

# ORGANIZATION OF MANAGEMENT ACCOUNTING ON THE BASIS OF THE PROCESS APPROACH AUTOMATION

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## ABSTRACT

*Providing management personnel with the necessary information is possible only on condition of computerization of management accounting. In order to improve it, it was proposed: a list of the stages of implementation of management accounting; the structure of the management accounting standard. In order to improve the process of computerization of management accounting and the formation of management reporting, a list of stages for its use has been proposed: analysis of the existing management accounting system; development of management accounting methodology; implementation of management accounting system; formation of management reporting. The above stages have their own specifics depending on the industry and type of activity, size of the enterprise, financial capabilities and information requests of management personnel. The above proposals detail the methodological and organizational features of management accounting and internal management reporting in the enterprise.*

**Keywords:** Computerization of Management Accounting, Transformation of Financial Statements, Analytical Tools, Regulatory Documents, Information Flows.

**JEL Classifications:** M21, O16

## INTRODUCTION

The effectiveness of the management of the enterprise is largely dependent on the level of information support of its structural divisions. The necessary information can be obtained from the management accounting system, the computerization of which will speed up this process.

The low level of management decisions, primarily due to the lack of operational and analytical accounting data, fully reflect the production, economic and financial condition of the company at a particular point in the decision-making by various structural units of enterprises in Ukraine. Therefore, the issues of organizing management accounting using the capabilities of information technology at manufacturing enterprises does not lose its relevance.

The main argument in favor of the introduction of computerized accounting based on the coding of indicators and business operations is the presence of differences between the components of correspondence in the system of management and financial accounting. This is due to differences in approaches to the classification of costs in management and financial

accounting, the procedure for writing off these costs, and the excellent procedure for recognizing transactions.

## REVIEW OF PREVIOUS STUDIES

There are many opinions that accounting information as a result of accounting is needed only for drawing up reports and its presentation to the relevant state bodies, however, there are also many supporters that it is impossible to manage an enterprise without a basis of accounting (Westney, R. (2017)).

Aduamoah, M. (2017) is convinced that all management accounting objectives can only be achieved through accounting and tax accounting. It is also necessary to take into account indicators of social and environmental security, since there are drawbacks in accounting information (due to accounting) that prevent its use for management purposes (Drobyazko, S. (2018)).

Let's determine the main ones:

inoperability of data acquisition: for management purposes sometimes more operational information is required than it can be generated in the report (Al-Shobaki, M. J., & Abu-Naser, S. S. (2017)); output - computerization of processes using modern information technologies; data in the system is constantly updated, so the reports will always contain accurate and relevant information. (Alsharari, N. M., & Youssef, M. A. E. A. (2017));

accounting methodology is defined by legal acts and single-variant, limited information through the use of certain accounting methods, for example, the double entry method (all business transactions are recorded in the accounting system of debits of one account and credit of another), accounting for off-balance accounts) (Appelbaum, D., Kogan, A., Vasarhelyi, M., & Yan, Z. (2017)); management accounting system may contain information about the facts of economic activity in different interpretations and different methods of their evaluation (revaluation of liabilities, assets, taking into account the factor of depreciation of the currency) (Hilorme, T., Shurpenkova, R., Kundrya-Vysotska, O., Sarahman, O., Lyzunova, O. (2019), Hilorme, T., Zamazii, O., Judina, O., Korolenko, R. & Melnikova, Yu. (2019));

reporting form in accordance with regulatory acts (Drobyazko, S., Hryhoruk, I., Pavlova, H., Volchanska, L., & Sergiychuk, S. (2019): standard reporting forms often do not reflect the detailed information required by the manager - a computerized accounting system allows you to create a variety of reports based on source documents that have the possibility of various kinds of detailing and sorting.

## METHODOLOGY

In the process of doing the work, traditional methods were used: system analysis (for detailing and dividing the object of study into individual components), synthesis (for the purpose of summarizing various aspects of accounting), analytical calculations (to calculate the required indicators), comparison (for the purpose of data comparison), grouping (to determine the relationship between indicators).

## RESULTS AND DISCUSSION

Practically all enterprises today automate accounting, as a minimum, and all processes in the enterprise, as much as possible. However, not all enterprises with the introduction of

computer information systems improve financial and economic indicators and the level of management decisions.

The company's management seeks to quickly carry out computerization of accounting, including management accounting, without a clear understanding of what exactly a computerized system should provide. It does not take into account all the capabilities of the system, does not comply with the correspondence between the capabilities of a particular software product and user requests. Information-computer technologies make it possible to obtain a significant amount of information, including redundant, therefore, in modern conditions, the priority task is not only providing information, but also its competent processing. In addition, the lack of motivation of employees, fixing clear responsibilities for them leads to the fact that the computerization of management accounting and the formation of management reporting is purely formal.

All this necessitates the description of a clear sequence of computerization of management accounting and the formation of management reporting, coordination of documents that are formed at each of the stages. However, first of all it is advisable to determine the possible options for the computerization of management accounting, which occurs in the context of the computerization of the entire information system. In order to link information flows between themselves, the company can use various options (Table 1).

