

Improving organizational structure of strategic management accounting of production costs

Mejora de la estructura organizativa de la contabilidad de gestión estratégica de los costes de producción

ALDANIYAZOV K.N. [1](#); TUZELBAYEVA I.N. [2](#)

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ABSTRACT:

The purpose of this article is to solve the problem of optimal formation of the organizational structure of strategic cost management accounting, since it is not sufficiently considered in the recent economic literature. It is urgent, since this problem has to be solved in the context of harsh transition to a market economy, when economic entities must obtain competitive products based on the rational use of all production and technical resources.

Keywords: management accounting (MA); organizational structure; strategic management accounting

RESUMEN:

El propósito de este artículo es resolver el problema de la formación óptima de la estructura organizativa de la contabilidad de gestión de costes estratégicos, ya que no está suficientemente considerada en la literatura económica reciente. Es urgente, ya que este problema debe ser resuelto en el contexto de una dura transición a una economía de mercado, cuando las entidades económicas deben obtener productos competitivos basados en el uso racional de toda la producción y los recursos técnicos.

Palabras clave: 85/5000 contabilidad de gestión; estructura organizativa; contabilidad de gestión estratégica

1. Introduction

In the context of severe competition between commodity producers experiencing financial difficulties in selling their quality products with a reduced cost value, the problem of optimal formation of the organizational structure of strategic management accounting becomes very relevant. However, according to scientists involved in the study of scientific and methodological foundations of management accounting, the problem of improving its organizational structure is

not sufficiently solved. We suggest that its organizational structure should include such basic elements as MA tools (subject, methods and control means of accounting), strict execution of its basic functions and strict adherence to its basic principles.

1.1. Literature review

The brief analysis of literary sources on management accounting (MA) shows that its organizational structure was not sufficiently developed. However, its improvement will be a necessary base for the entire management accounting. The first educational publications on MA present the elements of its organizational structure in part. For example, E.V. Akchurina and other authors have described the general issues of MA organization (Akchurina et al, 2004, p.355); O.N. Volkova – its principles, goals, functions and objectives (Volkova, 2005, p.22 and 25); V.E. Kerimov – organization of system management accounting: standard and direct costing, JIT and ABC (Kerimov, 2005, p.388, 401, 409 and 415). A.D.. Sheremet and other authors – its purpose (Sheremet, 2009, p.18 and 21, and V.P.. Suyts – its objects and organization, as well as its essence and methods (Suyts, 2007, p.8 and 19). The latest educational publications provide not full description of all the above elements of the organizational structure of strategic cost management accounting. For example, K.V. Yurieva and other authors have described the essence of management accounting, its subject, objects, methods, techniques and principles (Yurieva, 2014, p.7,10,17 and 21); authors under the guidance Ya.V. Sokolov – its major goals, objectives, principles, subject and methods (Sokolov, 2015, p.18,19,21 and 22). VT. Chaya and N.I. Chupakhina – its essence and place in the enterprise management system, as well as a number of its organizational aspects (Chaya, Chupakhina, 2015, p.9 and 50). Even the scientific publications on MA consider not all the elements of its organizational structure. For example, Yu.A. Mishin describes only its functions, objects and tools (Mishin, 2002, p.7 and 20]. O.D. Kaverina – general issues of MA organization according to the responsibility centers (Kaverina, 2004, p.7 and 20). I.E. Mizikovsky has showed how the scientific concept of management accounting, its methodology and objectives were formed, as well as how the concept of enterprise expenditures is being developed at the present stage (Mizikovsky, 2006, p.22, 29 and 42). L.N..Kim has noted the essence of strategic management accounting, its purpose, functions and objectives, the organizational and methodological system of strategic management accounting and the general characteristics of its tools (Kim, 2014, p.46, 53, 67 and 80).

According to the above analyzed economic literature on management accounting, certain elements of its organizational structure are almost repeated. One can observe the same situation in the economic works of foreign authors. For example, C. Drury has described the functions of MA (Drury, 2003, p.28) and Alan Upchurch – the objectives of MA (Upchurch, 2002, p.43).

The latest educational editions on MA (Yurieva, 2014, p. 15; Sokolov, 2015, p. 27; Chaya, Chupakhina, 2015, p. 33) and scientific publications (Kim, 2014, 53) were expected to reflect all the elements of its organizational structure. However, our expectations were not realized. They also provided no additional elements of organizational management accounting.

