seem to understand better than their western counterparts that cost should be managed and avoided during the product planning and product cycle stages rather than when products have entered full scale production”.

In India, Anand, Sahay, and Saha (2004) studied cost management practices among Indian firms. The study comprised 53 CFOs in Indian companies. The study objective was to evaluate the development in cost management practices for instance, applications of budgetary control, and standard cost accounting for overheads in Indian companies. The study also aimed at determining any notable difference in the motivation of management to implement and utilize standard costing
as a means of control between companies using traditional costing systems and companies using activity based cost management (ABCM). A survey research design was adopted by the study using questionnaires for collecting the data. The study revealed that the companies succeeded in obtaining accurate information on profit and cost from their ABC cost systems for supply chain and value chain analysis. In addition, the results indicated that the companies had better insight for benchmarking as well as budgeting with ABC. Rather than just examining the management accounting practices among the Indian firms, Anand, Sahay, and Saha (2004) went further to determine the motivation behind management’s preferences. This present study follows Anand, Sahay, and Saha (2004) in assessing the management accounting practices as well as the determinants of management accounting practices.

Isa & Thye (2006) examined the usage of management accounting practices in manufacturing firms in Malaysia. They also studied the relationship between product variety, complexity of production process, level of competition, company size, overhead expenses and usage of advanced management accounting practices. Management accountants in 500 manufacturing firms were randomly selected from the 2004/2005 Federation of Malaysian Manufacturers Directory. A total of 75 usable responses were received, that represented a response rate of 15%. Respondents comprised of senior level managers, including Chief Executive Officers, General Managers and Management Accountants. In this study, the measures for traditional management accounting techniques (TMAT) and advanced management accounting techniques (AMAT) were adopted from Waldron and Everett (2004). The TMAT were represented by four techniques: full costing, standard costing, job order costing and process costing. The AMAT comprised thirteen techniques: Activity-Based Costing, Activity-Based Management, Target Costing, Kaizen Costing, Value
Added Accounting, Cost of Quality, Economic Value Added, Life Cycle Costing, Target Cost Planning, Cost Modelling, Strategic Management Accounting, Throughput Accounting and Back Flush Costing.

Most of the empirical studies reviewed above were conducted in countries other than Ghana. The few Ghanaian based studies are not directly related to the subject matter. For instance, Abor and Effah (2011) explored the accounting practices among SMEs in Ghana. The study looked at the expectations, realities and barriers in adopting e-accounting. The authors used a survey design with systematic sampling techniques. The finding revealed that SMEs put in place, accounting software’s to generate their financial information. The study of Abor and Effah (2011) used all the SMEs in Ghana without considering the industrial specific effect. Some enterprises may be within the SMEs brackets, they may be technologically inclined because of the industry they operate. The contribution of some of these players in the sample might have affected the findings. The study was also limited to only the technological direction of accounting practice. The present study revises the scope of Abor and Effah (2011) by narrowing the sample to manufacturing firms and extends the scope to capture the management accounting practices.

A recent study by Amoako (2013) examined the accounting practices among SMEs in Kumasi (Ghana) through data based on responses to a structured questionnaire from 210 SMEs. Although the study was situated within Kumasi metropolis, like Abor and Effah (2011), the population was not industrial specific and this may affect the findings because of differential characteristics of the various industries the SMEs may belong. Again, the study limited accounting practices to records keeping. To ascertain robust results, this study focused on the manufacturing sector with attention
on the management accounting practices and the consequence on performance. Knowing the true effect of MAP on performance, will affect policy direction. A very close study to the present study within the Ghanaian context, is one conducted by Mbawuni and Anertey (2014). They examined the application of a broad range of management accounting practices used by telecommunication companies in Ghana. The study used a cross-sectional survey that yielded 37 useable questionnaires from respondents with varied professions in accounting and finance in MTN Ghana, a leading telecommunication company in Ghana. The findings show that the most used category of MAPs is strategic analysis practices, traditional budgeting techniques, and relies more on financial measures than non-financial measures. The use of costing systems is quite low, prevalent among them are departmental overhead rate and Activity-based Costing.

Mbawuni and Anertey, (2014) study suffered methodological flaws. The topic of the article is not adequately represented by the scope of the study. Although the study sought to consider telecommunication companies, data were collected from only MTN. Similarly, the use of MTN alone does not constitute a cross-section to warrant the use of cross-sectional design. These methodological inconsistencies might factually affect the findings and conclusions drawn. Therefore notwithstanding the closeness of the focus of this study to the present study, it cannot be used as benchmark or for policy direction and hence the need for further studies.

