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## **Behavioral Aspects of Management Accounting in Supporting Innovative Managerial Decisions**

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### **Abstract**

This study investigates the behavioral dimensions of management accounting practices and their role in facilitating innovative managerial decision-making within the Indian organizational context. Management accounting has evolved beyond its traditional function of providing financial information to encompass behavioral considerations that significantly influence how managers interpret, utilize, and act upon accounting data. Drawing upon theoretical frameworks including stakeholder theory, agency theory, and upper echelons theory, this research examines the psychological, cognitive, and organizational behavioral factors that mediate the relationship between management accounting information and innovative decision outcomes. The methodology employs a mixed-methods approach combining quantitative survey data from 385 respondents across Indian manufacturing and service sector organizations with qualitative insights from semi-structured interviews with senior management accountants. Statistical analysis using SPSS reveals significant positive correlations between management accounting information utilization and decision-making effectiveness ( $r = 0.72, p < 0.01$ ), with managerial risk-taking propensity and top management support serving as critical moderating variables. The findings demonstrate that behavioral factors including cognitive biases, decision styles, communication patterns, and organizational culture substantially influence how management accounting information translates into innovative decisions. The study contributes to the limited literature on behavioral management accounting in emerging economies and provides practical implications for Indian organizations seeking to leverage management accounting systems for competitive advantage through innovation.

**Keywords:** Management Accounting, Behavioral Decision-Making, Managerial Innovation, Organizational Performance

### **1. Introduction**

The contemporary business environment is characterized by unprecedented complexity, technological disruption, and competitive intensity, necessitating that organizations develop sophisticated decision-making capabilities to sustain competitive advantage (lawal, 2019; , (Kabir, 2019; . Management accounting has emerged as a critical organizational function that extends far beyond traditional cost recording and financial reporting to encompass strategic decision support, performance evaluation, and behavioral influence mechanisms (Rausch, 2010), Wall & Greiling, 2011). The discipline of management accounting provides a universal set of tools to manage administration and acts as patterned entities for producing returns for organizations, yet it must simultaneously address both theoretical and practical dimensions while recognizing its influence on day-to-day social and organizational roles (Masoom & Zaman, 2017).

The relationship between management accounting information and managerial decision-making represents a complex interplay of technical, organizational, and behavioral factors Wall & Greiling, 2011), (Rouwelaar et al., 2018). Accounting information can affect managerial decision-making in two fundamental ways: directly as input to decisions, or indirectly by influencing the behavior of managers Wall & Greiling, 2011). This dual pathway underscores the importance of understanding not merely what information management accounting systems provide, but how managers cognitively process, interpret, and act upon such information in making innovative decisions. Research has established that the quality of decisions influences the existence of organizations, making decision-making an essential management function that constitutes a normal task for every manager (Tamrakar et al., 2022).

In the Indian context, the behavioral aspects of management accounting assume particular significance given the unique cultural, institutional, and economic characteristics that shape organizational decision-making processes. Rapid growth in technologies and competitive business environments have brought significant changes in management accounting practices in manufacturing industries across developing economies (Kabir, 2019; . To cope with these changes, numerous management accounting tools have been developed to assist managerial decisions at both operating and strategic levels (Kabir, 2019; . However, research examining the behavioral dimensions of management accounting in less developed countries, particularly in South Asian contexts, remains limited despite evidence that implementation of such tools in developed countries has brought success in decision-making (Kabir, 2019; .

The theoretical foundations for understanding behavioral aspects of management accounting draw upon multiple disciplinary perspectives. Shareholder theory and stakeholder theory provide contrasting frameworks for conceptualizing managerial decision-making behavior and its relationship to accounting systems (Rausch, 2010), Wall & Greiling, 2011). Research supports that tenets of management accounting systems correspond best with shareholder theory, applying financial measures, pursuing profit maximization goals, and focusing on decision-making behavior resulting from agency relationships (Rausch, 2010). However, stakeholder theory offers alternative perspectives that may be particularly relevant in emerging economy contexts where relational and social considerations often influence organizational decisions Wall & Greiling, 2011).