Based on the above data of our brief analysis showing the serious problem in forming the organizational structure of management accounting, the purpose of this article is to improve the organizational structure of MA with an updated and additional composition of its elements. The latter can be characterized as the processes of organizing MA in the enterprise management system, presenting its conceptual framework, forming tools, considering the organizational issues of management accounting, executing its functions considering the influence of basic factors on its improvement, and adhering to its basic principles.

To achieve the goal of this article, we have to solve its main problem –considering the above-proposed elements of organizational structure of MA – in the order presented in the main section.

It should be noted that theoretical basis of management accounting, as one of the main functions of production management, depends on the correct formation of its organizational structure. Improving management accounting is a process that occupies a special place in the sphere of production, based on new technologies, as well as its organizational structure improvement.

Its organizational structure improvement is a necessary basis for MA development in the information system of business entities operating under market conditions. Information system is required to improve the profitability of products, produced on the basis of rational use of all enterprise resources and the rapid information processing. The solution to the problem of improving MA is also important as it is not fully used in business. Thus, advanced software introduction for received accounting information processing is slowing down. Hence, enterprises have a lack of necessary accounting and data processing machines (Sokolov, 2015, p. 720).

It should be noted that our brief analysis of literary sources on MA was the main research method we used to solve the problem of forming the organizational structure of strategic cost management accounting.

Based on the literary source analysis, we can conclude that the organizational structure of MA has not been sufficiently developed. Therefore, the purpose of this article is to improve the organizational structure of MA with an updated and additional composition of its elements.

2. Main part

The organizational structure of management accounting becomes necessary to improve in the context of intense competition between commodity producers. Therefore, let's consider the updated and additional elements that are necessary for MA improvement.

The main problem of MA improvement is the improvement of its organization in the enterprise management system. In modern conditions, the term "enterprise" means a commercial organization oriented on extracting profits from contractual obligations for production and supply of finished products. Enterprise's main activity is its production activity – competitive price of products is formed at the enterprise through the rational use of all types of resources. Naturally, its administrative function is based on its operational-production activity organization, where production processes are controlled and the business entity's activity is formed.

In considering the enterprise economy, one has to pay special attention to the theory of production that reveals the content of the "resources-production" relationship. This attitude basically involves the possibility of choosing alternative types of both the involved and received goods, as well as production practice. The problem of effective organizational structure has to be solved in order to use all means with the maximum profitability. The enterprise management processes entail providing all managers with the information necessary for the effective operation of the enterprise. In a word, organizational structure of enterprise management can be represented as an integral set of elements of objects and management bodies interconnected with the information links. Currently, the information field of the enterprise is based on three accounting subsystems: tax, financial and management accounting.

Management accounting is the most important among them, since it carries out the bulk of output accounting job. The need for MA development is considered due to certain prerequisites. The first one is the economic environment with developed accounting system, allowing not only determining their reliable value, but also analyzing their use by types, carriers, costing items, places of their origin and responsibility centers. The second prerequisite involves the rational use of all production and financial resources to reduce the cost of production. MA formation is an internal matter of the organization. Therefore, its organizational structure is formed with due account for the structure of the organization, the information needs of leadership, the technical capabilities of the organization, as well as skills and personal traits of managers.

In market conditions, MA is especially necessary to organize within the information support system. This need arises due to an increased volume of information within and outside the

enterprise. MA organization is largely dependent on the chosen organizational structure of enterprise management and the size of the enterprise. The larger are the enterprise and its organizational structure, the more complex will be the entire accounting system. Hence, the problem of improving the MA organization at the enterprises with a complex internal organizational structure of enterprise management is pressing. A comprehensive consideration of issues related to a certain area of the enterprise is an important approach to MA organization. Based on this approach and on the enterprise's activity, one can distinguish four components of MA: sourcing and procurement, production practice, financial-distribution and organizational activities.

Managerial accounting of sourcing and procurement practice is organized to account the choice of an optimal procurement method. It is also necessary to organize an in-house management accounting of material and technical reserves to beneficially buy raw materials at the procurement stage. The in-house managerial accounting of inventories is also important, as it contributes to the improving development of documents, to their modernizing flow, to the effective use of information about the inventory status and its use in the production practice.

Management accounting of production practice is the main area of the management accounting system. It is designed to provide managers and departments they head with necessary information, including a significant amount of papers on the organization of all types of business accounting, on the formation of production cost and profitability, as well as on the accounting of other qualitative indicators.

