Strategic Management Accounting – Evolution of the concept

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Abstract

Management accounting being grounded in the operational reality is among the field studies that is best suited to help the organizations of all kind to make the best use of those three crucial challenges of the contemporary social and economic realities – globalization, IT and sustainable development. This in turn creates the need for a single theory that integrates the basic leading-edge techniques of today's management accounting concerning the formulation and implementation of an organization strategy. However, the efforts during the last 40 years have proven that it is very difficult to devise a theory to describe the strategic management accounting all in one go. Instead, it turns out to be more easily to break up the problem up into bitsand to try to solve follwoing a stepwise pattern.
The object of the paper is to study the evolution of the concept of SMA, as a new accounting concept worldwide and especially as a brand new concept in Albania. The aim is to define SMA based on a systematic literature review of the historical and logical evolution of its concept. Although there is no consensus on the methods used in accounting studies, it has always been appropriate to analyse the problems within a general philosophical framework. Parallel to that, tthe paper aims to offer a historical perspective of the concept and focuses more on definitions, processes, features and future research directions.

Keywords: Accounting, Management Accounting, Management Accounting practices, Strategic Management Accounting (SMA).

1.Introduction

The social and economic world has never been so dynamic and subject to rapid changes. The driving forces behind those changes are many but three of them seem to be crucial: the economic globalization, the development of information technologies, and the need for

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sustainable development. Economic globalization is among the key driving forces. Throughout the post-communist years Albania has been under constant global influence and transformation. The second driving force is the development of information technologies. Computer equipment, various electronic devices, their networks, internet, wireless and personal digital devices have constantly transformed the way we do business. Last, but not least, is the need for sustainable development. Sustainable development agenda is a very important element nowadays. It implies a way of living life today, respecting the past and creating the future.

Currently, Strategic Management Accounting (SMA) exists as a collection of various techniques supporting strategy development and implementation. Many of these techniques are closely related to fields of the economic theory other than but related to accounting – e.g., management, marketing, finance, etc. In addition, there is no consensus on the understanding of what actually SMA is. Meanwhile, the criticism from the 1970s and 1980s that underpinned the emergency of SMA still continues.

Studying SMA is of a particular importance because nowadays a decisive approach is gradually being added to the traditional consideration of management accounting as a technical approach used for calculating costs. It is aimed at influencing the behavior of the managers who are responsible for managing resources. Modern management increasingly needs management accounting to assist them in the strategic analysis of the company. Hence, the need to consider management accounting objectives and tools by adding a strategic approach, which provides a sustainable competitive advantage for the companies but also facilitates long-term decisions for the future.

The aim of this paper is to informe the reader about the concept evolution of strategic management accounting over the yeras. It is organized as follows: First part is an introduction of the paper. Second part is Methodology of this paper which focuses on general philosophical framework but also general and specific methods of reseach. Third part demostrate some basic elements in common between management accounting and strategic management. Fourth part discusses the need for passing from management accounting into strategic management accounting. Part fifth provides a brief overview of the concept of SMA, the evolution of this concept and also presents general features of SMA.

2.Methodology

Although there is no consensus on the methods used in accounting studies, it seems appropriate to spit them into two general categories. On the one side, it is the general philosophical framework that underpins the theoretical part of this study. As a universal method of scientific knowledge, the philosophy of empirical sciences of XX c of Karl Popper and Thomas Kuhn could be applied. This philosophical basis will be beneficial in the following aspects: the way to create a single theory of SMA in the long-run is to provide partial theories and to making attempts to falsify them; deductive reasoning will contribute to the application of the multidisciplinary pluralism that may be extremely beneficial to solve the problems set; the critical rationalism has the potential to outline the general trends in the development of SMA and its impact on improving organizational performance; the evolution of the theory of management accounting could be considered as a paradigm shift, as a replacement with one worldview with another.

On the other side, this is the collection of general and specific methods of research that are relevant to the complexity and the nature of the study. The historical-logical method is employed to reveal the internal relationships among the developments in the theory and practice of SMA. This method accounts for the logic of the developments – the transition from one stage of development to another new and superior one.

