

Implementation of Management Accounting in Corporate Strategic Decision Making

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Abstract

The changing global business landscape, characterized by market uncertainty, technological advancements, and increasing demands for sustainability, has driven the importance of management accounting as a strategic instrument in decision-making. Management accounting functions are no longer limited to historical reporting but have evolved into providers of relevant, projective, and integrative information. Through techniques such as Activity-Based Costing, variance analysis, adaptive budgeting, and the balanced scorecard, organizations obtain data that supports strategic planning, performance evaluation, and more effective resource allocation. The integration of digital technologies such as big data analytics, artificial intelligence, and ERP systems further strengthens management accounting's ability to provide rapid and precise information. Furthermore, growing awareness of sustainability demands that management accounting incorporate environmental, social, and governance (ESG) indicators into strategic decision-making frameworks. A literature review indicates that the effectiveness of management accounting implementation is influenced by contextual factors, including organizational size, level of digitalization, and managerial culture. This study confirms that management accounting serves as a strategic foundation that connects information, technology, and sustainability to strengthen competitive advantage. These findings are expected to provide theoretical contributions through literature synthesis and practical contributions in the form of guidelines for companies in building adaptive and long-term-oriented management accounting systems

Keywords: Management Accounting, Strategic Decisions, Sustainability

INTRODUCTION

Changes in market structure and the acceleration of information technology have altered the competitive parameters facing companies. The globalization of supply chains and fluctuations in demand create uncertainty that demands adaptive, information-based strategic decisions. These conditions enrich the dimensions of decision-making with interrelated operational, financial, and non-financial variables. Therefore, the need for managerial information systems capable of providing real-time data and projective analysis is becoming increasingly urgent. Management accounting, with its capacity to process cost and performance information, has emerged as a key element in supporting strategic decisions. This function not only displays historical figures but also serves as an interpretive instrument for assessing strategic options. Environmental uncertainty and complexity encourage the integration of quantitative data and qualitative assessments for more accurate decisions. Ultimately, organizations are required to restructure their internal reporting processes so that information is relevant, timely, and reliable.

Furthermore, the shift in the competitive paradigm positions management accounting as a strategic agent, not merely an administrative function. This transformation includes designing responsive costing systems, developing projective scenarios, and developing performance indicators aligned with corporate objectives. The speed of decision-making is crucial for successful strategy implementation, so information must be presented in a format that is easily digestible and applicable. In practice, obstacles such as data fragmentation, business unit silos, and limited analytical capabilities often arise, hindering the utilization of information. Therefore, improving information systems capacity and human resource competencies is a priority to bridge

the gap between data needs and capabilities. The integration process demands cross-functional collaboration so that accounting insights can substantially influence strategic options. Top management's commitment to the use of evidence is a determining factor in the adoption of information-based practices. Therefore, management accounting needs to be reconstructed as a mechanism that supports top-level policymaking.

The tradition of retrospective-oriented financial reporting often fails to meet the needs of strategic decision-makers due to its focus on external reporting obligations. Conventional reporting highlights historical results with high aggregation, limiting detailed information on cost sources, process efficiency, and operational risks. As a result, management struggles to conduct marginal analysis, calculate break-even points at the product or activity level, and evaluate long-term scenarios. Furthermore, traditional financial metrics are unable to accommodate increasingly important non-financial indicators such as service quality, customer satisfaction, and environmental footprint. This gap creates a chasm between the need for forward-looking decision-making and the backward-looking nature of available data. The transformation of the accounting function to modern management accounting requires a more granular and projective measurement methodology. This process also demands harmonization of external reporting standards and internal reporting mechanisms to ensure effective utilization of information. Without restructuring, the quality of strategic decisions risks being based on inadequate information, thus reducing competitiveness.

Management accounting offers an analytical framework that allows for the identification of costs by activity, period, or resource, thus increasing the granularity of information for decision-makers. Methods such as activity-based costing, standard costing, and variance analysis provide a means to more accurately link expenditures to operational outputs. Goal-oriented budgeting and rolling forecasts enable policy adjustments when external conditions change rapidly. The balanced scorecard and measurable performance indicators enrich the managerial perspective by incorporating non-financial dimensions essential for strategy evaluation. The synergy between quantitative techniques and qualitative approaches helps management comprehensively evaluate trade-offs between strategic alternatives. Implementing these techniques not only improves the accuracy of cost estimates but also strengthens internal control and accountability within business units. However, their effectiveness depends on the quality of input data, the analytical capabilities of users, and an organizational culture that supports evidence-based decision-making. Therefore, the adoption of methodologies must be accompanied by improvements in data infrastructure and increased human resource competencies.

