Management Accounting Practices and Financial Performance: Evidence from Listed Manufacturing Companies in Nigeria

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ABSTRACT

This research examines the relationship between specific management accounting practices (MAPs) and financial performance in relation to some selected manufacturing companies in Nigeria. The MAPs under consideration are selling and distribution costs, personnel costs, and production costs. For this study, descriptive statistics of 10 listed manufacturing firms were computed from ten-year panel data (2014-2023) and were analyzed using regression techniques including pooled OLS, fixed effects, and random effects models. From the findings, selling and distribution costs' impact on ROA is positive and significant, while the impact of production cost is positive but model dependent ($\beta = 0.0973$ to 0.2973, $p < 0.05$). With respect to personnel costs, the behavior of the cost has mixed impacts; it is negative in the pooled and random effects ($\beta = -0.3666$, $p < 0.05$) but positive in fixed effects ($\beta = 0.3666$, $p < 0.05$), suggesting that company-specific parameters drive strategic decisions on labor costs. Approximately 73 percent of the variation in financial performance was explained by the model ($R^2 = 0.7313$), with the highest adjusted R^2 (0.6715) in the fixed effects model. These findings enhanced and expanded the practical understanding and the theoretical framework of management accounting within the context of Nigerian manufacturing firms.

Key concepts: management accounting practices, financial performance, selling and distribution costs, personnel costs, production costs, and return on assets.

INTRODUCTION

As the global business environment continues to evolve, better financial performance is now complemented by the excellence of internal decision-making, with emphasis placed on resources, budgeting, and cost management. Management accounting practices (MAPs) have emerged to be key enablers in this direction, allowing firms to gain access to timely and useful information that facilitates strategic and operating decision-making (Ajibolade, 2013; Adeyemi & Oyedele, 2020). These include budgetary systems, costing methods, performance measurement systems, and other managerial systems that guarantee operating effectiveness and profitability (Al-Musali & Ku Ismail, 2020).

The manufacturing industry is still the backbone of economic development in both developed and emerging economies because it can create employment, foster innovation, and help export (Acquaah, 2013; Adegbite et al., 2019). Nigeria's manufacturing industry has always been plagued by chronic issues such as expensive production, financial instability, and lack of infrastructure (Ijose & Itolima, 2017). More worrying, however, is the continued decline in profitability as well as recent pullouts by bigger manufacturing firms such as Unilever Nigeria Plc and GlaxoSmithKline from the Nigerian market. Though outward macroeconomic problems are mostly to blame, internal control systems of low quality, namely the ineffectiveness of using MAPs, are more endemic as the underlying cause (Ajibolade, 2013; Omoniwa & Ajibola, 2022).

Management accounting provides the internal entry through which firms achieve maximum performance through cost-effectiveness and fact-based decision-making. Empirical findings in the majority of areas create the positive correlation between MAPs and financial performance (Al-Saidi & Tawafuk, 2022; Alves, 2020). In South Africa, for example, Adeyemi and Oyedele (2020) found that firms employing advanced MAPs saw an improvement in profitability and financial health. Similarly, Ho et al. (2022) found that employing MAPs led to significant

improvement in profitability measures in Indian SMEs. Such findings reveal that a low uptake of such measures can irretrievably damage the competitiveness and survival of an organization.

Despite this, there has been limited empirical examination of the impact of MAPs on performance outcomes in the Nigerian manufacturing sector. Most extant literature in Nigeria has centered on financial accounting, credit accessibility, or IT uptake (Olusegun & Akinyemi, 2020; Nnabuife et al., 2020), with minimal attention to internal accounting practices such as cost control, performance measurement, and budgeting impact on firm performance. Omoniwa and Ajibola (2022) argue that such a knowledge gap hinders the creation of effective policy and business strategy.

Furthermore, the existing literature has been centered mostly on small and medium-sized enterprises (SMEs) and given scant attention to listed manufacturing companies that are larger in size and complexity of operations (Lavia-Lopez & Hiebl, 2014; Bakhtshiar & Khau, 2021). These firms require robust systems within them to manage cost, react to the fluctuations in markets, and maintain financial health. Empirical studies conducted in Malaysia and Portugal established that such MAPs as strategic costing and performance measurement play a significant role in financial performance (Al-Musali & Ku Ismail, 2020; Alves, 2020). This was reaffirmed when it was reiterated in Colombia, where Solano-Garcia and Gonzalez-Heriquez (2022) found that MAPs were a good predictor of SME success.

