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Research paper

Management Accounting and Economic Analysis for Informed Decision Making

Dr.D. Kalidoss [1] *, Dr. Anivilla Shrikant [2]

[1] *Associate Professor, Kalinga University, Raipur, India.*
[2] *Associate Professor, Department of Management, Kalinga University, Raipur, India.*
**Corresponding author E-mail: dr.kalidoss@kalingauniversity.ac.in*

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Abstract

Using management accounting, nations all around the world have begun to increase their competitiveness.As a result, governments from different nations are taking action to establish regulations through different regulatory bodies for the good of the national economy and to give all operating industries an even playing field.It has been noted how several regulatory bodies have tried to reorient the sector toward a more open and transparent approach.The government makes decisions about different levies, export incentives, and excise taxes using a variety of methods, such as cost audits and the information gathered.In addition to helping the company gather data about different cost centers and processes, the management accountant is essential. The information aids in the company's strategy and decision-making by allowing it to compare itself to its counterparts.These statements might be submitted to management, shareholders, financial institutions, and regulators.However, financial data is also necessary for daily corporate decision-making and business monitoring.Management accounting is all about managing the financial data related to a company's operations. For a business to effectively respond and make informed decisions based on actual financial figures, having a reliable and relevant management accounting system and reports is crucial. This process helps managers analyse real financial results and understand the implications of their decisions. On the other hand, financial accounting focuses on creating financial statements and reports that are suitable for both internal use and external stakeholders.Internally, management accounting is most beneficial to the company.

Keywords: *Financial Accounting; Transactions; Management.*

1. Introduction

Accounting is essentially how a company keeps track of its daily operations. In accounting reports, all transactions are carefully analysed and summarized. Financial accounting takes a closer look at these financial transactions, producing reports and analyses that are often shared with shareholders and regulatory bodies. On the other hand, cost accounting, which is also known as management accounting, focuses more on internal processes. This involves organizing, retrieving, and analysing a company's financial information to aid in decision-making. Management accounting plays a crucial role by helping managers plan, adjust strategies, and make informed choices based on the financial data related to the company's internal workings(Baxter & Chua, 2003).It acts as a valuable tool for managers, steering their organization toward success. Through management accounting, financial data is analysed, interpreted, and presented in a way that makes it easier for non-accounting staff to understand(Udayakumar et al., 2023). It transforms raw transaction data into meaningful reports that support decisions grounded in facts (Taipaleenmäki & Ikäheimo, 2013; Rasheed et al., 2022).

Enhancing shareholder value has always been a top priority for businesses, and this is accomplished via careful planning and an awareness of the possibilities and risks facing the company.In order to improve its goal of higher ROI and ROA, the management of the company must prepare and promote itself as a distinct proposition (Parker, 2012).Cost control is closely tied to increasing profitability and making assets work harder for higher returns.In most boardrooms, the most crucial question is cost(Mehdizadeh & Ravanshadniya, 2018).There is a widespread belief that cost containment increases business earnings and funding(Tanja & Milica, 2023). In order to finish the business cycle, the majority of businesses, regardless of size, rely on a supply chain process to reach the final consumer(Rajavenkatesan et al., 2017).Costs are incurred at each designated cost center along the supply chain during this cycle.The secret is to control these costs at the cost centers.A variety of Management Accounting (MA) tools and methods give this cost information(Scapens, 2006).Implementing management accounting procedures is necessary to obtain the necessary data regarding the supply networks' financial performance (Sulaiman et al., 2004; Zahedi et al., 2019).