Thanju (2009) conducted a study on determinants of management accounting changes in three private Hospitals in Nairobi during the study period. Management accounting changes have been documented in developed countries and have been related to changes in business environment. However, no such study has been document in private Hospitals in Kenya. This is the gap that this
research intends to fill. The objective of the study was to evaluate the management accounting changes and determinants of these changes that occurred in these three hospitals in Nairobi between the period of 2006 to 2011. To achieve the objectives, the researcher used descriptive cross-sectional survey design where primary data was collected through structured questionnaires and personal interviews with financial managers/management accountants of the respective Private hospitals. The data was analyzed using descriptive statistics, presented in narrations, graphical and pictorial designs for interpretation and summarization. The findings indicated considerable management accounting changes in these hospitals in all the areas. The firms also had adopted many modern management accounting techniques. The findings suggest the determinants of management accounting change included high competition, advancement in technology, need for financial and non-financial measures, financial performance, board members expectation, statutory and regulatory bodies requirements as well as availability of resources.

2.7 Mining Industry to the Ghanaian Economy

The mining sector of Ghana received priority attention unrivalled by any other sector in the country under the Economic Recovery Programme (ERP) in 1983. Apart from the general macro-economic policy reforms for the country, there were specific sector policy reforms that sought to boost investor interest in the mining sector. For instance, between 1984 and 2015, there were significant institutional development and policy changes that offered generous incentives to investors to reflect the new paradigm. The establishment of the Minerals Commission in 1984; the promulgation of the minerals and mining code in 1986; the promulgation of the small scale mining law in 1989 and the establishment of the Environmental Protection Agency in 1994 were all to boost the mining industry in Ghana. In addition to the regulatory framework developed via the
laws and institutions, generous incentives were provided to foreign investors to boost foreign direct investment in mining. For example; corporate income tax on mineral production of private companies in Ghana decreased from 50-55% in 1975 to 45% in 1986 and 35% in 1994 (Campbell, 2003; Akabzaa, & Darimani, 2001). Companies received breaks on import duties on equipment and accessories necessary for mining production. Additionally, mining companies were allowed to keep a minimum of 25% of foreign exchange in an external account for various purposes including acquiring physical capital requirements necessary for production and dividend payments as well as for expatriate labour.

The benefits accrued to mining companies as a result of the dynamic evolution of mineral laws and policies have led to a rapid growth of Ghana’s mining economy. Between 1983 and 1998, the mining industry brought approximately US$ 4 billion in FDI to Ghana, representing more than 60% of all such investment in the country (Ghana Minerals Commission, 2000). The mining sector is credited with bringing in a significant amount of foreign exchange earnings, employment generation, mineral royalties, employee income, taxes payments etc. It is noteworthy that mining’s contribution to GDP increased from 1.3% in 2011 to an average of about 5.2% between the years 2001-2004 (Ghana Minerals Commission, 2006). The sector’s contribution to the nation’s gross foreign exchange earnings has also increased progressively from 15.60% in 1986 to 46% in 1998. In absolute terms, the sector generated US$ 124.4 million in 1986, and US$793 million in 1998 (Ghana Minerals Commission, 2000). The sector continues to be one of the highest contributors to the Internal Revenue Service through the payment of mineral royalties, employee income taxes, corporate taxes and ancillary levies. The sector however, has a relatively limited capacity to generate employment. This is because most of the mining companies in the country have surface
mining operations which are capital-intensive with relatively low labour requirements. Employments in the minerals sector though not the best as compared to other sectors of the economy surged, at least up to the close of 2015. The total labour force of the sector rose from 15,069 in 1987 to 22,500 in 2015 (Ghana Minerals Commission, 2000). Direct employment by producing members of the Ghana Chamber of Mines as at December 2004 according to figures from the Chamber stood at 10,624. Of this, expatriate staffs constituted only 1.4% and the rest were all Ghanaians. This level of employment excludes employees in exploration, contractors, mining support service companies as well as suppliers to the large-scale mining companies, not to talk about those companies not registered with the Chamber of Mines.

Although the direct employment generated by the mining industry is a relatively small part of the Ghanaian labour market, it is a very important source of both direct and secondary employment in the regional areas of the main mining regions of Western, Ashanti, Eastern and Brong-Ahafo. The sector has attracted a significant number of sector support companies such as security services, transport companies, explosive manufacturers, and mineral assay laboratories among others in these regions. Mineral production in the country has been on the ascent after the reforms and this is reflective in the export earnings accrued to the state. Ghana recorded a significant increase in all mineral productions in 2005 with gold taking over from cocoa as the leading foreign exchange earner for the country. Mineral revenue went up from 798 million dollars in 2004 to 995.2 million dollars in 2005 contributing to about 13% of the total collection of the Internal Revenue Service. Gold production recorded an increase of 63% with its export revenue increasing from 731.2 million dollars to 903.9 million dollars. Bauxite revenue increased from 11.9 million dollars in 2004 to 18.1 million dollars in 2005, while that of diamond rose from 26 million dollars to 34.7 million
dollars. Manganese exports realised 39.1 million dollars in 2005, up from 30.2 million dollars in the previous year (Ghana Chamber of Mines, 2005). Though the Ghanaian economy is not by the United Nations definition, a mining economy, the minerals sector has made noteworthy contributions to foreign exchange earnings and Gross Domestic Product (GDP). Currently, Ghana's mining sector contributes approximately 40% of Gross Foreign Exchange (GFE) earnings and accounts for approximately 5.2% of GDP (Ghana Minerals Commission, 2006). In 2000, minerals accounted for 38.96% of total export earnings, followed by cocoa (22.51%) and timber (9.03%) (ISSER, 2001). Indeed, mining remains a key industry for the growth and development of the Ghanaian economy.

