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DEVELOPMENT OF ACCOUNTING UNDER CONDITIONS OF INCREASING GLOBALIZATION PROCESSES



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- ▣ *Basing on the results of the study, the article contains suggestions in the field of periodization of the development of accounting, which allows identifying the objective reasons for the necessity of its further transformation. In addition, directions of the development of accounting in today's socio-economic structure were outlined as well.*
- ▣ *Accounting, periodization, strategic accounting, social accounting, enterprise, social and economic structure.*

РОЗВИТОК БУХГАЛТЕРСЬКОГО ОБЛІКУ В УМОВАХ ПОСИЛЕННЯ ГЛОБАЛІЗАЦІЙНИХ ПРОЦЕСІВ

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- ▣ *За результатами проведеного дослідження в статті надано пропозиції в частині періодизації розвитку бухгалтерського обліку, яка дозволяє виявити об'єктивні причини необхідності його подальшої трансформації. Крім того, окреслено напрями розвитку бухгалтерського обліку в умовах сучасної соціально-економічної формації.*
- ▣ *Бухгалтерський облік, періодизація, стратегічний облік, соціальний облік, підприємство, соціально-економічна формація.*

РАЗВИТИЕ БУХГАЛТЕРСКОГО УЧЕТА В УСЛОВИЯХ УСИЛЕНИЯ ГЛОБАЛИЗАЦИОННЫХ ПРОЦЕССОВ

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- ▣ *По результатам проведенного исследования в статье даны предложения в части периодизации развития бухгалтерского учета, которая позволяет выявить объективные причины необходимости его дальнейшей трансформации. Кроме того, очерчены направления развития бухгалтерского учета в условиях современной социально-экономической формации.*
- ▣ *Бухгалтерский учет, периодизация, стратегический учет, социальный учет, предприятие, социально-экономическая формация.*

Problem definition and its connection to important scientific and practical tasks

Strengthening of globalization processes and intensification of competition on the global market of goods and services put before enterprises an objective need of reforming of accounting as information system of decision-making process. Taking this into consideration, research of stages of accounting and identification of areas of its further development are of special interest.

Analysis of recent research and publications discussing this issue, on which the author relies upon

The research of economic literature has revealed next indicators of periodization of accounting: historical periods, accounting idea, accuracy of accounts, composition of accounts, nature and type of accounting carriers, types of computer technology, organizational structure, goal of accounting, methodology of accounting, forms of accounting, sectors of economy, change of scientific

doctrines, types of accounting, stages of the development of control, form of balance, role of accounting in economic life, economic system and formation of accountancy profession [1, 2, 3, 4]. Herewith it must be mentioned the reasonableness of point of view of Sokolov Y. He emphasized the impossibility of constructing of periodization of such a complicated system as accounting basing only at one indication, because "it is impossible to present this work as a process of continuously increasing knowledge and everyday creativity of the human mind" [3]. Taking this into consideration, in 1996 he proposed the most complete periodization of the history of accounting for today. Next twelve indicators were laid into its basis: type of accounting carriers, type of accounts, types of accounting techniques, organizational structure, goal of accounting, accounting methodology, structure of accounts, forms of accounting, sectors of the economy, cost accounting, interests

of persons which are engaged in the economic process and change of scientific doctrines [3].

Unsolved aspects of the problem, which are the subject matter of the paper

Every indicator of periodization, which was separated, and points of views on the history of development of accounting, which was constructed basing on these indicators, are reasonable and worthwhile. They allow optimal summarizing and structuring of information in terms of the development of accounting thought. But none of them can totally identify predictors of appearance of new trends in accounting and predict their further development in the current socio-economic structure.

Formulation of the objectives of the paper

The goal of the article is to analyze the origin and the development of accounting from theoretical and methodological positions, to make periodization of stages of its formation and to outline directions for future development.

In order to achieve this goal it is necessary to solve next problems:

- to investigate approaches to the origin and to development of accounting in economic literature;
- to figure out main stages of its development and give them a detailed description;
- to define directions of further development of accounting in today's socio-economic structure.

