

Abstract

Contingent theory stipulates that the use and application of management accounting tools varies from country to country and from industry to industry due to the impact of contingent factors. Taking a positivist approach, this study investigated the use of a series of management accounting tools in South Africa. The tools investigated were costing, budgeting, performance evaluation, profitability analysis, investment decision making and strategic management accounting tools. Data was obtained from firms registered with the Johannesburg Chamber of Commerce and Industry (JCCI) as at 30 September 2016 through a questionnaire. The study concluded that all the thirty seven (from the six categories above) management accounting tools were in use in South Africa. Using ordered probit regression analysis each of the 37 tools were analysed to identify the contingent factors that would make their usage in a South African context more likely. The study revealed that twenty seven of the thirty seven management accounting tools could be related to at least one of the contingent factors analysed. Of these contingent factors process diversity, product multiplicity, accounting practitioner education level and use of Just in Time were found to have a positive influence on the usage of management accounting tools in South Africa whenever a relationship was established. Results on the other six contingent factors studied were inconclusive with a combination of both positive and negative influences on the use of management accounting tools in South Africa.

Keywords: management accounting tools, South Africa, contingent factors, investment decision making, strategic management accounting, costing, performance evaluation, budgeting, profitability