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The Role of Strategic Management Accounting Techniques in Supporting the Cost Leadership Strategy to Achieve the Competitiveness of Industrial Companies

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Abstract: In light of the need to use scientific Techniques in the modern manufacturing environment, it has become necessary for management accounting to update and develop its techniques, Techniques and tools, to keep pace with the changes and developments taking place in the modern manufacturing environment, by relying on a set of scientific Techniques through which it can contribute Strategic management accounting in achieving the competitiveness of industrial companies is among the vast amount of Techniques recognized in the field of management accounting.

Accordingly, the research dealt with defining the conceptual framework for strategic management accounting with identifying the most important strategic management accounting Techniques through which it can contribute to achieving the competitiveness of industrial companies, as well as clarifying the role of strategic management accounting Techniques in supporting the cost leadership strategy to achieve the competitiveness of industrial companies.

Keywords: strategic management accounting, cost leadership strategy, competitiveness.

«JEL» Classification: M42, M41.

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I. Introduction:

The enormous developments that occurred in the environment of manufacturing systems and resulting from several gradual transformations and not sudden revolutions in information, technology, systems, Techniques and concepts, have placed the burden of development on traditional management accounting to meet the needs of the modern manufacturing environment of advanced information systems to support management in the field of administrative decision-making in general, and strategic decisions in particular.

Management accounting has the skills and capabilities that enable it to assess the size of competitors, the degree of their influence on the company's decisions, the degree to which they are affected by its decisions, knowledge of technical changes, environmental considerations, important indicators in the industrial field and competitors' responses. Its techniques, Techniques and tools, to keep pace with the changes and developments taking place in the modern manufacturing environment.

Hence, the research problem comes through the need to identify the appropriate Techniques through which strategic management accounting can contribute to achieving the competitiveness of industrial companies.

Accordingly, the importance of the research becomes clear by addressing a modern and vital topic in the possibility of focusing on a group of strategic management accounting Techniques through which it can contribute to achieving the competitiveness of industrial companies among the vast amount of accepted Techniques in the field of management accounting.

Thus, the objectives of the research are determined by clarifying the following:

1. The conceptual framework of strategic management accounting with defining the most important Techniques of strategic management accounting through which it can contribute to achieving the competitiveness of industrial companies.
2. The role of strategic management accounting Techniques in supporting the cost leadership strategy to achieve the competitiveness of industrial companies.

II. Conceptual framework for strategic management accounting

II.1. The concept of strategic management accounting.

Recently, interest in the term strategic management accounting has increased as one of the branches of accounting knowledge, which has been developed from the approaches used in order to generate appropriate information on all the strategic aspects of the company. Which is adopted after studying the internal and external (competitive) environment of the company (Saleh, 2009, 33)?

Although more than a quarter of a century has passed since the emergence of the term strategic management accounting, there is still no agreement on what strategic management accounting is. This term is still an open field for many interpretations by specialists in the field of management accounting, some view it as: A general approach to accounting for the strategic position of the company, based on the integration of management accounting with marketing management through the framework of strategic management (Roslender & hart, 2010, 9), while the definition (Langfield-Smith, 2008, 2) of strategic management accounting focuses on the combination between The four stages of strategic management (strategy formulation stage, strategy communication stage, strategy implementation stage, strategy follow-up stage) and competitiveness analysis, value chain analysis, and cost drivers analysis.

Other researchers see it as: "a system for measuring and providing information necessary for decision-making, and it serves as a driver for the behavioral performance of individuals in the company to contribute to achieving the company's strategic goals." (Calsson. et al., 2011, 9), as well as: "a form of management accounting that The focus is on information related to the external factors of the company, as well as non-financial information and internally generated information" (Mohammed et al., 2011, 14).

The previous concepts indicate that strategic management accounting is moving towards integrating marketing management, management accounting and strategic management under one framework, and then management accounting in its new strategic dress is concerned with collecting data and information related to costs, prices, sales volume, product markets and resources used, and reviewing strategies for both of the company and competitors over several time periods. In this description, it differs significantly from traditional management accounting, which is concerned with operational information and focuses more on the internal environment.

