

## **Determinants of Material Cost Accounting in Relation to Financial Performance of Listed Companies in Kakamega County-Kenya**

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### **ABSTRACT:**

*To offer best quality products and services at affordable prices to consumers, management accounting offers a good best opportunity for firms to compete in the market. Over the years, the challenge to keep costs down in order to keep performance has been predominant in most companies and especially those listed on the NSE given the pressure from the shareholders for firms to post better performance. Therefore the general objective of this study was to investigate the effects of management accounting practices on financial performance of listed companies in Kakamega County, specifically carrying out my research on material cost accounting, labour cost accounting, budgeting system and overhead cost accounting. The study was expounded using theories like contingency theory, agency theory, budget theory and cost-benefit theory as found in various books, articles and working papers to explore the factors characterising financial performance. The target population for this study comprised of the only five listed companies in Kakamega County. Simple random sampling method to come up with the sample size of 35 respondents from finance, accounting, procurement, production, Auditing departments targeting seven respondents from each departments. Primary data obtained using interviews and questionnaires from the respondents were both quantitative and qualitative. Analysis was done using Statistical Package for Social Sciences (SPSS) and coding thus enhancing ability to present the information in form of tables and figures. It was concluded that The findings showed that, material cost accounting practices resulted to increased Return on Equity, Return on Assets and liquidity; however currently the company undergoes financial distress due to insufficient cash (mean=2.21 SD =0.69) that has been brought up by insufficient raw materials, and has stopped production process. In conclusion if modern skills and knowledge to staff and well as use of advanced management accounting practices results to greater financial performance.*