The Role of Management Accounting in the Organization

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ABSTRACT: Management accounting system as the most important source of information is very important to provide the organization's strategic goals. Therefore, any inefficiencies and weaknesses in the system, reduces efficiency and productivity and will create many problems in the organization. Management accounting system as an important subset of the system of financial and non-financial information provides a variety of types of information for users, especially managers of any organization. According to the possibilities and potential and limitations of each economical organization, management accounting as a method of controlling, assessment and judgment, relative to past performance and future prospects Management, is an impartial and estimates the degree of efficiency, effectiveness and economical operation of any volume, size and shape. Therefore, in this paper, we present the main issues addressed in definition of management accounting, then express the role of the organization in achieving its goals and increase organization efficiency.

Keywords: Management Accounting, Economical organization, Strategic goals

INTRODUCTION

The main task of all managers at all levels and all social institutions is Environmental design, implementation and maintenance that members are able to work and achieve their collaboration on specific targets for achieving these goals are essential managers a system of management accounting system. Every day there is a new form of economic relations and of individuals and companies and institutions are associated with each other and influence each other changes in their financial and day-to-day activities become more complex. These factors will lead to a role as providers of accounting and financial information determined using accounting standards for most users.

Managerial accounting as described by the NAA, is the manner in identifying, measuring, collecting, analyzing, preparing and communicating financial information that management to planning, estimation and control of an organization's. It guarantees the appropriate use of resources. Managerial accounting charge of preparing financial reports for non-management groups such as law enforcement agencies and tax officials, create. Put simply, we can say that managerial accounting, accounting for planning, control, decision making activities for an organization. Organizations with technology development in industries and creating changes in production systems, are confronted with complex and profound changes. The extent of these changes is such that management alone is sufficient knowledge about their environment in the organization. Therefore, it is necessary that a system be established to help management in identifying problems, setting goals, problem identification, definition of possible solutions, evaluate solutions, choosing the optimal solution implementation, monitoring and evaluation.

Management information systems and decision support systems, and developed reassessed once more to come. Management accounting information system has been developed in this field, so that provides an important part of the required information.

For this reason, managers can efficiently perform their duties even relying on the information and personal experiences and information reflected in the financial statements. Management accounting information system has been created, with the aim of assisting in the management decision-making and growth and expanded in line with the development and production of complexity of systems.

The role of management accounting is the preparation and presentation of relevant and useful information to assist management in planning activities, control and decision making, rational management in achieving organizational goals. Management accounting cannot be regarded as a set of fixed rules. It tries to
help the people in the organization (board of directors, managers and other persons) in decision-making, it is a reliable guidance for indication of future policies and plans of the organization. [3,4]

**Management accounting**

Management accounting includes the design and use of accounting within the organization. Management accounting cannot be regarded set of fixed rules but management accounting methods to achieve organizational goals through improved decision-making by managers and its employees. Management accounting applies both real information and estimated data to help managers in daily operations and planning for future operations, and deals with specific issues faced by managers at various levels of the business. In general, it can be said that management accounting, a system of measurement and collection the financial and operating data, which has guided management activities and motivational behaviors and develop and support the cultural values needed to achieve the organization's strategic objectives[4].

**The importance of management accounting**

Many companies in order to survive in the competitive market, that is associated with rapidly changing technology, have to using modern methods to work continuously improve quality control and reduce the cost of their products. In this situation, many companies are changing their information systems and to avoid traditional systems and move towards long-term view of management accounting. Customers are looking for higher wages and shareholders are seeking a greater share and competition takes place to produce better products with better features and lower prices. Business success depends on how we manage all these factors and other factors.

Management accounting tools have followed the growing trend in recent years. This process, with the introduction of ABC, ABM, ABB, Target Costing, Kaizen Costing, Back Flash costing, JIT, TQM and recently started and tools such as ERP, Six Sigma is reached.

Growing economic competition imposes great pressure on managers to make business decisions in order to maximize financial performance in this matter. To answer this need a range of management accounting techniques have been employed by the Company. The heavy competitive environment prevailing in the world markets, the use of cost management and continuous improvement of the organization is one of the critical success factors and managers can only make the right decision about the efficiency of production and operations

That have a good understanding of how to conduct outreach activities and processes. This system, also identifying and measuring the cost of the basic activities of the organization, to identify non-value added activities and introduce activities that improve organizational performance.

**The role of Management accounting in increasing efficiency of organizations**

Today, organizations have different goals and may even have a combination of objectives, therefore, it is impossible to develop comprehensive and uniform rules for all organizations. Objectives that are frequently emphasized on by organizations, include:

The primary function of management accounting is to help management through the process of profit maximization (scientific management).

Management accounting system seeks to assign a device and this assignment is performed with permission of management and selection of operational goals and distribution of them throughout the organization. The performance responsibilities are assigned to people, and this process is usually referred to as planning (Management principles).

Accounting system is a controlled system that can identify and correct poor performance with permission of the management (scientific management).