2. Review of Literature

No matter which definition you lean towards, the core takeaway is that management accounting plays a crucial role in managing an organization's resources(Vaivio, 2008). The decision-making landscape for any organization is constantly evolving. That's why management accounting stands out as one of the key tool's organizations can use to navigate shifts in the market, within the organization itself, and in the broader environment (Vemali, 2020). Plus, the effective and successful use of resources within an organization is closely tied to the importance of management accounting.
Pointed out that sometimes, accounting information doesn't provide the in-depth details we need when it's presented in a standard format. That's where management accounting comes into play, helping companies gather the essential insights and specifics through specialized concepts and techniques. Some of these methods include control accounting, project appraisal, marginal costing, budgetary control, standard costing, and financial planning and analysis.
Pointed out that although while both management accounting and regular accounting information are based on the usage of comparatively similar data, there is a clear distinction between the two.Therefore, it can be claimed that management accounting does not have set standards for analysing financial data.However, it's important to note that there will always be differences between the two when it comes to how they're applied and the results they yield. This largely hinges on the specific context of the organization, along with the skills and qualifications of the management accountant involved.
These days, it seems like the role of management accounting has mostly boiled down to just crunching the numbers on how resources are being used within the organization. Moreover, Williams points out that the whole concept of management accounting was originally about overseeing the management of those organizational resources.These two management accounting functions were all created with the express purpose of helping organizations gain from increased productivity(Weygandt et al., 2018).
Alongside this, steps were taken to improve efficiency, which is one of management accounting's important functions. Operations and processes in a way that improved organizational performance was the primary driving force behind the development of management accounting.Therefore, the application of accounting data to alter input organization, resource consumption, and production output was the specific emphasis of management accounting (Siti-Nabiha & Scapens, 2005).Recent advancements in digital transformation have significantly reshaped the role of management accounting in decision-making processes. Barhoumi et al. (2024) argue that cloud-based and AI-integrated accounting tools enable real-time analytics, reducing the latency between data collection and actionable insights. These developments have facilitated a shift from static reports to dynamic dashboards, helping managers make faster, data-driven decisions. This study builds on such findings by examining how telecom companies integrate CMAPs within the framework of digital transformation.
Research questions:

- Which CMAPs are most relevant when discussing NMCs?
- What impact do CMAPs have on the efficacy of decision-making?
- How much do CMAPs influence the interaction between OE and managerial decisions (MDs) in NMCs?
- How can NMCs use CMAPs to optimize MDs and promote better OE and procedures?

1.1 Research Objectives

The main aim of this study is to explore how management accounting plays a role in the decision-making processes of telecom companies. Additionally, the study seeks to achieve the following objectives:

- To determine the importance of management accounting information in the decision-making processes of telecom businesses.
- To look into ways to enhance the effective use of management accounting data in the decision-making of telecom companies.

3. Materials and Methods

When it comes to making business decisions, relying on data and facts is essential. However, most of the daily transactional data within an organization can be quite detailed and complex, making it tough to analyze quickly. That's where management accounting comes in—it helps by pulling together reports and insights from the actual data to tackle important questions. So, with management accounting, using real accounting data to guide decisions becomes a lot simpler. Plus, looking at trends and the outcomes of past decisions can really help too.
To conduct this study, a structured survey was designed and distributed to managerial-level employees in both public and private telecom companies. A stratified random sampling technique was used to ensure adequate representation from small, medium, and large enterprises. The questionnaire included both closed-ended Likert-scale items and open-ended responses. Collected data were analyzed using descriptive statistics and inferential techniques such as regression analysis and one-way ANOVA to identify relationships between management accounting practices (CMAPs) and organizational efficiency. SPSS software was used for statistical processing, ensuring rigor and reliability in the results.
The actual data and trends can really lay the groundwork for the strategic decisions that management needs to make. The insights provided by management accounting are also invaluable for more complex operational decisions, such as those related to inventory and purchasing. When it comes to making business decisions, having accurate cash flow projections is essential. The historical accounting data of the organization can be used to create cash flow trend charts. Ultimately, the company's past performance plays a significant role in shaping future decision-making (Jiambalvo, 2009).
The bottom line of a company is heavily influenced by its financial choices. To boost profit margins, a business needs to conduct a thorough cost analysis, which helps in understanding spending patterns and preparing for future expenses. Since costs can vary widely, analysing expenses means looking at different suppliers, products, services, and other factors to find the most beneficial and profitable options. By comparing past and present accounting data, it becomes easier to identify which supplier or service provider offers the best value. But the benefits go beyond just saving money. Instead of simply picking the cheapest vendor, a company can also consider other important factors like accuracy, quality, reliability, and timely delivery. When decisions about spending and vendor selection are based on solid reports, they tend to be more transparent and confident. This approach allows for better planning and more effective spending of the business budget through careful expenditure and cost analysis.
When a product or service design meets the needs of the consumer or end user, it is considered successful.A business may better tailor its advertising efforts and products to its target demographic if it has a thorough understanding of them.A lot of businesses fail to utilize the