On the other hand, there are those who see that the concept of strategic management accounting is synonymous with the concept of strategic cost management, while the two researchers see that the two concepts are different and that strategic cost management is one of the structures within strategic management accounting. Where strategic cost management is defined as: "management procedures and practices aimed at analyzing and studying the company's cost structure for the purpose of distinguishing the cost relationships between value chain activities and its management in order to reach the efficiency of investing the resources available to the company. (Al-Masoudi, 2010, 120)

Based on the foregoing, strategic management accounting can be defined as: the process of identifying, measuring and compiling information (financial and non-financial) from the company's environment (internal and external) and analyzing, interpreting and communicating that information to decision makers, with the aim of identifying appropriate strategies, and using the information to strengthen the competitive position for the company.

II.2. The tasks of the management accountant in the light of strategic management accounting.

With the development of the strategic direction of management accounting Techniques, many writers and researchers called for the great role that the management accountant can play in the strategic decision-making process. To focus on strategically oriented issues through the integration of clients, operations, financial and human resources. The term "Horizontal Organization" has emerged to denote companies that focus on integrating their activities across the value chain to support a customer-centric strategy. (Al-Zumar, 2009, 352)

In the light of strategic management accounting, the management accountant is no longer seen as a provider of information, but rather as a major influencer in the strategic management process (Hassan and Abdel Rahman, 2008, 114). Where the strategic management accountant focuses on creating information that begins with identifying and describing problems and ending with the analysis of decision structures that need appropriate information to be taken, and thus focus is placed on the competitive position of the company, as a major determinant of expected profits, and identifying and measuring this competitive position in the form of accounting data and disclosure in accounting reports.

Accordingly, the tasks that must be performed by the management accountant are now represented in the need to provide data and information that help in achieving the strategic goals, including in:

1. Linking the performance of each individual within the company to the strategic goals by providing effective and successful communication between individuals and this is known in Japan as (Hoshini Planning), where management accounting contributes to providing the necessary information for senior and executive management that helps achieve the objectives of quality, cost and speed. (Gado, 2005, 273)
2. Providing information that has an impact on decision-making in the long term. Decisions that may be taken to reduce costs in the short term may have an adverse impact on the company's strategic goals in the long term, which calls for the need to pay attention to the costs of the product life cycle. (Saleh, 2006, 29)

Accordingly, it must be pointed out that the company has two environments: external and internal. The external environment, both parts (public and private) with the internal environment interact and are affected by each other, and it is not possible to isolate the effects of the variables of each of the two environments from the other. Opportunities that must be exploited and threats that should be avoided in relation to the external environment, and the impact of the internal environment is through the strengths that must be strengthened and the weaknesses that must be addressed. . In order to enhance and support the competitive capabilities of the company, there must be a set of Techniques that support these capabilities and help to develop them.

II.3. Appropriate strategic management accounting Techniques to achieve competitiveness in industrial companies.

There is a growing academic interest on the part of writers and researchers in the field of strategic management accounting Techniques, and this great interest has resulted in the rooting of a set of administrative accounting Techniques to link the company's operations, strategies and objectives, and despite the large number of books written on strategic management accounting, there is still no A comprehensive framework for the tools and Techniques of strategic management accounting. Writers and researchers differed among themselves in the number of these tools and Techniques.

Those interested in strategic management accounting see that the use of strategic management accounting Techniques in any company is in itself evidence of that company's focus on following up its competitive position in the local, regional and international markets, and that company's adoption of one of the competitive strategies is evidence that this administration is the one who chooses the appropriate strategy for her company to achieve its strategic goals in order to reach it differentiation.

The strategic management is concerned with formulating competitive strategies for each business unit, and it includes how to manage the capabilities and resources available to these units to increase their competitiveness within the framework of the competitive environment (Al-Hussaini, 2006, 188), and the company may choose one of the competitive strategies - as mentioned previously. Which are:

1. Cost leadership strategy: It focuses on cost reduction.
2. Differentiation strategy: focuses on production excellence.
3. Focus strategy: focus on one of the aspects, either cost reduction or differentiation, but within the limits of a narrow competitive scope.

Based on all of the above, it is clear that strategic management accounting has many Techniques, and each method has multiple objectives. Where there are Techniques aimed at reducing costs and Techniques aimed at improving quality and maintaining quality, and there are Techniques aimed at all of the above. Thus, we see that strategic management accounting relied on new Techniques for the modern manufacturing environment, and Techniques found in traditional management accounting, but they were developed.