Ghana has become the preferred destination for most mining investors in recent times. This is evidenced by the merger of Ashanti Goldfields and Anglo Gold and the emergence of the giant USA mining company Newmont in the field of gold mining in Ghana. The mining industry of Ghana therefore offers a bright opportunity to unravel the mystery surrounding the insinuated sense of helplessness, fatalism and other causal attributions for accident occurrences in the mines and help in the promotion of health and safety in the industry. Ghana has signed up to the Extractive Industries Transparency Initiative (EITI), an initiative of a global standard for improving transparency and accountability in the management of oil, gas and minerals in resource-rich countries. The underlying principle for the concept is the belief that the prudent use of natural resource weal is an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts with untold hardships on the citizens who rather should have benefited from the natural resource.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter presents the methodology used for the study. It describes techniques and the procedures used to obtain and analyse relevant data for the study. It further provides justifications for all the methods adopted for the study. The chapter will discuss the research design, data collection methods and the data analysis techniques.

3.1 Research Design

Research design is concerned with the overall plan for the research work (Bose & Luo, 2011). According to Denzin & Lincoln (1994), the likelihood that the research objectives will be achieved is highly dependent on the research design that is used throughout the research process. It can be referred to as the framework for conducting a research. The subsequent sub-sections will discuss the research method and approach used for the study.

3.1.1 Research Method

The purpose of this study is to examine non-finance managers’ perspectives on the role of management accountants in gold mining companies in Ghana. Therefore, the study adopts qualitative method. The use of qualitative method helps the researcher to gain an in-depth understanding of the perspectives of the managers through extensive probing (Yin, 2003). The study involves understanding the perspectives of non-finance managers on the role of management...
accountants. Understanding such lived experiences (Brun, 1997) can best be achieved through a qualitative approach since it draws on how non-finance managers feel, think and relate with their environment. Information on perspectives can be captured in the words, actions and comments of participants through the message they put forth. The study also focuses on interpretation rather than quantification; an emphasis on subjectivity rather than objectivity and therefore quantitative method is not appropriate. It relies on the interpretation of responses that non-finance managers ascribe to the roles of management accountants.

Lindlof and Taylor (2002) assert that qualitative studies focus on social practices and meanings of people in a specific historical or cultural context. Creswell (2014) maintains that qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves developing questions and procedures, data typically collected in the participant’s setting, data analysis done inductively and the researcher making interpretations of the meaning of the data. According to Wimmer and Dominick (2011) and Headlam and MacDonald (2009), the unique nature of qualitative research is its ability to give a complete, detailed description of what is observed.

The use of interpretative qualitative research was also influenced by some philosophical assumptions. This study adopted the interpretivist approach which assumes that access to reality is only through social constructions such as language, consciousness, shared meanings and instruments (Myers, 2008). This allows me to relate with participants to gain understanding of their views and use their responses to establish a case for my study.
3.1.2. Research Approach

This study employs Case Study method. Gall and Borg (2007) define case study as the in-depth study of one or more instances of experience in a real-life context that reflects the perspective of the participants involved in these experience. According to Punch (2005), case study aims to understand a particular case in detail, and in its natural setting, recognizing its complexity and its context. It also has a holistic focus, aiming to preserve and understand the completeness of the case. According to (Yin, 2003) a case study design should be considered when the:

(a) The focus of the study is to answer “how” and “why” questions;
(b) You cannot manipulate the behaviour of those involved in the study;
(c) You want to cover contextual conditions because you believe they are relevant to the phenomenon under study.

Typically, the case study researchers neither aim at discovering broad truth, nor look for cause-effect relations as quantitative researchers do, instead, they focus on describing, explaining and evaluating a fact (Cohen, Manion & Morrison, 2007). In order to achieve these aims, the researcher is compelled to spend adequate time in the context of the study to collect extensive data using multiple instruments to develop in-depth understanding of the facts under study.

