



Role of Accountability Management in Activity of Industrial Enterprises

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ABSTRACT

The paper has conducted the analysis of the mechanism of accountability management at industrial enterprises. The paper has also revealed the main problems solved with the use of accounting management. It has analyzed the main programs demanding the formation in the conditions of the accounting approach realization to management over industrial enterprises at the present stage of the development of economic relations. Analysis of the state of the Russian industry demonstrates its crisis that outdated paradigm of management that the solvency of the budget of consumers, the lack of money and investment, high wear of equipment, difficulties with the sale of goods, imperfection of normative-legal base, lack of raw materials and fuel, as well as other reasons are not allowed to go.

Keywords: Accountability Management, Purpose-oriented Program, Structural Divisions, Industrial Enterprise, Tree of Objectives

JEL Classifications: L30, L53, M20

1. INTRODUCTION

In the modern conditions of the development of economic relations domestic enterprises of an industrial sector demand the effective methods and ways for increasing competitiveness. In the considered conditions for many industrial enterprises not so much the existence as promotion of competitive positions in the market concerning the position of other enterprises that is mostly defined by the solution of strategic problems of the development of domestic industrial enterprises connected with the use of these or those methods and receptions of management is of great importance ("The Decree of the Government of the Russian Federation 'On Approval of the State Program of the Russian Federation Development of the Industry and Increase of its Competitiveness' from April 15, 2014 No. 328", 2014; Babich, 2015).

Tendencies of the development of strategic management at the level of municipalities and enterprises are connected with the solution of practical problems in revealing vital forces of a man through local communities which, being the subjects

of management, are compelled to introduce the methods of forecasting and accounting management. The development and realization of a complex of interconnected purpose-oriented programs providing the achievement of certain technical and economic indicators are urged to provide a coordination of the objectives, actions and resources, accounting of interaction of scientific and technical, social, economic and other aspects of the development, the effective search of internal reserves for the solution of complicated problems of the development of industrial enterprises, self-sufficiency and self-financing ("The Forecast of the Long-term Social and Economic Development of the Russian Federation for the Period Till 2030", 2015).

2. PROBLEMS SOLVED BY USING ACCOUNTING MANAGEMENT

Problems solved at industrial enterprises by using accountability management are subdivided into two types. New regional problems which become the leading ones at a certain stage of the development of society and are solved by all or most enterprises

(associations) present the first type. The problems arising at the enterprise and demanding new non-standard solution (carrying out the reconstruction or technical retooling, the transition to the new production turnout, and so on) present the second type.

At the industrial enterprise accountability management should be applied only in this case when the problem is one of the urgent ones and is caused by the existence of certain internal and external relations and its solution by traditional methods is difficult (Mityuchenko, 2010).

3. METHODOLOGY OF THE APPLICATION OF ACCOUNTABILITY MANAGEMENT OVER THE ENTERPRISE

Thus, it is reasonable to conduct the main steps and stages of the use of accountability management over the enterprise as follows.

Primary, the paper determines desirable final results of activity of the enterprise in the considered time period, namely, the main objectives (Figure 1) are set, and a set of the indicators characterizing these results with a value demanded. Then, the paper considers various options of the achievement of desirable results and reveals the main interfering problems. After that, it determines a set of the interconnected actions eventually providing solution of each problem that is a program (Mityuchenko, 2013).

Each program is developed for the whole necessary and sufficient for its realization period. The implementation of all programs is interconnected on terms and resources. In conclusion, to provide the effective implementation of each of the programs, the rational control system of the development and realization of a complex of purpose-oriented programs is formed.

