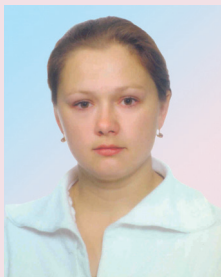


## Problems of management accounting formation at domestic enterprises

*The article is devoted to the consideration of theoretical problems of the formation of management accounts at Russian enterprises. The article contains an analysis of interpretations of management accounts and consideration of its multifunctionality. Following is the author's point of view on the process approach to the realization of management accounts at the company; the problems that arise during the formation of management accounts practice are presented. Finally, the need to create a unified concept of the formation of managerial accounts is given. It is proposed to study and comprehend the concept of controlling. To remove the contravention between scientific treatment of "management accounts" and its practical contents it is proposed to integrate the concepts of management accounts and controlling.*

*Management account, controlling, managerial decisions, information supply of managerial decision-making process, business management structure.*



**Alla Y.  
POMA**

Ph.D. in Economics, Associate Professor of Chair of Management of IEI ChSU  
alpoma75@mail.ru



**Dmitry V.  
KOVRYAKOV**

Ph.D. in Economics, Associate Professor of Chair of Management of IEI ChSU  
kovryakov79@mail.ru

The development cost of thinking in the management of private and state-governmental companies is becoming an urgent problem of innovation trajectory of the Russian economy. This view allows to increase its competitiveness in today's complex environment significantly. Often success, as many authors consider, is determined with a system of qualitative and sufficient information for decision-making – the system of management accounting.

The main problem, that exists in the implementation of managerial accounting in the company, according to the authors, appears the ambiguity of interpretation and guidance in the practical sphere mainly in the calculation of the cost themselves, and control of financial results (so-called traditional models of managerial accounting) [5].

This article is an attempt to analyze the contradictions of the formation of managerial

accounting at Russian facilities. The authors see their task in revealing the fundamental views on managerial accounting, the characteristics of targets in the operation of the system within the organization. The main hypothesis-term data is that, for the successful management of modern enterprise in the market conditions it is necessary to expand the traditional understanding of managerial accounting and make it as an integrating and coordinating center for management decisions.

In the recent years the problems of managerial accounting has received considerable attention from scientists and practitioners. There is no common view on the concept of managerial accounting as a discipline or practice among the theorists [9]. In this case there is a wide range of opinions on managerial accounting - from complete denial to its wide interpretation as a conglomerate of a number of management functions: planning, accounting, monitoring, analysis, business organization, a justification of investment and other management decisions (*table*).

Sometimes, for simplicity, managerial accounting is limited with tasks of collecting, grouping of information and management reporting, i.e. with the formation of information environment for managers, who make

managerial decisions [6]. Some authors see it as a system, which manage enterprise profits during costs management [12].

Scientists, considering managerial accounting very wide, include in its scope not only the formation, which is necessary for routine management of the organization, standard-setting, accounting, reporting, marketing, financial and other information, but they include the functions of planning, accounting and control, analysis, justification of managerial solutions. Thus, we cannot ignore the multi-functionality for executing the managerial accounting.

Each of the existing points of view on the implementation of managerial accounting is worthy of attention in order to identify and use a reasonable and rational proposals for the further development of Russian economy.

