

Competitive strategy, elements of strategic management accounting information, and performance consequences - a conceptual link

Abstract

In the early 1980s, strategic management accounting has emerged in the accounting literature claimed as one of the development in contemporary management accounting system. It has been portrayed as management accounting information pertinent to organisation's success in its competitive pursuit. Nonetheless, it has received limited empirical attention among researchers. Apparent gaps seem to be attributed to its various conceptualisations resulted from disjointed efforts on the development and too broad a concept entails by the subject. Moreover, inherited by the scarcity of empirical studies, evidences had been exploratory and little is known about organisation's motivation to use SMA information element. The association between the use of element of strategic management accounting and its consequences on performance is notably sparse. Thus, based on in-depth review on existing literature on strategic management accounting, this paper develops a proposed theoretical framework for an empirical research agenda. Specifically, the objectives of this paper are three folds. Firstly, it attempts to unravel the various perspectives and define strategic management accounting and suggests on how it could be further developed. Secondly, employing contingency theory as its underpinning theory this paper posits competitive strategy as the determinant of the use of strategic management accounting information. Finally, its possible performance consequences are put forth to legitimise the development as an important remedial to traditional management accounting system in aiding organisation's long-term survival.