Management accounting of financial-distribution activity is necessary to provide sales and marketing departments with information about achieved product mix and profitability targets (Chaya, Chupakhina, 2015, p. 332). Its main objective is to win a preferred market share and strong competitiveness, namely – to achieve superiority over competitors. Managerial accounting of distribution activity is about collecting and processing information about the market and consumer demands. Insufficient information makes it difficult to manage the distribution activity better. It is manifested by the lack of demands for goods, the overstocked warehouses and late payments. This can lead to non-process costs and losses.

Managerial accounting of organizational activity is carried out to support the enterprise divisions with information and to assess the efficiency of its organizational structure.

At the enterprise, the issue of MA organization is closely related to the issue of cost management, as the great part of its content involves the input accounting, as well as cost accounting by the scope of activity. If we consider MA as one of the main functions of enterprise management (in addition to planning, regulation, organization and stimulation), then its rational organization is one of the pressing tasks of enterprise management improvement.

The next important element of MA improvement is the presentation of its conceptual framework. Let us define the very notion of "concept". According to the Dictionary of Foreign Words, it means "a system of views, particular understanding of phenomena or processes, or a single, defining and leading idea of a creative product, scientific work, etc." (Dictionary of foreign words, 1989, p. 624).

The scientific concept of management accounting is a system of views on its definition, objectives and main tasks in the context of real operation of business entities. The economic science has not solved the problem of forming the essence of MA. Therefore, let's consider the MA and its components, thereby making a contribution to the solution of this problem.

The essence of MA is that it's necessary for leadership, specialists and managers of the enterprise to make management decisions and to respond to changed manufacturing environment. The economics literature on management accounting has different definitions of its essence. We suggest that A.D. Sheremet's opinion is more appropriate: "the main purpose of management accounting comes down to covering all types of up-to-date information necessary for the enterprise management" (Sheremet, 2009, p. 19). S.S. Satubaldin gives a more specific definition of the essence of MA, stressing that "management accounting is a

subsystem of company's process cost management, providing the manager with information that can be used for making optimal decisions on current and strategic planning, on optimizing the use of resources and on assessing the activity of the company and its divisions" (Satubaldin, 2003, p. 320). E.E. Romyantseva describes managerial accounting as "the process of identifying, measuring, collecting, analyzing, generating, integrating and transferring financial information used by managerial personnel to plan, assess and control the manufacturing activity and resource use" (Romyantseva, 2006, p. 646). As you can see, there is no particular difference in defining the essence of MA.

Another no less important purpose of management accounting is its involvement in generating accounting information that is very important for the entrepreneur, representing one's own and others' competitive opportunities in the struggle for survival under tough market conditions.

It should be noted that management accounting is designed to increase the efficiency of economic and financial activities of a legal or natural person engaged in socially useful business. This requires a clear and qualitative assessment of the situation in the enterprise, as well as the creation of a control and cash flow management systems. Therefore, information should be useful and allow finding a way of solving the problem of enterprise activity improvement. The management accounting system is characterized by the volume of information, set goals and the means of achieving them.

In most cases, the essence of MA is disclosed by its definition, purpose and main objectives.

The domestic literature presents different points of view on what is MA. Thus, O.D. Kaverina considers MA as "an information system that promotes collection, measurement, systematization, analysis and transfer of data necessary for enterprise management" (Kaverina, 2004, p. 57). V.P. Suyts considers MA as "an independent enterprise management system, which organizational structure involves forecasting, budgeting, planning, rate fixing analysis, accounting and control" (Suyta, 2007, p. 11). O.D. Kaverinoy's definition is more accurate, as it is used by all managerial personnel. Alan Upchurch (Upchurch, 2002, p. 43) and C. Drury (Drury, 2003, p. 25) give similar definitions of MA, covering the issue of generating information necessary for such managerial activities as decision-making, planning, control and regulation. Management accounting as a subsystem of production cost management comes together with current and strategic planning in order to optimize production resources and improve their use.

We will cover all the aspects in defining the term "management accounting", but first, let us consider the concept of "accounting". "Accounting is a reflection of company's business results in various documents with different measurements. It is an integral part of management processes; its purpose is to record the status of these processes and their parameters and to reflect them in the accounting ledger" (Umeda, Nakano, Mizuyama, et al, 2015, p. 361).