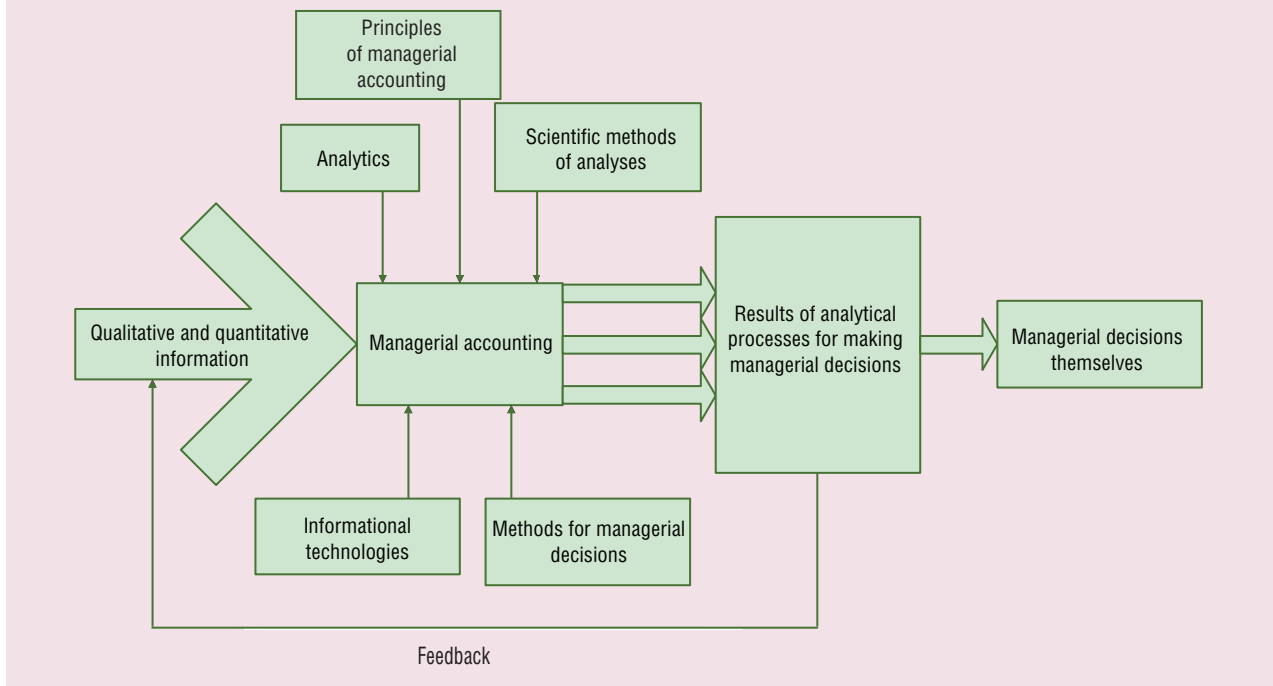
Figure 1 shows the author's point of view on the process of implementation of managerial account at the enterprise. In our opinion, it is broader than the information-analytical function, usually attributed to managerial accounting at enterprises.

Incoming qualitative and quantitative information comes from variety of sources: it is formed in various subsystems of organizations, as well as in foreign business – environment.

Functions of managerial accounting in consideration of various authors

Author of conception	Basic management functions
Khorngren CH.T. and Foster J.	Identification, measurement, data collection, collation, analysis, decomposition, interpreting and communicating information necessary to manage any objects [11].
Sheremet A.D	Provide information used for planning, managing and controlling of the organization activities; identification, measurement, data collection, analysis, preparation, interpretation, transmission and reception of information to management staff for performing its functions [9].
Drury C.	Provide information on which basis decisions are made [4].
Nikolaeva S.A.	Collection, planning, control, analysis of data on costs and results of economic activities for the quick management decision-making [9].
Kasyanova G.Y.	Collecting and analyzing of information on costs of enterprise, budget management (i.e. planning) and evaluation of units activity [9].
Volkova O.V.	Information sharing in an organization dedicated to making management decisions aimed at achieving the objectives of the organization [9].
Karpova T.P.	Costs and revenue accounting, regulation, planning, control and analysis, systematization of information for operational management decisions and coordination of challenges for the future enterprise development [9].
Kaverina O.D.	Collection, measurement, classification, analysis and data, which are necessary for businesses and divisions management and for operational, tactical and strategic management decisions [9].

Figure1. The process approach to implementation of managerial accounting



The process of implementation, of managerial accounting is made by professionals through informational technologies, taking into account the established principles, as well as the sequence of decision-making. At the output of a managerial accounting system there are the proposals of professionals in the use of scientific methods of analysis in specific functional areas of business activity.

In the above description of the process-managerial accounting the directly activity for its implementation has a view of a “black box”. Attempts to determine the content of managerial accounting in terms of formal logic is not able to disclose the holistic properties of managerial accounting because of its complicity as an object of study because of non-obviousness boundaries, heterogeneity of elements, variety of connections [2].

