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“Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development”

Strategic Management Accounting in Improving Company Performance

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Abstract

This study aims to explore the contribution of Strategic Management Accounting (SMA) to enhancing corporate performance in today's competitive and dynamic business environment. A qualitative approach was adopted, utilizing a literature review method that focused on scholarly works discussing SMA practices and their influence on organizational performance. Data were collected based on inclusion criteria, comprising relevant national and international journal articles and academic books published within the last five years. The data were analyzed using content analysis, synthesizing previous findings to derive both theoretical insights and practical implications. The findings indicate that the application of various SMA techniques—such as Activity-Based Costing, Balanced Scorecard, Customer Profitability Analysis, Competitor Cost Analysis, and Value Chain Analysis—significantly improves decision-making effectiveness, operational efficiency, and competitive advantage. Furthermore, the integration of digital technology and interdepartmental collaboration strengthens the strategic role of SMA within organizations. These results affirm that SMA plays a crucial role in supporting corporate success and long-term performance sustainability.

Keywords: Strategic Management Accounting, Corporate Performance, Strategic Decision-Making, Operational Efficiency, Competitive Advantage

Introduction

As business challenges continue to grow in an increasingly dynamic environment, companies must manage their finances effectively while also developing responsive, long-term strategies. Management accounting has evolved not only as a tool for financial recording and reporting but also as a strategic instrument in corporate decision-making.

According to Brouthers and Roozen (1999), as cited in (Azmi & Harti, 2021) the strategic management accounting system plays a crucial role in environmental analysis, the development and selection of strategic alternatives, strategy planning and implementation, as well as strategic management control.

The effective implementation of Strategic Management Accounting (SMA) requires support from accounting functions and the utilization of information technology. By embracing digital technology, the finance function is no longer limited to data processing but becomes a strategic and proactive partner in decision-making. Technology enables faster and more accurate data analysis, thereby supporting business strategies more effectively. (Bhaktiningsih & Surbakti, 2024).

Technological advancements have drastically transformed the landscape of management accounting, making it more efficient, accurate, and data-driven in supporting decision-making processes. According to research (Sigalingging et al., 2024) It is explained that management accounting can help companies grow and sustain



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their operations through the collection, analysis, interpretation, and communication of financial data to support internal decision-making. Internal reports assist managers in planning and overseeing company operations. This differs from financial accounting, which primarily focuses on reporting to external parties.

International studies have shown that the implementation of Strategic Management Accounting (SMA) in developed countries has had a positive impact on corporate performance. For example, in countries such as the United States, the United Kingdom, and New Zealand, SMA techniques such as competitor accounting, strategic pricing, benchmarking, and customer accounting have been widely adopted and have proven effective in enhancing organizational performance.

(Hermawati, 2023) Companies can also undertake various actions such as the processes of identifying, evaluating, collecting, analyzing, organizing, and communicating financial information strategically through the effective implementation of management accounting. Furthermore, this enables companies to accurately assess financial aspects, costs, and other essential data, thereby supporting managerial functions such as planning, decision-making, and control. Consequently, weak company performance may result from suboptimal management accounting strategies. The reduced implementation of strategic management accounting is influenced by a company's ability to evaluate competitor information, utilize decision-support tools, manage product life-cycle cost control, and leverage technological advancements such as artificial intelligence (AI) and big data analytics, all of which contribute significantly to enhancing business performance (Azhari, 2024).

Literature Review

1. Strategic Management Accounting

Strategic Management Accounting (SMA) is an approach within management accounting that focuses on strategy in decision-making. It involves the processes of identifying, collecting, selecting, and analyzing accounting information—both internal and external—as well as non-financial data, to support the formulation and implementation of corporate strategy. This information plays a vital role in evaluating the organization's long-term performance.

SMA supports management in recognizing both external and internal factors that influence corporate performance, such as operational efficiency, the level of competition, and cost management. (Azmi & Harti, 2021) added that the primary objective of Strategic Management Accounting (SMA) is to provide essential accounting information that assists managers in the planning and control of company operations. Cadez and Guilding (2008) classified sixteen SMA tools into five main categories: strategic costing, competitor accounting, planning, control and performance evaluation, and strategic decision-making (Azhari, 2024).

