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Article

Problems of Management Accounting Organization in Manufacturing Enterprises

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Abstract: This paper highlights the critical challenges associated with the organization of management accounting in manufacturing enterprises, emphasizing the necessity for systematic approaches to improve efficiency and competitiveness. Moreover, it explores the evolving role of management accounting in enhancing decision-making processes, supporting cost control, and providing accurate information for pricing and strategic planning. Special attention is given to the significance of management accounting in the analysis of production costs, identifying cost drivers, and accurately determining product cost in the context of modern industrial operations. The findings of the study highlight actionable strategies for manufacturing enterprises aiming to strengthen their management accounting functions. By implementing these recommendations, companies can not only achieve greater cost transparency and operational efficiency but also build a robust foundation for sustainable growth in an increasingly dynamic and competitive business environment.

Keywords: Management Accounting, Manufacturing Enterprise, Product Cost, Expenses, Information System, Economic Efficiency

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1. Introduction

In today's rapidly changing world, the number of manufacturing enterprises and the range of products they offer are growing at an unprecedented pace. This makes the effective management of these businesses more critical than ever before. At the heart of this management challenge lies management accounting, which plays a vital role in ensuring that production processes are organized financially in the best possible way. In a market-driven economy, management accounting is not just a tool for tracking numbers—it's essential for analyzing costs, determining the true cost of products, and making well-informed decisions that shape the future of the enterprise. As a result, introducing and continuously improving management accounting systems has become a top priority for forward-thinking companies.

Recent studies in management accounting [1], [2] clearly demonstrate that enterprises with robust management accounting practices are better equipped to stay competitive. As economies modernize and new challenges emerge, the importance of enhancing the role of management accounting only increases.

According to foreign scholars [3], in the context of the global economy, manufacturing and management accounting systems must be continuously updated to remain globally competitive. Global markets present rapidly changing conditions, which require management accounting systems to be adaptable.

Literature Review

The scientific foundations of management accounting have been shaped by the work of many researchers over the years. For example, [4] points out that it's essential to study management accounting in the context of Uzbekistan's unique economic conditions. He highlights that having a high-quality information system is key to making management accounting truly effective.

The main objective of management accounting is to manage costs and determine the product cost [5]. According to Frolov's (2017) analysis, the management accounting system helps to increase the efficiency of production processes. Furthermore, the effectiveness of management accounting is directly related to the accurate organization of its database and the qualifications of employees [6], [7].

Studies conducted abroad [8], [9] have examined the complexities of organizing management accounting and its economic benefits, highlighting the connection between the management system and financial accounting. They also stressed the importance of efficiently managing the flow of information in the process of management accounting.

Bartholdy (2014) argues that management accounting systems and internal control systems actually go hand in hand—they're two sides of the same coin. While the internal control system keeps an eye on the processes that make effective management possible, the management accounting system steps in to deliver the information leaders need to make smart, strategic decisions. When these control mechanisms work well together, managers have access to timely and accurate information at every stage of the business, making it much easier to stay on top of things and guide the organization in the right direction [10].

Anthony and Govindarajan (2007) emphasize the necessity of integrating management accounting systems with the processes of making strategic decisions. In their view, the management accounting system plays a crucial role not only in preparing financial reports but also in implementing the overall strategy of the organization. This approach supports the organization's long-term success, as an effective management accounting system enables the efficient allocation of resources [11].

According to Bhimani and Langfield-Smith (2007), the harmony between management accounting systems and internal control systems plays an important role in implementing strategic innovations. They consider management accounting systems as essential measurement and control mechanisms needed to achieve the strategic objectives of the organization [12].

2. Materials and Methods

In this study, we combined theoretical analysis with hands-on observation to get a well-rounded view of the subject. We reviewed scientific literature and looked closely at both international and local experiences to pinpoint the main challenges enterprises face in organizing management accounting—and to find practical solutions. We also analyzed the accounting policies used by manufacturing companies and, based on our findings, developed practical recommendations to help improve management accounting practices.

3. Results and Discussion

During the research, the following key findings were obtained:

1. It was found that management accounting is not sufficiently established in many manufacturing enterprises.
2. Disruptions in information flows and incorrect grouping of costs were observed when determining product cost.
3. The main factors affecting the effectiveness of management accounting were identified, including product diversity, the existence of standards, cost allocation, internal structure, and others.

4. It was substantiated that, for effective organization of management accounting, it is necessary to establish responsibility centers, set control indicators, and automate the information system.