Since this study focuses on the roles of management accountants through the perspective of non-finance managers and provides information on which sound conclusions would be drawn, the researcher deemed this research approach very appropriate for conducting the study because it helps in getting insights into issues in their natural setting.
3.2 Data Collection Methods

According to Ternor (2011), the methods of collecting data should take into consideration the nature of investigation, objective and scope of inquiry, financial resources and available time among other things. The following data collection methods were used: in-depth interview and questionnaire.

3.2.1 Population and Sampling Techniques

The target population of this study includes all accountants working in mining companies in the Ashanti region as well as Western region part of Ghana.

Per the objectives of this study, the purposive sampling technique was employed. Lindlof and Taylor (2002) suggest that purposive sampling refers to the sites or cases chosen because there may be good reason to believe that ‘what goes on there’ is critical to understanding some process or concepts or to testing and elaborating some established theory. Purposive sampling may be defined as selecting units based on specific purposes associated with answering a research study’s questions (Teddlie & Yu, 2007). Furthermore, a purposive sample includes respondents or subjects that are selected for possessing specific characteristics, thereby eliminating those that fail to meet the criteria (Yin, 2012). Wimmer and Dominick (2011) add that purposive sampling includes data or subjects selected for possessing specific characteristics that are in line with the study. The general assertion of purposive sampling, which is at the core of qualitative research is that participants are available to provide data for the study.
Snowball sampling is used “in those rare cases when the population of interest cannot be identified other than by someone who knows that a certain person has the necessary experience or characteristics to be included.

Non-finance managers who have worked for over a five-year period were selected for their experience in the field and possibly the diverse issues they may have encountered over a long period of time.

3.2.2 Data Collection Techniques

As mentioned earlier, the study adopted interpretive qualitative approach. The Interpretive approach is based on naturalistic approach of data collection such as interviews, observations and analysis of existing texts (Myers, 2008). These methods ensure an adequate dialog between the researcher and respondents in order to collaboratively construct a meaningful reality (Myers, 2013). Data was collected through interviews, non-participatory observations, publicly available documents, reviewed journals and books on the topic. The subsequent subsections will discuss the instruments employed in the study as follows:

3.2.2.1 Interviews

There are three types of interviews which include: structured interview, semi-structured interview and unstructured interview. A Semi-structured interview was used for this study for a number of reasons.
First, the semi-structured interview method was most appropriate because it allows more and greater depth information from respondents (Kothari, 2004). It allows a researcher to organize his thoughts through proposed questions and further ask questions based on the responses from respondents for greater depth information about the respondents’ responses (Myers, 2013). Mahoney (2006) adds that semi-structured interviews help the researcher to obtain rich and detailed material that can be used in the analysis. They are also characterized by extensive probing which gives a detailed description of events. It is important to note that this would not have been possible if structured interviews or questionnaires were used as they would have limited the explanations to be given by respondents (Myers, 2013).

Second, the interview session also allowed for clarity of any ambiguity to any response by the respondents and also enables follow-up questions for more clarifications (Myers, 2013). This would not have been possible if questionnaires were used. Boyce and Neale (2006) gave an all-inclusive description of semi-structured interviews by explaining that it involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation. To them, semi-structured interview is useful when a researcher wants detailed information about a person’s thoughts and behaviours or wants to explore new issues in depth. Legard, Keegan and Ward (2003, p.141) describe semi-structured interviews as “a form of conversation with a purpose”. Legard, Keegan and Ward (2003) argue that the semi-structured interview combines structured questions with flexibility. They noted that even if a researcher decides to use unstructured interviews, the researcher will have some themes in mind that he or she would wish to explore. With semi-structured interviews, an interview guide setting out the key areas of the research is highlighted.
Third, it allows assessment of respondents’ posture and facial expressions to make an impression about the responses from the respondents (Myers, 2013) and this greatly helped in the analysis.

Finally, it also allowed us the flexibility to change or adjust questions when the respondent is not comfortable with the nature of questions asked (Cassell & Symon, 1994).

In this study, a semi structured question guide was used to enable the researcher keep track of the topic under study as well as allow the respondents to freely give their responses. The respondents were selected based on the fact that they work hand-in-hand with management accountants and have some perspectives about the work management accountants do. Two weeks was dedicated for the interviews. The interviews were conducted in the comfort of the respondents’ homes, work places and some at their leisure time to ensure naturalness and ease of responses. Tools that were used for the interview are the researcher himself, printed out interview guide and a recorder.