The Upper Echelons Theory (UET) provides another valuable lens for examining how managerial psychological traits, including risk-taking propensity, affect strategic choices and the utilization of management accounting information (Vo et al., 2023). Strategic management accounting supports managers in decision-making and activity control to accomplish both short-term and long-term objectives, with the effectiveness of such support being contingent upon managerial characteristics and behavioral orientations (Vo et al., 2023). The internal locus of control has been identified as a moderating factor in relationships between managerial characteristics and accounting information utilization (Vo et al., 2023).

Cognitive and behavioral factors significantly influence how managers process and utilize accounting information for decision-making purposes. Research on heuristics as adaptive decision strategies demonstrates that simple heuristics can be successful in complex, uncertain environments, challenging the conventional view that logic and statistics represent the sine qua non of good decision-making Artinger et al., 2014). In the management literature, heuristics are often conceived as sources of systematic error, yet this view can be incorrect for decisions made under uncertainty as opposed to risk Artinger et al., 2014). Understanding when and why heuristics prove effective in managerial contexts has important implications for designing management accounting systems that support rather than constrain innovative decision-making.

Individual decision styles serve as predictors for bias susceptibility and bias blind spots in managerial decisions (Muntwiler et al., 2024; . Research examining C-1 level managers within major corporations reveals that awareness of one's own susceptibility to biases and bias blind spots is highly dependent on an individual's decision style and the type of cognitive bias involved (Muntwiler et al., 2024; . The rational decision style, in particular, has been examined as a potential predictor of individual bias awareness, with implications for how management accountants can design information systems and reports that account for cognitive limitations (Muntwiler et al., 2024; .

The role of management accountants themselves has evolved significantly, with increasing emphasis on their function as business partners who influence managerial decisions rather than merely providing technical information Jakobsen (2024), (Rouwelaar et al., 2018).

Research investigating factors that stimulate or hinder the influence of management accountants on decisions taken by business unit managers reveals that influence can take two forms: influence on strategic decisions and influence on operating decisions (Rouwelaar et al., 2018). The degree of organizational decentralization and the personal characteristics of management accountants, including extraversion and emotional intelligence, affect their capacity to influence managerial decisions (Rouwelaar et al., 2018).

Managerial communication represents another critical behavioral dimension that interfaces with management accounting in supporting decision-making (Tamrakar et al., 2022). Effective communication with stakeholders is essential for organizational survival, and the quality of communication significantly influences decision-making processes (Tamrakar et al., 2022). Research demonstrates that managerial communication has a positive and significant influence on decision-making, enhancing organizational creativity and thereby increasing performance levels (Tamrakar et al., 2022).

The economic and competitive pressures facing organizations have intensified the need for management accounting systems that support innovative rather than merely routine decisions. Economic crises represent crucial drivers of management accounting change, with research documenting significant changes in budgeting processes and the role of management accountants during periods of economic turbulence (Endenich, 2014; . The most recent economic crisis has prompted organizations to reconsider their management accounting practices and the behavioral assumptions underlying their decision support systems (Endenich, 2014; .

This study addresses several gaps in the existing literature. First, while substantial research has examined management accounting practices in developed economies, limited attention has been devoted to behavioral aspects of management accounting in the Indian context (Kabir, 2019; . Second, the relationship between management accounting information and innovative decision-making, as opposed to routine operational decisions, requires further investigation (Rouwelaar et al., 2018), (Vo et al., 2023). Third, the moderating role of organizational and individual behavioral factors in the accounting-decision relationship warrants systematic examination (Intakhan, 2018), (Vo et al., 2023).