As the structure of society and the economy continues to evolve, management accounting is becoming ever more important for businesses. For enterprises to keep up with the times, it's essential that they adapt their organizational structures accordingly. Interestingly, small businesses are usually able to make these changes more quickly and easily. In fact, over the past five years, there's been a special focus on supporting the development of small business in our country.

It's important to remember that management accounting has a rich history that goes back centuries. Researchers consistently highlight that the core purpose of management accounting is to calculate product costs accurately, minimize expenses, and ultimately help companies achieve greater profitability.

Managing an enterprise really comes down to organizing and coordinating all activities so the business can reach its goals. This process depends on collecting, processing, and sorting information about specific operations—and then using that information to make sound decisions. The accuracy and timeliness of this information play a major role in shaping a company's future. That's where management accounting comes in: it gives managers quick and reliable access to the information they need most. In production especially, having precise and up-to-date information can make all the difference. Almost all scholars agree that the real essence of management accounting lies in the careful analysis of information.

Within management accounting, data is gathered, classified, and analyzed across all the different departments of a business. This provides a clear picture of performance, showing the results of main activities and how much each department contributes. All this analysis helps management make smarter decisions.

For this reason, it's fair to say that having a strong management accounting system can help solve many of the problems that businesses face at the management level.

If we take a closer look at how companies operate today, it's clear that in many cases, their accounting practices haven't kept up with modern needs. Often, there are difficulties in calculating the real cost of products and issues with information not reaching the accounting department on time. For example, it's not uncommon to find that the cost of goods sold gets stuck in production accounts, or that expenses are not allocated correctly. These are exactly the kinds of challenges that effective management accounting is designed to address.

Managing a business is no simple task—it's a complex process that demands a sophisticated accounting system, one that can keep up with the evolving needs and goals of management. The structure of the management accounting system isn't fixed; it can change and adapt depending on what the business is trying to achieve at any given time.

At its core, the purpose of management accounting is to provide internal decision-makers with the information they need—delivered quickly and in a format that's easy to use. This information is crucial for organizing, developing, and improving all aspects of a company's operations. With timely and accurate data, management can design and implement effective measures, track their progress, and make well-informed decisions—especially in today's fast-moving, globalized business environment where companies need to stay resilient and agile to avoid crises and keep growing.

Nowadays, much of the focus in the global economy is on reducing product costs. There's a growing interest in marginal systems, which are all about finding ways to lower variable costs. As you know, variable costs are those expenses that change directly with the volume of production—they go up as you make more, and down as you make less. If a business can increase production while successfully lowering its variable costs per unit, it stands to see a real boost in profitability.

The data and reports generated by management accounting should be used to develop and justify management decisions. If the information helps shape a decision, it can be considered useful. Users of management accounting must clearly understand how to act based on this information. Through studying the functions of management accounting and how they are applied, we came to the conclusion that management accounting reports are most effective when they meet the following criteria:

1. They present alternative options for each area of decision-making, include the advantages of each alternative, and document the expected outcomes of each choice
2. They provide both mathematical analysis and the expected effectiveness of each alternative
3. They highlight both expected and unexpected information that may arise during production processes, and also suggest strategies for obtaining the necessary data to achieve set goals.

Considering that management accounting became widespread with the rise of the market economy, it is clear that our experience in this area is still developing. Therefore, it is important to carry out more scientific and practical research in this field and to adapt relevant elements of international experience to the specific conditions of our country.

Additionally, it should be noted that each enterprise has its own internal factors that influence how management accounting is organized and implemented:

The diversity of the production sector. For example, in enterprises that manufacture a single type or several types of product assortments, the classification of costs differs from one another. In such cases, cost management becomes more complex, moving from simple to more complicated structures. In enterprises that produce multiple types of products, there are several responsibility centers, each of which submits its own separate management report. This, in turn, leads to the emergence of a complex division of labor within the internal control system.

The existence of established standards in enterprises that manufacture products within certain specified norms. For instance, when the consumption of raw materials and materials per unit of product does not exceed a set standard, the company determines the product cost within these specified norms and manages expenses accordingly.

The diversity in cost allocation across enterprises. Each enterprise has its own distribution of costs depending on its activities. Certain costs present in one enterprise may not exist at all in another. Each enterprise determines this in its own accounting policy, forming product cost and managing cost allocation accordingly. Furthermore, each company, based on its area of activity, defines its own accounting principles, methods, and approaches.

The diversity of internal structures within enterprises. This is one of the key components to consider when organizing management accounting.

