

Functions And Practices In Management Accounting Today: Cost Management

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Abstract

A documentary review was carried out on the production and publication of research papers related to the study of the variable Functions and Practices in Management Accounting in Latin America. The purpose of the bibliometric analysis proposed in this paper is to know the main characteristics of the volume of publications registered in the Scopus database during the period 2016-2021 in Latin American countries, achieving the identification of 362 publications. The information provided by the said platform was organized through tables and figures categorizing the information by Year of Publication, Country of Origin, Area of Knowledge, and Type of Publication. Once these characteristics were described, the position of different authors regarding the proposed topic was referenced through qualitative analysis. Among the main findings of this research, it is found that Brazil, with 222 publications, is the Latin American country with the highest production. The Knowledge Area that made the greatest contribution to the construction of bibliographic material referring to the study of Functions and Practices in Management Accounting was Business with 144 published documents, and the Type of Publication that was most used during the above-mentioned period was the Journal Article, which represents 81% of the total scientific production.

Keywords: management accounting, cost management.

1. Introduction

Management accounting is the process by which the financial data of a company is analyzed to facilitate business planning and strict control of organizational costs. This branch of accounting facilitates the decision-making process in companies by providing relevant, detailed, and truthful information on

organizational financial performance that indirectly helps to meet business objectives by determining the shortcomings in the productive work and helping to determine the best time to invest in addition to helping in the distribution of the business budget to optimize management. These management accounting systems are different in each company since they are coupled to the needs of the

organizations depending on their size, economic activity, and location, so the practices are also very diverse, and in most cases are very different from what can be seen in the literature on this field, mainly due to the dynamism of this branch of accounting.

Management accounting plays an important role in the budgetary management of organizations as it is the tool through which accounting planning systems are used to control the financial actions implemented in the company and their influence on administrative and operational management. In Cost Management, management accounting has a relevant role since it helps to determine the costs of business processes taking into account not only the implications in terms of production of goods or services but also the cost of the administrative work by performing an analysis of what is involved in the production of certain products, thus helping to solve problems regarding the quality offered. Thanks to the above, it can be said that management accounting is of great relevance in the decision-making processes of companies by analyzing a large number of financial data, offering cost control, and providing tools for budgeting, taking into account the specific needs of each company. Therefore, it is important to know in terms of bibliographic resources, the current state of research on the Functions and Practices in Management Accounting in Latin American companies, so a bibliometric analysis of the

scientific production registered in the Scopus database during the period 2016-2021 is proposed to answer the question: How has been the production and publication of research papers related to the study of the variable Functions and Practices in Management Accounting in Latin America during the period 2016-2021?

2. General objective

To analyze from a bibliometric and bibliographic perspective, the production of high-impact research papers on the variable Functions and Practices in Management Accounting in Latin American organizations during the period 2016-2021.

3. Methodology

Quantitative analysis of the information provided by Scopus is performed under a bibliometric approach to the scientific production regarding the Functions and Practices in Management Accounting. Also, from a qualitative perspective, examples of some research papers published in the area of the study mentioned above are analyzed from a bibliographic approach to describe the position of different authors on the proposed topic.

The search is carried out through the tool provided by Scopus and the parameters referenced in Table 1 are established.

3.1 Methodological design

	PHASE	DESCRIPTION	CLASSIFICATION
PHASE 1	DATA COLLECTION	Data were collected using the Scopus web page search tool, through which a total of 362 publications were identified	Published papers whose study variables are related to the Functions and Practices in Management Accounting. Research papers published during the period 2016-2021.

PHASE 2			Limited to Latin American countries. Without distinction of area of knowledge. Without distinction of type of publication.
	CONSTRUCTION OF ANALYSIS MATERIAL	The information identified in the previous phase is organized. The classification will be made through graphs, figures, and tables based on data provided by Scopus.	Word Co-occurrence. Year of publication Country of origin of the publication. Area of knowledge. Type of publication
PHASE 3	DRAFTING OF CONCLUSIONS AND FINAL DOCUMENT	After the analysis carried out in the previous phase, we proceed to the drafting of the conclusions and the preparation of the final document.	

