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## A Review on Integrating Financial and Management Accounting as Foundations of Financial Management

Mondraden M. Musa<sup>1\*</sup>, Abdani D. Bandera<sup>1</sup>

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### ABSTRACT

Accounting is the building block of good corporate governance, effective operations, and appropriate strategic decision-making. This review of literature, assesses the group formations of financial management, through the synthesis of current literature on the three interrelated themes of the concepts, organizational functions, and integration pathways of the financial and management accounting. Financial accounting (FA) is intended to help the stakeholders obtain consistent and reliable data through transparency, standardization, and accountability to external audiences. In another approach, management accounting (MA) gives internal information on which it guides strategies to be taken, control, and planning by concentrating on relevancy, timeliness, and flexibility. The literature indicates a high level of correlation between the potential utility of MA and the past consistency of FA. The regulatory aspect, the strength of the institutions, and the technological development all contribute to ensuring that integration is an attractive target and an insurmountable challenge at the same time. Risk reporting is one of the crucial elements in balancing the attention of FA on compliance and the decision-support facilities of MA. Governance, risk management, and improvements in competitiveness have been realized through an enhancement of the FA–MA interface; however, further quantitative and cross-sectoral research is required because empirical evidence on this matter remains insufficient.

### INTRODUCTION

Accounting has traditionally been known as the language of business, as the source of the information underpinning economic coordination, decision making and governance. Financial accounting (FA) and management accounting (MA) have different roles under this framework which are complementary but not equal. The commitment to creditors, regulators, and investors is provided by the focus of the FA on standardized, verifiable, and externally oriented information (Oulasvirta, 2023). Contrary to that, MA puts more emphasis on speed, flexibility, and in-house capabilities, to take decisions; it yields some insights which can assist in planning, costs control, as well as taking a strategic position (Caria *et al.*, 2016; Yerzhanov *et al.*, 2023). Two of the most independent yet mutually relevant components of the greater whole are accounting and finance, which promote the long-term viability and the success of the organization (Integration and Development...," 2023).

The combination of the analysis of FA and MA is more topical than it was previously because of the formation of economic context in terms of progression. In the modern world where stakeholders are becoming more strict, digitalized, and globalized, the use of accounting systems that allow real-time adaptation to the evolving risks and opportunities is crucial (Yuan, 2023; Yang, 2024). Scholars have also identified that FA also offers conformity and comparability, although it is not as flexible to real-time operational issues due to its emphasis on the past. Although process-focused and future-focused orientation allows MA to address these

deficiencies, its common use is usually not achievable due to institutional resistance, legal regulations, and lack of expertise (Sapozhnikova *et al.*, 2022). However, FA and MA converge, as indicated by Crovini and Ossola (2021) and Botasheva and Uzdenova (2024) as crucial factors leading to the achievement of the strategic requirement of governance, risk resilience, and competitive advantage instead of a technological alternative.

FA and MA have been researched to this day on a single basis or limited sector-based research; hence, a literature review is not only valuable but also acutely needed. The empirical evidence of the practical impact of integration is limited, as is the number of cross-sectoral comparison evaluations, although the number of theoretical arguments in its favor is plentiful (Grafova *et al.*, 2018; Wu, 2018). Accountability standards also create special problems to budgetary and public-sector organizations. In respect of the above, this literature review will seek to do two things; first, to evaluate the implications of the conceptual underpinnings, independent functions, and integration points of financial and management accounting in enhancing the organizational competitiveness, risk management, and governance; and second, to critically examine the areas mentioned. The research provides an elaborate explanation of how FA and MA should be employed as foundations of financial management through the combination of theoretical, real, and proposed models. This assists in contributing to the ongoing debates on the future of accounting systems and identifies areas that need further exploration, particularly in the form of large-scale empirical research,

<sup>1</sup> Department of Agribusiness Management, College of Agriculture, Mindanao State University Main Campus, Marawi City, Philippines

\* Corresponding author's e-mail: [musa.mm20@s.msumain.edu.ph](mailto:musa.mm20@s.msumain.edu.ph)

strengthen the theoretical and practical relationships that exist between the two key areas.

