

Exploring the Effect of Supply Chain and Accounting Strategies on Organizational Performance in Udham Singh Nagar

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Abstract: This study investigates the effects of management accounting practices and supply chain management strategies on firm performance within Udham Singh Nagar. Utilizing a quantitative approach, data was collected through online surveys from 100 employees across various firms. This study explores the relationship between supply chain management and accounting strategies on organizational performance. It examines how effective coordination between these strategies can lead to improved efficiency, cost reduction, and overall organizational success. The research focuses on identifying key strategies in supply chain and accounting that significantly influence performance metrics such as profitability, productivity, and competitive advantage. The survey focused on the effectiveness of management accounting practices, supply chain efficiency, and overall business performance. The findings indicate a strong positive perception among respondents regarding the role of these practices in guiding decision-making, controlling costs, and enhancing supply chain efficiency. The majority of respondents believe that the implementation of these practices has significantly contributed to improved organizational performance. The results underscore the importance of integrating advanced management accounting techniques and effective supply chain strategies in achieving business success in Udham Singh Nagar.

Keywords: *Management Accounting Practices; Supply Chain Management; Organizational Performance; Udham Singh Nagar; ERP Systems.*

INTRODUCTION

Management accounting emerged during the Industrial Revolution in the 19th century, evolving into a strategic approach focused on identifying and managing key financial factors to enhance both shareholder and customer value.[1]. Firm performance is generally evaluated using the financial data in the Income Statement and Balance Sheet, which are released at the end of the fiscal year. Management accounting supports managers by providing tools that help improve supply chain efficiency, meet organizational objectives, and boost overall performance.

In recent times, Supply Chain Management (SCM) has become essential for business success, directly contributing to customer satisfaction and operational efficiency. Effective SCM can significantly reduce operating expenses, enhance customer experience, and strengthen a company's financial health [2]. For many leading firms, SCM is a crucial aspect of their operations, though it raises questions regarding its efficiency and the costs involved.

Most research on management accounting has focused on specific tools or methods emphasized the role of various management accounting techniques in improving supply chain performance further explored how supply chain decisions and resource management influence a firm's financial outcomes [3,4]. Despite these insights, the relationship between management accounting practices and supply chain management in the Indian context remains underexplored.

Supply chain management has evolved into a critical function for businesses aiming to compete in global markets. It encompasses the entire production process, from sourcing raw materials to delivering finished goods to customers. A well-coordinated supply chain not only reduces operational inefficiencies but also improves responsiveness to market demands. In parallel, management accounting has transitioned from merely providing financial information to a strategic role, where it supports decision-making related to cost control, resource management, and performance measurement.

Modern management accounting systems have evolved from simple financial reporting tools to strategic instruments that guide decision-making and improve business performance. These systems, which include budgeting, cost management, and performance evaluation frameworks, play a crucial role in aligning organizational goals with operational execution. Particularly in regions like Udham Singh Nagar, where industrial growth has surged, there is an increasing need to

understand how these accounting systems influence business decisions.

Similarly, the integration of technology, such as Enterprise Resource Planning (ERP) systems, has revolutionized supply chain management. ERP systems streamline business processes by providing real-time data on production, inventory, and distribution, thus enabling companies to optimize their supply chain operations. Udham Singh Nagar, located in the state of Uttarakhand, has emerged as an industrial hub, attracting a range of manufacturing firms. However, despite the region's rapid industrialization, there is limited research on the adoption of modern SCM and management accounting practices in these firms and their impact on performance. In Udham Singh Nagar, where firms span a variety of sectors, ERP systems are becoming indispensable for maintaining efficiency and ensuring competitiveness in both local and global markets. However, despite the growing importance of these systems, there remains a lack of focused research on how ERP adoption has impacted supply chain efficiencies in this region.

