

**COST SYSTEM DESIGN AND ORGANIZATIONAL SUSTAINABILITY WITH
THE MEDIATING ROLE OF MANAGEMENT ACCOUNTING PRACTICES**

Kamran Ali and Zulfqar Ahmad

Hailey College of Commerce, University of the Punjab
Lahore, Pakistan

Email: kamran.ali@pugc.edu.pk
zulfqar.hcc@pu.edu.pk

ABSTRACT

The organizations aim to increase their sustainability and economic performance. Investment in MAPs while considering organizational characteristics (size, skills, etc.) significantly increases organizational sustainability and helps in efficiently adopting comprehensive cost systems. The study aims to examine the effect of cost system design (CSD) on organizational sustainability (OS) with the intervening role of Management Accounting Practices and organizational characteristics as a moderator. Data was collected from 316 respondents via questionnaire who are working as an Accountant or Management Accountant in the textile industry of Pakistan. Data were analyzed using SmartPLS 3.0. Findings depict that Cost system design has a positive and significant impact on management accounting practices which significantly leads to a positive influence on organizational sustainability. While based on contingency theory, the result shows that contextual factor-like the life cycle, Skills, and size of the organization significantly contribute toward sustainable performance. As best to researcher knowledge, this is the first study by its nature and comprehensive framework in this area and especially contributes to the textile sector which has vital importance in the economic growth of Pakistan. This study provides practical implications for managers, they should implement MAPs to enhance the sustainability of their organization. Furthermore, it appears that paying high expenses for the development of a functioning cost system can be justified if organizations intend to use the cost information received from that system by several decision-making tools; contrarily, it will be pointless incurring such costs within organizational management decisions.

KEYWORDS

Cost System Design, Organizational Sustainability, management accounting Practices, Organizational Characteristics.

1. INTRODUCTION

Increasing competition, changing desires of customers, reducing profit margins, rising costs, and complex cost systems have led the interest of organizations towards establishing advanced and modern cost systems to implement strategies aligned with the economic environment. These cost systems allow organizations to execute appropriate management accounting practices (MAPs) which helps in managerial decision-making. Rising

economic crises forced the organizations to focus on MAPs for developing an advanced and comprehensive cost system (Pavlatos & Kostakis, 2015). In the recent era of economic environment, firms are not able to continue their activities by adopting traditional cost systems. Therefore, there is a need to develop an advanced cost system that not only calculates the unit cost of goods and services but also defines the managerial functions. This will result in higher profitability,

Management accounting is concerned with the internal control systems of an organization (Frezatti, Aguiar, Guerreiro, & Gouvea, 2011). It has evolved from just bookkeeping to decision-making (Uyar & Kuzey, 2016). At first, it was used to determine the cost of inputs and calculate the cost of products and services. Management accounting has evolved with changing corporate environment; organizations are more focused on implementing management accounting practices. More sophisticated costing systems (average-based costing) and strategies have been developed. Management accounting practices require more accurate, reliable, classified, and comprehensive structured cost systems (Pavlatos & Paggios, 2009).

Numerous studies have been conducted on the elements that impact cost system design (CSD) and MAPs in the organizations Brignall (1997); Alsoboa, Nawaiseh, Karaki, and Al Khattab (2015); (Hajiha & Sarkhani Ganji, 2020) ; (Uyar & Kuzey, 2016); but there are a few studies that examine the direct association between CSD and organizational sustainability (OS) (Lee, Yen, Peng, & Wu, 2010). An Egyptian study by Hammad, Jusoh, and Ghozali (2013) depicts that MAPs and managerial performance are positively associated, in healthcare industry. MAPs along with organizational characteristics enhance organizational sustainability which helps in establishing comprehensive and structured cost systems. Organizational performance not only increases by implementing management accounting systems but also by considering organizational characteristics aligned with MAPs, in germen hospitals found by (Lachmann, Knauer, & Trapp, 2013).