Considering the managerial accounting as a system the authors are guided by the definition of Bulgakova S.V. [2]: the system of managerial accounting represents an integrated connection of components (elements) to create a process

for making of operational, tactical and strategic decisions, implementation of management functions for interested users of informational support. This definition, in the first place, has sufficient generality; and secondly, directly or indirectly includes the above representations about managerial accounting; and thirdly, describes the managerial accounting within the framework of a systems approach.

Among the subsystems of managerial accounting we can give the following [6]:

- subsystem of forecasting;
- subsystem of planning;
- subsystem of control;
- subsystem of analysis and evaluation.

Directly the process of managerial accounting is realized as one of the main mechanisms of support for management decisions and consists of the following phases: analysis of available information by using the corresponding scientific methods; identifying of problem areas required managerial intervention; developing of solutions and assessment of their feasibility; obtaining of information related to the implementation of management decisions.

In the process of managerial accounting its characteristics play the main role, and they can be grouped as follows [2]:

- accounting and calculation;
- analytical characteristic;
- control characteristic;
- organizational characteristic.

All this helps to make reasonable decisions within the functional subsystems of the enterprise in the figure below (fig. 2).

With the support of management decision-making the specialists and analysts began to meet with the following duality. On one hand, they have to know the methodology of decision making in functional areas, on the other hand, they form a similar methodology. In other words, there is a dichotomy between process and object management.

Below it is given a place of managerial accounting in the system of enterprise management (fig. 3).

Analyst-experts besides his immediate subordinate managers, as a rule, still have a

functional subordination of financial service enterprises. This solution of administrative tasks gives a minimum of capacities in independent informational leadership providing to support in administrative decisions.

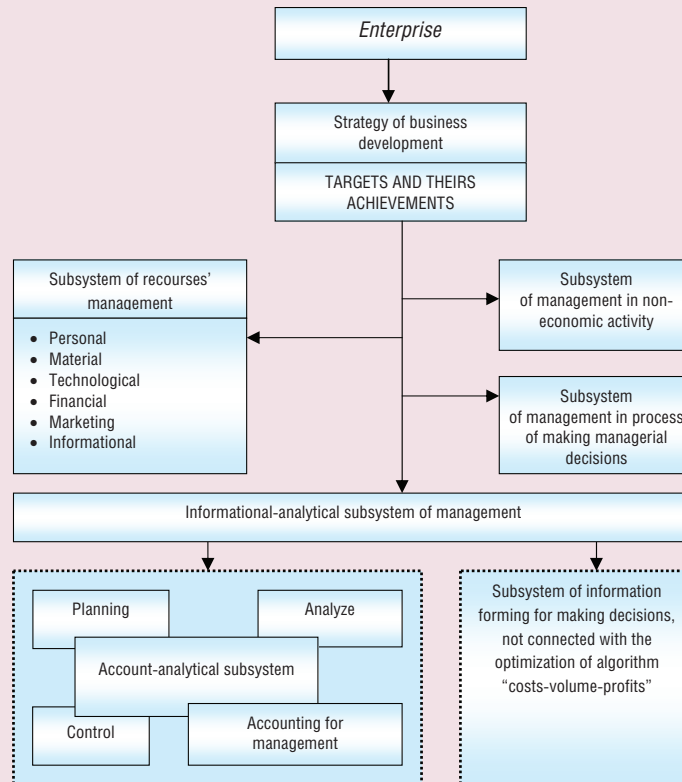
It's hard not to notice the obvious discrepancy between the understanding of the discipline "Managerial Accounting" and its contents into practice. This methodological question leads to a number of negative phenomena. But practice of implementation of managerial accounting confirms our findings.

The main problem is that the entire responsibility for management functions, united by the concept of "managerial accounting", falls on the employees of accountancy profession, who can not afford a quality of execution, because the specialists in planning, pricing, marketing, economic analysis and other management processes don't take part in the implementation of managerial accounting [12]. In addition, by the dual interpretation of managerial accounting, on

Figure 2. Functional subsystems of implementation of managerial accounting (Source of methods to support decision-making)



Figure 3. A typical place of managerial accounting in the system of enterprise management



the one hand, as the complex of administrative functions, and with another – as a subsystem of the accounting [9], the boundaries of the account blur, its different objects are opposed to each other, all this does not correspond to the historical traditions of Accounting in Russia.