## LITERATURE REVIEW

### Conceptual Foundations of Financial and Management Accounting

Based on their respective conceptual bases, financial and managerial accounting provide two related but distinct information systems. These systems facilitate strategic planning, accountability as well as decision-making within organizations. In the interest of the relevant parties such as creditors, regulators, and investors, financial accounting (FA) is concerned with the past and aims at generating consistency, verifiability, and comparability in reports on economic events (Oulasvirta, 2023). (Caria *et al.*, 2016; Yerzhanov *et al.*, 2023) have determined management accounting (MA) as internally oriented and long-looking integrating production and financial information to deliver flexible, timely, and often non-standardized information on operational control, budgeting, and managerial planning. Making a reference to the accounting information architecture, the literature describes FA and MA as incompatible subsystems, but never as mutually exclusive ones. With them in harmony, they strengthen systems of governance, render human beings better equipped to face risk, and enhance their long-run competitiveness (Caria *et al.*, 2016; Yuan, 2023; “Integration and Development...,” 2023). The thesis as expressed in the literature of financial accounting and reporting is quite close to this framing; in both cases reporting is regarded as being involved in both internal and outside reporting; and in both cases, the concept of dual functionality is employed to relate compliance imperative with managerial usefulness.

The two systems are complementary, but different with regards to their normative goals and epistemological premises. The core principles of FA balance the focus on the external accountability, consistency, and reliability; all of the mentioned strategies encompass the going-concern assumption, measurement and valuation, and comparison (Oulasvirta, 2023). Instead, MA focuses on the practicality of management analytics, its time-timeliness, and the relevance and seeks to enhance accountability, streamline operations, and manage expenses through cost-volume-profit (CVP) analysis, activity-based costing (ABC), standard costing, and Just-in-Time (JIT) systems (Grafova, Tishchenko, and Mishchenko, 2018). The early identification of risk early sources and steering of resources in a proactive manner are what Yerzhanov *et al.* (2023) and Grafova *et al.* (2018) emphasize with the process orientation of MA enabling a proactive approach of managers. It is also used to structure information on the supply, production, and sales chains and the assignment of responsibility centers. It is an inevitable remedy against the retroactive interest of FA. The point made here is on a par with previous studies in the domain of financial reporting, that pitted the contrast between the conservative compliance functions and the proactive

applications of that strategy; both these areas appear to be moving beyond their rule determined, retrospective ancestries, and more into the dynamic, decision-making place.

Nevertheless, according to the empirical research, there are still noticeable gaps to the state of FA and MA integration. According to scholars (Sapozhnikova *et al.*, 2022; “Reflections on the Integration and Application of Management Accounting and Financial Accounting in Enterprises,” 2024), the convergence of FA and MA is restricted due to FA, which is rather focused on compliance, and MA that can be more open to the ad hoc flows of information. Although Yuan (2023) and Wu (2018) opine that this gap is caused by a shortage of professional knowledge and the absence of utilization of digital technologies, Sapozhnikova *et al.* (2022) note that a lack of leadership, inadequate education, and an unstable IT system are the critical obstacles, particularly in the case of government and financial organizations. The technical readiness and short comings in human capacity are the elements of current interest, notwithstanding those past studies in terms of financial reporting have concentrated on such elements as manipulation, heterogeneity, and systemic inefficiency (Dudin *et al.*, 2015). However, the two clusters of literature have assented the reliability and assimilation of accounting information structure to be hindrances of achieving successful decision-making and compliance.

Some scholars have proposed thoughtful organizational strategies to fill-in these gaps. Autonomous model and the integrated model are both described by Grafova *et al.* (2018). The former enables real-time analysis and traceability because it runs FA and MA in one chart of accounts, whereas the latter maintains the systems independent but connected through reconciliation processes. Sapozhnikova *et al.* (2022) also mention that autonomous methods can be a bridge step between a full integration hampered by institutional or technological barriers. In other instances, the two models can be described as viable. Such a flexible approach resembles the way financial reporting has been perceived as a tool of both compliance and strategy over the last several years, where researchers on both sides have discarded a mindset that is black and white in favor of multi-faceted and multi-perspective approaches. Integration is modelled by organizational capability, regulatory environment, and technology infrastructure but not the other way round.

