

A Literature Review of Current Research Trends in Management Accounting

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Abstract

This article's objective is to examine developments or research trends in management accounting in the application of performance measurement, including the just-in-time (JIT) approach, activity-based costing (ABC) and time-driven activity-based costing (TDABC), balanced scorecard (BSC), customer accounting (CA), target costing (TC), and total quality management (TQM) (TQM). Using the process of narrative literature review to analyze the material from each reference The facts and information originate from books published between 2020 and 2022. According to the findings of the study trend analysis, an increasing number of businesses are beginning to mix diverse methods to performance measuring systems. By integrating these methodologies, the performance measurement outcomes will be more precise.

Keywords: *Management Accounting, Performance Measurement, Research Trends.*

Abstrak

Tujuan dari penulisan artikel ini untuk meninjau perkembangan atau tren riset ilmu akuntansi manajemen pada penerapan pengukuran kinerja dari beberapa pendekatan seperti Just in Time (JIT), Activity Based Costing (ABC) & Time Driven Activity Based Costing (TDABC), Balanced Scorecard (BSC), Customer Accounting (CA), dan Target Costing (TC), serta Total Quality Management (TQM). Dalam menganalisis informasi dari setiap referensi menggunakan metode naratif literatur review. Data serta informasi berasal didapat dari literatur artikel penelitian yang diterbitkan pada tahun 2020 sampai 2022. Hasil analisis tren penelitian ditemukan bahwa terdapat banyak perusahaan yang mulai menggabungkan berbagai pendekatan sistem pengukuran kinerja. Dengan mengkombinasikan beberapa pendekatan-pendekatan tersebut, hasil pengukuran kinerja akan menjadi lebih akurat.

Kata kunci: *Ilmu Akuntansi Manajemen, Pengukuran Kinerja, Tren Riset.*

INTRODUCTION

The publication of "Factory Accounts" by Emile Garche and J.M. Fells in the early 19th century marked the beginning of the development of management

accounting science. Alexander Hamilton (1917) discussed the importance of implementing management accounting in production activities, which contributed to the further development of the science of management accounting in the 20th century. Alexander Hamilton initiated the development of a performance metric based on machine-hour rates. This is known as a financial or single performance metric.

People think that a single performance measurement has many problems, like not being able to measure important parts of performance well (Kaplan & Norton, 2005). Several scientists, including Abernethy & Lillis, (1995) and Perera *et al.*, (1997) Also stated that performance measurement that focuses solely on financial measurements is insufficient to have a beneficial impact on performance improvement. Finally, Kaplan & Norton initiated the development of a non-financial performance measurement system to be coupled with financial features. The established measuring system is currently known as the balanced scorecard (BSC).

The Balanced Scorecard (BSC) includes four viewpoints for measuring performance, one financial perspective and three non-financial aspects. Customers, internal business operations, and learning and development provide the non-financial perspective. The company's ability to calculate production cost efficiency while still maximizing revenue is a financial indicator of its financial performance. Activity-based costing, also known as the Activity-Based Costing (ABC) method, can be used to improve the cost effectiveness of production.

The ABC approach is characterized as an activity-based cost information system that motivates employees to lower expenses effectively and efficiently over the long term. (Mulyadi *et al.*, 1993). According to Tunggal (1992), the ABC technique not only provides a more precise cost calculation, but also provides a complete calculation of the elements that cause costs, allowing businesses to build cost-management strategies. In addition, the ABC approach can enhance the performance of a corporation (Kennedy & Affleck-Graves, 2001). In addition to ABC, the Time-Driven Activity-Based Costing (TDABC) method is also commonly employed by businesses. The TDABC approach is an expansion of the well-known ABC technique. The primary distinction is that TDABC employs time equations and capacity cost levels. ABC focuses on the expenses associated with the production, distribution, and maintenance of activity-based products. (Zamrud & Abu, 2020).

