

THE ROLE OF MANAGEMENT ACCOUNTING IN THE MANAGEMENT OF BUSINESS ENTITIES

Introduction. The development of economic activity of business entities must be accompanied by the development of an accounting and analytical system. The accounting information in general and especially the management accounting information acquire greater importance in the current economic conditions, characterized by risk and uncertainty. Management accounting helps management make management decisions by collecting information, processing it, and making it useful to them.

Main part. In modern conditions of economic development, the effectiveness of the management of the business entities activities depends on the level of information support. Operational information is generated in the management accounting system, which is an integral part of the management process in the business entities. Management accounting includes the process of collecting, measuring, accumulating, analyzing, preparing, interpreting and transmitting information. On the basis of management accounting data, the heads of the organization and its structural divisions make effective management decisions.

As noted by Mykola Matiukha and Alexander Rovnyagin a business entities information resource is an accounting system that provides managerial decision-making functions. Information resource elements are based on the modern division of accounting into financial and managerial, due to modern formation processes and information presentation for the enterprise management needs. In the system of internal management there is always the possibility of deepening analytical work through the use of managerial accounting data and reporting, that is, the possibility of conducting a comprehensive economic analysis and evaluation of the effectiveness of economic activity. This opportunity appears through the development of data processing technologies, the emergence of new organizational and methodological approaches towards the use of the enterprise information resource. In this connection, relevant issues of managerial accounting are: results orientation of information provision to the goals and interests of the enterprise management, use of all sources of information for decision-making, lack of regulation by government structures, information complexity, study of all enterprise aspects, accounting integration, analysis, planning and decision making; maximum confidentiality of information results in order to secure trade secrets [1, p. 3].

Accuracy and correctness of data are critical to the success of every business entity. Without meaningful and actionable information, it is impossible to assess the current state of affairs or plan future business steps. In such conditions, management accounting becomes the basis of modern business [2].

In the Republic of Belarus, active work is underway to reform the accounting system and is undergoing a transition to International Financial Reporting Standards, which inevitably expands the functions and powers of the accounting service. In the new economic conditions, the accountant can no longer follow only the instructions, he has to rely on professional judgment. However, the modern development of accounting, despite the measures aimed at reforming it, still does not correspond to modern information and analytical needs.

In modern conditions of economic development, there is a lack of available information for making managerial decisions, which indicates the need for the implementation of managerial accounting. The problems of setting and maintaining managerial accounting are now relevant for many business entities. Recently, the demand for this type of accounting has been growing at a significant pace, and owners of business entities are interested not only in the experience and approaches of other organizations that have introduced management accounting, but also in the possibilities of its automation.

Management accounting is not only the collection and accounting of information, but also its analysis and evaluation in order to make effective and reasonable management decisions.

Managerial accountants design information systems to provide executives with the data they need to run their businesses effectively and reach their goals. These reports are internal and are constructed to meet the specific needs of each company and their managers [3].

The rules for maintaining management accounting are established by business entities independently, taking into account the specifics of their activities, the features of solving certain management tasks. Since management accounting is not regulated by law, the responsibility for the correctness of reference also not provided. But it should be noted that management accounting data is not subject to disclosure and is a trade secret of a business entity.

In general, management accounting is practically not carried out in the organizations of the Republic of Belarus. This is mainly due to the fact that there is no consensus on its purpose, role and place in the management system, there is no specific methodology and recommendations aimed at organizing it, while domestic organizations are acutely aware of the need to introduce an effective management, since in modern conditions, they operate in a highly competitive environment.

Conclusions. Many organizations ignore the importance of management accounting and focus only on financial accounting, but management accounting plays an important role in the planning and decision-making functions of the management process.

It should be noted that the introduction and development of management accounting in the future is directly related to information technology. Information technology is a powerful tool that can play a big part in making an organization's business a successful one. It is acceptable to companies that the application of information technology in management is inevitable and many companies are already looking towards the implementation of information technology based on management accounting.

By adopting correct system and technology in management accounting the companies and the accountants are able to produce accurate reports to make effective management decisions. Management accounting takes an entity's financial and non-financial information and develops reports for confidential internal use by managers. The reports help in decision making and identifying ways to manage better the entity's activities and are based on the information needs of management.

References

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INTELLECTUAL CAPITAL AS THE MAIN FACTOR OF ECONOMIC DEVELOPMENT

Introduction. The processes of globalization and information technology development were the catalyst for revolutionary changes in modern economy. Knowledge and intellectual capital are becoming the main factors for the competitiveness of modern organizations and economic development. As a result, intellectual capital is becoming a new object of management. It provides sustainable competitive advantage. Furthermore, to the traditional factors of production (labor, land and capital) today is added another, which becoming the defining, supreme — knowledge and intellectual capital.

Main part. Still, there is no single assessment and measurement of intellectual capital. Intellectual capital is “the value of company's employee knowledge, business training and any proprietary information that may provide the company with a competitive advantage”. There are different structures and sub categories of intellectual capital. According to Edvisson and Malone model, intellectual capital has two key sub categories: Human capital and Structural capital. Structural capital comprises Market (also denoted as Consumer or Relation) capital and Organizational capital, while Organizational capital has two sub components: Process capital and Renewal (Innovation) capital. Human capital is the stock of knowledge, habits, skills and personal attributes and competencies in performing labour activities. Structural capital refers to non-human storehouses as infrastructure, hardware, software, process and databases that provide work of human capital. Organizational capital is organizational philosophy and capability; it is organizational structure, patents, trademarks. Market (Consumer or Relation) capital refers to relationships with customers, vendors and others. Process capital presents procedures, programs and techniques, while IC is intellectual property, patents, copyrights. Human, relation, process and innovation capitals usually act together on economic performances and have multiple effects [1, p. 78].

Intellectual capital of the country includes a highly educated part of the population, scientists and others knowledge workers. On Figure 1 we can see the correlation between the share of people with tertiary education and GDP per capita, PPP.

In the Republic of Belarus, the share of the population receiving higher education in 2019 amounted to 18,8 % of the total population over 6 years old, while in 2009 this figure was 26,2 %. At the same time, the number of the population receiving postgraduate education is only 0.5 %.

Many authors developed their own assessment in order to see the role of intellectual capital and economic performances, growth and development. In the article [1], intellectual capital is analyzed as a driver of economic development. The correlation between national intellectual capital (NIC) and indicators of economic development is made. The results show a positive correlation between NIC and indicators of development. Based on the correlation, NIC could influence GDP per capita, unemployment, inflation and competitiveness.

That's why knowledge and intellectual capital are the new materials of modern economy. Only people with a creative mind, high education create knowledge economy.