It is assumed that risk reporting will assist in uniting FA and MA more closely in terms of conceptual. As Crovini and Ossola (2021), state, the implementation of risk as a formal reporting object allows aligning the role of external accountability in FA with the role of internal decision-support in MA. Besides sending a message on the establishment of quality governance systems to third parties, their study reveals that the managers receive reliable and substantial signals to navigate uncertainty where disclosure of risk is a component of accounting systems. The argument in favor of this is that, the

literature on financial reporting presents claims that transparency and comparability enhance internal control and fiscal efficiency (Dudin *et al.*, 2015; Kalchenko *et al.*, 2024). The direct analogy is that, just as proper financial statements can stimulate tax revenue and contribute to good governance by allowing management to make sound decisions, risk reporting is capable of supporting the needs of good governance and providing better managerial analytics in an organization.

Contextual differences between industry further make the FA-MA interaction. The normative debate of FA, including positive versus normative accounting, alongside challenges of implementing MA, particularly in budgeting and operational control, interrelate within the entities of the government (Sapozhnikova *et al.*, 2022; Oulasvirta, 2023). Some of the challenges that do not allow successful convergence in this region are weak infrastructure, stringent regulations and absence of skilled labor. On the contrary, the individual companies have been reported to be more flexible; therefore, they have a larger opportunity to experiment with integrated models and apply risk reporting to their advantage (Crovini & Ossola, 2021; Botasheva & Uzdenova, 2024). The contrast between the public sector and the private sector is markedly different in the aspect of using the accounting innovations as the competitive tool. The systemic inefficiencies and regulatory inflexibility plague the public sector organizations as the firms in the private sector make the implementation of digital reporting and combined risk disclosures. The two sources of evidence indicate that the usefulness of accounting systems varies depending on the characteristic of the institutional context in which they are operating and the available resources to it.

The issue of the extent to which integration should be important to researchers is not universally agreed upon, despite its moral desirability. Opinions on the matter vary. There is a more theoretical point of view that unification can bring those better strategic understandings and governance results (Caria *et al.*, 2016; Yuan, 2023), whereas some may be more pragmatic and say that the complexity of regulations and legacy systems requires the preservation of MA independence (Grafova *et al.*, 2018). The literature of financial reporting is full of arguments about the effectiveness of reporting as a strategic instrument, and some articles argue that it could be highly effective, transforming the financial scenario (Kalchenko *et al.*, 2024; Chen, 2025), whereas others believe that its impact is low due to fiscal inefficiency, heterogeneity of data, and manipulative options (Dudin *et al.*, 2015). Once it is established that accounting is key to both strategy and governance, the two literatures still differ on how best to approach the issue of integration and under what conditions it can deliver the purported benefits.

In the whole literature about FA-MA and financial reporting, the limitations are always human capital and technology. Soyinka, Sunday, and Dabo (2024), Sapozhnikova *et al.* (2022), Yuan (2023), and Reflections on

the Integration... (2024) have mentioned the disturbances in record-keeping within financial reporting systems as a concern and have identified the primary barriers to integration. Reflections on the Integration... (2024) further identifies the lack of training, the shortage of MA professionals, and underdeveloped IT systems. Both groups of research show that there can be no integration without deliberate investments in human capability and technology infrastructure. This result brings the policy implications. All attempts are made to realign financial statements with the reports of the management or to offer fiscal transparency by means of standardization, the common conclusion is that conceptual possibilities of accounting are conditional to the institutional and technological capacity.

As the conducted research states, FA and MA collaborate in order to create robust accounting information system. In order to assist in managing costs, resources distribution, and responsiveness in practice, FA ensures external trust, comparability, and compliance, and MA bring actionable intelligence at the process level. The studies conducted by other researchers such as Botasheva and Uzdenova (2024) indicate the need to have well-structured MA and high levels of control. This kind of MA enhance capital efficiency and lowers costs which further increases the reputation of FA with the outside parties. In equal measure, Yerzhanov *et al.* (2023) emphasize the necessity to structure responsibility centers in terms of MA incorporating financial and production information and enhancing the competitiveness of the business. This argument is consistent with some findings regarding financial reporting (Ungureanu, 2025; Soyinka *et al.*, 2024), which suggested that accounting records and reports can provide a connection between the data analyzed at the raw level and the decisions that are made at the strategy level.

