

Administrative aspects of accounting organization. Russian experience and problems

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Abstract. The present article covers topical issues of administrative approach application to accounting organization, as well as powers of the chief accountant implementation in the system of economic entity resources management. The authors consider theoretical and practical aspects of accounting office personnel labor rating at the level of economic entity's internal standards with regard of the Russian Federation legislation requirements. Planning, identification and distribution of workload between employees should be determined by labor rating of the accounting office personnel. Standard norms are usually developed for works carried out by the standard technology considering the rational organizational and technical conditions already existing in the majority of economic entities (employers) fulfilling such kinds of work. The indicated norms are recommended as a reference for employers, where organizational and technical conditions of production have not yet reached the level fitting these indicated norms.

[Markaryan S.E., Snetkova T.A., Khairullina D.V. **Administrative aspects of accounting organization. Russian experience and problems.** *Life Sci J* 2014;11(8s):107-111] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 22

Keywords: accounting organization, administrative activity, division of labor, labor rating, job description, accounting personnel labor rating, accounting office.

Introduction

The term "economic entity" has appeared relatively a while ago. Economic entity is considered as a complicated social-economic system of coordinated types of human activity with business management gaining special importance in it. Organization and coordination of personnel activity, regulation and institutionalization of ties in economic entity's organization structures provide for its efficient functioning and development. Competitive abilities of economic entity in the market conditions stipulate the administering necessity for all system of communications and relations with the external counteragents [1].

All lines of activity of the economic entity are exposed to administering with the certain level of specialization; and the administering principles shall be adapted for each element of organization structure of the enterprise management.

Administrative approach application to the accountancy organization is stipulated by the legislative machine of the accountancy regulation in the nation-wide scale, its adaptation to the specific characteristics of economic entity, as well as by the level of proficiency and the accountancy service personnel qualification [2].

The unity of direction principle, as the most important principle of business administering, is realized in practice in the economic entity executive officer and the chief accountant duties of accounting records maintenance [3]. The economic entity executive administratively approves the accountancy office status in the organizational structure of management, determines the accounting service

status, and establishes its functions in the information support of organization management. The formation process of chief accountant's authorities is based on the legislatively established adaptation of common scientific-methodological requirements towards the functional feature of the economic entity. The executive is empowered to select independently the organization structure of the accounting service depending on the economic entity's activity type, its organization-legal form, accounting work volume and automation level of economic information processing.

Progress to date: the Russian experience

The chief accountant post belongs to the category of economic entity management. The chief accountant manages the professionally competent group of people with different personal characteristics and temperament. In this regard the following administrative-management functions prevail in the chief accountant's duties – accounting process organization, distribution of duties among the accounting office staff, economic entity internal standards fulfillment control, conflicts settlement arising inside the collective body and in the process of interaction with the external entities.

Administrative activity of the chief accountant of the economic entity is realized through the fulfillment of the following management principles: duties and responsibility, division of labor. The chief accountant's authorities in the system of economic entity resources management objectively determine the character and the limits of his responsibilities for accounting organization and

management. The role of the internal administering instrument is traditionally played by the accountability for assets of the employee for the property at his disposal, and in case of the damage or loss of the said property the administrative and criminal responsibility come into effect.

Labor division presumes differentiation and specialization of the accountant's professional activity being carried out within the scope of the economic entity accounting service organization structure [4]. Legal status of the accounting-economic service employee, his duties, rights, responsibility and qualification requirements applicable to him are regulated in the job description.

The chief accountant works out job descriptions for each segment of accounting business in the economic entity. The professionally developed job description meets the key requirements of unambiguous character of its provisions wording, their understanding and fulfillment. This approach guarantees the possibility of adequate fulfillment and provides for the control in the requirements realization by all interested participants. This administrative instrument is used by the economic entity work results analysis and evaluation, determination of the reasons and naming of the persons at fault of the occurring deviations. Functional specification and regulation of the accountant's professional powers listed in the instruction is designed to exclude the possibility of provisions non-fulfillment quoted therein.

The necessity of the accounting personnel attraction into the accounting service shall be economically validated, as the costs of the employees' labor payment comprise the substantial item of management costs in any economic entity.

