
OPTIMIZATION OF MANAGEMENT ACCOUNTING IN ENTERPRISES: BEST PRACTICES AND PRACTICAL MEASURES

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Abstract:	Keyword
The article includes an interpretation of the improvement of management accounting and analysis by means of advanced technologies. Also, the theoretical importance of management accounting is studied through the literature review of economists. Modern debates on the theory of management accounting are studied, problems related to the field and their solutions are considered, and a conclusion is formed at the end of the discussion.	management accounting, standard operating procedures, budgeting, technology, key performance indicators, process improvement.

INTRODUCTION

Managerial accounting is a branch of accounting that provides financial information and helps managers make decisions that contribute to the success of the organization. Management accounting theory refers to the principles, concepts, and foundations that underlie the practice of management accounting. In this article, we discuss the key elements of management accounting theory, including its historical evolution, key concepts, and contemporary debates.

The origins of management accounting can be traced back to the beginning of the 20th century, when Frederick Winslow Taylor introduced the concept of scientific management. Taylor's approach emphasized the use of scientific methods to analyze and optimize work processes and increase efficiency. This approach led to the development of cost accounting, which focused on the analysis and control of costs associated with production and operations.

In the 1950s and 1960s, a new wave of management accounting theory emerged that focused on the role of accounting information in decision-making and control. Several influential systems were developed during this period, including Management by Objectives (MBO) and the Balanced Scorecard. These frameworks emphasized the importance of aligning financial information with organizational goals and objectives and using performance indicators to monitor and evaluate progress.

Literature Review

According to Chenhall (1993), management accounting theories have evolved over time, with different approaches emphasizing different aspects of accounting practice, such as decision-making, control or organizational learning.

According to Drury (2012), management accounting is a crucial means of providing information used in organizations to make decisions, plan, control and evaluate performance.

Langfield-Smith (2008) argues that the role of management accounting in organizations has evolved over time from cost control to a more strategic role in providing information for decision making.

Horngren (2012) states that management accounting involves the collection, analysis and interpretation of financial and non-financial data that provides information needed for decision making in organizations.

The role of management accounting in organizations is influenced by external factors such as globalization, technological change and increased competition, as well as internal factors such as organizational culture and structure (Otley, 2004).

Management accounting theories provide frameworks and models that can be used to explain and predict behavior within organizations and guide the development of accounting practices and systems (Bhimani, 2012).

The development of management accounting theory is an ongoing process driven by changes in the business environment and advances in research methods and techniques (Cooper, 2002).

Management accounting systems are very important because they provide information at all levels of the organization. Specifically, at the strategic level, there are specific management accounting tools such as "strategy mapping, core competency analysis, long-term and business planning, risk management, environmental impact assessment, value for money audit, value engineering or value analysis, competitor analysis" (Oyewo, 2021). All these Management Accounting tools provide rich information that is useful for decision making. Recent studies have recognized the role of accounting in the formation of strategic thinking in managers, and even this is still an underexplored research area (Aaltola, 2019). Scholars Otley (1994) and Kaplan et al (2004) argue that the management accounting literature shows that strategies are interrelated in terms of formulation and implementation, and that the role of employees at different levels of the business is actively working to ensure sustainability. its organizational competitiveness.

Management accounting has been studied by applying various economic, sociological or organizational theories (Hopper, & Bui, 2016; Lachmann et al., 2017). However, psychological perspectives are rarely discussed in this regard (Wibbeke, & Lachmann, 2020).

Management accounting refers to activities that assist managers in planning, organizing, and controlling to improve organizational performance (Shields, & Shelleman, 2016). Management accounting is defined as "a profession that involves partnering in the

development of management decision-making, planning and performance management systems, and providing financial reporting and control expertise to assist management in formulating and implementing organizational strategy."

The literature discusses various management accounting concepts and tools such as budgeting systems, planning, performance management, strategic analysis, and financial and non-financial performance measures (Drury, 2019).

Based on the above, the literature shows that there is an ongoing debate about the relevance of traditional management accounting methods in the modern business environment. Some argue that in the face of changing business models and technological disruption, traditional methods such as cost accounting and variance analysis are no longer sufficient. Others argue that these methods remain relevant and provide a valuable foundation for more advanced management accounting practices.

Overall, the literature suggests that management accounting theory is a dynamic and evolving field with ongoing developments and trends that reflect changes in the wider business environment.

Analysis and Results

Today, based on the literature, there are several main topics discussed in the field of management accounting theory. One of the main topics is the role of management accounting in decision making, which has been the subject of many studies over the years. The literature shows that management accounting provides important information that managers can use to make informed decisions about resource allocation, performance measurement, and other important aspects of their organizations.

Another topic that has received a lot of attention in recent years is the use of technology in management accounting. With the rise of digital technologies such as cloud computing, data analytics, and artificial intelligence, there is growing interest in how these tools can be used to improve management accounting practices. Literature shows that technology can help automate routine tasks, improve data quality and accuracy, and make decisions faster and more efficiently.