According to M.N. Abishev, "accounting is a function of production management that involves the processes of gaining, registering, accumulating and processing information the managerial bodies need to make reasonable management decisions – information about real business processes, their results and used resources" (Abishev, 1992, p. 71). F.X. Bea gives a more complicated definition, pointing out that "accounting is a system, which purpose is to provide information for the enterprise management that will contribute to a clearer picture of final natural and cost indicators of the business entity" (Bea, Dichtl, Schweitzer, 2001, p. 399).

According to O.N. Volkova, "the goal of management accounting is to generate and present the reliable, complete and timely information that will help managers with goal-oriented decision-making" (Kim, 2014, p. 26). The goal of management accounting is the same as the goal of enterprise management, namely – earning the biggest profit with the lowest expenditures.

If one wants to achieve the goal of MA, he/she has to solve the main problems. This requires the reliable and complete information support of the administration; otherwise it will not be able to make reliable management decisions. Alan Upchurch believes that "the constant goal of management accounting is to provide information that will be useful in making management decisions, since the amount of reported data may be not enough for forecasting " (Upchurch,

2002, p. 25). The main goals of MA include the accounting in the context of interrelated business processes and product life-cycle management, as well as timely accounting in various departments and managed entities.

If one wants to achieve these goals, he/she has to meet the following requirements: flexibility and adaptation to new conditions, intelligibility of data on management accounting, compatibility with organizational structure, elimination of irrational data at the stage of information processing, and the use of efficient and reliable automation.

O.D. Kaverina distinguishes the following major goals of MA:

providing information for the purpose of control over the business deals, and the use of material, labor and financial resources in terms of compliance with the expediency principle, approved standards and budget;

preventing negative business results and identifying the management reserves, ensuring its financial stability (Kaverina, 2004, p. 53).

One can solve these problems only by making right management decisions. The latter is an element of production cost management. The goal of management accounting can be also achieved through the strict adherence to all its functions.

Based on the considered conceptual basis of management accounting, we can state that MA is an information system ensuring the implementation of all accounting processes necessary for the production management. One can make a clarification that MA is called that way because it is carried out by managers as they need to perform own duties.

Let's consider another important prerequisite for MA improvement – a scientific concept of MA tools. In the recent periods of MA development, the scientific concept of its tools has been formed. It is a system of theoretical views on the subject of MA, its objects and methods, on the most general principles of its use in the context of competitive business environment.

The economics literature provides two opposite views on what is the subject of MA. V.P. Suyts (2007, p. 15) and V.E. Kerimov (2005, p. 39) give a more correct definition, where the subject of MA is presented as "the production practice of the enterprise and its main divisions". However, V.A. Nazarova and other authors describe the subject of MA as "a set of objects used in one cycle of production management that can be divided into two groups: production resources and business processes" (Nazarova et al, 2004, p. 15). Production resources and business processes are well known as the objects of MA, as it is illustrated in (Sheremet, 2009, p. 21). Therefore, such a definition can be considered as a wrong one. In considering the subject of MA, one can emphasize that rational organization of accounting in the all spheres of enterprise activity should be a major criterion for the MA system development and come together with assessing the efficiency of the enterprise in general and in terms of each sphere of activity.

There are also several views on the objects of MA. Thus, A.D. Sheremet and other authors describe the objects of MA as production resources (Sheremet, 2009, p. 21). According to M.M. Stazhkova (2003, p. 11) and V.L. Nazarova (2004, p. 18), objects of MA involve expenditures, revenues, profits, management reporting, as well as price and budget formation. We believe that management reporting, price and budget formation are more like MA functions. Yu.A. Mishin has also given an unsuitable definition (2002, p. 7), where the object of MA is an element of the responsibility centers, implementing production processes. This definition is intended rather to describe the subject of MA.

We believe that the objects of MA should involve the process costs, expenditures for inventory materials and their transportation, as well as production resources and business processes.

Production resources involve material, technical, energy and labor resources, namely – all resources necessary for the normal operation of the enterprise. Production resources cannot be an independent subject of MA without the use of labor resources (highly qualified specialists) – the main productive power at the enterprise. Their combination ensures the implementation of

all production programs.

Business processes are processes, which implementation is conditioned by the chosen industrial technology. They consist of auxiliary operations and operations designed to improve the management processes. Their successful implementation depends on the rational use of all labor resources.

