

DOI: <https://doi.org/10.59503/29538009-2024.1.13-44>

## THE ESTABLISHMENT OF MANAGERIAL ACCOUNTING POLICY IN ORGANIZATIONS AND ITS IMPLEMENTATION PROCEDURES

**Liana Grigoryan**

Armenian State University of Economics  
Sc.D. in Economics, Professor  
lianagrigoryan11@gmail.com

**Arpine Hakobyan\***

Armenian State University of Economics, Lecturer  
arpinehakobyan111@gmail.com

**Abstract:** Suggestion a structure of managerial accounting policy in order to improve information provision mechanisms in the management accountability system of organizations currently are becoming more actual. The article presents the structure of the managerial accounting policy consisting of organizational, technical, methodical sections, including key performance indicators (KPI), and also referres to the formation and implementation processes of the accounting policy in organizations. The formation of managerial accounting policy considering as a methodological basis of the decision making within commercial organizations.

**Keywords:** managerial accounting policy, information provision, managerial accounting, establishment procedures, documentation, managerial reporting

**JEL code:** M41

**Research goals:** to propose a structure of managerial accounting policy as a methodical base to improve information management mechanisms in the management accounting system of organizations.

**Research novelty:** the structure of the management accounting policy with organizational, technical and methodological sections and its elements are proposed, which facilitates effective decision-making in companies.

## **Introduction**

The effectiveness of commercial organizations activity is directly related to the information provision for management. In order to create the reliable information for this purpose, it is necessary to apply certain provisions of the accounting policy, which can be converted into the provisions of the managerial accounting policy. Development of accounting policy is considered one of the main elements of accounting organization. The goal of accounting policy formation is the creation of a system of documents, that will provide a unified methodology for organizing all types of accounting and increase the quality of reports, as well as present reliable and operational information for the purpose of making sound managerial decisions.

An accounting policy should be formed in the organization for different types of accounting, and in practice there are two options

for developing an accounting policy: the formation of separate accounting policies for different types of accounting, or the formation of a unified accounting policy (Shulekin A.H. 2019).

Actually, not all organizations have a well-formed order or regulation of the accounting policy adopted by the management of the organization (Azieva Z.I., Filchenko Yu.V, 2018, Kalugina, I.V., Tarasenko, O.N., Bunina, A.Yu & Pavluchenko, T.N. 2020). And in most cases, the content of the accounting policy for the new fiscal year is a repetition of the existing one (Shulekin A.H. 2019), In some cases, the policies include only the methodological aspects, they do not reveal the organizational and technical aspects of accounting.

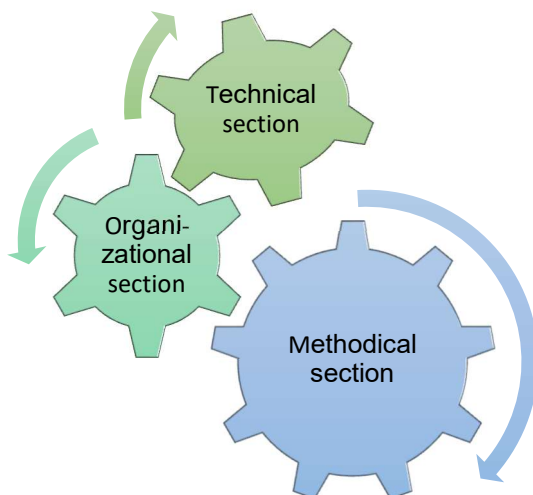
Taking into account the lack of application of the concept of managerial accounting policy in Armenian academic and business environments (Tshughuryan A., Khachatryan N. 2023), we set as a research goal to present the provisions of accounting policy formation as a methodological basis of managerial accounting systems in commercial organizations.

### **Research results**

Managerial accounting policy should be understood as the set of accounting organization and management reporting methods, which makes it possible to realize the capabilities of the elements of information and ensures the adoption of sound decisions making to achieve the organization's goals (Hakobyan A., 2022, Shulekin A.H. 2019). The methodology for the formation of management accounting policy, which consists of organizational, technical, methodological sections, is based on the cost allocation system, cost calculation methods, algorithms for the use of analytical models,

budgeting, methods of calculating, and analyzing the key performance indicators (KPI), forms of management reports and their preparation, established in the organization.

The proposed structure of the managerial accounting policy consists of organizational, technical and methodical sections (see Figure 1).



**Figure 1. The structure of Managerial accounting policy <sup>4</sup>**

When forming a managerial accounting policy, the information needs of the organization's management and managers, as well as the specifics of its activity, should be taken into account. Due to the lack of uniformity in the interpretation of the concept of managerial accounting policy, its content and scope of application should be determined independently in the normative documents of each organization (Shulekin A.H. 2019). The elements of managerial

---

<sup>4</sup> Composed by authors

accounting policy in commercial organizations are presented in Table 1.