useful data they possess on their current clientele.By analysing its client data, a business can gain insight into its demographics.Sorting through consumer data to create a buyer profile based on factors like age, gender, location, income, education, and lifestyle is something management accounting can handle. Different industries and organizations have their own unique characteristics when it comes to client profiles. Every customer is distinct. Some clients or buyers are simply more profitable than others. By analysing the data from customer profiles, management can pinpoint which clients bring in the most volume and the highest profit margins. This insight can help shape strategies that focus on attracting more of those profitable clients. When you invest more time and energy into your target audience, you're likely to see better returns on your investment. Smart resource allocation is key to maximizing your benefits in business. Conceptual Framework shown in fig. 1.

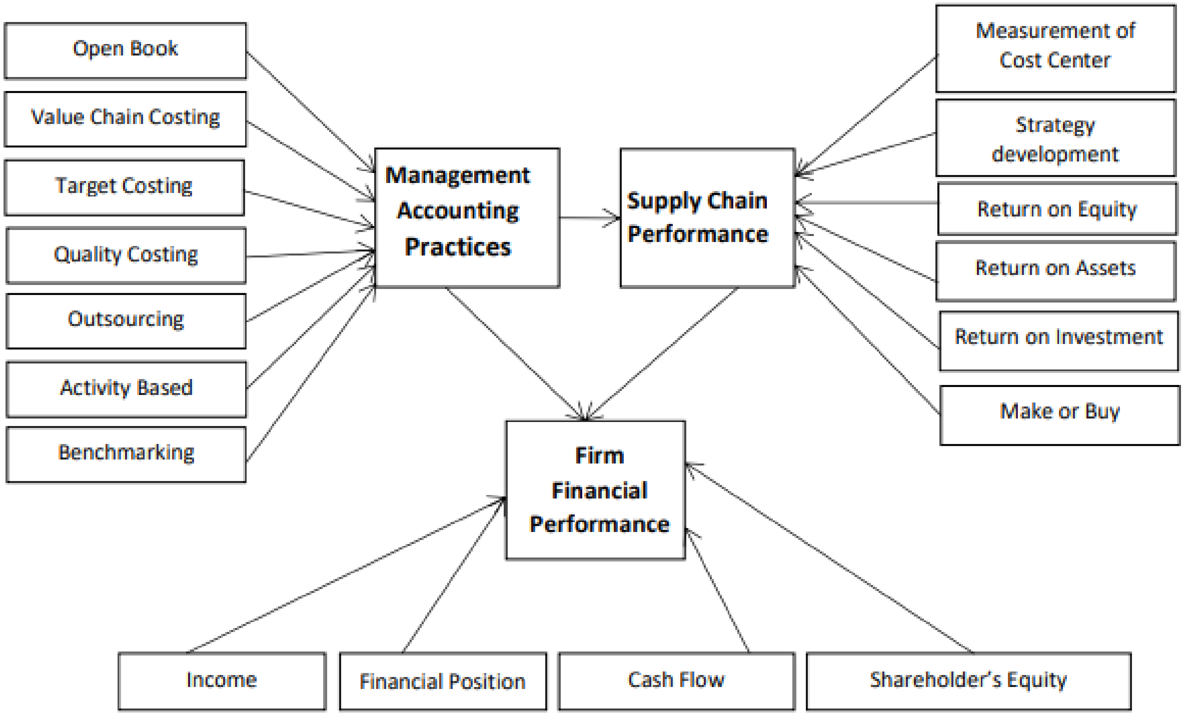

Fig. 1: Conceptual Framework

Manufacturing industries can really enhance their production processes by diving into the huge amounts of data at their disposal. The main goal for the company is to focus on developing new products. While some businesses prefer to follow a strict step-by-step approach in production, others might benefit from using components sourced from external suppliers. In some cases, making the required parts in-house instead of buying them from a vendor can actually save both time and money. However, if there are multiple suppliers that can deliver the needed components with the right quality, on time, and at competitive prices, purchasing from them might be the smarter option. When it comes to making decisions about whether to create something in-house or buy it from elsewhere, it's crucial to take a good look at the pros and cons of different products, industries, and locations. The choice between making or buying can really affect a business's bottom line. By effectively using management accounting, this decision can be approached with greater confidence. A management accountant can put together a detailed report comparing the costs of manufacturing internally against sourcing from outside, helping the company make a more informed choice.A business can make the necessary adjustments and investments if it decides that manufacturing internally gives it a larger advantage.

