

Exploring Strategic Management Accounting Techniques (SMAT) as Innovative Approach: Literature Review

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ABSTRACT

This literature review explores innovative strategies within Strategic Management Accounting Techniques (SMAT) designed to improve organizational performance and decision-making in the current dynamic business landscape. The study conducts a systematic analysis of articles published from 1991 to early 2024, leveraging databases like Scopus and Web of Science to identify 121 relevant journals, from which the top 10 were selected for detailed review. It outlines the evolution of SMAT, presenting 16 distinct techniques while highlighting inconsistencies in their application across different contexts. The key findings indicate notable gaps in the literature, especially concerning the integration of advanced technologies and the impact of corporate governance on the effectiveness of SMAT. The paper underscores the importance for organizations to embrace innovative management accounting practices that incorporate digitalization and contingency theory to maintain competitiveness. By synthesizing existing research, this review enhances the understanding of SMAT and offers valuable insights for future research directions, urging scholars and practitioners to investigate the convergence of technology and strategic management accounting for better organizational outcomes.

Keywords: SMAT, Strategic Management Accounting Techniques, Performance

INTRODUCTION

In the late 1980s, [1] claimed that management accounting (MA) had become irrelevant in the changing economic world. The rapid advancement of technology and its incorporation into company practices and decision-making processes has accelerated the innovation of management accounting solutions [2]. SMAT differs from standard management accounting in that it is more forward-thinking and outward-looking. These methods cover several time periods and actively participate in all stages of strategic decision-making [3], [4].

Strategic management accounting (SMA) has emerged as an important area of management accounting, with a focus on strengthening an organization's strategic position and performance. Reference [3] used the term "strategic management accounting" in a major article published in the UK professional magazine "Management Accounting," emphasizing the importance of competitor analysis in developing and tracking business strategy. Reference [5] were the first to empirically examine the use of 12 SMA techniques in New Zealand, the USA, and the UK. Their findings spurred more research by [4], [6], [7], who investigated the adoption, benefits, influencing variables, and effects of these new strategies on firm performance. References [7], [8] divided 16 strategic management accounting approaches (SMATs) into five categories: strategic costing; planning, control, and performance measurement; strategic decision-making; competitor accounting; and customer accounting.

The number of studies on strategic management accounting techniques (SMAT) has not shown significant growth from year to year. However, a good trend has emerged in recent years, with the number of SMAT-related publications continuously increasing. The increased availability of these publications allows for a comprehensive literature review on the issue. As further studies are released, we may undertake a thorough and critical study of different SMAT approaches. SMA expertise is increasingly recognised and integrated into business and accounting curriculum [9]. However, research in this field is uneven. This surge reflects the growing requirement to integrate company strategy with sophisticated accounting systems.

However, there is a significant deficit in research on SMAT methodologies and their adaptation to shifting business landscapes. This study aims to fill a gap by reviewing existing literature, evaluating new advancements, and highlighting the impact of SMAT on strategic decision-making and organisational success. By emphasising the review's novelty and significance, the study hopes to develop the area of SMAT and promote its integration into strategic management concepts. By synthesising current studies, this review aims to highlight key trends, indicate gaps in the literature, and propose future research directions. Given the research aims the following questions arise:

Q1: How does research on strategic management accounting strategies evolved over the past few decades?

Q2: Do you notice any gaps in the current literature on strategic management accounting techniques?

Q3: What is the influence of SMAT on Company Performance?

Q4: What areas can future researchers explore in the field of SMAT?

LITERATURE REVIEW

Strategic Management Accounting Techniques

Management accounting (MA) is known for focusing on "the generation, communication, and use of financial and non-financial information for managerial decision-making and control activities" [7], [10]. Reference [11] defines strategic management accounting (SMA) as "the provision and analysis of financial information concerning the firm's product markets, competitors' costs and cost structures, and the monitoring of the strategies of both the enterprise and its competitors." Reference [2] describe SMAT as a branch of MA that offers a strategically oriented information system for strategic decision-making and control. According to [10], SMAT consists of various techniques and methods that align with an organization's strategic objectives, providing information for strategy formulation and supporting implementation by encouraging behavior that aligns with the strategy, using SMA techniques to reduce costs, improve product quality, and measure organizational performance.