Table 1. Methodological design.

Source: Own elaboration (2022)

4. Results

4.1 Co-occurrence of words

Figure 1 shows the co-occurrence of keywords within the publications identified in the Scopus database.

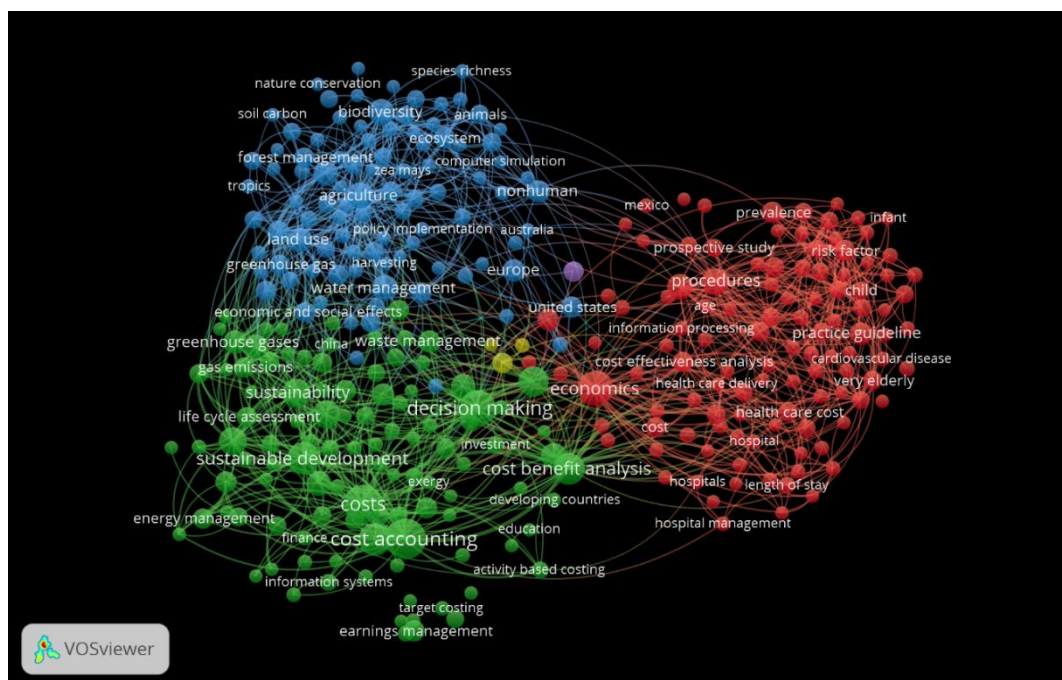


Figure 1. Co-occurrence of words

Source: Own elaboration (2022); based on data provided by Scopus.

As shown in Figure 1, economics is the keyword most used in the research related to the variables under study, referring to the area of knowledge where the forms of production and distribution of products are studied, and accounting is a key element in the way of ordering a large amount of financial data, making them comprehensible for administrative analysis, determining the best solution to a problem and helping in the decision-making process.

Keywords such as cost management, cost-benefit analysis, information systems, and profit management are keywords that shed light on the main functions of management accounting as the ideal tool to carry out a rigorous cost control of the productive and administrative processes of a company, relating the data and variables that help to determine the shortcomings in the processes, which is very important for quality control.

Finally, there are keywords such as decision-making, cost-based activity, investments, and administrative management, which refer to the main practices in the execution of management accounting as it is responsible for grouping and analyzing relevant information for administrative decision-making, reducing risks, and determining the best way to invest and spend the resources obtained from the economic activity to be carried out, depending on the company to which these financial systems are applied, thus varying their practices and applicability in the organizational context.

4.2 Distribution of scientific production by year of publication.

Figure 2 shows how the scientific production is distributed according to the year of publication, taking into account the period from 2016 to 2021.

