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# The Influence of Business Environment on the Characteristics of Management Accounting Practices: Evidence from Libyan Companies

## Introduction

The importance of management accounting systems (MAS) to organisations resides in their role in providing information for planning, controlling, evaluating performance, developing and improving competitive strategies and making decisions.

Despite this multifaceted importance, little is known about management accounting practice in the world, particularly in emerging economies. As an attempt to understand practice, the contingency theory approach which is adopted in this study, starts from the premise that practice does not have to be uniform. Universally relevant MAS that fit all circumstances and organisations simply do not exist.

Thus, an organisation's business environment [external and internal factors] is seen as instrumental to the design of an effective MAS. Consequently, as the compatibility between the MAS and the businesses environment increases, a company's performance should also improve.

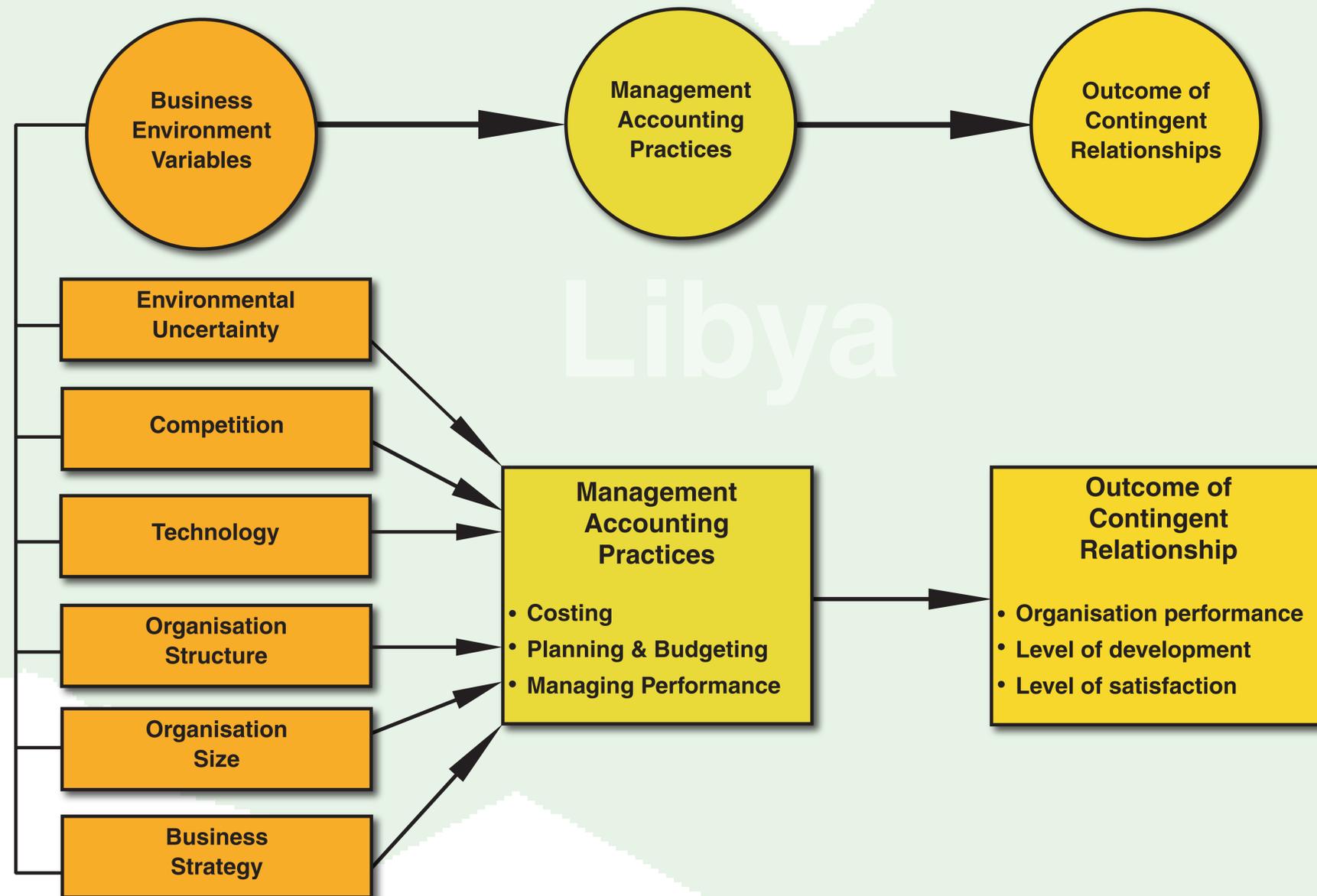
## Research Aim

This study aims to examine the relationship between business environment factors, management accounting practices and organisational performance in Libyan companies in various industrial sectors.

## Research Methodology & Framework

Adopting a positivistic approach that is informed by a critical review of relevant literature and guided by a contingency theory framework designed for this research project. The study will use a questionnaire and interviews to collect data on MAS in a mix of companies from various industrial sectors in Libya.

## The Research Theoretical Model



## Expected Contribution

The inability of existing empirical studies to paint a clear picture about the factors that shape management accounting practice, especially in developing countries, has contributed to the dearth of knowledge about this practice. This failure is the result of simplistic models that usually lack breadth and depth and seldom examine more than one contingent variable.

This study is an attempt to remedy this shortcoming by investigating management accounting practice in a developing economy using an elaborate contingency framework that links contingent factors to the constituent elements of each management accounting practice.

Hence, it is expected that both the research approach and the findings will have theoretical and practical relevance by enhancing the understanding of management accounting and also leading to the design of better MAS that can help improve organisational performance.