

**MANAGEMENT ACCOUNTING AS AN INFORMATION BASE FOR STRATEGIC
MANAGEMENT DECISIONS**

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Over the past two decades, the economic world has become much more open, today we can talk about the creation of a global marketplace. Successful companies, trying to succeed in the competition, create a strategic development plan based on a vision of what should be a company in the future. The key issues in order to develop strategic decisions are evaluation questions of environment elements in which the company operates (the external environment), and the assessment of its internal resources. Within the external analysis identification and studying of the actual and the potential opportunities and threats are carried out. Exactly strategic assessment of the economic, political, demographic, social and business environment in which company operate will allow deciding what should be done today, to be in the target point tomorrow. Within the internal analysis should be considered the effectiveness of the company. Intention of commercial companies is to increase its share on the market, while maintaining the highest quality products and high profitability. Effectiveness of the business processes' functioning depends on the organizational level of the economic entity's management and efficiency management decision-making at various levels.

Efficiency of the management process in modern enterprise largely depends on the using of the new management technologies based on dynamic information system that provides management of high-quality and timely information. Exactly, management accounting as an information system is of interest for today.

Currently, the scope of management accounting is expanding, and the level of its performance does not always meet the needs of the modern enterprise. Problem lies in the insufficient degree of management accounting development methodologies and tools, lack of the common systematic theory. Among the issues that need to be improved is the question of information support for strategic management decisions. Importance of the research topic is determined by the practical need for the introduction of modern management accounting and budgeting using foreign experience in the enterprises of the real sector of the economy.

Given the above, purpose of scientific research in the field of management techniques is to determine essence of the management accounting, the role of management accounting in strategic management decisions, identify tendency in the development of management accounting.

To achieve this goal should be studied the views of various researchers to determine the essence of management accounting at the present stage and its information role in management decision-making, determine development tendency of management accounting. Questions of management accounting in the modern economic literature are some of the most controversial topics.

Some authors give too narrow meaning to the concept, considering management accounting only as part of accounting or accounting preferred direction (A. Upcherch , P.S.Bezrukih, D.V.Vojko, K.Druri , V.E.Kerimov, Richar J., A.D.Sheremet etc.).

Other authors are more focused on the consideration of management accounting as part of management (V.F.Paly , R.N.Sungatullina , T.V.Fedosov , Institute of Management Accountant (CIMA) (UK)). However, management accounting supports the administrative top-management as information.

The most successful definition in modern economic literature is the definition of "management accounting", based on a systems approach (T.A.Bashkatova, R.Garrison, I.E.Glushkov, J. Gray Sydney, G.Y.Kasyanova, N.P.Kondrakov, S.S.Molchanov, V.I.Tkach, M.A.Vahrushina, V.E.Kerimov, O. Maslova, S.A.Rasskazova - Nikolaeva, T.P.Satsuk, etc.). Because the process of management accounting includes not only accounting, but also the analyzing processes of internal and external environment, planning and control.

Analyzing the views of different authors and considering the changes in management accounting towards the development of business environment, we can formulate the following definition: Management accounting is an operational system (which elements are the accounting, planning, monitoring, analysis of external and internal environment of the company) that focuses on information support of management in the development of strategic and tactical management decisions to optimize the financial performance of the company.

Separately consider the expert opinions on the strategic orientation of management accounting:

- K. Ward defines strategic management accounting in the context of business - strategy, planned for implementation, which should reflect the relative financial results achieved by the business in comparison with its competitors.
- K.Druri considers strategic management accounting as providing management information on market prospects of existing products, the life cycle of the product and the product portfolio. However, he finds it necessary to go beyond the company and identify the advantages of the company compared to its competitors.
- Dzh.K.Shim, CH.T. Horngren, J.G. Siegel, R.V.Vill, V.F.Palydo not allocate strategic management accounting as a separate line. However, CH.T. Horngren recognizes that strategic analyzes are needed to address the issues of combining company capacities with the opportunities of its market.
- V.B.Ivashkevich defines strategic accounting as an integration of forecast, planning and accounting-analytical functions, the development of several growth strategies and selection of the optimal one, assessment of current and future results of operations, financial condition and productive capacity of the company; managing the time, capital, profitability and risk.

