

THE IMPACT OF NON FINANCIAL INNOVATIVE MANAGEMENT ACCOUNTING TECHNIQUES ON ECONOMIC ENVIRONMENT OF COMPANIES IN SANCTION SITUATION

Mohammad Reza SOHRABI

PhD student at YSU Department of economics

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Performance measures in management accounting is a challenge and performance measurement has important role in running an organization. These include interpreting strategy and plan into required treatment and results, discussing these requirements, controlling progress, giving feedback, and motivating employees by giving bonus and penalty based on performance. In other words, system of performance measurement has important roles in developing planning, measuring the achievement of organizational goals and compensating managers. Many managers think that traditional financial systems cannot perform sufficiently. A recent research of U.S. financial services companies' states most were not satisfied with their measurement systems. They believed there were too much attention on financial measures like income and accounting returns and less attention on drivers of value like employees and customers' satisfaction, innovation and quality.

Introduction

For a long time, managers had firstly used accounting-based data and indicators for doing their obligations. But with the apparition of new competitive actualities such as increased customization, and quick response to customer expectations, flexibility, as well as new manufacturing methods like total quality management and Just in Time, many have claimed that performance measurement based on accounting systems are no more sufficient.

Managers must be alert what success is because of their functions; otherwise they will not have the signs which they need to maximize their effect on performance. Because many non-financial indicators are less sensitive to external changes than accounting measures, their use may develop managers' efficiency by giving more exact assessment of their functions. This also lowers the risk forced to managers when defining pay.

By completing accounting indicators with non-financial measures, for strategic performance and execution of strategic plans, companies can discuss goals and give motivations for managers to remark long-term plan. On the other hand, critics of traditional index claim that factors of success in many industries are "intangible asset" like

intellectual capital and customer loyalty, more over the “hard assets” permissible on to balance sheets. Though it is difficult to measure intangible assets in financial terms, non-financial measures can give indirect, quantitative scale of a firm's intangible assets.

Literature review

Management of companies is hired mainly to direct companies toward their very end goal, namely wealth (value) maximization. Doing so, managers are given all the resources of the company and the authority to make decisions on how they are utilized in various activities of the company. Managers’ main role is summarized in making sound and rational decisions, using a variety of techniques. Although shareholders are not aware of the details of managers’ decisions, they expect the outcome to be congruent with their final goal, again wealth maximization.

In the recent decades, accounting scholars and practitioners, having in their mind this very crucial need of managers, have developed a variety of innovative management decision making and/or control techniques, constituting a rich body of management accounting literature. Realizing the value of these newly advanced innovative techniques in management accounting, managers have started to benefit from some of these techniques which are directly related to accounting figures and information, for their daily decision-making purposes. Balanced Score-Cards (BSC), Capital Budgeting (CB), Activity-Based Costing (ABC), Just in time inventory costing (JIT), Target Costing (TC), Total Quality Management (TQM) are some specific non-financial management accounting techniques (NFMT), which managers tend to use more.

Recent coverage of performance measures has criticized periodic financial measures as being too aggregated, too late, and too backward-looking to help managers understand the root causes of performance problems. As explained above, whatever techniques managers make use of, they are expected to maximize the firm value. Shareholders, as owners of companies, like to know how their money is spent in their company by managers; and, moreover, how these expenditures add to the value of their company. Every system used in company, including management accounting systems, and any decision making tool, including Non Financial Management Accounting Tools (NFMTs), used by managers has a cost to the company, which is expected either having a value-added to the company, or not be used in the company; Management Accounting Techniques, thus, are not an exception to this very crucial economic rule. This study, therefore, by showing the impact of using NFMTs by managers of the risk and return of the company, satisfies this need of the shareholders. From the academic point of view, accounting scholars, specifically management accounting theoreticians, need to know how their techniques work in the companies. For market participants’ point of view, the relationships tested in this study can provide market participants with new measures for evaluating the value of companies, and also in predicting prospect risk and return of the companies.

Main goal of study is to examine and emphasize the efficacy of non-financial measures in reducing the risk of companies and improving their return amongst middle sized manufacturing firms in Iran, and also providing useful recommendations in this respect for both managers and users of financial statements.

Methodology

We surveyed the attitudes, knowledge, and ideas of Iranian managers about innovative non-financial management accounting techniques through a newly developed standard questionnaire. Sample selection, consistent with our focus on manufacturing strategy, was made among the organizations of the manufacturing sector in Iran.