3. Management Accounting and Strategic Management

There are many ways to explore organizational management, but the organizational hierarchy introduced by Anthony (1965) is among the classical ones. According to him organizational management hierarchy could be presented as a pyramid and divided into three sections, horizontally (see Fig.1). The lowest level in the Anthony's hierarchy is the operational one. Management at this level relates to day-to-day planning and control activities to run the business. Operational control activities include: scheduling staff, ordering inventory, purchasing supplies, and other transaction-based activities. The middle level in the hierarchy is the managerial one. Management at the managerial control level relates to short-run planning and management control. Primarily, it has an internal focus and short-term orientation. Examples of activities at this level include developing the annual budget of the organization and measuring performance using financial and non-financial measures of performance. Management at the strategic management level relates to long-run decision making, planning and control and to the long-term performance of an organization. At this level, management has an external focus (on business environment, competitors, etc.) and long-term orientation to the future. The goal is to manage all resources to achieve a competitive advantage that helps to achieve a successful future (Gluck et al., 1982).

FIGURE 1

Levels of Organizational Management

Source: Anthony (1965)

Strategy is considered the most important element at the strategic planning level and in the whole management hierarchy. Strategies, as long-term directions for actions, are aimed at developing a business and creating a definite competitive advantage that aims to create value for the stakeholders of the organization. Strategy is necessary to determine firm orientation, competitiveness in different markets and with different products. It aims to improve the

competitive position and creating a stable position in the face of the forces that determine industry competitiveness (Porter, 1998).
Strategic management is a never-ending process (see Fig. 2 for a formal representation). Generally, it could be described by the following four stages (Nixon and Burns, 2012, p.229)

- environmental analysis;
- strategy formulation;
- strategy implementation; and
- strategy evaluation.

FIGURE 2
The Strategic
Management Process

Source: Ward (1992).

Financial accounting seems to be well-established at the operational and even at managerial level, but with limited potential at the strategic management level. It is because financial accounting is past oriented and concerned with the reporting of the current financial position and effectiveness of performance, while strategy is future-oriented and concerned with the competitive position of the organization in the future. Management accounting, however, seems not only well-established at the operational and managerial level, but with huge potential at the strategic management level

4. From Management Accounting to Strategic Management Accounting

4.1 The Accounting Perspective: The Need for Strategic Management Accounting

The lack of strategic focus in management accounting was one of the driving forces behind the strong criticism of management accounting during late 1980s. In their seminal book "Relevance Lost: The Rise and Fall of Management Accounting" Johnson and Kaplan (1991 [1987], pp.1,17) point out: Today's management accounting information driven by the procedures and cycle of the organization's financial reporting system, is too late, too aggregate, and too distorted to be relevant for managers' planning and control decisions. Management accounting systems can and should be designed to support the operations and the strategy of the organization. According to Johnson and Kaplan(1987) there are three main critiques: .

The first point is that management accounting reports are of little help to operating managers attempting to reduce costs and improve productivity.

The second critique is that management accounting systems fails to provide accurate product costs.

The third critique is that managers' horizon contract to the short-term cycle of their monthly profit and loss statement. As critics of management accounting suggested, at that time the work undertaken by accountants was concentrated solely with internal operational issues and with limited attention to planning and control activities at the other two levels (Kaplan, 1984; Johnson and Kaplan, 1987; Hiromoto, 1988; Bromwich and Bhimani, 1989). Proponents of change suggest that accounting should broaden its range of information by providing information both on the environment in which it operates and on competitors in the market. These changes lead to support for the strategic perspective of management accounting as a new field that has three main elements: Environmental analysis, Competition analysis, Analysis of internal data. Fortunately, this criticism appears to be beneficial for the development of management accounting. Contemporary definitions of management accounting are also increasingly paying attention to its strategic dimensions.

From Kaplan's critique, within management accounting, major changes have taken place to achieve a competitive advantage in the global market. All entities today are required to achieve competitive advantage by supporting Michael Porter's (1980, 1985) opinion on business strategy. In order to be as competitive as possible in the market, businesses need to find their business strategies in order to bring benefits to both producers and consumers.