2. company performance

Corporate performance is a key indicator in assessing an organization's success in achieving its strategic objectives. To measure performance, various important indicators are used, including profitability, operational efficiency, and customer satisfaction levels. According to (Irwanita et al., 2022) The performance of hotels in Pekanbaru is influenced by the implementation of Strategic Management Accounting (SMA), the business environment, and leadership quality. This study indicates that SMA plays a significant role in enhancing organizational performance, particularly in the hospitality industry.



International Conference on Finance, Economics, Management, Accounting and Informatics

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3. Relationship between SMA and Company Performance

Various studies have shown that the implementation of Strategic Management Accounting (SMA) has a positive impact on corporate performance. (Azmi & Harti, 2021) found that SMA plays a significant role in influencing organizational performance in hospitality companies in Pekanbaru. Strategic costing and customer accounting are important to implement in order to improve business performance in a competitive environment. Additionally, research by (Ojra et al., 2021) states that SMA plays a crucial role in driving organizational performance and highlights the need to enhance knowledge of SMA to optimally align corporate strategy.

Methods

This study employs a qualitative method to gain a more comprehensive understanding of the role of Strategic Management Accounting (SMA) in enhancing corporate performance. The qualitative approach is considered appropriate because it allows for the exploration of complex, contextual, and dynamic social meanings, experiences, and realities (Ojra et al., 2021) Data for this study were collected through a literature review consisting of national and international journal articles, as well as relevant academic books related to SMA and corporate performance. Data were gathered using inclusion criteria for the SMA literature review, selecting literature and documents based on factors such as relevance, recency (within the last five years), and their contribution to strengthening SMA theory and practice. This method is suitable for qualitative research because it enables the researcher to select sources deemed most informative and aligned with the research objectives.

Furthermore, this approach provides space for researchers to develop in-depth theoretical syntheses and identify conceptual patterns that may serve as the basis for future analytical frameworks. Thus, this study is not only descriptive but also reflective and constructive in examining the strategic role of SMA within organizational contexts.

Results and Discussion

Strategic Management Accounting (SMA) has evolved into an important tool for enhancing corporate performance. Various studies have shown that the application of SMA techniques, such as strategic costing, competitor accounting, and customer analysis, can provide support to companies in making more optimal decisions. Furthermore, adaptation to digital technology has also strengthened the role of SMA in supporting innovation and competitive advantage.

The integration of financial and non-financial data through Strategic Management Accounting (SMA) enables more comprehensive managerial insight into business conditions, thereby facilitating the formulation of strategies that are responsive to market dynamics. This approach not only enhances the quality of decision-making but also strengthens the organization's adaptive capacity in facing both external challenges and internal changes. Furthermore, SMA promotes information transparency across departments, which plays a vital role in accelerating the coordination of strategic and operational activities. With the use of digital data and analytics technologies, companies can identify new growth opportunities, proactively manage risks, and improve the efficiency of resource utilization.

Consequently, organizations that effectively implement SMA practices are better positioned to navigate the complexities of today's dynamic business environment. By leveraging both financial and non-financial metrics, alongside advanced digital tools, companies can develop more agile strategies that respond promptly to emerging trends and competitive pressures. This holistic approach not only drives sustainable growth but also fosters a culture of continuous improvement and strategic alignment across all levels of the organization.



International Conference on Finance, Economics, Management, Accounting and Informatics

“Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development”

The following is a summary of previous studies related to Strategic Management Accounting (SMA) and organizational performance.