The conceptual framework (Figure 1) presents the relationship between Cost Management Accounting Practices (CMAPs) and Organizational Efficiency (OE) through the mediating role of Managerial Decisions (MDs). CMAPs serve as the independent variables, influencing the efficiency of managerial decision-making processes. These, in turn, impact operational performance indicators such as ROI, ROA, and cost-center effectiveness. The framework also reflects feedback loops from OE to CMAPs, indicating continuous improvement cycles supported by performance evaluations.

4. Findings

Randomly assigned budgets often fall short, get misallocated, or simply go to waste. Sometimes, they can be so extreme that they tie up funds that could be better utilized elsewhere in business. The smartest way to create a budget for a specific period is by looking at past spending data. If a project or marketing campaign doesn't have enough budget support, it might hit a snag halfway through. This could lead to wasting the entire investment or hindering the company's ability to perform at its best. Careful planning and budget allocation are crucial for the success of any business endeavour. It would be unwise to kick off any project, product development, manufacturing, or marketing without enough funding to see it through (Tingey-Holyoak et al., 2020). Mean and SD of Opinions of Respondents of Private and Public Sector Companies of different Categories towards Drivers of Management Accounting Practices shown in Table 1.

Table 1: Mean and SD of Opinions of Respondents of Private and Public Sector Companies of different Categories towards Drivers of Management Accounting Practices

Organizations' Management	Organization Category		Open Book Accounting	Value Chain Costing	Target Costing	Quality Costing	Outsourcing	Activity Based Costing	Benchmarking	Management AccountingPractices
Private	Large	Me an	3.39	3.60	3.11	3.89	3.58	3.37	3.42	3.48
		SD	0.98	0.62	1.13	0.77	0.73	0.77	0.80	0.58
	Medium	Me an	3.56	3.78	3.56	3.96	3.69	3.74	3.52	3.69
		SD	0.79	0.72	0.93	0.89	0.77	0.94	0.80	0.59
	Small	Me an	3.68	3.86	4.04	4.04	4.00	3.57	3.36	3.79
		SD	0.91	1.01	0.84	0.92	0.82	1.03	0.73	0.63
	Total	Me an	3.51	3.72	3.47	3.95	3.71	3.55	3.45	3.62
		SD	0.90	0.75	1.05	0.85	0.78	0.90	0.78	0.61
Public	Large	Me an	3.46	3.60	3.06	3.91	3.60	3.54	3.46	3.52
		SD	0.85	0.85	1.08	0.74	0.85	0.95	0.82	0.66
	Mediu	Me an	3.39	3.68	3.42	3.65	3.29	3.52	3.23	3.45
	m	SD	0.99	0.70	0.85	0.99	0.64	0.89	0.50	0.38
	Small	Me an	3.64	3.74	2.31	3.79	3.67	4.08	3.67	3.56
		SD	0.78	0.55	0.61	0.92	0.93	0.87	0.53	0.46
	Total	Me an	3.50	3.68	2.89	3.79	3.53	3.73	3.47	3.51
		SD	0.87	0.70	0.97	0.89	0.83	0.93	0.65	0.52

With the right data in hand, management can keep a closer eye on all the different departments and operations within a business. Instead of just depending on word-of-mouth, it's essential to dig into the specifics of each department using solid data and facts. That's where management accounting comes into play, turning departmental data into clear reports that guide management decisions. This way, if a department is underperforming, management can pinpoint exactly where things are going wrong. A thorough analysis helps in identifying and tackling the issues head-on. Mean and SD of Opinions of Respondents of Private and Public Sector Companies of different Categories towards Drivers of Supply Chain Performance shown in table 2.