Lastly, FA and MA are concepts that undergo continuous changes. Oulasvirta (2023) states that user needs, institutional culture, and theoretical conflicts have power over the shape of an accounting system. Conversely, both FA and MA are getting wider scope due to digitalization and new stakeholder expectations. According to Yuan (2023), Yang (2024), and the report Integration and Development... (2023), organizations can satisfy compliance requirements without compromising management flexibility by introducing frameworks that blend the inflexible standards of FA with the adaptable liquidity of MA in real time. Chen (2025) and Weng (2025) confirm that the time will come when accounting systems must maintain their traditional caliber while also adopting digital, real-time, and sustainability-oriented practices. This tendency aligns with claims that financial reporting is becoming increasingly electronic and pro-sustainability. Everything taken into account, the findings on the financial reporting are correlated with those found in the literature regarding the convergence of FA and MA. The need to bridge functions in the conversion of raw data into strategic insights is also emphasized in both of the

fields and in both areas, integration benefits are discussed as conditional, but not automatic. Financial reporting literature, by comparison is more concerned with the financial implications of the situation and governance at the national level, the FA-MA literature is more concerned with organizational model, risk reporting and diversity in the sector. FA-MA integration and financial reporting are equally significant components of accounting systems; however, the success of both systems is determined by the institutional capacity, integrity of data and technological flexibility. The account systems are essential in governance, strategic management, and competitiveness. Both the bodies of literature concur that in future, the role of accounting is synonymous to being a compliance instrument and an engine of organizational resilience; the solution to these drawbacks will necessitate integration models that are based on phasing, human capital investments, and technological innovation.

### Financial Accounting and Reporting as a Basis for Financial Management

It is universally believed that financial accounting and reporting is the foundation of financial management. The processes deliver structured, trusted, and decision-useful data that are required by law to ensure transparency for third parties, while also providing managers with invaluable information for making critical internal decisions. The scholars depict financial reporting as having two functions in the literature. On the one hand, it complies with the requirements of the regulators and the stakeholders. Conversely, it provides managers with a strategic information base for planning, performance evaluation, risk assessment, and resource allocation. Financial accounting thus plays a critical role in both operational and governance environments, given the conceptual relationship between financial management and financial accounting, and the continual interaction between internal and external demands.

These two characters are articulated clearly by the authors. Вацанаева *et al.* (2019) state, as an example, financial reporting serves to assess the financial health of a company and bridges financial reporting and internal strategic control through their role as a bridge between financial and management accounting. Similarly, in another article, Абдукаримов (2015) insists that accounting reports are the primary sources of information on the evaluation of liquidity, solvency, and stability. These appraisals work to ensure compliance to rules and regulations as well as provide management with reliable information to make effective decisions. Other researchers who back the notion include Yankovskyi and Honcharova (2024) and Asanova and Abdylidaeva (2019), who emphasized the relevance of organized financial statements to address the needs of the internal and external stakeholders in terms of planning, forecasting, and managerial control. It is highlighted in these publications that financial reporting is not the mere tool of compliance. They demonstrate that financial reporting is a theoretical and practical foundation of any

other financial management activity.

Other studies have expanded the conceptualization of financial reporting to a proactive strategy tool and not just a compliance tool. The aspect of financial reporting is defined by Kalchenko, Shyshkina, and Данилович (2024) as a tool of financial management. The authors highlight that investment appraisal, decision-making, and risk assessment supported by high-quality statements benefit both internal managers and external investors.

