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Research paper

The Role of Management Accounting in Enhancing Business Agility and Decision- Making

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Abstract

The modern business environment is constantly challenging and evolving at a tremendous pace and intense international competition has forced business organizations to increase the speed, quality, performance and decrease cost. All these demand timely and effective decision-making, which creates need of decision support systems and technologies. Accounting information is applied in all stages of management, such as planning, controlling, and decision making. In addition, such information is not only required by manufacturing organizations but also employed in manufacturing, merchandising, service, and nonprofit organizations. Accounting is business language. "It can employ this language to convey financial transactions and their consequences. Accounting is complete systems to gather, analyze, and convey financial data. The history of accounting is as old as money.". In initial days, the volume of transactions was small, and thus each concerned person could maintain the record of transactions for a limited span of time. Management accounting facilitates the recording and analyzing of financial information which can be employed by a firm to make itself more efficient and productive. By using simple techniques such as standard costing, marginal costing, project evaluation, and control accounting, it consistently provides financial data. However, financial statements are the sole source of information needed for making managerial decisions. Therefore, it's crucial to ensure that records are error-free. Despite some drawbacks, this approach proves to be a valuable tool for effective business management.

Keywords: *Management Accounting; Business Agility; Decision Making; Business Language; Financial Transactions.*

1. Introduction

In everyday speech, "quickness" is another term for agility.Since a group of agile practitioners created the "Agile Manifesto for Software Development" in 2001, agility has primarily grown.Four value principles are recommended by the Agile Manifesto:to value people and relationships over procedures and equipment.To favor functional products above thorough documentation.To favor client cooperation over contract negotiations (Burritt et al., 2023).To put adapting to change ahead of following a plan. Nagel and Dove coined the term "agility" in the manufacturing field, and they approached it as a paradigm shift that primarily encompasses the capacity to respond swiftly to changes based on shifting customer needs at any point in the execution and make the customer delighted. Dove described agility as a physical capacity to act (response-ability) and knowledgeability that directs how to respond (knowledge management). Change implementation is one of the imperative stages of agile transformation. Requires a suitable process of change implementation for agile transformation, which would address all the needs of numerous organizational factors like planning and monitoring progress of change, necessary management support, and utilization of resources. Employee participation and change willingness are necessary for the implementation of change effectively. Proper planning, decision making, and communication is significant for the implementation of change in an organization. Implementation of change is necessary for effective implementation of agile. Organizational change can result in failure because of inadequate planning on the part of top management. In contrast, employee and management commitment to change acceptance is likely to support sustainability. Measurement of organizational change implementation is related directly to employee readiness. Employee behavior, the presence of resources, and company culture are determinants of organizational change implementation. Employee participation is the foremost prerequisite for organizational change (Ascani et al., 2021; Gomes et al., 2016).

Business agility is an umbrella term involving several different, yet interwoven, principles, of which the key one is adaptability – the ability of companies to turn around sharply in response to change(Smihunova et al., 2024; Vamerzani&Khademi, 2015). The agility in question here transcends survival mechanisms to deal with change; it refers to seeing, and grabbing opportunities created by changing markets. A flexible business can reorganize its strategies, goods, and services to address new trends and customer demands, converting potential disruption into opportunities. Adaptability, operational flexibility, and resilience collectively constitute the foundation of business agility. They prepare organizations to face the challenges of today's constantly shifting business landscape, guaranteeing not only survival but long-term growth and innovation (Setiawatiet al., 2022; Girodet al., 2023). The primary aim of managerial accounting is to assist an organization's management in effectively executing its responsibilities, which include planning, organizing, directing, and controlling(John et al., 2024; Ismail et al., 2018).

1.1 Objectives

- To analyze the impact of management accounting on decision making.
- To identify the key management accounting practices that enhance business agility and decision making.

1.2 Research Question

- What are the primary factors that account for business agility in technology?
- What are the primary factors that account for business agility and decision making?