No	Research and Year	Research Title	Findings Related to SMA and Organizational Performance
1	(Nik Abdullah et al., 2022)	Strategic Management Accounting Practices in Malaysian Companies	Researchers have explored the Strategic Management Accounting (SMA) practices used by companies in Malaysia. They identified five categories of SMA: planning, strategic costing and control, competitor accounting, strategic decision-making, and customer accounting.
2	(Duçi, 2021)	The Impact of Strategic Management Accounting Techniques on Business Performance	It is explained that various Strategic Management Accounting (SMA) techniques, such as customer lifecycle analysis, benchmarking, and value chain analysis, play an important role in supporting business strategies and enhancing organizational performance.
3	(Azhari, 2024)	The Role of Strategic Management Accounting (SMA) in Strategic Decision-Making	It is emphasized that the role of Strategic Management Accounting (SMA) is crucial in strategic decision-making because companies are able to consider external factors such as client behavior and competitor strategies. By integrating this external information, organizations can respond more adaptively to market dynamics and develop strategies that support long-term sustainability and competitive advantage.
4	(Azmi & Harti, 2021)	Perspective of Strategic Management Accounting	Sixteen SMA techniques are categorized into five main themes, highlighting the role of accountants in strategic decision-making: cost information, customer information, competitor information, internal-external integration, and strategic orientation.
5	(Ardiansyah et al., 2021)	Using Strategic Costing to Enhance Strategic Management Accounting (SMA) Performance in Pekanbaru City	It shows that the implementation of strategic costing helps small and medium enterprises (SMEs) achieve cost efficiency and improve performance during the pandemic.



International Conference on Finance, Economics, Management, Accounting and Informatics

“Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development”

6	(Bhaktiningsih & Surbakti, 2024)	Strategic Management Accounting in the Digital Era: A Literature Review on Transformation and Innovation	Digital technology strengthens the role of Strategic Management Accounting (SMA) in data processing and strategic decision-making. By using cost approaches that consider strategic aspects, such as target costing and value chain analysis, SMEs are able to manage resources more effectively, adjust product pricing competitively, and maintain operational efficiency even during economic conditions impacted by the pandemic.
7	(Maryati et al., 2023)	Management Accountants' Networks, Strategic Management Accounting, Organizational Culture, and Organizational Performance	The success of Strategic Management Accounting (SMA) in improving performance is highly influenced by the strength of accountants' professional networks and organizational culture in supporting the implementation of strategic accounting practices. This study found that management accountants' networks and organizational culture moderate the relationship between SMA and organizational performance.
8	(Hakki et al., 2024)	Improving Financial Performance of SMEs: Strategic Management Accounting, Green Intellectual Capital, and Digital Literacy Moderated by Religiosity	The study found that the implementation of Strategic Management Accounting (SMA), combined with green intellectual capital and digital literacy, significantly improves the financial performance of SMEs. Furthermore, religiosity acts as a moderating variable that strengthens the positive influence of these three factors on the financial success of SMEs, highlighting the importance of spiritual values in supporting sustainable and innovative business practices.
9	(Azhar et al., 2023)	The Effect of Strategic Management Accounting in Mediating the Impact of Green Accounting and Internal Control on Managerial Performance	It demonstrates that Strategic Management Accounting (SMA) serves as a mediator connecting the influence of green accounting and internal control on managerial performance. In other words, the implementation of SMA helps optimize the positive impact of environmental accounting and internal control systems in enhancing the effectiveness and efficiency of managerial performance within the organization.



International Conference on Finance, Economics, Management, Accounting and Informatics

“Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development”

10	(Ovami et al., 2024)	The Effect of Strategic Management Accounting in Mediating the Impact of Green Accounting and Internal Control on Managerial Performance	It demonstrates that Strategic Management Accounting (SMA) serves as a mediator connecting the influence of green accounting and internal control on managerial performance. In other words, the implementation of SMA helps optimize the positive impact of environmental accounting and internal control systems in enhancing the effectiveness and efficiency of managerial performance within the organization.
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The Relationship between Strategic Management Accounting (SMA) and Organizational Performance

Strategic Management Accounting (SMA) has been proven to make a significant contribution to improving corporate performance. Recent research findings support this view, showing that SMA not only provides financial data but also incorporates non-financial information essential for supporting strategic decision-making. This is reinforced by (Pangestu & Akwila, 2024) who examined the SME sector and found that the integration of SMA with information-based accounting systems and managerial control mechanisms significantly enhances business performance, particularly when moderated by advancements in financial technology. Furthermore, a literature review by (Ojra et al., 2021) emphasizes that SMA techniques such as competitor analysis, strategic cost analysis, and strategy-based performance evaluation play a crucial role in supporting the achievement of competitive advantage and improving organizational performance.