Such point of view is consistent with the position of Sayyadi (2024) who believes that financial accounting is a complex system that helps to remain competitive in the constantly evolving markets by facilitating governance, accountability, and strategic adjustments. This has been supported by Weng (2025) and Milad (2021), who demonstrate that accounting information that has undergone a methodical evaluation is essential in future investments as well as decision-making regarding day-to-day activities. The use of generally accepted accounting principles (GAAP) ensures credibility and comparability, two aspects that management depends on, as Milad further explains. In this comparison, it is established that the previous literature (including such studies as (e.g., Абдукаримов, 2015; Вацанаева *et al.*, 2019) is concerned with the role of reporting (as a connection between compliance and management). Recent publications, however, have taken reporting to a more managerial role (Kalchenko *et al.*, 2024; Sayyadi, 2024; Weng, 2025) indicating a shift in the scholarly thinking in terms of supporting the proactive value of reporting.

In reference to financial reporting in the context of a governance and fiscal policy, the literature also brings out the implications at the institutional and macro level. Because financial accounting provides the basis of taxation and revenues to the national budget, Dudin *et al.* (2015) state that it is at the intersection of corporate and public finance and reporting. However, they caution that asymmetrical reporting in the regions, and distortion of financial information discredit the effectiveness of government finances and effectiveness of tax collection. Dudin and his colleagues, however, instead of viewing financial reporting as an asset strategic managers should use, emphasize that the systemic barriers to the effectiveness of reporting exist, and a global merger of tax and financial accounting is suggested. Useful opportunities brought by high-quality reporting have been noted by the scholars such as Kalchenko *et al.* (2024) and the risks and inefficiencies brought by non-standardized or non-integrity reporting have been identified by the scholarly options like Dudin *et al.* (2015). This deviation takes the discussion further, outside of the firm sphere, to the fiscal and governance spheres.

It is noted that management reports and accounting records are equally important throughout the literature as they represent truly critical linkages between unprocessed data on transactions and financial reporting which can be used by decision-makers. Soyinka *et al.* (2024) recommend that prospective users of reports basing credibility on

records keeping and must be systematic. It is not possible to have management accounting and statutory compliance without such systems. As used in a paper that goes into a greater detail on this point, Ungureanu (2025) illustrates the role played by organized management reporting in reducing the uncertainties, supports risk analysis, and linking operations flows to strategy examination in high-risk situations associated with an entrepreneurship. It is possible to notice a powerful opposition here where Soyinka *et al.* (2024) present theoretical background information on reporting presented in the form of records and books of accounts, Ungureanu (2025) demonstrates how these processes can enable managers to make improved decisions in situations full of surprises. Despite looking different on details, they concur on a point that financial accounting wider scope strategic and compliance roles cannot be accomplished in case there is lack of records and reporting systems.

Another topic that has been repeatedly re-emerged is the integration of the financial and management accounting and in particular with regard to sustainability and governance. It is stated that integration enhances corporate governance because corporate governance considers both the transparency brought by financial accounting and the management accounting judgement ability to make sound decisions, which result in enhanced trust among stakeholders and internal control Bukvić and Pavlović (2016). Similarly, БУДЬКО (2021) introduces financial accounting as an imperative aspect of accounting-analytical systems to the long-term sustainability of businesses by making a direct relationship between it and risk management, resource optimization, and environmental responsibility. The opinion is also validated by Стусь and Чумаченко (2024), who emphasize that financial planning, control and reporting are the theoretical connections which keep liquidity, investment ability and competitiveness levels. Although each of these three works recognizes integration as a needed element, Bukvić and Pavlović (2016) focus on the results of governance, БУДЬКО (2021) and Стусь & Чумаченко (2024) focus on sustainability and competitiveness, which are different though complementary in the same general theme.

Various recent publications have attracted interest to the processes through which moral and technical transformations are transforming the theoretical foundations of financial accounting. With new developments likely to make accounting increasingly focused on decision support rather than compliance, digital reporting, integrated systems, and sustainability disclosures introduced by Chen (2025) as potential avenues of accounting going beyond its current constraints, Chen (2025) suggests that accounting could do more. In the case when the strict analysis of accounting data is the cause of making operational and strategic decisions, accounting becomes a strategic tool as suggested by Weng (2025). Recent studies suggest an expansion in the conceptual framework compared to previous works;

