

Strategic Management Accounting and its Improvement

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Abstract: Today, many enterprises cannot easily and quickly adapt to changing conditions, leading to increased costs and reduced profits, which ultimately forces them to cease operations. Strategic management focuses on implementing actions that determine the long-term effectiveness of an enterprise. The main goal of this study is to improve the strategic management model of enterprises.

Keywords: enterprise management, strategic management, tools of strategic management of enterprises.

Introduction

In today's business environment, characterized by increasing competition, enterprises and organizations are required to develop various strategies and organize their activities effectively. To achieve this, business leaders must possess sufficient knowledge and experience in strategic management.

Using strategic management accounting information enables enterprises to adapt to changing conditions and market competition. The experience of developed countries demonstrates the need to improve traditional accounting and analytical systems and align them with strategic management requirements. Strategic management accounting and analysis help establish an effective management and analytical support system.

Review of Relevant Literature

Economists have expressed important opinions and reflections on strategic management. The development and improvement of this concept have been the focus of many foreign and local scholars.

The theoretical and practical aspects of strategic management accounting in enterprises and companies have been studied by foreign economists such as F. Rothaermel, I. Ansoff, Ch. Horngren, M.E. Porter, A.A. Thompson, A.J. Strickland, and K. Andrews.

Uzbek economists, including A.A. Abduganiyev, N.B. Abdusalamova, A.Z. Avloqulov, A.K. Ibragimov, A.A. Karimov, B.Yu. Maksudov, M.Q. Pardayev, A.X. Pardayev, N.K. Rizayev, and B.A. Khasanov, have explored the theoretical and methodological aspects of strategic management accounting in their scientific research.

According to U.S. economist Frank Rothaermel, "A truly effective strategy and its successful implementation are indicators of excellent management." (F. Rothaermel, 2014).

Fred R. David states that "Strategies should efficiently invest in a company's strengths while avoiding its weaknesses, leveraging favorable external conditions, and mitigating potential threats." (Fred R. David, 2014).

B. Khasanov argues that modern strategic management accounting is essential in today's Uzbek economy due to several factors:

- The alignment of accounting with financial and management accounting, following the experience of developed countries;
- The emergence of "Standard-cost" accounting for cost management and deviation control;

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- The classification of costs into fixed and variable categories, leading to the development of "Direct-costing" methods for efficient cost allocation and utilization of production capacities;
- The introduction of new economic terms such as "break-even point," "marginal income," and "operating leverage," which help establish a direct link between costs, production volume, and financial results;
- The necessity of strategic cost management, financial planning, and transfer pricing in corporate accounting;
- The widespread adoption of new computer technologies and automation in accounting systems. (Khasanov B., 2012).

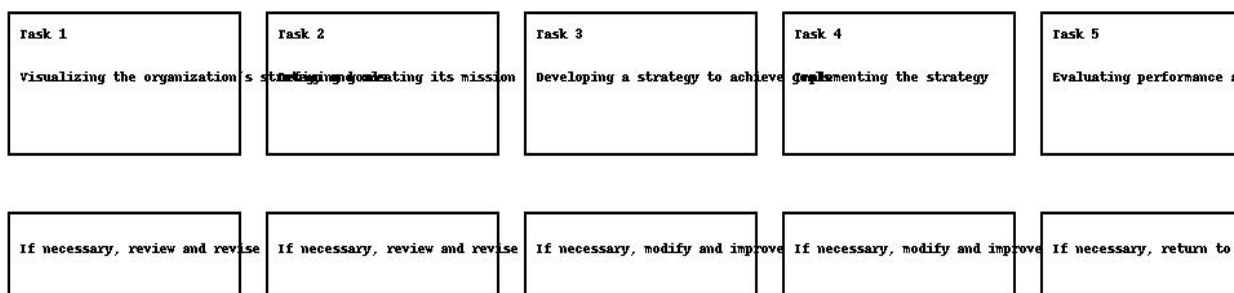
Analysis and Results

A strong strategy is fundamental to securing a stable market position and maintaining business success despite unexpected challenges, intense competition, and internal difficulties. Developing a strategy involves addressing key management issues, considering the company's current and future capabilities, and outlining the steps necessary to achieve desired outcomes.