2. Literature Review

Accounting is all about capturing, organizing, and breaking down events and transactions that involve money, making sense of them in a way that's clear and insightful. It's also about assessing the results of those financial activities. Accounting is a procedure that is involved with the size of economic actions influencing inflow and outflow of economic resources to create valuable collected facts in order to decide(Ritonga et al., 2021). At domestic enterprise level, facts collected regarding inflow and outflow of cash resources assist in accessing liquidity position and planning domestic enterprise activities. At government level, facts collected regarding inflow from direct taxes, indirect taxes and duties and outflow in form of expenditure on different activities are required for planning and budgeting. Even though accounting can be considered a discipline with global application, but its growth is linked closely with growth in the commercial world. Therefore, to define accounting as an academic discipline for global use, it is ideal defined with the recording of business transactions and communication of financial information regarding business enterprise to make possible decision making (Haesevoetset al., 2021). Decision making has assumed vast significance in the current daylight competitive era. For survival and expansion in the competitive business arena, it becomes imperative that impeccable decisions be made(Sandhya Devi &Keerthi, 2016). These choices could pertain to beginning, business expansion and diversification, business financing through raising capital from the capital market, business employment, closing down of business, investment in securities, monetary and fiscal policy formulation etc. Effective decision-making demands financial data regarding business enterprise(Ermawati, 2023). The Accounting is considered the language of business because its goal is to meet the needs of ideal and logical decision makers in terms of financial facts.The purpose of accounting is to keep a systematic record of all financial transactions.Accounting's primary goal is to help us collect financial data and record it methodically so that financial statements may be produced that are accurate and helpful. Business organizations like companies, trusts, and societies are being managed and administered in accordance with various legislative Acts. Likewise, various taxation laws (direct, indirect tax) also apply to all business houses" (Nagtegaal, 2021).

3. Methodology

Research design: A thorough evaluation of the literature is carried out, and a qualitative research approach is used.Each and every individual is required to maintain and preserve various kinds of accounts and books as specified by respective laws of the land. Accounting facilitates management of a business in accordance with the law. Management decision making is responsible for optimization of resources, risk reduction, and strategic goal alignment. In the current fast moving and competitive business environment, effective decision makers are essential for organizational success, with their ability to navigate complexity, seize opportunities, and promote innovation(Turi et al., 2023). Finally, the capacity to discover a well informed and timely solution sets high performing organizations apart from unsuccessful ones. Decision making in management is the process through which managers examine problems, consider options, and select the most suitable action to attain organizational goals (Astuti& Augustine, 2022). It's the foundation of successful leadership, as managerial decisions determine the direction, performance, and viability of an organization. Tactical and strategic strategies are guided by facts, according to management accountants.They look at operating and financial data to guide both long-term and tactical decisions.They provide information on profitability, cost structures, and financial well-being in addition to analyzing trends and forecasting future events.In order to assess the potential results of various strategies and match them with the objectives of the company, accountants use financial models for strategic planning. Conceptual Framework shown in Fig. 1.

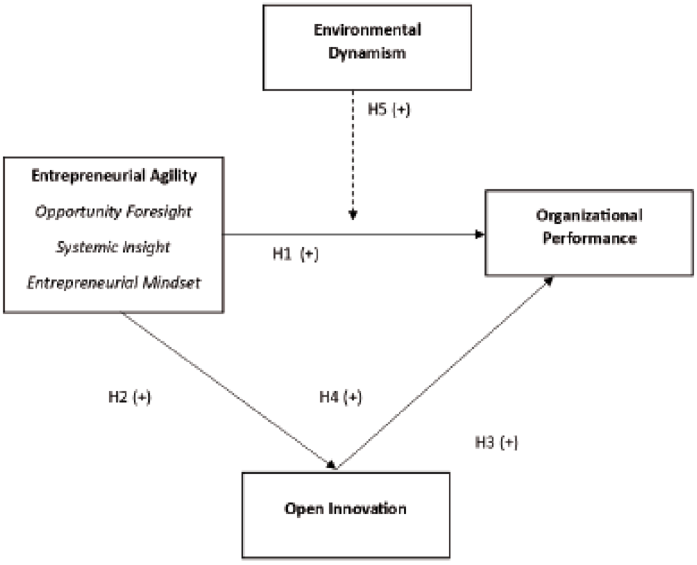

Fig. 1: Conceptual Framework

4. Results and Analysis

Management accounting is used by company executives to cut expenses and simplify operations.In order to find inefficiencies and areas that require improvement, management accountants examine operational data.Using techniques like activity-based costing (ABC), which assigns indirect expenses like salaries and utilities to services and goods so that company executives may make better decisions, they evaluate existing procedures and suggest modifications (Vedernikov et al., 2024). Rearranging the data on financial accounts and using it to inform choices is known as managerial accounting.Without a solid financial accounting system in place, management struggles to enforce their decisions effectively. Chi-Square Tests shown in Table 1.

