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# 20

# Current Issues in Strategic Managerial Accounting

## 20.1 Introduction and objectives

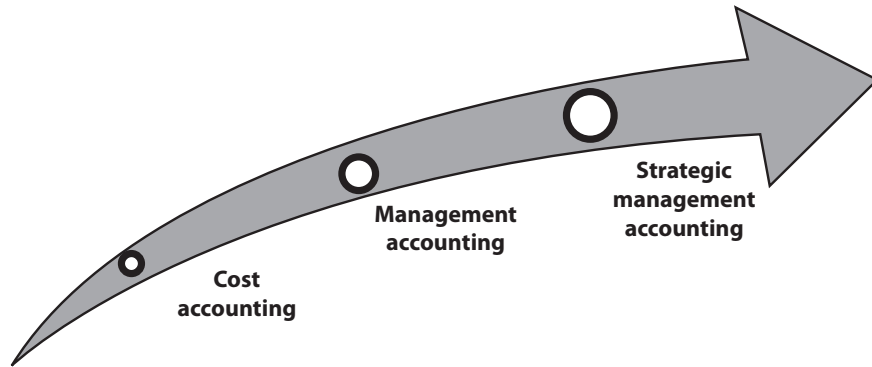
This chapter synthesises the textbook's discussion of strategic managerial accounting as applied to hospitality, tourism and events. It explores how management accounting (and its research) has developed over time and the future of strategic management accounting related to these specific industry sectors.

After studying this chapter you should be able to:

- Understand how management accounting has changed over time
- Appreciate the use of strategic managerial accounting to managers in performing their roles and responsibilities
- Critically evaluate research into management accounting, both generic and applied, from a manager's perspective; and
- Critique opportunities for further applied research into management accounting within hospitality, tourism and events sectors.

## 20.2 Management accounting change over time

The development of management accounting tools and techniques has been documented throughout this textbook. The start of the discipline as 'cost accounting' in the 1800s, through to 'management accounting', and more recently 'strategic management accounting' has been referred to in a number of chapters. Here this is reviewed and the future considered (see Figure 20.1).



**Figure 20.1:** The development of management accounting

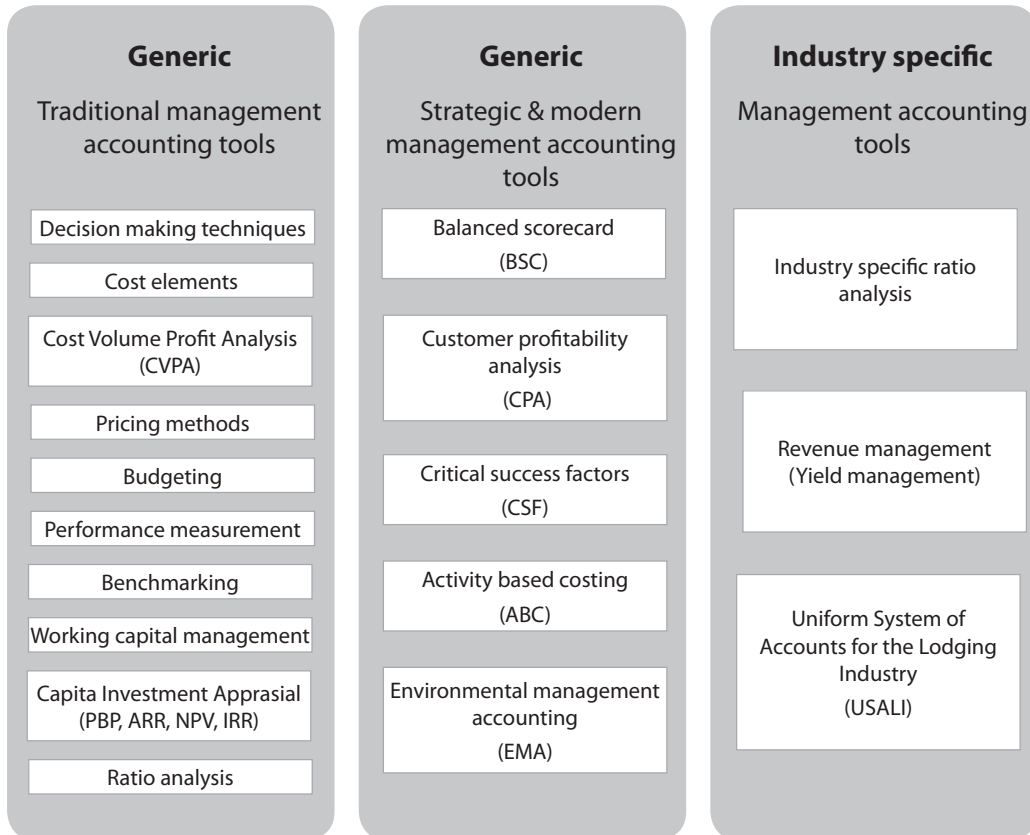
The development and issues over time in the generic field of management accounting are well documented in the work by Johnson and Kaplan (1987), Bromwich and Bhimani, (1989, 1994), and discussed in Chapter 16. Within this textbook the use of management accounting has been specifically focused around the needs and uses of management accounting, from a strategic managerial perspective and applied to hospitality, tourism and event contexts.

## 20.3 Use of management accounting in hospitality, tourism and events

Strategic management accounting's development from cost accounting's manufacturing industry roots, becomes a common theme when exploring the 'usefulness', or 'validity' of some techniques for use in a service sector. Some techniques, such as total absorption costing and full cost pricing, are sometimes inappropriate within these specific service industries, though they work in manufacturing environments. Figure 20.2 identifies some of the management accounting tools and techniques that are useful in hospitality, tourism and events, all of which (amongst others) have been explored within this textbook.

As shown throughout this textbook and summarised in Figure 20.2, there are many generic management accounting techniques that do have value in hospitality, tourism and events.

More traditional management accounting techniques identified in Figure 20.2 are of use in aspects of hospitality, tourism and events. The key within this textbook has been not only demonstrating these techniques but detailing their application within these specific sectors. Generic coverage of these techniques and tools is often with manufacturing examples, so makes it difficult to translate this knowledge into a service sector environment, as has been achieved here.



**Figure 20.2:** Management accounting tools and techniques useful in hospitality, tourism and events

Generic modern and strategic management accounting (SMA) techniques highlighted in Figure 20.2 demonstrate strategic management accounting firmly has a part to play across hospitality, tourism and events sectors. Given the wider focus of SMA, to encompass non-financial data and its external focus it fits well with service industries.

Adoption and adaption are important phrases, whilst some approaches can be utilised unchanged, others can be adapted to meet specific industry needs, for example the use industry specific ratios alongside generic ratios for financial analysis purposes.

There is discussion of techniques in this textbook that have been developed within hospitality, tourism or events, i.e. do not originate from the generic management accounting literature. An example would be the development of yield management that started within airlines. This has spread more broadly to sophisticated revenue management systems within hospitality and other closely linked environments. The Uniform System of Accounts for the Lodging Industry (USALI) in use since the 1920s is also an example of a specific development.