This study seeks to explore the interplay between supply chain practices and management accounting, and how they collectively influence the performance of firms in Udham Singh Nagar, a district known for its burgeoning industrial sector. This study aims to fill that gap by investigating how modern management accounting systems and ERP-driven supply chain practices affect the performance of firms in Udham Singh Nagar. The findings will contribute valuable insights into the role these systems play in enhancing decision-making processes and operational efficiency, providing a roadmap for companies in the district seeking to optimize their business practices.

Objectives

1. To explore how modern management accounting systems influence the decision-making processes in businesses operating in Udham Singh Nagar.
2. To evaluate the impact of Enterprise Resource Planning (ERP) systems on improving supply chain efficiency within companies based in Udham Singh Nagar.

MATERIAL & METHODS

Research Design

The study adopts a quantitative research methodology to analyze the impact of supply chain practices and management accounting strategies on firm performance in Udham Singh Nagar. To ensure the reliability of the survey instrument, a pilot test was conducted, and Cronbach's alpha was used to measure internal consistency, yielding a score above 0.7, indicating acceptable reliability.

Data Collection

Data was gathered through online surveys administered to employees across various departments within firms operating in Udham Singh Nagar. The survey achieved a response rate of 90%, making 100 correct responses out of 110, which is considered representative of the population after follow-up reminders were sent to encourage participation.

Sampling Technique

Stratified sampling was used to select the sample. The employee population was divided into strata based on factors such as business turnover and primary activity to ensure a representative and diverse sample.

Survey Instrument

The survey included a variety of Likert scale question types enabling the measurement of attitudes and perceptions regarding management accounting practices, supply chain efficiency, and business performance.

Survey Focus

The questionnaire was crafted to capture data relevant to the Udham Singh Nagar context, focusing on methods and tools used for financial and operational management, effectiveness of supply chain operations and practices, and overall performance metrics of the firms in the district. While the current study is cross-sectional, it acknowledges the potential value of a longitudinal approach to assess the long-term effects of management accounting and SCM practices on firm performance.

LITERATURE REVIEW

The study titled *Effect of management accounting techniques on supply chain and firm performance: An empirical study*, explores the relatively under-researched topic of the adoption of modern management accounting techniques by Indian industries, particularly in the context of supply chain and firm performance. The authors aim to develop a model that illustrates how the use of these advanced accounting techniques can enhance supply chain efficiency and overall organizational performance. They note that, despite the potential benefits, Indian manufacturing firms have not fully embraced these advanced techniques to optimize supply chain costs and performance. To address this, the researchers conducted a survey using a structured questionnaire to assess the impact of various management accounting techniques on key supply chain performance indicators. The data was analyzed using Confirmatory Factor Analysis (CFA) through Structural Equation Modelling (SEM), which established the reliability and validity of the findings. The study concludes that adopting advanced management accounting techniques in supply chain activities is a highly effective strategy for improving firm performance, providing a valuable contribution to both academic literature and industry practice [5].

Further, the Study, *Investigating the relationship between supply chain management and management accounting practices*, examine the relationship between Supply Chain Management (SCM) and Management Accounting Practices (MAP) and their influence on both supply chain and overall organizational performance. Utilizing a contingency theory framework, the authors empirically tested a conceptual model through a survey of managers in publicly listed organizations in Malaysia. Structural equation analysis revealed a positive and direct relationship between SCM and MAP, demonstrating that both sets of practices complement each other in enhancing supply chain performance. Additionally, the study found that while SCM and MAP directly impact supply chain performance, their effect on overall organizational performance is mediated through supply chain success, indicating an indirect relationship. The research provides valuable strategic insights for practitioners, suggesting that integrating these practices can foster a more efficient supply chain environment, which in turn leads to better overall organizational outcomes [6].

