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## **Development of the Modified Strategic Management Accounting Disclosure Index (MoSMADi) for Companies' Decision-Making, Control and Monitoring of Business Strategies in Attaining Business Sustainability**

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### **Abstract**

The paper aims to explain the development of the modified strategic management accounting disclosure index. The main purpose of strategic management accounting information is to support companies' decision-making, control, and monitoring of business strategies to attain business sustainability. The Modified Strategic Management Accounting Disclosure index which consists of 70 items aims to serve as a holistic and comprehensive checklist to evaluate the extent of strategic management accounting information disclosure on companies' annual reports. It is hoped that the modified strategic management accounting disclosure index would enhance the level of strategic management accounting information disclosure by companies as the checklist is developed based on international and national criteria to highlight the benefits of having the index. The purpose of developing this index is to provide a coherent framework to ensure business sustainability and the need for strategic management accounting information for decision-making, control, and monitoring of the company's strategies in pursuit.

*Keywords: strategic management accounting, disclosure, business sustainability, decision-making, control, monitoring*

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### **Introduction**

Strategic Management Accounting (SMA) is conceptualized as information in monitoring success in business strategies pursued by companies. Thereafter, SMA is developed by looking at companies' achievements relative to their competitors. Sustainable competitiveness is the outcome of a company's ability to counter its competitors' moves. There were also calls for SMA to be integrated with strategic marketing. This development is

viewed as strategic because of the existence of an element of strategy in the management accounting design.

Strategic management accounting (SMA) information provides the ability to adapt to intense competition and constant changes in the market. For example, Covid-19 significantly impacts economic activity that indirectly implicates changes in disclosures required in the annual report. Despite the importance of information elements in SMA, a disjointed effort was conducted to explore the overall development and broadness of the SMA concept. The conceptualization and operationalization of SMA come in different approaches, namely as practices, tools, and techniques or as elements of SMA information. There is no consensus on the definition of SMA because it depends on the research's theme. However, SMA enables the analysis of a company's internal and external information for long-term purposes, resulting in a forward-looking orientation to create a competitive advantage. Therefore, SMA in this paper facades the strategically related activities or information elements to understand SMA. The information elements are the integration of information available from within the company (resources) and outside of the company (competitors, customers, products, and changes in the market as a whole), which is to support the companies in their decision-making on the strategy to be pursued, control and monitoring of the company's moves to ensure business sustainability is attainable.

The recent Malaysia Code of Corporate Governance (MCCG), updated on April 28, 2021, stated that the board should ensure the company's sustainability strategies, goals, and activities are communicated. In addition, a designated individual within the company's management must be identified to be responsible for the disclosure requirement. The annual report is the primary source of information about companies' financial and non-financial information. The main purpose for companies to apply SMA information is to integrate competitors' strategies into companies' business sustainability. According to Honggowati et al. (2017), SMA information is a method to disclose business strategy. Hence, strategic management accounting disclosure (SMAD) is the disclosure of companies' internal and external information incorporated into business strategy to achieve business sustainability.

Strategic Management Accounting Disclosure (SMAD) provides strategically relevant information about a company's activities, competitors, and current market conditions. This information is paramount in formulating and executing business strategies (Dixon & Smith, 1993), which aligns companies' resources to achieve business sustainability. The claims complement the assertions and position of Simmonds (1981) that SMA information is intended to monitor, evaluate, and develop business strategies. To realize the concept, companies would have to analyze the internal and external resources combined with the market information to achieve strategic decision-making. In terms of going concern, the integration of resources would require control and monitoring to ensure the long-term goals and sustainability of the business are being met.