It should be noted that, when organizing an activity system aimed at achieving the set objectives in enterprises—especially from the elements of management accounting to the process of making management decisions—a number of fundamental mistakes and shortcomings are often encountered. Based on these conclusions, it is crucial to first correctly understand and interpret the essence of organizing management accounting.

To overcome the above-mentioned problems and achieve better results, enterprises should plan and implement the following measures:

1. Automating the Management Accounting System:

By automating information systems, it is possible to speed up and improve the efficiency of management accounting processes. Such systems enable real-time monitoring of production processes, which allows managers to make quick decisions. Automation also reduces errors and makes cost analysis more accurate.

2. Grouping Costs and Developing Standards:

Properly grouping costs allows for an accurate assessment of the financial situation of the enterprise. Research shows that in many manufacturing enterprises, costs are incorrectly grouped, leading to errors in determining product cost. Therefore, standards should be developed for each type of cost. In the management accounting system, costs are allocated based on these standards, making the calculation of product cost more precise.

Table 1. Classification of Costs in Management Accounting.

Expenses		
Assessing the Value of Expected Profit And Inventories, Managing Cost Price:	Decision-Making, Planning, and Forecasting:	Control and Regulation:
1.Incoming and outgoing 2.Direct and indirect 3.Primary (main) and supplementary (additional) 4.Production and non-production 5.Single-element and complex (composite)	1.Fixed and variable 2.Acceptable (relevant) and unacceptable (irrelevant) 3.Incremental and sunk costs 4.Planned and unplanned costs	1.Regulated and unregulated 2.Efficient and inefficient costs 3.Controllable and uncontrollable costs

Research by foreign scholars Lanen and Bakker (2013) shows that "a system for managing and controlling costs in production processes increases production efficiency [13]. Through effective methods of cost control, manufacturing enterprises are able to reduce their expenses and increase their revenues. The management accounting system further optimizes these processes." It is clear that effective cost management yields significant results not only in Uzbekistan, but worldwide.

1. Improving Employee Qualifications:

The effectiveness of the management accounting system greatly depends on the qualifications of employees. It is necessary to regularly organize training courses and workshops for employees, and to teach methods based on advanced international experience. This, in turn, ensures the efficient operation of the system.

2. Establishing Responsibility Centers in Enterprises:

To improve the effectiveness of management accounting, it is necessary to establish responsibility centers. Each department or management level should be responsible for evaluating its own activities separately. This approach improves resource allocation and minimizes errors.

There are three types of responsibility centers:

1. Cost center: Here, the manager is responsible for the allocation of costs.
2. Profit center: Here, the manager is responsible for both sales revenue and costs.
3. Investment center: Here, the manager is responsible not only for sales revenue and costs, but also for making and planning investment decisions.

Implementation of Advanced International Practices:

Studying international experience and adapting it to our own conditions plays an important role in improving management accounting. In particular, it is necessary to introduce advanced technologies aimed at optimizing and increasing the efficiency of production processes.

Foreign researcher Tannenbaum (2018) emphasizes the integration of management accounting with technology-based systems [14]. He argues that by using digital technologies and ERP (Enterprise Resource Planning) systems, it is possible to automate production and management accounting processes. This, in turn, allows for increased efficiency and stronger control systems [15].

The results of the research show that management accounting should be an integral part of the enterprise management system. Unfortunately, in current practice, this system does not receive enough attention. As a result, resources are used inefficiently, the cost price cannot be determined accurately, and profits decrease. If management reports are not clear, timely, and targeted, the ability to make high-quality management decisions is limited. For this reason, it is necessary to improve management accounting policies in enterprises, enhance employee qualifications, and implement advanced international experience [16], [17].

4. Conclusion

Establishing an effective management accounting system is crucial for manufacturing enterprises to remain competitive in today's economy. This research has shown that when management accounting isn't fully implemented—when information systems aren't automated enough, costs are grouped incorrectly, or accounting policies are inconsistently interpreted—it undermines the accuracy of product costing. Challenges such as complex internal structures and a lack of skilled employees further reduce the effectiveness of management accounting.

With a well-organized management accounting system, businesses can closely monitor production costs, assess how profitable each department is, and make more informed strategic decisions. The study's recommendations—including automating information systems, grouping costs correctly, developing clear standards, and strengthening internal controls—are all essential steps for making management accounting truly effective in practice.

Ultimately, taking a well-founded, scientific approach to management accounting will help manufacturing companies achieve greater economic stability and set themselves up for long-term, strategic growth.

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