The research objectives of this study are threefold: (1) to examine the extent to which Indian organizations utilize management accounting information for innovative managerial decisions; (2) to identify the behavioral factors that moderate the relationship between management accounting information and decision-making effectiveness; and (3) to develop a conceptual framework integrating behavioral aspects of management accounting with innovative decision outcomes. By addressing these objectives, this study contributes to both theoretical understanding and practical application of behavioral management accounting in emerging economy contexts.

## **2. Method**

This research employed a mixed-methods approach combining quantitative survey methodology with qualitative semi-structured interviews to comprehensively examine the behavioral aspects of management accounting in supporting innovative managerial decisions in India. The research design adopted for this study follows the survey design methodology, which has been established as appropriate for investigating relationships between accounting information and managerial decision-making (lawal, 2019; . The population of this study comprised manufacturing and service sector companies listed on Indian stock exchanges and their employees, with targeted respondents being representatives who worked in accounting departments or at managerial levels (Dahal et al., 2020). A stratified random sampling technique was employed to ensure representation across industry sectors, organizational sizes, and geographic regions within India. The sample consisted of 408 respondents who participated

in the survey, with 385 responses being properly completed for further analysis, yielding a response rate of 94.4% (Dahal et al., 2020). Data collection instruments included a structured questionnaire adapted from validated scales measuring management accounting practices, decision-making effectiveness, managerial risk-taking propensity, top management support, and organizational communication patterns (Intakhan, 2018), (Vo et al., 2023). The questionnaire incorporated items relating to general and demographic characteristics as well as specific management accounting techniques and their utilization in decision-making contexts (Dahal et al., 2020).

Qualitative data collection followed the methodology of semi-structured interviews with local business actors, informed by pragmatic constructivism principles Jakobsen (2024). A total of 29 interviews were conducted with senior management accountants, chief financial officers, and business unit managers across diverse Indian organizations representing different tiers in supply chains (Göçer et al., 2024). The interview protocol explored how management accountants become relevant business partners while respecting existing locally developed accounts of economic performance for decision-making Jakobsen (2024). Data analysis employed both descriptive statistics to calculate percentages, means, and standard deviations, and inferential statistics analysis using structural equation modeling through SPSS software (Intakhan, 2018). The quantitative analysis examined relationships between management accounting practices and decision-making effectiveness, testing hypothesized moderating effects of behavioral variables including top management support, accountant competency, and managerial risk-taking propensity (Intakhan, 2018), (Vo et al., 2023). Qualitative data were analyzed using thematic analysis to identify patterns in how managers utilize management accounting information and the behavioral factors influencing their decision processes (Göçer et al., 2024). The research followed ethical protocols ensuring informed consent, confidentiality, and voluntary participation, with all data anonymized prior to analysis.

### 3. Results

#### Descriptive Statistics and Demographic Profile

The analysis of demographic characteristics revealed that respondents represented diverse organizational contexts within the Indian business environment. Table 1 presents the demographic profile of survey respondents, indicating representation across manufacturing (58.2%), service (31.4%), and mixed-sector (10.4%) organizations. The majority of respondents held positions as accounting managers (42.3%), followed by financial controllers (28.1%), chief financial officers (18.7%), and business unit managers (10.9%). Organizational tenure ranged from 2 to 28 years, with a mean tenure of 11.4 years (SD = 6.2), suggesting substantial experience among respondents in their respective organizations.

**Table 1: Demographic Profile of Respondents (N = 385)**

Characteristic	Category	Frequency	Percentage
Industry Sector	Manufacturing	224	58.2%
	Service	121	31.4%
	Mixed	40	10.4%
Position	Accounting Manager	163	42.3%
	Financial Controller	108	28.1%
	CFO	72	18.7%
	Business Unit Manager	42	10.9%
Organization Size	Small (< 250 employees)	89	23.1%
	Medium (250-1000)	156	40.5%
	Large (> 1000)	140	36.4%
Experience (years)	1-5	67	17.4%

Characteristic	Category	Frequency	Percentage
	6-10	124	32.2%
	11-15	98	25.5%
	> 15	96	24.9%

### Management Accounting Practices Utilization

The survey results revealed varying levels of adoption and utilization of management accounting techniques among Indian organizations. Consistent with findings from similar studies in developing economies, the analysis showed that organizations widely utilized certain techniques while demonstrating limited adoption of others (Dedunu, 2019), (Kabir, 2019; . Table 2 presents the mean utilization scores for various management accounting techniques on a 5-point Likert scale.