External changes affect companies' strategies over time. For the right business strategy, information related to SMA is crucial to help managers make decisions and control as well as monitor the strategy to achieve business sustainability. Unfortunately, not all companies disclose SMA information due to the fear that the information provided would be to the competitors' advantage, and there is no definite guideline /standard framework to disclose SMA information in the annual report. This paper enriches the current knowledge about information elements that make up the SMA. In particular, it is important to further develop the SMA operationalization from strategic information requirements in order to pursue business sustainability. Otley (1994) reiterated that adaptation is vital to corporate survival. Only companies that adapt their skills to the ever-changing demands of the business environment will survive in the long term.

### **The emergence of Strategic Management Accounting Disclosure**

Management accounting information provides the knowledge required to develop strategies and control the success of intended activities. However, many scholars argue that conventional or traditional management accounting needs to provide more information to support strategic decisions (Cescon et al., 2019). Simmonds (1981) introduced the term "Strategic Management Accounting" in an influential paper published in the UK professional magazine, "Management Accounting," which embraces the provision of analyzing competitors' data in developing and monitoring business strategy. Table 1 summarizes some of the definitions of strategic management accounting in the academic literature that will support the discussion in this study.

***Table 1: Definition of Strategic Management Accounting***

Definition	Source
The provision and analysis of management accounting data about a business and its competitors to be used in developing and monitoring business strategy.	Simmonds (1981)
The provision and analysis of financial information on the company's product markets and competitors' costs and costs structures and the monitoring of the companies' strategies and those of its competitors in the market over a number of periods.	Bromwich (1990)
A four-step process with the following phases: (1) Strategic identification of the entity; (2) Strategic cost analysis; (3) Strategic market analysis; and (4) Evaluation of strategy.	Dixon and Smith (1993)
SMA is an approach to management accounting that explicitly highlights strategic issues. It sets management accounting in a broader context in which financial information is used to	Wilson (1995)

Definition	Source
develop superior strategies to achieve sustainable competitive advantage.	
SMA comprises information for strategy development and planning, monitoring the market condition, monitoring competitors' cost structures, and monitoring competitors' pricing policies.	Collier and Gregory (1995)
SMA as a three-step process consist of: (1) Collection of competition information; (2) Taking advantage of cost reduction opportunities; and (3) Accounting compliance with company's strategies.	Lord (1996)
SMA is identified as a generic approach to accounting for strategic positioning, defined by an attempt to integrate insights from management accounting and marketing management within a strategic framework.	Roslender and Hart (2003)
SMA entails taking a strategic orientation to generate, interpret, and analysis of management accounting information, competitors' activities to provide the key dimension for comparison.	Langfield-Smith (2008)
SMA is broadly defined as the use of management accounting systems in supporting strategic decision making.	Tillmann and Goddard (2008)
SMA as the body of management accounting concerns with strategically oriented information for decision making and control.	Ma and Tayles (2009)
SMA is defined as a set of practices, techniques or tools of management accounting with strategic orientation which support the strategic management process. SMA information categorized into cost, customer, competitor, and performance orientation.	Cinquini and Tenucci (2010); Cravens and Guilding (2001); Guilding et al. (2000)
SMA is form of management accounting in which emphasis is placed on information related to factors external to the company, and non-financial information internally generated information within the company.	Bhimani et al. (2012)
SMA is defined as the provision and analysis of management	Lachmann, Knauer,

Definition	Source
<p>accounting data about a business and its competition that can be applied in developing and monitoring business strategy. SMA provides information relevant to assessing a company's competitive position in the industry, emphasizing customers and competitors as external factors of management accounting analysis.</p>	<p>and Trapp (2013)</p>
<p>SMA provide internal and external information related to decision-making, and expanding the role of management accounting to achieve competitive advantage.</p>	<p>Honggowati et al. (2017; 2019; 2020)</p>
<p>SMA content includes five aspects:</p> <p>(1) Strategic analysis. Through the analysis of the internal and external environment of the company, in making strategic objectives for strategic planning and decision making.</p> <p>(2) To advance the rational allocation of corporate resources, control information consumption in the process.</p> <p>(3) Business investment decision. Strategic management accounting focuses on the company's long-term development for competitive advantage.</p> <p>(4) The risk management research. Strategic management accounting is the company's strategy development.</p> <p>(5) Evaluation of the strategy development.</p>	<p>Liu and Wen (2017)</p>
<p>SMA comprises environmental scanning, competitor orientation, and forward-looking information as companies' internal resources, which impacts sustainable competitive advantage through operational excellence, managerial efficiency, and organizational effectiveness.</p> <p>SMA also refers to the provision of information that supports companies' decisions in the long run and significantly affects the company's performance as it provides internal and external information.</p>	<p>Phornlaphatrachakorn and Na-Kalasinthu (2020)</p>
<p>SMA is integrating technology, the qualification of management accountants, and the market to strengthen control</p>	<p>Nguyen and Nguyen (2021)</p>