In the context of market and entrepreneurship development, the problem of determining the methodological foundations of MA, associated with cost management and saving, as well as with income acquisition and competitiveness assurance, requires a certain approach to the MA formation. In considering the MA methods, it is necessary to consider the cost approach, focused on identifying the causes of emerging expenditures. According to I.E. Mizikovskiy (2006, p. 29), the MA method is a set of cost management techniques, used to achieve profitable business results based on the best use of production resources. Let's consider the major methods of management accounting: recording, inventory taking, grouping and generalization of accounting data, as well as the use of control accounts.

Recording – preparing primary documents and magnetic recording medium necessary for management accounting and full reflection of industrial and financial activity indicators. This method involves the following processes: developing each accounting goal of production, completely systematizing all operational accounting goals; harmonizing all primary documents; developing and implementing a unified financial and management accounting of document flow; securing the function of document preparation to administrators, and establishing personal responsibility for information design and completeness.

Inventory taking – physical verification of the condition of items, allowing identifying deviations in the records. It contributes to the preservation of material and technical values.

Grouping and generalization are ways to accumulate, classify and systematize information about an object by certain characteristics. The main features of grouping include the specific nature of enterprise's performance, its organizational and technological structure, management organization and target management systems. The grouped information is used to assess the performance of a business entity and to make timely management decisions.

The use of control accounts allows determining whether the records are complete and correct.

There are sources expanding the range of MA methods with rationing, planning, stimulation, analysis and control, which are largely the functions of production management.

Output costing, used to determine the competitive product price, is also a tool of MA method. It should also be noted that cost monitoring, reflection, comparison, segregation and grouping are also components of MA method.

Management accounting is realized with these tools, including such elements of cost management as analysis, planning and control. In this case, we should stress that a separate use of these elements will not replace a full-fledged system of management accounting.

The next important element of MA improvement is the process of considering the conceptual content of organizational issues of management accounting. We consider the concept of general organizational issues of strategic management accounting as a set of fundamental principles, methodological approaches, united by single subject content, defining the boundaries and scope of MA. In modern economic environment, effective enterprise management depends on how well the system of in-house management accounting is built and how its production processes are reflected, because the formation of many economic variables depends on its correct organization. Effectively organized management accounting system as part of a production cost management system allows one to effectively compete in any production sphere. Therefore, the MA data should be contemporaneous and focused. Thus, its use will contribute to the right management decision-making.

As a kind of in-house accounting, Drury C. has described management accounting as the

process of "generating information necessary for managerial activity, including decision-making, planning, control and regulation" (Drury, 1998, p. 25). It should be noted that this definition indicates its purpose. The rational MA structure contributes to the successful achievement of its goal.

According to O.N. Volkova (2005, p. 13), organizational structure of management accounting system is built with due account for the:

organization's structure;

information needs of the leadership;

process capabilities and capabilities of the computer information system used in the organization;

competence level and personal traits of managers and accountants.

According to M.Kh. Meskon, enterprise's organizational structure has the greatest impact on the formation of management accounting system (Meskon, Albert, Hedouri, 2005, p. 214). The management accounting system is built in accordance with the organizational structure of the enterprise, based on which the matter of accounting system centralization and decentralization is resolved. If the accounting system is centralized, the MA functions will also be centralized. In this case, desired results cannot be constantly achieved mainly due to the loss of time while the information is transmitted and its price is growing. If the accounting system is decentralized, the enterprise will have the opportunity to independently enter the market, and the MA functions can be secured to the Financial Planning Service. Therefore, it is the main prerequisite for the rational MA organization.

If the enterprise management system is centralized, all MA functions depend on the production process; production type and continuity. Therefore, management accounting is controlled by a special group headed by a responsible person, whose task is to achieve common goals through organizational and technical measures. MA organization also involves authority delegation, data generation and collection, as well as goal setting on the basis of a structure divided into decision-making centers. In large enterprises, management accounting is carried out on an ongoing basis with the involvement of outside specialists. In small ones, it can be carried out with enterprise's own resources and at its own expenses. The joint work of specialists and outside consultants is assumed to contribute to specialists' skills improvement. If MA is carried out on an ongoing basis, duties will be secured and created by specialized groups: independent ones and within the accounting department. The created groups should not be included in different departments. This can lead to the duplication of functions due to the lack of information among department employees. On the other hand, this will reduce information losses and increase the relevance of information.