For the formulation, implementation and realization of business strategies, management accounting must provide the information needed in order to achieve competitive advantage. Unlike the traditional accounting model, the new one is designed to aid decision making, planning and control in order to report quality, timing, inventory performance, customer satisfaction and cost improvement. All of these are considered as the foundation of competitive advantage. According to Roslender (1995) Accounting for Strategic Positioning (ASP) is a term that can be usefully used to describe developments in management accounting designed to help senior management ensure, and subsequently, maintain, competitive advantage. By deploying and exploiting their competitive advantage, business organizations seek to achieve a strategic market position in relation to their competitiveness.

To date, three Strategic Position Accounting approaches are known:

1. Activity Accounting- Activity accounting was represented by Activity-Based Costing (ABC), the ABC method being one of Kaplan and Cooper's first studies (Cooper and Kaplan, 1987, 1988; see also Cooper, 1988a, 1988b, 1989a, 1989b, 1990). According to them, this method calculates the most accurate cost of products and also provided information on whether a business through technology available could undertake a particular product/customer.

2. Accounting for Advanced Manufacturing Technology - AAMT is primarily concerned with technological change. The main purpose of AAMT techniques is to generate efficient ways of measuring the performance of a given subject. So AAMT like AA seeks to obtain information from within the entity in order to measure performance as efficiently as possible. Two of the most important elements of this method are quality and time. And

3.Strategic Management Accounting - SMA emerged as a concept in the late 1980s as a new technique and approach to create and restore the lost relevance of management accounting. SMA is seen as a more advanced form of management accounting that incorporates the long-term objectives of a given entity by analyzing both the external environment and market competitors.

Porter (1985) also contributed to the development of SMA by emphasizing the relationship and closeness that SMA has with marketing theory. According to Porter (1985) for achieving a competitive advantage there are three bases:

(1) achieving lower cost production;

(2) achieving the possession of a differentiated product of great demand in the market and

(3) focusing the former two bases on a narrow market segment. All these bases are closely linked to the following three strategies: cost leadership, product differentiation, and concentration. Porter consistently advocates the use of a technique called the strategic cost analysis. According to Shank and Govindarajan (1989), Porter's strategic cost analysis technique could be represented with the following three major key topics:

- identifying the value chain – value chain analysis provides a broad focus; it studies all activities present in an industry from raw material resources and auxiliary materials to final product delivery to the customer;
- analyzing its cost drivers – this analysis states that cost is a function of strategic choices regarding the structure of how a company will compete and its managerial skills in executing strategic choices;
- developing sustainable competitive advantage or strategic positioning analysis (SPA) – the emphasis here is on the methods that firms choose to compete. According to Porter, product differentiation strategy, for example, requires different approaches to analyze the cost to standard cost.

4.2 The Philosophical Perspective: The Logic of Scientific Revolutions and Paradigm Shifts

As already discussed, developments and changes in science, technology and in the environment have led to the emergence of new phenomena in the science and practice of management accounting. These phenomena cannot be explained by the traditional management accounting theories, that is why they are perceived as lost in relevance. Marx in his Marxist theories stated that the need for a new theory comes when the emergence of a phenomenon does not coincide with the reality it encounters. If the phenomena were to appear exactly as they were, then it would not be necessary to create a new theory to explain the phenomenon. Therefore, as a consequence of the new phenomena, it is necessary to move to a reconceptualization of traditional management accounting.

The most influential philosophers of science from the last century were Karl Popper and Thomas Kuhn. On the one hand, Karl Popper proposed the term 'falsification' in his book, "The Logic of Scientific Discovery" published in 1959, explaining when a theory can be classified as scientific. According to Popper a theory must have the capability to falsify itself to be termed as scientific. Thomas Kuhn's influential book, "The Structure of Scientific Revolution", published in 1962 introduced the term 'Paradigm' to explain the development of science. According to Kuhn, change occurs in two forms: Evolutionary and Revolutionary (Kuhn, 1970). Evolutionary progress occurs when a knowledge base expands over time. Accounting has usually applied this method of evolution, advancing slowly as changes have occurred in practice. Revolutionary change occurs when an anomaly or crisis causes a shift in the knowledge base by removing it from the existing stream. Currently, management accounting is undergoing a revolutionary shift in thinking about the basic notions on which this field of accounting is based. Some of the reasons for the transformation may be the move from the industrial economy to an economy dominated by information technology development, globalization and the need for sustainable development. As a consequence of the above-mentioned phenomena the change in this field of accounting is also indispensable.