Definition	Source
and support business managers' decision-making toward sustainable development.	
<p>SMA represents the evolution of management accounting to collaborate and provide strategic information for strategic management, marketing, and other management functions.</p> <p>SMA embraced: (1) a more exterior appearance, customer orientation, market, current, and potential competitors; (2) an orientation towards internal resources and organizational capabilities; (3) a forward-looking orientation that allows for the creation and achievement of competitive advantage; (4) both financial and non-financial measurement typologies.</p>	Duci (2022)
SMA is understood as the customer, competitor, and product information valuable for performance improvement.	Maelah et al. (2022)

Strategic management accounting disclosure (SMAD) reports companies' information about their business operations, competitors, and their positioning in the market. Disclosures tend to increase stakeholders' trust and confidence in the company, ultimately alleviating investors' uncertainty concerning the long-term viability and competitiveness (Mooneapan et al., 2021). Voluntary strategy disclosure presented by a company can be used as a broader analysis material to make investment decisions (Sieber et al., 2014). Strategic Management Accounting (SMA) Disclosure is a specific form of voluntary strategy disclosure. SMA disclosures can provide some information to understand and judge the financial performance and position of the company in the market, especially to measure its competitive advantage. Furthermore, SMA information can be used to monitor, evaluate and develop business strategies undertaken by the company (Simmonds, 1981).

The disclosure of information regarding the company's conditions and the strategies used to deal with future developments is a part of the voluntary disclosure related to SMA. Strategic management accounting (SMA) information may be a company's secret. Thus, if it is published, it will be compelling, and decision-makers can utilize the information (Honggowati et al., 2019). In addition, SMA information provides internal and external information related to decision-making and expands the role of management accounting to achieve a competitive advantage. Hence, SMA is important in the business environment. Published SMA information becomes essential information for investors and users of the company's annual report. Guidelines to be used as a standard for measuring the extent of SMA disclosure become necessary for company management. The strategic management

accounting information is fundamental for effective operation and decision-making for all levels of conglomerates. It is the substance required for a company's visibility and ultimately guides its strategic decisions which contribute to corporate business sustainability.

The operationalization of strategic management accounting disclosure (SMAD) focuses on the purpose of SMA information. Strategic management accounting (SMA) information functions to facilitate, support, monitor, and implement control over strategies. As mentioned by Maelah, Mohamed, and Amir (2022), SMA information is conceptualized as the customer, competitor, and product information that is valuable for performance improvement and indirectly leads to the company's sustainability. For example, information on specific service or product requirements can be used as feedback and input for future enhancements.

In this paper, SMA is considered a source of information collected from outside and inside the company (Maelah, Mohamed, & Amir, 2022; Noordin et al., 2015; Zakaria, 2015). This is in line with resource-based view theory (RBVT), which refers to resources and capabilities that make it possible to achieve competitive advantage (Lioukas et al., 2016) and, therefore, the company's sustainability. SMA information is a useful resource for decision-making, and capability to monitor or control SMA information for a better business strategy can ensure business continuity in the future.