Also the secondary effects of this attitude to managerial accounting are:

1. managerial reports do not always contain the necessary information in a convenient form;
2. only one solution of some problems in business (local problem) doesn't give a significant effect of the whole management for the company;
3. at each stage of the business the managerial accounting faces different problems of management;
4. many specialists of different spheres of activity in one company involved in the

managerial accounting and reporting, that's why several people aimlessly duplicate each other's work.

To avoid the above disadvantages, it is necessary to apply a uniform formation concept of managerial accounting. Very useful in solving this problem can be learning and understanding the concept of controlling.

Under controlling should be understood the concept of management of the organization, which relies on a complex connection of processes in planning, controlling, accounting and economic analysis, on coordination of measures in achieving the objectives of the organization [8]. This definition of the controlling has many similarities with the wide interpretation of managerial accounting as an activity, connected with decision-making.

Controlling appeared at the turn of the economic analysis, planning, managerial

accounting and management. In Russia, the interest in controlling began to emerge in the early 90s of the twentieth century, when the economy began to include principles of market economy. The greatest interest in controlling both in theory and in practice has been shown by the banks – particularly dynamically developing sector of economy in our country at that time.

Managerial accounting is still not being developed or very weak at most domestic enterprises [10], this is due to many reasons. However, the development of market relations in Russia contributes into increasing of the managerial accounting role in operational, tactical and strategic management of enterprise. Managerial accounting supports as a part of the information system [6], on which depends the effectiveness of company management in production.

Thus, during the period of market relations the process of integration of managerial accounting and controlling is very actual; they form the interaction of two concepts:

- managerial accounting as an informational system designed to solve the questions of cost formation and efficient use of available resources;
- controlling as the system of cost and profit management based on the wide use of informational resources.

The main feature of controlling is the system communication of managerial functions, in the relationship between them, the forming of a unified informational basis, the coordination of measures to achieve the goals of the organization. At the same time, managerial accounting in its traditional form represents a conglomerate that is the mechanical connection of disparate, poorly connected to each other managerial functions. Many writers on managerial accounting don't set a goal – to integrate to unity the functions of planning (budgeting), accounting, controlling,

analysis and substantiation of managerial decisions, and others [12].

Controlling prefers prior but not the further analysis, and control [7]. At the same time various options for achieving the goal are being viewed and evaluated, prognostic balance sheets and reports are being developed, which are directed toward strategic and tactical goals of the organization, and the system of informational providing of all management services of the organization is being created.

The activity of the organization is focused on a niche market, the demands of users and customers, system sales, and advertising, stimulating demand and at the same time – at a profit. Therefore, the bases of controlling concludes the orientation of all organization to market demands, the demands of consumers, and therefore considerable attention is paid to monitoring system of consumer demand, the level of competition, prices and other marketing indicators [7]. Planning of production volumes and sales of products, goods and services, income, expenditures and financial results is based not only on marketing analysis, but also on researches of the break-even business, on search of the firm reserves at the planning stage to reduce fixed and variable costs, opportunities for optimizing the level of selling prices etc.

In the controlling system, as well as in managerial accounting, a significant role belongs to the accounting for cost centers, the centers of responsibility, cost centers, elements and cost items, and other necessities for the management of the organization [12]. However, in contrast to the traditional managerial accounting in controlling system more attention is paid to a valuation of costs validity, the search for causal relationships between inputs and outputs, differentiation of the level of expenditure responsibilities and revenue [7].

The logic of suggestions leads to the conclusion about the feasibility of establishing

in enterprises the special research departments or staff positions, it allows to organize the practical implementation of management decision making better.

The powers of the analyst-experts shall be given, based on given problems [1]. Determination of the authorities causes the need in organizational position of managerial accounting / controlling [8].

First of all, it should be noticed that this structural unit, together with accounting, finance and planning department is part of the economic and financial services of companies. Analyst-experts should have the opportunity to obtain all necessary information and transform it into recommendations for decision-making by senior management of the enterprise and herewith the department of managerial accounting / controlling must be independent from financial and economic services, such as the headquarters by the highest agency control imposed on the scope of the functional services of the enterprise (*fig. 4*).