The study of management accounting in the development of supply chain performance in logistics manufacturing companies explore the critical role of management accounting in enhancing supply chain performance within logistics manufacturing companies. Recognizing the supply chain as a key competitive strategy to improve organizational productivity and profitability, the authors highlight its growing importance in both manufacturing and non-manufacturing sectors. The study employs a quantitative research methodology, collecting data from 181 respondents through a structured questionnaire, and analyzing it using SPSS software. The findings reveal a statistically significant relationship between management accounting practices—specifically target costing, value chain costing, and quality costing—and the performance of supply chains in logistics manufacturing firms, with significance levels at ($\alpha \leq 0.05$). This study underscores the importance of integrating management accounting techniques to optimize supply chain efficiency, contributing valuable insights to the evolving discipline of supply chain management [7].

On the same line, *supply chain management strategies, management accounting practices and firm's growth* Study investigates the impact of Supply Chain Management (SCM) strategies and management accounting practices (MAP) on a firm's growth. Using a conceptual model, the researchers formulated two hypotheses and employed a survey-based methodology in Yemen, utilizing a simple random sampling technique. The final dataset consisted of 74 usable responses from various industries. The study's findings, derived from OLS regression analysis, demonstrate a positive relationship between SCM strategies, MAP, and firm growth. The authors argue that these results offer valuable insights for company management, academics, accountants, and supply chain practitioners by highlighting the significance of integrating SCM strategies and MAP to promote organizational growth. This research underscores the importance of aligning supply chain and accounting practices to support sustainable business expansion [8].

Research Gap

The existing research highlights the benefits of Management Accounting Practices (MAP) and Supply Chain Management (SCM) strategies on firm performance but lacks a focused analysis on Udham Singh Nagar. Key gaps include the absence of region-specific studies detailing the integration and impact of modern MAP and ERP systems in Udham Singh Nagar.

Additionally, while general findings connect SCM and MAP with supply chain performance, there is limited exploration of their direct effects on overall organizational performance within this locale. Sector-specific challenges and practical implementation issues also remain under-researched. Addressing these gaps could provide valuable insights tailored to the unique industrial and economic context of Udham Singh Nagar.

DISCUSSION

With 63% of respondents acknowledging that supply chain management practices efficiently reduce operational costs, it is clear that these practices are recognized for their role in cost control and efficiency. This is consistent with the view that effective supply chain management can lead to significant cost savings and operational improvements. The effectiveness of these practices in reducing costs likely contributes to enhanced competitive advantage and profitability.

The perception that management accounting tools are effective in controlling and reducing costs (60% agreement) highlights their role in financial management. This supports the idea that such tools are crucial for maintaining cost-efficiency and optimizing resource allocation. The effectiveness of these tools in cost management is essential for sustaining financial health and operational efficiency. The fact that 62% of respondents agree that performance measurement tools are regularly used to assess supply chain effectiveness indicates a commitment to performance management and continuous improvement. Regular performance evaluation is critical for identifying areas of improvement and ensuring that supply chain activities align with organizational goals.

The positive sentiment (65% agreement) regarding the impact of management accounting and supply chain practices on overall business performance underscores their perceived value in driving organizational success. This finding reinforces the notion that well-implemented management accounting and supply chain strategies are integral to achieving superior business outcomes.

RESULTS

The results from the survey provide insightful observations into how management accounting practices and supply chain management strategies influence organizational performance in Udham Singh Nagar. The high level of agreement (65%) that management accounting practices effectively guide decision-making suggests that these practices are deeply integrated into the strategic processes of the organizations surveyed. This finding aligns with existing literature, which emphasizes the importance of management accounting in providing actionable insights that support strategic decisions. The positive response reflects a robust use of these practices in managing and directing organizational resources and strategies.