Determining investment strategies, pricing policies, and restructuring operations depends heavily on the quality of information generated by management accounting systems. Variance analysis provides insight into deviations from actual performance plans, enabling managers to respond with focused corrective actions. Activity-Based Costing uncovers low-value activities that contribute to inefficient costs, opening the door for strategic cost-reduction initiatives. The balanced scorecard broadens the measurement of organizational success by integrating customer, internal process, learning, and financial perspectives. Establishing relevant Key Performance Indicators enables continuous and objective monitoring of strategic objectives. The combination of quantitative metrics and managerial narratives creates a rich information base for synthesizing complex strategic options. When designed with the principles of relevance, reliability, and consistency, these measurement systems improve the quality of resource allocation. Thus, management accounting serves as an evidence-based driver of strategic change.

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Technological advances such as big data analytics, artificial intelligence, and ERP systems have transformed the management accounting landscape by providing predictive capabilities and process automation. These capabilities enable companies to simulate various strategic scenarios and estimate their financial impact with greater precision. Data integration across systems enhances managerial perspectives through the correlation between operational, marketing, and

financial data. Technology adoption requires reengineering work processes and enhancing personnel competencies to accurately interpret the resulting insights. Challenges such as data quality, interoperability between systems, and information security must be systematically managed to realize the benefits of technology. Investment in IT infrastructure and human resource development programs are prerequisites for effective transformation. An approach that synergizes technology with human capabilities will maximize the value of information for strategic decision-making. Therefore, research exploring the interaction between technology, processes, and organizational capabilities is highly relevant.

Stakeholder pressure for increased transparency and social responsibility has placed sustainability as an integral component of the corporate agenda. Management accounting plays a crucial role by formulating metrics that measure environmental, social, and governance performance so that strategic decisions reflect sustainability values. Measuring external costs and assessing long-term impacts on reputation and operational risk are aspects that must be internalized in the decision-making process. Beyond focusing solely on cost efficiency, management needs to consider the trade-off between short-term profitability and long-term sustainability. A management reporting system integrated with ESG indicators helps organizations identify innovation opportunities that align with sustainability goals. This enhances the organization's legitimacy in the eyes of investors, consumers, and regulators, who increasingly demand responsible business practices. Integrating management accounting and a sustainability framework is a strategic step toward balancing economic performance and social responsibility. Empirical studies examining how companies operationalize non-financial measures will enrich the literature and managerial practice.

Cumulatively, market pressures, traditional reporting limitations, technological advances, and sustainability demands highlight the urgency of a systematic review of management accounting implementation in strategic decision-making. While the literature demonstrates the efficacy of some techniques, there is a lack of empirical evidence regarding the organizational conditions that facilitate their adoption and effectiveness. Moderating variables such as industry sector, company size, and technological maturity level need to be analyzed to understand the heterogeneity of implementation outcomes. In addition to technical aspects, organizational culture, leadership style, and governance mechanisms also determine whether accounting information truly influences strategic choices. Research that integrates resource theory and contingency theory perspectives has the potential to explain the causal mechanisms between accounting capabilities and strategic outcomes. Therefore, a qualitative study based on a literature review can formulate a more focused conceptual framework and research agenda. The research contribution is expected to be practical by providing guidelines for managerial information system design and theoretical analysis through a synthesis of cross-study findings. Therefore, this research aims to identify best practices, implementation barriers, and strategic implications of management accounting in modern organizations.

METHOD

This research design is qualitative with a systematic literature study approach aimed at synthesizing empirical and conceptual findings related to the role of management accounting in strategic decision-making. The initial step is the formulation of operational research questions, for example: (1) what management accounting techniques are most often associated with strategic decision-making; (2) what factors moderate the effectiveness of accounting information; and (3) how sustainability aspects are integrated into management accounting practices. The literature search strategy includes indexed academic databases (e.g., Scopus, Web of Science), Google Scholar for broader coverage, university libraries, and relevant grey literature publications. Search keywords are formulated in a combinative manner, for example: "management accounting" AND "strategic decision-making", "activity-based costing" AND

"strategy", "management accounting" AND "sustainability", "management accounting" AND "digitalization", along with synonyms and related terms.

Inclusion criteria included peer-reviewed articles, academic books, and research reports addressing the interaction between management accounting and strategic decision-making within the selected timeframe (e.g., 2005–2025), while exclusion criteria excluded papers that were thematically irrelevant or lacking a sufficient methodological basis. The selection process followed a transparent process: identification, title and abstract screening, full-text assessment, and data extraction using an extraction sheet that recorded the study's objectives, methods, key findings, and theoretical contributions. Quality assessment was conducted using the criteria of relevance, analytical rigor, methodological consistency, and contribution to theory or practice.