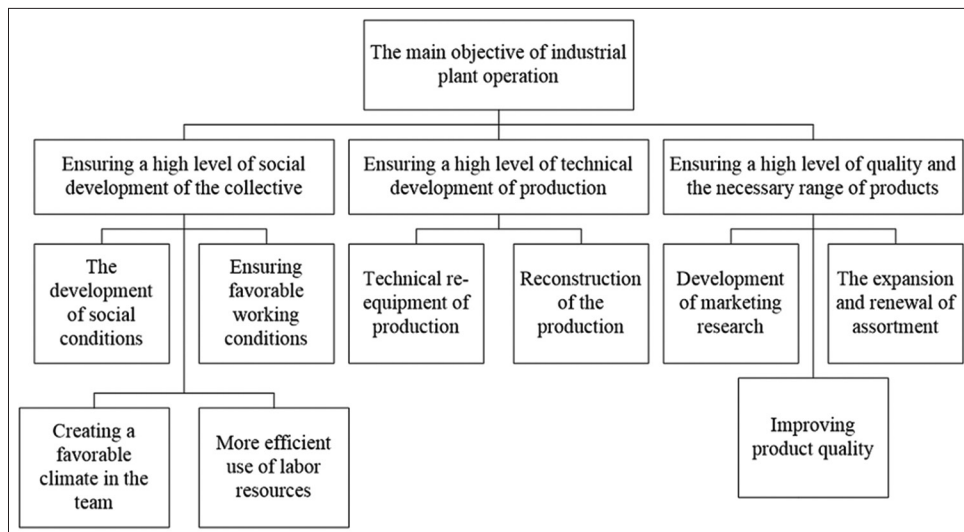
The presented “tree of objectives” essentially defines a complex of purpose-oriented programs of the industrial enterprise. The final

optimum structure of a complex of purpose-oriented programs is specified for each concrete industrial enterprise taking into account the specifics of its activity and depends on a number of the problems demanding special solution. At the same time, the development and realization of a complex of purpose-oriented programs on each of the enterprises has to provide effective solution of the following tasks:

- Improved management;
- Delivery of output on the social development of a work collective;
- Production development and improvement for the fullest satisfaction of needs of the population for the corresponding types of production;
- Increasing production efficiency and labor productivity by the fullest and accelerated use of the achievements of science, equipment, best practices, improvement of the organization and production management;
- Output of advanced goods, the new product development corresponding by technical and economic indicators to the best domestic and foreign samples and being appreciated among the population;
- Efficient use and increasing efficiency of capital investments;
- Decreasing carrying into effect of the main fixed assets and the full use of production capacity;
- Decreasing production price and increasing production profitability;
- Effective use of the main fixed assets and current assets.

Solution of each of the mentioned tasks has to be provided with the realization of one of the purpose-oriented programs. Before passing to more detailed consideration of these programs, it is necessary to analyze the general principles of the organization and development of a complex of the programs (“The Decree of the Government of the Russian Federation ‘On Approval of the State Program of the Russian Federation Economic Development and Innovative Economy’ from April 15, 2014 No. 316”, 2014; Mityuchenko, 2012).

Figure 1: “Tree of objectives” of the development of the industrial enterprise



4. IMPLEMENTATION OF PURPOSE-ORIENTED PROGRAMS

Development of a project of the structure and content of separate purpose-oriented programs gets going after the order of the director (CEO) of the industrial enterprise on the creation of the Coordination Council. At the same time, the development of the purpose-oriented program demands a task group. The project of each of the purpose-oriented programs is developed taking into account the offers of all structural divisions of the enterprise. Thus, the following main requirements are considered: Concreteness and visibility, feasibility at each chosen stage; accurate justification of expected social, economic and other effects; accounting of the principle of optimality; promotion of complex solution of the considered issues.

The developed projects of purpose-oriented programs are considered by the coordination council of the enterprise in the following sequence: A necessary number of the activities is specified; the sequence of an arrangement of the activities on the model is determined by importance proceeding from the certain conditions at the enterprise; the executors of each program are specified and the head of the program is appointed; completeness of activities which must be carried out for the achievement of the final result of the purpose-oriented program, compliance of terms of the realization of these activities, their executors and resource promotion are revealed; an associativity of programs is conducted.