3.2.2.2 Publicly Available Documents and the Internet

For the purpose of this research, publicly available document, journals and literature relevant to this topic were used to complement the interview data thereby benefitting from the advantages of data triangulation (Blaike, 1991). The use of relevant publicly available documents on the roles of management accountants, particularly, Report on Management accountant from Chartered Institute of Management accountants provided me with an insight and understanding of the roles of management accountants. The internet was also employed extensively for up-to-date materials on the topic.
3.2.3 Data Collection Process

An introductory letter was obtained from the Department of Accounting – University of Ghana Business School and sent to the Human Resource department of various gold companies in Eastern region, Ghana to seek permission to interview non-finance managers. The permission was granted by some gold mining companies to carry out the research. Meetings with the respondents were subsequently scheduled. On occurrence of meeting, the data collected were recorded in two folds: I audio recorded the interview and jotted down salient points. This was made clear to the respondents before the interview was conducted. The interviews were thus, recorded and later transcribed. The transcribed data gives indication of the participant’s non-verbal communication. The data was also sent back to participants for data cleaning, where participants gave feedback on the transcribed data to increase reliability of the data. It was realized that too much writing will require the team to focus solely on what the respondents were saying. Writing everything would have withheld the opportunity of making gestures with the interviewees. This would have taken away the conservative nature of the interviews. The audio recording also ensures that no detail is left out. The transcription was done within the week of the interview.

3.2.4 Data Collection Period

The researcher conducted data collection over a period of three months. This afforded the researcher ample time to get in touch with sampled stakeholders for their views.
<table>
<thead>
<tr>
<th>No</th>
<th>Name (Pseudonym)</th>
<th>Name of Organization</th>
<th>Position</th>
<th>Working Experience</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Arku</td>
<td>Asanko Gold Ghana Ltd</td>
<td>Mining planning engineer</td>
<td>10 years</td>
<td>36 minute</td>
</tr>
<tr>
<td>2</td>
<td>Mrs. Lizi</td>
<td>Asanko Gold Ghana Ltd</td>
<td>Mine Planner</td>
<td>8 years</td>
<td>28 mins</td>
</tr>
<tr>
<td>3</td>
<td>Mr Yaw</td>
<td>Newmont Ghana Ltd</td>
<td>Production manager</td>
<td>10 years</td>
<td>45 mins</td>
</tr>
<tr>
<td>4</td>
<td>Mrs Dela</td>
<td>Newmont Ghana Ltd</td>
<td>Mining Technical Manager</td>
<td>15 years</td>
<td>30 mins</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Awu</td>
<td>Kinross Gold Mine Ghana</td>
<td>Exploration Manager</td>
<td>20 years</td>
<td>25 mins</td>
</tr>
<tr>
<td>6</td>
<td>Mr. Bright</td>
<td>Asanko Gold Ghana Ltd</td>
<td>Community manager</td>
<td>8 years</td>
<td>25 mins</td>
</tr>
<tr>
<td>7</td>
<td>Mrs. Mercy</td>
<td>Kinross Gold Mine Ghana</td>
<td>Environmental Manager</td>
<td>7 years</td>
<td>30 mins</td>
</tr>
</tbody>
</table>

### 3.4 Ethical Consideration

A major ethical issue upheld in this study is the assurance of anonymity and confidentiality to the respondents. This is particularly important in relation to names, addresses and other personal information. Before agreeing to partake in the various interview sessions, interviewees were assured that their personal details were going to be omitted from the final presentation of research findings to avoid their responses being linked to them. They were made to understand that no response would be directly attributed to a respondent and the information gathered from the interview was purely for academic work.

The individuals engaged as respondents in the interview for the research are considered as autonomous persons who are capable of making informed decisions about their preferences. This
indicates that individuals who agreed to give out information in aid of the research were respected. Their identity is to be well concealed so not to deter them from freely giving out information to other researchers.

The consents of the respondents were considered. Everyone to participate in this study freely consented without being coerced or unfairly pressurized. They were fully informed about what participation entails, their rights and the use of the data. They were assured that participation will not affect their career negatively. They were made to know that whenever they wanted to, they could simply withdraw from participation.

Objectivity is very vital to make sure that data collected is not misrepresented especially during the stage of reporting and analysing data. Objectivity encompasses fully and accurately reporting and analysing data without subjectivity. As a research team, all vital data collected as part of the research process was reported and used in the data analysis. It impendent on the team to be objective in order to achieve the purpose of the study

**3.5 Data Analysis**

The approach used in this research work is the thematic analysis. Thematic analysis is a method of identifying, analysing and reporting themes (Braun & Clarke, 2006). This means that the research objectives are grouped into themes for easily identifying, analysing and reporting of the themes. Thematic analysis has been identified as the common method for descriptive qualitative research (Bricki & Green, 2007). According to (Braun & Clarke, 2006), thematic analysis starts with familiarization with the data and it continues with the generation of initial codes, reviewing themes, defining and naming themes and producing the report on the findings.
Data collection and analysis took place concurrently which helped the researchers to modify the research questions in light of new findings (Hancock et al., 2007). Again, data from the interview were transcribed, recapitulated qualitatively, thematically reviewed and coded. Transcription was very necessary because it presented to us, an opportunity to get closer to the data. In order not to be overwhelmed, the data was reduced using coding. According to (Farber, 2006), coding involves sifting through data to identify the themes that reflect concepts. The data was collaboratively coded by the research team with the help of the supervisor.