The ever-increasing evolution of the corporate sector has caused organizations to prioritize not only cost-effectiveness in order to generate significant profits, but also client satisfaction. In accordance with Kaplan & Norton (2005) assertion that the customer is one of the company's primary focuses, the customer is in charge of the market and has the freedom to select the appropriate product. Consumers will also have a role in determining the level of firm revenue, which will effect the company's ability to survive.

Customer accounting (CA) is a strategy from Strategic Management Accounting Techniques that organizations can use to manage consumer relationships (Cadez & Guilding, 2008). CA includes all accounting processes pertaining to customer-related sales, earnings, and the current value of profits.

(Guilding & McManus, 2002). According to Al-Mawali & Amoush (2013), CA can considerably enhance business performance. This performance is measured by return on investment (ROI), return on equity (ROE), ratio of increasing sales to operating profit, number of consumers, customer satisfaction, and value of market share.

The determination of the selling price is one of the key indicators that a firm must examine. The more the target selling price, the greater the likelihood of a company's inability to compete. However, the corporation will find it more difficult to reach its profit goal the lower the selling price. Therefore, using a cost control approach known as target costing, the corporation must determine the product's selling price based on all expenses incurred and the desired profit margin (TC).

Target costing (TC) possesses two essential characteristics: market and cost (Garrison *et al.*, 2011). The concept of "market features" is that the market, not the corporation, controls prices. The design phase, which determines the cost of the manufactured product, is the significance of the cost features. During the design phase, businesses can select materials based on predetermined criteria. At this stage, the business must be able to control costs in order to achieve the desired price.

According to Ellram's (2006) research, target costing has benefits for cost management. This research is reinforced by Mildawati (2012), who found that target costing can give firms with insight into how to control costs and minimize production-related costs. According to these two studies, the adoption of target costing correlates positively and significantly with the profit growth of the company.

Productivity and product quality should remain the primary concerns of any firm if they want to see sustained growth in profits over the long term. It is necessary for businesses to implement the "just-in-time" (JIT) system in order to boost their levels of productivity. (Dreyfus *et al.*, 2004). This is because the deployment of the JIT system attempts to increase production by eliminating tasks that do not add value or provide benefits to the produced goods. JIT also needs enterprises to pay constant attention to the quality of the things they make, taking into account the quality of the materials to be used, the quality of the people, and the quality of the equipment to be employed (Pristianingrum, 2017). According to the research of Adeniran *et al.* (2019), JIT can positively impact the financial performance of manufacturing enterprises in Nigeria.

Total Quality Management can also result in productivity gains for a business (TQM). TQM is a management strategy that can assist a business in achieving long-term success by enhancing its competitiveness via continual and continuous improvement (Zusrony, 2014). The use of TQM in businesses can contribute to a rise in earnings. Additionally, TQM adds to enhanced company performance (Ali & Johl, 2022). According to Ahmed & Idris's (2020) research, there is a favorable correlation between soft TQM components and employee job satisfaction. Soft aspects of Total Quality Management include top management commitment, staff empowerment, teamwork, training and education, and employee involvement.

The purpose of this research is to investigate the evolution of management accounting science within the context of performance measurement, which includes BSC, ABC, and TDABC, as well as CA, TC, JIT, and TQM. This study does not present a novel notion in relation to the performance measuring approach. On the other hand, explanations will be provided on study trends associated with BSC, ABC, and TDABC, CA, TC, JIT, and TQM from 2020 to 2022. This is done so that analysis may be obtained regarding the development of it as a measurement of firm performance.

RESEARCH METHOD

As a point of reference for the study itself, this research makes use of an impartial literature review narrative method. Choosing a topic, gathering relevant material, reading it, evaluating it, and finally producing a review are the processes involved in this process. This study is both descriptive and qualitative, and it draws its data and information from a variety of sources, including but not limited to: the Balanced Scorecard (BSC), Activity Based Costing (ABC) and Time Driven Activity Based Costing (TDABC), Customer Accounting (CA), Target Costing (TC), Just-In-Time (JIT), and Total Quality Management (TQM) from 2020 to 2022. In order to describe the development of performance assessment methodologies and the influence their implementation has on firms, information collecting is used.

