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RESPONSIBILITY CENTERS IN THE CONTEXT OF A BALANCED SCORECARD

E. R. Shaybakova (a)*, E. F. Mukhamadieva (b)

*Corresponding author

(a) Ufa State Petroleum Technological University, Ufa, Russian Federation, emma-sh@yandex.ru

(b) Ufa State Petroleum Technological University, Ufa, Russian Federation teffi83@yandex.ru

Abstract

In the face of tough competition in order to increase the level of demand for goods and ensure its expanded use value, managers and owners of enterprises pay special attention to the issues of saving all types of resources (material, labor, financial), as well as identifying ways to effectively reduce the cost of production (work performed) services) at all stages of its life cycle, incl. design, technology, production, sale, operation and disposal. The article examines a complex of problems associated with the need to form responsibility centers for the operational adoption of effective management decisions by the management of business entities. Possible organizational structures of enterprises are analyzed, recommendations are proposed for reforming and organizing responsibility centers on the basis of accounting and planning indicators. The authors substantiated the need to develop signs for the classification of these centers of responsibility and determine their relationship with the general system of management accounting and analysis.

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Keywords: Management accounting, effective management, accounting subject, organizational structure, responsibility center



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1. Introduction

In the context of the integration of the Russian economy into the world space, absolutely new tasks are presented to the management system of organizations and enterprises, not only to the organization, but also to the preparation of accounting and analytical support. Under the influence of internal and external factors, organizations form a huge amount of information data in the course of their economic activities, which, of course, requires a significant transformation of the accounting and analytical system. In particular, in the process of collecting, registering, grouping data, all the necessary management information is formed for organizing enterprise management, which in turn is provided by an accounting subsystem. The information obtained is of great interest to both the enterprise management and external users.

The choice of the direction of the strategy, as well as the object of the enterprise's activity, is determined by the specifics of the created centers of responsibility and is associated, first of all, with the adoption of managerial decisions. The rapid transformation of the external environment and the fiercest competition in the context of a balanced scorecard puts the functioning of enterprises and the activities of responsibility centers at risk.

In accordance with the goals of any commercial enterprise, their activities are aimed primarily at making a profit, i.e. obtaining a positive financial result, which in turn is the result of effective management of responsibility centers, structural divisions, business segments, as well as a certain form of influence of various factors of production and non-production nature.

It should be noted that in the implementation of the choice of ways and goals to achieve positive financial results (profit), the branch affiliation of the organization is of great importance. The specifics of the work of an economic entity and its structural units contribute to the formation of certain requirements for the necessary information in the system of management accounting and analysis. Only under the condition of close interconnection of all its parts is it possible to achieve effective functioning of the management accounting and analytical system.

In modern conditions of the development of the digital economy, the theoretical and methodological aspects of studying the problems of improving management accounting and analysis are of great importance, but in practice such studies are rather poorly covered. Scientific works of both domestic and foreign scientists-economists are devoted to the study of various issues of the theory and practice of creating accounting and analytical systems.

2. Problem Statement

Despite the large number of works on the issues under consideration, theoretical, methodological and methodological issues of management accounting and analysis of responsibility centers based on a balanced system of indicators in modern conditions of economic development require careful study.

It is the efficient record keeping, qualitative analysis and timely assessment of all responsibility centers that make it possible to form perfect accounting and analytical support for making the most important management decisions in the context of a balanced scorecard.

3. Research Questions

A set of theoretical, methodological and methodological issues of the formation and accumulation of information on the activities of various centers of responsibility in a balanced scorecard.

4. Purpose of the Study

Development of provisions for the development of theoretical and methodological aspects of management accounting and analysis, as well as the formation, under the conditions of a balanced system of indicators of responsibility centers to improve the quality of accounting, reporting and analytical information, as well as for the purpose of making the most important management decisions by users of this information in a rapidly changing environment.

To achieve this goal, the following tasks have been identified:

- substantiated the need to create various centers of responsibility in the accounting and analytical system of the organization;
- identified the classification features of these centers and established their relationship with the general system of management accounting and analysis;
- recommendations were developed for reforming the management structure based on the allocation of technical-contractual and accounting centers of responsibility.

5. Research Methods

To implement the above tasks, the following research methods were used: general scientific methods, management, accounting, tax accounting, economic and financial analysis, economic and mathematical modeling and statistics, as well as information support. In addition, a comparative-historical, dialectical-synthetic and abstract-logical analysis of individual research issues was carried out.

6. Findings

To implement the above tasks, general scientific methods were used, as well as methods of management, accounting, tax accounting, economic and financial analysis, economic and mathematical modeling and statistics, and others. In addition, a comparative-historical, dialectical-synthetic and abstract-logical analysis of individual research issues was carried out.

In the face of tough competition in order to increase the level of demand for goods and ensure its expanded use value, managers and owners of enterprises pay special attention to the issues of saving all types of resources (material, labor, financial), as well as identifying ways to effectively reduce the cost of production (work performed) services) at all stages of its life cycle, incl. design, technology, production, sale, operation and disposal (Popova, 2006).

To achieve both strategic and tactical goals of any business entity, it is necessary to ensure a combination of centralized leadership, but with the possible initiative of the heads of the centers of responsibility. Decentralization of the management system, which implies the transfer of individual

functions and responsibilities from the top to the bottom, is ensured by the delineation of the centers of responsibility. Moreover, a clear delineation of responsibility is the basis for the effective functioning of the entire information support system of the organization (Mamatelashvili et al., 2020). Only in this case, the relationship between the costs incurred and the income received is traced with the actions carried out by individuals for specific cycles of activity. Thus, in order to ensure effective production management, it is necessary to delineate possible powers and responsibilities between management personnel of different levels. At the same time, based on the structure of the organization, areas of responsibility are determined in accordance with the assigned functions of individual management personnel.

