STAGES AND EVOLUTIONS IN STRATEGIC MANAGEMENT ACCOUNTING

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Abstract
Strategic management accounting includes inside, outside the company and future oriented tools, which have as role monitoring the strategy, its communication and helping develop new strategies. A special category in strategic management accounting is the performance management systems, covering a sum of indicators from diverse sources which support the pursuit of creating value for partners.

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Clasificare JEL : *M40, M41*

1. Introduction and context of the study

Managerial accounting is a new field of Accounting Science, always in the shadow of Financial Accounting, where many reforms have attracted the attention of research, teaching and practice.

The real problems of research in this area focused on the following areas: description of strategic management accounting in terms of functions, tools and its link with evolutions in the strategy field; identifying a contingency model for control systems and organizational performance; presentation of strategic management accounting tools as concepts and evolution and their analysis through contingency factors.

1.1. The stages of managerial accounting evolution

To understand the characteristics of management tools, it is necessary placing them on a historical axis, comprising the following steps:

The first step is to determine cost and financial control, which lasts from early managerial accounting until 1950. At this stage, managerial accounting is regarded as a technical activity necessary to achieve the objectives of the organization, geared towards determining the cost of production. Managerial accounting arises from the need for managers to run their businesses. During this period large firms start applying budgeting activities on fields, analysis of deviations regarded costs, applying flexible budgets.

The second step refers to information for planning and control (1950-1965 period). The turning point is to define and place the control as function of management and, in particular, to formalize the relationship between control and strategy.

In this regard, the control must contribute to achieving organized objectives and to ensure behaviors coordination and motivation. During this period, it is shaping the classic organizational control system, consistent system with stable environment, suitable for using experiences captured in this phase.

At first, managerial accounting was a managerial activity, more oriented to internal management rather than to the environment and the strategy.

The third step refers to reducing resource waste (1985 – 1995 period). It is believed that environmental changes impose new managerial techniques: flexible manufacturing systems, production systems timely, supply chain management, total quality management or planning systems inventories.

These, in turn, involves developments in managerial accounting, referred to cost - target, value engineering, strategic costs accounting, costs on activities or indicators non - financial, etc.These, in turn, involves developments in managerial accounting or cost - target, value engineering, cost accounting policy, costs on activities or non - financial indicators etc.

The last step is creating value by using resources efficiently and effectively (after 1995 to present), which involves the analysis of value inducers for customers or for business partners. During this time, planning, controlling and reducing wastage acquires strategic dimension because it is focused on creating value by identifying, measuring and managing customer value, innovation and customer relationship management. In this context, there are developing value management tools such as balance scores.

The value-based management was built and bounded on past practice and include, in particular, performance measurement models, seen as models of the company as a system that reflects the organizational knowledge of relations along the value chain.

The main difference between the last two stages and the first is the change of the mindset accounting, i.e. the transition from providing information to resources management. In the foreground the information become a source among others, imposing their management and value creation.

Finally, managerial accounting becomes an important part of the management process, evolving from purely financial orientation towards strategic approaches[1, p. 28.].

1.2. Strategy evolution - analysis framework for management accounting

The traditional role of management accounting is to function as a rational system, to provide information for decision-making and promoting businesses experience. In recent decades, the evolutions from the economic and management background led to an enrichment of management accounting role, which serves the strategic goals, being analyzed and considered as a social product. In this context, managerial accounting tools fulfill two complementary roles, namely: exercise control in order to ensure targets achievement, and providing support to seek opportunities and solve problems; the way how managerial accounting system performs balancing these roles which represents an important area for future research. **These roles** involve analyzing managerial accounting in organizational context, especially in relation to strategy and organizational learning. In fact, attracting and using control instruments depend on the strategy, and these in turn influence the enterprise through organizational learning and vigilence - orientation managers. It is possible to identify a link between managerial accounting, strategy and learning as controller can stimulate learning both individually and collectively, to increase the level of operational company's strategic options and to manipulate the **productive** systems evolution. The all experiences that guide the action in enterprises represents a part of organizational learning, and the management accounting system requires formalization routines, influencing **behaviors**. Managerial accounting definitions include implicit or explicit references to the nature and the substance of the strategic process. [2, p. 49.].

It is necessary to define the concept of strategy and the phased transition of strategic schools and their characteristics, in order to put on this pedestal the evolution of management accounting tools. It should be shown that the strategy is anchored in a specific economic and history context, each era generating its practices, concepts and tools.

On long periods strategy has oscillated between internal and external analysis, but the evolution of concepts and instruments was performed by enriching more than replacing them. Staging strategic concepts will underpin the analysis of management tools, limiting a classical and a modern period.

In outlining the link between strategy and management tools, for an analysis of causality links it can be establish three distinct phases:

The first period - business portfolio approach

It is the period between 2001-2005, when it was considered that the basic principles of this period are competitive positioning and suitability, which involve two fundamental attitudes to ensure sustainability, the company must adapt to the environment to succeed, it must acquire competitive advantages and keep them. In order to adapt to the environment, it is necessary to analyze it and to analyze the proportion to the size of the enterprise, being represented by a model as concisely as SWOT analysis (Strengths - Weaknesses - Opportunities - Threats), which analyse the enterprise activity, starting with environmental threats and opportunities, in order to position then the company in terms of strengths - weaknesses. The most important principles of management of this period, which will directly influence management tools, are:[3, p. 117.].

- strategic planning, where the strategy is seen as a sum of goals and plans. Adequacy involves the prevalence of environment, of external analysis, that will guide corporate decisions. The strategy resulting from a controlled, conscious and formal planning process based on an extensive collection of information, it is believed that it can be implemented through specific objectives, budgets and programs;

- performance is explained by factors of manufacturing industry structure and by enterprise link with it, where overall performance is the sum of industrial performances;

- the reduced costs are achieved by the effect of experience and market positioning, using investments in physical assets, as the way to bring future savings, referring here to economies scale.

