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Does Strategic Cost Management Matter? Evaluating its Impact On Firm Perfomance

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ABSTRACT

Strategic cost management has increasingly attracted attention as firms face rising competition, technological disruption, and pressure to improve efficiency and long-term value creation. Although many studies suggest that Strategic Cost Management (SCM) and Strategic Management Accounting (SMA) contribute to better organizational outcomes, the extent and consistency of their influence on firm performance remain fragmented across the literature. This study aims to systematically examine the relationship between SCM, SMA, and firm performance by synthesizing findings from recent empirical research. The study employs a Systematic Literature Review (SLR) following the PRISMA 2020 guidelines. Articles were collected from the Scopus database covering the period 2016-2026. From an initial identification of 70 publications, 15 empirical studies met the established inclusion criteria and were analyzed using data extraction and comparative synthesis techniques. The review indicates that the implementation of SCM and SMA generally contributes positively to firm performance, particularly through improvements in financial outcomes, operational efficiency, and competitive positioning. However, the strength of this relationship is often influenced by contextual factors such as innovation capability, environmental uncertainty, and the quality of information technology. Overall, the findings highlight the importance of aligning strategic cost management practices with organizational strategy to enhance sustainable firm performance.

Keywords: Strategic Cost Management, Strategic Management Accounting, Firm Performance, Competitive Advantage, Systematic Literature Review

INTRODUCTION

In an increasingly competitive and uncertain business environment, organizations are required to manage resources more efficiently while aligning operational activities with long-term strategic objectives. Intensifying global competition, rapid technological advancement, and increasing efficiency pressures have encouraged firms to move beyond traditional short-term cost control toward strategies that emphasize sustainable value creation. In this context, cost management has become a critical component of modern

corporate strategy because it enables firms to optimize resources, strengthen competitiveness, and support long-term organizational sustainability (Oyewo., 2022).

Strategic Cost Management (SCM) has emerged as an important managerial approach that integrates cost information with strategic decision-making. Unlike conventional cost management systems that primarily focus on monitoring and controlling expenditures, SCM emphasizes the strategic use of cost information to support competitive positioning, value chain analysis, and long-term performance improvement (Ghanbari et al., 2022). By aligning cost structures with organizational strategy, SCM enables managers to identify cost drivers, improve operational efficiency, and create sustainable competitive advantages. Consequently, the implementation of SCM is increasingly viewed as an essential mechanism for enhancing firm performance.

Firm performance represents a key indicator of organizational success and is commonly evaluated through both financial and non-financial dimensions. Financial indicators typically include profitability, return on investment, and revenue growth, while non-financial measures encompass operational efficiency, innovation capability, competitiveness, and long-term sustainability (Ayam., 2024). In recent years, scholars have increasingly emphasized the importance of integrating financial and non-financial performance indicators to provide a more comprehensive assessment of organizational outcomes.

Empirical studies generally suggest that strategic cost management practices contribute positively to firm performance. However, the relationship between SCM and performance is often complex and influenced by multiple organizational and environmental factors. Some studies indicate that the impact of SCM on performance may occur indirectly through mediating mechanisms such as innovation capability, knowledge integration, and competitive advantage. In addition, contextual variables including environmental uncertainty, strategic alignment, and technological capability may determine the effectiveness of SCM implementation (Balusamy et al., 2025). These findings indicate that the benefits of SCM cannot be fully understood without considering the broader organizational context in which it is implemented.

The relevance of strategic cost management has become even more pronounced in the era of digital transformation and Industry 4.0. Advances in digital technologies, such as big data analytics, cloud computing, and integrated enterprise systems, have significantly transformed how organizations generate, analyze, and utilize cost information. These technologies allow firms to process large volumes of financial and operational data in real time, enabling more informed and timely strategic decisions. As a result, organizations increasingly rely on technology-supported management accounting systems to enhance strategic cost management practices and improve performance outcomes (Bhimani & Willcocks, 2022; Möller et al., 2020).

Despite the growing body of research on strategic cost management, the existing literature remains fragmented. Many previous studies focus on specific accounting techniques, particular industries, or limited geographical contexts. Such fragmentation restricts the ability to obtain a comprehensive understanding of how SCM contributes to firm performance across different organizational settings. Furthermore, the rapid development of digital technologies and evolving competitive environments has created new dynamics that may influence the role and effectiveness of strategic cost management practices. Consequently, a more systematic synthesis of the existing empirical evidence is required to clarify the mechanisms through which SCM influences firm performance and to identify emerging research directions (Galic et al., 2023; Naranjo-Gil et al., 2021).