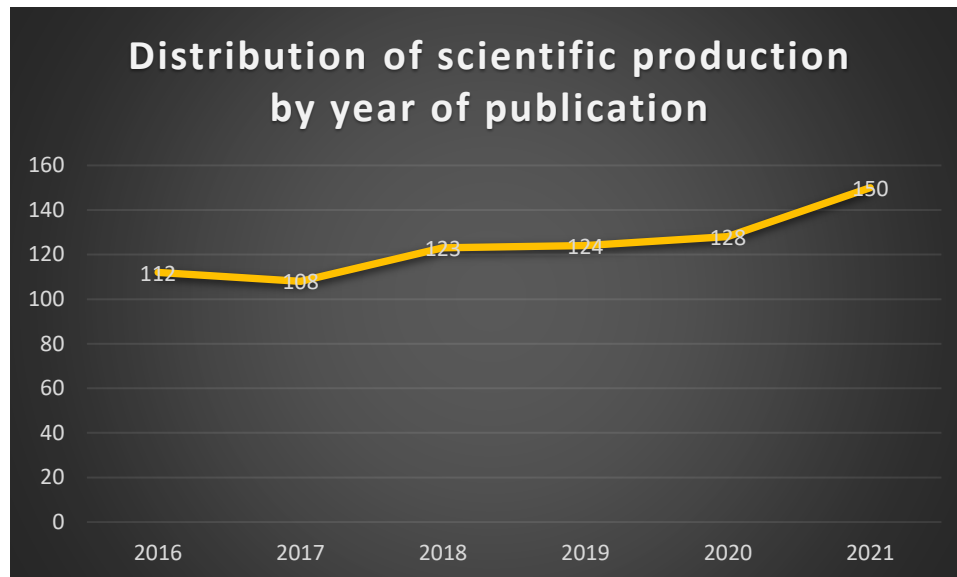


Figure 2. Distribution of scientific production by year of publication.

Source: Own elaboration (2022); based on data provided by Scopus.

2021 is the year with the largest number of publications related to the Functions and Practices of Management Accounting presenting 150 documents, among which is “Principles of global management accounting: Relationship between management practices and performance of Brazilian companies” (Costa & Lucena, 2021). This document has as its main objective to analyze the relationship between the principles and objectives of global management and the performance of Brazilian companies, both from an operational and economic perspective. Therefore, a study was conducted with 342 companies which resulted that management accounting has a positive effect on the apprehension of routines incorporated into the organizational identity of the companies and is reflected in better results in the long-term.

In second place is 2020 with 128 publications registered in Scopus, among which is the title

“Management accounting: Effect on the key factors of competitive success in the cooperative sector” (Castillo et al., 2020). This document has as its main objective to explain the incidence of the dimensions of management accounting on the key factors of competitive success in the multi-activity cooperatives of Barranquilla where a significant contribution to the literature was achieved by proposing an explanation that presents the theoretical gap with the practices in management accounting applied according to the current literature.

4.3 Distribution of scientific production by country of origin.

Figure 3 shows the distribution of scientific production according to the nationality of the authors.