Presentation of the basic material with full justification of scientific results

The research of points of view of national and foreign economists indicates that the components of accounting as a science (for example, types of counting technique, types of accounting records, etc.) correspond to a certain stage of social and economic development of society. It can be explained by the fact, that the main purpose of accounting is monitoring the business activities of the enterprise, fixation of economic facts and preservation and transmission of relevant information to persons, who are interested in them. It means that approaches to accounting are totally dependent on information needs of users of this information. That is why it is reasonable to put classification of socio-economic development of mankind, which was made by Bell D. in 60th of the XX century, into the basis of periodization of the development of accounting. It will promote a better understanding of further development of accounting. This classification provides separation of agrarian (traditional), industrial and postindustrial (informational) societies. Bell D. puts next characteristics into the basis of this classification:

- basic productive resource (raw materials, energy or information);
- basic social principle (commitment to tradition, economic growth or the codification of theoretical knowledge);

- basic sector of social production (primary, secondary or tertiary) [5].

Thus, the origin and the development of accounting were at the stage of agrarian (traditional) society (3500BC. – beginning of XVIII century). This stage is typical for the Primitive-communal world, Ancient World and Middle Ages. Also, it should be mentioned that this stage of social-economic development is inherent for some countries of the “third world” in Africa and Asia and at present time. Economic activity of agrarian society has mainly extensive nature, and is based on agriculture, mining, fishing, logging and other natural resources. In its turn, such business activities as production and industry are completely absent or exist in small quantities.

Aspects, which were mentioned above, determine the nature of accounting within the specified period of social and economic development of mankind. In particular, it is considered as a practical activity, which is not regulated by the law. The essence of this type of activity provides only registration of facts of economic life in writing and control of the preservation of the owner's property. Therefore, among methods, which represent mostly last decades of this period of accounting, we should mention account, double entry, inventory, evaluation, documentation and balance. In its turn, among forms of accounting, which were arisen in a given time, we should mention chronological, systematic, unigraphic and digraphic entry.

It should be noticed that every method and form of accounting, which were mentioned above, are used in the developed countries of the world (including Ukraine) at present. Also, they are the basis of financial accounting.

The beginning of the second stage of the development of accounting occurs at the end of XVIII – beginning of the XIX century. This period is the point of transition from agrarian to industrial society, which is characterized by the significant complication of economic ties. In particular, that was a time of the Industrial Revolution in the United Kingdom of Great Britain and Northern Ireland. This revolution had an all-embracing character and covered the United States and all Europe later. This fact is the starting point of the reform of accounting. Dramatic increasing of productivity, complication of business processes and increased competition among manufacturers resulted in an active search for new approaches to ensuring their competitiveness by managers of large industrial enterprises (mostly textile factories, railroads and steel mills). The main focus of these studies was devoted to searching the way to reduce production costs. That is why the practice of simple registration of facts of economic life of the enterprise ceases to satisfy users of the information, which

is produced by the accounting. In particular, there was a need for information that would allow managers of those enterprises to make informed management decisions for achieving a certain goal. That is, there was a separation of management area in the accounting system the stage of the industrial society. The main objective

of this area was the preparation of the necessary information on costs, revenues and financial results for the centers of responsibility for the decision-making, planning, monitoring and regulation. The evolution of management accounting at the stage of industrial development of society is clearly presented in the table 1.

EVOLUTION OF MANAGEMENT ACCOUNTING AT THE STAGE OF INDUSTRIAL DEVELOPMENT OF SOCIETY

Table 1

PERIODS	DEVELOPMENTS
20 – 30-s of the XX century	<i>Foreign experience:</i> founders of regulatory accounting – G. Emerson, D.Ch. Harrison, T. Downey (the USA). The first mentioning of the system of norms and standards “Standard-cost”, “Direct-costing” (Ch. Clarke), new valuation principles (FIFO, LIFO). <i>National experience:</i> founders of regulatory accounting in the USSR – M.H. Zhebrak and G.G. Kryukov. Separation of regulatory accounting in the separate system of cost accounting.
40 – 50-s of the XX century	<i>National experience:</i> approval of Terms and branch instructions on planning and cost accounting of industrial products in order to improve the production cost accounting. According to the “Main regulations on planning, accounting and costing of industrial products”, which was adopted in 1955, all industrial enterprises were required to organize a normative accounting of production costs in frames of any method of accounting of production costs and costing.