whereas earlier perspectives on the topic (Milad, 2021) focused on reliability, comparability, and accrual-based measurement, new studies emphasize digital adaptation, sustainability, and integration with broader management systems. This analogy suggests that the emerging methods are transforming the manner in which financial reporting is anticipated and utilized in the contemporary situations though the classical foundations continue to be crucial. When the literature is taken as a unit, several cohesive claims are made. First, the national budgeting process depends on proper financial reporting that is imperative in estimating the financial system liquidity, solvency and stability along with the selection of the tax and fiscal basis upon which the spending plans are developed. And secondly, management accounting is an input that depends on the regularity of high-quality reporting that is similar to ensure effective control, strategy decision-making, and planning. Third, information useful in making a decision is transmitted through records and reports of accounting and management created out of raw transactional information. Fourth, closing the divide between financial and management accounting enhances the level of governance, investor confidence, and organizational competitiveness, though only when there is a breaking of hurdles that lead to data manipulation, variability in reporting and failure to have the capacity to report. By comparing them, it is easy to understand that whilst some authors (Kalchenko *et al.*, 2024; Sayyadi, 2024; Chen, 2025) note the strategic importance of the reporting able to transform an organization, some (Dudin *et al.*, 2015; Soyinka *et al.*, 2024) mention the technical and systemic barriers that impede the potential of reporting. The gaps are addressed with a range of methodologies such as normative analyses of standards and applied studies of venture contexts and systems of governance reinforcing the concepts base. The absence of research studies that explicitly trace managerial or fiscal results to the quality of reporting is one area where the research should be done further.

### **Management Accounting as A Strategic Tool for Financial Management**

Management accounting is regarded as a strategy tool that is more helpful to comprehend financial management and long-term competitiveness. It combines financial and non-financial data by facilitating decision-making, enhancing efficiency, and aligning activities of operational operation with other strategic objectives. Accounting is a book keeping system but it is also a strategic tool, something that Silva and Silva (2025) emphasize by highlighting how it can help in the management control, risk assessment, and governance. In turn, Levine-Clark (2022) moves the focus towards the matter of governance and compliance and puts the management accounting development in the context of value creation, innovation, and strategic partnerships. All these perspectives taken together suggest that management accounting is viewed by both Silva and Silva as a governance based stabilizing

mechanism and, on the other hand, by Levine-Clark as a moving force of organizational growth and changing with the times. Accounting management can be viewed as a control over accountability, as well as an impetus to strategic growth, and this opposition can be considered a testament to its complex nature.

When it is compared with other fields it makes management accounting even more strategic. The strategic management accounting (SMA) approaches directly aim to enhance financial performance directly in the low-cost airlines, especially within the area of costing (Suarez *et al.*, 2024). The study reveals that they have demonstrated SMA as effective in margin constrained companies as an efficiency tool. Even though the low-cost airlines industry poses a very distinct challenge, Madsen and Johanson (2022) emphasize the role of SMA in the tourist and hospitality sector, in which organizations have to strike a balance between fixed capacity and fluctuating demand. To supplement the two works, Shah *et al.* (2024) prove that the activity-based costing and balanced scorecard are SMA tools which can be implemented in any sphere to coordinate strategy and operations. Comparing these studies, we can observe that Suarez *et al.* (2024) demonstrate the assistance of SMA to cost optimization, Madsen and Johanson (2022) emphasize the necessity of this method to control unpredictability in demand, and Shah *et al.* (2024). prove that it is applicable in other spheres and it can integrate quite well. Collectively, they demonstrate that the management accounting could alter its utility according to the changes in the industry and that there are no single strategic functions that could be assigned to it.

In the literature, management accounting is contrasted in terms of its internal decision-making and greater functions in the governance and law. The authors Gudowski *et al.* (2024) reference the economic and legal factors of management accounting stating that it represents an instrument that could be utilized to attain internal efficiency as well as regulatory compliance. Unlike Ghimire (2023) has discovered that SMA methods, including the cost analysis and the performance assessment, have predominantly enhanced competitiveness and value creation in the long term in Nepalese manufacturing firms, this compliance view of the situation focuses on legal regulation. On the same note, the study of the Nigerian banks by Odia (2019) indicates the importance of SMA in the costing of a value chain and competition where it has been seen to be able to adapt to the market dynamic. Taken as a whole, these studies demonstrate a continuum between flexibility and competitiveness (as emphasized by Ghimire and Odia) and regulatory accountability (as emphasized by Gudowski *et al.*, 2024). As it turns out, the strategic value of management accounting varies according to the conditions, to some extent shifting towards compliance in highly regulated industry and increased strategic responsiveness in fast growing and highly competitive markets.