This study examines the mediating role of MAPs between CSD and OS and measures organizational performance through effective managerial decision-making. Managerial performance of an individual's decision can be enhanced by implementing cost information systems (Michael, 2011). Furthermore, (Hutchinson, 2010) found that proper cost systems should be implemented to boost performance by using simulation approach, it also depicts that superior cost systems result in finer decisions. It is considered that organizational sustainability can be increased by improving individual's performance. Recent environmental crises urge organizations to predominantly focus on sustainability. MAPs should be modified to enhance organizational sustainability.

This study aimed to evaluate the effect of CSD on OS with the mediating effect of MAPs using the sample data from the Cost/ Management Accountants of Textile Sector in Pakistan. Furthermore, an investigation is made to assess the relationship between management accounting practices and organizational characteristics and their overall influence on corporate sustainability. More concisely, the moderating effect of organizational attributes is over sighted to explore its influence on the association between MAPs and organizational sustainability. This research is contributing to the prior literature on Pakistan's Textile Industry by exploring the cost system design and its benefits. The study is filling the literature gap by recognizing the influential elements of CSD and its

overall sway on the performance and sustainability of the textile segment of Pakistan. This study is also needed because, if the sector fails to gain sustainability, the country's economy can face awful consequences i.e. industry collapse, economic disasters, or adverse performance of the overall economy. This study will provide tactical recommendations for future implications.

This paper contains five sections. Section 2 thoroughly narrates the literature appraisal to elaborate on the past studies regarding CSD and management accounting practices and their role in enhancing corporate sustainability and develop the hypothesis. Section 3 includes methodology, sampling methods, or techniques on the sample data taken from the textile sector of Pakistan. Section 4 consists of a detailed discussion of results and findings. Various tests have been employed to test the vagueness of the results. At last, Section 5 will conclude the whole study and afterward, there are references.

2. LITERATURE REVIEW

2.1 Characteristics of Cost System Design

This study quoted the characteristics of Cost System Design from Pavlatos and Paggios (2009) and Pizzini (2006). Study by Pavlatos and Paggios (2009) elaborated on the cost system practices as “the standard of cost accounting facts and figures endowed by a cost system”. Pavlatos and Paggios (2009) postulated the following characteristics of cost system design:

- i. **Comprehensive:** The cost system furnishes comprehensive cost data regarding the cost object.
- ii. **Variation:** The cost system appraises the efficacy and price differences.
- iii. **Precision:** The most précised cost information is delivered by the cost system.
- iv. **Regularity:** The cost system regularly provides reports to managers.
- v. **Categorization:** The cost system categorizes the costs on a behavioral basis i.e. fixed or variable cost; product or period cost and direct or indirect cost.

Formerly, some researchers have analyzed and explored the various cost system designs and elaborated their different points of view. Based on recent studies, it can be supposed that the density of the production methods influences the selection of the cost system (Malmi, 1999). Pavlatos and Paggios (2009) elaborated that the cost system design is devised considering various contingent elements. Whereas, Pizzini (2006) analyzed the operational influence of cost system design and explored that the cost data will be more expedient to the managers if the cost system design categorizes the cost data on regular basis.

2.2 Management Accounting Practices (MAPs)

MAPs provide monetary and non-monetary facts & figures which assist financial managers to make tactical decisions for efficient corporate performance (Kaplan 1987). The aspects of management accounting practices that are investigated in this research are given below:

- i. **Transformation & Management Cost:** an attempt to minimize the wastage of resources while investing them for innovation purposes.

- ii. Financial Policy: the recognition of all possible policies that can increase an organization's Net Present Value (NPV).
- iii. Internal Control: a detailed schedule of structures, strategic plans, and procedures for evasion of risk and creation of stakeholder's value.
- iv. Investment Appraisal: deciding the strategy for investment decisions.

2.3 Organizational Characteristics

Different organizations have distinct attributes. The following organizational characteristics are employed in this study:

- i. Size: It refers to the total number of members in an organization.
- ii. Lifespan: It specifies the organizational lifecycle based on the age of that organization.
- iii. Professional Competences: A separate department for the management of accounting & finance.
- iv. Affiliation: either the firm is registered in Pakistan or outside the territories of Pakistan.
- v. Ownership Configuration: either organization is listed on the Pakistan Stock Exchange or not.