**Table 1. The elements of management accounting policy<sup>5</sup>**

<b>The element</b>	<b>The Purpose</b>
<b>The organizational section of the managerial accounting policy</b>	
The management structure of the organization	Define the organizational structure scheme, functions and activity directions of the organization and its divisions.
The financial structure of the organization	Define the approaches chosen by the organization to establish financial responsibility centers.
The budget structure of the organization	Define the general rules of budgeting.
Structure of management accounting service	Define the structure of management accounting apparatus.
<b>The technical section of the managerial accounting policy</b>	
The procedure for reflecting economic operations in management accounting	Generalize information on production costs.
Chart of accounts for managerial accounting	Ensure the relationship between managerial accounting and financial accounting.
Management accounting document circulation	Develop the list of documents for management accounting, form a circulation schedule.
<b>The methodological section of the managerial accounting policy</b>	
Cost classification	Classify costs by nature, by functions, by traceability, by normality, determine the cost composition and structure.

---

<sup>5</sup> Composed by authors

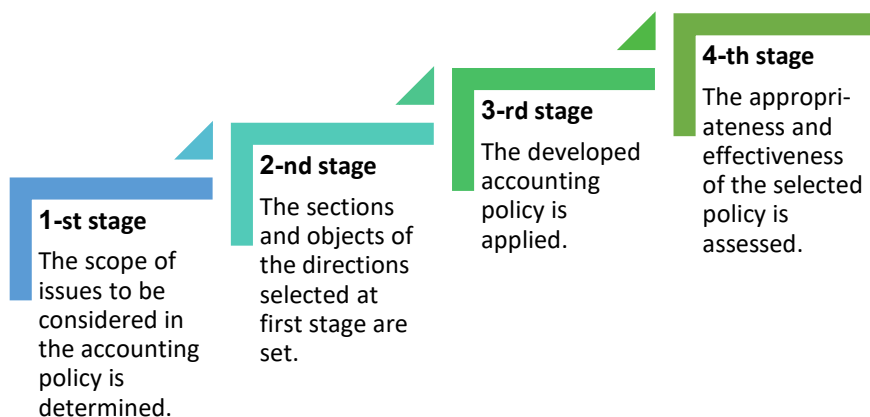
Cost accounting method	Define the cost accounting methods used.
Distribution of indirect costs between individual products (works, services).	Present the method of Indirect cost allocation.
Calculation of cost of work in progress	Present the cost calculation formula for Work in Progress inventory.
Budgeting	Determine the composition and structure of budgets.
Managerial reporting	Determine the order of preparation and the schedule of management reports.
Managerial analysis	To develop a system of key performance indicators (including financial and non-financial ones) for the assessment, control, analysis and planning of managers responsible for individual directions of activity.

The executive side of the managerial accounting policy is conditioned by the approaches to the separation of financial responsibility centers chosen by the organization, the formation of operational segments, the accounting and control of the costs and profits of various departments of the company, as well as the approaches to the establishment of the budgeting process. In addition, it is necessary to develop a document defining the levels of confidentiality of information, including to whom the information should be provided, and how must be retained. In this section, it is also necessary to fix the form of managerial accounting chosen by the company, the forms of management reports, the periodicity of reports submitted to users.

Within the framework of the technical side of the management accounting policy, the working plan of accounts and the forms of

managerial reports should be developed. Within the framework of the formation of the methodological section of the managerial accounting policy, first of all, great attention should be paid to the issues whose methods of information preparation may differ, as well as to the cost calculation method, to the development and accounting of the system of the key performance indicators.

It is also necessary to present the process of formation and application of management accounting policy in organizations. (see Figure 2)



***Figure 2. Procedures for the formation and implementation of the management accounting policy <sup>6</sup>***

In the first stage of the managerial accounting policy formation process, taking into account the organization's strategic and operational goals, branch affiliation and technological features of

---

<sup>6</sup> Composed by authors

production, the goals of the accounting policy are outlined, and the range of issues to be presented is determined.

Then, in accordance with the directions, sections and objects selected at the previous stage, adjustments are made in the form of documents. In the third stage, the developed accounting policy is implemented in the organization, which is actually the methodological basis of information management in the management accounting system. After the launch, over time, the effectiveness and relevance of the chosen accounting policy to the organization's activities are constantly evaluated, and certain adjustments are made when necessary.

### **Conclusion**

Thus, the managerial accounting policy is a reflection of the ideology aimed at achieving the operative and strategic goals of the organization. It is an important internal regulation. Unlike the accounting accounting policy, which is drawn up in strict compliance with the requirements of certain legislative and regulatory documents, the structure and elements of the managerial accounting policy are different for each organization and are determined by a number of factors, such as the organization's branch affiliation, management structure, operational and strategic goals, dimensions, technological features of production, etc.