There are many ideas about the organizational structure of management accounting in the economics literature. However, there are also those that do not correspond to the MA functions. For example, Akchurina A.V. (2004, p. 357), Kaverina O.D. (2004, p. 57) and Kerimov V.E. (2005, p. 38) believe that MA covers such areas as strategic management, operational planning, budget formation, output costing and internal audit, document flow management, accounting process automation, as well as the functions of production management and cost-center accounting. In our opinion, they have a point, since their view includes the functions of production management and business accounting.

We believe that the correct structure of management accounting is equal to the structure of cost-centre accounting, which includes: output volume, capital and current assets, material and labor resources, as well as methods for recording production costs and selling expenses. Rational organization of management accounting requires information support that includes technology tools, production process and material flow schemes, as well as interviews with the employees.

It should be noted that successful management accounting depends on the well-written job descriptions, where the employee's rights and duties are clearly defined. It is impossible to obtain positive results without it. Description adherence is accompanied by the formation of employee's sense of responsibility. In organizing management accounting, one has to consider the following important aspects: skilful departmental management, measures implementation with the purpose of identifying and using the in-house resources, as well as performance analysis.

In general, MA organization is about forming a set of formalized procedures, providing all managers with internal and external information that can be used by them to make timely and effective decisions within their competence. At the same time, managers can get information independently from information services or accounting department. The latter is currently the major source using organization's resources, business operations and their results.

Let's consider such important elements of the organizational structure of management accounting as strict execution of its basic functions and the correct use of positive effects made by the major factors of its improvement. According to the new encyclopaedia of economics, the very term "function" means "a necessary action, taken by specialists and managers to perform certain duties, related to specific problem solving, in order to achieve the management goals" (Rumyantseva, 2006, p. 695). In literary sources, the MA functions are represented by different definitions. Thus, Kaverin O.D. represents the basic MA functions as the duty to "provide all the levels of production management with relevant information, used to manage business and generate information for division management" (Kaverina, 2004, p. 54). Kerimov V.E. suggests that the basic MA functions involve the controlling and information-providing functions. They describe in detail the functions of management accounting. These functions form specific types of MA activity: information-controlling, control-prognostic, information-analytic, information-regulating, etc. (Kerimov, 2005, p. 10). One can solve the problems of MA by executing its functions, namely by developing and implementing the system of information exchange between various segments of the organization; by analyzing information, valuating the inventories, generating information files about incomes, prices, expenses and profits, as well as by preparing and presenting various reports. In the management accounting system, there are also executed such functions as cost accounting with reference to the accounting entity, as well as specific output costing. The latter is carried out to determine the cost value of a specific product and to report on the output volume and expenses. According to V.E. Kerimov (2005, p. 18), the following MA functions were revealed within the framework of data analysis: reporting on whether there is a possibility to increase the enterprise financial performance; generation of information that will be used to decide how to finance various projects, to make decisions on the output structure and volumes; developing ways to use the resources efficiently. He also presented two other groups of MA functions: the first one ensures the organization of information flows; the second – determines their content. In executing the MA functions, enterprise managers have to control how the plan targets are achieved, and, if necessary, make adjustments to the plan in order to reflect a real assessment of enterprise performance.

Drury C. suggests the MA function is to "provide relevant information that will help managers to make right decisions while allocating all the costs between sales and inventory, as required to meet the requirements of internal and external reporting" (Drury, 2003, p. 28). We should also note a special function of management accounting – providing information necessary for measuring, planning and controlling the cost and in-kind indicators of business entity operation.

In the economics reference literature, the term "factor" is defined "as a driving force of business and production processes that affects the result of production and business activity. In our case, factor affects the performance of workers involved in management accounting formation and improvement" (Umeda, Nakano, Mizuyama et al, 2015, p. 363).

As production, production costs and benefits, and their dynamics, are dialectically connected, production management requires information, based on which one is able to assess the influence of external and internal factors on the MA improvement.

Toughening competitive environment in the external and internal markets has forced the advanced manufacturing enterprises to produce new types of high-quality goods at reduced prices. There was a need for competitive output costing that influenced the MA improvement with the information systems. The latter allows being aware of own cost-saving database, identifying reserves for output profitability increase, and accelerating its entry to the market. Organizations have to reduce the lead time in order to eliminate excessive time losses in all cycles of sales promotion.