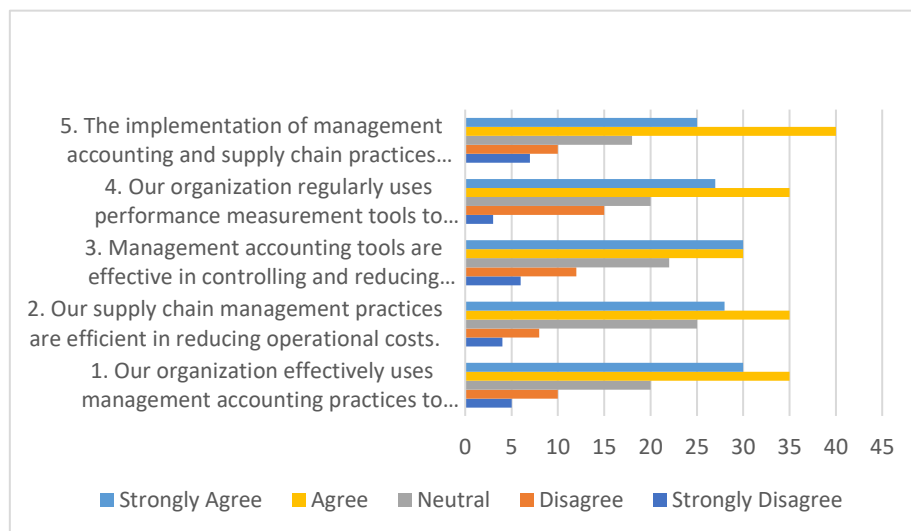


Fig 4.1. Representation of Survey Results

Tab. 1. Frequency Distribution of the Responses

| Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------|---------|-------|----------------|-------|
| Our organization effectively uses management accounting practices to guide decision-making. | 5 | 10 | 20 | 35 | 30 | 100 |
| Our supply chain management practices are efficient in reducing operational costs. | 4 | 8 | 25 | 35 | 28 | 100 |
| Management accounting tools are effective in controlling and reducing costs in our organization. | 6 | 12 | 22 | 30 | 30 | 100 |
| Our organization regularly uses performance measurement tools to assess supply chain effectiveness across different sectors, including manufacturing and agriculture. | 3 | 15 | 20 | 35 | 27 | 100 |
| The implementation of management accounting and supply chain practices has positively impacted our overall business performance. | 7 | 10 | 18 | 40 | 25 | 100 |

CONCLUSIONS

The study’s findings reveal a strong positive perception of the role and effectiveness of management accounting practices and supply chain management strategies in enhancing firm performance in Udhm Singh Nagar. The results indicate that employees believe these practices significantly contribute to improved decision-making, cost control, and operational efficiency. The frequent use of performance measurement tools reflects a proactive approach to managing and evaluating supply chain activities. The integration of advanced management accounting techniques and efficient supply chain management practices is seen as a key driver of organizational success.

The study's findings highlight the significant impact of modern management accounting systems and ERP systems on business performance in Udhm Singh Nagar. Modern management accounting systems are pivotal in enhancing decision-making processes by providing detailed financial analysis and performance metrics, which facilitate strategic planning and resource allocation. On the other hand, ERP systems are instrumental in improving supply chain efficiency by reducing operational costs, increasing transparency, enhancing coordination, and offering data-driven insights. Together, these systems contribute to better operational effectiveness and overall organizational success in the region.

A more detailed sector-specific analysis reveals unique challenges faced by industries such as manufacturing and agriculture, which dominate the business landscape in Udhm Singh Nagar. For instance, the manufacturing sector struggles with managing raw material costs, while the agriculture sector faces logistical issues in supply chain operations. These insights suggest that sector-specific strategies are essential for addressing distinct operational hurdles and enhancing overall performance.

The findings suggest that organizations in Udhm Singh Nagar that effectively leverage these practices are likely to experience enhanced performance and competitive advantage. Future research could also involve comparing these findings with similar studies conducted in other regions to understand the broader applicability of management accounting and supply chain practices and to identify unique regional characteristics that may influence their effectiveness. Future research could explore sector-specific challenges and examine the direct impacts of these practices on various aspects of organizational performance in more detail.

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