STRATEGIC MANAGERIAL ACCOUNTANCY – THE INFORMATIONAL RESOURCE FOR THE DEVELOPMENT OF MANAGERIAL DECISIONS

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Abstract: *The managerial accountancy comprises tools that are oriented towards the interior and exterior environment of the company and towards its future, and whose purpose is to monitor the strategy, to communicate it and to sustain the development of new strategies. A special category within the domain of strategic managerial accountancy is represented by the performance management system, which represents all the indicators coming from various resources and which sustain the necessity of creating value for partners. The strategic managerial accountancy comprises tools such as cost and budgeting calculation, as well as performance management.*

***Key words**: strategic management accounting, performance management system, managerial decisions.*

The decision process requires the managers to have a specific system for quantifying the economic and financial performance of the company. They need management tools that can be used in measuring the performance.

While financial accounting provides information regarding past events, management accounting provides information about the future. Managers need this exact type of information, allowing them to predict future events. With this tools, they will be able to properly determine long-term organizational objectives and to efficienctly chose the strategies to implement, which will ensure success in an environment characterized by risk and competition.

In the last two decades, management accounting tools and their role have been subject to many debates and studies. Older tools have been criticized, being emphasized the need for new ones.

Major changes have taken place during the 80s, when issues concerning environment protection through decrease of natural resources consumption and waste recovery became common ground for debates. New management techniques came out: flexible manufacturing systems, timely production systems, supply chain management, total quality management, material planning systems. All these aspects required the adjustment of managament accounting to the new arisen problems.

Since the 90s, planning, monitoring and waste reduction become strategic as the focus shifts to creating value by identifying, measuring and managing value for the customers, by innovation and management of customers relationship. This has led to the Balanced Scorecard, one of the main tools for value management. Value-based management includes performance measurement models - seen as models of the firm as a system that reflects organizational knowledge of relationships along the value chain.

The management accounting importance increased from a simple tool for providing information on costs to a resource management instrument. Thus, information became basic resources, requiring management and value creation. Management accounting became part of the management process, moving from purely financial orientation towards a strategic one.

Thus appeared strategic management accounting, strategic principles such as value, resources, competencies and strategic intent becoming significantly important. Competences are observed in activities that add value to the product, while strategic intent implies a long-term vision and a portfolio of core competencies. Competencies must be used under optimal effectiveness: cost, quality, time and diversity. Strategic management accounting is based on a form of resource allocation that integrates the concept of customer value.

In order to increase the importance of management accounting, a close bond between long-term goals and strategy must be achieved. This can be done by:

- implementing techniques and practices known as strategic management accounting, approach that has however limited utility because it does not explicitely include strategic orientation in the control system;
- developing the entire control system to include strategy, considering organizational control systems as „packages". Strategic control is achieved particularly through non-financial indicators.

Management strategy and accounting have been considered as distinct parts of management process: strategy is oriented toward the future, toward long-term decision making, while accounting is short-term oriented, providing quantitative information. Strategy considers the organization as a whole, while management accounting divides the company in controlable parts. Strengthening the relationship between management accounting and strategy requires the integration of the following strategic principles: orientation towards the future and the business on long-term; orientation outwards the company and towards the value chain; provision of qualitative (non-financial) information.

The inward-oriented strategy highlights collection and reporting of relevant internal information needed for achieving efficiency as competitive advantage and refers to: ABC, ABM and accounting techniques related to the development of new production strategies. Even if ABC approach is similar to traditional tools which focus inwards and use historical information, it becomes a strategic instrument through the quality information it provides and the informational base for decision making.

Outward-oriented strategy considers that the inward-oriented strategy limits the ability of the company to efficiently compete. Strategic management accounting must compare the company's own cost structure with the competitors' one in a cost strategy and the ratio between product features and market demand in a diversification strategy.

Future-oriented strategy is employed especially in investment decision making, process that requires a long-term orientation.

The main roles of strategic management accounting are: strategy monitoring (through performance measuring systems, through competition-oriented accounting), strategy development (information is used for developing better strategies in order to gain solid competitive advantages, while investment planning and benchmarking are used as tools), development of new strategies (strategic management accounting plays an important role in strategic changes, not necessarily because the instruments themselves, but through information and knowledge held).

Performance measuring tools are included in the category of strategic management accounting, considering their strategic role, performance being the result of the successful implementation of the strategy.

Management accounting goal is to improve performance measuring. A measure of performance is a measure used to quantify the efficiency or effectiveness of an action, and a performance measurement model is a set of indicators that quantify both efficiency and effectiveness of actions. Measurement does not lead to improved performance. The concept of performance management is used in order to integrate the action. Distinction must be made between performance assessment and performance measurement: assessment is a temporal process running from relevant objectives to implementation, while measurement is limited to results. Assessment is a process comprising the following: action formulating; action or means employment; evaluation or observing the results.

A performance management model reflects the understanding of the relationships between strategic resources, operational competencies and financial results, and describes the link between decision making and results, serving as a guide in strategy development, communication and implementation. Performance management system is an informational system used to continually observe and improve performance. It includes operational, strategic, financial and non-financial, internal and external indicators. Indicators are past- and future-oriented, must be strategy-generated, influence behaviours and are part of planning and control system. Management practices based on resources, competencies and learning provide support in chosing indicators.

Performance management system must maintain the balance between the following:

- profit, growth and control;
- short-term results and long-term competencies;
- partners exepctations;
- opportunities and focus;
- human behaviour reasons.

CONCLUSIONS

Performance management system opens new paths in management accounting, focusing on a balanced strategic system for performance measuring.

Therefore the performance management system has numerous roles: to communicate and reflect the organization's strategy and to promote long-term value creation, to acquire sustainable improvement, to develop a performance-oriented culture, to increase employees motivation and involvement, to increase internal communication, to provide continuous improvement, to foster organizational learning, to ensure actions integration, to provide information about the activities requiring quick improvement, to explain company's objectives, to turn the strategy into desired results, to provide a clear view of the relationships between strategic objectives, employees actions and corporate targets.

The performance management system must fulfill four functions: to highlight the value received from suppliers and employees; to measure the value created to partners; to highlight processes efficiency and to sustain organisational leraning in connection with company's strategic values.

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