

# **A Systematic Review of Management Accounting and Supply Chain Management Practices and their Impact on Performance**

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### **Abstract:**

The analysis underscores that proficient SCMP can significantly augment resource optimization and operational efficiency across diverse sectors, such as manufacturing, logistics, and banking. It delineates the incorporation of advanced management accounting methodologies, including Activity-Based Costing and performance measurement systems, as pivotal for harmonizing with specific supply chain strategies to enhance overall performance outcomes. The review synthesizes insights from existing literature, pinpointing salient themes and research voids pertaining to the interaction between SCMP, MAP, and performance metrics. It advocates for an exploratory methodology that promotes future empirical investigations utilizing a combination of cross-sectional and longitudinal designs to enrich the comprehension of these dynamics. The collective findings imply that cultivating the interaction between SCMP and MAP is imperative for organizations to attain competitive advantages and sustainable performance in an increasingly intricate global milieu.

### **Introduction:**

In the contemporary dynamic and competitive business landscape, organizations are increasingly cognizant of the crucial interconnections between their external supply chain management (SCM) processes and internal management accounting (MA) systems. The successful amalgamation of these two domains has become essential for enduring success, transcending mere competitive advantage. To synthesize the extant knowledge regarding the nexus between MA and SCM and, more importantly, to scrutinize their collective impact on organizational performance, this study presents a comprehensive evaluation of the existing literature on the subject. This review aspires to provide an exhaustive overview of the theoretical and empirical evidence by systematically mapping and assessing relevant studies. The process involves drawing attention to critical observations, finding voids in the academic discourse, and outlining prospective routes for future examination.

### **Literature review:**

(Waked et al., 2023) A research titled "The Impact of Supply Chain Management Strategies and Management Accounting Practices on Firm Growth in Yemen" discovered a favourable relationship between improved firm performance and successful supply chain management tactics. It highlights how crucial it is to combine internal and customer-focused methods in supply chain management, as well as how management accounting plays a part in decision-

making. The study emphasises the necessity of more research on these subjects in emerging nations.

**(Waked et al., 2023)** The study investigates how Yemeni business development, management accounting practices, and supply chain management (SCM) methods relate to one another. It illustrates how crucial supply chain management (SCM) is as a competitive advantage and how crucial it is for supply chain members to work together effectively. MAPs, SCM tactics, business growth metrics, and demographic data are all evaluated in this quantitative study. The results indicate a favourable relationship between business growth and MAPs and SCMS, indicating that combining these strategies is essential for long-term success.

**(Almatarneh et al., 2022)** The study looks at how supply chain performance is affected by management accounting in logistics manufacturing firms. 181 respondents filled out a questionnaire, and the results showed a strong relationship between management accounting methods and supply chain performance. According to the results, supply chain performance may be maximised through effective management accounting, and businesses should include these strategies in their objectives for operational efficiency. The study's dependability and significant impact on supply chain performance were validated by Cronbach's alpha.

**(Jamal et al., 2019)** This investigation addresses the linkage between management accounting approaches (MAA) and supply chain management practices (SCMP) in Malaysian publicly listed enterprises. A cross-sectional analysis of 355 enterprises reveals a positive correlation between SCMP and MAP, indicating that the implementation of these practices could potentially enhance performance. Strategic MAP is found to bolster supply chain effectiveness, while supply chain performance is

observed to exert an indirect influence on MAP. On the other hand, the examination concedes its limitations and urges for further exploration through longitudinal studies and case-oriented research.

**(Jamal et al., 2019)** The paper "Management Accounting and Supply Chain Strategy" investigates the connections among relationship structures, management accounting methods, and supply chain strategy. It implies that for supply chain management to be successful, accounting design flexibility is essential. The study discovered a strong correlation between

supply chain strategy and managerial accounting procedures, with the connection structure acting as a moderator. The paper does, however, recognise its shortcomings and urge more empirical investigation.

**(Suzan et al., 2019)** The study "Empirical Testing of the Implementation of Supply Chain Management and Successful Supporting Factors of Management Accounting Information Systems (MAIS) within the Indonesian banking sector" looks at the elements that make MAIS implementation successful. SEM and survey techniques are used in the study to assess correlations between important variables. The findings indicate that every statistic associated with MAIS is reliable and significantly affects company success.

**(Doktoralina & Apollo, 2019)** To help to better understand how strategic management accounting can make Malaysian logistics companies more profitable, the study "Enhancing Logistics Firm Profitability in Malaysia: The Role of Strategic Management Accounting Practices in Enhancing Supply Chain Outcomes Amidst Evolving Challenges in the Logistics Industry" was conducted. The study emphasises how ineffective supply chain management and low warehouse efficiency are causing the Malaysian logistics sector to perform worse. Information, technology, and government policies all have favourable correlations with supply chain profitability, according to the research.

**(Alamri, 2019)** The 2018 research by Ahmad Mohammed Alamri looks at how Strategic Management Accounting (SMA) affects organisational performance in Saudi publicly traded enterprises. Targeting 178 businesses with established accounting departments, the study discovered a favourable correlation between SMA and both financial and non-financial performance metrics. According to the study, organisational performance is strongly predicted by matching SMA with organisational environment factors, which accounts for 37.5% and 33.5% of the performance variation, respectively. This emphasises how crucial it is to match SMA with organisational

context factors in order to make strategic decisions and remain competitive in the market.