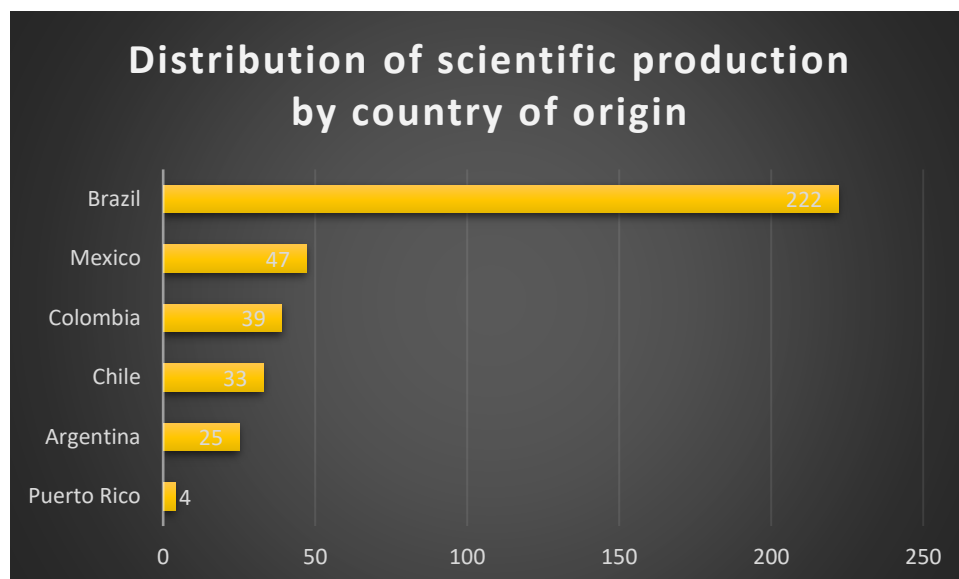


Figure 3. Distribution of scientific production by country of origin.

Source: Own elaboration (2022); based on data provided by Scopus.

Brazil is the Latin American country with the highest scientific production related to the variables under study during the period 2016-2021 presenting 222 papers within which is the title “Political and financial background in board interconnectedness and earnings management in Brazil” (Dal Magro & Klann, 2021). This paper has as its main objective to provide managers, auditors, analysts, regulators, and other interested parties with sociological information about board interconnectedness taking into account the different backgrounds of its members and what kind of management accounting practices are taken in the decision-making this analysis resulted that the experience of those who belong to the board of directors is positively related to actual earnings

management practices, while the financial background has a mitigating effect on such practices following financial standards.

At this point, it is worth noting that the production of scientific publications, when classified by country of origin, presents a special characteristic and that is the collaboration between authors with different affiliations to both public and private institutions, and these institutions may be from the same country or of different nationalities so that the production of an article co-authored by different authors from different countries of origin allows each of the countries to add up as a unit in the overall publications. This is best explained in Figure 4, which shows the flow of collaborative work from different countries.