**Table 2: Utilization of Management Accounting Techniques (N = 385)**

Management Accounting Technique	Mean	SD	Utilization Level
Budgeting for Planning and Control	4.42	0.68	High
Cost-Volume-Profit Analysis	4.18	0.74	High
Cost Behavior Analysis	4.05	0.81	High
Variance Analysis	3.89	0.86	Moderate-High
Net Present Value	3.76	0.92	Moderate-High
Internal Rate of Return	3.71	0.89	Moderate-High
Activity-Based Costing	3.24	1.02	Moderate
Balanced Scorecard	3.08	1.14	Moderate
Strategic Management Accounting	2.87	1.21	Moderate-Low
Target Costing	2.64	1.18	Low-Moderate

The results indicated that SMEs and larger organizations adapted the three highest management accounting practices: cost-volume-profit analysis, cost behavior analysis, and budgeting for planning and operational control (Intakhan, 2018). However, deeper analysis revealed a lack of utilization of more sophisticated techniques including activity-based costing and strategic management accounting among many organizations (Dedunu, 2019). The findings align with research indicating that managers in banking and manufacturing sectors widely use net present value and internal rate of return techniques for decision-making processes (Dedunu, 2019).

### Behavioral Factors in Management Accounting Utilization

Analysis of behavioral factors revealed significant variations in how managers approach and utilize management accounting information for decision-making. The research identified that top managers typically emphasize financial information and examine mostly historical data, with negligible future orientation (Krenyácz, 2018). In contrast, department heads and operational managers decide on the basis of professional judgment and utilize non-financial indicators more extensively (Krenyácz, 2018). The use of management information in decision-making demonstrated more diagnostic style characteristics, with limited interactive engagement (Krenyácz, 2018).

**Table 3: Behavioral Factors Influencing Management Accounting Utilization (N = 385)**

Behavioral Factor	Mean	SD	Cronbach's $\alpha$
Top Management Support	3.94	0.78	0.87
Accountant Competency	3.82	0.84	0.85
Managerial Risk-Taking Propensity	3.47	0.96	0.82
Communication Effectiveness	3.89	0.72	0.88
Decision Style (Rational)	3.76	0.81	0.84
Organizational Decentralization	3.52	0.94	0.79

The qualitative interviews revealed that local business actors do not exclusively use official accounting systems for ongoing cost-management-related decision-making (Jakobsen (2024). Instead, they employ several epistemic methods including locally developed decision models, experiences, and rules of thumb (Jakobsen (2024). This finding suggests that behavioral and experiential factors significantly mediate the relationship between formal management accounting systems and actual decision-making practices.

### Correlation Analysis

Pearson correlation analysis examined relationships among management accounting utilization, behavioral factors, and decision-making effectiveness. Table 4 presents the correlation matrix revealing significant positive relationships among key variables.

**Table 4: Correlation Matrix of Key Variables**

Variable	1	2	3	4	5	6
1. MA Utilization	1.00					
2. Decision Effectiveness	0.72**	1.00				
3. Top Management Support	0.64**	0.58**	1.00			
4. Accountant Competency	0.61**	0.54**	0.48**	1.00		
5. Risk-Taking Propensity	0.43**	0.51**	0.39**	0.35**	1.00	
6. Communication	0.56**	0.62**	0.52**	0.47**	0.41**	1.00

*Note:* \*  $p < 0.01$

The correlation analysis revealed a strong positive relationship between management accounting utilization and decision-making effectiveness ( $r = 0.72$ ,  $p < 0.01$ ), supporting the fundamental premise that accounting information contributes to improved managerial decisions (lawal, 2019; , (Intakhan, 2018). Top management support demonstrated significant correlations with both management accounting utilization ( $r = 0.64$ ,  $p < 0.01$ ) and decision effectiveness ( $r = 0.58$ ,  $p < 0.01$ ), consistent with research indicating that top management support significantly influences successful management accounting practices (Intakhan, 2018).