Therefore, there is a need to have Nigeria-specific research in the above firms to close this knowledge gap. Through its exploration of cost-based MAPs such as selling and distribution expenses, staff expenses, and manufacturing expenses, this study attempts to investigate their effects on the Return on Assets (ROA), a critical financial performance indicator. This will be useful to guide managerial practice, investment decisions, and the sustainability of the Nigerian manufacturing sector.

The research work of this study will not just be scholarly, contributing to the literature, but will also be useful to policymakers, investors, and corporate managers in terms of the strategic importance of having functional management accounting systems. By empirical truths, Nigerian companies can be positioned to have access to the machinery required to reverse current trends of inefficiency and poor profitability, which in the long run shall translate into national industrial development and economic growth.

Statement of the Problem

Poor profitability, exorbitant business costs, and a consistent inability to achieve financial sustainability mar the manufacturing industry in Nigeria. Despite the government's policy actions to stimulate the industry (Adegbite et al., 2019), the majority of firms continue to underperform or exit the marketplace. Although external circumstances are usually at fault, recent literature attributes poor implementation of management accounting practices—budgeting, performance measurement, and cost management—as a major internal reason for poor performance (Ajibolade, 2013; Adeyemi & Oyedele, 2020). Empirical studies within Nigeria have largely underemphasized this domain, with many undertaken in financial accounting or IT adoption (Olusegun & Akinyemi, 2020).

There is thus a critical knowledge gap regarding the contribution of individual MAPs to financial performance, particularly for listed manufacturing firms. Closing this gap is crucial to inform strategic management and optimize operating efficiency. The objective of this research is to investigate how MAPs affect the financial performance of Nigerian manufacturing firms in terms of their contribution to profitability and asset utilization. Accordingly, the specific research objectives in this research are;

1. examine the effect of distribution and selling cost on return on assets of selected manufacturing firms in Nigeria;

2. examine the effects of spending on personnel on return on assets of some manufacturing firms in Nigeria;

3. examine the effects of production cost on return on assets of some listed manufacturing firms in Nigeria.

Conceptual Review

Management Accounting

Management accounting is an integrated system ready to produce financial and non-financial information to enhance organizational decision-making. It is among the key decision-making tools at all levels of the organization, as it provides managers with vital information for strategic planning and operational control (Kariuki & Kamau, 2016). The system includes a number of techniques, such as budgeting, cost analysis, and performance measurement, that together enable organizations to stay abreast of competitive advantage (Williams, 2014). In the face of the fast-evolving business landscape of the present, management accounting is also evolving, with technological innovation, globalization, and changing customer needs propelling the change (Ijose & Itolima, 2017).

Effective management accounting, Al-Musali and Ku Ismail (2020) write, can enable business companies to maximize the allocation of resources and improve their decision-making based on finance. Its adaptability and strategic guidance make it a crucial tool for modern business management, particularly in leading organizations through complex market environments and realizing their objectives (Ajibolade, 2013). Management Accounting Practices (MAPs). Management accounting practices are the real methods, policies, and processes that organizations employ to control their financial assets and make good decisions.

As reported by Adeyemo and Aremu (2016), they comprise a wide range of activities that incorporate costing, budgeting, performance measurement, and strategic analysis. Lavia-Lopez and Hiebl (2014) report that MAPs are sophisticated information systems that are designed to deliver value-adding information to the company as well as customers, resulting in effective decision-making and maximization of shareholder wealth. The recent developments in MAPs involve the addition of environmental management accounting (EMA) and more sophisticated performance measurement systems.

As Olusegun and Akinyemi (2020) elaborate, the practices enable firms to plan, steer, and control costs and also strive for profitability amid change. Al-Saidi and Tawafuk (2022) also note that firms must keep enhancing their management accounting practices so that they can compete in the globalized environment, and this has led to the development of most of the management accounting tools and techniques worldwide.

Financial Performance

Financial performance is a generic term for the financial health and success of a business in specified time periods, made up of a range of various measures and indicators. It may be divided into three different domains, i.e., financial performance (profits and return on assets), market performance (sales and market share), and shareholder return (total shareholder return and economic value added) by Adeyemo and Aremu (2016). Omoniwa and Ajibola (2022) note that financial performance is measurable in money terms and can be measured based on profitability, liquidity, and sales growth. Analysis of financial performance is a critical building block of organizational planning and stakeholder decision-making.