2.4 Organizational Sustainability

In this study, the following aspects of organizational sustainability are discussed:

- i. Customer and Market Position: it is measured to check the stand of the customer and the market position of the organization.
- ii. Resource Allocation: organizational standing and stance based on allocation.
- iii. Risk Management: risk management efficiency of the organization
- iv. Financial Performance: financial efficiency of the firms is also used to determine the performance.

2.5 CSD on MAPs

The cost data will be most worthwhile for the managers if the data is pertinent, well-categorized, and supplied on regular basis (Pizzini, 2006). More precisely, the advanced Management Accounting Practices (MAPs) adopted by the managers need to be updated via a complex and comprehensive cost system that provides meticulous, categorized, and frequent data of various products, operations, services, customers, etc. in such a scenario, a cost system design works as a stimulus for the application of management accounting practices. So, we articulate the hypothesis given below:

H1: Cost System Design (CSD) has a significant and positive impact on the utilization of Management Accounting Practices (MAPs).

2.6 CSD and Organizational Sustainability

According to prior literature, there are five characteristics of cost system design. The first one is the comprehensive cost data of an object which is delivered by a cost system. It demonstrates the proficiency of CSD to provide data that can differ in terms of size (Robert H Chenhall & Morris, 1986; Kaplan & Zingales, 1997; Karmarkar, Lederer, & Zimmerman, 1990). The second attribute of CSD is variation. The system provides

variance evaluation which underscores the divergences between expected and actual results with the explanation of the reasons for such divergence (Karmarkar et al., 1990; Simpson, 2004). The 3rd characteristic is precision. The objective of CSD is to provide précised information regarding the cost data. The 4th characteristic is regularity. CSD supplies regular reports to managers which assist them inaccessibly tackling the issues and then pinpointing the solutions (Al-Omiri & Drury, 2007; Karmarkar et al., 1990; Uyar & Kuzey, 2016). The last attribute of CSD is categorization. This is the system's capability to discrete costs based on its behavior (i.e. direct/indirect cost, product/period cost) to appraise the efficacy of cost data (Ahmad, Ullah, & Khan, 2021; Karmarkar et al., 1990).

The complex production requires intense CSD with all of its above-discussed attributes. A less effective cost system fails to report the actual cost information which badly affects organizational sustainability (Oyewo, 2021). Inversely, the effective CSD positively influences organizational sustainability (Michaela Turturea & Radu Dan Turcu 2013). Based on all the above discussion, the following hypothesis is devised:

H2: Cost System Design (CSD) has a significant impact on organizational sustainability.

2.7 Organizational Characteristics and MAPs

According to contingency theory, the internal and external organizational characteristics affect the MAPs. (Boddy 2012; Mullins and Christy 2013). Various researchers have explored that the internal organizational characteristics include organizational size, centralism, environmental diffusion, culture, technology consumption, strategies, etc. on the other hand, external organizational characteristics include the constitution of the environment and various environmental states i.e. competitiveness, financial system, market, etc. These organizational characteristics influence the MAPs. The contingency theory states that the internal and external organizational characteristics affect the MAPs but such influence may differ from one organization to another. A plethora of research has been made on the internal organizational factors which affect the MAPs (Ajibolade & Sankay, 2013; Robert H Chenhall, 2003; Gordon & Miller, 1976; Hofstede, 1983; Khandwalla, 1972; Otley, 1980; Oyewo, 2021).

Though copious organizational characteristics are influencing MAPs in this study some vital organizational factors have been investigated i.e. size, lifespan, professional competencies, affiliation, and ownership configuration. The fallouts of MAPs may vary from organization to organization based on their level (Ajibolade & Sankay, 2013; Gordon & Miller, 1976; Ittner & Larcker, 2001; Oyewo, 2021). Based on these factors, the following hypothesis is constructed:

H3: The organizational characteristics have a positive effect on management accounting practices.

