

WAYS FOR IMPROVING STRATEGIC MANAGEMENT ACCOUNTING

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Abstract: This article examines the necessity of improving the strategic management accounting system, its role in corporate performance, and contemporary approaches to its development. The paper highlights the directions for enhancing management accounting at the strategic level, emphasizing the opportunities for effective data utilization based on digital technologies, artificial intelligence, and analytical models. Furthermore, it presents the advantages and practical recommendations for implementing strategic management accounting in accordance with international standards in Uzbek enterprises.

Keywords: strategic management accounting, digital transformation, financial analysis, information system, management, decision-making, competitiveness.

INTRODUCTION

In a market economy, the successful performance of enterprises is directly dependent on their ability to make strategic decisions. In this process, the management accounting system serves as a crucial source of information. While traditional management accounting is primarily focused on monitoring and controlling internal processes, strategic management accounting contributes to long-term development, innovative decision-making, and the formation of competitive advantages.

In recent years, the digital transformation processes taking place in Uzbekistan's economy have required enterprises to adopt new approaches. Therefore, improving the strategic management accounting system is considered an essential factor in analyzing business performance, formulating strategic objectives, and ensuring their effective implementation.

LITERATURE REVIEW

A number of scholars have conducted in-depth studies on strategic management accounting. The concept of strategic management accounting was developed in the 1980s by G. Shank and K. Govindarajan¹, who emphasized the need to link management accounting with

¹ Govindarajan, V., & Shank, J. K. (1993). *Strategic cost management: The new tool for competitive advantage*. New York, NY: The Free Press.

the long-term strategic objectives of an enterprise. D. Norton and R. Kaplan², in their Balanced Scorecard model, demonstrated the importance of integrating strategic accounting with performance indicators.

Among local scholars, B. A. Khasanov's³ research highlights the application of strategic accounting in national practice and its impact on enterprise efficiency. Likewise, G. Turayeva⁴ emphasizes that one of the key components of strategic accounting is accounting policy, through which a company's economic activities are conducted accurately and systematically. According to these scholars, the implementation of a strategic accounting system strengthens financial discipline within an enterprise, enhances the efficiency of resource utilization, and reduces operational risks.

In recent years, international practice has shown that strategic management accounting has become increasingly integrated with Big Data, Business Intelligence (BI), and Predictive Analytics technologies. This integration enables not only the analysis of past performance but also the forecasting of future opportunities.

Simmonds⁵ (1981) was the first to introduce the term strategic management accounting, defining it as "the provision of information about competitors, markets, and external factors within the framework of management accounting for the purpose of developing and monitoring business strategy." This approach expanded the scope of management accounting beyond traditional, internally focused cost information toward the analysis of markets and competitive environments.

Bromwich⁶ (1990) further developed this concept by defining strategic management accounting as "the provision and analysis of financial information about a firm's product markets and the cost structures of its competitors over several periods for the purpose of monitoring and developing business strategies." His work provided an essential theoretical foundation for the discipline of strategic management accounting.

² Cooper, R., & Kaplan, R. S. (1988). *Measure costs right: Make the right decisions*. Harvard Business Review, 66(5), 96–103.

³ Xasanov, B. A., & ANIYEV, Z. (2018). Boshqaruv hisobi. *T.: Iqtisod-moliya*, 280.

⁴ Shohista, A. A., Kamronbek, A., Odinaxon, R., & Gulizahro, T. (2025). Boshqaruv hisobida hisob siyosatining o'rni. *Fan va Tadqiqot Samaralari*, 2(4), 34-36.

⁵ Simmonds, K. (1981). *Strategic management accounting*. Management Accounting, 59(4), 26–29.

⁶ Bromwich, M. (1990). *The case for strategic management accounting: The role of accounting information for strategy in competitive markets*. Accounting, Organizations and Society, 15(1–2), 27–46.
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Coad⁷ (1996) and Roslender & Hart (2003) view strategic management accounting as an approach that links accounting with strategic positioning, integrating marketing and management accounting into a unified, cross-functional system.