As mandated by Al-Musali and Ku Ismail (2020), among the most common of these are return on assets (ROA), return on equity (ROE), and a number of efficiency ratios for establishing the efficiency of resource utilization of a company. Nnabuife et al. (2020) note that in such emerging economies as Nigeria, the majority of corporate businesses suffer from financial distress from finance access and inadequate working capital; hence, financial measurement performance becomes an imperative for survival and growth. Organizational Costs

Personnel cost is a highly significant organizational expense category, such as compensation, benefits, training, hiring, and other employee-related expenses. Omoniwa and Ajibola (2022) affirm that these costs vary significantly among organizations depending on the number of workers, nature of activities, geographical area, and needs of the sector.

Personnel expenditure management is also critical to organizational viability and profitability. Ho et al. (2022) add that increased control over personnel expenditures can mean increased competitiveness and performance.

However, Bakhtshiar and Khau (2021) comment that companies must balance cost containment with employee engagement, motivation, and retention to maximize their potential. Such balancing is highly pertinent in the emerging economies where the organizational sustainability can be significantly impacted by the labor expense.

Selling and Distribution Expenses

Distribution and selling expenses are all the expenses used to transport goods or services from the producers to the end users. These expenses typically entail transportation, advertisement and promotion expenses, commissions, and packaging, as claimed by Solano-Garcia and Gonzalez-Heriquez (2022). Effective management of such expenses is important in an attempt to guarantee profitability and competitiveness within the more complex marketplace conditions.

The recent advances in technology, particularly in e-commerce, have contributed significantly to distribution and selling patterns. Companies have to re-engineer transport and logistics models so that they can take advantage of these expenses during the digitalization period.

Production Costs

Production costs refer to all the expenses involved in transforming raw materials into products, including direct materials, labor, and overhead. Van Scheers and Makhitha (2016) note that production costs must be properly managed in order to maintain market position and growth in a sustainable way.

Technological advancements in the workplace have introduced opportunities and challenges both in terms of costs. With Acquaah (2013) stating that increased automation and artificial intelligence can help companies reduce costs of production but at the cost of tremendous technological expenditure, Anand et al. (2004) note that green production practices may allow companies to gain cost savings along with efficiency and a better brand reputation, and the management of the cost of production is therefore a crucial strategic concern in modern business practice.

Theoretical Review

Contingency Theory

Contingency theory posits that no one management style exists, but rather that the effectiveness of any system, including MAPs, rests in the extent to which it aligns with the internal and external environment of a firm (Ajibolade, 2013).

In manufacturing firms, and particularly in volatile environments like Nigeria, alignment of accounting systems with organizational structure, strategy, and operating environment enhances performance. Ajibolade (2013) emphasized that companies whose context-specific MAPs were in place performed better than those with generic systems. This theory accounts for the reasons why Nigerian manufacturing firms need to adapt their budgeting, cost control, and performance measurement systems to their unique operating realities. Because Battilana and Casciaro (2012) also contended, organizations need to adapt to institutional and environmental pressures for change. MAPs are consequently adaptive resources, generating strategic responsiveness and financial performance in case they are aligned well with organizational contingencies.

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory argues that the internal resources and abilities of a company, such as well-established MAPs, are in a position to become sources of competitive advantage and outperformance (Al-Musali & Ku Ismail, 2020). With well-functioning MAPs, they enhance managerial consciousness and improve financial planning and decision-making with better information. Adeyemi and Oyedele (2020) supported that South African manufacturing companies that utilized advanced accounting techniques saw improved financial performance, confirming RBV's emphasis on in-house capabilities.

MAPs in the Nigerian context are strategic documents that help companies to manage costs, use resources

efficiently, and maximize asset use. Al-Saidi and Tawafuk (2022) explained that companies with good MAPs in similar economies fared better. Thus, MAPs can be used not just for compliance but as tools for sustaining fiscal performance and long-term growth.

Empirical Review

Ajibolade (2013) conducted an empirical examination of the effect of management accounting systems (MAS) design on firm performance for Nigerian manufacturing firms. Grounded in a contingency theory paradigm, the study substantiated that firms that matched MAS with environmental conditions such as technology, organizational structure, and environment recorded drastically improved performance outcomes. This means that the effectiveness of management accounting methods is relative but not the same regarding the extent to which such systems are contingency-aligned with the specific operating conditions of a firm.

Adeyemi and Oyedele (2020) analyzed the impact of management accounting practices on profitability. They validated a positive significant correlation between frequent application of techniques like budgeting, cost control, and standard costing and profitability ratios such as return on assets (ROA). Their results validate that routine application of management accounting techniques enhances the financial well-being of firms by enhancing operating efficiency and cost control.