Competitive factor assessment is an assessment of competitor's future goals, its current strategy and prospects of company's position within the industry. This factor is very important when it comes to measuring the competitive cost value of a product. If the company's objective is to meet competition, it has to develop a continuous quality improvement strategy for own products, a way to reduce the expenses and improve final figures. Increased competition is one of the external factors affecting the MA improvement in particular, and production management improvement in general.

External factors, affecting the MA formation and development, include the economic and social ones. Economic factors are formed through the changes in the foreign exchange rates and in prices for imports and exports; social factors – through improved motivation and encouragement.

Internal factors, affecting the MA development, include technological and organizational ones. Technological factors affect when the new technology/equipment is introduced, as well as when the output product range is expanded. Organizational factors affect through the specialist training and retraining.

According to C. Drury, "an important factor, business also affects the management accounting improvement" (Drury, 2003, p. 27). Centralized management and in-house structure of production management have a significant effect on the organizational structure of management accounting. If the enterprise management system is decentralized, its effect on the MA efficiency will be enhanced; if the system is centralized, we will observe the opposite situation.

The last element of the organizational structure of management accounting is a strict adherence to its basic principles. The special literary sources do not consider the place and role of management accounting principles (MAP) completely. Therefore, our goal is to consider the current status of MAP and to complete their list with principles that are more important for the formation of a full-fledged organizational structure of strategic management accounting. There are literary sources that consider the MAP in part, but not all of those principles are unique. Thus, V.E. Kerimov suggests that MAP include "the going-concern principle; the principle of universal measurement units; the principle of primary and intermediate information, repeatedly used for management purposes; the periodicity principle, reflecting the manufacturing and commercial cycles of the organization; as well as general accounting principles" (Kerimov, 2005, p. 52). In our opinion, they have to be classified as principles of business accounting formation. Styazhkova M.M. (2003, p. 176) proposes to comply with the principle of multiple analytical cost groups and with the principle of recording valuations and indicators. However, they are perfect rather for managerial cost analysis.

Based on the considered basic MAP available in the economics literature, we can conclude that it is impossible to increase the cost efficiency of management accounting with them. Therefore, we believe that these principles can be supplemented with the principles of production management. Based on the semantic criterion, the complete list of MAP consists of general scientific, specific, general economic and common principles.

We have presented these basic MAP in the table below.

Table 1.
Basic principles of management accounting

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|--|--|--|--|--|--|

| № | Principle Groups | Sub-principles |
|----|--------------------|--|
| 1. | General scientific | Principles of feasibility, expediency and hierarchy |
| 2. | Specific | Principles of generalized revenue units of service, accountability of strategic business units (SBU), controllability, prevalence of substance over form |
| 3. | General Economic | Principles of continuity of activity for the purposes of management accounting, periodicity |
| 4. | Common | Principles of reliable information, responsibility, disintegration, full disclosure, reliability, timeliness, comparability, intelligibility, profitability, continuity, interdependence and relevance |

General scientific principles involve:

Feasibility Principle – using knowledge, standards and guidelines for the MA system’s formation. Scientific substantiation of management accounting is the result of fruitful scientific thinking and constructive approaches to linking it with accounting, financial management and economic analysis. One can adhere to this principle only in freely considering and comprehensively assessing various options for organizing management accounting.

Expediency Principle – fitting the MA for the specific purpose of the enterprise. Its expediency is directly related to the managerial goal-setting in the business unit. In this case, a targeted approach is used as it involves full implementation of all production processes at all stages of production management.

Hierarchy Principle – considering management accounting as a complex system with a hierarchical and multi-level structure. This requires the integrity of all elements of the MA, both within the system and from the external management environment.

Specific principles involve:

Principle of Generalized Revenue Units of Service – measuring the comparable indicators of enterprise’s normal activity for direct and feed-back links between them. These accounting units allow developing a guideline for the entire MA system, based on a close relationship between the indicators of business and management accounting.

Accountability Principle – gaining information about expenditures and benefits, providing an opportunity to assess the degree of each SBU’s involvement in consuming resources and requiring their accountability for received material and technical resources.

Controllability Principle – allocates those operations that managers may or may not affect, and identifies risks and factors. This makes it easier to control and analyze while controlling.

Substance over Form Principle – used in case when the fulfillment of syntactic requirements for drafting is less required than the fulfillment of semantic ones. This principle is intended for providing various kinds of information with the economic substance, but not its legal form.

General economic principles involve:

Principle of continuity of activity for the purposes of management accounting – constantly creating an information field of accounting data, contributing to the creation of a sustainable and productive management environment.