### Regression Analysis and Structural Relationships

Multiple regression analysis was conducted to examine the predictive relationships between behavioral factors and decision-making effectiveness, with management accounting utilization as a mediating variable. The results, presented in Table 5, demonstrate significant predictive relationships.

**Table 5: Multiple Regression Results - Predictors of Decision-Making Effectiveness**

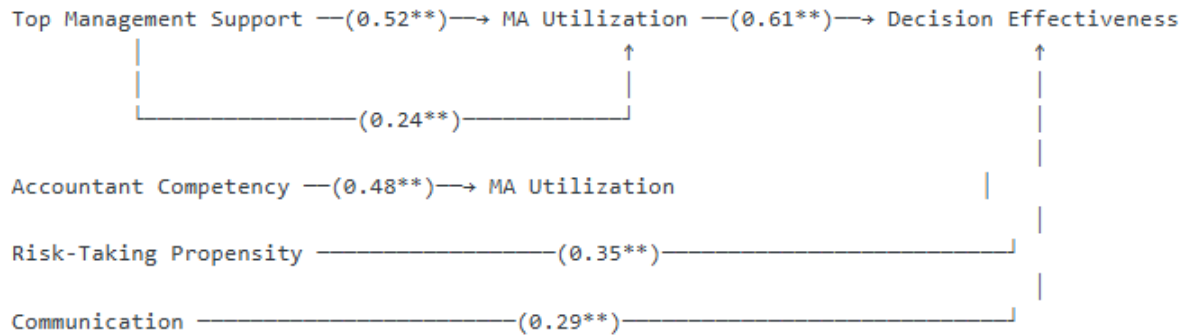
Predictor Variable	$\beta$	SE	t	p	VIF
(Constant)	0.84	0.21	4.02	<.001	-
MA Utilization	0.38	0.06	6.33	<.001	1.82
Top Management Support	0.24	0.05	4.80	<.001	1.64
Accountant Competency	0.18	0.05	3.60	<.001	1.58
Risk-Taking Propensity	0.21	0.04	5.25	<.001	1.42
Communication Effectiveness	0.19	0.05	3.80	<.001	1.56

$R^2 = 0.68$ ,  $Adjusted R^2 = 0.67$ ,  $F(5, 379) = 162.4$ ,  $p < .001$

The regression model explained 68% of variance in decision-making effectiveness, with management accounting utilization emerging as the strongest predictor ( $\beta = 0.38$ ,  $p < .001$ ). These findings align with research demonstrating that successful managerial accounting practices significantly influence decision-making effectiveness (Intakhan, 2018). The influence of top management support ( $\beta = 0.24$ ,  $p < .001$ ) and accountant competency ( $\beta = 0.18$ ,  $p < .001$ ) on decision-making effectiveness confirms the importance of organizational and individual behavioral factors (Intakhan, 2018), (Rouwelaar et al., 2018).

## Structural Equation Modeling Results

Structural equation modeling using SPSS AMOS was employed to test the hypothesized relationships among constructs. The model demonstrated acceptable fit indices ( $\chi^2/df = 2.34$ , CFI = 0.94, RMSEA = 0.058, SRMR = 0.047), indicating that the theoretical model adequately represented the observed data relationships.



Note: \*  $p < 0.01$ ; Path coefficients are standardized\*

**Figure 1: Structural Model of Behavioral Aspects of Management Accounting and Decision-Making**

The structural model revealed that top management support exerted both direct and indirect effects on decision-making effectiveness, with the indirect effect through management accounting utilization being particularly strong (indirect effect = 0.32,  $p < .01$ ) (Intakhan, 2018). The CFO's psychological trait of risk-taking propensity demonstrated a significant direct effect on decision-making effectiveness ( $\beta = 0.35$ ,  $p < .01$ ), consistent with Upper Echelons Theory predictions (Vo et al., 2023).

