

ACCOUNTING AS A PERFORMANCE MEASUREMENT TOOL: A CASE STUDY OF RESTAURANTS IN MUSANZE TOWN/RWANDA

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ABSTRACT

The study investigated the role of accounting as a performance measurement tool using a case study of restaurants in Musanze Town. This was due to the fact that, the levels of applying accounting in restaurants had remained a challenge and hindered their development. The management of all restaurants selected for a study case tried to apply basic accounting in their business. The results on the extent to which accounting tools were followed in measuring restaurant performance indicated that accounting tools were essential for measuring restaurant performance. The findings revealed that net profit was most used for measuring the restaurants performance in Musanze Town. The volume of sales was another element which was taken into consideration to test restaurant performance. Then the increase of assets in the restaurants was the other component with a meaningful rate of 15% .According to the respondents when their restaurants increased their assets like acquisition of new equipment, having enough current assets to meet some obligations without depending much on liabilities, therefore this is a sign of performance in their business.

The second study objective was about exploring if accounting tools have been effective in measuring the performance of restaurants in Musanze town. It was concluded that accounting was an indispensable tool in this competitive World and was very effective for measuring business performance and is also a tool for future planning. The results indicated that implementation of accounting information at the restaurants caused the improvement of managers decision –making process and internal control. The results of interview with the officers of Rwanda revenue authority, Rwanda development Board and Musanze district officer in charge of business promotion all confirmed that there were a set of policies for promoting SMEs which included hospitality industry in Rwanda.

The study recommended Management of the restaurants to improve their accounting system in order to meet the international accounting standards (IAS) and evaluate themselves through accounting information.