Another important issue concerns the variation in SCM implementation across different organizational contexts. Firms differ in terms of size, resource availability, technological capability, and institutional environment, which may significantly affect the adoption and effectiveness of strategic cost management systems. For example, small and medium-sized enterprises (SMEs) often face resource limitations and managerial capability constraints that may hinder the implementation of sophisticated cost management practices. Understanding these contextual variations is therefore essential for developing a more comprehensive framework that explains how strategic cost management contributes to organizational performance across different types of firms.

To address these gaps, this study employs a Systematic Literature Review (SLR) approach to synthesize empirical findings on the relationship between Strategic Cost Management, Strategic Management Accounting, and firm performance during the period 2016-2026. Through a systematic synthesis of prior studies, this research seeks to identify key research trends, examine the mechanisms linking SCM and firm performance, and analyze contextual factors that influence the effectiveness of SCM implementation. Accordingly, this study aims to answer three research questions:

1. How has research on SCM/SMA and firm performance evolved over time?
2. What mechanisms explain the relationship between SCM practices and firm performance?
3. What contextual factors determine the effectiveness of SCM implementation?

The findings of this study are expected to contribute to the development of management accounting literature, particularly by strengthening the theoretical perspectives of Resource-Based View (RBV) and Contingency Theory in explaining the strategic role of cost management. In addition, the study provides practical insights for managers and organizations seeking to design adaptive, technology-driven, and sustainable cost management systems that support long-term organizational performance.

LITERATURE REVIEW

Resource-Based View (RBV)

The Resource-Based View (RBV) is widely used in strategic management literature to explain how firms achieve sustainable competitive advantage through the effective utilization of internal resources and capabilities. According to this perspective, differences in firm performance arise from the heterogeneity of resources owned and controlled by organizations. Resources that are valuable, rare, difficult to imitate, and non-substitutable enable firms to build strategic capabilities that competitors cannot easily replicate (Barney, 1991). In recent years, scholars have extended RBV to explain how management accounting systems contribute to organizational capabilities that support strategic decision-making and performance improvement (Pavlatos, 2022).

Within the context of strategic cost management, Strategic Management Accounting (SMA) can be understood as an organizational capability that provides strategic information for managerial decision-making. SMA emphasizes the use of both internal and external information to support strategic planning, competitor analysis, and long-term resource allocation. Unlike traditional accounting systems that focus primarily on historical financial reporting, SMA facilitates forward-looking analysis that helps managers evaluate strategic alternatives and anticipate future market conditions (Oboh & Ajibolade, 2021). Consequently, the implementation of strategic cost management practices allows organizations to transform accounting information into a strategic resource that enhances organizational competitiveness.

Several empirical studies have demonstrated that strategic management accounting practices play a significant role in strengthening organizational capabilities and improving firm performance. For instance, Shahzadi et al. (2020) found that the adoption of strategic management accounting tools supports innovation and enhances strategic alignment, which in turn contributes to improved organizational outcomes. Similarly, Yaseen et al. (2021) argue that the integration of strategic cost analysis, value chain analysis, and competitor cost assessment allows firms to identify opportunities for efficiency improvements and value creation across their operational activities.

From an RBV perspective, strategic cost management becomes a valuable organizational capability when it is embedded within managerial processes and supported by knowledge and technological resources. Firms that effectively integrate cost information with strategic planning are more likely to develop superior strategic flexibility and competitive advantage. Empirical evidence provided by Pavlatos (2022) and Ditkaew (2023) indicates that firms adopting advanced strategic management accounting practices are better able to respond to market changes and improve their performance outcomes. Therefore, RBV provides a strong theoretical basis for explaining how strategic cost management contributes to firm performance through the development of unique and difficult-to-imitate organizational capabilities.

Contingency Theory

While the Resource-Based View emphasizes internal resources and capabilities, Contingency Theory highlights the importance of contextual and environmental factors in determining the effectiveness of organizational systems. According to Contingency Theory, there is no universally optimal accounting system that can be applied to all organizations. Instead, the effectiveness of management accounting practices depends on the alignment between organizational systems and situational factors such as environmental uncertainty, competition intensity, technological infrastructure, and strategic orientation (Otley, 2016). In the context of strategic cost management, this perspective suggests that the success of SCM implementation is contingent upon how well the cost management system fits the specific organizational and environmental conditions.