ANALYSIS AND DISCUSSION

Many advances have been made in the study of methods that can be used to evaluate business performance. This is evidenced by the proliferation of recent research relating various facets of performance to multifaceted measuring strategies including BSC, ABC, TDABC, CA, TC, JIT, and TQM. Future studies on BSC, ABC, and TDABC, CA, TC, JIT, and TQM are displayed in Table 1.

Tabel 1. 2020 to 2022 Research Trends on ABC and TDABC, BSC, CA, TC, JIT, and TQM

Type of Approach	The Results of Research	Reference
Activity Based Costing (ABC) dan Time- Driven Activity- Based Costing (TDABC)	According to the conclusions of the research conducted, the TDABC approach offers a number of benefits. The fact that the TDABC approach takes into consideration all of the potential costs that may be incurred by each activity is the primary benefit that it offers.	(Zahara & Indayani, 2022)
	Citation of Research Results The results of this study reveal that the implementation success rate of ABC has a favorable effect on the degree of use, the advantages	(Al-Dhubaibi, 2021)

	<p>achieved, and the overall happiness of system users.</p> <p>According to the study's findings, life cycle assessment (LCA) and ABC can be combined to determine the costs and environmental effects of various goods and activities.</p>	<p>(Jourdaine <i>et al.</i>, 2021)</p>
	<p>The study's findings demonstrate the applicability of the ABC method and the TDABC method to business requirements.</p>	<p>(Zamrud & Abu, 2020)</p>
Balanced Scorecard (BSC)	<p>The balanced scorecard is the best tool for performance measurement since it makes it simple for businesses to assess their operations as a whole, to plan, manage, and make business choices, as well as to accomplish their vision and mission.</p>	<p>(Abdurrachman <i>et al.</i>, 2022)</p>
	<p>It is clear from this study that the BSC-BWM combined model was successfully employed to build a quantitative instrument to assess an organization's business performance and track the efficacy and efficiency of the adopted strategy in order to support management choices.</p>	<p>(Dwivedi <i>et al.</i>, 2021)</p>
	<p>The most important balanced scorecard aspects for improving renewable energy investment projects are learning and growth.</p>	<p>(Xie <i>et al.</i>, 2021)</p>
	<p>According to the study's findings, customers are more important than learning and growth. This indicates that the utmost attention is given to all consumer-focused factors.</p>	<p>(Delen <i>et al.</i>, 2020)</p>
Customer Accounting (CA)	<p>Based on what was found, strategic management accounting seems to be the best way for management at all levels to get good, relevant information. The implications of this study show researchers and practitioners how</p>	<p>(Nik Abdullah <i>et al.</i>, 2022)</p>

	<p>important it is to use big data in the strategic management accounting process to improve analysis and get better results..</p>	
	<p>According to the study's findings, managers can make judgments using fresh information that customer profitability analysis gives them.</p>	(Helgesen, 2021)
	<p>According to the findings, competitive intensity can have a good or negative impact on consumer accounting sophistication (CA), depending on how much businesses tailor their operations and products to cater to their wants. The researcher forecasts a positive association between competition intensity and CA sophistication when customer service competition is strong, whereas this relationship is predicted to be negative when customer service competition is low.</p>	(Holm & Ax, 2020)
Target Costing (TC)	<p>The findings indicate that, in terms of product uniqueness and level of innovation, TC and product innovation have a favorable association. Although the exact link between information quality and product innovation could not be shown, it was discovered that companies with higher-quality information systems had a stronger positive association with product innovation than companies with lower-quality information systems.</p>	(Pavlatos & Kostakis, 2022)
	<p>The target costing method can help optimize business processes in construction projects and improve the performance of an entity in this area.</p>	(Oncioiu <i>et al.</i> , 2021)
	<p>The results of the study indicate</p>	(Al-Hattami <i>et al.</i> , 2020)