The researchers point out that competitiveness represents: internal capabilities in the company consisting of a mixture of accumulated experiences, skills and resources, which represent the company's internal strengths that give it strength over its competitors and help it enhance its competitive advantage, as well as enable it to address its weaknesses. Exploiting opportunities available in the external environment, and facing threats in the same environment that hinder the company's performance.

The role of strategic management accounting Techniques in supporting the cost leadership strategy and its role in achieving the company's competitiveness in order to achieve the company's strategic goals will be discussed.

Accordingly, it will be clarified how the competitiveness of industrial companies can be achieved through the Techniques of strategic management accounting represented by the following:

1. Activity-Based Costing (ABC).
2. Just-in-time (JIT) production.
3. Quality Cost (QC).
4. Benchmarking method (BM).
5. Product life cycle (PLC).
6. Theory of Constraints (TOC).
7. Total Quality Management (TQM).
8. Six Sigma method.
9. Target Cost (TC.
10. Continuous Improvement (CI).
11. Re-engineering (RE-E).
12. Value Engineering (VE).
13. The Value Chain (VC).
14. Value Analysis (VA).
15. Concurrent Engineering (CE).

III. The role of strategic management accounting Techniques in supporting the cost leadership strategy.

To achieve the competitiveness of industrial companies, the companies that follow the strategy of cost leadership depend on the use of the centralization of the organizational structure as well as the focus on the control of outputs, and the use of appropriate strategic management accounting Techniques that enhance the company’s ability to control costs and strive to reduce it while maintaining quality (Al-Zumar, 2009, 366), all of this. It greatly supports the cost leadership strategy and thus supports the competitiveness of the company. The role of each method of strategic management accounting in support of the cost leadership strategy can be shown as follows:

III.1. The role of activity-based costing (ABC) method.

Activity-Based Costing (ABC) is a method that clarifies the cost, profitability and services structure of companies, as well as helping to improve accuracy when calculating costs in companies through the use of resources consumed by activities. (Rizk, 2005, 11)

The usefulness of the (ABC) method in making decisions is not limited to providing efficient information about the costs of a product, but rather it helps managers to find an opportunity to reduce costs because it shows activities that do not add value and through it provides an opportunity to reduce costs (Zimmernen, et al., 2007, 84). It should be noted that the use of the (ABC) method achieves design excellence by simplifying the product design process, meaning that production can flow easily and without any extravagance in the use of resources, and this in turn leads to lower costs.

Therefore, the (ABC) method can play a prominent role in supporting the cost leadership strategy, because the focus of this strategy in the main is to reduce the cost, and the thrust of the (ABC) method is to achieve this.

III.2. The Role of the Just-in-Time Production Method (JIT).

In light of the technical development and the entry of automation into the modern manufacturing environment, the golden rule (make inventory as large as possible) has become incorrect. Rather, it has been replaced by a well-known phenomenon in purchasing, which is (from hand to mouth).

If all the objectives of the (JIT) method are checked, we find that all of them focus on reducing costs, for example, not keeping inventory is a saving in the capital invested in the company (Basili, 2007, 109), since not keeping inventory means even the economy of space that It was occupied by the stockpile and also, some gave an example in the production process such as (rocks and water), as the high water (the stock in a large quantity) hides and covers the rocks (serious problems in production), while reducing the water leads to the emergence of rocks, which makes it easier to see and work to treat them. Each rock represents aProblem, through the on-time production method, engineers, supervisors, and analysts use Techniques to undermine these rocks (problems) because the water level (i.e. the stock) has been lowered. (Mustafa, 1998, 538)

It is clear from the above that the Just-in-Time Production (JIT) method helps significantly in reducing cost by making inventory zero, as well as zero damage, handling, preparation time, holidays and delivery time, and thus leads to achieving the objectives of the cost leadership strategy in the required manner.

III.3. The role of the quality cost method (QC).