Strategy implementation is a practical managerial task that includes organizing, financial planning, policy formulation, motivation, corporate culture development, and management methodologies. The process of strategy development and implementation involves five interrelated tasks:

1. Defining the business scope and establishing strategic vision and goals;
2. Revising the strategic vision and mission as needed;
3. Developing a strategy to achieve set objectives;
4. Effectively implementing the chosen strategy;
5. Evaluating performance, identifying trends, and adapting actions for long-term growth. (See Figure 1)

Figure 1. Five Tasks of Strategic Management



Elements of Strategic Management Accounting

The strategic management accounting system is not merely an accounting process but consists of three key elements that function sequentially. These elements are interrelated, making it difficult to separate them in practice.

1. Strategic Analysis

Strategic analysis assesses the current state of an enterprise and helps determine the clarity of strategic goals and the adequacy of required resources. It also evaluates external factors that influence long-term strategic objectives. (See Figure 2)



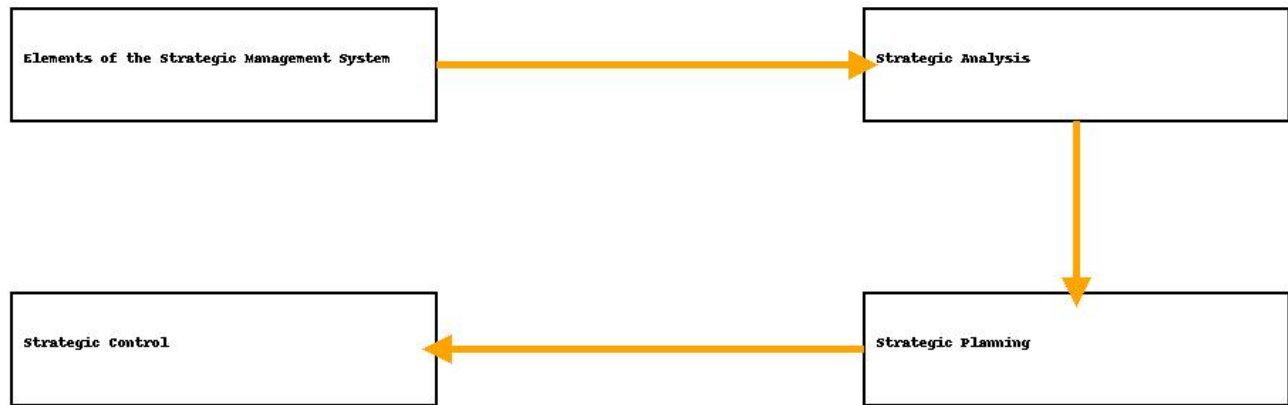


Figure 2. Elements of Strategic Management Accounting

2. Strategic Planning

Strategic planning involves developing long-term plans to achieve an enterprise's strategic goals. In international practice, "strategic planning" is often referred to as corporate planning or long-term planning. The result of strategic planning includes long-term development programs (five years or more), which consist of:

- Sub-strategies (production, marketing, financial, human resources);
- Specific strategies for different business units or markets.

3. Strategic Control

Strategic control monitors progress toward strategic goals, identifies deviations, and ensures timely corrective actions. Adjustments may involve modifying plans or setting new objectives.

Conclusion and Recommendations

In developed economies, strategic management accounting has evolved alongside strategic management and analytical practices. However, in Uzbekistan, strategic management accounting—particularly for financial performance—is still in its early stages. Therefore, it is essential to first resolve methodological issues related to its establishment and implementation.

To successfully implement strategic management accounting in enterprises, it is necessary to:

- Clearly differentiate between management accounting and strategic management accounting;
- Establish an effective framework for financial performance analysis and strategic decision-making.

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