Data analysis was conducted using thematic content analysis techniques: qualifying documents were coded inductively and deductively to identify key themes, subthemes, causal relationship patterns, and research gaps. The coding results were then synthesized into a conceptual map depicting relationships between variables and operational mechanisms. To enhance the reliability of the findings, the study employed source triangulation (combining quantitative and qualitative empirical studies and theoretical reviews), an audit trail for documenting analytical decisions, and peer debriefing between researchers to reduce interpretive bias.

Ethical considerations focused on proper attribution of sources and methodological transparency; because this study did not directly involve human subjects, the need for institutional ethical approval was minimal but still promotes ethical academic practice. Methodological limitations include potential publication bias, limited access to non-English-language literature, and variations in the quality of primary studies that affect the generalizability of the findings

RESULT AND DISCUSSION

Literature findings indicate that management accounting influences strategic decision-making through several key mechanisms: the presentation of more granular cost information, the development of projective scenarios, and the development of performance indicators aligned with strategic objectives. First, the granularity of cost data enables profitability analysis at the product, customer, or activity level, allowing management to more precisely segment strategies. Second, adaptive budgeting mechanisms and rolling forecasts enhance an organization's ability to respond to changes in the external environment. Third, the incorporation of non-financial metrics into the balanced scorecard introduces a long-term value dimension into the decision-making process, so that strategic choices are not driven solely by historical results.

The role of specific measurement methods is also frequently cited in the literature as a determinant of the effectiveness of managerial information. Activity-Based Costing effectively identifies hidden costs hidden by traditional costing systems, while variance analysis helps focus operational improvement efforts. However, implementing these techniques requires high-quality data and adequate analytical understanding at the operational level. Furthermore, integration between costing systems and operational information systems enhances simulation and forecasting capabilities, allowing investment and resource allocation decisions to be evaluated under realistic risk scenarios.

Digital transformation emerged as a recurring enabler in the study. Analytical technologies enable insights from large volumes of data, reporting automation, and the development of predictive models that support rapid decision-making. However, technological transformation must be accompanied by process changes and enhanced human resource capabilities to translate technical output into effective operational strategies. Issues such as data quality, system interoperability, and IT governance are key operational challenges that, if not

addressed, will undermine the benefits of digital investments.

Integrating sustainability dimensions into management accounting requires the development of new metrics and adjustments to decision-making processes. Measuring external costs, analyzing product life cycles, and measuring social performance provide opportunities for strategies that create long-term value and mitigate reputational risk. However, there is a practical trade-off between short-term cost efficiency targets and investments in sustainability; therefore, designing appropriate KPIs and managerial incentive mechanisms is necessary to balance these objectives. The literature also highlights the need for methodological consistency to ensure sustainability data can be compared and integrated into business models.

From a practical implementation perspective, the study suggests a phased approach: an audit of current information capabilities, a redesign of costing and reporting systems based on strategic needs, analytics training for key stakeholders, and the establishment of a cross-functional forum to interpret insights. Supportive leadership and the provision of resources are key to adoption, while regular monitoring and evaluation mechanisms ensure the sustainability of the practice. The use of case studies and pilot projects helps reduce organizational resistance and demonstrate tangible benefits before full-scale implementation.

Theoretically, the literature synthesis reinforces the notion that the relationship between management accounting and strategic outcomes is contingent on organizational and environmental factors, making a one-size-fits-all approach inadequate. The resource-based view explains how information capabilities become a source of competitive advantage when combined with other organizational capabilities. Recommendations for future research include longitudinal studies to capture adoption dynamics, cross-industry comparisons to understand contextual moderators, and mixed-method research combining primary data with literature analysis to test the proposed conceptual framework

CONCLUSION

The conclusion of the study on the implementation of management accounting in strategic decision-making shows that increasingly complex business environments require companies to rely on information systems that are relevant, timely, and capable of projecting the future. Management accounting functions are no longer solely oriented toward historical reporting but have evolved into analytical instruments that support the formulation of competitive strategies. Techniques such as Activity-Based Costing, variance analysis, adaptive budgeting, and the balanced scorecard provide a quantitative and qualitative basis for management to comprehensively assess decision alternatives. The role of digital technology further strengthens this function through the integration of big data, artificial intelligence, and ERP systems, which increase the speed and precision of analysis. Meanwhile, sustainability demands from stakeholders add a new dimension to management accounting by incorporating environmental, social, and governance indicators into the decision-making framework. This transformation requires organizations to focus not only on short-term profitability but also on considering the long-term impact on legitimacy and competitiveness. Implementation barriers often arise from poor data quality, limited human resources, and organizational cultural resistance to evidence-based practices. Therefore, leadership support, investment in information infrastructure, and analytical training are prerequisites for success. The literature synthesis also shows that management accounting effectiveness is significantly influenced by contingency factors such as industry, company size, and level of digitalization. Therefore, it can be concluded that management accounting serves as a strategic foundation that connects information, technology, and sustainability to strengthen decision-making quality and competitive advantage in modern companies.

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