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The Relationship between Operational Performance and the Application of Strategic Management Accounting Techniques

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Abstract
In the process of business development, the use of strategic management accounting techniques (SMAT) has become an important tool to help businesses optimize operations and achieve strategic goals. Comb. In this context, business performance is evaluated through the application of strategic management accounting techniques. This article will analyze the relationship between operational efficiency and the application of strategic management accounting techniques.

Keywords: Operational Efficiency, Techniques, Strategic Management Accounting

1. Strategic management accounting techniques in businesses

According to Cadez & Guilding (2008) [3] there is consensus and disagreement on what constitutes cost management accounting. This shows the inconsistency in the concept of strategic management accounting and the content of strategic management accounting, which has motivated many authors to research management accounting techniques to serve the orientation of strategic management accounting. strategy and is considered a technique of strategic management accounting.

Initially, strategic management accounting techniques appeared and were applied individually as immediate solutions and support for administrators. For example, technical groups are concerned with costs and competitors (Bromwich, 1981; Guilding *et al*., 2000 [5]) and as Roslender & Hart (2003) extend the link between management accounting and management further marketing to enhance the marketing aspect of the strategic management accounting concept.

On the basis of practical research, it is possible to identify the components of strategic management accounting as a set of strategic management accounting techniques that are expanded beyond just attribute costs and strategic costs, target costing, activity-based costing. These contents are intended to serve marketing, sales as well as analyzing customers' ability to pay, but also 2 benchmarking techniques and balanced scorecard - tools of strategic management are also added. A set of strategic management accounting techniques.

Gulliding and his colleagues (2000) [5] first introduced a set of strategic management accounting techniques in empirical research in three countries: New Zealand, the United Kingdom and the United States. Accordingly, this group of researchers has identified 12 management accounting techniques that must ensure: Environmental or marketing orientation, focus on competitors, and long-term orientation toward the future. The number of this set was further increased when Cinquini & Tecnucci (2007) [4] studied and applied 14 techniques. Cadez & Guilding (2008) [3] increased this number to 16 techniques divided into 5 different groups in research for more than 500 large-scale enterprises in many different sectors in Slovenia.

Another aspect that is also of concern is that the rapid growth in production scale of companies has caused environmental pollution, requiring companies to be responsible in protecting the environment. At that time, environmental information also needs to be managed and become part of the company's long-term strategy (Smith *et al*., 1997; Tanc, 2015). Therefore, environmental management accounting was born as an additional piece to the set of strategic management accounting techniques, since then some researchers are talking about increasing the number of strategic management accounting techniques. 18 techniques, divided into 6 groups: Cost, control planning and performance measurement, strategic decision, competitor accounting, customer accounting and environmental management accounting.

Table 1: Technical groups of strategic management accounting

Recommended by	Technical group	Strategic management accounting techniques
Bromwich, 1990 [1]; Roslender & Hart, 2003	*Cost engineering*	Attribute costs
Dunk, 2004; Shields & Young, 1991		Product life cycle costs
Belohlav, 1993; Heagy, 1991		Quality costs
Cooper & Slagmulder, 1999; Monden & Hamada, 1991		Target cost
Shank & Govindarajan, 1992		Costs along the value chain
Elnathan *et al*, 1996; Brownie, 1999	*Plan, control and measure performance*	Benchmarking
Chenhall, 2005; Kaplan & Norton, 1992, 1996		Performance measurement
Shank, 1996	*Strategic management technical group*	Strategic management costs
Simmonds, 1982		Pricing strategy
Guilding, 1992		Brand valuation
Bromwich, 1990; Jones, 1988; Ward, 1992	*Competitor accounting technical group*	Evaluate competitors' costs
Rangone, 1997; Simmonds, 1986		Monitor your competitors' positions
Moon & Bates, 1993		Evaluate competitors' performance
Bellis Jones, 1989; Ward, 1992	*Customer accounting technical team*	Analyze customer profitability
Foster & Gupta, 1994		Evaluate customer lifetime value
Foster, Gupta & Sjoblom, 1996; Zeithaml, 2000		Value customers as assets

Source: Compiled by the authors

2. Operational efficiency

The strategic management process includes the steps of planning business strategy, implementing business strategy and evaluating business strategy (Doan Thi Hong Van *et al*., 2011). In business strategy evaluation, the main work in this phase is: (1) review the factors that are the basis for current business strategies, (2) measure achieved results and (3) perform corrective actions. Therefore, measuring strategic results is measuring the results achieved when implementing an enterprise's business strategy through a set of criteria including financial measures and non-financial measures.

As the organization of the management apparatus as well as the business operations of an enterprise become more and more complex, the concept of "Operational efficiency" becomes more and more difficult to define and evaluate. In general, the concept of operating efficiency is based on the investor's perspective: The operating efficiency of a business is the value they receive from investing in the business, including both financial value and value. Non-financial (Simon, 1976).

After many years of studying performance concepts, Cameron (1986) concluded that there is no comprehensive concept of performance, but must be considered in each situation. Therefore, performance evaluation depends on the characteristics of each industry and must be linked to the business strategic goals of the enterprise.