Periodicity Principle – forming MA simultaneously with its information space. This principle is used in accordance with the corporate standards of the enterprise, which base the internal

schedules for document flow and the internal reporting. They also contribute to timely data collection and processing in offered terms.

Common principles involve:

Principle of reliable information – providing information about the actual situation in the organization. One has to be confident in information he/she gets.

Responsibility Principle – providing the leadership with the reliable information in order to achieve the set goal; responsibility of managers and specialists for the information they provide.

Disintegration Principle – requires separate consideration of each business entity. Based on this principle, MA becomes significant (important) in terms of its impact on the final cost indexes.

Principle of Full Disclosure – requires full information about any accounting and management problem that can be used for making effective decisions.

Reliability Principle – as closely linked with the principle of full disclosure, requires information justified by the relevant irrefragable documents.

Timeliness Principle – providing accounting information of current interest to make decisions corresponding to a certain period.

Comparability principle – requires recording the same indicators for different periods of time in accordance with the same principles. After all, making right decisions without comparing information is impossible [30, p. 17].

Intelligibility Principle – information has to be clear and without unnecessary data. It must help each manager to make the right management decision.

Profitability Principle – increasing the internal efficiency of the enterprise by maintaining the amount of management accounting costs at the level not higher than the level of its benefits (lower transaction and other costs).

Continuity Principle – one-time tracing of data on primary documents while making calculations and their repeated use in all types of management activity without re-tracing and re-calculating. This principle simplifies the accounting system, makes it more efficient and allows gaining the maximum amount of information with a minimum amount of data.

Principle of Interdependence – requires considering the dependence of MA formation on the interaction and use of both internal and external sources, and on receiving them from units, performing functions related to sales, supply, production, personnel and finance.

Relevance Principle – assessing whether the information is suitable; providing information when and where it is required.

These principles of MA can be divided into three groups: organization of accounting, its purpose and efficiency.

Based on our MAP review, we can conclude that a very little space is given to them in the literary sources. Thus, \problem of management accounting is not solved completely. This is why the MA is relevant in the context of transition to a market economy.

In business, effective management organization requires better management accounting organization, ensured by providing "the right people with the right information at the right time", by increasing the competitive capability of products, by assessing whether the expenditures on quality improvement are necessary, by benefiting from management accounting and by using MAP.

Increased efficiency of management accounting is a sign of a successful competitive strategy and an advantage in the fight against the competitors for the timely supply of the latest and high-quality goods.

Since management accounting is part of a comprehensive cost management system, controlling

should be introduced as an essential element for the improvement the management accounting organization. According to A. Deyhle, "controlling is, first of all, the process of checking the correctness of management planning, management accounting and management analysis, and what is mostly important, the correctness of management control over the expenditures and over the process of making effective management decisions" (Deyhle, 2003, p. 14).

3. Conclusions

Special economic literature provides the insufficiently solved problem of improving the organizational structure of management accounting;

Economics literature presents not enough MAP; it is impossible to increase the cost efficiency of management accounting with them.

3.1. Suggestions

We have clarified the essence of management accounting through its definition, purpose and achieved objectives;

We have considered the main functions and basic principles of management accounting in greater detail. They are supplemented by more important ones in terms of creating the necessary conditions for a full-fledged organizational structure of management accounting;

We have updated the existing and provided additional elements of organizational structure improvement;

We have noted that strict execution of all basic functions and strict adherence to all basic principles of management accounting are also necessary for further improvement of its organizational structure;

We have found that the above mentioned tools requires an integrated approach, since it covers all the aspects of the studied phenomenon and their combined effect on the MA efficiency improvement;

Strengthening place of management accounting, its increasing role and cost efficiency are factors influencing the increase in efficiency and the economic mechanism improvement in the context of transition to a market economy;

We have proposed completing the list of the basic MAP with the principles of production management known in the economic literature, as they are close in meaning and purpose to the MAP and can serve as the MAP;

Properly built organizational structure of management accounting will help to realize its purpose by achieving its objectives and to its functioning at a sufficient level.

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1. Department of technical and economic disciplines. Mangistau Humanitarian Technical University. 130000, Aktau, Kazakhstan. Email: Aldaniyazov_Korkembay@yahoo.com

2. Department of technical and economic disciplines. Mangistau Humanitarian Technical University. 130000, Aktau, Kazakhstan

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