On this stage of the development of accounting, practitioners and scholars made an emphasis on the determination of the amount of costs and on controlling them. In particular, there is a compilation of previous costs, rapid detection of deviations from estimate, systematic analysis of production costs and options for management decisions based on the evaluation of their cost. Taking into consideration mentioned above, costing emerging theory was developed on this stage and such direction of management thought as “scientific management” was popularized. Also next methods of accounting and cost analysis became more common: breakeven graph, standard costing and analysis of variances, centralized accounting system with decentralized functional organization, operating and capital budgets, centralized control and decentralized responsibility, residual income method and the simplex method for linear programming.

The beginning of the third stage of the development of accounting falls on the period of transition from industrial to post-industrial (information) society. In the late 50-s of the XX century one could observe the rapid increasing of importance of knowledge and information as determinants of economic development based on the interaction between people in such countries of the world as the USA, countries of Western Europe and postwar Japan. According to D. Bell, intellectualization takes place in all fields of public life, and science becomes a direct productive force of the society. The most developed countries do not receive an increasing share of income from the sale of industrial production. They receive it from selling new technologies,

knowledge based and information products (such as movies, TV shows, computer programs, etc.) [5]. In particular, orientation of the economy to innovative model of the development has provoked sharp competition between producers. The need of maximum reduction of material costs for manufacturing, promoting of the prompt getting of information by managers as well as maximum expanding of its range in order to make informed management decisions came at the forefront among all management tasks. Those facts, which were mentioned above, provoked further development of management accounting. Its evolution at the stage of post-industrial (information) society is clearly presented in Table 2.

Thus, there was a rapid increasing of role of analytic functions of accountants in practice. The center of their attention was transferred to forecasting and constructing of alternative plans of the development and operational analytical support of management decisions. Thus, this stage formed a theory of total quality management, created maps for statistical control, the technique of optimal transfer pricing, budgeting from the ground up and planning “just in time”. The impetus for the further development of accounting thought in the world was a global oil crisis of the 70-s of the XX century, which provoked one of the biggest financial collapses in the history of the West and caused a sharpening of global competition. Stable operation of enterprises in the new economic conditions required a full review of management paradigm. In particular, the need of maximum reduction of material costs for manufacturing, increasing of efficiency of getting

EVOLUTION OF MANAGEMENT ACCOUNTING AT THE STAGE OF INDUSTRIAL DEVELOPMENT OF SOCIETY

Table 2

PERIODS	DEVELOPMENTS
60–70-s of the XX century	<i>National experience:</i> conducting research projects dealing with the system of rules and regulations. Adoption by the State-plan of the USSR of the system of material rules and regulations in 1969. Approval of the number of other legislative instruments (regulations, guidelines, instructions) on the valuation of production processes. <i>Foreign experience:</i> in 1972 the American Association of accountants prepared experts in management accounting. Graduates were awarded the qualification of "Accountant Analyst".
80 – beginning of 90-s of the XX century	<i>National experience:</i> the development of terms of reference for the design of complex automated system of rules and regulations as the basis for the creation of a single regulatory framework in ministries, departments and State-plan of the USSR. Adoption of the comprehensive system of rules and regulations and organization of its implementation and further development. <i>Foreign experience:</i> 1989 – critical comments on the existing management accounting. Certified Institute of Management Accountants decided to research the current state and the development of management accounting.
90-s of the XX century	<i>Foreign experience:</i> combination of problems, ways of their implementation and management accounting. As a result – the emergence of a new direction in management accounting – "strategic management accounting". <i>National experience:</i> with the rejection of a centralized system of regulation and planning and implementation of market economy the importance of planning was unreasonably humiliated and as a result – the plan of technical, industrial and financial activity of enterprises. Methods and techniques, used in the USSR, were sharply criticized. There was the observation and study of foreign experience in question of implementation of management accounting.
The end of 90-s of the XX century – beginning of the XXI century	<i>Foreign experience:</i> the rapid development of the "strategic" direction in managerial accounting. <i>National experience:</i> independent development of norms and standards on orders of the management of individual industrial enterprises in order to save resources and enhance control of production processes. Also, it included the implementation of management accounting into the practice, studying theoretical aspects of accounting policies in order to provide the strategic management of the enterprise.