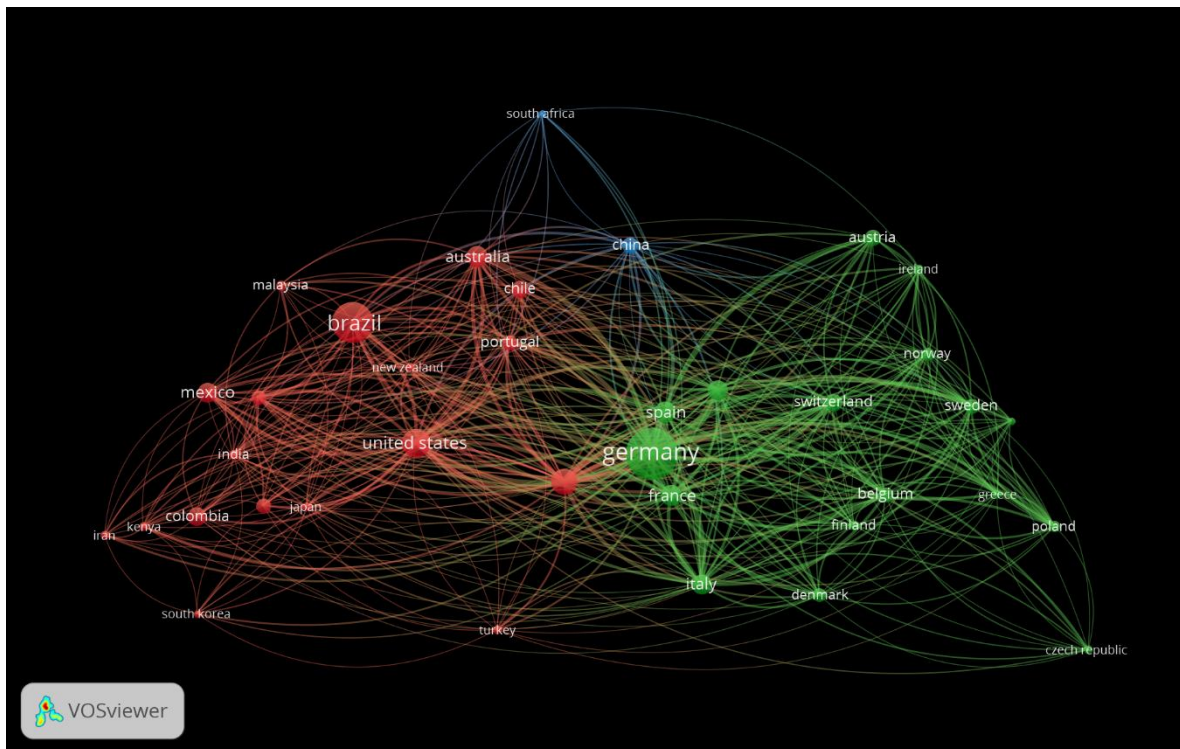


Figure 4. Co-citations between countries.

Source: Own elaboration (2022); based on data provided by Scopus.

As mentioned above, Brazil is the Latin American country with the largest number of publications related to the variables under study, presenting documents in collaboration with authors from countries such as Germany, the United States, and Portugal, which are countries that do not belong to Latin America, demonstrating the interest of countries in knowing the current state of management accounting and its practices in organizations, depending on the research carried out.

In second place is Mexico with 47 documents presenting some of these publications with countries such as Italy, India, Colombia, and Australia making comparative studies regarding the functions granted to management accounting within these documents we can find “Undesired effects of the adoption of IFRS in the management of

results: The case of Latin America” (Mongrut & Winkelried, 2019). This paper shows the analysis of the opacity of income in the six largest economies in Latin America studying 807 Latin American companies where it was found that the adoption of IFRS by companies considerably improved their quality in accounting management by offering truthful and efficient information regarding financial movements organizations.

4.4 Distribution of scientific production by area of knowledge

Figure 5 shows how the production of scientific publications is distributed according to the area of knowledge through which the different research methodologies are executed.

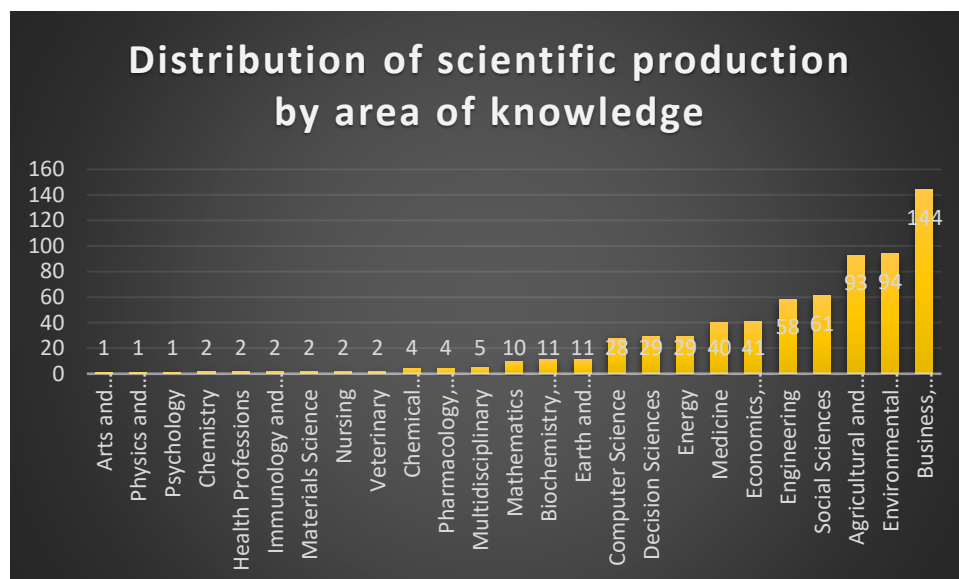


Figure 5. Distribution of scientific production by area of knowledge.