In general, labor rating is the management activity, aimed at establishment of necessary costs and labor results, as well as optimal ratio between employees number in different groups [5]. The measure of labor inputs can be expressed in time, work volume, number of employees and service objects. One should distinguish between established standards (standard specifications) and labor rates.

Basic provisions managing labor rating issues are determined on the legislative level in the Article 22 "Labor Rating" of the Civil Code of the Russian Federation. The development and approval procedure of standard specifications (interbranch, professional, industry and other) labor rating for homogeneous works are determined by the Rules of development and approval of standard labor rating specifications, approved by the RF Government Resolution#804 of November 11, 2002. Standard interbranch labor rating specifications are approved by the Ministry of Labor of the Russian Federation,

and the standard professional, interbranch and other labor rating specifications are approved by the federal body of executive power upon coordination with the RF Ministry of Labor.

Standard specifications are applied if meeting the definite organization-technical criteria serving the basis for their development. In this respect, standard specifications characterize labor input indexes based on the research results and developed under centralized control. They serve the economic entity as basis for internal labor rating development adapted for the definite conditions [6].

Standard specifications, developed and approved by the RF Ministry of Labor Resolution# 56 of 26.09.1995 "Interbranch enlarged time standards for work fulfillment in accounting and financial activity in budget organizations" serve as guidelines by labor rating development of the accounting personnel in budget organizations. This normative document determines general rules regulating the organization of accounting service labor organization.

Interbranch enlarged time standards for work fulfillment in accounting and financial activity are recommended for determination and substantiation of the necessary number of workers, specification of job duties and labor division between the staff. Professional accountants' practical activity, experts' evaluation, as well as current accounting and reports serve as the basis for the time standards development results analysis.

Nevertheless, under current conditions it does not seem possible to use this normative document by calculation of accountancy service personnel number in the economic entity of budget sphere due to the following reasons:

- Interbranch enlarged time standards for accounting work fulfillment have been compiled over ten years ago and are outdated;
- Interbranch enlarged time standards for accounting work fulfillment embrace all types of accountancy fulfilled without technical maintenance software application.

General negative tendency in the field of labor rating on the nation-wide scale is also worth mentioning. As of the date the development of new interbranch and industry normative materials of labor rating has been practically terminated due to the state centralized control of labor measurement abolition.

The earlier developed normative documents regarding the time standards for the certain works at the enterprise deal more precisely with the working staff norms than the employees' norms, including the accounting personnel. Most probably, it is explained by the primary importance of main technological

process operations against the operations of administrative management.

Unsolved problems

Thus, the business situation at present in the field of labor rating for accounting personnel shows that the budget organizations are practically on the same normative level as commercial ones, for which the similar interbranch standard specifications for accounting personnel labor have been neither developed nor approved.

Hence, labor rating for accounting personnel needs development and approval directly on the level of internal standards of the economic entity [7].

The modern management practice usually applies two groups of methods for employees' labor rating. The first group is basing of the work time input research, and the second group of rating methods is basing on the statistical analysis.

In applying the first group of rating methods necessary time input on specific work can be identified either by pre-established time standards and norms, or by direct study of working time input using the research methods of relevant data processing.

When using the rating methods of the second group based on statistical analysis, the norms under specific conditions are set by existing normative materials (quantity standards, service and controllability), developed on the basis of mathematical methods of relevant data processing [8].

Rating by methods of the first group is often called in literature direct rating unlike indirect rating carried out using the second group methods [9]. The choice of the particular employees' labor rating method is determined by the nature of their fulfilled work.

Accounting process generally involves the presence of such components as: legislative and local rules and regulations, incoming and outgoing information and the results in the form of statements; that is why it is not unique. In the absence of normative materials rating the labor of the accounting staff, it is necessary to fulfill labor rating through the research data of work time processing methods, which means to use the first group methods of rating.

Currently, quite a number of Russian enterprises of small and medium-size businesses possess the implemented information systems, either domestic or western-style, covering all activities of the organization in different lines, or more often covering the activities of the finance departments. Information system allows optimizing and automating part of some accounting transactions, and therefore decreases the time for their fulfillment.