Some writers also view management accounting albeit with varying emphasis as the way of linking the financial information with the strategic managerial processes. Pitcher (2015) contends that in the long-run, management accounting is critical in making strategic decisions as it assists in areas such as resource allocation and the evaluation of risks. In his turn, Natarova (2020) states that strategic management relies on management accounting, which ensures organizational growth and competitiveness, not being an additional activity. Their point of disagreement concerns its positioning; Natarova (2020) illustrates management accounting as an independent path, while Pitcher views it as a support function connecting the two. The ability to align the resources and corporate goals serves as another strategic benefit of management accounting, emphasized in the article by Oliveira *et al.* (2024) but in another perspective; the authors also mention that the management accounting also serves in budgeting and forecasting. These studies all agree that management accounting is a combination of financial information and strategy although there is disagreement on whether it is a component of strategy or merely a supplement to one.

It is also debatable whether management accounting has a governance component. Putting it directly into the governance systems, Abdul-Hadi and Abdul-Hadi (2017) emphasize its role in carrying out the corporate strategy by monitoring performances and linking the financial numbers to strategic plans. Besides their report on big firms, Mbogo *et al.* (2023) also researched the small and medium-sized enterprises (SMEs) in Nairobi and discovered that SMA methods such as cost management and competition analyze contributed to the financial performance of SMEs, and they were stronger. In contrast to Abdul-Hadi and Abdul-Hadi who view management accounting within the context of corporate governance, Mbogo *et al.* (2023) emphasize the developmental role that management accounting plays in enhancing competitiveness and survival of SMEs. To update this discussion, Bancin *et al.* (2025) have asserted that this management accounting is essential in the contemporary digital economy because it ensures innovation, cost-effective, and flexibility to technological differences. In a prospective perspective, which is unlike the past strategies that focused on governance, management accounting is continuously being transformed by the issues of the current and future, in both small and medium-sized enterprise (SMEs) and innovation within the digital economies, according to this future image.

Finally, as evidence, Cescon *et al.* (2016) show how management accounting evolves through the components of integrating a financial insight approach with a strategy instead of focusing on cost assessment as it used to be the core of this approach. This unites several different perspectives. Their research claims that management accounting works better when managed at a strategic and not an operational perspective. Comparing their results

with the works of the past allows the conclusion that their discoveries support the theory expressed by Levine-Clark (2022) that the role of management accounting has changed to that of a strategic partner. This is consistent with what Ghimire (2023), Odia (2019), and Mbogo *et al.* (2023) have demonstrated, as they all affirm that it is an important factor in ensuring competitiveness in most forms of environments. The pillars on which management accounting is based in most cases are adaptability, innovation and competitiveness and in other cases it is focused on compliance, governance and efficiency. This image is drawn in the literature in general. The breadth of the conceptual underpinning of its financial management process as well as its importance as a strategic partner that plays an indispensable role in organizational governance, resilience, and sustained growth is both highlighted by the breadth of it.

## MATERIALS AND METHODS

This review systematized the existing theoretical and empirical knowledge of the theoretical and practical basis of financial management based on a systematic literature review (SLR) strategy which was an empirical inquiry. Peer-reviewed sources were gathered from a good academic database such as Scopus, Web of Science, and Google Scholar to obtain peer-reviewed materials published from 2015 to 2025 in the domain of financial accounting, management accounting, financial management, integration, and accounting information systems. A total of 63 articles was initially identified across the three databases. After screening for relevance, duplication, and methodological rigor, 25 peer-reviewed studies were selected for final review. The criteria for inclusion included articles that directly related financial and management accounting to financial management or decision making; articles that proposed or tested integrative models of financial accounting (FA) and management accounting (MA); and theoretical articles that addressed the strategic implications of accounting data. The exclusion criteria eliminated non-peer reviewed sources; articles outside the areas of business and economics; and articles that lacked methodological clarity or empirical basis. In addition to providing a means of establishing similarities and differences among studies, conceptual analysis was also employed to enable theoretical triangulation. The three analytical frameworks according to which the synthesis was organized were as follows: first, the conceptual background of FA and MA; second, financial accounting and reporting as management tools; and third, integrative processes and the current trends. These three analytic frameworks provided a method of analytical rigor, transparency, and consistency with the emerging debate on the strategic role of accounting in financial management.