Al-Musali and Ku Ismail (2020) tested the effect of management accounting practices on Malaysian manufacturing firms' financial performance. The authors found that the use of MAPs such as performance measurement, budgeting, and costing systems was positively correlated with improved financial performance, for example, profit margin and ROA. The research corroborates the assertion that effective internal accounting systems enhance strategic decision-making and profitability, which aligns with the current study aims in the Nigerian environment.

Al-Saidi and Tawafuk (2022) found that there existed a positive significant correlation between the adoption of management accounting practices and firm performance. The results from the study revealed that the use of practices like cost budgeting and performance management led to enhanced financial control as well as asset utilization. While the study targeted SMEs, its conclusions extend to the bigger manufacturing firms in Nigeria, specifically in revealing the operational benefits of MAPs during times of unpredictable business environments.

Omoniwa and Ajibola (2022) conducted an analysis of the impact of management accounting practices on performance levels among Nigerian SMEs. It was their conclusion that most of the small enterprises did not optimize performance due to ineffective implementation of strategic MAPs like cost control and budget planning. The research, although in SMEs, supports the general issue that the low adoption rate of management accounting systems in Nigerian firms could yet undercut financial performance even among large, listed firms.

Olusegun and Akinyemi (2020) conducted a study of the application of managerial accounting practices by Nigerian SMEs and its impact on performance. Findings revealed that SMEs utilizing MAPs such as variance analysis, marginal costing, and cash flow forecasting recorded increased profitability. The finding confirms again the performance-enhancing function of MAPs and calls for the need to investigate their influence on large manufacturing firms, particularly those listed on the Nigerian Stock Exchange.

METHODOLOGY

This study employs a descriptive research design**,** consistent with Akhtar (2016), to assess the effect of management accounting practices on the financial performance of listed manufacturing firms in Nigeria. The design was chosen because the variables of interest extracted from annual reports are historical and cannot be manipulated. The approach provides a systematic method for evaluating the relationship between cost-related managerial practices and performance indicators over a ten-year period (2014–2023). The population comprises 195 listed manufacturing firms on the Nigerian Exchange Group (NGX) as of May 30, 2024. These firms were chosen based on data availability and uninterrupted operations from 2014 to 2023, ensuring consistent financial reporting over the study period. Using purposive sampling**,** 10 firms were selected based on their economic significance, data completeness, and consistent profitability. Firms included: Cadbury, Dangote Sugar,

Guinness, Nestle, Nigerian Breweries, PZ Cussons, Honeywell, Vitafoam, Unilever, and Flour Mills of Nigeria. The study utilizes secondary data collected from annual reports, NGX publications, and company websites. Data spans a ten-year period (2014–2023), comprising both cross-sectional and time-series (panel data) for the 10 sampled firms.

Model Specification

The study adapted and modifies the model from Adeyemi et al. (2020), focusing on the relationship between selected management accounting variables and Return on Assets (ROA). The functional and regression models are as follows:

$$ROA_{it}=\beta_0+\beta_1 SDC_{it}+\beta_2 PEC_{it}+\beta_3 PC_{it}+u_{it} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.1$$

Where:

ROA = Return on Assets
SDC = Selling and Distribution Costs
PEC = Personnel Costs
PC = Production Costs
U = Error term

The *A priori* expectation is that all independent variables will have a positive effect on ROA.

ESTIMATION TECHNIQUES

Descriptive Statistics

The descriptive statistics (mean, min, max, skewness, kurtosis) were used to summarize the distribution and characteristics of the data. Inferential statistics employed the use of Panel Data Analysis. Therefore, pooled OLS, fixed effects, and random effects were used to test the study's hypotheses. These models allow for control of both time-related and firm-specific variations. The fixed effects model assumes individual effects are correlated with regressors. While the random effects model assumes individual effects are uncorrelated with regressors.