Research in management accounting has consistently shown that contextual variables significantly influence the effectiveness of strategic management accounting practices. Oyewo (2022) found that environmental uncertainty plays an important role in shaping how organizations use strategic management accounting information in decision-making processes. Organizations operating in highly dynamic environments often require more sophisticated and flexible accounting systems that provide timely and relevant information to support strategic decisions. Similarly, Visedsun and Terdpaopong (2021) demonstrate that the relationship between strategic management accounting practices and firm performance is strengthened when firms operate in environments characterized by high competition and technological complexity.

Technological development also represents an important contingency factor that influences the adoption and effectiveness of strategic cost management systems. With the advancement of digital technologies, organizations increasingly rely on integrated information systems, data analytics, and digital platforms to support managerial decision-making. Hutaibat (2019) suggests that technological capability enables organizations to collect and analyze large volumes of financial and operational data, thereby improving the quality of strategic cost analysis and enhancing organizational performance. In addition, Nguyen et al. (2020) argue that firms with stronger technological infrastructures

are better able to implement advanced management accounting systems that support strategic planning and performance management.

The contingency perspective also emphasizes the importance of organizational characteristics such as firm size, managerial expertise, and strategic orientation. Alamri (2019) highlights that the effectiveness of strategic management accounting practices varies across organizations depending on their structural and strategic contexts. For example, large organizations with more complex operations tend to rely more heavily on sophisticated cost management systems compared to smaller firms with limited resources. These contextual differences illustrate that the impact of strategic cost management on firm performance cannot be fully understood without considering the broader organizational environment.

By integrating the insights of Resource-Based View and Contingency Theory, this study develops a more comprehensive theoretical framework for understanding the relationship between strategic cost management and firm performance. While RBV explains how strategic cost management functions as a strategic organizational capability that enhances competitive advantage, Contingency Theory highlights the importance of contextual alignment in determining the effectiveness of these practices. The integration of these two theoretical perspectives provides a stronger foundation for analyzing how strategic cost management contributes to improved organizational performance across different business environments.

METHOD

This study adopts a qualitative research approach by applying the Systematic Literature Review (SLR) method to examine the relationship between Strategic Cost Management (SCM), Strategic Management Accounting (SMA), and firm performance. A systematic literature review is a structured method used to identify, evaluate, and synthesize existing empirical studies related to a particular research topic in a transparent and reproducible manner. Compared with traditional narrative reviews, SLR follows a systematic protocol that allows researchers to minimize selection bias and produce a comprehensive synthesis of prior research findings (Snyder, 2019). The use of SLR is particularly appropriate for this study because the literature on strategic cost management and firm performance has developed rapidly across different contexts and industries, requiring a systematic approach to integrate the available empirical evidence.

To ensure methodological transparency and replicability, this study follows established guidelines for conducting systematic literature reviews in management and accounting research. The review process was designed based on widely accepted procedures for evidence synthesis, including problem formulation, systematic search, study selection, data extraction, and synthesis of findings (Xiao & Watson, 2019). In addition, the study adopted the PRISMA 2020 (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework to document the identification, screening, eligibility, and inclusion stages of article selection. The use of the PRISMA protocol enhances the transparency of the review process and ensures that each stage of article selection is clearly documented and replicable by other researchers (Page et al., 2021).

The literature search focused on empirical studies published between 2016 and 2026. This time period was selected to capture the most recent developments in strategic cost management practices, particularly those associated with digital transformation, Industry 4.0, and the growing integration of technology in management accounting systems. Recent literature indicates that management accounting practices have

undergone significant changes in response to digitalization and global economic dynamics, making it important to focus on contemporary empirical evidence when examining the relationship between SCM and firm performance (Massaro et al., 2019).

The search process was conducted using the Scopus database, which is widely recognized as one of the largest and most reliable databases for peer-reviewed academic publications in the fields of business, management, and accounting. Scopus was selected because it provides extensive coverage of high-quality international journals and ensures the inclusion of relevant empirical studies. The search strategy employed a combination of keywords related to the main constructs of the study. Specifically, the search query used was: ("Strategic Cost Management" OR "Strategic Management Accounting") AND ("Firm Performance" OR "Financial Performance" OR "Profitability" OR "Competitive Advantage"). These keywords were selected to capture studies that examine the strategic role of cost management practices and their impact on various dimensions of organizational performance.