2.8 MAPs and Organizational Sustainability

Previous literature advocates that the application of MAPs enhances organizational sustainability through value addition (Deegan, Rankin, & Tobin, 2002). CGMA (2014, 2015) affirms that MAPs can augment organizational sustainability in long term thru enriched customer satisfaction, proficient apportionment of limited resources, best offsetting of capital requisites, ranking the investment opportunities in the best interest of

the shareholders, better performance evaluation methods, increased viability of product and services and efficient control of monetary and non-monetary risks, etc. inversely, some researchers acknowledged that MAPs adversely affects the organizational sustainability (Angelakis, Theriou, & Floropoulos, 2010) and some have discovered that there is no association between MAPs and organizational sustainability (Ittner & Larcker, 2001) and some even claimed a negative affiliation between the application of MAPs and corporate sustainability (Braccini & Margherita, 2018; Harris & Rosenthal, 1985; Ittner & Larcker, 2001; Paiva et al., 2021). Based on the above discussed conflicted evidence, the following hypothesis is formed:

H4: Management accounting practices have a positive and significant impact on organizational sustainability.

2.9 The Mediating Role of Management Accounting Practices

Numerous researchers investigated that there is a significant association between CSD and organizational sustainability (Turturea & Turcu, 2013). Moreover, the CSD provides fundamental feedback for MAPs which accelerates the decision-making aptitude of managers (Chong & Eggleton, 2003). Lizarelli, de Toledo, and Alliprandini (2021) claimed that the cost data provided by the high-tech CSD enrich the decision-making capability of managers leading to organizational sustainability. The MAPs can transfigure the unprocessed data into constructive statistics, which the managers can use to make tactical decisions. From the above-discussed factors and evidence, it is supposed that the MAPs mediate the relationship between CSD and organizational sustainability:

H5: The management accounting practices significantly mediate between cost system design and organizational sustainability.

2.10 Moderating Effect of Organizational Characteristics between the MAPs and Sustainability

There are three approaches to contingency theory i.e. selection approach, interaction approaches, and Mechanism approach (Al-Omiri & Drury, 2007; Robert Hunter Chenhall & Chapman, 2006). The interaction approach explicates the differences in organizational operations through related variables and organizational configuration. According to the interaction approach of contingency theory, it can be supposed that an optimistic relationship between MAPs and organizational characteristics resulted in long-term organizational sustainability. Contrariwise, the adverse association between the MAPs and Organizational characteristics leads to the failure of corporate sustainability (Abba, Yahaya, & Suleiman, 2018; Robert H Chenhall, 2003). An organization having a strong implementation of MAPs can significantly and optimistically influence the organizational performance which ultimately enhances the organizational sustainability as a whole. To find the bona fide results, the following hypothesis is constructed:

H6: The organizational characteristics significantly moderate the relationship between the Management Accounting Practices (MAPs) and corporate sustainability.

3. RESEARCH METHODOLOGY

This study was conducted to assess organizational sustainability through CSD, MAPs, and OC based on positivism philosophy is aligned with the deductive approach. The reason that this method entails formulating a hypothesis (or hypotheses) based on pre-existing theory i.e. contingency theory in this study. The researcher used the quantitative method of research in this study. The quantitative research method is known as collecting, analyzing, and interpreting numerical data using mathematical and statistical tools and techniques. It may be used to spot trends and patterns, forecast outcomes, assess causal relationships, and extrapolate findings to larger groups. Both empirical and statistically significant correlation research can use statistics to explicitly assess hypotheses or predictions in quantitative research. The findings may be generalized to a broader population based on the sampling method utilized. The outcomes can be compared quantitatively. The time horizon is cross-sectional, and this study will only be undertaken in the textile sector of Pakistan. A cross-sectional study looks at data from a specific group at a certain period. This method is widely employed to infer plausible connections or to gather preliminary data to facilitate further investigations.