This study is based on data collected through survey toward obtaining ideas of managers about NFMTs and their efficacy. It is expected that our results will be used by managers and market participants for their decision making purposes.

To obtain a sufficiently large sample for statistical testing purposes, using the Iranian official database in the Ministry of commerce and stock exchange organization, we collected data from Iranian firms with annual sales calculated from the official database in Iran. After obtaining preliminary eligibility for contacting with these firms, invitations were sent for the managerial boards of companies to contribute to this study.

Inclusion criteria for contributing to this study are:

(1) The average number of employees in the manufacturing department should be about 100 personnel,

(2) The annual average production value (sales) in the manufacturing department should be selected based on the official data in a way that at least the middle-sized, rather than small, operations will be contributed to this study.

Data gathering Within each firm, we direct our survey to the financial manager of companies. The first section of the survey asks participants to indicate the specific measures currently used for evaluating manufacturing performance.

The complete questionnaire enabled to obtain information regarding the usage of non financial innovative management techniques in each company, as well as the managers' viewpoints regarding the efficacy of non financial measures.

To investigate the relation between various degree of usage and familiarity with non financial innovative management techniques with return and risk of those companies we developed and employed an appropriate regression model;

Data analysis In this study we utilize two distinct statistical approaches:

Descriptive Statistics We provide an in-depth analysis of data on demographic background of surveyed managers.

We provide an in-depth analysis of all data gathered on the viewpoints of financial managers regarding their familiarity and usage of Management Accounting Techniques.

A separate analysis is also performed using the data on viewpoints of financial managers regarding their efficacy of innovative Management Accounting Techniques, compared with traditional accounting techniques.

Correlation analysis

At the final step we provided a correlation analysis to evaluate significance of relationship between the non-financial techniques and risk and return and the data obtained in the demographic and historical results, based on the objectives of the study.

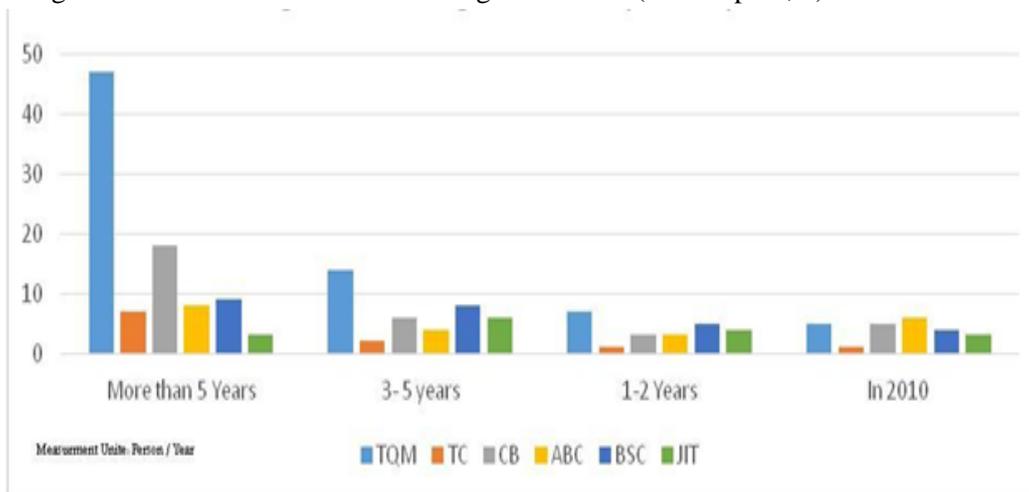
Empirical Analysis

To obtain a sufficiently large sample for statistical testing purposes, using the Iranian official database in the Ministry of commerce and stock exchange market, we collected data from Iranian firms with annual sales calculated from the official database in Iran. After obtaining preliminary eligibility for contacting with these firms, invitations were sent for the managerial boards of these companies to contribute in this study.

Through a general survey we asked all 180 companies in manufacturing sectors if they have used the non financial methods in their management accounting systems or not. Among the positive answers, we made a data bank and selected companies that use innovative techniques based on statistical equations for 73 companies.

Results Results of this study are classified in two main parts. Descriptive results and Analytic results.