Kuhn emphasizes that the new theory, or set of ideas, is unique, in that, it is not derived from the previously accepted dogma. It is "seldom or never just an increment to what is already known" (Kuhn, 1970) and in the process of moving from the old set of ideas to the new, the community of scientists follow one and the same pattern: (1) Recognition of anomalies; (2) A period of insecurity; (3) Development of alternative sets of ideas; (4) Identification of school of thought and (5) Domination of the new practices or ideas. According to Kuhn (1970) there are three characteristics that define scientific revolutions.

First, practitioners decide to reject some old traditions to support some new ones that are completely different from the old ones.

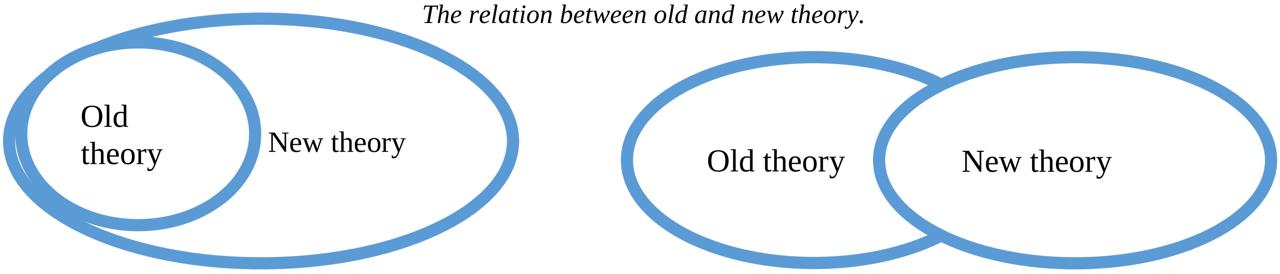
Second, create a new paradigm that will change the problems under consideration.

Third and last, being part of the social sciences, changes in the accounting field have increased the interplay of people's behavior with accounting paradigms. Although accounting must respond to the changes taking place in the economy, it cannot control the behavior of the people involved. Both environmental changes and behavioral changes are unpredictable, so paradigms need to be increasingly adapted to changes in the environment.

Now, the logical question arises: is the shift from traditional management accounting to SMA a paradigm shift? According to Kuhn (1970), rival paradigms are difficult to support and the debate over rival paradigms is not resolved by logic or only experimentation. According to Kuhn (1996) persuasive theory is commonly used to argue individuals to espouse the new paradigm by abandoning the old. If we could present with a figure the meaning and the difference between an old paradigm and a new paradigm, it would be like the Fig. 3.It shows that, on the one hand, we may have new theories, that contain all the elements and phenomena of an old theory, while adding new theories and phenomena. However, on the other hand, we may have new theories, that throw out some phenomena and elements of the old theory and add some phenomena and elements of the new theory.

SMA can be considered as a kind of paradigm shift, because the SMA view is more comprehensive than the traditional management accounting view. But it is certainly much more modest than changes such as Einstein's physics that replaced Newton's views. If we study them separately, most parts of the SMA require a drastic change in how we think, what we do and why we do it. While some other parts, such as activity-based costing, are by no means new, they even stem from old theories considered “old wine”.

FIGURE 3.
The relation between old and new theory.



Situation 1 **Situation 2**

Source : Author

To adapt to all the innovations that SMA brings, we need to reject all previous management accounting concepts. But, in fact, it would be good if we rejected some outdated elements of the old ideology and adapt others to the new paradigm. For example, the analysis of contribution margin makes no influence on the role of SMA. According to Shank (1989) in this case we have a match between the old thought of 1923 and the old thought of 1963, so we have "old-old", although the 1989 thought is quite different from the "old - new" thought which has prevailed from 1963 until 1989. So according to Shank (1989) we have: some ideas that are fully in line with the management accounting paradigm, but which have not been properly implemented (e.g., activity-based costing), some ideas that are inconsistent with the conventional (quality cost) paradigm; some ideas in accordance with the conventional paradigm such as (total cost). But is this a step to show that we are moving to a new paradigm? Is this an element that can argue that there is indeed a fundamental paradigm of conventional management accounting?