## RESULTS AND DISCUSSION

A meta-analysis of the studies shows that financial management (FM) is based on two pillars namely financial

accounting (FA) and management accounting (MA). To be open, responsible and strategic, their combination provides the data and analytics structure needed. Oulasvirta (2023) and Yerzhanov *et al.* (2023) suggest that the priorities of FA are external communication, standardization, and compliance, and the priorities of MA are internal control, planning, and performance analysis (Caria *et al.*, 2016). The literature is in unison in the argument that financial analytics (FA) and management accounting (MA) are enhanced with cohesion enhance organizational governance and adaptability. Regardless, the accounting systems of both the public and the private sectors are not unified and therefore have restricted options in making a difference (Sapozhnikova *et al.*, 2022; Yuan, 2023).

In addition to this move towards an orientation which is no longer mostly on compliance, the report is that financial reporting has become a vigorous tool of strategic and managerial decisions. A timely and transparent disclosure of financial information enhances corporate credibility, risk management, and investor trust, according to Kalchenko *et al.* (2024) and Sayyadi (2024). The financial information has become not only seen as records; it is a generator of long-term value creation; this has been by the growing adoption of the concept of sustainability reporting and digital analytics (Chen, 2025; Weng, 2025). The trend is changing accounting into a means of ethical management and improved governance and coloring a larger portion of a broader change in accountability frameworks, which incorporates ESG factors in addition to financial performance. Due to this, development of FA has established it as a major facilitator of business operations integrity.

The final aspect that should be brought up is that integrating FA and MA will allow the financial management of companies to promote its strategic functions. The financial insights will be made available at any given time and the organizations will be able to get a consistent picture of their financial situation using integrated reporting models and unified accounting information systems. It assists in bridging the gap between the internal control and external accountability (Grafova *et al.*, 2018; Crovini & Ossola, 2021). The ability to make quality decisions, operate effectively and be resilient is what determines the ability of an organization to adjust to a changing financial environment. Not every economy is equally well integrated this is especially prominent within the emerging markets and thus underscores the need to have institutional support, technological investment, and professional growth. According to the assessment, accounting has ceased to be a spectator when it comes to FA-MA integration by developing a reporting role into an asset of strategic value. The role of the accounting in financial governance is that it offers a framework of sustainable value creation, fiscal discipline and good management decisions.

## CONCLUSION

The review shows that financial management (FM) is based on the analytical and structural basis of financial

accounting (FA) and management accounting (MA). Accounting is no longer assumed to be a record-keeping but is considered to be a strategic system that enhances accountability, governance, and decision-making, where it becomes interconnected. The fact that coupling FA ensures transparency and regulatory obedience with those of MA being prescriptive to the planning, control and performance optimization organizations can find a balance between their external credibility and efficiency internally. In this context, most notably during the era of digital revolution and growing sustainable demands, the literature indicates that proper integration of FA-MA encourages operational agility, risk resilience and sustainable value delivery. There are however, still problems and they involve issues such as lack of adequate IT infrastructure, shortages in talent, and unwillingness of the institution to embrace change. To make accounting a strategic tool in the control of finances and long-term organizational performance, it is necessary to tackle them with the help of capacity building and digital innovation. In a wider context, this synthesis underscores the cruciality of scholars and practitioners within the profession reinventing accounting as a living breathing body of knowledge, which does not only affect the financial performance and outcomes but also long-term organizational sustainability, institutional trust and long-term strategic decision-making in the current complex globalized economy.

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