According to [12], SMAT encompasses 16 methods that have been developed over the past few decades. These strategic management accounting techniques are divided into 5 main categories according to [9], [10], [12] as follows:

Table 1 SMA Categories & Techniques

SMA Categories	SMAT
Strategic Costing	<ol style="list-style-type: none"> 1. Attribute Costing 2. Life-Cycle Costing 3. Quality Costing 4. Target Costing 5. Value Chain Costing
Planning, Control Performance Measurement	<ol style="list-style-type: none"> 1. Benchmarking 2. Integrated Performance Measurement
Strategic Decision Making	<ol style="list-style-type: none"> 1. Strategic Costing (Strategic Cost Management) 2. Strategic Pricing

	3. Brand Valuation
Competitor Accounting	<ol style="list-style-type: none"> 1. Competitor Cost Assessment 2. Competitive Position Monitoring 3. Competitor Performance Appraisal
Customer Accounting	<ol style="list-style-type: none"> 1. Customer Profitability Analysis 2. Lifetime Customer Profitability Analysis 3. Valuation of Customers as Assets

Table 1 shows summary of SMAT based on SMA category by [10] suggest that analysing strategic information on customers, competitors, markets and external factors can help companies gain competitive advantage and improve operational efficiency. Implementing SMAT requires alignment with the company's strategy and goals to improve financial and non-financial performance.

Strategic Costing. According to [12], strategic costing entails evaluating cost data in order to drive strategic choices while taking long-term goals, competition, and market dynamics into account. This approach seeks to match expenses to the strategic objectives of the business. According to [9], strategic costing plays a crucial part in assisting businesses in efficiently controlling expenses in the face of intense competition. To make sure that cost management is in line with more general organizational goals, they emphasise the significance of combining cost data with strategic planning. Reference [10] highlight the use of strategic costing in contemporary business settings, especially how it fosters innovation and sustainability practices. They contend that strategic costing contributes to long-term sustainability and competitive advantage by facilitating effective resource allocation and well-informed decision-making. These viewpoints highlight how strategic costing is constantly changing and how important it is to modern organizational strategy.

Planning, Control and Performance Measurement. The significance of integrating strategies to direct organizational activities, regulate operations in accordance with strategic objectives, and assess performance to track advancement is emphasized by [12]. To guarantee that all efforts are focused on accomplishing strategic objectives, this method integrates operational control, performance evaluation, and strategic planning. The need of connecting planning, control, and performance measurement systems to strategic goals is emphasised by [9], who also mention the requirement for flexible systems that offer immediate insight in changing workplaces. The use of cutting-edge technologies to enhance planning, control, and performance evaluation procedures.

Strategic Decision-Making. Reference [12] said that strategic decision-making entails making long-term decisions that shape an company direction and scope, which necessitates a thorough analysis of internal and external factors such as market trends, competition, and organizational capabilities to ensure alignment with the organization's vision and goals. The necessity of incorporating strategic management accounting techniques within the process of decision-making is emphasized by [9], who assert that as order for outcomes to align with strategic objectives, they must be backed by accurate, timely, and pertinent information. The significance of digital transformation in strategic decision-making is emphasized by [10], who contend that big data and artificial intelligence may enhance decision-making by providing comprehensive and useful insights.

Competitor Accounting. According to [12], involves examining competitors' cost structures, strategies, and performance through the analysis of relevant data to guide strategic decisions and boost competitive positioning. Reference [9] mention its importance in strategic management, particularly in highly competitive sectors, where competitor analysis is crucial for benchmarking and spotting strategic opportunities. Reference [10] point out how digital tools and data analytics can enhance competitor accounting by providing real-time insights into competitors' activities and market trends.

Customer Accounting. Focuses on evaluating the profitability and value of individual customers or segments

to understand the financial effects of customer relationships and inform strategic decisions that enhance customer value and profitability [12]. Understanding customers profitability and behaviour is crucial for building propositions of value that satisfy customer demands and spur growth [9], emphasise its relevance for developing customer-focused strategies. Reference [10] investigate how data analytics and technological advances can enhance the accounting for customers by providing more in-depth understanding of customer preferences and behaviours.