Managerial accounting policy includes the set of regulations for collection and generalization of information necessary to manage the activities of the given organization. A managerial accounting policy prepared in accordance with the objectives of the

organization and with the proposed structure will contribute to increasing the efficiency of information management within organization.

### References:

1. **Azieva Z.I., Filchenko Yu.V.**, (2018), The accounting policy formation features in construction organizations Masanger, Academic knowledge,– №1 (24), pp.27–33. (in Russian).
2. **Grigoryan, L., Tshughuryan, A.** (2022), Managerial accounting, textbook, Tntesaget, Yerevan, (in Armenian).
3. **Hakobyan, A., (2022)** Improvement of managerial accounting through self-regulation and standardization, Massanger of ASUE, # 2, pp.27–47., (in Armenian), DOI: 10.52174/1829-0280\_2022.2-27
4. **Kalugina, I.V., Tarasenko, O.N. , Bunina, A.Yu & Pavluchenko, T.N.** (2020). Methodological Foundations of Managerial Accounting Policy. 10.2991/aebmr.k.200729.030.
5. **Kuzmina M.S.**, (2007) Managerial accounting policy formation, // Accounting, № 4. (in Russian).
6. **Sokolova O.V.**, (2011) The role of accounting policy in the management of organizations and its interrelationship with managerial accounting // Accounting in rural economy, №3, (in Russian).
7. **Shulekin A.H.** (2019), Features of accounting policy formation for the purposes of management accounting in construction organizations //Economy Innovation development. № 5-1 (53). Pp. 240– 249., (in Russian).
8. **Tshughuryan, A., Khachatryan, N.**, (2023), Ecosystem services financial management information security issues, History and politics scientific journal, (2), 25, pp. 71-94., (in Armenian)

## **ԿԱՌԱՎԱՐՉԱԿԱՆ ՀԱՇՎԱՌՄԱՆ ՔԱՂԱՔԱԿԱՆՈՒԹՅԱՆ ՁԵՎԱՎՈՐՈՒՄԸ ԵՎ ՆԵՐԴՐՄԱՆ ԳՈՐԾԸՆԹԱՑԸ**

### **Լիանա Գրիգորյան**

Հայաստանի պետական տնտեսագիտական համալսարան,  
տնտեսագիտության դոկտոր, պրոֆեսոր

### **Արփինե Հակոբյան**

Հայաստանի պետական տնտեսագիտական համալսարան,  
դասախոս

**Բանալի բառեր** - կառավարչական հաշվառման քաղաքականություն, տեղեկատվական ապահովվածություն, կառավարչական հաշվառում, փաստաթղթավորում, կառավարչական հաշվետվողականություն

Կառավարչական հաշվառման հաշվային քաղաքականությունը, որպես ներքին կարգավորող փաստաթուղթ, ներկայացնում է հաշվառման վարման, արտադրանքի (աշխատանքների, ծառայությունների) ինքնարժեքի հաշվառման և գործունեության վերահսկողության ու կառավարման նպատակով ներքին հաշվետվությունների պատրաստման մեթոդների ամբողջություն: Այն կազմակերպության ռազմավարական նպատակներին հասնելուն ուղղված գաղափարախոսության արտացոլումն է և կարևոր ներքին կարգաբերական է: Ի տարբերություն հաշվապահական հաշվառման հաշվային քաղաքականության, որը կազմվում է որոշակի օրենսդրական և կարգավորող փաստաթղթերի պահանջների խիստ պահանմանը, կառավարչական հաշվային քաղաքականության

կառուցվածքը և տարրերը յուրաքանչյուր կազմակերպության համար տարբեր են, և պայմանավորված են մի շարք գործոններով, ինչպիսիք են կազմակերպության ճյուղային պատկանելիությունը, կառավարման կառուցվածքը, օպերատիվ և ռազմավարական նպատակները, չափերը, արտադրության տեխնոլոգիական առանձնահատկությունները և այլն:

Հոդվածում ներկայացվել է կազմակերպական, տեխնիկական, մեթոդական բաժիններից կազմված՝ գործունեության հիմնական ցուցանիշներ (KPI) ներառող կառավարչական հաշվային քաղաքականության կառուցվածք, ինչպես նաև անդրադարձ է կատարվել կազմակերպություններում հաշվային քաղաքականության ձևավորման և կիրառման գործընթացին:

Հեղինակների կարծիքով կառավարչական հաշվային քաղաքականության ձևավորումը առևտրային կազմակերպությունների կառավարչական հաշվառման համակարգի մեթոդաբանական հիմք կարող է համարվել, իսկ դրա կիրառումը կբարելավի տեղեկատվության կառավարման մեխանիզմները:

*Submitted: 15.01.2024; Revised: 02.02.2024; Accepted: 05.02.2024*

***Conflicts of Interest:***

*The authors declare no ethical issues or conflicts of interest in this research.*