


Chapter 1

Strategic Management Accounting: Dimensions and Strategic Tools


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ABSTRACT

This chapter deals with some dimensions of strategic management accounting, including the instruments with which they operate and interconnect in order to make managerial decisions. The main objectives of this chapter are to present the general approaches of the concept of strategic management accounting, the dimensions of the application of strategic management accounting, and the strategic tools used by companies in establishing strategies and making decisions. Based on the specialized literature, the authors present the most significant theoretical-methodological approaches to strategic management accounting, the participation of management accountants in the decision-making process, the tools used by strategic management accounting. All aspects presented by the authors are based on existing literature, university studies, and specialized literature from around the world. The chapter concludes with the conclusions of the authors regarding the dimensions and implications of using the specific tools of strategic management accounting for decision making at managerial level.

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INTRODUCTION

The computerization of the strategic management in the decision-making process is the main key in vitalizing the strategies and achieving the objectives proposed by an organization. An integrated strategic management system is based on management accounting, which is the creator and manager of these information flows needed especially for internal users to achieve the objectives pursued. Exceeding the internal information limits and the orientation towards the external environment is justified by determining the relationship between the strategy pursued and the information formation mode. By improving the methodology and strategic management needs, the efficiency of strategic management accounting is demonstrated. Thus, the entire information cycle of management accounting is oriented according to the strategic positioning of an organization. An organization is particularly interested in managing its cost structure, which is the subject of strategic management, but also the creation of the information flow necessary to optimize strategic decisions of senior management. The implementation of these problems determined the purpose of our study by clarifying some aspects related to the concept of strategic management accounting and its dimensions, but also to the strategic tools used in cost management and obtaining performance by an economic entity. The main objectives of this chapter consist in: *(1) presentation of the conceptual approaches of strategic management accounting; (2) presentation and explanation of the dimensions of strategic management accounting and of the competitive advantage; (3) the integrated application of ABC and BSC methods in an economic entity in the winemaking industry.*

Conceptual Approaches to Strategic Management Accounting (SMA)

The most important definitions of strategic management accounting focus on the components of marketing, control or strategic management, as evidenced by the following approaches of specialists: (1) “providing and analyzing management accounting data on their businesses and competitors in the view of developing and monitoring the business strategy” (Simmonds, 1981); (2) “providing and analyzing the financial information of the market of the firm’s products and the costs of the competitors but also of the cost structures, including the monitoring of the strategy of the company and of the other competitors in these markets during certain periods of time” (Bromwich, 1990); (3) “a generic approach to accounting for strategic positioning, defined by an attempt to integrate discoveries from management accounting and marketing management into strategic management” (Roslender & Hart, 2003), idea also shared by other specialists (Guilding et al., 2000; McManus & Guilding, 2008). (4) “identifying a set of information needed to support strategic decisions” (Agasisti et al., 2008). (5) “implies taking a strategic orientation for generating, interpreting and analysis of management accounting information and competitors’ activities provide the key dimension for comparison” (Langfield-Smith, 2008). (6) “using management accounting systems to support strategic decision making” (Tilman & Goddard, 2008). (7) “part of the management accounting dedicated to strategically oriented information for decision making and control” (Ma & Tayles, 2009).

As it can be seen, the presented definitions highlight some clear aspects related particularly to the information about competitors, but do not question the customers or the business environment as this information is essential in developing and monitoring the business strategy but also for creating sustainable values (Carlsson-Wall et al., 2015; McManus, 2013). In addition to the limitations brought by the authors through the definitions presented, there are also other specialists who believe that non-financial information is a feature of strategic management accounting (Bhimani & Langfield-Smith, 2007; Cin-

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