The second period - competence portfolio (the importance of internal resources)

Towards the end of the millennium, the environment is transformed by economic recession and by accelerating the competitive intensity and product life cycles, when the environment can not be easily predicted and can be changed continuously.

At this stage, the cost savings obtained by the effect of experience have been exhausted, and competitive advantage is no longer a target difficult to reach, and strategic segments become objectionable due to price fragment, environment complexity and redefining the boundaries between different types of industries (producing and processing of raw materials). The starting point and determining the strategy is to multiply assets, technologies, skills, business analysis that gives concise strategic advantage against competitors.

The basic principles of this period, which will influence management tools are:

- the analysis of internal resources and skills, development, their creation and utilization in order to respond to customer requirements. By relating primarily to customers and competitors, it is established a marketing orientation. To this end, environmental relating is not achieved in order to adapt and identify actions expected, but to maximize the use of existing skills;

- establishing long-term strategic intent, which will include current actions;

- the overall performance is not the sum of local performance because it creates links using basic skills.

The third period - portfolio of relationships.

At the beginning of the current millennium, the current environment is characterized by extremely high competition, requiring transformation and speed. In this context there are long-term performant the companies that continue to reinvent capacity by managing new sources of value creation without creating inventory overstocks[4, p. 128.].

But competition can attach the cost – quality proportion, time, entry barriers and financing capacity. In a sharply competitive environment, the best performing company is that which conjugates the best competitive advantages and makes them evolve faster, or seizure new commercial spaces by creating disturbances in the existential environment.

During this period, it is developing the concept of strategic configuration, which involves customer focus and not on resources acquired, and customer needs must determine the value chain and skills, and not the opposite. Strategic configuration will generate the most value for shareholders, who hold majority control of the company capital.

In these circumstances, the organization's strategy is no longer purely internal, and it is turning to the environment, not for searching predictability, but to identify partners and establish relationships with foreign partners.

The company's objectives are mainly managing continuous change of the relationship between products, services, markets, skills, competition, knowledge of internal and external partners of the firm.

The basic principles of this period, which will influence management tools are:

- performance resulting from cooperation and change, learning change also from inter-organizational synergies;

- the value chain is continuosly developing, according to environmental requirements, and besides resources and costs must be managed accumulated knowledge and relationships.

1.3. Strategic management accounting

Although not excluded, the strategy and managerial accounting were considered as different parts of the management process. We distinguish that the strategy is future-oriented decision-making medium and long term and it is a qualitative support, while accounting is historical, developed over a relatively long time, being oriented on the quantitative side of managerial support. As stages of managerial process, the strategy design firm in its entirety and follows synergies during time, the managerial accounting divide firm into controllable parts easily pursued by various managerial levers.

The chain of managerial and strategic accounting requires strategic principles integration, namely:

- future – orientation and pursuing long-term business;
- outside firm – orientation to value chain;
- providing qualitative information (nonfinancial).

In the second period of consecration, strategic management accounting develops masively, and some strategic principles such as the value, resources, skills and strategic intent are significant.

Skills are part of the activities that add value to the product, approach that falls in line with the value chain proposed by some economists, but is an extension of it. Strategic intent presume a long term vision and a portfolio of core competencies, and skills must be used under conditions of optimum efficiency, namely: cost, quality, time and diversity[1, p. 68.].

Ultimately, some authors divide the techniques in strategic management accounting in three categories:

- inside the company - oriented, highlighting the collection and reporting of relevant information to achieve efficiency as a source of competitive advantage and which relate to accounting techniques associated with the development of new production strategies (information as: cost, quality, time, etc.) filtered by ABC (activity cost method) and ABM (activity based management).

Even if ABC method is similar to traditional instruments by focusing inward and historical information, it becomes a strategic tool through quality information they provide and the information base for decision making; it can be considered that all the traditional techniques may be used for strategic purposes, e.g. cost analysis can play a strategic role if deviations are analyzed according to the causative factors and then are linked to different strategic consequences.

- outside company – oriented; it is considered that the instruments focused inward limit the ability of the company to compete effectively. Strategic Managerial Accounting (SMA) must realize comparison with the competitors' cost structure, into a strategy cost and comparison the proportion of product quality, market requirements, in a strategy of diversification.

- future-oriented, primarily used in investment decisions, which tend to focus on the long term, especially since the field has been criticized for removal strategy.

To Strategic Managerial Accounting (SMA) level, the roles are developing and identifing: [3, p. 135.].

- monitoring strategy - role achieved through tools such as performance measurement systems by competitors – oriented accounting, given that competitive advantage can be created only by comparison with competitors;

- strategy development - where the information is used to develop superior strategies to obtain sustainable competitive advantages, and as tools: investment planning and marketing programs;

- the formulation of new strategies - SMA has an important role in the strategic changes, not only because of actual instruments, but especially through available information and knowledge.

Performance measurement tools included with SMA (strategic management accounting), given that their role is a strategic, performance resulting from the successful implementation of the strategy.

Managerial Accounting aim is to improve the performance measurement as an effective performance measurement enable description and strategy implementation guide employee behavior and provide their base pay.

The measurement system and performance management opens a new path in managerial accounting, strategic system focusing on a balanced performance measurement.

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Conclusion

The performance measurement tools are included in SMA (strategic management accounting) category, given that their role is strategic, resulting the performance from the successful implementation of the strategy.

Managerial accounting aim is to improve the performance measurement because an effective performance measurement system enables strategy description and implementation, guides employee behavior and provides their base pay.

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