Source: Own elaboration (2022); based on data provided by Scopus.

Business is the area of knowledge with the largest number of contributions through the theories that are framed in it, in the search for new knowledge on the Functions and Practices of Management Accounting presenting 144 publications, within which is the title “Audit function and accounting manipulation: Evidence from Mexico, period 2014-2019” (Sergio Demetrio et al., 2021). This paper aims to determine the existence of a statistically significant relationship between the mechanism of corporate governance and Cost Management finding that there is a statistically significant positive relationship between the variable audit function and accounting manipulation but still there is a need to create mandatory and not optional accounting standards.

In second place is the environmental sciences where 94 documents were written following

the guidelines of the topics related to this area. Among these documents is the title “Green accounting in Colombia: a case study of the mining sector” (Chamorro Gonzalez & Herrera Mendoza, 2021). This document describes the current state of green accounting in the main mining companies in Colombia according to the Ministry of Energy and Mines of Colombia taking into account this advance in accounting practices to meet the objectives of sustainable development implemented by the UN so that from the cost management to implement green alternatives in the execution of organizational processes.

4.5 Type of publication

Figure 6 shows how the bibliographic production is distributed according to the type of publication chosen by the authors.



Figure 6. Type of publication.

Source: Own elaboration (2022); based on data provided by Scopus.

As shown in Figure 6, within the different types of publications, 81% of the total number of documents identified through Phase 1 of the Methodological Design, correspond to Journal Articles, among which is the one entitled “Accounting as a governance practice. A reading of its intervention in the processes of subjectivation of the employees of a bank in Colombia” (Cardona, 2021). This document aims to understand how accounting performs governance practices on the employees of a bank in Colombia. This could glimpse 4 models of accounting statements that intend through management accounting to improve the processes carried out within the governmental entity.

In second place are the conference proceedings presenting 10% of the total of the documents registered in this study, within which is the title “Cost and benefit analysis in safety critical systems” (Al-Hasen et al., 2021). This document implements a mathematical model of a management game that considers a typical manufacturing system, that can be inserted in a more general game thus incorporating other sectors of a representative goods producer to strengthen management skills allowing to optimize processes since this model includes supply management, marketing, logistics, costs, and accounting that help decision making

processes and determine the capabilities of managers.

5. Conclusions

Thanks to the bibliometric analysis proposed in this research, it can be determined that Brazil is the Latin American country with the largest number of bibliographic records in the Scopus database during the period between 2016 and 2021 with a total of 222 documents. The scientific production related to the study of Functions and Practices in Management Accounting has presented an important growth during the above-mentioned period, going from 112 publications in 2016 to 150 units in 2021, that is to say, it was possible to increase the creation of bibliographic records in 5 years, which indicates the importance of determining the practices adopted in the execution of Management Accounting and how this influences the operation of Latin American organizations.

Management Accounting is an accounting branch in charge of the analysis of financial data of a company to determine the best proposals for the elaboration of business planning taking into account economic and organizational management data. One of the important functions of this branch is the help in the budget analysis defining how resources

are distributed within the company to ensure its proper functioning taking into account the shortcomings identified in its management. Another important function is the cost management by considering the cost of the development of products or services and seeking to implement measures to help reduce costs without affecting the quality of the good to be developed to have a greater range of profits, in addition to considering the costs of administrative management and how this influences the achievement of business objectives.

All the above allows this article to conclude by highlighting the importance of knowing the theory or bibliographic resources that seek to awaken the interest in organizations to implement effective management accounting systems to make decision-making a faster process, reducing risks when determining the best alternatives to improve business competitiveness. It is for this reason that the need for studies such as the one presented in this document is highlighted, which make a tour of those texts that address the aforementioned topic, to give the reader a broad view of the current situation of the bibliography on Functions and Practices in Management Accounting.

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