Measurement of Variables

Table 4.1: Variable Measurement

Variable	Type	Measurement	Source
Return on Assets (ROA)	Dependent	Net income ÷ Total assets	Ijose & Itolima (2017),
Selling & Distribution Cost (SDC)	Independent	SDC ÷ Total cost × 100	Onyekwelu & Akani (2021)
Personnel Cost (PEC)	Independent	Personnel cost ÷ Total cost × 100	Onyekwelu & Akani (2021)
Production Cost (PC)	Independent	Production cost ÷ Total cost × 100	Onyekwelu & Akani (2021)

Source: Author's Compilation, (2025)

Descriptive Statistics

Table 4.2: Descriptive Statistics Result

Variable	Mean	Median	Max	Min	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Prob.	Obs.
ROA	0.14600	0.15000	0.17000	0.03000	0.04000	-2.38773	7.26936	170.968	1.00000	100

SDC	0.18400	0.18000	0.22000	0.15000	0.02470	0.18108	1.80022	6.54422	0.23792	100
PEC	0.18000	0.18500	0.21000	0.15000	0.02291	-0.15179	1.56804	8.92774	0.11151	100
PC	0.17800	0.17000	0.22000	0.15000	0.02192	0.60317	2.39509	7.58821	0.12250	100

Source: Authors' Computation (2025)

The mean ROA (0.146) reflects moderate profitability across firms, with cost variables (SDC, PEC, PC) showing closely grouped mean values around 0.18, indicating cost stability. The small differences between mean and median suggest limited skewness, except for ROA, which shows more variability (Std. Dev. = 0.04) compared to the other cost items.

ROA's high negative skew (-2.39) and leptokurtic shape (kurtosis = 7.27) suggest a left-skewed distribution with a few low-profit outliers. The other variables are more symmetrically distributed, with mild skewness and platykurtic tendencies. Jarque-Bera tests indicate approximate normality for all variables ($p > 0.05$), though caution is advised for ROA due to its high kurtosis and skewness.

Regression Analysis

Table 4.3: Combined Regression Analysis Results (Dependent Variable: ROA)

Variable	**Pooled Least Square Coeff. (Prob.)**	**Fixed Effects Coeff. (Prob.)**	**Random Effects Coeff. (Prob.)**
Constant	0.1035 (0.0000)	0.1035 (0.0498)	0.1035 (0.0495)
SDC	0.4956 (0.0000)	0.4956 (0.0032)	0.4956 (0.0031)
PEC	-0.3666 (0.0000)	0.3666 (0.0498)	-0.3666 (0.0415)
PC	0.0973 (0.0322)	0.2973 (0.0177)	0.0973 (0.0175)
R-squared	0.7313	0.7313	0.7313
Adj. R-squared	0.6261	0.6715	0.6042
Observations	500	100	100

Source: Authors' Computation (2025)

The regression results in Table 4.9 compare the outputs of Pooled Least Squares (PLS), Fixed Effects (FE), and Random Effects (RE) models to analyze how management accounting practices Selling and Distribution Costs (SDC), Personnel Costs (PEC), and Production Costs (PC) affect the Return on Assets (ROA) of listed manufacturing firms in Nigeria.

Selling and Distribution Cost (SDC)

Across all three models, SDC has a positive and statistically significant effect on ROA, with a consistent coefficient of 0.4956 and p-values less than 0.01. This indicates that a 1% increase in selling and distribution expenses is associated with a 49.56% increase in ROA, suggesting that spending more on marketing, logistics, and sales activities positively contributes to profitability. The consistency across models implies that this relationship is strong and robust.

Personnel Cost (PEC)

In the OLS and RE models, PEC has a negative and significant effect on ROA (-0.3666; $p < 0.05$), indicating that higher personnel costs are associated with lower profitability. However, in the FE model, PEC turns positive and marginally significant (0.3666; $p = 0.0498$), suggesting that when firm-specific characteristics are controlled,

increased personnel investment may actually support financial performance possibly through skilled labor or productivity improvements. This difference shows that the impact of PEC is context-dependent, and firm-specific dynamics may explain whether labor costs are value-enhancing or cost-draining.

Production Cost (PC)

All models show a positive and statistically significant effect of PC on ROA; In the FE model, the impact is strongest (0.2973; $p = 0.0177$), suggesting that when production expenses are efficiently managed, they contribute meaningfully to profitability. In the OLS and RE models, the effect remains positive but weaker (0.0973; $p \approx 0.02–0.03$), implying a less pronounced yet still beneficial relationship.

The R-squared is consistent at 0.7313 across all models, indicating that about 73% of the variation in ROA is explained by the cost variables. Also, the Adjusted R-squared is highest in the Fixed Effects model (0.6715), showing it better accounts for within-firm variability. The Pooled Least Square (0.6261) and Random Effects (0.6042) models have slightly lower adjusted R^2, suggesting less precision in explaining ROA when firm-level heterogeneity is not fully addressed.

The regression indicates that SDC has the strongest and most consistent positive influence on ROA across all models; PEC presents mixed results, indicating the need for strategic labor cost management; PC positively affects profitability, especially when firm-specific characteristics are considered. Based on Adjusted R^2 and coefficient stability, the Fixed Effects Model is likely the most appropriate, as it accounts for firm-level differences over time.