Review Method

Journals and articles were selected according to the analytical frameworks of [2], [13]. We searched for articles on SMA techniques published from 1991 to early 2024 using search engines like Scopus and Web of Science. The search was conducted using these scientific databases because they predominantly feature articles with high scientific recognition. Utilizing these methodological frameworks, a systematic review of the literature was carried out through a tiered procedure to systematically identify and synthesize the fragmented literature on the adoption of SMAT. Data collection followed a consistent protocol for both databases. To precisely characterize the subject, searches were done using terms like "strategic management accounting," "strategic management accounting techniques," "SMA," and "SMAT." Business, business finance, education, scientific disciplines, educational research, economics, management, interdisciplinary social sciences, business administration, and multidisciplinary sciences were among the domains selected from the Web of Science (WOS) database.

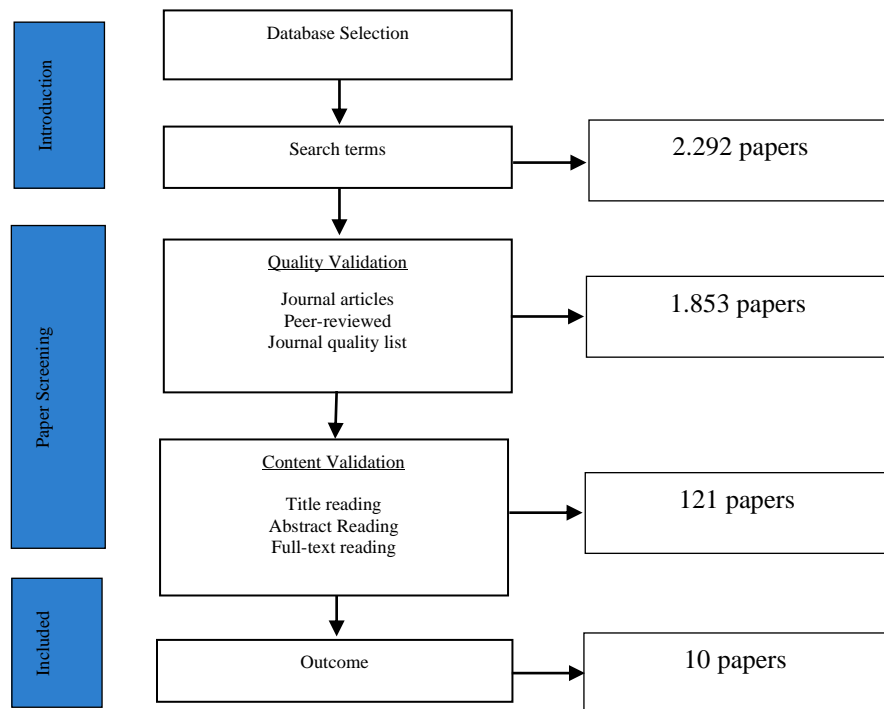


Figure 1 Flowchart SLR Guidelines

Based on the figure 1, the specified period approximately 2.292 journals were identified. However, after a thorough manual elimination process, excluding literature reviews and journals not relevant to the review's focus, a specific number of relevant journals were selected. The literature review using 10 previous journals.

DISCUSSION

The Development of SMAT Research Over the Years

The SMA topic has been developed since 1991, gradually growing to cover 16 techniques used in previous studies. The need for innovation in strategic management concepts and decision-making processes for businesses has been critical to the development of SMAT. This continuing evolution highlights the importance of modifying management accounting processes to meet the changing needs of businesses, ensuring they remain competitive and efficient in their strategic endeavors.