To ensure that only relevant and high-quality studies were included in the review, several inclusion and exclusion criteria were established prior to the article selection process. The inclusion criteria consisted of the following: (1) articles that examine the relationship between Strategic Cost Management or Strategic Management Accounting and firm performance; (2) articles published between 2016 and 2026; (3) articles written in English; (4) articles indexed in the Scopus database within the subject areas of Business, Management, and Accounting; and (5) empirical research articles employing quantitative, qualitative, or mixed research methods. Conversely, the exclusion criteria included: (1) conceptual or theoretical papers without empirical data; (2) literature reviews, simulation studies, and teaching cases; (3) conference papers or book chapters; and (4) articles that did not directly analyze the relationship between strategic cost management practices and organizational performance.

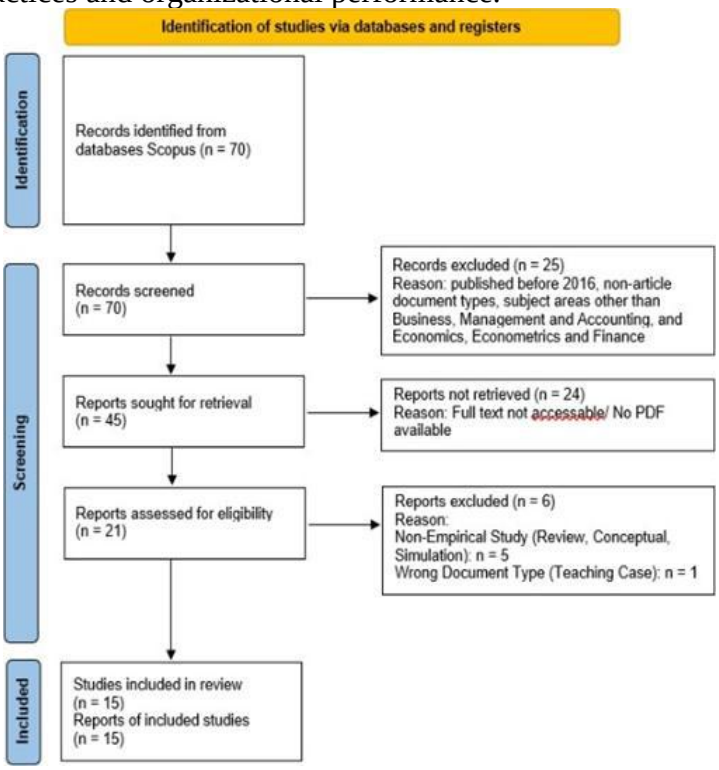


Figure 1. PRISMA 2020 Flow Diagram

Source : Research Data, 2026

The article screening process followed the PRISMA 2020 flow procedure. The initial identification stage resulted in 70 articles retrieved from the Scopus database based on the selected keywords. In the first screening stage, articles were filtered based on publication year, document type, and subject area. At this stage, 25 articles were excluded because they were published before 2016, were not journal articles, or were outside the relevant academic fields. The remaining 45 articles were then assessed for full-text availability during the retrieval stage. Due to access limitations and the unavailability of full-text PDF documents, 24 articles could not be retrieved and were therefore excluded from further analysis

The next stage involved an eligibility assessment of the remaining 21 articles through an in-depth reading of the full text. During this stage, each article was evaluated to determine whether it met the predetermined inclusion criteria and addressed the research focus of this study. Six articles were subsequently excluded because they did not meet the methodological requirements or were identified as non-empirical studies. After completing all stages of the screening process, a final set of 15 articles was selected for inclusion in the systematic review.

Data extraction was conducted manually through a structured content analysis process. The extracted data included key information such as the authors' names, year of publication, country of study, industry context, theoretical framework, research methods, key variables examined, and major findings related to the relationship between strategic cost management and firm performance. This structured data extraction process allowed the researcher to systematically compare and synthesize the findings of the selected studies. The overall article selection process following the PRISMA 2020 framework is illustrated in Figure 1.

RESULT

Distribution Based on Publication Year

Based on the PRISMA screening process described in the methodology section, a total of 15 empirical articles met the inclusion criteria and were selected for analysis. These articles were published between 2016 and 2026 and represent research conducted in various countries and industrial contexts. Table 1 presents the distribution of articles based on publication year.