Globalization is another widely discussed topic in the context of management accounting. The literature shows that globalization has had a significant impact on management accounting practices as companies seek to manage their operations in multiple countries and regions. Some of the key challenges identified in the literature include the need to adapt to local accounting practices and regulations, the challenges of managing cross-border operations, and the importance of cultural awareness in international business.

Sustainable development is also an important topic in management accounting theory. The literature suggests that management accounting can play a key role in supporting sustainable development goals by providing information on the social, environmental and economic impacts of business operations. Some of the key challenges identified in the literature include the need for integrated reporting systems that account for a wide range of

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sustainability indicators, the importance of stakeholder engagement in sustainable development, and the challenges of measuring and reporting intangible assets.

Management accounting theory has evolved over time and continues to evolve in response to the changing business environment and the emergence of new technologies. Here's a look at some key aspects of modern management accounting theory:

Cost Management: Cost management is a major branch of management accounting that focuses on identifying, measuring, and managing costs to achieve organizational goals. This involves using techniques such as cost accounting, activity-based costing, and target costing to determine the true cost of products and services and to identify opportunities for cost reduction.

Performance management is concerned with measuring, analyzing and managing organizational performance. This includes setting performance goals, measuring achievement of those goals, and taking corrective action as needed. Techniques such as key performance indicators (KPIs) and balanced scorecards are commonly used to track performance.

Management accounting theory is also concerned with supporting decision-making processes. This includes providing decision makers with accurate and relevant information such as financial data and forecasts to support strategic decision making.

Strategic management is the process of forming and implementing a company's strategy. Management accounting theory plays a crucial role in strategic management by providing information on costs, revenues and profits as well as analyzing the impact of various strategic options.

Sustainability is an emerging field of management accounting theory that focuses on the environmental, social and economic impacts of business activities. This includes measuring and reporting sustainability performance, as well as identifying opportunities to reduce environmental impact and improve social and economic outcomes.

Let's focus on some aspects of the current problems and potential solutions identified in management accounting.

Relevance and Timelessness: A common criticism of traditional management accounting practices is that the information provided is often out of date and not relevant to current business conditions. To address this, some companies need to adopt flexible budgeting and forecasting processes that allow for real-time adjustments based on changing conditions.

Overemphasis on financial indicators: Another criticism of traditional management accounting is that it focuses too much on financial indicators such as profitability and income and does not take enough account of non-financial factors that can affect business performance. To address this, some companies have begun using balanced scorecards and other tools that include non-financial metrics such as customer satisfaction and employee engagement.

Misalignment with strategy: Management accounting practices may not always align with the company's strategic goals, leading to suboptimal decision making. One solution to this problem is to incorporate strategic analysis into the budgeting and forecasting process so

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that financial goals and performance indicators are aligned with the company's overall strategy.

Difficulty measuring intangible assets: Many modern businesses rely on intangible assets such as brand reputation and intellectual property that can be difficult to measure using traditional accounting methods. To address this, some companies have begun using alternative performance metrics, such as social media engagement and patent applications, to determine the value of intangible assets.

Resistance to Change: Finally, one of the challenges in implementing modern management accounting techniques is overcoming resistance to change within the organization. This can be addressed by involving employees in the process and providing training and support to help them adapt to new practices and tools.

A number of measures can be developed for the organization of management accounting in enterprises, including:

Clearly define the roles and responsibilities of the management accounting team: This helps everyone know what is expected of them and who is responsible for what.

Develop Standard Operating Procedures: Standard operating procedures should be established to ensure that all accounting activities are performed in a consistent and standardized manner.

Implement a robust budgeting process: A robust budgeting process must be implemented to ensure that budgets are realistic and achievable.

Investing in technology: Investing in technology can help streamline accounting processes and increase efficiency. This includes implementing accounting software or automation tools.

Develop Key Performance Indicators (KPIs): KPIs should be established to measure the success of accounting activities. This helps identify areas for improvement and ensures that the accounting team is achieving its goals.

Regular review and update of processes: Management accounting processes should be regularly reviewed and updated to ensure they are relevant and effective.

Providing training and development opportunities: Training and development opportunities should be provided to the management accounting team to ensure that they have the skills and knowledge they need to perform their roles effectively. By implementing these measures, enterprises can ensure that management accounting processes are organized and efficient.

Conclusions

In summary, management accounting theory plays an important role in providing financial information and analysis to support effective decision making in organizations. The historical evolution of management accounting led to the development of several key concepts and frameworks that continue to shape the field today. However, the ongoing debate about sustainability, social responsibility and the role of management accounting in decision-making highlights the need for continuous innovation and evolution in the field.

By staying abreast of current debates and trends, management accounting practitioners can continue to improve their ability to support organizational success.

We also understand the use of key performance indicators (KPIs) in management accounting and how they can be used to achieve financial goals, the importance of process improvement and how they can help streamline financial processes and reduce errors. and how it can help equip them with the skills and knowledge they need to perform their roles effectively.

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