3.1 Population and Sampling

To select an appropriate sample size for this study, the researcher utilized the nonprobability sampling method as the population consists of Pakistani textile firms. Because there is no exact and adequate information about the sector and how many employees each firm has, the researcher used the Kline (2015) proposed method for sample size by multiplying the numbers of an item by 10. The current questionnaire has 26 items in objective construct, for the safe side researcher collect 316 online questionnaire responses in order to make the generalizability of the findings.

3.2 Measurement

Measurement consists of tools and techniques of scaling, number of items, and questions in the questionnaire. In this research, the researcher adopts the questionnaire from previous studies. In this study; management accounting activities are measured by 11 items, adapted from the GMAP framework, divided in four sub-dimensions including Cost transformation and management which has 3 items, Financial Strategy which is measured by 3 item scale, Internal Control measured based on two items, and Investment Appraisal with three items. Organizational Characteristics are measured in terms of size, organization lifecycle, and skills. Organizational Sustainability (CS) consists of 12 items, adapted from the GMAP framework. Researcher has used five-point Likert scale in this study which ranges from 1 ('never') to 5 ('always'). The cost System design has been analyzed through 5 items scale developed by (Uyar & Kuzey, 2016).

3.3 Statistical Software and technique

SmartPLS 3.0 and SPSS software were used for data analysis. SPSS used for basic and initial analysis while SmartPLS was utilized for major analysis. Smart PLS 3 is a watershed moment in the field of latent variable modeling. It blends cutting-edge techniques with a simple and understandable desktop application. PLS (Partial Least Squares Regression) is a method for reducing the number of predictor variables to a smaller number. After that, the predictors are utilized to run a regression.

4. RESULTS AND ANALYSIS

In this study, the researcher collected data through an online questionnaire from 316 respondents and three demographic features of respondents such as gender, age, experience and three organizational demographic features such as size, life cycle, and skills are used to get the profile information of the respondents and demographic features of organizations. Therefore, table 1 shows the demographic profile of the participants and organizations.

Table 1
Respondent Profile

		Frequency	Percent
Gender	Male	251	79.43
	Female	65	20.57
	Total	316	100.0
Age	Less Than 25 Years	98	31.0
	25 to 35 Years	130	41.1
	35 to 45 Years	73	23.1
	More Than 45 Years	15	4.7
	Total	316	100.0
Experience	Less than 2 Years	45	14.2
	2 to 5 Years	139	44.0
	5 to 8 Years	100	31.6
	More than 8 Years	32	10.1
	Total	316	100.0
Organizational Demographics			
Size	Up to 50	26	8.2
	51 – 200	74	23.4
	201 – 500	49	15.5
	501 – 1000	103	32.6
	Above 1000	64	20.3
	Total	316	100.0
Life Cycle	Up to 5 years	28	8.86
	6–10 years	49	15.50
	11–20 years	110	34.81
	21–30 years	107	33.86
	Over 30 years	22	6.97
	Total	316	100.0
Skills	Separate Management Accounting Department	74	23.41
	Department within Accounting & Finance Department	242	76.58
	Total	316	100.0

Total 316 responses were found to be valid for analysis. Based on that, 251 males (79.43%) which shows that in textile industry of Pakistan the working ratio of the female is very low as compared to males. The second most important feature is that 130 participants belongs to the age group of 25 to 35 Years (41.1%) were the most represented

age group in the survey. It means the working age of respondents mostly lies in 25 to 35 years old in the textile industry. Moreover, 139 participants with 2 to 5 Years (44.0%) have the highest working experience. From an organizational perspective, 103 participants with 501 - 1000 (32.6%) were the most represented size based on the numbers of employees. While 110 participants' life cycle belongs to 11–20 years (34.81%). Lastly, 242 participants belongs to the firms where Management Accounting Department is within Accounting and Finance Department (76.58%) which shows that only 23.41% firms having standalone Management Accounting Department.

4.1 Factor Loading

The correlation coefficients between observed variables and latent common factors are known as factor loadings. For developed items, the factor loading for each item should be 0.6 or higher (Hoque, Awang, Muda, & Salleh, 2018). Whereas, all items' mean must-have factor loadings are greater than 0.7, according to (Chandramouli et al., 2021). Delete any items with factor loadings of less than 0.5. There is no factor loading of any single item below 0.7 in this study. Therefore, the value of all items has a loading above 0.7, which means there is no need to delete any item. As a result, everything has been kept. Table 2 shows the factor loadings.