Chief Controller reports directly to the top manager of the enterprise. This makes the controller as independent in relation to other financial and economic services of the companies, allowing to perform coordination and informational support of interested managers better. Service managerial accounting / controlling in this case, can monitor the implementation of analytical problems by other

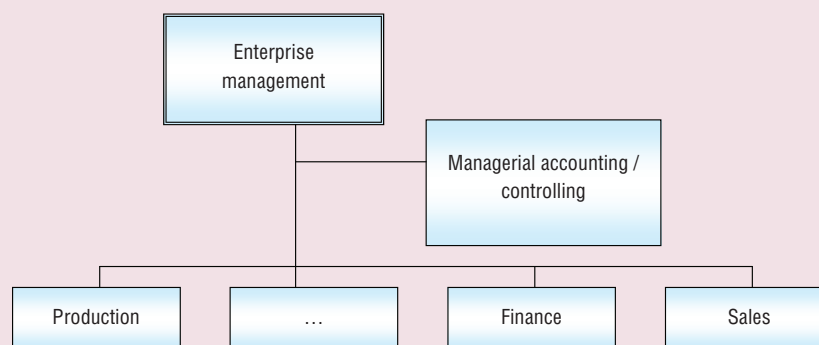
structural units. In some cases, this control can be only as a reference, but not a policy [8].

In the case of a Staff Organization the managerial accounting /controlling empowered to advise and prepare findings for the linear parts of the enterprise. This should help to reduce the load on the linear sections and increase the effect of their work. Because controlling is being understood as a special form of support management [7], the creation of a staff service managerial accounting / controlling, which is subordinated to senior management level, should be considered an effective solution for securing enterprise hierarchy in the way of thinking, oriented in consistent results.

Organically integrated into the system of economic enterprise management the service of managerial accounting / controlling optimizes the activity of all financial and economic services:

- the company's management is being informed quickly as well as the information is concentrated in one specialized department;
- uniform rules for planning, accounting, and control are introduced and uniform forms of providing information in all divisions are used;
- coordination of the various plans and process of their implementation focus on the ultimate goal of the company, which allows pre-check their reality and ensure the rationality of the goal.

Figure 4. Staff organization of managerial accounting / controlling



## References

1. Bulgakova, S.V. Structuring of managerial accounting and its facilities / S.V. Bulgakova // *Management Accounting*. – 2008. – № 1. – Pp. 3-11.
2. Bulgakova, S.V. Theory, methodology and organization of management accounting: abstract of a doctorate thesis: 08.00.12 / S.V. Bulgakova. – Michurinsk, 2009. – 45 p.
3. Gramotenko, O. Controlling (method of operation) / O. Gramotenko // *Management Accounting and Finance*. – 2005. – № 2.
4. Drury, C. Management and production accounting: trans. from English; textbook / C. Drury. – M.: UNITY-DANA, 2003. – 1071 p.
5. Ekimovskiyh, I. Formulation of management accounting: the ground rules / I. Ekimovskiyh // *Management Accounting*. – 2011. – № 1.
6. Ivanov, V.V. Managerial Accounting for the effective management / V.V. Ivanov, O.C. Khan. – M.: INFRA-M, 2007. – 208 p.
7. Karminsky, A.M. Controlling / A.M. Karminsky, S.G. Falco, A.A., N.Y. Ivanova. – M.: Finances and Statistics, Infra-M, 2009. – 336 p.
8. Lauta Y.S., Gerasimov B.I. Creating a system for controlling industrial rated company / Y.S. Lauta, B.I. Gerasimov. – Tambov: TSTU, 2005. – 95 p.
9. Popova, L.V. Managerial accounting and analysis with practical examples / L.V. Popova, V.A. Konstantinov, I.A. Maslowa, E.J. Stepanova. – M.: Delo i Servis, 2008. – 272 p.
10. Popova, L.V. Modern management analysis. Theory and practice of con-trolling / L.V. Popova, T.A. Golovina, I.A. Masloav. – M.: Delo i Servis, 2006. – 272 p.
11. Horngren, Ch. Managerial Accounting: trans. from English; textbook / Ch. Horngren, J. Foster, and S. Datar. – St. Petersburg: Peter, 2008. – 1008 p.
12. Yudina, L.N. Management Accounting and Controlling / L.N. Yudina // *Financial Management*. – 2005. – № 1.