Data from the interviews were transcribed and after immersion into the data, themes were developed to make meaning out of it (Creswell, 2008). The raw data gathered from respondents were processed and analyzed. The data were put in themes in order to extract the meanings inherent in respondents’ responses. The objectives of the research serve as the basis for the themes. The transcribed interviews were read and reread to ensure that all the salient issues as per the research objectives are brought to the fore.

3.6 Limitations of Research Approach

The quality of every research work is very essential; researchers must therefore consider the reliability and validity of a research (Joppe, 2000). The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable.

Joppe (2000) indicates that validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull’s eye" of your research object? Researchers generally
determine validity by asking a series of questions, and will often look for the answers in the research of others.

The researcher acknowledges that the subjectivity of respondents; their opinions, attitudes and perspectives together contribute to a degree of bias. Therefore, as Gronlund & Linn (1990) postulate, the issue of validity in this study was seen as a matter of degree rather than as an absolute state. This underpins the efforts to minimize invalidity and maximize validity. In the process, the researcher conceded to replace certainty with confidence in the results obtained and that, as reality is independent of the claims made for it, the accounts for reality in this study was only a representation of that reality rather than a reproduction of it.

Considering internal validity, which according to Cohen et al (2007), seeks to demonstrate that the explanation of a particular event, issue or set of data which a piece of research provides can actually be sustained by the data, the researcher used a mechanical means to record, store and retrieve data collected from the field.
CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.0 Introduction

This chapter presents the data analysis and interpretation of results for the study. It gives an account of non-finance managers’ perspectives on the role of management accountants in gold mining industry. This chapter analyzes the findings from interviews and publicly available documents obtained from the field. Interactions with data saw the emergence of several concepts and themes that non-finance managers perceive about the roles of management accountants.

4.1 Management accountants as Bookkeepers

Book keeping, an aspect of accountants’ work, is seen by majority of non-accountants as the main role of the accounting profession. This stereotype has lingered greatly in public consciousness over a long period of time in almost all industries in the world. Even though bookkeeping is an essential stage of the accounting process and forms the basis of interpretation of the company’s financial results and strategic formulation yet majority of non-finance managers see it as the main role of accountants. This was evident in the gold mining industry as participants in this study confirmed this perception. Respondent 1 asserted that

“Management accountants are book keepers.............. They are supposed to keep books of accounts to make sure that the cost or expenditure is aligned to what they should be...........”

Respondent 2 added
“Management accountants are supposed to record all financial transactions and report to us whether we are overspending or not………………. Their role is essentially to keep books of accounts”

Respondent 3 also support this view by stating that

“I think management accountants main role is to maintain books of accounts and help us know if we are achieving our targets or not so that we have an idea where we are and if we are doing the right thing…………”

These assertions are in line with the views of Oler, et al.(2016). They found that most non-finance managers see management accountants as bookkeepers who are supposed to keep records of all financial transactions and maintain proper books of accounts of the organisation. This is in contrast to recent evidence which suggest that the role of management accountants in modern corporations has evolved to more of business partner role which play active role in formulating business strategy, cost management, decision-making, efficient resource usage, performance improvement and value enhancement in the organisation (Hilton & Platt, 2011). The evidence from the study shows that even though bookkeeping function is an aspect of the work of management accountants, it has been stereotyped by non-finance managers as their main role. It shows that management accountants in gold mining industry are not making conscious effort of demonstrating to other non-finance managers of their active role in cost management, decision making and effective utilisation of resources and therefore their role may be undermined.

4.2 Budget preparation

Budget preparation is a core activity of the accounting profession. Budgeted figures are the standards which actual results are compared to in order to find out if the company is meeting its objectives so that appropriate measures can be put in place to correct any deviations. Every
organisation prepares a budget and most often accountants are in charge of this activity. This was evident in gold mining companies as respondents confirmed that it is the duty of management accountants to prepare budget estimates for the organisation.

Respondent 2 stated that

“Management accountants are in charge of budget preparation in this company............ All the department heads are supposed to send our estimates to the accountant and then he prepares the budget and it is discussed for approval at our general departmental meetings”

Respondent 4 also added that

“Yes...it is the duty of the accountant to prepare budget for all the departments. We just have to tell him what we need”

Budget preparation is the first step of the intended actions of management in any organisation and spells out the actions that the corporation intend to undertake to achieve their set objectives. It is evident from the above responses that management accountants play the major role in budget preparation in gold mining industry. This is in consistent with the findings of Smith (2009) who found that management accountants are the main agents in charge of budget preparation in manufacturing firms. It is worthy to note that the success of the business largely depends on this role and therefore much attention should be given to management accountants with the necessary collaboration from other non-finance managers to churn out a budget that ultimately serves the interest of all stakeholders.
4.3 Cost Awareness and behavioural change