One of the main objectives of the idea of quality cost (QC) analysis is to reduce the total volume of product costs related to quality. As the success of the Japanese through the quality of their products is due to their commitment to achieving quality at the lowest costs, and one of their ways to do so is to focus more on improving capabilities and training users and making them contribute more to preventing poor quality. (Mr., 2009, 115)

The analysis of the (QC) method fits between the results of improvement of costs, and the expectations of the customer, leading to a marriage between cost reduction and the benefits resulting from improving quality (Schiffauerova & Thomson, 2006, 102), and this indicates two directions of analysis, the first heading towards quality cost analysis and control and what It results in a reduction in costs, and the second is directed towards improvement results related to (QC) analysis and its implications on (company’s reputation, customer satisfaction, market expansion, increase in sales, improvement in productivity and others) and thus leads to achieving financial returns for the company.

III.4. The role of the benchmarking method (BM).

The success and excellence of the administration depends on providing a continuous measure of the goods and services it offers in light of the best levels of performance that can exist inside or outside the organization, and then providing the kind of signs that guide and guide it, all of this can be done by the benchmarking method (BM). (Al-Abedy and Al-Abadi, 2007, 220), where companies remain in constant need to see the ideal assortment of distributions of cost ratios to take it as a criterion in the process of improvement and cost reduction, and this criterion is usually taken from the leading companies in the company's field of work, in order to reach their level To achieve competition or even maintain its position in the market. (Al-Hayali et al., 2008, 147)

(Ismail, 2008, 83) believes that the BM method helps the company achieve its competitiveness through one or more of the four dimensions of competition (cost, quality, time, flexibility) and confirms that the cost dimension has a major role in achieving the cost leadership strategy. .

The researchers believe that the internal benchmarking helps to reduce costs more than the external benchmarking, because the internal benchmarking takes place between similar operations in its divisions or operational units, and this helps them to reach low costs, complete operations quickly, exchange data quickly, and earn more In-depth understanding of the company's operations.

III.5. The role of the product life cycle (PLC) method.

(Kimura & Kato, 2002, 29) considers that the (PLC) method is one of the most important strategic management accounting Techniques that help reduce costs. : (Mohsen and Al-Najjar, 2006, 142)

a. Initial costs: such as research and development costs, planning, and design.
b. Regular costs: such as industrial costs, and costs of sales activities.
c. Final costs: such as maintenance, repair, and disposal costs.

Looking at the previous costs, the researchers see when controlling costs in the early stages of the product phases leads to a real cost reduction without compromising the quality of the product, and thus this method is one of the important Techniques in supporting the cost leadership strategy.

III.6. The role of the theory of constraints (TOC) method.

The theory of constraints (TOC) assumes that removing constraints that impede the flow of production contributes to maximizing profits, and therefore it is control over flow that achieves control over costs in reducing costs. (Al-Zaydi, 2011, 139)

The theory of constraints achieves a set of benefits for companies and at the level of different departments and sectors within the company, the most important of which are: (Nave, 2002, 76)

1. Reducing the manufacturing cycle time and reducing stock levels.
2. Reducing bottlenecks, managing constraints, and improving the competitive position.

In view of the benefits arising from the application of the theory of constraints, the researchers see that it helps reduce costs and facilitates the process of controlling them. Cost leadership.

III.7. The role of the Total Quality Management (TQM) method.

Efforts are focused when applying the Total Quality Management (TQM) method on pre-production (purchasing, supply, design, and engineering) and production, which leads to good quality with a clear reduction in control, inspection and rework activities, and a significant reduction in cost . (Joseph, 1999, 128)

Therefore, high quality means less spoilage and this means lower cost, in addition to the fact that quality is everyone's responsibility and because it is everyone's responsibility, the control is before production and by the same worker who checks the quality of his work first-hand. This will not only reduce the need for testing, but also eliminate this section, which increases the cost without adding value to the products. Therefore, it can be said that this method represents one of the most important Techniques that support the cost leadership strategy.

III.8. The role of the Six Sigma method.

The Six Sigma method is based on the principle (prevention is better than cure), meaning that in manufacturing processes, the desire to prevent defects before they arise is concentrated. Defects in order to reach (3.4) defects per million opportunities as much as possible, and thus costs can continue to be reduced. (Al Yamour, 2010, 266), and (Al-Ahmary, 2009, 5) believes that the (6-Sigma) method is a philosophical perspective and commitment to the customer to provide products of the highest quality and at the lowest cost, and at the same time a business improvement strategy adopted for the purposes of improving profitability, eliminating waste, reducing quality costs and improving the efficiency and effectiveness of operations.