Table 1: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	150.000[a]	147	.416
Likelihood Ratio	136.879	147	.714
Linear-by-Linear Association	.031	1	.859
N of Valid Cases	50		
a. 200 cells (100.0%) have expected countless than 5.			
b. The minimum expected count is.18.			

Managerial accounting employs straightforward methods like standard costing, marginal costing, project evaluation, and control accounting. These tools help management assess how different departments are performing, set targets, and devise plans to reach those goals. Forecasting is another key aspect of managerial accounting. Rather than providing a single, clear-cut answer, it aims to offer insights that can help mitigate potential issues. Managerial accounting uses various strategies to meet organizational goals.Result of Chi-square Distribution shown in Table 2.

Table 2: Result of Chi-square Distribution

Factors	SymmetricMeasures	
	Crammer'sV	Phi
How can management accounting support organizational transformation and change management initiatives?	0.317	0.317
What are the implications of digitalization and technology advancements for management accounting practices?	0.001	0.001
How can management accounting be used to facilitate collaboration and teamwork in organizations?	0.122	-0.122
What is the relationship between management accounting and leadership in organizations?	0.134	0.134
How can management accounting information be used to measure and manage organizational performance?	0.174	-0.174
What are the skills and competencies required by management accountants to support business agility and decision-making?	0.033	0.033
How can management accounting be used to drive sustainability and social responsibility in organizations?	0.154	-0.154
What role does management accounting play in managing risk and uncertainty in organizations?	0.059	0.059
How do management accounting practices vary across different industries and organizations?	0.001	0.001
What is the impact of management accounting on organizational innovation and entrepreneurship?	0.122	-0.122
How can management accounting systems be designed to support business agility and adaptability?	0.134	0.134
What are the key challenges faced by management accountants in providing relevant information for decision-making?	0.001	0.001
How does management accounting information influence managerial decision-making in organizations?	0.154	-0.154
What management accounting tools and techniques are most effective in enhancing business agility?	0.059	0.059
How do management accountants contribute to the development of business strategy and decision-making processes?	0.154	-0.154
What is the relationship between management accounting and business performance in terms of agility and adaptability?	0.001	0.001
How do management accounting practices impact an organization's ability to respond to customer needs?	0.122	-0.122

Lastly, forecasting and trend analysis focus on variations in product prices. The insights generated here are invaluable for identifying unusual trends and developing effective strategies to pinpoint and tackle the root issues.

5. Conclusion

Accounting has been a profession in transformation to the ever-changing requirements of the management at times. The final product of the process at any given time is the anticipated level of sophistication commensurate with the state of the art of technology. Business managers desire much greater information on product costs, market prices and internal performance appraisals to remain in the business sufficiently. Therefore, along with the legal need of financial accounting, additional accounting techniques like cost accounting, responsibility accounting have emerged to assist managers. In this regard management accounting is the latest one. Though the previously discussed techniques attend to routine decisions both short run and long run, the above-mentioned method seeks complicated and unique decisions involving more data which are not easily available. Therefore, the management accounting receives the information generated in the current accounting processes, and then it goes through additional expert scrutiny with the aid of advanced quantitative methods, decision theory models, scientific computer programs and alongside behavioral techniques and organizations theory. Nowadays, this method of using highly categorized data for managerial decision-making is an essential part of the entire company information system. Management accounting system is of utmost importance to management control over events in regard to quantity, quality and funds. Of necessity, the system must frame the relevant information particularly for every situation which can value the members of board to decide all matters coming to them for final judgment. There are some reports in the literature concerning the amount and quality of information the management accounting departments must deliver and the decision made off from the concerned competent authority.

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