

## Opportunities to Improve the Management Mechanism With the Help of Management Accounting

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### ANNOTATION

*This article is written about the possibilities of more effective management of the activities of business entities through the organization of management accounting. The author dwells on such traditional accounting functions as information support, control and analysis. At the same time, without denying the informational function of accounting, it is proposed to adapt this function to the goals of management. The article substantiates the possibilities of management accounting in improving the management mechanism.*

**KEYWORDS:** *Management accounting, information function, control function, analysis function, areas of activity, responsibility centers, accounting requirements.*

Today it is no secret to anyone that modern production must have great flexibility, the ability to quickly reorganize and change the range of products, quickly introduce new equipment and technology into production, and, of course, constantly strive to improve product quality.

The complication of the conditions for the activity of economic entities requires the improvement of the methodological foundations and methods of science and management practice based on modern achievements in the most practical economic sciences, such as accounting and economic analysis.

Changes in the role and place of accounting were facilitated by the transformations taking place in the economy. With the accumulation of organizational changes, a new economic situation has developed in the economic mechanism, which is distinguished by its complexity and inconsistency.

World experience shows that in a market economy, an accountant should be engaged not only in recording business transactions, but also in other management functions - planning, monitoring, developing and preparing various economic problems and their solutions to improve the activities of enterprises. In this regard, an important issue, in our opinion, is the specification of the main directions for improving accounting.

For these purposes, first of all, I would like to dwell on the opinions of scientists on improving accounting. It must be said that now the main part of scientists, as well as practitioners, do not see the improvement of accounting in changing accounting accounts. Questions about changing the organization of accounting and improving its methodology remain eternal problems. This is due to a causal relationship in the following sequence: the development of the market and market relations; development of the management mechanism; development of methods for preparing information for management. The latter is equivalent to the development of accounting and analysis.

To determine the main directions of the development of accounting, in our opinion, it is necessary to proceed from what functions accounting performs in the management process.

Scientists and economists usually distinguish 3 main functions of accounting in the management process:

1. the function of information;

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2. control function;
3. Analysis function.

These accounting functions are the summands of private one general.

“The control functions of accounting are, first of all, in determining the economic efficiency of the activities of responsible persons - within the framework of the powers granted to them - in order to dispose of the means of production and labor. The task of accounting, considered from the point of view of the performance of control functions, can be formulated as follows: accounting should show how administrative workers cope with their duties” (5, p. 11). This leads to the conclusion that the control function of accounting is implemented with the help of information. To strengthen the control function, accounting should provide information on individual divisions of the enterprise in accordance with its structure. In the process of managing the subject's economy; it becomes necessary to analytically compare current values with their values in the past and future. “All of the above allows us to specify the goals of accounting, which can now be defined as an assessment:

1. Solvency of the enterprise (security of its accounts payable, liquidity, etc.);
2. profitability;
3. The degree of responsibility of persons engaged in economic activities, which is measured by deviations of actual costs from standard ones” (5, p. 12) .

World accounting experience shows that the most effective implementation of the above goals of accounting is possible in the conditions of dividing accounting into two independent ones - financial and managerial.

Studies in the field of management accounting have shown that it covers not only the accounting process, since information without interpretation from the perspective of planning, analysis and control is not significant for management purposes. Currently, the functions of management accounting at enterprises are performed by various departments and services, resulting in disparate information that does not meet the requirements for making sound management decisions. In order to meet the needs of management, it is necessary that it show the causal relationship of the phenomena occurring in the economic entity. In this case, objective and subjective reasons should be indicated for administratively responsible persons, for individual divisions, for areas of activity, etc. The practice of developed countries shows that such opportunities are focused in management accounting.

I would like to emphasize once again that the organization of the so-called management accounting means the integration of individual management functions, such as planning, accounting, control and analysis into a single system in order to help the management of an economic entity in direct management and making informed management decisions. Management decisions, as we know, cover both personnel issues and marketing research in conjunction with the sale of products, and, of course, production processes with all the factors influencing it. Therefore, it would be appropriate to formulate the definition of management accounting as a process of collecting, processing, controlling, analyzing, summarizing and transmitting information coming from various departments and services of an economic entity in order to make long-term and short-term management decisions.

The market, market relations, the observed crisis phenomena in the global economy have changed both approaches to management accounting, and, accordingly, the requirements for it. According to many researchers, management needs must be satisfied not only in the short term, but also in the long term, which will ensure the survival and prosperity of enterprises. No wonder scientists began to conduct research in the field of strategic management accounting. In our opinion, at the first stage of the process of organizing management accounting, it is sufficient to introduce and develop

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operational management accounting, which is called upon at the present stage of development to perform the following tasks:

- providing management with information about the general indicators of the business, which includes several legal and structural divisions;
- regardless of the distribution between structural divisions on the results of individual activities (fields of activity, product groups);
- Formation and evaluation of information from individual responsibility centers (subsidiaries, branches, etc.);
- providing all levels and links of management with analytical information necessary for managing the activities of individual divisions of the enterprise;
- ensuring effective control over the formation and use of the economic resources of the enterprise for the relevant cost centers;
- ensuring optimal costing of individual types of products;
- identification and indication of shortcomings and problems of business;
- clarification of those problems that are a barrier to the further development of problems, with the subsequent provision of managerial decision-making;
- Implementation of short-term and long-term planning, establishment of control over the implementation of budgets.

The current methodology and organization of accounting are not yet sufficiently adapted to the goals of managing production and the economy of an enterprise. Traditional accounting is remote from the places of making operational decisions, since it cannot record every business transaction at the time of its completion in terms of its impact on the final results of the enterprise.

An analysis of the current state of the theory and practice of management accounting in the **CIS** countries shows that scientists, carefully studying international experience, have already formed this important area of accounting, and research in this direction continues. As for practice, there is a twofold picture: in large and mostly joint ventures, the practice of using individual elements of management accounting is ahead of even theory; some still do not use the possibilities of management accounting at all or use them insufficiently. What is the reason?! It must be emphasized that some people have always been afraid and afraid of innovation, while others believe that management accounting has extensive opportunities for practical application in management.

I would like to dwell on the truth that accountants are alarmed by new approaches and terms. For example, direct costing or budgeting, incremental analysis, etc. It must be recognized that the accounting system that developed in the countries of the Commonwealth of Independent States during the 20th century, in fact, is management accounting, but in a different environment, that is, an administrative-command system. Indeed, the basic elements of modern management accounting are familiar to us and accounting methods are close.

The issues of using the possibilities of management accounting, in our opinion, remain relevant for transnational corporations that are already operating in these countries.

The modern business environment requires special attention in relation to the improvement of the management mechanism in order to search for new technologies aimed at an objective assessment of the activities of an economic entity. It is management accounting that is the information support system through which it is possible to improve management much, since it is a fairly extensive area of accounting. Recognizing the importance and relevance of organizing and improving management

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accounting at domestic enterprises, in our opinion, it is advisable to refer to the practice of economically developed countries.

At the same time, it is necessary to take into account the fact that the theory of management accounting has already been created, and it is quite multifaceted. Many works have also been created on the prospects for the development of management accounting, which give the basics and technologies of management accounting, which you need to delve into and connect to further research, taking into account globalization in the world economy. This is the only way to ensure the efficiency of the economy of subjects, as part of a single system of the world economy, which will serve the prosperity of mankind in general.

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