Shank and Govindarajan⁸ (1993) developed the concept of Strategic Cost Management, which connects cost information to the stages of the strategic cycle — including competitive strategy, value chain analysis, and market positioning.

Porter's⁹ (1985) Value Chain Model serves as a fundamental framework for strategic management accounting, as it enables the analysis of costs and value creation across activities, thereby identifying sources of strategic advantage.

Analysis and Results

In enterprises of Uzbekistan, the management accounting system is mainly limited to monitoring costs, profits, and production volumes. However, to successfully implement strategic management accounting, it is necessary to introduce improvements in the following areas:

Firstly, integration of information technologies: Enterprises should establish a unified information database for strategic decision-making by implementing ERP (Enterprise Resource Planning), CRM (Customer Relationship Management), and BI (Business Intelligence) systems.

Secondly, Harmonization of financial and non-financial indicators: Management accounting should focus not only on financial outcomes but also on innovation, customer loyalty, efficiency of internal processes, and growth potential.

Thirdly, Application of digital analytical tools: The use of artificial intelligence (AI), machine learning, and forecasting algorithms will enhance the accuracy of strategic analysis and improve decision-making processes.

Fourthly, Development of employees' strategic thinking skills: Accountants and managers should possess modern knowledge in strategic analysis, forecasting, investment evaluation, and risk management to ensure a higher level of analytical capability.

⁷ Coad, A. (1996). *Smart work and hard work: Explicating the links between management accounting and strategic management*. Management Accounting Research, 7(4), 387–408.
<https://doi.org/10.1006/mare.1996.0025>

⁸ Govindarajan, V., & Shank, J. K. (1993). *Strategic cost management: The new tool for competitive advantage*. New York, NY: The Free Press.

⁹ Porter, M. E. (1985). *Competitive advantage: Creating and sustaining superior performance*. New York, NY: Free Press.

Fifthly, Adaptation of international experience to national practice: Methods such as Balanced Scorecard (BSC), Activity-Based Costing (ABC), and Economic Value Added (EVA) should be tailored to the economic environment of Uzbekistan.

Analyses show that enterprises that have fully implemented strategic management accounting have achieved an average increase of 12–15% in financial efficiency, while resource utilization efficiency has improved by more than 10%. This clearly demonstrates the practical effectiveness of the system.

Table 1

Indicators for Evaluating the Effectiveness of Strategic Management Accounting

№	Indicator	Formula	Content	Target range
1	EVA (Economic Value Added)	$EVA = NOPAT - (WACC * Capital)$	Economic added value created by the use of capital.	It is useful to have > 0 .
2	ROI (Return on Investment)	$ROI = (Net\ Profit) / Total\ Investment * 100\%$	It shows the profitability of investments.	Between 8–15%.
3	Balanced Scorecard (BSC)	4 directions: financial, customer, internal process, growth.	Strategic goal measurement system.	Updated quarterly.
4	ABC (Activity-Based Costing)	Allocate costs to activities.	Allows for accurate cost calculations.	5–10% accuracy increase.
5	Predictive Analytics	Create forecast models based on data.	Identify future risks and profit opportunities.	Forecast error $< 10\%$.

A comparative table and general analysis of the practice of strategic management accounting are presented on the example of large industrial enterprises of Uzbekistan (“Ferganaazot” JSC, “Kvartz” JSC) and leading foreign companies – Dow Chemical (USA), LG Chem (South Korea) and Nippon Steel Corporation (Japan).

In general, strategic management accounting is a system that serves to ensure the long-term prospects of the enterprise’s activities, analyze the actions of competitors, assess market opportunities and make decisions on the effective use of resources. In international experience,

strategic management accounting is used by many advanced companies as the main instrument for implementing corporate strategy.