Fig. 4. contains a question for each of the three steps that comprise the cost analysis. The two paradigms have different answers to the questions.

FIGURE 4
The Two Paradigms View

	THE MANAGEMENT ACCOUNTING PARADIGM IN TERMS OF: PRODUCTS CUSTOMERS FUNCTIONS	THE STRATEGIC COST MANAGEMENT PARADIGM IN TERMS OF THE VARIOUS STAGES OF THE OVERALL VALUE CHAIN OF WHICH THE ORGANIZATION IS A PART
WHAT IS THE MOST USEFUL WAY TO ANALYZE COSTS?	A strongly *internal* focus. 'Value added" is a key concept.	A strongly *external* focus. 'Value added" is considered a dangerously narrow concept.
WHAT IS THE OBJECTIVE OF COST ANALYSIS?	There are three objectives that apply without regard to the strategic context; scorekeeping attention directing problem solving	Although the three objectives are always present, the design of cost management systems changes dramatically depending on the basic strategic positioning of the firm under a cost leadership strategy.Under a product differentiation strategy
HOW SHOULD WE TRY TO UNDERSTAND COST BEHAVIOR?	Cost is primally a function of output volume: Variable cost Fixed cost Step cost Mixed cost	Cost is a function of strategic choices about the structure of how to compete in executing the strategic choices: "Structural" cost drivers "Executial" cost drivers.

Source : Shank (1989, pp. 63)

Management accountants are ready to look at these three questions from the expanded perspective of SMA. But they still not consider the management accounting turmoil in many of the large companies today. Regarding traditional accounting and the criticisms made by Kaplan and Johnson, the SMA has brought criticism-based accounting improvements and has certainly brought innovation to the way that management accounting will be in the future. The SMA is an evolution of the traditional management accounting due to the continuous improvements and contributions it has brought. It is not yet a paradigm shift according to Kuhn's revolutionary theory but it probably will be in the future, taking into account the innovations it has the potential to bring.

5. Strategic Management Accounting

5.1 A Brief Overview of the Concept of Strategic Management Accounting

The concept of SMA began to generate debate in professional literature in the 1980s. The first to write about SMA was, in 1981, Simmonds, who wrote a paper in the professional journal of the United Kingdom, in which he presented a strong case for adopting SMA (Simmonds, 1981, p. 12). According to his seminal definition SMA is "The provision and analysis of management accounting data about a business and its competitors for use in developing and monitoring the business strategy, particularly relative levels and trends in real costs and prices, volume, market share, cash flow and the proportion demanded of a firm's total resources. However strategic management accounting is a redefinition of business planning or marketing functions in a firm".

Many other researchers after Simmonds persisted in writing about the same topic, calling it extremely interesting. During that time other US academics such as Robin Cooper, Robert Kaplan or John Shank were critical of the situation on SMA and promoted its improvement by making a link to strategic cost management (SCM). Workshops exploded all over the world showing the advantages of SMA and SCM over traditional forms of management accounting. However, acceptance of SMA was slow.

There always has been and still seems to be a little agreement within academic and professional literature on SMA definition and its associated techniques. Normative contributions to SMA usually suggest various models of SMA practices such as: a focus on competitor analysis (Simmonds, 1981; Ward, 1992); strategic cost management and value chain (Shank and Govindarajan, 1992); strategic cost management and competitive advantage (Porter, 1985; Shank and Govindarajan, 1989, 1993); integrating management accounting and marketing (Roslender and Hart, 2002); strategic investment valuation (Tomkins and Carr, 1996), among others. Cost-based activities (Cooper and Kaplan, 1991) and Balanced Scorecard (Kaplan and Norton, 1992) are also part of the strategic tools used by the accountants.

Despite the evidence, today, 40 years since Simmonds first introduced the concept of SMA, we can appreciate the progress and evolution it has had over the years. Many scholars believed that in the near future SMA would be widely adapted to all industries and that it would be a major force in the formation and development of modern management accounting. (Bromwich and Bhimani, 1994; Dixon and Smith, 1993; Roslender, 1995).

