Management Accounting in the World of Modernity

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Abstract

In the course of history after moving from agriculture and industry during the period, we note that as modernity be remembered. Modernity has important consequences for human life in all aspects of life, including social, economic, political and environmental. In this paper we investigate the concept of modernity in modern management accounting and management accounting techniques that were addressed in the three techniques activity based costing, balanced scorecard, economic value added.

Keyword: Management accounting, Modernity, activity-based costing, Balanced scorecard, economic value added.
Introduction

Management accounting as a process of identifying, measuring, collecting, analyzing, preparing, participating and communicating financial information used by management to plan, evaluate and control within an organization can be defined. Today in guiding businesses and achieve the goals they have a significant role (Rahnamai Roudposhti, 2008). The issue of management accounting in the review is a process and a set of methods is not limited to learning. The need for information is usually driving force of management accounting. Management accounting information often provide two original order to facilitate decision making and influence decisions and to provide useful information, decision-makers in choosing the best solution among the solutions will help. But this information is often decisions are effective managers (Shabahang, 1999). During the decades of experience of management accounting changes and new techniques for better productivity has developed and is being used. The main issue is the application of management accounting techniques in the modern era. Nowadays, due to the progress in different areas of the world we call modernity. Modernization of modernity that it be remembered as one of the most important factors affecting the development of management accounting. Special studies on the history of the accounting management accounting suggests that the advent of modernity, creating new techniques in management accounting and therefore the development of this field (Banimahd, 2014).

Elements of modernity (modernity)

Elements of modernity is different from the perspective of different scientists. Some components such as the promotion of capitalism and technology, promote liberalism and individualism through the creation of a social contract, process improvement and rationalization of the bureaucracy through disenchantment, promotion of new knowledge through the acquisition of new knowledge based on experience, promoting the philosophy of history through concepts such as progress, doubt and criticism of modernity known as the concepts and components. Others, such as humanism means faith in man or faith in science and manpower, the idea of progress, materialism, reason and rationalism, experimental features, equality and sentimentality to introduce elements of modernity (Banimahd, 2014).

Modern techniques of management accounting

Some modern techniques of management accounting are:

- Activity-Based Costing: The new system costing products and services that cost needs such as proper calculation cropping intensity, improve production processes, eliminate redundant activities, identify cost drivers, planning of the operation and determine business strategies to meet the economic unit.

- Balanced Scorecard: Balanced Scorecard is a new management concept that helps managers at all levels to monitor and control their key activities.

- Economic value added: In order to measure the overall supervision in the field of value creation, the company used. Economic value added strategy, but also a way to measure.
Application techniques

- Balanced Scorecard

With the non-financial information or financial information for the first time in the writings of Kaplan & Norton Balanced Scorecard in 1990. Do not let the bad (Fakharian, 2003). Balanced Scorecard Institute of Chartered Accountants of England's management has defined as "the way to provide information to management to formulate and implement strategic policies." The purpose of a "balanced" all financial and non-financial factors in the success of the company in achieving strategic objectives involved. Balanced Scorecard (BSC), one of the most important and latest evaluation techniques that can assess the performance of the organization as a framework for strategic management in line with the organizational changes, performance of managers aspects of financial, customer, internal process, learning and growth and innovation and even environmental and social aspects that shape the process of sustainable development (Fygeh and Tabys, 2002).

Using the Balanced Scorecard helps the organization to achieve the following potential benefits (Fakharian, 2003):

1) Tool or device to determine the extent of progress made in achieving strategic goals.
2) Create a balance between long-term goals, short term, and medium-term performance as measured by appropriate.
3) Framework that organizations cannot execute its strategy by which structural changes as a new strategy to do.
4) The quantity indices different from non-financial indicators to evaluate the management as well.
5) Organizational framework whereby efforts aimed at achieving a decisive success factors of coordination.
6) Creates a strategic link between the work program managers and members of the organization.
7) Strategy, structure and fundamental perspective puts at the center of management.
8) To provide all-round competition and attracting the attention of investors is balance. (Figure 1).
Using the Balanced Scorecard techniques foremost by the organization, it is very useful in determining strategic goals and achieve (Madeh Hosseini, 2009).

- **Activity-Based Costing**

Market competition in the future and survival of organizations that are able to compete and continue its activities to develop products to market with a competitive advantage. Participants supply to make their products with the same quality and performance but offer a lower price than other competitors in the market surpassed their market share increase. In conventional systems after a product has been designed and manufactured costing and then determine its cost profit to be added to it and the price is to be released. But in the competitive world of the future cannot do without considering the manufacturer to the customer is willing to pay for the production and supply of their product (Dastgir and Arab Yarmohammadi, 2005). **ABC** is a method of allocation is as follows conventional methods for allocating costs – contract like other allocation methods, but in relation to the processes (production) how it works, assist, and hence tries to increase value accounting in decision-making processes (Vergaon, 2005). And changes in circumstances that uses activity-based costing system to provide benefits include:

- Low cost of additional data needed for measuring the activity-based costing system
- High levels of competition
- High levels of competition (Cooper et al., 2008).

In traditional costing systems are generally split the cost of the product through the creation of cost centers and departments all costs calculated on the number of product produced. In fact, in this system there is no direct link between activities which would lead to the production of goods and services are financial resources spent on these activities.
As a result, the cost of the product in these systems can not directly represent the only active and valuable resources are used in these activities. ABC this problem through direct communication system between the organizational costs and the costs of operating activities are high. This system, unlike traditional systems that consider the elements of direct labor costs were the main factors effective specifies activities (Hassanzadeh, 2012). ABC cost centers for each set of activities and related costs specifies male boxing. Then, rates obtained on the basis of the resources used to produce goods and services that will attract them. Activity-based costing system can be represented as follows:

- Economic value added

By Stern Stewart's Economic Value Added the first time to provide consulting services to companies that wants their managers to determine the appropriate level of compensation, creating and presented. Claim that this index is the highest performance index (Ebrahimi, 2008). Now in most large Western companies that exceed their number of hundreds of EVA incentive plans is based on reporting results of operations and planning (Stern & Shiely, op.cit: 147-158). EVA measures in the interests of shareholders and managers with the same purpose are subject to evaluation and rewards. Economic Value Added is a new scale performance management incentive in order to strengthen the will of the shareholders. As net operating profit after tax economic value added can deduct the cost of capital to be measured. Economic Value Added is like residual income, although under some technical definitions little difference between the economic value added and there is residual income. In addition, the older term economic value of the remaining cash flow is added. In all cases, the cost of capital to the extent of monetary returns (percent cost of capital). Goodwill amortization or capital accumulated from brand advertising and other events that are similar adjustments to be used for profit and economic value added. Economic Value Added is a registered trademark by its developer, Stern Stewart, is one of scale and efficiency standards of accounting practice is the true picture of creating wealth for shareholders offers. This metric represents the remaining profit or operating profit after deducting capital expenditures. EVA is a measure of the performance of ways to increase or the loss of value of the company correctly calculates the (Barzegari Khanghah, 2010).

Conclusion

According to the concepts and issues presented in this paper, the move to the evolution of modernity and progress. During its journey to the evolution of modernity and progress, has its own worldview and all the systems and equations arising from within modernity, is explained by its theoretical foundations. In this paper was discussed three important techniques in modern management accounting. The researchers believe that all three techniques discussed their specific capabilities and according to characteristics of each can be used together in all three techniques. For applications of modern techniques mentioned, not to say that one technique is superior to another company or organization because each feature that can be used in a part of management accounting.
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