Accordingly, it can be said that the Six Sigma method helps the company to implement a cost leadership strategy by providing products at the lowest cost and maintaining a high quality level, which in turn leads to customer satisfaction.

III.9. The role of the target cost method (TC).

The prevailing market price, which cannot be exceeded in the modern manufacturing environment, but working to reduce prices gives the company an important competitive advantage over the rest of the companies and its efficacy. (Al Balki, 2008, 167)

The TC method is concerned with reducing costs from the beginning of the planning and design stage, thus avoiding the occurrence of a rise in costs through the optimal use of the resources available to the company such as raw materials, labor, wages, space and others. (Brausch, 1994, 49)

In addition to what was mentioned, the researchers believe that the (TC) method establishes an appropriate control method that can always ensure the correctness of the progress and implementation of what was planned, as well as that it depends largely on the close relationship and cooperation with suppliers in order to reduce costs. Thus, TC falls among the advanced Techniques that support the cost leadership strategy.

III.10. The role of the continuous improvement method (CI).

One of the goals of the continuous improvement method (Kaizen) is to focus on reducing costs, and this focus is additional improvements to the current production process or to the product design process, and these improvements take a form of developing configuration processes, improving machine performance to reduce waste and others. (Farhood, 2008, 159)

It is clear from the foregoing that what makes the goal of (CI) realistic and practical is that the product in the meantime has entered the stage of operation and production and that any wide changes to reduce cost at this stage are difficult and costly because decisions at this stage have been taken, and thus the (CI) method In turn, it helps reduce costs and thus supports a cost leadership strategy.

III.11. The Role of the Re-engineering Method (RE-E).

The importance of Re-engineering (RE-E) is highlighted by companies seeking to increase productivity, improve product quality and reduce costs by eliminating unnecessary processes within the company. (Mohsen and Al-Najjar, 2006, 140)

One of the most important benefits that companies achieve when using the RE-E method is the elimination of processes that cause waste, loss and high cost during the production stage, and thus a significant reduction in costs and energy needed to manage the company, as well as strengthening the role of control and control over outputs. (The Narrator, 2007, 96)

Accordingly, the researchers believe that the application of this method leads to the deletion and disposal of lost times between activities, as well as increased simplification and flexibility in the completion of activities, thus reducing costs and helping the company to be the leader in costs to continue to achieve profits during the intensification of competition in the markets.

III.12. The Role of the Value Engineering (VE) Method.

The value engineering (VE) method seeks to link the value of each element of the product with a cost element of the corresponding product to provide a function at the lowest cost (Ahmed, 2008, 26), and the starting point in this method is to modify the product design, any change in the functions Product This leads to cost reduction by eliminating wasted time by eliminating all activities, costs, and parts of the product that cause high costs and are unnecessary, so you don't need to spend huge amounts of money to achieve incremental improvements. (Romani, 1997, 43)

Accordingly, the main objective of the Value Engineering (VE) method is to obtain the best performance at the lowest cost during job analysis, and then work on generating alternatives to perform those jobs while maintaining the level of quality and quality, and thus it appears to us that this method also helps the company to approach strategic driving at cost.

III13. The role of the value chain (VC) method.

The value chain (VC) is a method of cost reduction through which costs are calculated on the basis of the main and subsidiary activities through restructuring the activities with the aim of maximizing the value of those activities starting from the process of purchasing raw materials until the delivery of the product to the customer (Youssef, 2009, 62), and that The process of analyzing the cost of activities helps the management to identify the amount of the cost of each activity in relation to the total cost, and therefore the focus is on the activities that have a high cost compared to other activities, and therefore all the ways that lead to reducing those costs and in a way that leads to maintaining the quality of the activities are searched. The products or services provided, in order to ensure that they achieve the value chain and compete with other companies. (Shank, 1998, 83)

All of this requires experience and a broad understanding of the activities whose costs are to be reduced, in addition to that, it requires more information to consider the company's position and what its internal and external relations are. It also requires the company to compare the costs of its activities with the costs of similar companies' activities for the purpose of achieving competitiveness, and through it the company can To achieve the objectives of the cost leadership strategy.

III.14. The role of the value analysis (VA) method.