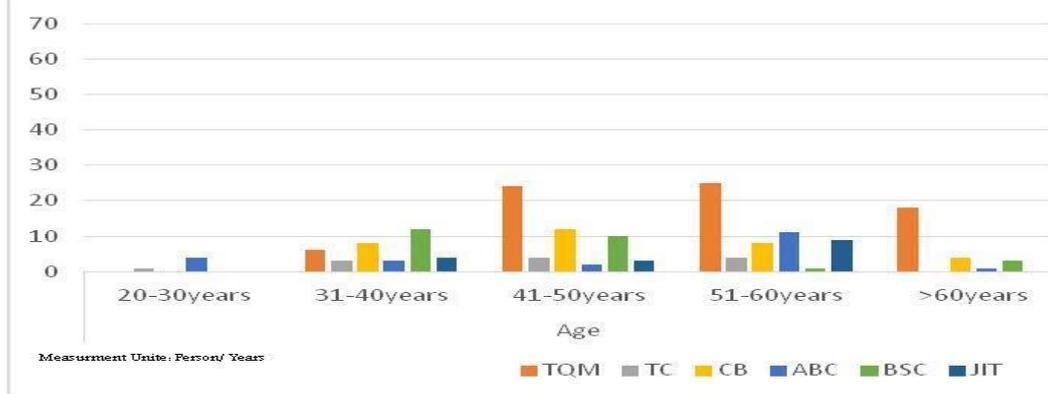
Part 1- Descriptive results Descriptive results of this study include the data on usage of innovative non financial management tools (see Graph 1, 2).



Graph 1. Length of Using Non-Financial Management Accounting Techniques NFMT

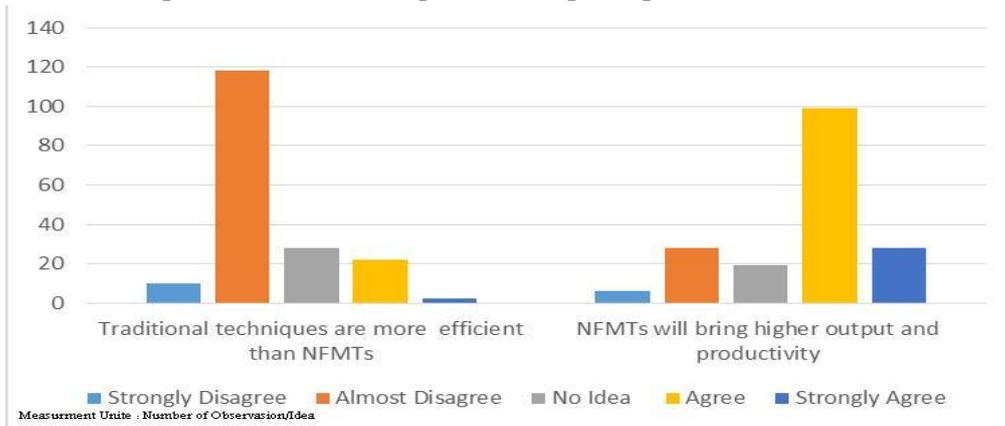
Overall, this graph tells us that the more managers know about the techniques, the more they tend to use them, as older management accounting techniques have been used more and usage of the newly developed techniques shows an increasing trend. This is

while practicality and usefulness of these techniques also play a role in their usage, as TC is less used and there is not a prospect of improvement in its usage in the near future, at least among Iranian managers, as per the graph.



Graph 2. Managers' Age

Overall, based on this graph, managers are more familiar with TQM, CB and BSC. We, therefore, expect to find a more significant relationship between these techniques and market risk and return of the firms, based on the rationale that more aged and more experienced managers have found these techniques more effective and/or more practical, so do the capital market participants.



Graph 3. Non-Financial Management Accounting Techniques vs Traditional Techniques

The Graph 3 shows the ideas of managers both on their preference between traditional techniques and advantages of NFMTs techniques. A comparison between the two reveals that Most of the managers disagree with higher efficiency of traditional techniques over NFMTs. Thus, most of the managers believe newly advanced NFMTs are shown to be more efficient than the older techniques. On the other hand, most of

interviewed managers agreed that NFMTs bring more productivity and output than traditional financial techniques, which can be regarded as a good feedback for academics on their advances in management accounting techniques.

Part two: analytical results Correlations between the familiarity with NFMTs and scope of usage. We represent another correlation test regarding the familiarity with NFMTs and scope of usage. This was a control test in order to define, to what extend managers' familiarity is related to their scope of use.