Analyzing opinions of different authors, strategic management accounting can be defined as a comprehensive accounting – analytical system of information support the process of strategic management. For management decisions need information base of internal and external environment of the company. Management accounting should be aimed at the formation of internal reporting, which will include major groups of indicators characterizing the economic potential and market orientation of the company activity. The choice of specific indicators depends on the goals and tasks of the analyst.

Creating a balanced scorecard will link strategic business objectives with operational plans. Basis for building a balanced scorecard was proposed by R.S. Kaplan and D.P. Norton. V.P.Suyts considers a balanced scorecard, which covers all the main areas of analysis of the company for the development and management decisions. Strategic management accounting will reveal the impact of extensive factors (volume of involved and own resources) and the effects of intensive factors (asset turnover, return on equity, etc.). In determining the balanced scorecard should be considered qualitative and quantitative indicators. Before each company is to develop a balanced scorecard, which is able to take into account the peculiarities of the company and reliably characterize the performance of the company. Analysis of performance in comparison to previous periods, in comparison with those of its competitors will allow the company's management plan likely to achieve competitive advantage. We select one of the main, in our opinion, indicators and their information base in Table 1.

Index	Source of information
Macroeconomic development indexes of the external environment	
Gross domestic product growth	Officially published statistics (statistical reference)
Growth of per capita income in the country as a whole and by segment	
Inflation rate	
Stability in tax rates	
The growth rate of imports/ exports of goods given destination	
Indicators of internal company development	
Number of personnel, person.	Statistical reporting
Fixed assets, thous. rubles	Accounting balance-sheet
Depreciation, %	
Assets, thous. rubles	
Borrowed capital, thous. rubles	
Undistributed profit, thous. rubles	
Net assets, thous. rubles	
Revenue from sales of products, thous. rubles	Financial Results Report
Product cost, thous. rubles	
Cost of goods sold, thous. rubles	
Profit from sales, thous. rubles	
Net profit, thous. rubles	

In order to create high-quality analytical reports for management decisions it is advisable to calculate the dynamics of relative terms. Here is a list of individual relative indicators and ratios in Table number 2.

Relative indicator of the company activity	Indicators of changing the qualitative characteristics of the company
labor productivity	growth index of labor productivity
capital productivity	growth index of capital productivity
capital-labor ratio	growth index of capital-labor ratio
capital turnover	growth index of capital turnover
asset turnover	growth index of asset turnover
equity ratio	growth index of equity ratio
current liquidity ratio	growth index of current liquidity ratio
rate of return on assets	growth index of return on assets
rate of return on sales	growth index of return on sales
rate of return on equity	growth index of return on equity

In the future, should be performed an integrated assessment of the company activity, taking into account other factors that characterize the activity of competitors, suppliers and key customers, external economic and political conditions. Ability to receive an objective integral evaluation is due to the presence of the necessary information from the external information field, which can be obtained only at the developed system of strategic management accounting.

Innovations in the field of management using accounting tools show the increasing interest in modern methods of accounting that can most accurately calculate the value generated profits and assess the prospects for its increasing. To determine the current status and trends in the development of management accounting, it is advisable to refer to the actual research of CIMA. According to research made by CIMA will be further developed using a combination of different methods of budgeting and forecasting. In addition, there are no

reasons for declining popularity of application of the balanced scorecard (BSC), there is every reason to predict the growth of the number of enterprises that will use: Analysis of the profitability of the buyers; Continuous forecasting; Activity-based management (ABM); Analysis of the profitability of the product (service); ABC - costing; Business process reengineering.

Given the above we can make conclusion, that at the present stage there is a process of dynamic development of strategic management accounting and technology. In management accounting increasingly become apparent its strategic focus, focus on achieving the goal; maximum informational support, the use of modern technology to reflect the accounting processes, factors in internal and external environment. Strategic management accounting output management accounting as a whole to a new level.