Table 2
Factor Loading

	CSD	CTM	FNS	INC	INA	OS
CSD1	0.905					
CSD2	0.894					
CSD3	0.908					
CTM1		0.913				
CTM2		0.908				
CTM3		0.905				
FNS1			0.921			
FNS2			0.888			
FNS3			0.890			
INA1					0.911	
INA2					0.912	
INA3					0.882	
INC1				0.906		
INC2				0.930		
OS1						0.821
OS2						0.721
OS3						0.763
OS4						0.843
OS5						0.780
OS6						0.784
OS7						0.762
OS8						0.756
OS9						0.802
OS10						0.744
OS11						0.761
OS12						0.751

By using SmartPLS a measurement model was used to evaluate data reliability and validity. In this situation, Cronbach alpha and Composite Reliability (CR) were used to test the reliability. The value of Cronbach's Alpha and CR in all constructs is above 0.7 and the value of AVE must be higher than 0.5 which means our data is reliable and good, see Table 3.

Table 3
Reliability and Convergent Validity

Constructs	Cronbach's Alpha	Rho_A	CR	AVE
Cost System Design	0.886	0.891	0.929	0.814
Cost transformation and management	0.895	0.905	0.934	0.826
Financial Strategy	0.882	0.889	0.927	0.809
Internal Control	0.815	0.826	0.915	0.843
Investment Appraisal	0.886	0.900	0.929	0.813
Organizational Sustainability	0.939	0.944	0.947	0.600

The case of validity, convergent validity, and discriminant validity were examined. While discriminant validity examines whether constructs that should be completely irrelevant are, in fact, unrelated. CSD value against CDS is 0.902. It means that the relationship of CSD is higher with itself as compared to other variables and so on, see Table 4. Therefore, the results indicate that our measurement model is a good fit.

Table 4
Discriminant Validity

Constructs	CSD	CTM	FNS	INC	INA	OS
CSD	0.902					
CTM	0.350	0.909				
FNS	0.366	0.492	0.899			
INC	0.558	0.268	0.294	0.918		
INA	0.376	0.504	0.495	0.297	0.902	
OS	0.348	0.337	0.338	0.275	0.326	0.775

SEM is a statistical tool that is used to verify the validity of research model. It observes the association of observed and latent variables by different procedures and processes (Hoyle, 1995). The results of SEM are given below in Table 5. For accepting or rejecting the hypothesis, the minimum level of t-value is 1.96. CSD has a direct and significant impact on OS because its t-value is 3.235 and also p-value is less than 0.05, which means H1 is accepted. This indicates that a one-unit increment in CSD will be brought 14%

positive influence in OS. Similarly, H2, H3, and H4 are also accepted because proposed hypotheses have been proved by the empirical findings. Whereas, the next hypothesis is rejected because size and MAPs have a t-value of 1.123 and p-value 0.262 which is beyond the decided criteria (t-value less than 1.96 and p-value more than 0.05). Therefore, H5a is rejected and vice versa for other hypotheses.

Table 5
Hypothesis Testing (Structural Model)

Hypothesis	Path Direction	Path Coefficient	t-Stat	p-value	Decision
H1	CSD → OS	0.140	3.235	0.001	Accepted
H2	CSD → MAPs	0.338	8.257	0.000	Accepted
H3	MAPs → OS	0.161	2.828	0.005	Accepted
H4	CSD→MAPs→OS	0.055	2.482	0.013	Accepted
H5a	Size → MAPs	0.047	1.123	0.262	Not Accepted
H5b	LC → MAPs	0.567	13.309	0.000	Accepted
H5c	Skills → MAPs	-0.007	0.199	0.842	Not Accepted
H6a	Size x MAPs → OS	0.046	0.787	0.432	Not Accepted
H6b	LC x MAPs → OS	-0.020	0.417	0.677	Not Accepted
H6c	Skills x MAPs → OS	0.135	3.585	0.000	Accepted

Model fit indicates the estimated value must be within the threshold range. The below-mentioned table shows that the SRMR estimate value is 0.050 and the NFI value is 0.921 which is within the threshold range as shown in table 6. Additionally, predictive relevance (Q^2) indicates the quality of the model, should be above zero (Haseeb, Hussain, Ślusarczyk, & Jermsttiparsert, 2019), and it is shown in table 6 where the value of CSR and OS is above zero. In conclusion, all the results indicate that our model is a good fit.