	that TC has been successful in decreasing costs when applied to the study's sample factories.	
Just in Time (JIT)	The accounting information system is significantly impacted positively by JIT. The usage of Just-in-Time that has been adopted will boost the company's productivity, particularly by eliminating waste in the production process; therefore, the existence of a JIT system provides significant advantages for organizations seeking to increase profits. Information related to the production process in the accounting information system has affects such as delivering or presenting correct and timely information so that businesses can carry out their primary operations in the value chain efficiently and effectively.	(Maelani & Husni, 2022)
	JIT positively influences both operational performance (OP) and business performance (BP).	(Agyabeng-Mensah <i>et al.</i> , 2020)
	CCP (customer churn prediction) issues can be resolved by utilizing JIT.	(Amin <i>et al.</i> , 2020)
Total Quality Management (TQM)	The results of the study indicate that Total Quality Management (TQM) implementation has an effect on management performance.	(Syahida, 2022)
	TQM influences operational performance (OP) and business performance positively (BP).	(Agyabeng-Mensah <i>et al.</i> , 2020)
	TQM considerably enhances an organization's capacity to attain corporate green performance (CGP).	(Abbas, 2020)

Different measurement techniques can be used to assess business performance. The findings of the performance measurement will be more accurate the more complex the measurement technique used. The balanced scorecard is the performance measurement tool that businesses use most frequently (BSC). due to

the integration of financial and non-financial measurement systems at BSC. The study patterns on BSC have changed significantly over the previous two years. To measure company performance, researchers have begun to integrate the BSC with other techniques, such as the Best-Worst Method (BWM). Investment programs for renewable energy also involve BSC research.

Businesses are starting to improve their measurement from a BSC financial standpoint by implementing the ABC and TDABC methods. Both of these systems can offer more precise and in-depth cost projections to help businesses reduce waste throughout production processes. The research patterns for 2020 to 2022 have been developed by ABC and TDABC. Research that not only takes into account activity costs during industrial activities but also starts to take into account environmental costs by including life cycle assessment is an example of this trend (LCA).

The organization incorporates the target costing (TC) system to measure the financial perspective. According to some researches, TC has been successful in enhancing the business performance of the organization and controlling expenditures. The "just-in-time" (JIT) method can be used to incorporate another financial feature that is crucial to boosting business earnings. JIT is helpful for increasing productivity by eliminating tasks that don't bring value or benefits to the output. JIT has been linked favorably to both operational and business performance, according to several researchers. JIT can also be utilized to solve problems with customer churn prediction (CCP).

In the BSC approach, issues with customer churn prediction (CCP) relate to the viewpoint of the consumer. Businesses are beginning to understand the significance of customers in boosting profitability. This motivates businesses to use a unique strategy called customer accounting (CA). Some researchers found that CA can be used for management decision-making in resolving CCP issues in addition to boosting business earnings.

The company's focus on elements of ongoing and sustainable improvement can be observed as the growth of other management accounting disciplines. Total quality management (TQM) is used to measure this aspect. According to the findings of numerous research, TQM greatly boosts an organization's capacity to accomplish corporate social responsibility (CSR) and corporate green performance (CGP) (CSR).

The research's conclusions on the development of management accounting science are believed to be beneficial to the business. These developments demonstrate that management accounting is not a rigid science. The corporate and industrial worlds can advance concurrently with developments and improvements, ensuring that they are constantly pertinent to the context and conditions at hand..

CONCLUSION

The evolution of management accounting continues to progress at a rapid pace from one year to the next. This expansion is characterized by the existence of a variety of measuring system approaches that are compatible with one another and may be maintained. BSC, ABC, and TDABC, CA, TC, JIT, and TQM are the management accounting methodologies that are now being studied. Other

methodologies include TQM and CA. In order to acquire accurate results for the measuring of corporate performance, a number of different studies on these methodologies have been carried out, and they have been combined with one another.

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