Table 1. Publication Year Distribution

Year	Number of Articles
2016	1
2019	3
2020	1
2021	1
2022	2
2023	1
2024	3
2025	3

Source : Research Data, 2026

The distribution of publications shows that scholarly interest in Strategic Cost Management (SCM) and Strategic Management Accounting (SMA) has increased significantly in recent years. Approximately 67% of the reviewed studies (10 out of 15 articles) were published between 2022 and 2026. This upward trend indicates that cost management is increasingly viewed as a strategic managerial tool rather than merely an

operational control mechanism. The growing attention to SCM can be associated with the increasing complexity of business environments and the acceleration of digital transformation across industries. Recent literature also highlights that organizations are increasingly adopting strategic management accounting practices to support decision-making and enhance competitiveness in dynamic markets (Pavlatos, 2022; Appelbaum et al., 2021).

The concentration of publications in the recent period also reflects the growing recognition of SCM as a strategic capability that enables organizations to create value through more efficient resource allocation and improved strategic alignment. As firms operate in increasingly uncertain and technologically driven environments, the ability to integrate cost information into strategic planning processes becomes essential for maintaining competitive advantage and achieving sustainable performance.

Distribution by Country

The reviewed studies originated from several countries, with the largest concentration in Southeast Asia. The geographical distribution is as follows:

Table 2. Distribution by Country

Country	Number of Studies
Thailand	5
Indonesia	3
Nigeria	2
Vietnam	1
Multi-country / International	4

Source : Research Data, 2026

The country distribution indicates that empirical research on strategic cost management is largely concentrated in developing and emerging economies. Southeast Asian countries, particularly Thailand and Indonesia, account for a substantial portion of the reviewed studies. This pattern reflects the growing importance of strategic management accounting practices in economies undergoing rapid industrialization and institutional transformation. Firms operating in such environments often face intense competition and increasing pressure to adopt more sophisticated management systems in order to improve efficiency and maintain competitiveness.

Previous research suggests that organizations in emerging economies are more likely to adopt strategic management accounting practices as a response to market liberalization, technological development, and increased global competition (Yaseen et al., 2021). In these contexts, strategic cost management plays a crucial role in helping firms optimize resource utilization and strengthen their strategic positioning. The prominence of Southeast Asian studies also indicates that management accounting practices are evolving rapidly in these regions as organizations attempt to align their cost structures with strategic objectives.

Distribution by Industry Sector

Table 3. Distribution by Industry Context

Sector	Number of Studies
Cross-Industry	5
MSMEs	3
Manufacturing	3
Services / Logistics	2
Specific Competitive Industries (e.g., Airlines)	2

Source : Research Data, 2026

The results indicate that strategic cost management practices are implemented across diverse sectors, including manufacturing, services, logistics, and small and medium enterprises. This diversity suggests that SCM is a flexible strategic framework rather than a management tool limited to large industrial organizations. The adaptability of strategic management accounting practices across sectors supports the argument that cost information can be strategically integrated into various organizational contexts to support decision-making and performance improvement.

Empirical evidence also indicates that the effectiveness of SCM may vary depending on industry characteristics and organizational structures. Firms operating in highly competitive industries, such as aviation or logistics, tend to rely more heavily on strategic cost management practices to maintain operational efficiency and profitability. Similarly, small and medium enterprises increasingly adopt strategic accounting practices to improve cost control and strengthen their competitive capabilities in resource-constrained environments (Nguyen et al., 2020).

Direct Positive Impact of SMA/SCM on Company Performance

The literature reviewed in this study shows strong empirical support for a positive relationship between strategic cost management practices and firm performance. Several studies indicate that the adoption of SMA or SCM practices directly contributes to improved organizational outcomes. For instance, Abbasi and Mohammadi (2016) found that the implementation of strategic management accounting tools enhances financial performance through improved cost control and strategic decision-making. Similarly, Alabdullah (2019) reported that organizations that adopt strategic accounting practices tend to demonstrate higher levels of organizational effectiveness.

Other studies also highlight the role of strategic cost management in improving operational efficiency and profitability. Doktoralina and Apollo (2019) found that the adoption of SMA practices helps organizations improve operational performance by enabling more effective resource allocation. Likewise, Puspitawati et al. (2024) demonstrated that strategic management accounting systems contribute to improved inventory management and operational efficiency. More recent research by Lulaj (2025) further confirms that strategic cost management plays an important role in creating sustainable business value by supporting strategic planning and cost optimization.