5.2 Historical-Logical Evolution of Strategic Management Accounting

As already discussed, there is generally no widely accepted definition of SMA in the literature (Agasisti, Arnaboldi, & Azzone, 2008; Cadez & Guilding,2008; Guilding, Cravens, & Tayles, 2000; Langfield-Smith, 2008;Tomkins & Carr, 1996). However, for near 40 years the interest to the strategic issues in management accounting remains relatively high (e.g., Tomkins & Carr, 1996; Nixon & Burns, 2012b; AlMaryani & Sadik, 2012; Alnawaiseh, 2013; Carlsson-Wall, Kraus, & Lind, 2015; Cinquini & Tenucci, 2010).

Generally, most of the SMA definitions show that SMA uses a strategic approach to identifying, collecting, analyzing, reporting and using the information needed for strategic management, marketing and other management functions. While according to Nixon and Burns (2012a) most definitions focus on competition strategies and marketing rather than strategic management, yet these represent a limitation of the SMA literature and do not account for recent developments in strategic management. It is therefore important that SMAs also consider the internal organizational capabilities of enterprises to support external competition.

To understand the concept of SMA it would be extremely useful to track its evolution over the last 40 years. Fig. 5 summarizes some of the definitions available on SMA in the academic literature that will underpin the discussion.

FIGURE 5
Tab 1. Definitions of Strategic Management Accounting

Source	Definition
Simmonds (1981, p. 26)	The provision and analysis of management accounting data about a business and its competitors for use in developing and monitoring business strategy.
Bromwich (1990, p. 28)	The provision and analysis of financial information on the firm's product markets and competitors' costs and costs structures and the monitoring of the enterprise's strategies and those of its competitors in these markets over a number of periods.
Dixon and Smith (1993)	Defined SMA as a four-step process with the following phases: (1) Strategic identification of the entity; (2) Strategic cost analysis; (3) Strategic market analysis; and (4) Evaluation of the strategy.
Wilson (1995, p.162)	Strategic management accounting is an approach to management accounting that explicitly highlights strategic issues and concerns. It sets management accounting in a broader context in which financial information is used to develop superior strategies as a means of achieving sustainable competitive advantage.
Lord (1996)	Regarded SMA as a three-step process (or cycle) consisting of: (1) Collection of competition information; (2) Taking advantage of cost reduction opportunities; and (3) Accounting compliance with enterprise strategies
Hoque (2001, p.2)	A process of identifying, collecting, selecting and analyzing accounting data to help the management team make strategic decisions and evaluate organizational effectiveness.
Roslender and Hart (2003, p. 255)	SMA is identified as a generic approach to accounting for strategic positioning, defined by an attempt to integrate insights from management accounting and marketing management within a strategic management framework.
Certified Institute for Management Accounting (2005)	A form of management accounting in which emphasis is placed on information which relates to factors external to the entity, as well as non-financial information and internally generated information.
Agasisti et al. (2008, p. 2)	The identification of a set of information to support strategic decisions.
Langfield-Smith (2008, p. 206)	SMA entails taking a strategic orientation to generation, interpretation and analysis of management accounting information, and competitors' activities provides the key dimension for comparison.
Tillmann and Goddard (2008, p. 80)	SMA can broadly be defined as being the use of management accounting systems in supporting strategic decision making.
Ma and Tayles (2009, p. 474)	The body of management accounting concerned with strategically orientated information for decision making and control.
Cinquini & Tenucci, 2010; Cravens & Guilding, 2001; Guilding et al., 2000)	Have defined SMA as a set of practices, techniques or tools of management accounting with strategic orientation which support the strategic management process.
Bhimani et al. (2012, p. 757)	A form of management accounting in which emphasis is placed on information which relates to factors external to the firm, as well as non- financial information and internally generated information.