After the completion of work on the formation of purpose-oriented programs the corresponding documentation is entered for each of them. It includes an explanatory note where there is the main objective of the program, its structure and summary; the table of purpose-oriented indicators; the table with a list of activities providing the implementation of the program with responsible executors, terms of the performance and expected result; network scheduled plans of the performance of activities.

As mentioned previously, the development of a complex of purpose-oriented programs is a basis of accountability management

of the industrial enterprise. The importance of this management has recently increased, in the conditions of the transition of industrial enterprises (associations) to self-sufficiency and self-financing when the level of income of collectives was put into the direct dependence on the final results of activity of the enterprise, and freedom of activities has increased (Mityuchenko, 2010).

Experience of the application of separate purpose-oriented programs in practice of management over enterprises has shown their insufficient efficiency as the implementation of each purpose-oriented program provides solution only of some local problem, but does not make an opportunity to improve all main technical and economic and social indicators of activity of the industrial enterprise significantly. It demands the development of a complex of purpose-oriented programs uniting local programs into the uniform coordinated system which characterizes all aspects of activity of the enterprise and ways of their perspective solution. And it is the most expedient to develop a complex of purpose-oriented programs for 5 years that is connected with solution of the following problems:

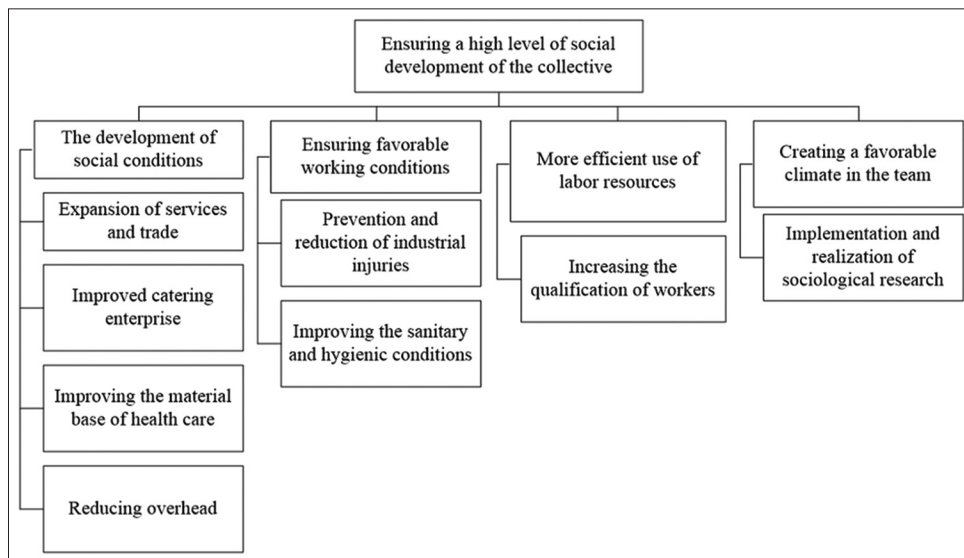
1. Assurance of the higher social development of a collective
2. Assurance of the higher technical production development
3. Assurance of the higher quality and demanded product range.

The first complex of the problems will be analyzed in detail. Their solution can be promoted by the development and deployment of four purpose-oriented programs (Figure 2): The development of social and living conditions, promotion of favorable working conditions, increased efficiency of the use of labor forces and the creation of a favorable microclimate in a collective body.

Promotion of the higher social and economic development of the enterprise demands the development and implementation of all four purpose-oriented programs.

The purpose-oriented program “Development of Social Conditions” has to provide the expansion of a services sector of trade; the improvement of the organization of catering consumption

Figure 2: Fragment of a “tree of objectives” of the social development of a collective body



at the enterprise; the improvement of material resources of medical care; driving down unproductive time expenditure.

The implementation of this program will allow to provide the further increase in free time due to the reduction of its losses in transport and crowds.

