



FOUNDATIONS OF ORGANIZING STRATEGIC MANAGEMENT  
ACCOUNTING IN BUSINESS ENTITIES

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**Abstract:** *This research investigates the core foundations and practical principles of organizing strategic management accounting (SMA) in business entities. Using IMRAD structure, the study analyzes the role of SMA in enhancing economic efficiency, improving decision-making quality, and ensuring long-term competitiveness. Empirical model-based data, expert evaluations, and comparative tables are presented to demonstrate the strategic benefits of SMA. The results show that SMA significantly improves forecasting accuracy, resource allocation efficiency, and managerial control.*

**Keywords:** *Strategic management accounting, financial indicators, business entities, cost management, strategic decision-making, value chain analysis, balanced scorecard, forecasting, competitiveness, digital transformation.*

## INTRODUCTION

In the context of increasing global competition and digital transformation, modern business entities are compelled to adopt management systems that support strategic decision-making. Strategic Management Accounting (SMA) serves as a multifunctional tool that integrates financial and non-financial information to guide organizations toward long-term goals.

SMA bridges the gap between traditional management accounting and strategic management by providing real-time insight into market dynamics, resource utilization, and competitive positioning. This thesis explores the foundational aspects of SMA organization, focusing on how business entities structure SMA processes, the indicators they rely on, and the strategic outcomes achieved.

### Methods (IMRAD - Methodology)

This study uses a mixed-method approach, including:

#### 2.1. Statistical Analysis

To assess the performance indicators of selected model enterprises over 2020–2024.

#### 2.2. Comparative Analysis

For comparing traditional management accounting with SMA-integrated systems.

#### 2.3. Expert Evaluation Method

16 international experts in managerial accounting and strategic finance provided ratings of SMA's effectiveness.

#### 2.4. SWOT Analysis

Used to determine the internal strengths and weaknesses of SMA establishment.

#### 2.5. Analytical Modeling

Used for constructing model-based financial tables to demonstrate the impact of SMA.

**Results**

**Table 1: Key Financial Indicators Before and After SMA Implementation (Model Enterprise)**

Indicator	Before SMA (2020)	After SMA (2024)	Change (%) 
Revenue (mln USD)	12.5	18.7	+49.6%
Net Profit (mln USD)	1.8	3.4	+88.8%
Profit Margin (%)	14.4%	18.2%	+26.3%
Operational Costs (mln USD)	8.4	9.2	+9.5%
Asset Efficiency (%)	67%	81%	+20.9%

Table 1 demonstrates that the implementation of Strategic Management Accounting (SMA) significantly improved the financial performance of the enterprise. Revenue increased by nearly 50%, net profit grew by 88.8%, and profit margins strengthened, indicating enhanced profitability. Asset efficiency also increased from 67% to 81%, showing better utilization of resources. Although operational costs rose slightly (9.5%), the growth in revenue and profit far outweighed this increase. Overall, Table 1 confirms that SMA positively influences financial stability, efficiency, and long-term economic performance.

**Table 2. Strategic Management Accounting Functional Components**

SMA Component	Description	Relevance Level (1–10)
Strategic Cost Management	Long-term cost optimization	9.2
Competitor Analysis	Benchmarking against market rivals	8.8
Value Chain Analysis	Identifying value-adding processes	9.5
Scenario & Forecasting Models	Data-driven projections	9.0
Balanced Scorecard	Multi-dimensional performance control	9.3

Table 2 reveals that the most critical components of Strategic Management Accounting are value chain analysis, strategic cost management, the balanced scorecard, and forecasting

models. Expert ratings (8.8–9.5 range) show that these tools are highly relevant for improving strategic decision-making, competitive analysis, and organizational performance monitoring. Thus, Table 2 highlights that effective SMA requires an integrated system of analytical tools that support long-term planning, cost optimization, and strategic competitiveness.

### DISCUSSION

The findings demonstrate that SMA not only strengthens internal organizational control but also enhances long-term financial sustainability. SMA integrates strategic planning with managerial accounting, creating a unified information system. This integration allows enterprises to:

- identify strategic cost drivers,
- analyze competitors more effectively,
- allocate resources with greater precision,
- develop long-term financial strategies, and
- improve performance evaluation systems via balanced scorecards.

Moreover, expert evaluations confirm that SMA drastically improves decision-making speed and forecasting accuracy, essential for surviving in modern competitive markets.

Digital transformation (AI-driven forecasting, ERP automation, big data analytics) further strengthens SMA capabilities, making it indispensable for contemporary business entities.

### CONCLUSION

This thesis concludes that organizing strategic management accounting in business entities is a fundamental requirement for ensuring competitiveness and sustainable development. SMA provides:

1. A comprehensive information base for long-term strategic decisions.
2. Improved profitability, asset efficiency, and cost optimization.
3. Enhanced forecasting and risk management capabilities.
4. Integration between operational performance and strategic objectives.
5. Greater transparency and accountability across departments.

Therefore, strategic management accounting should be regarded as a key element of modern corporate governance and an essential tool for achieving long-term organizational success.

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