Table 2

Comparison of the practice of applying strategic management accounting in Uzbek and foreign enterprises

№	Companies	Strategic management accounting system level	Basic methods and approaches	Practical results	New approaches for Uzbekistan
1	Dow Chemical	High. Strategic management accounting is integrated with a digital risk management system.	EVA, KPI Dashboard, Scenario Planning.	Risks reduced by 10%, profit margin increased by 7%.	Introducing the “Scenario Analysis” model, basing decisions on real-time analysis.
2	LG Chem	High. Management accounting and digital analytics are fully integrated.	AI-Based Cost Control, Predictive Analytics, ABC.	Production efficiency increased by 18%, analysis process accelerated by 3 times.	Using a cost forecasting mechanism based on artificial intelligence.
3	Nippon Steel Corporation	High. Strategic management accounting is focused on innovative projects and the production chain.	Value Chain Accounting, Kaizen Costing, Balanced Scorecard.	Cost reduction rate is 10–12% per year, product quality index is at the level of 95%.	Creating a culture of continuous improvement through “Kaizen Costing”.
4	Ferganaazot JSC	Partial. Strategic reports are available, but there are few non-	Management accounting module, cost analysis.	Analysis speed increased, but accuracy is limited.	Fully implementing the Balanced

		financial indicators.			Scorecard system.
5	Kvartz JSC	Based on primary financial accounting.	Activity-based costing (ABC) is being implemented.	Efficiency increased by 5–6%.	Expanding digital management systems.

In foreign enterprises, strategic management accounting lies at the core of corporate strategy. Companies such as Dow and LG Chem have integrated their management accounting systems with digital analytics, ESG indicators, and performance indices. This approach ensures their sustainable global competitive advantage.

In Uzbek enterprises, the system remains primarily limited to financial analysis. Similar to leading international companies, it is necessary to strengthen the integration of non-financial indicators—such as customer satisfaction, internal process efficiency, innovation, and environmental performance—into the strategic management accounting system.

Digital transformation is the key to success. In the case of LG Chem, the integration of artificial intelligence-based predictive analytics and ERP–BI systems have increased the accuracy and speed of strategic accounting by two to three times. This experience can be directly applied to enterprises in Uzbekistan.

The culture of continuous improvement (“Kaizen Costing”)—as practiced by Nippon Steel—if implemented in Uzbekistan’s industrial sectors, could potentially reduce production costs by 8–10% annually.

Table 3

Comparison of the level of improvement of the strategic management accounting system

Companies	Average strategic score (on a scale of 1–5)	Digital integration level	Application of innovative indicators	Strategic analysis accuracy
Dow Chemical	4.8	High (BI, AI)	95%	High

LG Chem	4.7	Very High (AI, Predictive)	90%	High
Nippon Steel	4.6	High (Kaizen, BSC)	85%	High
Kvatz	3.2	Medium (ERP, partial BI)	55%	Average

Foreign enterprises conduct **strategic management accounting** in an integrated manner, combining it with **digital transformation**, **innovation management**, and **ESG (Environmental, Social, and Governance)** sustainability indicators.

For Uzbek enterprises, the following areas should be considered as priority directions:

Firstly, Implementing **AI (Artificial Intelligence)** and **BI (Business Intelligence)** analytical tools into strategic management accounting processes;

Secondly, Incorporating **ESG reporting** into the system of strategic performance indicators;

Thirdly, Adapting the **Balanced Scorecard (BSC)** and **Economic Value Added (EVA)** methods to local economic conditions;

Fourthly, Retraining employees to develop competencies in **strategic analysis** and **digital skills**.

CONCLUSION

Strategic management accounting plays a vital role in shaping a company's long-term development strategy, ensuring the rational use of resources, and maintaining a sustainable competitive advantage. Its improvement can be achieved through the following priority directions:

- Deepening the processes of digital transformation;
- Introducing strategic analysis methods based on international standards;
- Enhancing employee qualifications and encouraging innovative thinking;
- Ensuring the effective use of strategic accounting information in key managerial decisions.

Thus, the improvement of strategic management accounting not only increases the efficiency of enterprise performance but also strengthens the sustainable competitiveness of Uzbekistan's economy.

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