

MANAGEMENT ACCOUNTING: ESSENCE AND OBJECTS

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The article presents systematization of the points of view of authors concerning economic essence of the concept "management accounting", the comparative characteristic of accounting and management accounting and the place of management accounting as a part of accounting. The author also introduces his definition of management accounting.

At the present stage of development in the Republic of Belarus organizations of any form of ownership seek for minimization of their own expenses and for increases in their equity. Development and competitiveness of the enterprise is impossible without technical improvement of the industry, updating of technological base, search and application of new methods of production organization and management. Due to the Decree No 78 of the President of Republic of Belarus "On measures of increasing the efficiency of the social and economic complex of the Republic of Belarus" dated 23.02.2016 the organizations are obliged to provide a set of measures to decrease product cost by 25% which cannot be developed without effective management accounting.

However, after studying interpretations of the concept of management accounting presented in scientific economic literature, normative legal acts of the Republic of Belarus and foreign countries and International Financial Reporting Standards, it was revealed that there is no common definition of this economic category.

Many Belarusian (I. Fridkina, G.Ya. Zhitkevich, I.A. Hitrova, A.P. Mikhalkovich, etc.), Russian (L.A. Tretyakova, T.A. Vlasova, T.P. Karpova, A.A. Zhogalev, E.O. Prokina, D.I. Hodyrevsky, P.M. Manchusov, M.K. Sanin, etc.) and foreign authors (Skoun T. M., E. Kasanen, K. Lukki, A. Sitonen, etc.) pay much attention to the basics of management accounting.

According to T.P. Karpova "... the overall efficiency of enterprises depends much on management activities providing real independence of an enterprise, its competitiveness and place in the market" [1, p. 3]. It is important to emphasize that in their turn "... management activities have to lean on a modern and effective information system" [1, p. 3].

It is also necessary to note that Tretyakova L.A. also draws attention to the importance of management accounting. "... methodological and organizational support of management accounting processes, increase in their importance, significance and practical value at the present stage of development of science, equipment, technologies and factors of external and internal economic environment is becoming the major element in economic analysis and optimization of the whole accounting system of the organization" [2, p. 7].

At the present stage of development, most authors consider management accounting to be closely connected with accounting, but some authors note that management accounting is much broader and must include more indicators for the correct representation to the head of an organization.

So according to L.A. Tretyakova "... management accounting is a logical consequence of development of accounting" [2, p. 8]. Whereas Kondrakov N.P. thinks that the basis of the management accounting concept is information about all aspects of activities of an organization.

Consideration of approaches to defining the concept in scientific economic literature in table 1 allows allocating various attitudes towards its essence.

Thus, the results of the research substantiate the conclusion that most authors believe that management accounting is a part of accounting but also depends on information of all divisions of an organization.

In our opinion, the most reasonable definition of management accounting is offered by M.K. Sanin: "management accounting is a branch of knowledge that deals with product (goods, services) cost calculation, evaluation of the financial result of a separate division, the perspective of work with clients of the company and other information about activities of the enterprise, and creates a complex system to support administrative decisions." [3, p. 6]. But also it is necessary to mark out P.M. Manusov who understands management accounting as "... a system of collecting, measuring and processing of information on the expenses and results of economic activities of the enterprise to assess the efficiency of this activity for the purpose of planning and increasing of competitiveness (production improvement, cost reduction, etc.)" [4, p. 13].

Table 1 – Systematization of the points of view of authors concerning economic essence of the concept "management accounting"