Also, those activities which provide the development of trade enterprises and catering consumption in the territory of the manufacturing enterprise (association) are equally important from the point of view of the improvement of a psychological climate in a collective body and increasing work satisfaction (Babich, 2014; Mityuchenko, 2013).

The inclusion into its structure of activities for carrying into effect psychological unloading offices has to be a basic feature of the program. It promotes increasing physiological efficiency of employees, the improvement of their health.

The purpose-oriented program “Promotion of Favorable Working Conditions” is closely connected with the program of the technical development of production. First of all, this program has to provide the creation of corresponding sanitary and hygienic working conditions; the prevention of industrial injuries and incidences; increasing labor safety on the basis of standardization; training and certification of technical and engineering employees (TEE) for labor protection.

Traditional activities directed on increasing labor safety for employees have to provide broader standardization in this area. The introduction of the system of the enterprise standards and state standards on labor safety promotes increased labor and technological discipline, is a reliable basis of regular check of theoretical knowledge and practical skills of employees serving cars and equipment. It is necessary to involve a wide range of executors from safety facilities officers to employees who are the members of the uniform commission for labor protection in the implementation of activities of the program.

To expand a scope of persons capable to provide following industrial safety procedures and control over them competently, it is necessary to include a special measure for training and TEE appraising for labor protection into the program.

The purpose-oriented program “Increased Efficiency of Utilization of Manpower Resources” is urged to provide the strengthening role of a human factor in production. The program has to provide retraining of employees by the second job training; career enhancement. Continuous instrumentation of production by new high-performance equipment makes career enhancement of employees an indispensable condition of the effective organization of production, a guarantee of the full development and use of equipment capability.

All TEE and employees of the enterprise should be caught by various forms of career enhancement. Regular work of specialists in career enhancement, the improvement of practical skills and theoretical knowledge – All these things promotes creative activity.

Moreover, the acquisition of necessary skills of management, the development of advanced equipment and production technology are important for the heads of structural divisions.

The purpose-oriented program “Creation of a Favorable Microclimate in a Collective Body” has to provide: Research of a social and psychological climate of the collective bodies of structural divisions and enterprise in general; carrying out assessment of personal labor contribution of TEE and officers into the general results of production; the improvement of the system of moral and material incentive; the development of a social and demographic portrait of the enterprise employees; the development of social and psychological warning means and decreasing industrial injuries.

Research of a social and psychological climate in a collective body assumes assessment of a degree and nature of employees’ participation in life of the enterprise. On the basis of sociological surveys in various structural divisions the identification of factors of labor satisfaction, the centers of possible proneness to conflict is planned. As a result, recommendations on the improvement of a social and psychological climate of a collective body, the prevention of conflict situations are developed.

Sociological research studies of assessment of personal contribution of TEE and officers into the general results of production are urged to make certain contribution to the creation of the conditions for increased efficiency of experts’ work. On the basis of the survey results the rational system of moral and material encouragement of certain executors is developed.

The increased technological level of production in the industry demands import equipment for normal operation of which there is the need for considerable funds for the acquisition of spare parts. Supply of equipment with constructive defects has an adverse effect on technical retooling efficiency (“The Decree of the Government of the Russian Federation ‘On Approval of the State Program of the Russian Federation Economic Development and Innovative Economy’ from 15 April 2014 No. 316”, 2014; Babich, 2014).

One of the main tasks solved during technical retooling of industrial enterprises are mechanization and automation of works which need manual skills. In this regard, the increased technological level of auxiliary production which considerably lags behind the technological level of the main production demands much attention. There are many reasons for that, however, the main one is that at the intensive development of mechanical engineering branches delivering equipment for divisions of the main production, the branches providing with equipment the processes connected with hoisting-and-transport, unloading, warehouse and other works are slowly developed.