Table 6
Model Fit and Overall Impact

Predictive relevance (Q^2)	SSO	SSE	$Q^2 (=1-SSE/SSO)$
CSR	3476	2588.992	0.255
Organizational Sustainability	3792	2473.545	0.348
Model Fit	Saturated Model	Estimated Model	Threshold Range
SRMR	0.049	0.050	< 0.08
NFI	0.923	0.921	≥ 0.90

Below mentioned Figure 1 presents the PLS-SEM for the hypothesis testing of this study.

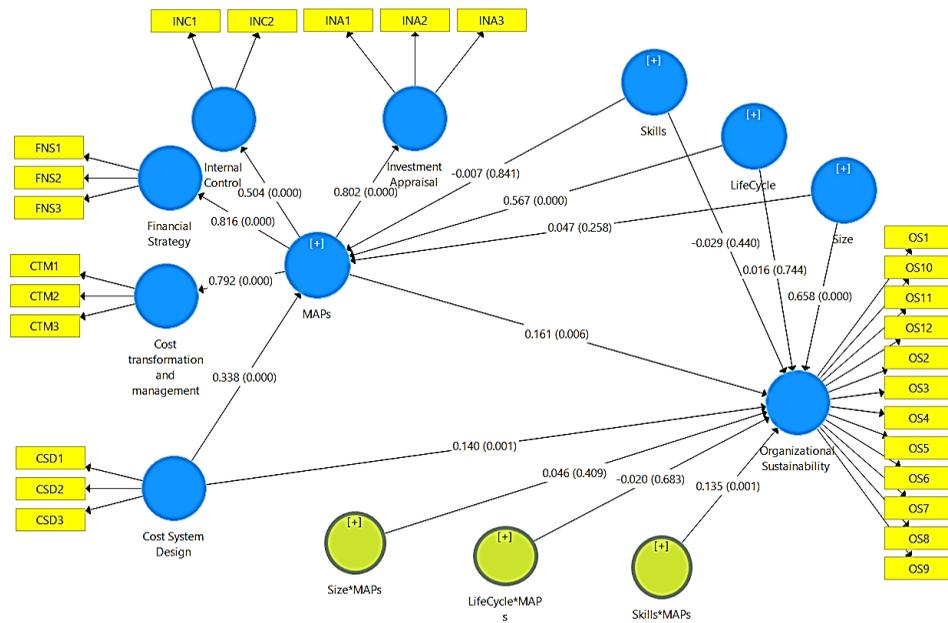


Figure 1: Structural Model Assessment

5. DISCUSSION AND CONCLUSION

5.1 Discussion on hypothesis

This study aims to analyze the impact of cost system design along with management accounting practices and organizational characteristics on organizational sustainability in the textile manufacturing industry in Pakistan. While management accounting practices were typically completed regularly, certain activities requiring the evaluation and updating of previously created cost and revenue predictions were seemed to be performed fewer. Furthermore, organizational characteristics like size, lifecycle, specialist skills have a major impact on the level of management accounting practice. While researchers also detect the management accounting practices' direct and indirect effect on organizational sustainability. For getting outcomes cross-sectional research design is used for a survey.