Authors	Distinguishing features
L.A. Tretyakova, G.Ya. Zhitkevich, G.G. Nor-Averyan, A.A. Zhogolev, A.V. Kryukov, T.A. Koltsova, T.G. Vorobyova, V.N. Suvorova, E.Yu. Voronova, O.B. Bakhrusheva, L.I. Egorova, E.B. Fokina, A.D. Nasyrov, L.I. Trinka, I.V. Brezhneva	The authors who consider management accounting to be a part of accounting
N.P. Kondrakov, T.P. Karpova, L.V. Pashkov, E.O. Prokina, O.I. Golikov, D.V. Mandzhiyev, A.Yu. Pham, D.V. Kovryakov, V.E. Kerimov, S.L. Musin, D.I. Hodyrevsky, K.A. Barabina, D.O. Tavasiyeva, A.A. Orekhova, I.V. Ovchinnikova, K. Afyorov, S.D. Dzhaferova, P.M. Mansurov, M.K. Sanin	The authors who think that management accounting depends on information of all divisions of the organization and on her workers
T. Byorns, G. Stalker, P. Lawrence, J. Lorsha	The authors who think that management accounting depends on variables of the external environment
M. Foucault, A. Vildavski, N. Kayden, T. Hopper, Nayts, D. Kollinson, M. Kowaleski, T.A. Vlasova	The authors who consider management accounting as a result of interaction between labour and capital, personality and society, organization and social institutes

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According to the Law of Republic of Belarus No 57-3 as of 07.12.2013 "On accounting and reporting", where accounting is presented as "... a system of ongoing creation of information about assets, obligations, equity, income, expenses of the organization in value terms by means of documenting, stocktaking, accounting assessment, double-entry bookkeeping, generalizing in reports" it is possible to draw a conclusion that accounting has accurate definition, unlike management accounting [5].

Based on the data provided above it is possible to compare the concepts of accounting and management accounting (see table 2).

Table 2 – Comparative characteristics of accounting and management accounting

Field of comparison	Management accounting	Accounting
1	2	3
Purpose	For internal planning, management, control, regulation and forecasting in an organization	Financial documents are made for the users out of the organization
Subject	Production activities of an organization in general and her separate structural divisions	Economic activities of an enterprise or an individual which are carried out by economic means
Mandatory requirement	Depends on the will of the head	Mandatory
Information Users	Internal users	The owner of the property of an organization, investors, creditors, public authorities, other persons interested in the information contained in the reports

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1	2	3
Basic structure	The structure and form depends on the inquiries of users	Financial documents are formed for users out of the organization
Type of information	In value and natural terms	In value terms
Time limits	Depends on inquiries of the user	Established by the legislation
Information accuracy	Due to operativeness there can be approximate information	High level of accuracy
Subject of reporting	Depends on inquiries of the user	The whole enterprise
Responsibility for correctness	There are no norms and rules, the head himself can make someone responsible for the wrong administrative decision	Tax authorities can inflict penalties
Rules	Any internal rules depending on their usefulness	Performed according to norms and rules in the required form
Information Transparency	Trade secret	Not a trade secret
Objects	Property (economic means) of the organization, sources of property formation, economic operations causing change of property and sources of their formation	Property (economic means) of the organization, sources of property formation, economic operations causing change of property and sources of their formation

Having investigated these approaches it is possible to draw a conclusion that management accounting is very closely connected with accounting. Management accounting is created to serve specific inquiries of the head of the organization and accounting data is taken as a basis because accounting and management accounting objects correspond to each other (see fig. 1).

The difference between accounting and management accounting is that the latter is organized and formed in each organization independently and the structure of the administrative reporting isn't regulated.



Fig. 1. Representation of management accounting as a part of accounting

In management accounting there is information which is consolidated, convenient and detailed for the specific inquiries of the head.

Thus, it is possible to draw a conclusion that accounting represents the quantitative aspect of all accounting items of the enterprise, and management accounting represents their qualitative characteristics and the efficiency of use.

According to the author, it is also the main difference between accounting and management accounting. Among their common features, it can be noted that both accounting and management accounting are directed to have the exact idea of the condition of an organization, but an organization itself decides whether management accounting will be kept in parallel with accounting, whether standards of IFRS will be taken into account, etc.

The research of the economic essence of management accounting in scientific economic literature of Belarusian and foreign authors and in legislation sources of the Republic of Belarus has allowed to formulate a definition of this category.

Management accounting is an order of collecting, analytics, information processing of the results of economic activities of the organization in general and her separate divisions for forecasting, planning of administrative decisions and increase in competitiveness of the organization.

The proposed information will help to align the terminology applied in normative documents on accounting and to obtain full and reliable registration information about financial instruments of economic entities that will meet the requirements of investors.

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