### **International Integrated Reporting Council**

The International Integrated Reporting Council (IIRC), founded in 2010, guides companies on how to produce integrated reports which cover not only financial information but also non-financial information such as information about manufactured, intellectual, human, social and relationship, and natural capital. The term IIRC is also referred to as the "Six Capitals." According to IIRC, an integrated report should provide concise information to assess the companies' ability to create value in the short, medium, and long term (IIRC, 2021). The IIRC (2021) promotes discussion and communication on organizational value creation as the next step in corporate reporting. The main objective of the Integrated Reporting (IR) Framework is to identify how companies create long-term value, which is related to business sustainability (Dilling & Harris, 2018). The primary intended users of integrated reports are the providers of sources of financial capital.

In 2013, the IIRC signed a Memorandum of Understanding (MoU) with Sustainability Accounting Standards Board (SASB) to reduce internal barriers and duplication for more efficient reporting practices and processes (IIRC, 2021). In the same year, the IIRC provides guidelines on how companies can use IR Framework in corporate reporting (Yang et al., 2021). Thus, companies that abide by IIRC guidelines will produce integrated reports that include financial information and non-financial details. As emerging standardization continues, demand among users of integrated reporting for companies to provide information about business sustainability is likely to increase (Hales et al., 2016). The directive would

result in a better quality of information for managers to manage the company's ability to sustain its business.

### **Strategic Management Accounting Disclosure in the Malaysian context**

The global financial crisis in the U.S. during 2007-2009 damaged businesses in South-East Asia countries, including Malaysia. When the crises happened, emerging countries focused on stabilizing their economies, did not have excess funds for investment, and relied heavily on loans to sustain their business (Hatane et al., 2021), resulting in the companies' inability to bear the high cost of voluntary disclosure during the financial crisis periods. Businesses are essential to a country because they boost the economy by providing society with goods, services, and job opportunities.

Similarly, the Covid-19 pandemic has forced companies in Malaysia to revise their strategy and disclosure information to the public for them to remain competitive and sustainable. When the Covid-19 pandemic hit Malaysia at the beginning of 2020, akin damage happened to the global financial crisis. Many businesses lost the opportunities to become relevant in the industry. It is attributed mainly to the government's restrictions on business operations and controlled movement order-mandated policy. Due to that, companies must develop a strategic action plan to mitigate any future environmental changes that might affect the business continuity and communicate the strategy to the public. One of the specific forms of strategy disclosure is Strategic Management Accounting Disclosure (Honggowati et al., 2020).

### **Development of Modified Strategic Management Accounting Disclosure Index (MoSMADi)**

The development of the MoSMADi checklist which involves several steps is consistent with Joseph et al. (2020, 2022) and Ramba et al. (2018) as follows:

1. The identification of basic SMA items
2. The reference to previous studies
3. The modification of the index by the addition of the National Annual Corporate Report Awards (NACRA) 2020 criteria.
4. Removal / Addition of SMA items by comparing basic and actual SMA items disclosed in the annual reports of 2020 NACRA winners.
5. Validation of items by experienced scholars and industrial practitioners
6. Preparation of the final version of MoSMADi

The details of the steps taken in developing MoSMADi are as follows:

#### *Step 1: Identification of basic SMA information*

The basic SMA information is based on the International Integrated Reporting Council's guideline, the International Integrated Reporting Framework (IIRF) 2021. The reason for using the IIRF in developing the MoSMADi is to ensure that the annual reports for Malaysian companies are comparable with international companies around the globe. Furthermore, most of the content elements related to SMA information, such as the organizational overview and



external environment, governance, risks and opportunities, strategy and resource allocation, performance, and outlook, are emphasized in the IIRF.