In every organisation, it is the responsibility of management accountants to create a cost culture where all staff particularly, operational staff understand their role in controlling cost. They are supposed to drive the behaviour of all employees towards minimising cost. This plays a critical role in achieving cost objectives of the organisation. However, the study finds that management accountants in gold mining companies have failed to create cost awareness within the staff particularly, at the operational level. This was evident as respondent 3 lamented that

“I do not think management accountants know their roles…… They are supposed to make us cost conscious and involve the operational staff in managing the cost because the daily actions of the operational staff affect us most but that is not done…………… They should embrace their role and change their behaviour”

Respondent 4 also asserted that

“I think the accountants here are not really doing their work…..The only thing they know is to wait for the year to come to an end and inform you…. you have overspent. I expect them to tell me how I can minimise my cost”

It is evident above that management accountants are relaxed in creating cost awareness that has the potential of changing the behaviour of employees and managers to be cost conscious. Even though, non-finance managers expect accountants to lead this behavioural change, management accountants are not playing this role effectively. However, cost awareness form the basis of managing cost efficiently and effectively.

4.4 Cost Management.

The work of management accountants since its inception has been associated with management of cost which includes ascertainment of cost, putting up effective cost controls and guiding cost
behaviour of managers and spending officers to minimise cost and maximise profit. Effective management of cost contributes significantly to achieving the organisational objectives. In most organisations, it is the management accountant who is in charge of managing cost. From the interviews, it was evident that management accountants play critical role in managing cost in gold mining industry. Respondent 1 emphasised that

“Accountants play a very major role and the centre stage actually in controlling cost. It is the accountant who obviously keep books of accounts. They consolidate all the cost from the various aspects of the operations and help us see the bigger picture as far as cost is concerned”

Respondent 5 also confirmed that

“I think management accountants are supposed to manage our cost so that we do not go beyond our budget. They are supposed to tell us if we are going beyond our budget”

It is evident from the responses above that non-finance managers expect management accountants to be in charge of controlling cost, however, they lamented that management accountants do not actively help in controlling cost but rather wait for the financial year to come to an end before any action is taken. The participants for the study feel it is not the best approach in managing cost but expect management accountants be part of the daily transactions and advise on the best cost reduction strategies. This was confirmed by respondent 1 who lamented that

“The accountants provide guidance to us in controlling cost but we directly control our cost. Most often, they wait for us to spend and after that, come to us to tell us we have overspent our budget. I think informing us after we have spent is not the best approach. They should rather be involved in the spending decisions and not wait for us to spend before providing solutions”
This is in contrast with the findings of Abdel-Kader & Luther (2006) who found that management accountants play an active role in managing cost in the food and beverage industry. As indicated by Botha (2013), costing methodologies in gold mining companies are more complex and needs technical knowledge in mining to understand. However, most accountants in Ghana, during their professional and or academic pursuit, are not trained on specific sectors, particularly, gold mining industry which makes it difficult for them to develop new costing techniques for this sector as the operational dynamics change. This may be the reason for the perceived passive role that management accountants’ in this industry play in managing cost as evident from the responses from the respondents.

4.5 Management accountants are tactical managers

The position of accountants in the organisational hierarchy, whether they should be placed under strategic, tactical or operational level largely depends on the role they play in the organisation. Most studies specifically, on manufacturing companies place accountants at the strategic level as a result of the continuous evolving role of management accountants as strategic partners in corporations. As the findings of Granlund and Lukka (1997) suggest, Management accountants serve as strategic partners to top management and therefore are expected to be part of strategic management. However, evidence from this study reveals that management accountants’ acts in the capacity of tactical managers as compared to strategic managers as they act according to the instruction of top managers. This was evident as respondent 1 stated that

“I see accountants at the tactical level. They implement plans and programmes developed by strategic managers”

Respondent 5 also added
“I do not think management accountants are strategic managers in the organisational hierarchy. I see them as more tactical managers”

This is inconsistent with the findings from manufacturing companies which classify management accountants as strategic managers (Abdel-Kader & Luther, 2006; Gerdin, 2005). The evidence suggest that potential abilities of management accountants in the gold mining industry have not been fully utilised and other managers do not fully appreciate the strategic role that management accountants are supposed to play in this sector. This is consistent with Botha (2013) who finds that most costing methods that could be beneficial to gold mining companies in effectively and efficiently managing cost are not being explored. As it has been noted, gold mining companies are price takers and therefore expect to actively manage cost if they are to make profit. However, management accountants have not been seen as such to play this crucial strategic role in helping the mining companies to achieve their objectives.