The consecutive transition from the improvement of single parts of the technological purpose to complexity of made decisions is an important condition of the increased technological level of production in the course of its technical retooling. Such complexity is shown, first of all, in coverage of all elements of

production means, secondly, in the selection of the progressive types of equipment, technology, and so on providing equipment associativity in technological lines on single power, productivity, reliability, and so on, thirdly, in the improvement of the use of the operating production potential by increased coefficients of capacity utilization, number and use of equipment, unevenness elimination, and so on. All these things at industrial enterprises can be reached in some degree thanks to the development and implementation of purpose-oriented programs “Technical Retooling of Production” and “Production Reconstruction” (Figure 3).

The purpose-oriented program “Technical Retooling of Production” has to provide the introduction of progressive technology, new equipment, mechanization and automation of production, the reduction of a share of manual skills.

The implementation of the purpose-oriented program is urged to provide the coordination of works on the creation of new ones and

to the best use of operating capacities; to increase high-quality goods during promotion the growth of labor productivity and release of employees occupied with manual skills; economy of resources; to decrease a product cost and to improve technical and economic indicators of activity of the enterprise.

The steep and successful learning of new types of equipment and technology in production is possible only when the simultaneous preparation and promotion with materials, equipment, measuring means, workers and other types of resources is carried out. The corresponding concerted efforts of divisions on power and transport service of production, the new organization and stimulation, career enhancement of employees and employment of free employees is required.

A complex approach to technical retooling of production demands interconnected and coordinated work of all divisions and executors involved in this process (Babich, 2014; Mityuchenko, 2013).

Figure 3: Fragment of a “tree of objectives” of promotion the higher technical development of production

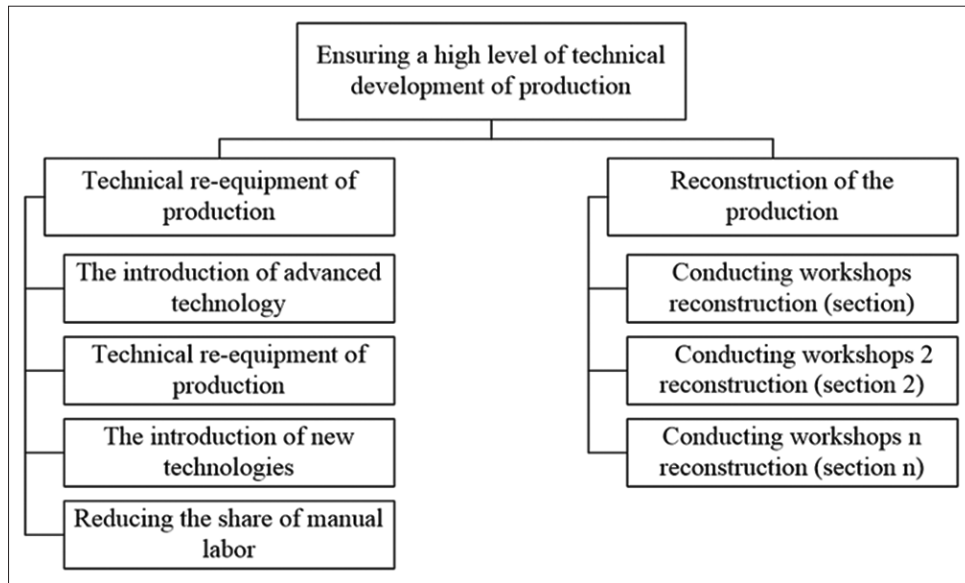
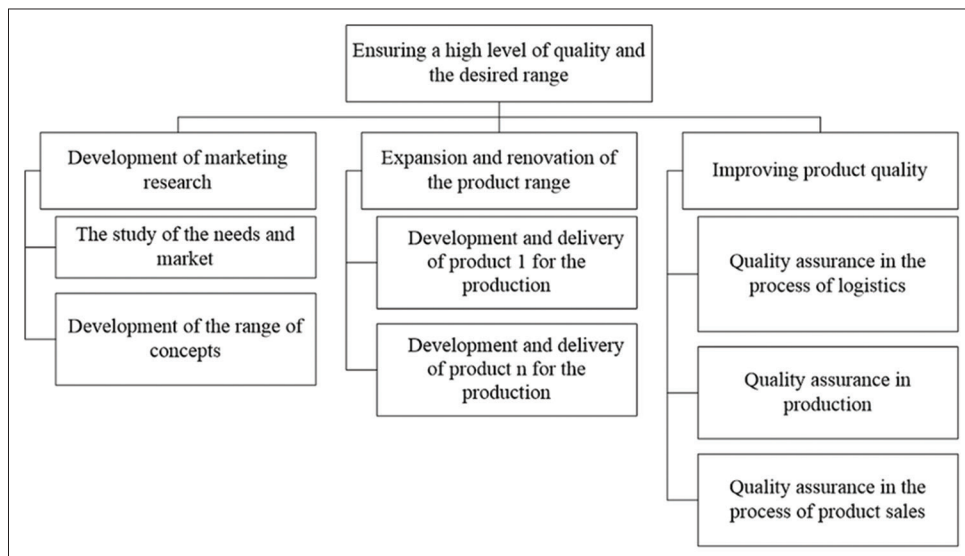