*Step 2: Reference to previous studies*

The development of MoSMADi was further led by reviewing issues in SMA items from previous studies. The studies are inclusive of countries such as Poland (Fijalkowska & Macuda, 2017), Italy (Pistoni, Songini & Bavagnoli, 2018), India (Saha & Kabra, 2022), Africa (Boateng, Tawiah, & Tackie, 2022), Malaysia (Md Zaini et al., 2020; Ho & Taylor, 2013), Vietnam (Thin, 2021), Indonesia (Honggowati et al., 2019), Arab (Haddad et al., 2020), and China (Wang et al., 2021). In this step, SMA information was classified into:

1. General and strategic communication
2. Financial Information
3. Risk Management Information
4. Non-financial Information
5. Forward-Looking Information
6. Social and board disclosure
7. New Items related to the crisis response plan

*Step 3: Modification of the SMA index by adding in criteria from the 2020 NACRA Award competition*

To further increase the reliability of the checklist items, a content analysis was conducted on sixteen companies in the National Annual Corporate Report Awards (NACRA) 2020 competition winners. The Malaysian Institute of Accountants (MIA), The Malaysian Institute of Certified Public Accountants (MICPA), and Bursa Malaysia Berhad announced a new framework for NACRA 2020. The unprecedented Covid-19 crisis has contributed to the changes in the NACRA criteria to reflect the new normal that Malaysians have to adapt to and, at the same time, manage the impacts of the pandemic and the required social distancing norms.

Including the new NACRA framework will further improve the MoSMADi checklist by complementing the international and national criteria. The companies' annual reports examined were: Telekom Malaysia Berhad, Axiata Group Berhad, Tenaga Nasional Berhad, Nestle (Malaysia) Berhad, Astro Malaysia Holding Berhad, KPJ Healthcare Berhad, Sunway Berhad, Yinson Holdings Berhad, Sunway Construction Group Berhad, Duopharma Biotech Berhad, Eco World International Berhad, Petronas Chemical Group Berhad, Fraser and Neave Holdings Berhad, Petronas Gas Berhad, Sime Darby Property Berhad, and FGV Holdings Berhad. A score of "1" was awarded for disclosure of strategic management accounting items, and "0" for non-disclosure. The analysis of these companies serves the purpose of MoSMADi, which is to examine the extent of strategic management accounting disclosure.

*Step 4: Removal/Addition of SMA information by comparing the SMA indicators and the actual SMA disclosures available from the 2020 NACRA winners' annual reports*

The fourth step involved comparing basic SMA information with the actual SMA disclosure items obtained from the winners of the NACRA 2020 annual reports. Up to this stage, seven categories and 100 items were identified. Some items were deleted due to non-applicability in the Malaysian business environment. At the same time, some items were added to the checklist, such as digitization strategy, material matters, and new business strategy, because of their practicality in the Malaysian business environment.

*Step 5: Validation of checklist items by experienced scholars and industrial practitioners.*

The validation of checklist items involved three experienced scholars in the SMA research area and experienced industrial practitioners from various industries such as manufacturing, telecommunications, construction, consumer products and services, utilities, and shipping. Managers and academicians to validate the MoSMADi checklist are included in the attachment. Managers from various industries were allowed to add new items, not on the list that may support or strike-off items that might not be relevant in supporting decision-making, control, and monitoring of the company's strategies for attaining business sustenance. In doing so, valuable opinions and endorsements from the appointed scholars and industrial practitioners were sought to improve the quality and reliability of MoSMADi further. Social and board disclosure was removed from the checklist because this category did not meet the purpose of strategic management accounting disclosure.

*Step 6: Preparation of the final MoSMADi*

The final step was constructing the finalized version of MoSMADi. Resulting of the above five steps, the final MoSMADi consists of 6 categories with 70 items, of which fifteen checklists are derived from the IIRF guideline, six items from the MD&A guideline, twenty-three items from previous studies, one list from NACRA 2020 criteria; and fifty-two items are from the actual disclosures of the winners of NACRA 2020 annual reports. The finalized Modified Strategic Management Accounting Disclosure Index is presented in Table 2. Previous studies showed that Malaysian companies use SMA to improve decision-making processes and achieve desirable performance (Nik-Abdullah et al., 2022; Ahmad, 2017; Nuhu et al., 2017). Langfield-Smith (2008) argued that SMA practices must be more widely adopted and understood. Therefore, Table 2 presents the purpose of SMA for decision-making, control, and monitoring of the company's strategies.