In our opinion, the formation of centers of responsibility contributes to:

1. Application of such cost management methods, which take into account the work of each division of the studied organization;
2. Formation of an effective cost management system in conjunction with the structure of the organization;
3. Distribution of costs at each level of management of the organization;
4. Appointment of those responsible for the occurrence of costs, revenues and financial results.

At the same time, the organization of responsibility centers should be economically feasible, excluding the possible coincidence of responsibility for certain types of costs. It is also necessary to take into account a number of features:

- a clear definition of the duties and responsibilities of each manager;
- personalization of documentation to create reports within the business entity;
- direct participation of the manager in the preparation of reports (Klok, 2000).

Let's consider the possible centers of responsibility.

1. A cost center is a unit responsible for costs incurred. The manager of this center has a lesser degree of managerial rights and, therefore, practically does not bear responsibility for the results obtained. At the same time, it is possible to single out the center of standardized costs (workshop of the main or auxiliary production) and non-standardized costs (Kerimov, 2007).

2. A revenue center is a department whose manager, within a certain budget, is responsible for increasing the level of sales revenue. At the same time, he does not have the right to make additional expenses planned in excess of the established budget, to change the selling price in order to increase profits, etc. An example of a revenue center is the sales department of a business entity.

3. Profit center – the head of this unit is responsible for the level of costs and the result of the financial results of his work. The manager is obliged to monitor changes in production volumes, sales, product prices, etc. The most important indicator is naturally profit.

4. The Investment Center is the only department whose manager is responsible for all important indicators such as costs, capital expenditures, revenues, etc. An example of a Center would be a subsidiary that is able to invest its own profits. At the same time, the main goal of this center is not so much the

extraction of maximum profit as the achievement of a greater profitability of the advanced capital (Paliy, 2007).

Accounting by responsibility centers is implemented through regulatory planning, preparation and execution of budgets, management of deviations. In each center, accounting information is generated and accumulated in terms of planning activities and also monitoring and analyzing actual indicators. The manager of the responsibility center prepares a report on the execution of the budget at the end of the reporting period and analyzes the occurrence of deviations of the actual indicators from the planned ones. Thus, by organizing the accounting system by responsibility centers, the principle of deviation management is implemented, the essence of which is to analyze the current deviations from the planned data of the activities of structural divisions and make effective management decisions that can eliminate possible causes of negative deviations (Paliy, 2019).

In addition, the organization of accounting by centers of responsibility contributes to the prompt implementation of control over costs and results at different levels of management of an economic entity and determines the work of individual managers and structural units on the basis of approved activity plans, as well as operational interconnected reporting primary accounting information and the analysis performed.

Management accounting by responsibility centers contributes to the formation of a mechanism for managing the work of enterprise divisions by distributing the tasks facing it among all levels of management, improving the system of internal accounting and reporting, as well as increasing the level of staff motivation in achieving better results (Bulgakova, 2019).

The basis for the creation of centers of responsibility is the organizational structure of management, which implies the division of the organization into separate structural divisions and departments. Within the framework of this division, functions are distributed between departments to ensure the effective and efficient achievement of the goals facing the organization as a whole.

Currently, business entities can have a linear, linear-functional, flexible (adaptive) model of the organizational structure. The choice of this or that structure depends on the development strategy of the organization, turnover, the specifics of the activity, the organizational and legal form of functioning. With the linear-functional organizational structure of management, which exists in many Russian enterprises, the following shortcomings can be identified:

- significant costs for personnel management;
- there is a real possibility of disagreement, since the divisions may be interested in achieving the goals, objectives of their divisions, rather than the general goals of the entire organization;
- difficulty in coordinating the activities of functional departments and, as a result, belated adoption of managerial decisions.

The conditions for the allocation of centers of responsibility differ in significant individuality, however, there are a number of basic conditions for the transition to a management system through the allocation of centers of responsibility (Ostaev, 2016).

There are different classifications of responsibility centers (according to the scope of authority, responsibilities of the respective managers, goal-setting, etc.).

Thus, in the course of this study, theoretical questions about the objective necessity of creating centers of responsibility in the accounting and analytical system of an economic entity are presented and considered. The classification of the centers of responsibility is given, their role and place in the general system of enterprise management are determined. The reorganization of the structure of the enterprise and the division of this structure according to the centers of responsibility (according to the scope of powers; depending on the center of influence of the head of the department) are proposed, which will allow the management of the enterprise to make management decisions more effectively and efficiently on the basis of internal accounting and analytical information.

7. Conclusion

In modern conditions of economic development, managers and owners of economic entities need to seek internal reserves to reduce the cost of production, work performed and services provided. In this regard, in order to achieve the strategic and tactical goals of the activity, it is advisable to create centers of responsibility, which will allow:

- firstly, use both general and specific tools for management accounting and analysis of the activities of responsibility centers, business segments and structural divisions, taking into account their differences;
- secondly, to reconcile the elements of management accounting and analysis of responsibility centers with the general organizational structure;
- thirdly, to carry out the decentralization of the system of management accounting and analysis, taking into account the activities of each center of responsibility;
- fourthly, to appoint responsible persons for the formation of financial indicators of the centers of responsibility, namely the centers of costs, revenue and profit.

In addition, the paper defines the features of the organization of the management accounting and analysis system by responsibility centers, in terms of establishing the powers and responsibilities of each manager of the responsibility center in the preparation of reporting and planning documentation.

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