These findings are consistent with recent research suggesting that strategic management accounting practices provide organizations with valuable information that supports strategic decision-making and performance improvement (Bhimani & Willcocks, 2022). By integrating cost analysis with strategic planning, firms are able to develop more effective strategies that enhance efficiency and competitiveness.

The Role of Mediating Competitive Advantage and Innovation

Although several studies identify a direct relationship between SCM and firm performance, other research suggests that the relationship may occur indirectly through mediating variables. One of the most frequently identified mediators is competitive advantage. Ditkaew (2023) found that the relationship between strategic management accounting practices and firm performance is mediated by competitive advantage, indicating that the benefits of SCM may arise through the development of superior strategic positioning.

Innovation capability also plays an important mediating role in the relationship between SCM and organizational performance. Phornlaphatrachakorn and Na-Kalasindhu (2020) demonstrated that strategic orientation combined with innovation capability strengthens the impact of strategic cost management practices on firm

performance. Similarly, Raksudjarit et al. (2025) found that organizational innovation enhances the effectiveness of strategic accounting practices in improving financial outcomes.

These findings are consistent with the argument that strategic cost management supports innovation by providing information that helps organizations identify opportunities for efficiency improvement and value creation. Recent studies in management accounting literature also emphasize that the integration of accounting information with strategic processes facilitates innovation and long-term competitiveness (Naranjo-Gil et al., 2021).

The Moderating Role of Environmental Dynamics

Beyond internal organizational capabilities, external environmental conditions also play an important role in determining the effectiveness of strategic cost management practices. Several studies indicate that environmental dynamism strengthens the relationship between SCM and firm performance. For example, Oyewo et al. (2022) found that the impact of strategic management accounting practices on firm performance becomes stronger in dynamic and uncertain business environments.

Similar findings were reported by Suarez et al. (2024), who observed that competitive pressure encourages organizations to adopt strategic accounting practices more intensively. In highly competitive industries, firms are more likely to rely on strategic cost information to improve operational efficiency and maintain profitability. These results support the contingency perspective, which suggests that the effectiveness of management accounting systems depends on the alignment between organizational practices and environmental conditions.

Organizational Support and Leadership as Internal Supporting Factors

Internal organizational factors also influence the successful implementation of strategic cost management practices. Leadership and organizational support are particularly important in facilitating the adoption of strategic management accounting systems. Phornlaphatrachakorn (2019) found that transformational leadership plays a significant role in strengthening the implementation of SMA practices and improving organizational performance. Similarly, Doktoralina and Apollo (2019) reported that organizational support and effective managerial systems contribute to the successful adoption of strategic cost management.

In recent years, digital transformation has emerged as another important factor influencing the effectiveness of SCM. Studies by Puspitawati et al. (2024) and Aggarwal et al. (2025) show that the integration of digital technologies with management accounting systems enhances the ability of organizations to generate real-time financial information and improve strategic decision-making. Digital technologies also allow firms to perform more sophisticated cost analysis and improve operational efficiency.

Article Review Summary

Table 4. Summary of Review Articles

Author & Year	Independent Variables	Mediator/ Moderator	Dependent Variable	Key Findings
Aggarwal et al. (2025)	Digital Integration		Competitive Advantage	Digitalization improves SCM
Lulaj (2025)	High School Practices		Profitability	Positive relationship
Raksudjarit et al. (2025)	SMA	Innovation	Financial Performance	Innovation strengthens relationships

Do & Tran (2024)	Organizational Support		SMA adoption	Support determines implementation
Puspitawati et al. (2024)	Management Accounting System		Organizational Performance	Positive influence
Suarez et al. (2024)	Pressure Environment		SMA adoption	Competition drives adoption
Ditkaew (2023)	SMA	Competitive Advantage	Company Performance	Mediated effect
Oyewo (2022)	SMA Technique	Performance Measurement	Company Performance	Indirect Improvement
Oyewo et al. (2022)	Environmental Dynamism		Effectiveness of SMA	Stronger in a dynamic environment
Visedsun & Terdpaopong (2021)	Strategic Fit		Company Performance	Strategic alignment is crucial
Phornlaphatrachakorn & Na-Kalasindhu (2020)	Strategic Orientation	Innovation	Performance	Innovation mediates the influence
Doktoralina & Apollo (2019)	Strategic Management Accounting (SMA)		Operational Performance	Improving efficiency
Phornlaphatrachakorn (2019)	Leadership + High School		Company Performance	Leadership enhances impact
Alabdullah (2019)	Strategic Accounting Practices		Organizational Effectiveness	Positive relationship
Abbasi & Mohammadi (2016)	Strategic Management Accounting (SMA)		Financial Performance	Positive direct effect