Table 1. Correlations between the NFMTs and return

NFTM	Result: Asymp. Sig. (2-sided)	There is a significant correlation with return	There is not a significant correlation with return
TQM	0.040	.040<.05	
TC	0.090		.090>.05
CB	0.070		.070>.05
ABC	0.080		.080>.05
BSC	0.040	.040<.05	
JIT	0.065		.065>.05

These statistical findings show that some innovative non-financial management accounting techniques (TQM and BSC) have managed to have an influence on the market return of Iranian companies. It is also noteworthy that managers expressed that they are more familiar with these two NFMTs than other four; based on these observations along with statistical correlations found, it can be concluded that the reason behind significance of some techniques generally lies under managers familiarity with them. In other words, our study show that the more managers are familiar with accounting techniques, the more they can apply them in action, and consequently the more their impact on the market return of the companies.

Table2. Correlations between the NFMTs and risk

NFTM	Result: Asymp. Sig. (2-sided)	There is a significant correlation with risk	There is not a significant correlation with risk
TQM	0.030	.030<.05	
TC	0.067		.067>.05
CB	0.089		.089>.05
ABC	0.099		.099>.05
BSC	0.050	.050= .05	
JIT	0.075		.075>.05

These correlations can be interpreted in a similar manner to correlations between NFMTs and market return of the companies. These statistical findings show that TQM and BSC have turned up to have an impact on the market risk of our sample companies.

Conclusion

Our survey on the ideas and viewpoints of Iranian managers regarding the non-financial The efficacy of management accounting tools and techniques could be measured by their effects on operational and economical results of a corporation. Developing NFMTs needs spending resources of the company; and hence, shareholders need to make sure that such expenditures add to the value of their company. Although corresponsive benefits of using such techniques is not well defined and consequently hard to measure, in the absence of reliable measures, the well-known proxies of such measures are market risk and return of the company. Theoretically, the more the usefulness of such techniques, the higher is the return and lower is the risk of the company in capital market. As a result of this study, it is expected that management accountants weigh more on their role in helping companies achieving their very end goal of maximizing their value.

Mohammad Reza SOHRABI

The impact of non financial innovative management accounting techniques on economic environment of companies in sanction situation

Keywords: management accounting, innovative management, target costing

Performance measures in management accounting is a challenge and performance measurement has important role in running an organization. These include interpreting strategy and plan into required treatment and results, discussing these requirements, controlling progress, giving feedback, and motivating employees by giving bonus and penalty based on performance. Theoretically, the more the usefulness of such techniques, the higher market return and lower the risk of the company in capital market.

Մոհամմադ Ռեզա ՍՈՂՐԱԲԻ

Ոչ ֆինանսական նորարարական կառավարչական հաշվապահական գործիքների ազդեցությունը պատժամիջոցների պայմաններում գտնվող կազմակերպությունների տնտեսական միջավայրի վրա

Բանալի բառեր. կառավարչական հաշվառում, նորարարություն, որակի կառավարում

Ֆինանսական կառավարման համակարգում գործունեության գնահատման չափորոշիչների ընտրությունը լուրջ մարտահրավեր է, որը սկզբունքային դերակատարում ունի կազմակերպության համար: Այն հիմք է ստեղծում ռազմավարության՝ գործառնությունների ու միջոցառումների փոխակերպման, հետադարձ կապի ապահովման, ինչպես նաև կատարված աշխատանքի արդյունքին համապատասխան աշխատակիցների խրախուսման համար: Հետազոտության հիմնական նպատակը իրանական միջին չափի արտադրական կազմակերպություններում ռիսկի նվազեցման և եկամտաբերության ավելացման գործում ոչ ֆինանսական ցուցանիշների արդյունավետության ուսումնասիրությունն ու հիմնավորումն է:

Моммад Реза СОХРАБИ

Воздействие нефинансовых инновационных управленческих бухгалтерских инструментов на экономическую среду организаций находящихся под влиянием санкций

Ключевые слова: управленческий учет, инновации, управление качеством

Выбор критериев системы финансового управления является серьезной задачей, играющей решающую роль в успехе деятельности организации. Они включают в себя интерпретацию стратегии и планов в необходимые показатели и результаты, обсуждение этих требований, контроль хода исполнения, обратную связь, и мотивацию сотрудников системой бонусов и штрафов на основе производительности. Чем больше полезность этих инструментов, тем больше рыночная стоимость и доходность и ниже уровень риска предприятия.