H1 shows that cost system design has a positive and significant impact on organization sustainability. The empirical findings of the study proved is true. As the study of Uyar and Kuzey (2016) outcomes also demonstrated the same results. Moreover, the H2 hypothesis of this study is aligned with the previous study by Oyewo (2021) but never investigate it in the Pakistan textile industry, H2 is accepted. H3 indicates that the management accounting practices have a positive and significant relationship with organization sustainability and these findings are matched with previous studies (Abdullah & Said, 2015; Adler, Everett, & Waldron, 2000; Oyewo, 2021) in which MAPs and OS relationship

is investigated. So H3 and H4 hypotheses are accepted as MAPs have a direct and indirect positive and significant impact on OS. Moreover, H5a, H5c, H6a, H6b show that there is a positive and significant relationship. The outcomes show that H5a, H5c, H6a, H6b hypotheses are rejected based on results and not consistent with (Oyewo, 2021) study, due to changing organization patterns in Pakistan or maybe changing accounting application practices. However, H5b, H6c show a positive and significant relationship between variables. The outcomes of this study indicate that H5b, H6c are accepted.

5.2 Research Implication and Contribution

The topic is specifically significant in these times of rising market competition and shrinking profit margins. Firms must use sophisticated decision-making skills to increase their organization's sustainability at such times. However, making use of those techniques requires a large amount of cost data. As a result, we investigated whether CSD, through MAPs and organizational features, contributes to organizational sustainability. The research revealed that CSD affects an organization's overall sustainability. Moreover, it has an impact on sustainability through MAPs and organizational characteristics. We demonstrated that MAPs and organizational features mediate and moderate the relationship between CSD and organizational sustainability. The finding that the existence of professional skills was the most powerful moderator of the connection among MAPs and organizational sustainability only adds to the appeal of accountants in business who are experienced while executing modern MAPs into objective-determined organizations.

Moreover, this study has a lot of implications for industries. It is not cheap to design a functional cost system. It needs the collaboration of multiple corporate departments, including accounting, information technology, human resources, and production. These departments working together can construct and establish a functioning system throughout time, taking into account the dynamic demands of the firms. As a result, managers should carefully assess the expenses of building and sustaining a comprehensive cost system compared to the advantages, this system is able to provide before embarking on such an effort. As a result of this research, it appears that paying high expenses on development of a functioning cost system can be beneficial for the organizations if proper decision-making tools are considered for using cost information. Contrarily, it will be pointless incurring such costs. In other words, the construction of a comprehensive cost system and incurring its costs is justified by organizational characteristics and MAPs.

5.3 Study Conclusion

The objective of this research is to analyze the impact of cost system design on organizational sustainability with mediating factors (management accounting practices) and moderating factors (organizational characteristics). This study is conducted in the textile sector of Pakistan. Data is collected through an online questionnaire from accountants and managerial accountants and analyzed by using SmartPLS. The research finding concludes that the H1, H2, H3, H4, H5b, and H6c hypotheses are accepted whereas H5a, H5c, H6a, and H6b hypotheses are rejected. This study provides insight into the utilization of management accounting practices to develop structured cost systems and highlights the importance of cost system design for enhancing organizational sustainability. Organizations should invest in management accounting practices to control their costs, increase profitability, and overcome their competitors. Organizational

characteristics along with management accounting practices should be considered to generate and implement new and advanced cost systems to achieve corporate goals and objectives. Appropriate decision-making tools should be used by firms to increase performance. Organizations must comply with economic environmental trends and concerns to increase sustainability.

5.4 Limitations and further suggestions

The study has some limitations in terms of sample size and data durability. Only the textile industry was included in the sample. Another flaw was that, Instead of actual industry data gathered from financial statements, sustainability assessment was based on the respondents' opinions. Due to limited access to organizations, the number of enterprises sampled was limited; as a result, the findings cannot be simply extrapolated to reflect all sectors and jurisdictions. The sample size of future investigations may be increased. The conclusions could have been different if the study had been conducted from whole industries. The study's limitations should prompt more investigation into the topic. Given that the majority of management accounting research is conducted in manufacturing industry, maybe because studies on cost and MAPs are usually conducted in regard to the manufacturing industry, more research on management accounting in non-manufacturing sectors is needed in order to eradicate the myth that MAPs are only appropriate for manufacturing sector.

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