Source : Research Data, 2025

Based on a systematic review of the 15 empirical studies above, the evidence pattern related to SCM and firm performance can be summarized into four basic findings:

1. SCM has a positive influence on firm performance.
2. This effect can be direct through cost efficiency and resource optimization.
3. Competitive advantage and innovation act as key mediators.
4. Environmental dynamics, competitive pressure, leadership, and digital integration serve as reinforcing factors.

Causes of Inconsistent Findings and Variable Maps related to SCM and Company Performance

Based on the findings from this literature review, it can be concluded that although the majority of studies agree on the positive impact of Strategic Cost Management (SCM) and Strategic Management Accounting (SMA), there are variations and differences in the mechanisms of how SCM affects firm performance. Analysis of previous studies reveals that these gaps and differences in results are caused by various factors, including differences in industry context, levels of environmental uncertainty in different countries, and differences in conceptual frameworks.

Mapping of the variables used in the literature shows that the most dominant independent variable is the practice of SMA/SCM itself. However, in explaining its effect on firm performance, the literature is divided into two main paths. First, several studies identify a direct positive effect, suggesting that strategic cost practices immediately enhance financial or operational performance through improved cost control and efficiency. Second, other studies propose an indirect mechanism, in which SCM influences performance through mediating variables. The most frequently appearing mediating variables are Competitive Advantage, Organizational Innovation, and Operational Efficiency. In addition to mediation effects, several studies incorporate moderating variables. Environmental dynamism, transformational leadership, and digital integration frequently function as contextual amplifiers that determine the strength of the SCM performance relationship. This dominance of mediating and moderating variables indicates that SCM effectiveness depends on both internal governance ecosystems and external pressures. Therefore, inconsistent findings across studies should be interpreted as evidence of contextual sensitivity rather than theoretical weakness.

Overall, this study concludes that SCM has a positive effect on firm performance. The SCM approach has been proven to transform costs from mere expenses into strategic tools, whereby the higher the level of SCM integration with business strategy, the higher the added value created for the organization.

The Effect of Strategic Cost Management on Firm Performance

There are various channels of influence in the literature regarding the impact of SCM on company performance. Several studies have found a direct positive influence. For example, a study conducted by found that SMA practices can directly improve financial performance through more strategic cost control to expand market share. In line with this, Tawfeeq Yousif Alabdullah (2019) and Lulaj (2025) emphasize that the application of strategic accounting practices is directly related to higher organizational effectiveness and the creation of sustainable business value.

There are various channels of influence in the literature regarding the impact of SCM on company performance. Several studies have found a direct positive influence. For example, a study conducted by found that SMA practices can directly improve financial performance through more strategic cost control to expand market share. In line with this, Tawfeeq Yousif Alabdullah (2019) and Lulaj (2025) emphasize that the application of strategic accounting practices is directly related to higher organizational effectiveness and the creation of sustainable business value. However, different findings were shown by another group of researchers who stated that the relationship between SCM and company performance is not always direct. Studies by Ditkaew (2023) and Phornlaphatrachakorn & Na-Kalasindhu (2020) found that competitive advantage mediates the relationship between SMA practices and organizational performance. This means that SCM must first create a competitive advantage before it can have an impact on finances. In addition Raksudjarit et al. (2025) found that organizational innovation plays an important role in triggering and strengthening the impact of strategic accounting management practices on operational efficiency. This difference in pathways confirms the view Oyewo (2022) and Visedsun & Terdpaopong (2021) that SCM is essentially a strategic alignment mechanism; companies that integrate cost information into strategic objectives tend to have superior performance because costs serve as a driver of differentiation, not merely a rationalization tool.

Role Contingency: Dynamics Environment, Leadership, and Digitalization

The literature also shows a lack of consistency when SCM practices are applied in different environmental contexts. External environmental factors have been shown to influence the strength of the relationship between SCM and performance. Oyewo et al. (2022) state that the effectiveness of SCM practices increases significantly in dynamic business environments. These findings are in line with Suarez et al. (2024), who highlight the aviation industry; they found that competitive pressures and external changes actually force organizations to adopt strategic accounting management practices more intensively in order to maintain profitability.