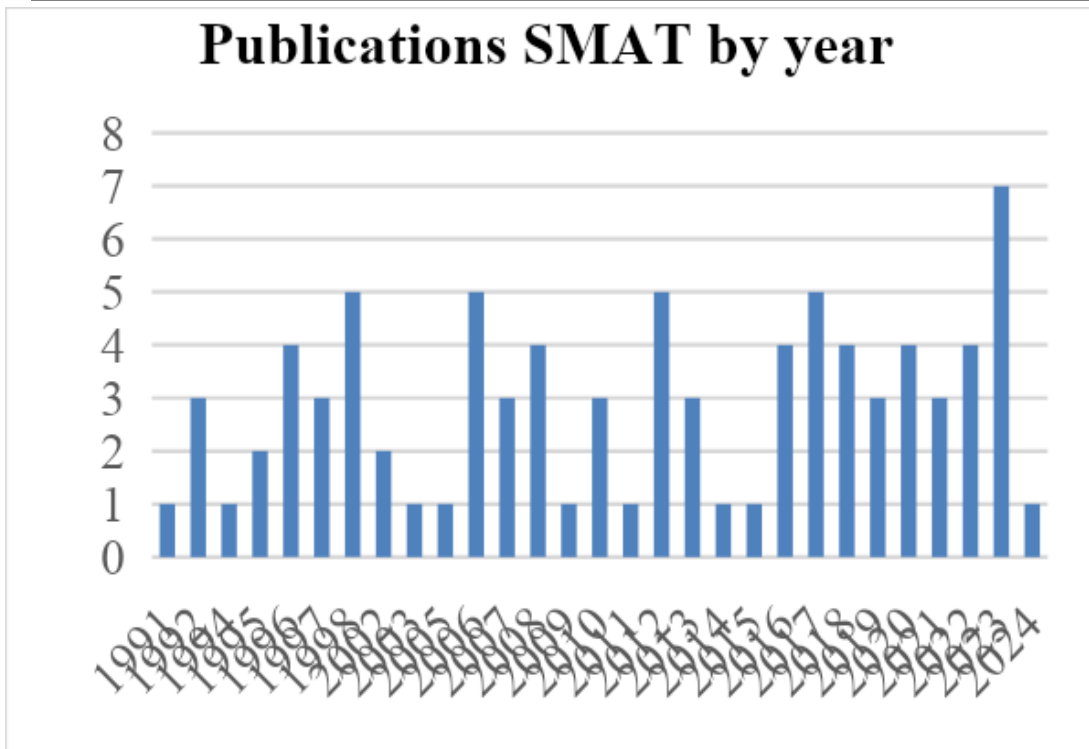


Figure 2 Number of Publication SMAT by Year

This trend also shows a growing realization of the value of incorporating strategic insights into management accounting to improve organizational performance and decision-making capacities. According to the presented chart of SMAT articles in Figure 2, the number of publications on this topic remains very low and fluctuates until early 2024. In 1991, only one article about strategic management accounting techniques (SMAT) was published. From 1991 to 2023, the progression of SMAT-related documents fluctuated. Notably, 2023 had the largest number of SMAT-related publications, with a total of 7. Meanwhile, the years 1998, 2012, and 2017 ranked second, each with five SMAT-related papers. The growth tendency during the last three years, from 2021 to 2023, indicates a healthy development. Specifically, the number of publications is steadily increasing, with three journals in 2021, four in 2022, and a major increase to seven in 2023. The distribution of this research spans various countries as follows:

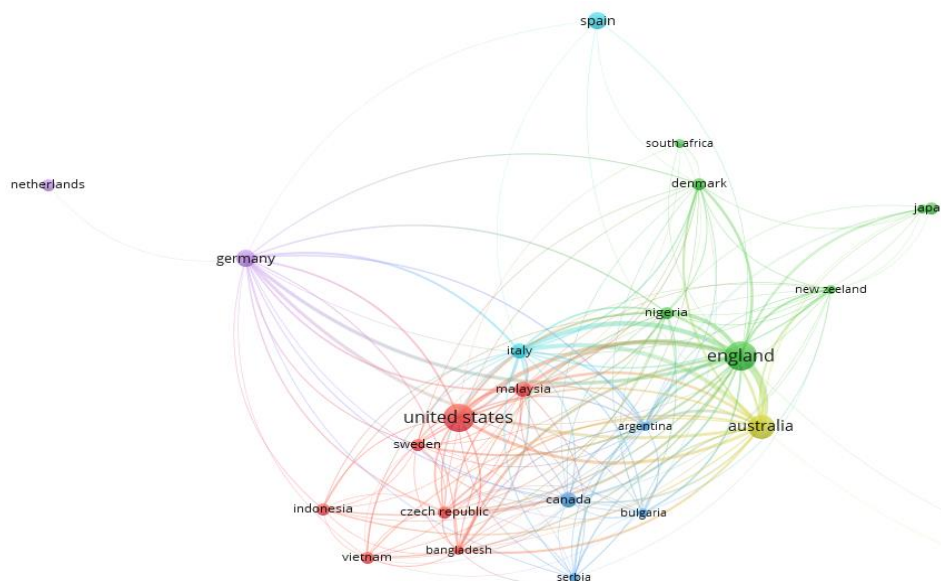


Figure 3 Distribution Countries in SMAT Studies

Figure 3 demonstrates how a small number of countries have a large influence on SMAT conversation and research. The concentration of contributions from these nations implies a significant presence, experience, or