(Al-Sahiri, 2007, 18) believes that the (VA) method uses the analysis of all aspects and characteristics of existing products or elements to determine the minimum cost necessary to perform the specific job requirements, and this may lead to modifications in the product in order to reduce cost, and the value analysis (VA) method reduces costs by analyzing the activities into (value-adding activities and non-value-adding activities), as reducing the activities that do not add value will not affect the needs of customers, and then it will give an opportunity to reduce the cost associated with this activity, and then the company will gain a competitive advantage.

We conclude from the above that the reduction in costs through the method of value analysis (VA) is the cornerstone of most Techniques of cost reduction. Costs can be accurately reduced, and this helps to achieve the objectives of the cost leadership strategy.

III.15. The Role of the Concurrent Engineering (CE) Method.

(Russell and Taylor, 1995, 228) describes simultaneous engineering (CE) as a method of product design with the aim of achieving integration between product designs and planning production processes, reducing production costs and the time required to manufacture new products, as well as improving quality, and this is only done through the participation of All specializations in the company are specialists in operations, marketing, finance, sales and human resources with each other.

Therefore, the simultaneous engineering method (CE) like the other Techniques really helps in reducing the cost, and this supports the cost leadership strategy to achieve its objectives and then the strategic objectives of the company.

It must be noted that the company's use of the cost leadership strategy and the strengthening of this strategy through strategic management accounting Techniques leads in turn to support the competitiveness of the company. Low prices - because the company has achieved a reduction in costs - will constitute a barrier to the entry of new competitors to the industry, in addition to the company achieving a large market share when its costs decrease (without compromising quality), thus the company achieves high bargaining power with suppliers. To maximize its returns and increase its production volume, thus the company will have supported its competitiveness.

Conclusions:

1. Strategic management accounting is: the process of identifying, measuring and compiling information (financial and non-financial) from the company's environment (internal and external), analyzing, interpreting and communicating that information to decision makers, with the aim of determining appropriate strategies, and using the information to strengthen the company's competitive position.
2. There is a growing academic interest on the part of writers and researchers in the field of strategic management accounting Techniques, and this great interest has resulted in the rooting of a set of administrative accounting Techniques to link the company's operations, strategies and objectives, and despite the large number of books written on strategic management accounting, there is no So far, a comprehensive framework for the tools and Techniques of strategic management accounting, writers and researchers differed among themselves in the number of these tools and Techniques.
3. The use of strategic management accounting Techniques in any company is in itself evidence of that company's focus on following up its competitive position in the local, regional and international markets, and that company's adoption of one of the competitive strategies is evidence that this administration is the one who chooses the appropriate strategy for its

company to achieve its strategic objectives in way to reach differentiation.

4. The strategic management accounting Techniques support the competitiveness of the company when the company adopts the cost leadership strategy, and we find that the Techniques (ABC, JIT, PLC, VE, VC) are more supportive of the cost leadership strategy because their main goal is to reduce costs.
5. The strategic management accounting Techniques have a significant and distinct role in achieving the strategic goals of industrial companies. If we take, for example, the strategic objective of the company is: ((costs less than the costs of the main competitors)) through the Techniques of (SMA), especially Techniques (cost based on activities, On-time production, target costing, value analysis, value chain, product life cycle, and continuous improvement) a company can achieve this goal with great success. Because all of these Techniques aim to reduce costs (while maintaining quality), and thus the ability to compete with existing competitors in the industry, as well as facing new competitors entering the industry. But if the company's strategic goal is: ((higher levels of customer satisfaction than competitors)), then through the Techniques (quality cost, total quality management, continuous improvement, simultaneous engineering and six SCM) the company can achieve this goal as well. Because the previous Techniques aim to serve customers mainly by providing innovative and high quality products in a timely manner.
6. The strategic management accounting Techniques have a major role in supporting the competitiveness of the company by strengthening the company's strengths and working to address its weaknesses, as well as helping it to seize opportunities in the external environment and address the threats that the company may face in the surrounding environment. Finally, these Techniques were able to achieve the strategic goals that the company seeks to achieve.
7. The company's use of the cost leadership strategy and the reinforcement of this strategy through strategic management accounting Techniques, in turn, leads to supporting the company's competitiveness. The fact that the company has achieved a reduction in costs will constitute a barrier to the entry of new competitors to the industry, in addition to the company achieving a large market share when its costs decrease (without compromising quality), its returns and increase in the volume of its production, thus, the company has supported its competitiveness.

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