**Table 2: Finalized MoSMADi**

<b>Category</b>	<b>No</b>	<b>Disclosure Items</b>	<b>Purpose of SMA: Decision-making/ Control and Monitoring</b>
<b>General and Strategic Information</b>	1	Vision	Decision-making
	2	Mission	Decision-making
	3	Core Values (values adopted in delivering the product or services)	Decision-making
	4	Significant Business segments	Decision-making
	5	Principal products or services	Decision-making
	6	Principal markets or geographical presence	Decision-making
	7	Sustainability Statement	Decision-making, control and monitoring
	8	Organizational structure/chart	Decision-making, control and monitoring
	9	Corporate Communication – Townhall	Decision-making, control and monitoring
	10	Chairman strategic statement	Decision-making, control and monitoring
	11	Restructuring Strategy	Decision-making
	12	Joint Venture Strategy	Decision-making
	13	New Programme Launch Strategy	Decision-making
	14	Digitization Strategy	Decision-making

<b>Category</b>	<b>No</b>	<b>Disclosure Items</b>	<b>Purpose of SMA: Decision-making/ Control and Monitoring</b>
	15	Business Strengths	Decision-making
	16	Stakeholders Engagement	Decision-making
	17	Industry Strategic Profiles	Decision-making
	18	Financial capital resources	Decision-making
	19	Human capital resources	Decision-making
	20	Social & Relationship capital resources	Decision-making
	21	Intellectual capital resources	Decision-making
	22	Operational capital resources	Decision-making
	23	Natural capital resources	Decision-making
	24	Sales & Marketing capital resources	Decision-making
	25	Business Model	Decision-making, control and monitoring
	26	Statement relating to wealth created/value creation	Decision-making, control and monitoring
	27	The disclosure relating to competition in the industry	Decision-making, control and monitoring
	28	Discussion about significant regional economic developments	Decision-making, control and monitoring
	29	Business Continuity Plan in the event of crisis or disaster	Decision-making, control and

<b>Category</b>	<b>No</b>	<b>Disclosure Items</b>	<b>Purpose of SMA: Decision-making/ Control and Monitoring</b>
			monitoring
<b><i>Financial Information</i></b>	30	Statement on financial highlights and performance	Decision-making, control and monitoring
	31	Dividend paid	Decision-making
	32	Tax paid	Decision-making
	33	Market capitalization in the share market (year-end)	Decision-making
<b><i>Risk management</i></b>	34	Nature of Risks: Corporate & Strategic	Decision-making, control and monitoring
	35	Nature of Risks: Compliance	Decision-making, control and monitoring
	36	Nature of Risks: Reputational	Decision-making, control and monitoring
	37	Nature of Risks: Operational	Decision-making, control and monitoring
	38	Nature of Risks: Financial	Decision-making, control and monitoring
	39	Nature of Risks: Information Technology	Decision-making, control and monitoring
	40	Cause of risk: Market Risks	Decision-making, control and monitoring
	41	Cause of risk: Regulatory Risks	Decision-making, control and monitoring

<b>Category</b>	<b>No</b>	<b>Disclosure Items</b>	<b>Purpose of SMA: Decision-making/ Control and Monitoring</b>
	42	Cause of risk: People Risks	Decision-making, control and monitoring
	43	Cause of risk: Technology Risks	Decision-making, control and monitoring
	44	Cause of risk: Cyber and Data Privacy Risk	Decision-making, control and monitoring
	45	Cause of risk: Geo-Political Risk	Decision-making, control and monitoring
	46	Cause of risk: Strategic and Investment Risk	Decision-making, control and monitoring
	47	Risk level	Decision-making, control and monitoring
	48	Impact of risk	Decision-making, control and monitoring
	49	Mitigation Action	Decision-making, control and monitoring
	50	Opportunities Arising from the risk	Decision-making, control and monitoring
	51	Key Risk Indicators	Decision-making, control and monitoring
<b><i>Non- Financial Information</i></b>	52	Company Supply Chain	Decision-making, control and monitoring
	53	Anti-corruption	Decision-making, control and monitoring
	54	Consumer Safety	Decision-making, control and monitoring