**(Pradhan, 2019)** The thesis "Assessment of Management Accounting Practices and Supply Chains and their Impact on Firm's Performance: Evidence from Indian Industries" explores the relationship between supply chain performance, company financial performance, and

management accounting practices in Indian industries. The study reveals a research gap in the impact of MAP on SCP by highlighting issues such a lack of transparency and a dependence on conventional accounting techniques. The results suggest that management accounting and supply chain management techniques may be applied to improve business value and decision-making.

**(Justyna, 2018)** The study looks at how management accounting methods are used in Polish supply chain management (SCM) to analyse costs and assess performance. It demonstrates that although many businesses are aware of sophisticated MA techniques, their use is irregular, resulting in less-than-ideal cost estimation. According to the report, these technologies should be regularly used to enhance operational performance, profitability, and decision-making in a global market that is changing quickly.

**(Al-Shboul et al., 2017)** The performance of Jordanian manufacturing companies is examined in relation to supply chain management practices (SCMPs). It emphasises how crucial SCMPs are to improving the performance of manufacturing and supply chain companies. Adoption of SCMP and improvements in both were found to be strongly positively correlated in a quantitative study that used a structured questionnaire survey. According to the report, businesses may obtain a competitive edge by using best practices. Factors affecting supply chain performance should be investigated in future studies.

**(Jamal et al., n.d.)** The study examines how Malaysian manufacturing companies with ISO 14001 certification relate to Green Supply Chain Practices (GSCPs), Environmental Management Accounting (EMA), Environmental Performance (ENP), and Economic Performance (ECP) using a self-administered survey. The study concluded that GSCPs and EMA are essential for enhancing economic and environmental performance, and it recommended that GSCP-EMA frameworks be made standard operating procedures for sustainability objectives. For more generalisability, future studies should broaden their geographic focus.

**(Eley et al., 2015)** The study investigates the function of management accountants in the supply chain management (SCM) procedures used by Malaysia's car manufacturing industry. Interviews, observations, and archive data were used to gather information. The results demonstrate that although accountants may improve SCM procedures, conventional

accounting methods frequently restrict their practical use. According to the report, management accountants' roles should change to better meet the needs of contemporary SCM. (Dobroszek et al., n.d.) Using a literature review technique, the study examines the connection between logistics/SCM and management accounting in Poland. With just

1.70 percent of publications discussing management accounting in logistics and supply chain management, it discovered a sizable vacuum in the literature. The writers also pointed out a dearth of novel empirical research and transdisciplinary studies. To improve the relevance and application of research findings, they advocate for a more multidisciplinary approach and cooperation with practitioners. Future studies should incorporate current logistics trends to improve accountability.

**(Mohd-Jamal & Tayles, 2014)** This article investigates the dynamics of Supply Chain Management Practices (SCMPs) and their influence on Manufacturing Firms' Performance (MFP) and Supply Chain Performance (SCP) within the context of Jordan's manufacturing sector. The research identifies seven critical components of SCMPs: comprehensive quality management, internal lean practices, customer service management, quality and quantity of information exchange, strategic supplier collaborations, and delay. The findings reveal a robust positive correlation between SCMPs and both SCP and MFP, suggesting that elevated levels of SCMPs enhance supply chain performance, consequently improving overall performance. The research applies multiple statistical methods, including ANOVA, Pearson correlation, linear regression, and structural equation modeling, to substantiate these connections.

### **Research Method:**

The review paper utilizes a systematic review methodology that synthesizes existing literature on Management Accounting Practices (MAP) and Supply Chain Management Practices (SCMP) to evaluate their effects on performance. It encourages further empirical research, highlights research gaps, and offers practical insights for practitioners.

### **Finding:**

The systematic review reveals several key findings regarding the relationship between Supply Chain Management Practices (SCMP), Management Accounting Practices (MAP), and organizational performance. Firstly, there is a strong positive correlation between SCMP and overall performance metrics, indicating that effective SCMP can significantly



enhance performance across various sectors. Furthermore, the integration of advanced management accounting techniques with SCMP is essential for optimizing resources and improving operational efficiency, which directly impacts performance outcomes. The review also highlights the critical role of Strategic Management Accounting (SMA) in enhancing supply chain performance and its alignment with firm performance metrics. Additionally, it identifies gaps in the literature concerning the interplay between SCMP, MAP, and performance metrics, advocating for more empirical research, particularly using longitudinal studies, to deepen understanding in this area. The effectiveness of SCMP and MAP is found to vary across different industries, indicating the need for context-specific approaches in their implementation. Lastly, organizations are encouraged to foster greater interaction between SCMP and MAP, invest in training, and focus on continuous improvement in management accounting practices to achieve competitive advantages and enhance overall organizational performance.

### **Conclusion:**

The review emphasizes the importance of Supply Chain Management Practices (SCMP) and Management Accounting Practices (MAP) in driving organizational performance. It suggests that integrating these practices can optimize resources, enhance operational efficiency, and improve overall performance. Advanced management accounting techniques, like Strategic Management Accounting (SMA), are crucial for strategic decision-making. However, the review highlights gaps in existing literature, suggesting future research should focus on longitudinal studies and sector-specific investigations. By fostering collaboration, organizations can achieve sustainable competitive advantages and enhance performance outcomes.

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