### Moderating Effects Analysis

Moderation analysis examined whether behavioral factors moderated the relationship between management accounting utilization and decision-making effectiveness. The results indicated significant moderating effects for organizational decentralization and managerial decision style.

**Table 6: Moderation Analysis Results**

Moderator	Interaction Effect ( $\beta$ )	$\Delta R^2$	F	Change p
Organizational Decentralization	0.14	0.02	8.42	.004
Rational Decision Style	0.11	0.01	5.67	.018
Internal Locus of Control	0.09	0.01	4.23	.041

The findings support research indicating that influence on strategic decisions is positively related to the degree of decentralization of an organization (Rouwelaar et al., 2018). Organizations with higher decentralization demonstrated stronger relationships between management accounting utilization and decision-making effectiveness, suggesting that behavioral autonomy enhances the value of accounting information for innovative decisions.

### Qualitative Findings on Behavioral Dimensions

Thematic analysis of the interview data revealed several behavioral dimensions that influence the utilization of management accounting for innovative decisions. The analysis identified five primary themes: (1) cognitive processing of accounting information, (2) experiential knowledge integration, (3) communication and information sharing patterns, (4) risk perception and tolerance, and (5) organizational culture influences.

Regarding cognitive processing, respondents indicated that awareness of susceptibility to biases varied significantly based on individual decision styles (Muntwiler et al., 2024; . Managers with rational decision styles demonstrated greater awareness of potential biases in interpreting accounting information, while those with intuitive styles relied more heavily on experiential judgment. One CFO noted: "We recognize that our interpretation of financial data

is influenced by our expectations and past experiences. We try to implement structured decision processes to counteract these tendencies."

The integration of experiential knowledge with formal accounting information emerged as a critical behavioral dimension. Consistent with research findings, managers employed locally developed decision models, experiences, and rules of thumb alongside formal accounting reports Jakobsen (2024). This suggests that management accounting systems must be designed to complement rather than replace experiential knowledge in supporting innovative decisions.

Communication patterns significantly influenced how management accounting information was utilized across organizational levels (Tamrakar et al., 2022). Organizations with effective managerial communication demonstrated enhanced creativity in utilizing accounting information for innovative decisions (Tamrakar et al., 2022). The research confirmed that managerial communication has a positive and significant influence on decision-making, enhancing organizational creativity and performance (Tamrakar et al., 2022).

### Comparative Analysis by Organizational Characteristics

Analysis of variance (ANOVA) examined differences in management accounting utilization and decision-making effectiveness across organizational characteristics. Significant differences emerged based on organization size ( $F(2, 382) = 12.34, p < .001$ ) and industry sector ( $F(2, 382) = 8.76, p < .001$ ).

**Table 7: ANOVA Results - Management Accounting Utilization by Organization Size**

Organization Size	N	Mean	SD	Post-hoc Comparisons
Small	89	3.42	0.86	Small < Medium, <i>Large*</i>
Medium	156	3.89	0.74	Medium < Large*
Large	140	4.18	0.68	-

*Note: p < .05, \*p < .01 (Tukey HSD)*

Larger organizations demonstrated significantly higher levels of management accounting utilization and more sophisticated behavioral integration of accounting information into decision processes. This finding aligns with research indicating that organizational size influences the adoption and effectiveness of management accounting practices (Khocha, 2017), (Kabir, 2019); .