Herewith, the time required for operations processing by the accounting staff will in its turn depend on the class of applicable software. Hence, employees' labor rating on the basis of time rates is not always appropriate for the modern accounting services work evaluation, as it does not always seem possible to identify the units of rated works in the work time costs structure due to the functional peculiarities of information system itself, in which occurs the accounting of all business transactions of the definite organization.

Method of factor rating became widespread abroad yet having not extensive application in our country [10].

Let us consider the essence of this method, which may be in our opinion of the certain practical interest for the management of Russian companies, including the financial directors and chief accountants.

It is quite obvious that any manufacturing process may be a subject to rating. Factor rating is the most optimal method for calculating the business processes standards [11]. Traditionally, the following processes may be identified in the accounting of any economic entity:

- accounting of settlements by the settlement and other bank accounts;
- accounting of settlements on the cash-basis;
- accounting of settlements with reporting persons;
- accounting of settlements with suppliers and contractors;
- accounting of settlements with the buyers and customers;
- accounting of settlements with the workers on labor payment;
- accounting of long-term investments, basic assets and non-tangible assets;
- inventory accounting;
- management and financial reporting preparation;
- taxation reporting preparation.

Upon the division of accounting department activity into the processes, it is necessary to evaluate labor inputs of the accounting personnel for each process, considering the qualification level of the direct workforce [12].

The next stage is the factors identification rendering the most significant influence on the labor inputs.

The standards of each process of the accounting department activity are developed at the final stage considering the identified factors. Eventually, the optimal quantity of the accounting personnel is determined by the ratio of the definite

labor inputs volume by the respective accounting process to the approved standard.

By independent identification of the labor standards for the accounting workers made by the economic entity it must consider the requirements of the current normative documents considering the issues of labor conditions organization for the workers. For instance, the envisaged by the normative documents time of officially permitted breaks during the work. According to the hygienic requirements to the PC and the organization of work with them, which are approved by the Ministry of Health Care Resolution # 118 of June 3, 2003, the organization's personnel working at the computer must have legitimate breaks of total duration up to 90 minutes a day, at the expense of the working time. In modern conditions hardly any accountant will spend his working time without the monitor.

Conclusion

All legal aspects shall be complied with in the economic entity by the development and introduction of the local labor standards determined by the Labor Code of Russia. Let us consider the obligatory requirements to the approval and alteration procedure of the local labor standards.

Labor standards must be determined by the economic entity with opinion consideration of the workers representation body or specified in the collective labor agreement.

Economic entity is empowered to amend and alter labor standards, introduce new norms in the process of improvement or introduction of new technology, production and labor organization. It is noteworthy, that the basis for the current labor standards amendment is the objective circumstances allowing the real increase of the labor productivity. For the accounting department such circumstances will be the following facts: installation of new equipment, information processing technology alteration, certain operations elimination.

Labor standards alteration must be fulfilled within the same procedure as their approval, which means with due consideration given to the opinion of the workers' representation body or by way of alterations introduction into the collective labor agreement.

Accounting personnel must be notified at least two months prior to the new labor standards introduction. The economic entity must provide an employee with normal working conditions for performing of the approved labor standards. It should be noted that the labor code reveals the essence of the term "normal operating conditions" with respect to the implementation of production standards.

However, in our opinion, these conditions shall be necessary for the performance of any labor standards.

Thus, the following conditions of the accounting personnel operating can be attributed to normal:

- good working condition of premises and the equipment;
- timely provision of documentation necessary for work;

Proper quality of materials, other means and objects necessary for work fulfillment, their timely provision to the worker;

- labor conditions complying with the occupational safety and environmental protection.

Failure to provide good working conditions and respective fulfillment of labor standards can be construed from the legal point as the failure by the employer to fulfill his obligations to the employee. Labor standards non-compliance in this case must be evaluated as occurring through the fault of the employer and repaid respectfully.

Thus, it is necessary to consider the following basic moments by the practical introduction of the accounting personnel labor rating:

-Labor rating of the accounting personnel in the modern conditions should rely on the local labor standards developed independently by the economic entity.

-The most advanced method in the field of the accounting personnel labor rating as of the present day is the factor rating method.

-By the development and approval of the local labor standards it is necessary to consider the requirements of the Labor legislation.

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5/12/2014