Consistent with the above viewpoint, to measure performance, Kaplan and Norton (1996) also believe that it is necessary to use financial and non-financial measures because: Traditional indicators such as: Return on capital – ROI, profit per share can lead to misjudgments about continuous development or innovation in a fiercely competitive environment. Financial metrics worked well in the industrial economy but are no longer relevant to the skills and competitiveness a company needs today.

According to Neely and colleagues (1995), operational efficiency is a set of criteria to quantify the effectiveness and efficiency of operational aspects of an enterprise. It is tested at three levels: Individual, business goals and the relationship between those evaluation criteria and the operating environment (culture, customer satisfaction, development strategy...)

Business performance is indicators that provide managers with the task of maintaining and developing behavioral standards in business operations. Components include: Objectives, strategies, targets, rewards and information flow.

Financial indicators reflect the results a business has achieved without specifically indicating the causes leading to these results. In addition, financial ratios can only be used to measure the performance of senior managers and the entire enterprise and do not reflect the performance of lower-level managers. To comprehensively evaluate the performance of different levels of management, it is necessary to use non-financial metrics because it shows the causes of business success or failure and allows business prediction. Whether the business achieves its strategic business goals or not, thereby knowing the business's competitiveness in the market (Kidusan and Weldeghiorgis, 2004).

According to the author, today when the economy is increasingly developing and social relationships are increasingly complex, operational efficiency is the result that includes both financial and non-financial results. Therefore, to accurately and comprehensively evaluate operational efficiency, businesses are required to have a system of financial and non-financial metrics. Thereby, we will evaluate the growth and development rate of businesses in a volatile market economy.

Chriyha and colleagues (2012) have developed a set of performance measurement standards to translate business strategy into specific goals for industrial enterprises. Operates from four perspectives: Finance, internal processes, and training and development, customers according to Table 2.

Table 2: A set of standards for measuring business performance

Side	Strategic objectives	Measure
Finance	- Sales increase - Costs decrease, productivity increases - Make the most of resources - Reduce risk - Profitability on investment capital	- Rate of increase in sales revenue - Rate of increase in net profit from business activities - Equity turnover ratio - CPSX/ product - Net profit margin
Internal process	- Creativity - Customer care policy - Production efficiency	- Sales rate of new products - Production standards/ products - Product production and distribution time
Training and developing	- Staff capacity - Information system in businesses - Advanced skill	- Employee satisfaction - Time for information exchange within the enterprise - Cost ratio for employee training
Client	- Market share - Maintain old customers - Develop new customers - Customer satisfaction	- Current customer sales rate - Percentage of sales from new customers - Customer satisfaction level

Source: Chiriyha *et al*., 2012

3. The relationship between the application of strategic management accounting techniques and business performance

In a number of studies, many authors have found a positive impact between the application of strategic management accounting and business performance (Hoque, 2004; Cadez and guilding, 2008 [3]; Doan Ngoc Phi Anh, 2012; Ojra, 2014; Aboọfazl *et al*., 2017). However, in addition to the results from the above studies, which all suggest that there is a positive relationship between strategic management accounting application and operational efficiency, other research results have many different directions, mostly shows that the impact of applying strategic management accounting on business performance is strong and in the same direction, but there is also evidence that performance does not depend on the application of strategic management accounting. Comb. Research results of some other authors on the relationship between strategic management accounting application and operational efficiency are shown in Table 3.

Table 3: Studies on the impact of applying strategic management accounting on performance

Author	Research subjects	Impact results
Al-Mawali and Associates (2012)	106 companies in Jordan	Same afternoon
Aksoylu à Aykan (2013)	229 small and large enterprises in Türkiye	Same afternoon
Alsoboa vand community (2015)	68 industrial enterprises in Jordan	Same afternoon
Michael and the community (2017)	95 hotels in the US	Same afternoon
Turner *et al* (2017)	80 hotels	Same afternoon
Almari (2018)	103 businesses listed in Malalaysia	No impact
Emiaso *et al* (2018)	15 Nigerian manufacturing companies	Same afternoon

Source: Compiled by the authors

The relationship between operational efficiency and strategic management accounting techniques is expressed as follows:

Optimize costs and profits: SMAT helps businesses effectively analyze and evaluate costs and profits from business activities. By applying cost and performance calculation methods, businesses can find ways to optimize costs and enhance profits effectively.

Shaping business strategies: SMAT not only helps businesses better understand cost and performance factors, but also helps them shape and implement business strategies effectively. By analyzing accounting data, businesses can adjust their strategies in response to fluctuating business environments.

Performance measurement and risk assessment: SMAT provides tools and methods to measure the performance of business activities and assess risks. This helps businesses better understand their strengths and weaknesses, so they can take measures to improve and reduce risks.

Shaping strategic decisions: SMAT provides detailed and accurate accounting information to help businesses make the right strategic decisions. Through analyzing data and accounting information, businesses can accurately shape and adjust their strategic goals.

Creating shareholder value: By optimizing operations and implementing business strategies effectively, businesses can create shareholder value through enhanced profitability and improved performance finance.

In summary, applying strategic management accounting techniques not only helps businesses optimize operations but also plays an important role in shaping and implementing business strategies effectively. This contributes to creating value and sustainable development opportunities for businesses in today's competitive business environment.

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