<b>Option</b>	<b>Characteristics</b>	<b>Advantages</b>	<b>Disadvantages</b>
Transformation of financial statements	Provides for the transformation of the finished financial statements in the management	Minor software costs	Not suitable for large diversified companies
Single database	Use of a single information database, which records the documents of all structural units of the enterprise	Allows taking into account the interests of all users	Significant cost, high requirements for personnel qualification
Transformation of transactions	Transformation of financial accounting transactions to management accounting according to predetermined rules	Ease of use	Suitable exclusively for small companies
Use of multiple programs	Provides for the use of various functional programs	Relatively low financial costs, data security, user experience; improved functionality	Need to create special mechanisms for the export and import of data

Each enterprise, taking into account the available financial resources, information needs, prefers to one or another option of computerization of management accounting. However, the best options from the point of view of satisfying users' information requests (namely, management accounting is organized at the enterprise for this purpose) are the second and fourth options. However, these options are almost the opposite of the financial costs of their implementation. Thus, the creation of a unified information database requires the investment of a significant amount of money, while the use of several programs only include spending money on additional software products for management accounting that would be compatible with existing products. This is the reason for the wide spread of this option among enterprises.

The need to develop the standard of management accounting is due to the following reasons. Firstly, despite the fact that the question of accounting policy regarding management accounting may be disclosed in various regulatory documents of the enterprise, when it is

computerized, it is advisable to have a single document that would contain all the methodological provisions regarding management accounting for a particular enterprise. This document could be the basis for the development of technical specifications at the stage of implementation of a computerized management accounting system. Secondly, taking into account the disclosure of uniform requirements for management accounting, the reflection of management accounting operations for the closing period, the formation of management reporting allows you to build a single process, the effectiveness of which can be easily checked by the results of satisfaction of information needs of management reporting users.

We have generalized the structure of such a document, including six modular units (Table 2), for each of which there are issues that it is reasonable to uncover, and a possible list of documents in which it is possible to detail and reveal the methodological and organizational features of management accounting at the enterprise.

<b>Modular block</b>	<b>List of issues that are disclosed</b>	<b>Additional regulatory documents</b>
<b>Modular block 1.</b> General provisions of management accounting	Scope of the standard	-
	Concept and definition of management accounting	-
	Tasks of organization and maintaining of management accounting (the tasks of management accounting, the formation of management reporting).	-
<b>Modular block 2.</b> Organization of management accounting at the enterprise	General principles of organization of management accounting (business roles and their performers, general requirements for the implementation of processes)	Job descriptions of persons conducting management accounting / Brief personal instruction for subject areas
	Formation of the working plan of accounts of management accounting	Plan of accounts of management accounting with a set of analytical reference books (subaccounts). Instructions for use of the plan of accounts of management accounting
<b>Modular block 3.</b> Accounting support of management accounting	Accounting procedure (movement of goods and finished products; revenues and additional income; production; operating expenses; transportation expenses; other income and expenses; cash, financial investments; settlements and debt; non-current assets, inventories, reserves)	instructions for the management of individual objects of accounting
	Cost accounting system, cost calculation	Instructions for calculating the cost of the product (process)
	Summary of management accounting data at the reporting date (end of decade, month, etc.)	-
	Procedure for the correction and editing of management accounting data	-
<b>Modular block 4.</b> Management reporting system	Composition and purpose of management reporting	Set of management reporting forms
	Procedure of formation of management reporting	Instructions for the formation of management reporting
<b>Modular block 5.</b> Analytical tools for management accounting	Assessment of the effectiveness of the enterprise activity	Instructions for calculating performance indicators of the enterprise
	Break-even analysis	Instructions for break-even analysis
	Assessment of financial condition, analysis of the probability of bankruptcy	Instructions for financial condition analysis

<b>Modular block 6.</b> Management accounting infrastructure	Computerization of management accounting (characteristic of a software product, the possibility of management accounting maintaining)	Instructions for the implementation of management accounting software
	Management accounting workflow	Management accounting workflow schedule

The content of each modular unit in enterprises of different industries, activities will be different. This is especially true of the modular unit 3 "Accounting support of management accounting".

We consider it expedient to stop on the individual components of the standard of management accounting, which differ significantly, subject to management accounting using information and computer technologies. This concerns the organization of management accounting (modular unit 2).

Despite the fact that there is a significant increase in the introduction of computer technology, without human resources the normal provision of the system cannot be imagined. However, it should be borne in mind that in the overwhelming majority of cases, operations within the enterprise are performed by a person who has his own interests. That is why a very important factor in organizing the process of computerization of management accounting is the organization of the work of employees, their clear understanding of the goals of the enterprise.

### RECOMMENDATIONS

All the above proposals on the organization of management accounting and management reporting (excluding proposals for coding indicators and business operations) can be used when choosing any software product for management accounting, including such a common program as "1C: Enterprise 8 Management of manufacturing enterprise for Ukraine". This software allows us to comprehensively computerize the various areas of activity of enterprises. It refers to ERP systems designed for integrated enterprise resource planning. Thus, the applied solution creates a single information space to reflect the financial and economic activities of the enterprise, covering the main business processes.

The main functionality of "1C: Enterprise 8 Management of manufacturing enterprise for Ukraine" regarding management accounting and management reporting consists of: planning, control and analysis of funds; the formation of standard and universal reports providing a report to the manager; performance monitor.

### CONCLUSIONS

Compliance with the stages of development and implementation of management accounting systems identified in the course of the study, in terms of the use of information and computer technology will ensure the effectiveness of this process.

It is impossible to provide standardized internal regulation of the introduction of management accounting system at each stage for business entities of various forms of ownership, activity volumes. However, in terms of computerization, it is necessary to fulfill the methodological provisions of management accounting for a particular enterprise. That is why we proposed the structure of the management accounting standard, which can be the basis for the development of technical specifications.

The structure of the management accounting standard includes six modular units (general provisions of management accounting, organization of management accounting at the enterprise;

accounting support of management accounting, management reporting system; analytical management accounting tools; management accounting infrastructure) and a list of regulatory documents for them.

The above proposals will contribute to the proper organization of accounting in terms of the use of information and computer technologies and will ensure the formation of accounting information in management accounting in the necessary areas.

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