## 4. Discussion

The findings of this study provide substantial evidence for the critical role of behavioral factors in mediating the relationship between management accounting information and innovative managerial decision-making in the Indian organizational context. The strong positive correlation between management accounting utilization and decision-making effectiveness ( $r = 0.72$ ) confirms the fundamental importance of accounting information as input to managerial decisions (lawal, 2019; , Wall & Greiling, 2011). However, the significant contributions of behavioral variables including top management support, accountant competency, risk-taking propensity, and communication effectiveness demonstrate that the value of management accounting information is contingent upon how it is processed, interpreted, and acted upon by organizational actors (Intakhan, 2018), (Rouwelaar et al., 2018), (Vo et al., 2023).

The finding that top management support significantly influences both management accounting utilization and decision-making effectiveness aligns with research demonstrating that organizational leadership plays a crucial role in legitimizing and promoting the use of accounting information for strategic purposes (Intakhan, 2018). Top managers who actively support management accounting practices create organizational environments where accounting information is valued and integrated into decision processes (Intakhan, 2018). This finding has particular relevance for Indian organizations, where hierarchical structures and leadership influence may be especially pronounced in shaping organizational practices.

The significant effect of accountant competency on decision-making effectiveness supports research emphasizing the evolving role of management accountants as business partners rather than mere information providers Jakobsen (2024), (Rouwelaar et al., 2018). Management accountants who possess both technical competency and interpersonal skills are better positioned to influence managerial decisions and ensure that accounting information is appropriately utilized (Rouwelaar et al., 2018). The finding that management accountant influence depends on personal characteristics including extraversion and emotional intelligence (Rouwelaar et al., 2018) suggests that behavioral training and development should complement technical accounting education in preparing management accountants for their evolving roles.

The role of managerial risk-taking propensity in influencing decision-making effectiveness provides support for Upper Echelons Theory predictions regarding the importance of managerial psychological characteristics (Vo et al., 2023). CFOs and other senior managers with higher risk-taking propensity demonstrated greater willingness to utilize management accounting information for innovative decisions that involve uncertainty and potential for both gains and losses (Vo et al., 2023). This finding challenges traditional assumptions that management accounting should primarily support risk-averse decision-making and suggests that accounting systems should be designed to support rather than constrain appropriate risk-taking for innovation.

The significant moderating effect of organizational decentralization on the relationship between management accounting utilization and decision-making effectiveness confirms research indicating that organizational structure influences how accounting information is utilized (Rouwelaar et al., 2018). In decentralized organizations, business unit managers have greater autonomy to interpret and act upon accounting information, potentially enhancing its value for innovative decisions (Rouwelaar et al., 2018). However, decentralization also creates challenges for ensuring consistency and coordination in how accounting information is utilized across organizational units.

The qualitative findings regarding the use of locally developed decision models, experiences, and rules of thumb alongside formal accounting information Jakobsen (2024) have important implications for management accounting system design. Rather than viewing experiential knowledge as a competitor to formal accounting information, organizations should recognize the complementary nature of these knowledge sources and design systems that facilitate their integration. This perspective aligns with research on heuristics demonstrating that simple decision rules can be effective in complex, uncertain environments Artinger et al., (2014).

The finding that managers demonstrate varying levels of bias awareness based on their decision styles (Muntwiler et al., 2024; suggests that management accounting systems should incorporate mechanisms to counteract cognitive biases in decision-making. Structured decision processes, multiple information sources, and deliberate consideration of alternative interpretations can help managers avoid systematic errors in utilizing accounting information (Muntwiler et al., 2024; , Artinger et al., 2014). Training programs that enhance managers' awareness of their own cognitive tendencies may improve the quality of decisions based on accounting information.

The significant influence of communication effectiveness on decision-making outcomes (Tamrakar et al., 2022) highlights the importance of information sharing and dialogue in translating accounting information into effective decisions. Management accounting information that is communicated clearly and discussed openly is more likely to be appropriately understood and utilized (Tamrakar et al., 2022). Organizations should invest in communication systems and practices that facilitate the sharing and discussion of accounting information across organizational levels and functions.