interest in strategic management accounting methodologies in these locations. These countries are classified into six separate groupings depending on productivity. The Red Cluster comprises the United States, Malaysia, Sweden, the Czech Republic, Indonesia, Vietnam, and Bangladesh. The Green Cluster includes England, Nigeria, New Zealand, Japan, Denmark, and South Africa. The Yellow Cluster includes Australia and Greece. The Dark Blue Cluster contains Canada, Argentina, Bulgaria, and Serbia. The Purple Cluster represents Germany and the Netherlands, whereas the Light Blue Cluster includes Spain and Italy.

Gaps in SMAT Studies

Several prior investigations have shown differences in the usage of SMAT. Reference [5] listed 12 strategies that were employed in investigations by [8], [14], [15]. References [16], [17] did empirical research employing three types of SMAT and eleven approaches. References [8], [14], [16] excluded two strategies, strategic decision-making and planning control and performance measurement, as they were ambiguous or confusing. On the other hand, [9], [10], [18] used all 16 SMAT approaches.

The observed variation in the implementation of Strategic Management Accounting Techniques (SMAT) approaches is largely influenced by the research topics and the study sites of each researcher. Using VOSviewer, ten distinct keywords subject clusters related to research on Strategic Management Accounting Techniques (SMAT) were discovered. By integrating this technique with the keyword clusters, researchers can gain a more thorough and advanced understanding of the dominant themes and new trends in the SMAT literature landscape.

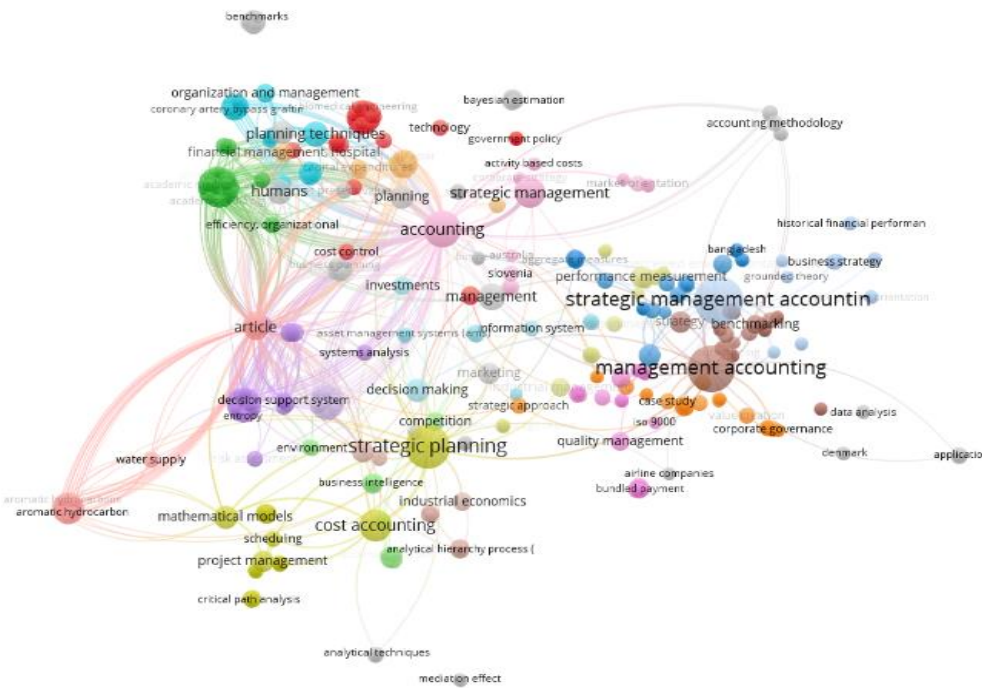


Figure 4 Keyword Themes of SMAT Studies

Figure 4 shows that specific terms are important in expressing the subject focus of each of the detected clusters. Together, the brown, blue, and yellow clusters include the most keyword themes. Each cluster is associated with specific phrases that capture the essence of its content. This information reveals the topic of focus of every cluster and shows the variety of keywords that scholars frequently associate with specific Strategic Management Accounting Techniques (SMAT) components. Analysing these keyword theme clusters facilitates comprehension of the several facets and themes addressed in the topic of SMAT studies.