Internally, leadership and organizational support are determining factors for the successful implementation of SCM. Studies by Doktoralina & Apollo (2019) and Phornlaphatrachakorn (2019) show that transformational leadership strengthens the implementation of SMA. Additionally, Do & Tran (2024) emphasize that without adequate organizational and management system support, SCM implementation tends to be suboptimal and fails to improve performance.

In the context of more recent developments, there highlights the important role of digitization. Puspitawati et al. (2024) and Anggarwal et al. (2025) prove that the integration of SME practices with digital technology and modern information systems further strengthens companies' ability to respond to the market. This confirms that digital transformation expands the role of SMEs, making them a much more effective instrument in supporting inventory efficiency and long-term operational excellence.

Theoretical Implications: Supporting the Resource-Based View (RBV)

The findings of this literature review support the theoretical perspective of the Resource-Based View (RBV), which emphasizes the role of internal capabilities in generating sustainable competitive advantage. Strategic cost management can be interpreted as an organizational capability that enables firms to utilize cost information strategically in order to improve performance outcomes. When integrated with innovation strategies, digital technologies, and effective leadership, SCM becomes more than a traditional accounting tool; it evolves into a strategic capability that strengthens a firm’s competitive position.

From the RBV perspective, strategic management accounting practices represent valuable organizational resources that enhance decision-making quality and support long-term organizational sustainability. Firms that successfully integrate strategic cost management into their strategic planning processes are therefore more likely to achieve superior performance outcomes in competitive business environments.

CONCLUSION

This study aimed to synthesize empirical evidence regarding the relationship between Strategic Cost Management (SCM), Strategic Management Accounting (SMA), and firm performance through a systematic literature review approach. Based on the analysis of fifteen empirical studies published between 2016 and 2026, the findings indicate that strategic cost management plays an important role in enhancing organizational performance. The literature consistently shows that organizations that integrate cost management practices with strategic decision-making processes tend to achieve better financial and operational outcomes.

The review also reveals that the relationship between SCM and firm performance does not always occur through a single direct pathway. While several studies demonstrate a direct positive impact of strategic cost management on firm performance through

improved cost control and operational efficiency, other studies highlight indirect mechanisms through mediating variables. In particular, competitive advantage and organizational innovation frequently emerge as key mediating factors that strengthen the impact of SCM on performance outcomes. In addition, the effectiveness of strategic cost management practices is influenced by contextual conditions such as environmental dynamism, competitive pressure, leadership capability, and digital technology integration.

From a theoretical perspective, the findings of this study support the relevance of the Resource-Based View (RBV) and Contingency Theory in explaining the role of strategic cost management in improving firm performance. The RBV perspective suggests that strategic management accounting practices can function as valuable organizational capabilities that support competitive advantage and long-term value creation. At the same time, the contingency perspective highlights that the effectiveness of these practices depends on the alignment between cost management systems and the broader organizational and environmental context.

This study also provides practical implications for managers and organizations. The findings suggest that strategic cost management should not be viewed solely as a cost control mechanism, but rather as a strategic tool that supports long-term decision-making and value creation. Organizations are therefore encouraged to integrate cost information with strategic planning processes, develop innovation capabilities, and leverage digital technologies to enhance the effectiveness of their cost management systems. By doing so, firms can improve their ability to respond to environmental changes and maintain sustainable competitive advantage.

Despite its contributions, this study has several limitations. First, the analysis is based on a limited number of empirical studies that meet the predetermined inclusion criteria. Second, the reviewed studies originate from various countries and industries, which may create contextual differences in the implementation of strategic cost management practices. Future research is therefore encouraged to conduct more comprehensive empirical investigations that explore the role of SCM across different organizational contexts, particularly in the digital business environment. Further studies may also examine additional mediating and moderating variables, such as organizational culture, technological capability, and strategic orientation, to provide a deeper understanding of how strategic cost management influences firm performance.

Overall, this study confirms that strategic cost management has evolved beyond its traditional role as a cost control tool. When effectively integrated with organizational strategy, innovation processes, and digital technology, SCM can function as a strategic capability that supports sustainable organizational performance in increasingly complex and competitive business environments.

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