DISCUSSION OF RESULTS

The purpose of this study was to examine the effect of management accounting practices specifically Selling and Distribution Costs (SDC), Personnel Costs (PEC), and Production Costs (PC) on the financial performance of listed manufacturing firms in Nigeria, measured by Return on Assets (ROA). The regression analysis revealed important insights into how these managerial cost components influence firm performance.

The results across all models consistently showed that SDC has a positive and statistically significant effect on ROA. This indicates that increased spending on selling and distribution contributes to improved financial performance. This finding aligns with the study by Alves (2020), who observed a strong positive correlation between marketing-related expenditures and profitability in Portuguese SMEs. Similarly, Ajibolade (2013) found that strategic cost management practices, including selling cost controls, significantly enhanced profitability in Nigerian manufacturing firms. These findings suggest that when manufacturing firms invest effectively in distribution channels and promotional activities, it can lead to higher market penetration, increased sales, and better asset utilization.

The impact of personnel cost was found to be mixed and model-dependent. In the Pooled Least Squares and Random Effects models, PEC had a negative and significant relationship with ROA, suggesting that increased personnel costs may reduce profitability. This supports the findings of Ijose and Itolima (2017), who reported that poor control of personnel expenses among Nigerian SMEs led to diminishing financial performance. Similarly, Olusegun and Akinyemi (2020) noted that ineffective wage structures could drain financial resources without proportionate productivity gains.

However, the Fixed Effects model revealed a positive and significant effect, implying that when firm-specific characteristics are considered, personnel costs may actually enhance profitability. This is in line with Al-Saidi and Tawafuk (2022), who found that when human capital is efficiently utilized, labor-related expenses translate into improved organizational output. Thus, this study suggests that the effect of PEC is contingent upon the efficiency with which firms manage and deploy their workforce, in support of contingency theory as discussed by Ajibolade (2013).

Production cost also demonstrated a positive and statistically significant effect on ROA across all models, though the strength of the relationship varied. The Fixed Effects model presented the strongest coefficient, indicating

that increased production investment when properly managed enhances asset returns. This finding corroborates the work of Adeyemi and Oyedele (2020), who established a positive link between cost planning and profitability in South African manufacturing firms. Likewise, Al-Musali and Ku Ismail (2020) found that cost management techniques in production processes directly contributed to financial performance in Malaysian manufacturing firms.

Additionally, this result aligns with Kariuki and Kamau (2016), who reported that strategic management accounting practices in production, including cost tracking and variance analysis, positively impacted firm outcomes in Kenya. Therefore, this study affirms that effective production cost management is essential for profitability, especially in capital-intensive sectors like manufacturing.

The model's high R-squared value (0.7313) across all estimations confirms that a significant portion of the variability in financial performance among Nigerian manufacturing firms is explained by these management accounting practices. The Fixed Effects model showed the highest adjusted R-squared (0.6715), indicating that controlling for firm-level heterogeneity improves the explanatory power of the model. This supports the application of contingency theory, which posits that the effectiveness of accounting systems is influenced by contextual firm factors (Ajibolade, 2013; Battilana & Casciaro, 2012).

CONCLUSION

This study examined the influence of management accounting practices selling and distribution costs, personnel costs, and production costs on the financial performance of listed manufacturing firms in Nigeria, using panel data from 2014 to 2023. The findings revealed that selling and distribution costs consistently had a positive and significant impact on profitability, while production costs also contributed positively to financial performance when managed efficiently.

However, the effect of personnel costs was mixed: negative in pooled and random effects models, but positive under fixed effects, indicating the importance of firm-specific strategies in labor cost management. Overall, the study concludes that strategic implementation of management accounting practices significantly enhances the profitability of manufacturing firms in Nigeria.

RECOMMENDATIONS

The following recommendations were made in this study

Manufacturing firms in Nigeria should Prioritize Selling and Distribution Efficiency by investing strategically in marketing and logistics operations, as these have shown consistent positive effects on profitability.

Manufacturing firms in Nigeria should Adopt Context-Specific Personnel Cost Controls by tailoring their human resource strategies to fit their internal structures, ensuring personnel expenses lead to productivity and value creation.

Manufacturing firms in Nigeria should Strengthen Management Accounting Systems by adopting tools like budgeting, cost planning, and variance analysis to improve cost efficiency and guide better financial decisions.

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