Impact of SMAT to Company Performance

Several studies have shown how Strategic Management Accounting Techniques (SMAT) affect business success. Researchers have looked into the relationship between these variables including [4], [8], [14]–[17],

[19]–[22]. These research investigations clearly demonstrate how various SMAT tactics can enhance a business's competitive posture, operational efficiency, and financial performance, amid other areas. The study emphasizes the strategic importance of SMAT in fostering long-term business expansion and adaptability in a changing market by analysing the implementation and outcomes of these approaches in a variety of industries and situations.

Strategic Management Accounting Techniques (SMAT), according to [9], assist businesses in comprehending competitive situations and formulating strategies using a variety of indicators. SMAT use improves corporate performance, according to studies by [14], [15], [20]. This is corroborated by [2], who discovered that Management Control Systems improve corporate results and have a favourable impact on SMAT development when used dynamically and diagnostically. The influence of SMAT is also influenced by contingency factors. Reference [10] have identified several important elements, including market volatility, organizational size, decentralised management, technology, and intensity of competition. According to [17], performance gains rely on balanced SMAT usage, with SMAT usage rising from a company's inception through its revival phases but falling throughout its decline period. SMAT is essential for improving company performance, which is impacted by internal as well as external market factors.

Future Researchers Explore in the Field of SMAT

Numerous studies suggested introducing additional criteria to improve the role of SMAT in organisations, which is consistent with the findings and recommendations of previous research. This goes beyond simply adding variables and includes the use of techniques such as contingency analysis. This goes beyond simply adding variables and includes the use of techniques such as contingency analysis. According to [10], the use of SMAT has a significant association with increased corporate performance due to contingency variables. The components give the company a competitive advantage and boost dynamics of change by assisting it in assessing its external environment.

References [22]–[24] found that corporate governance can weaken the link between SMAT and business performance. SMAT improves corporate governance procedures and boosts business success [20]. Reference [24] looked at the relationship between SMAT and internal governance qualities. Reference [9] advise researchers to take advantage on technological advancements, especially given the emergence of disruptive technology enterprises following the outbreak. Future research should look into how digitalisation, such as big data, artificial intelligence, and finance, affects SMA processes and gives businesses a competitive advantage.

CONCLUSION AND RECOMMENDATION

Conclusions

This study emphasises the importance of strategic management accounting techniques (SMAT) in helping businesses adjust to shifting economic conditions. It highlights the need of using management accounting in creative and new methods to improve organisational performance and decision-making. The study encourages a proactive approach to strategic management accounting and emphasises the need of a company adjusting to changing the economy in order to stay competitive. To properly utilize SMAT, new approaches must be integrated into its processes. This strategy gives enterprises a competitive advantage by improving efficiency and decision-making. The review enhances both theory and practice by illustrating how SMAT may increase performance and prepare businesses to face future problems. Businesses must continually innovate and adapt in SMAT if they want to stay ahead of the competition and effectively deal with new difficulties and opportunities. In addition, this article emphasises the moderating function of corporate governance in the relationship between SMAT and business success, implying the stronger governance can boost SMAT efficacy. To gain a deeper understanding, the authors propose incorporating contingency theory into strategic management concepts.

Recommendations

Future SMAT studies should concentrate on practical applications while also taking into account contingency

theory implementation and corporate governance. Researchers should be encouraged to explore the link between firm performance and SMAT adoption, with an emphasis on technological innovation and digitisation. Organisations may improve decision-making and adapt SMA strategy to changing conditions by combining cutting-edge tools like artificial intelligence (AI) and big data analytics into SMAT frameworks. Furthermore, exploring to combine SMAT with digital transformation may can improve the competitiveness and company performance. This recommendation offers a valuable advice implementing SMAT in constantly changing technological and financial world.

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