Ensuring sufficient wisdom and knowledge within the organization, allowing accurate comparison of the responsibilities for determining the performance domain and obtaining the final benefits and action costs (principles of management).

Accounting system is an unbiased system of performance evaluation, in which personal desires are removed due to objectivity of the system (management principles).

Accounting Management is known as an Information System whose major goals include:

- presentation of decidable information to different management levels to be used in their decision-making, planning, control and facilitation functions, and 2) serve as a means of effective communication within themselves

Effective use of budgeting and other control techniques in accounting which requires an understanding of the interaction between these techniques, motivations and levels of the organization which need to be controlled.
Management accounting process is largely considered as the myth of accounting in providing information to decision makers, such that accountants enjoy a very wide domain for decision-making on selection, processing and reporting of the data. Today, unstructured and ill-advised acquisition of targets that involve a change in the structural, technological elements, objectives and functional patterns, will cause organizations to suffer from crisis and stagnation. The following factors have made it difficult for the contemporary managers to develop organizational goals:

Organizations as open systems, are subject to serious impact of their internal and ambient environment. Factors and elements such as increasing development of technology, economic development, intertwined and complex commercial networks, the challenges in meeting the market needs and the transition from winding path of competition, have led to more strict laws and regulations governing the development of organization's goals.

The contemporary organizations, are encountered with the phenomenon of conflict between the various constituent parts of the whole system, ie their subsets and subsystems. This conflict which results from factors such as differences in perception and cognition, ideas and norms, goals, values and attitudes of the managers, the dependence of the different parts of the organization, uncertainties in roles and responsibilities, and the like, are inevitable feature that must be resolved or managed through tactfulness of managers.

Organizations as dynamic phenomenon, are always subject to change. The rational plans of the management which will be realized by reliance on reassuring information, is the secret of getting rid of problems and achieving the organizational objectives in the present complex and difficult conditions. In the meantime, management accounting system is one of the ways of providing these information. Management accounting is a branch of accounting which is designed to meet the internal planning and information needs of managers and provides a variety of information on different operational and financial issues. This information which is provided in the form of detailed reports, are interpreted, translated and used by managers and other users. Of course, it should be noted that the success of management accounting depends on the extent of improvement in the decision-making of accounting managers, after accounting information are provided for them. Therefore, provision of this information alone, cant assist managers in conduction of their duties, but the provided information should have some features (e.g. relevance, timeliness, accuracy, importance, comparability) that managers uses them in the decision-making process. If management accounting fails to provide the required information of management with the necessary quality, such that can be effective in management decisions, the above-mentioned system will only impose costs to the organization. Therefore, the quality of the provided information is of paramount importance and should be taken into special considerations.

The main objective of management accounting is to help the organization achieve strategic objectives. The realization of these objectives, will fulfill the needs of customers and other stakeholders. As a result, by achieving these goals, organizations can find their proper position and distinguish themselves from other competitors. To satisfy the customers and compete with other producers, three elements of quality, cost and time should be simultaneously stressed on. The three elements, form a strategic triangle which differs from one organization to another, or from one product to another product (see Fig 1).

Quality: is the overall customer experience of a product and includes physical characteristics (facilities, flexibility), services (after-sale service and after-sales performance of services).

Cost: includes the resources expended by producers and their supporting organizations, including suppliers and dealers. Production costs covers all the costs of production and the cost of after-sales services.

Time: refers to the time taken for delivery of products demanded by customers demand or the time that the company spends to manufacture products in accordance with customer demands and release them to the market.

![Figure 1. The strategic elements](image)

It should be noted that management accounting is not an end but a means to achieving the goals of the organization. Management accounting helps managers achieve the goals and competitive advantages of the organization through collection and dissemination of information on the strategic elements of the organization.
In fact, it can be said that the management accounting system helps the organizations achieve their objectives through the provision of appropriate information, in terms of quality, cost and time. [6]

CONCLUSION

Management, as the director, coordinator, controller, and planner, plays an important role in promoting productivity culture. By development of a determinate program in the long-term and short-term horizon, management can determine the organization's goals and facilitate their achievement by providing a set of methods and policies. After that, the management would compare the operations with its goals and policies and would do some corrective actions in case of any deviations. While maintaining the above conditions, management should make all efforts for optimal allocation of resources to the manufacturing agents and consider itself a part of the organization and its staff, so that it is always considered the best model for productivity and efficiency improvement in the organization. [7]

With the development of technology in the industry and changes in production systems, organizations are faced with such severe complexities and changes that the management cannot obtain enough recognition of the environment in the organization, all by itself. Therefore, it is essential to develop a system that can help the management with recognition of the problem, objectives, problem identification, definition of possible solutions and evaluation of these solutions, selection of optimal solutions, implementation, monitoring and evaluation processes. Management accounting information system has been developed in this field. Management accounting information system has been developed for the same purpose and provides a major part of the information needed to management. [8] Therefore, the role of management accounting is to develop and present relevant and useful information to assist management in planning activities, application of managerial controls and making rational decisions, to achieve organizational goals.

REFERENCES