4.6 Adoption of modern management accounting techniques

There are several modern management accounting techniques that are being used by corporations and have been found to be more efficient in managing cost that helps the organisation maximise shareholders wealth. Modern management accounting techniques include activity based costing, target costing, kaizen costing, balance scorecard, budget and standard costing, benchmarking, cost-volume-profit analysis and others. These methods depending on the sector when applied can help the firm achieve its profit motive. However, the study reveals that management accountants in the gold mining industry are perceived by the Non-Finance Managers to have lack of the capacity to implement these modern accounting techniques. Respondent 1 pointed out that
“...........I think accountants here, lack the capacity to adopt modern management accounting techniques. The top management do not have any capacity building for the accounting staff and they themselves do not even ask for it”

Respondent 4 also lamented that

“Here, we do not have any capacity building programmes for management accountants to get abreast with modern management accounting techniques............... I think that is the reason they are not able to adopt any new ways of managing cost”

This is in line with the findings of Botha (2013). He found that gold mining companies are not able to adopt modern management accounting techniques as being employed by most manufacturing companies because the accountants working in gold mining companies do not have the technical know-how to implement them and this is as a result of lack of training programmes for management accountants to keep abreast with new techniques. Since gold mining companies are price takers, management accounting techniques such as target costing, cost-volume profit analysis, benchmarking, budget and standard costing could be used to control cost, however, lack of capacity of management accountants have not make it possible for these costing methods to be adopted. As a result, the mining companies continue to rely on price as a way of making profit and decrease in price significantly affect the company’s performance and survival. This has resulted in cutting down staff and exploration activities as means of reducing cost in times of slumping prices.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter concludes the research work on the study of non-finance managers’ perspectives on the role of management accountants in the gold mining industry. It provides a summary of the findings, discusses the implications of these findings and provide recommendations on dealing with the positive and negative issues identified in the findings.

5.1 Summary of Findings

The study reveals that non-finance managers perceive the roles of management accountants to include the following.

Firstly, management accountants are bookkeepers. They are supposed to record all financial transactions and keep proper books of accounts to help the organisation keep to its budgeted figures and track its performance.

Secondly, management accountants are supposed to prepare the entire budget of the organisation by collaborating with all other departments.

Moreover, management accountants are supposed to create cost awareness and lead the organisation exhibit cost behaviour that minimise cost. However, it was found that management accountants do not perform this function and the departments control their own cost without any support from the accountants.
Again, management accountants are supposed to actively manage cost. However the study finds that accountants play passive role in managing cost by allowing the departments to fully control their own cost and then advise at the end of the period. This is not helpful especially if the money has already being spent.

Also, management accountants are supposed to act as strategic partners to top management. However the study finds that management accountants only report to strategic managers and only take instructions from the top management.

Lastly, management accountants are supposed to adopt modern management accounting techniques to help the organisation maximise profit and reduce the traditional methods of downsizing operations when gold process are declining. However, the study finds that management accountants are not able to utilise these modern accounting techniques such as target costing, cost-volume-profit analysis, benchmarking, and standard costing as a result of inadequate technical know-how of these methods.

5.2 Implications

The bookkeeping function which has been stereotyped as the main role of the accounting profession was also found in this study as the main role of management accountants. This has the tendency of non-finance managers undermining the strategic role that management accountants play in modern corporations. Also, the passive role that management accountants play in creating cost awareness and cost management does not make management accountants active partners in cost reduction strategies. Again, since management accountants are not seen as strategic partners, they are likely to be side-lined in critical decisions that involves the use of financial resources of
the organisation. Management accounting continuous to evolve with new methods to make it more relevant to modern organisations and therefore lack of capacity building programs and support from top management will deny the company from benefitting from the diverse costing technologies that are being employed to maximise operational efficiency and profitability.

5.3 Conclusion

It is evident from the findings that non-finance managers’ expectations on the role of management accountants in the gold mining companies are narrow and the ones they know are not being met as expected. This may be due to communication gap between management accountants and non-finance managers or lack of coordination among the various departments. These perspectives have the tendency of non-finance managers undermining the work of management accountants. It was also clear that modern management accounting techniques are not being implemented by the mining companies and has resulted in the use of scaling down operations and exploration activities as the solution to declining gold prices in the world market as cost of operations continues to rise.

5.4 Recommendations

In dealing with the implications of the study, management of gold mining companies should sponsor management accountants in the corporation to learn modern accounting techniques and encourage the use of these techniques to control cost.

Also, management accountants should create cost culture among the operational staff to be cost conscious and play active role in controlling cost in the organisation.
Again, management accountants should continuously engage non-finance managers and make their roles more visible to all managers so that they can recognise the strategic role that management accountants play in modern corporations.

Lastly, the study also recommends future researches that focus on management accountants’ perspectives on factors that are hindering them in implementing modern accounting techniques.
References


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