

2014-04

Factors that influence effectiveness of management accounting control systems in Centre for Infectious and Parasitic Disease Control Research - KEMRI in Alupe, Busia

Odhiambo, Mercelina Praxides

Mount Kenya University

<http://erepository.mku.ac.ke/handle/123456789/4667>

Downloaded from Mount Kenya University, Institutional repository

**FACTORS THAT INFLUENCE EFFECTIVENESS OF MANAGEMENT
ACCOUNTING CONTROL SYSTEM IN CENTRE FOR INFECTIOUS AND
PARASTIC DISEASE CONTROL RESEARCH – KEMRI (ALUPE)**

BY

MERCELINA PRAXIDES ADHIAMBO

REG NO: KAK/BCOM-DL/212/00305

**MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT
of the requirements for the award of the Bachelor of commerce degree, Mount Kenya
University.**

April 2014

ABSTRACT

Introduction of the government policy that every organization should be able to generate some revenue to cater some organization expenses, has made (CIPDCR) work hard to improve on its revenue generating activities in order to increase profits hence increasing income. Some of the income generating activities it does include offering of clinical services at fee. All along CIPDCR has been depending on the government to pay for some of its expenses, but the government now wants to lay off or merge some parastatals due to funds shortage in the government. To ensure survival and success CIPDCR - KEMRI need to develop competitive advantage not be merged and be able to carry out human research. They need to improve their efficiency and effectiveness in order to increase its revenues and productivity. This will enable it run its activities effectively with minimal dependence on the government in terms of finance. Although CIPDCR – KEMRI get its part of the research funds, from donors and collaborators that is mainly used for pure research related expenses. Personnel and other recurrent expenditures are catered for by the government. In dealing with this challenge, CIPDCR has adopted the systematic and consistent approach of implementing 5 year strategic plans to guide its activities in pursuit of competitive advantage. The first strategic plan (2008-2012) ended in June 2012. The second strategic plan (2013- 2014) currently under implementation is a continuation of the institute's unending search for sustainable competitive advantage.

The purpose of this study is to examine the management accounting control framework underlying the development and implementation of the institute's strategic plan with a view to identifying factors that influence its effectiveness. Effective management accounting control is important for the success of any organization as it seeks to influence employee behavior in desirable ways in order to increase the probability of an organization achieving its objectives. The researcher considers that the success of KEMRI's strategic plan is critical for the future national and international health matters. The results of this study should fine tune the implementation and management control process and increase the chances of success.

The researcher will employ the purpose of study research design- descriptive research in identifying the factors that influence the effectiveness of the institute's management accounting control system. The research design will investigate the relationship between identified factors

and the overall performance of the institute over the last two years of the current strategic plan period. The population will be composed of both the Scientific and technical or management staff of CIPDCR -KEMRI. Data will be collected by use observation, library archive information from the institute library, and questionnaires. The main interviewees will be the Chief Accountant who is the Budget Coordinator and the heads of departments that will be sampled. Documents for analysis will be obtained from the Management / Financial Accountants, the administrator's office, Scientific Research officer in-charge and institute's archive. General information about the company performance will be analyzed in terms of measures of frequency, measures of central tendency or dispersion using SPSS software package. The results of analysis will be presented in tables, bar graphs, pie charts and short descriptions. The factors influencing management control system and their relationship with the institute performance will be analyzed through narrations.

During the study, the researcher expects to establish (1) the extend of management discretion over the key determinants of the CIPDCR -KEMRI performance and how this affects its overall performance (2) the level of difficulty of targets set through annual budgets and whether the targets motivate managerial effort towards improved performance (3) the institute's approach to budgeting and whether this influences the acceptability of targets and overall performance (4) the criteria used in determining performance of individual heads of departments and their departments and whether these reflect overall institute performance targets and (5) the institute's performance evaluation style and whether it influences employee performance.