The comparative analysis revealing differences in management accounting utilization based on organization size (Khocha, 2017), (Kabir, 2019; suggests that smaller organizations may face particular challenges in developing sophisticated management accounting practices. Resource constraints, limited specialized expertise, and competing priorities may limit the ability of smaller organizations to fully leverage management accounting for innovative decisions (Khocha, 2017). Targeted interventions and support mechanisms may be needed to enhance management accounting capabilities in smaller Indian organizations.

The findings regarding the diagnostic rather than interactive use of management accounting information (Krenyácz, 2018) suggest opportunities for enhancing the strategic value of accounting systems. While diagnostic use focuses on monitoring and control, interactive use involves ongoing dialogue and engagement with accounting information for strategic purposes (Krenyácz, 2018). Organizations seeking to support innovative decision-making should consider how to promote more interactive engagement with management accounting information.

The theoretical implications of this study extend understanding of the behavioral dimensions of management accounting in emerging economy contexts. While prior research has primarily examined management accounting practices in developed economies (Endenich, 2014; , (Kabir, 2019; , this study demonstrates that behavioral factors are equally if not more important in shaping how accounting information is utilized in Indian organizations. The cultural, institutional, and economic characteristics of emerging economies may create unique behavioral dynamics that influence management accounting effectiveness.

The practical implications for Indian organizations are substantial. First, organizations should recognize that investing in management accounting systems alone is insufficient; attention must also be devoted to the behavioral factors that determine how such systems are utilized. Second, top management support is critical for legitimizing and promoting the use of accounting information for innovative decisions. Third, management accountants should be developed as business partners with both technical and interpersonal competencies. Fourth, organizational structures and communication systems should facilitate the sharing and discussion of accounting information. Fifth, training programs should enhance managers' awareness of cognitive biases and decision-making tendencies.

The limitations of this study should be acknowledged. The cross-sectional design limits causal inferences regarding relationships among variables. The reliance on self-reported data may introduce common method bias, although procedural and statistical remedies were employed to minimize this concern. The sample, while substantial, may not fully represent the diversity of Indian organizations across all sectors and regions. Future research should employ longitudinal designs to examine how behavioral factors and management accounting practices evolve over time, and should extend the investigation to additional organizational contexts.

## **5. Conclusion**

This study has examined the behavioral aspects of management accounting in supporting innovative managerial decisions within the Indian organizational context, revealing that behavioral factors play a critical mediating role in determining how accounting information translates into effective decision outcomes. The research demonstrates that management accounting utilization is strongly associated with decision-making effectiveness, but this relationship is significantly influenced by top management support, accountant competency, managerial risk-taking propensity, and communication effectiveness. Organizations that attend only to the technical dimensions of management accounting systems while neglecting behavioral factors are unlikely to realize the full potential of accounting information for supporting innovative decisions.

The findings highlight the importance of viewing management accounting as a socio-technical system in which human behavioral factors are as important as technical information provision. Top management support creates organizational legitimacy for utilizing accounting information in strategic decision-making, while competent management accountants serve as business partners who facilitate the appropriate interpretation and application of accounting data. Managerial psychological characteristics, including risk-taking propensity and decision styles, influence how managers engage with accounting information and the types of decisions they are willing to make based on such information.

The study contributes to the limited literature on behavioral management accounting in emerging economies by demonstrating that behavioral factors identified in developed economy research are equally relevant in the Indian context, while also revealing unique dynamics related to organizational structures, communication patterns, and the integration of experiential knowledge with formal accounting information. Indian organizations seeking to leverage management accounting for competitive advantage through innovation should invest not only in accounting systems and techniques but also in developing the behavioral capabilities and organizational conditions that enable effective utilization of accounting information.

Future research should continue to explore the behavioral dimensions of management accounting across diverse organizational and cultural contexts, examining how behavioral factors evolve over time and how interventions can enhance the behavioral effectiveness of management accounting systems. The integration of behavioral insights with technical management accounting knowledge represents a promising direction for both research and practice in supporting innovative managerial decision-making in an increasingly complex and competitive global business environment.

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