

**ROLE OF MANAGEMENT ACCOUNTING IN SUPPLY CHAIN
FUNCTIONS**



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By

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Abstract

Over the long time there have additionally developed some worthy theoretical inputs in which Management Accounting (MA), buying and Supply Chain Management (SCM) has been linked. However, MA and SCM still give off an impression of being a generally disregarded field, both as to practice and academic examination. In this study efforts are made to provide some inputs in the field of MA and SCM. It particularly examines the role of MA in Supply Chain (SC) function and for this purpose some MA techniques i.e. Open Book Accounting (OBA), Target Costing (TC) and Activity Based Costing (ABC) are highlighted with regards to SCM. A case study of manufacturing company is conducted with the aim of understanding the potential role that MA plays in SC functions. The main source of data/material gathering was through exercise of semi-structured in-depth interviews supported by workplace observation and document review. The results indicate that linkages of Management Accounting Practices (MAPs) with SCM provide great edge to organization. It creates superior inter-organizational relationships and integration capacities across the SC. Thus the management can use the information provided by MAPs for the creation of effective and efficient SCM environment which will leads them towards improved costs, quality and relationship. The results obtained from this research are not only beneficial to academicians in further investigating and analyzing relationship between MAPs and SC functions, but also helpful to professional in directing the successful implementation of SCM practices and the assessment of supply chain performance. In future research studies, more companies can be considered and by using different research methodologies the generalizability of research study can be further increased and concept can be explained more clearly.

Keywords

Supply Chain, Management Accounting Practices, Open Book Accounting, Target Costing, Activity Based Costing.

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1. Introduction

The Supply Chain Council (1997) defines the SC as an activity that covers every stage involved in manufacturing and dispatching end product, from the supplier's supplier to the customer's customer. Lambert, Stock et al. (1998) defines SCM as network of coordinated organizations that manage and control the flow of materials and information, from the point of origin to the point of delivery in order to satisfy the customer demand at lowest cost. The SC is a series of events oriented to satisfy customers.