Table 2: Mean and SD of Opinions of Respondents of Private and Public Sector Companies of different Categories towards Drivers of Supply Chain Performance

Organization' sManagement	Organization Category		Measurement of Cost Centre	Strategy Development	Return on Equity	Return on Assets	Returnon Investment	Make or Buy	Supply Chain Performance
		Mea n	3.16	3.11	4.11	3.79	3.79	4.04	3.66
	Large	SD	0.68	0.80	0.70	0.88	0.65	0.76	0.59
	Medium	Mea n	3.30	3.41	3.96	3.69	3.35	4.00	3.62
		SD	0.72	0.81	0.73	0.80	0.87	0.73	0.59
		Mea n	3.18	3.64	3.75	3.57	3.46	3.75	3.56
	Small	SD	0.77	0.91	0.84	0.63	0.51	0.65	0.45
		Mea n	3.22	3.33	3.98	3.71	3.55	3.96	3.62
	Total	SD	0.71	0.85	0.75	0.80	0.74	0.73	0.56
Private									
		Mea n	3.14	3.29	3.71	3.66	3.49	3.71	3.50
	Large	SD	0.77	0.93	0.62	0.68	0.66	0.67	0.51
	Mediu m	Mea n	3.03	2.90	3.90	3.65	3.32	4.06	3.48
		SD	0.80	0.87	0.70	0.71	0.79	0.73	0.53
		Mea n	3.64	4.10	3.97	3.59	3.77	3.82	3.82
	Small	SD	0.54	0.64	0.78	1.12	0.99	0.91	0.61
		Mea n	3.30	3.48	3.87	3.63	3.54	3.86	3.61
	Total	SD	0.75	0.95	0.71	0.87	0.84	0.79	0.57
Public									

A company's management consists of overseeing its ongoing activities, planning for the future, and guiding it toward its objectives.Data-driven planning tends to lead to greater success. Management accounting plays a crucial role in forecasting future trends by analysing historical and current patterns within the business and its industry. In today's cutthroat market, companies need to seize every opportunity to stay ahead of their rivals. Management accounting helps businesses tap into the wealth of information available in their records, enabling them to make more informed decisions. The reports generated by management accounting offer both a broad overview and detailed insights. This information can be instrumental in spotting trends and continuously adjusting strategies as needed.

5. Conclusion

The study aimed to explore how management accounting plays a role in the decision-making processes of telecom companies. It also sought to determine the significance of management accounting data in these processes. Part of the research involved pinpointing ways to enhance the effective use of this data in decision-making within telecom businesses. The results showed that employees largely agreed on the importance of financial data for managing performance and guiding direction. Moreover, it was noted that telecom providers utilize financial data in quite different ways. This data is essential for assessing the company's competitive stance, distributing resources, formulating long-term strategies and objectives, setting goals, and motivating staff to achieve organizational aims. Essentially, financial data serves a variety of purposes, and its significance can differ based on the specific functions of each department. It can be concluded that all management accounting variables are positively correlated with each other. This means that when one variable improves, the others tend to follow suit. Additionally, decision-making factors related to management accounting—such as information gathering, processing, report quality, and communication—also show a positive correlation. However, the company's ability to collect more accurate data is crucial for producing high-quality reports.However, information processing is less reliant on information communication, which is the final activity, and more reliant on how well the company's information systems work.The outcomes are consistent with the body of research on the function of management accounting in information gathering. The theory is that an organization's capacity to make logical judgments is improved when knowledge is widely available.On the other side, the telecom businesses' ability to make decisions is diminished when the amount of time and processing tasks that must be completed rise.

The study suggests that regulators and industry bodies should develop sector-specific guidelines to promote the adoption of advanced CMAPs in telecom and related industries. These may include standardized benchmarks for cost-centers, digital adoption incentives, and capacity-building programs for management accountants. Firms should consider integrating real-time accounting dashboards and training programs to boost the strategic role of MA data in planning and forecasting. By implementing CMAP frameworks aligned with their operational models, companies can improve cost visibility, optimize resource allocation, and strengthen overall performance.

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