Figure 4: Fragment of a “tree of objectives” of the organization of the quality of production



Besides increased production efficiency the program “Technical retooling of production” solves also very important social problems: The improvement of working conditions and reduction of a share of manual skills.

The purpose-oriented program “Production reconstruction” is important for the further increase of production. Its realization is urged to provide the expansion and updating of capacities and fixed assets, and also the reconstruction of objects of non-productive appointment.

Solution of a complex of problems “Assurance of the higher quality and demanded product range” can be promoted by the development and deployment of three purpose-oriented programs: The development of market research studies, the expansion and renewal of range of goods, the increased quality of turn out goods (Figure 4).

The purpose-oriented program “Development of market research studies” has to provide the performance of activities providing full information on the development of the market requirements allowing to develop in due time necessary concepts of the development of a range. The implementation of the purpose-oriented program “Expansion and renewal of range of turn out goods” is urged to provide the expansion and renewal of range of turn out goods in time. Its implementation provides the production release conforming to the modern requirements of the best domestic and foreign samples; the expansion of range of goods of the improved quality; the application in production of new types of goods of the progressive technology providing the higher extent of mechanization and automation of production; the replacement of scarce and import types of raw materials at the high quality of production.

To ensure competitiveness of goods of industrial enterprises the purpose-oriented program “Improvement of the quality of turn out goods” is developed and realized. Its implementation has to assume the high level of technological support of turn out goods, the introduction of advanced equipment, the stability of the planned level of the quality of production (Mityuchenko, 2010).

The further improvement of the quality of turn out goods and promotion on this basis of the fullest satisfaction of the needs of the population for necessary goods is impossible without continuous increasing technological level of production. Maintenance of the high technological level in the industry is mostly defined by the specifics of its diversified structure assuming the use of a wide range of various cars and equipment and also a set of technological processes.

The specifics of the industry that is an important sector of national economy predetermines the need for the replacement of physically

worn-out and obsolete equipment with the systems (complexes) of cars and equipment for the full mechanization and automation both as the main and auxiliary production as a technical retooling priority (Babich, 2014; Mityuchenko, 2013).

5. CONCLUSION

Industrial enterprises at the present stage of the development are characterized by operational management on deviations. Analysis of the condition of the Russian industry testifies to its crisis, which the outdated paradigm of management, low consumers' solvency, lack of money and investments, high wearing equipment, difficulties with sales of goods, imperfection of the regulatory base, lack of raw materials and fuel, and other reasons do not allow to get out of. Conducted research offers to use proactive management assuming the transition to the qualitatively new level of administrative activity adapted for the market realities.

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