Source : Author

5.3 General Features of Strategic Management Accounting

Different authors, regardless of the theme they support, compile a list of SMA features. It is assumed that these features are missing in the usual management accounting systems. It is generally thought that SMA systems have five main characteristics. They are discussed in what follows below:

First, SMA systems always focus on external issues emphasizing mainly the firm's market and competitors. As stated in the earlier writings by Simmonds (1982, p. 207), Strategic management accounting focused primarily on external matters and the main focus was on the comparative costs, volumes, and profits of direct competitors.This is one of the characteristics of SMA systems, so it deals with finding external information - the firm's markets, its competitors, their costs, prices and information to determine the market share it will own, so instead of just studying the costs of SMA itself deals with competitors as well. Bromwich was the second to confirm that information is sought outside the firm. His writings stated: Such a view of management accounting seeks to provide information about the firm's markets and its competitiveness" (Bromwich, 1990, p. 28), In the similar view, Lord (1996, p. 348) summarizes "What are our competitors doing?”

Second, SMA systems are designed specifically for strategic decision making in order to maintain a competitive advantage. Lord (1996, p. 348) categorizes this feature into two parts: "Accounting for Strategic Position", and "Gaining Competitive Advantage". The difference between the two phases lies in the fact that in the first phase we determine which is our competitive advantage and in the second phase we try to find ways how to improve or maintain our competitive advantage that we have found in the first phase.

Third, SMA systems have a focus on the long-term plans and are visionary about the future. Finally, one may say that SMA prepares the ground and provides support for various strategic decisions and is therefore characterized by a long-term orientation which is mentioned by many authors. In literature there is in fact a wide convergence on the characteristics of SMA, but in reality, they are still unclear. In fact, SMA should be more research oriented outside the entity and should include longer periods of time.

Fourth, SMA systems focus on the opportunities to reduce costs. This feature will not only meet standards but also find ways to continually improve products. As they may be: finding opportunities to reduce costs and increase product differentiation, while also utilizing value chain links to increase executive costs as well as keep structural costs at optimum level.

Fifth, SMA systems establish a match between accounting and the strategic position of the firm. Choosing the accounting elements of a firm's management is related to the strategic position they will want to have in the market. According to Lord (1996), firms that are product differentiators will be more interested in analyzing the cost of marketing of their products, and less in the budget for controlling their manufacturing costs.

6. Conclusion

As a conclusion, we should say that SMA is a new field of study, that has changed the context of accounting by extending its content across the company, beyond figures, and influencing the strategic management of the company. SMA combines the interplay of internal factors with the external factors of a company crowning them with the efficiency of the decision-making process.

SMA differs from traditional management accounting because it refers to the prospective view but not to the historical one as management accounting does. SMA is focused on multiple periods, while management accounting is focused in single periods. SMA has an outward-looking extending and it has a competitive focus meanwhile to accounting that has a manufacturing focus. SMA is a multidisciplinary field as it relates to many other disciplines such as accounting from which it was born, from management as it has taken the focus of strategic management to expand the concept of accounting.

Regarding traditional accounting and the criticisms made by Kaplan and Johnson, SMA has brought criticism-based accounting improvements and has certainly brought innovation to the way that accounting will be in the future. The SMA is an evolution of the existing management accounting due to the continuous improvements and contributions it has brought. It is not yet a shift paradigm according to Kuhn's revolutionary theory but it probably will be in the future, taking into account the innovations it has the potential to bring.

Strategic management has as its primary goal the efficient use of all resources while focusing on the competitive advantage of an organization. It consists of four stages: Environmental analysis; Formulation of the Strategy; Strategy Implementation and Strategy Evaluation. Each of the four stages is related to SMA techniques. Hence, SMA could be considered as an integral part of the strategic management; an interaction of the management and the SMA techniques is important for the more efficient management of a subject.

To summarize, SMA represents the evolution of management accounting that it needs, in order to collaborate and provide strategic information for strategic management, marketing and other management functions. To this end, SMA adopts: first, a more exterior appearance customer orientation, current and potential competitors and markets in general; second, an orientation towards internal resources and organizational capabilities; third, a forward orientation that allows for the creation and achievement of competitive advantages for improving organizational performance; and fourth, both financial and non-financial measurement typologies. However, to achieve its objectives, SMA considers an accountant's greater involvement in managerial functions and strategic decision making as well as the use of management accounting practices with a strategic orientation.

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