<b>Category</b>	<b>No</b>	<b>Disclosure Items</b>	<b>Purpose of SMA: Decision-making/ Control and Monitoring</b>
			monitoring
	55	Consumer complaints and satisfaction	Decision-making, control and monitoring
	56	Improvement in customer service	Decision-making, control and monitoring
	57	Dividend policy	Decision-making, control and monitoring
<b><i>Forward-looking information</i></b>	58	Economy factors that may affect future performance	Decision-making, control and monitoring
	59	Political factors that may affect future performance	Decision-making, control and monitoring
	60	Technology factors that may affect future performance	Decision-making, control and monitoring
	61	The potential impact of business strategy on future performance	Decision-making, control and monitoring
	62	Future opportunities	Decision-making, control and monitoring
	63	Planned capital expenditure	Decision-making, control and monitoring
	64	Planned advertising and publicity expenditures	Decision-making, control and monitoring
	65	Social Responsibility (Anticipate future CSR activities)	Decision-making, control and monitoring
<b><i>New Items – Relating to</i></b>	66	Navigating crisis impact	Control and monitoring

<b>Category</b>	<b>No</b>	<b>Disclosure Items</b>	<b>Purpose of SMA: Decision-making/ Control and Monitoring</b>
<b><i>crisis response plan</i></b>	67	Crisis lessons learned	Decision-making, control and monitoring
	68	Strategy outlook on crisis - Diversify,	Decision-making, control and monitoring
	69	Strategy outlook on crisis - Cost savings	Decision-making, control and monitoring
	70	Strategy outlook on crisis - Optimisation initiatives	Decision-making, control and monitoring

### **Conclusion**

Although a similar approach was taken by Honggowati et al. (2017), this paper differs in terms of the items depicted in the study. The modified strategic management accounting disclosure index (MoSMADi) items are more detailed and updated, including items related to the current situation. Furthermore, it is distinct through the conceptualization of SMA information analysis for decision-making, monitoring, and developing control on the business strategies for business sustainability. This study enriches the current knowledge about the extent of SMA information usage among companies. Thus, with this information, disclosure practices will be improved.

From a practical perspective, this accounts for the inherent uncertainty in the future business environment. Once MoSMADi is materialized into a measurement tool, the Securities Commission of Malaysia can further enhance the corporate disclosure requirement for companies listed in Bursa Malaysia. Government or the Securities Commission better understand the effects of future pandemics or crises similar to or worse than Covid-19. The government or the Securities Commission can implement mitigation measures to prevent or reduce its negative consequences. Thus, this study facilitates future researchers to adapt to the same study area for further development.

This paper will also help regulators formulate future corporate governance recommendations that will encourage companies to disclose more information, which is helpful to enhance the extent of strategic management accounting disclosure. This measure will eventually become one of the companies' strategic methods disclosed in the annual report. Furthermore, enhanced disclosures will give investors and Malaysians more confidence and trust in the government and the Securities Commission of Malaysia. The development of the index is



different from other disclosure indexes compared to the 42 items strategic management accounting disclosure index developed by Honggowati et al. (2017), as the items involved were set before Covid-19.

### Summary

This paper comprises five sections. The first section begins with an introduction to strategic management accounting and the Integrated International Reporting Council. Following the emergence of strategic management accounting is the discussion on strategic management accounting disclosure in the Malaysian context. The following section discusses the development of the Modified Strategic Management Accounting Disclosure Index (MoSMADi). The last section is the conclusion of the paper.

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