Strategic Management Accounting Techniques

The following are several commonly used Strategic Management Accounting (SMA) techniques that have been proven effective in improving organizational performance:

1. Activity-Based Costing (ABC)

It helps companies identify and manage costs based on activities that add value. The use of Activity-Based Costing (ABC) has the potential to improve an organization's profitability by providing cost information with a higher level of accuracy compared to traditional methods. In her study (Sharasant, 2020) discusses how the implementation of the Activity-Based Costing (ABC) system not only enhances the accuracy of production cost calculations but also provides a competitive advantage and supports strategic decision-making within the company.

2. Balanced Scorecard (BSC)

It integrates financial and non-financial indicators to measure organizational performance holistically. The Balanced Scorecard management strategy helps a company align its vision and mission with operational activities. It also enhances internal communication, facilitates decision-making, and improves accountability across the organization. (Vientiany et al., 2024). An article in the *Journal of Financial Accounting and Taxation* shows that the implementation of the Balanced Scorecard (BSC) as a strategic framework can improve operational efficiency through a comprehensive approach based on the four main BSC perspectives. (Ferawati & Purwanti, 2025).

3. Customer Profitability Analysis (CPA)

Evaluating the profitability of each customer segment allows for more effective marketing strategies. The implementation of Customer Profitability Analysis (CPA) has proven to be effective in improving company performance. (Murdiono et al., 2023) emphasize the importance of profitability analysis in



International Conference on Finance, Economics, Management, Accounting and Informatics

“Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development”

efforts to enhance firm value, which aligns with the strategic objectives of Customer Profitability Analysis (CPA).

4. Competitor Cost Analysis

Comparing a company's cost structure with that of its competitors enables the identification of competitive advantages. The implementation of Competitor Cost Analysis (CCA) has proven effective in enhancing corporate performance by strengthening competitive advantage.(Astuti et al., 2020) explain that competitor accounting indirectly influences organizational performance through the mediating role of competitive advantage. By understanding competitors' costs, companies can develop efficient and differentiated strategies to win in the marketplace.

5. Value Chain Analysis

Determining value-added and cost-efficiency opportunities within activities is essential. The implementation of Value Chain Analysis (VCA) has proven effective in enhancing company performance and competitive advantage. VCA helps identify value-adding activities to improve efficiency. (Puspitasari et al., 2020) show that VCA applied to the primary activities of PT Indoroti was able to improve operations and deliver greater value to customers.

Challenges in the Implementation of Strategic Management Accounting

Several important factors need to be considered: (1) Technological advancements require the ability to manage and analyze big data with AI support, which necessitates specialized training; (2) Data accuracy is crucial for decision-making, thus a reliable data management system is essential; (3) Global competition drives management accounting to present relevant strategic information; (4) Interdepartmental collaboration needs to be enhanced to gain a comprehensive understanding of business performance; (5) Digitalization demands the integration of IT and broader digital literacy without neglecting fundamental accounting principles (Azhari, 2024).

Conclusion

Strategic Management Accounting (SMA) has been proven to play a vital role in improving company performance from both financial and non-financial perspectives. Findings from the literature review indicate that SMA techniques such as Value Chain Analysis, Balanced Scorecard, Activity-Based Costing, Customer Profitability Analysis, and Competitor Cost Analysis contribute significantly to supporting strategic decision-making, enhancing operational efficiency, and achieving long-term competitive advantage.

Additionally, the use of digital technology has made Strategic Management Accounting (SMA) a more effective strategic tool. It enables companies to analyze data more accurately and adapt to market dynamics. Studies also indicate that the effectiveness of SMA largely depends on cross-departmental collaboration and management's ability to align strategy with both financial and non-financial data. Therefore, management control, accounting information systems, and a culture of innovation are essential to optimize the use of SMA.

For practitioners and financial managers, companies are encouraged to actively adopt SMA techniques and leverage digital technologies to accelerate and simplify data analysis. For companies in developing countries, there is a need for human resource training in SMA and enhanced interdepartmental collaboration to support corporate strategies. For future researchers, it is recommended to conduct empirical studies in specific sectors such as SMEs, manufacturing, or services to examine the direct impact of SMA on company performance.



International Conference on Finance, Economics, Management, Accounting and Informatics

“Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development”

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International Conference on Finance, Economics, Management, Accounting and Informatics

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