the information by managers, as well as expanding the range of the last one in order to make informed management decisions. This problem was partially solved with the help of active usage of new technologies in the production process. This decision significantly improved product quality and reduced its cost. In its turn, the appearance of the first mass personal computer Apple II in 1977 increased the efficiency of access to the required information with the help of computerization of the administrative staff. However, a comprehensive solution of the problem of adaptation of enterprises to new realities of management required a full review of the implemented accounting system. This system remains the main source of information for making an informed management decisions even nowadays.

This problem became particularly acute in the mid-1980-s. These years were characterized by the rapid spread of new information technologies in developed countries, separation of complex information industries in a separate sector, the development of information industry, information infrastructure, information business, ecommerce, etc. [5]. Taking mentioned above into consideration, most of enterprises of different

economic activities found themselves in conditions of hypercompetition, which main features are multi-dimensional interests of competing parties, dynamism, aggression and unpredictability of the development of situation. The instability of the environment has led to the demand for predictive function of accounting and made management of enterprises to review the limits of its application by giving him a task to accumulate information about objects of management of the enterprise that are not shown in the balance sheet (including the social responsibility of the enterprise, its external conditions of functioning, etc.). In its turn, mentioned above led to the emergence of such areas of accounting, that allow collecting and systematizing the information, which is necessary for making social and strategic management decisions.

In particular, the goal of accounting for social management decision-making is to make a network between the enterprise and public and to gain the trust of interested persons with the help of objective reflection of the contribution of the enterprise into solution of economic, environmental and social issues and raising labor productivity, which is achieved with the help of adoption on the basis of gathered information of reasonable

decisions on reproduction of labor potential of their employees (for example, decisions in terms of wages, the size and composition of the social package, etc.).

In its turn, the implementation of accounting for the strategic management decision-making into the practice of the enterprise helps to contribute to its economic security with the help of gathering and systematization of predictive information about the impact of chosen development strategy on the respective objects of the strategic management. In its turn it allows management to evaluate its reasonability and justification. Also, we must mention the validity of this approach in relation to whole countries of world, as well as for macro-formations, to which they belong (for example, for the European Union). This can be explained with that fact, that the economic security of the state in modern geopolitical realities can be ensured only in case of the development of strategy, which is based on information about their own resources, technologies and other management objects that are of the strategic importance for the successful functioning of the state, as well as on the information about those ones which belong to other countries or macro-formations, to which they belong.

Taking mentioned above into consideration, such methods of accounting as AB-costing, target-costing, BSC, EVA, KPI, TPI and calculation systems which are based on the total life cycle and value chain are practiced on a large scale.

Findings of this study and recommendations for further research in this area

Hereby, basing on the results of the research, the paper proposes periodization of the development of accounting basing on the classification of the social-economic development of humanity, which provides singling out the agrarian (traditional), industrial and postindustrial societies. It allows revealing objective reasons of further transformation of the studied system and to define such main directions of its development as accounting for social decision-making, which provides information about the status and results of financing of its social programs, as well as accounting for the purpose of strategic decision-making, which is based on data of the financial and management accounting and takes into account the influence of factors of micro- and macro-environment in order to provide information on the impact of the chosen strategy on the relevant objects of the strategic management and to evaluate its reasonableness.

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