

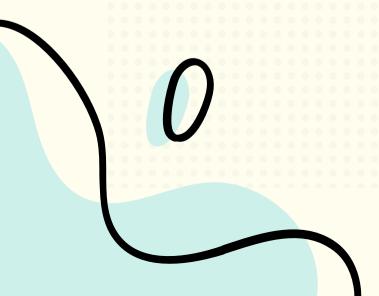


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ACKNOWLEDGEMENT

We would like to take this chance to express our gratitude to everyone who helped with the creation and publication of this e-book, both directly and indirectly. We hope that this e-book will provide our husbands, families, friends, and lovely readers with the essential information that will benefit everyone.k



SYNOPSIS

Introduction to Management Accounting and Business Environment is written based on Cost and Management Accounting 2 for polytechnic students. The objective of this e-book is to assist students in understanding the nature of Cost and Management Accounting in the globalization of Management Accounting.

This e-book also can be used as teaching material for polytechnic lecturers in their teaching and learning sessions in class. Overall, this e-book explains about the management strategies in the contemporary business process, the role of management accounting information in management and decision-making process, and the importance of ethics in business.

Furthermore, this e-book also provides questions, group activities and discussions and matching questions. It is my hope that this e-book could help students to understand better in Introduction to Management Accounting & Business Environment.



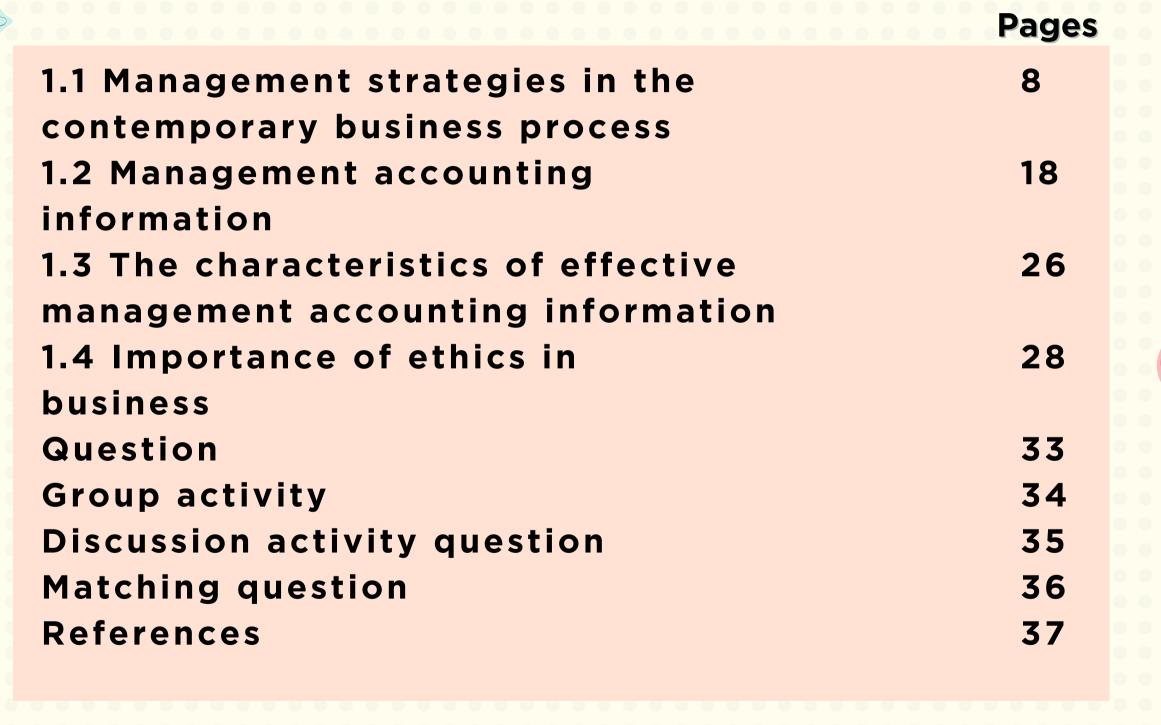


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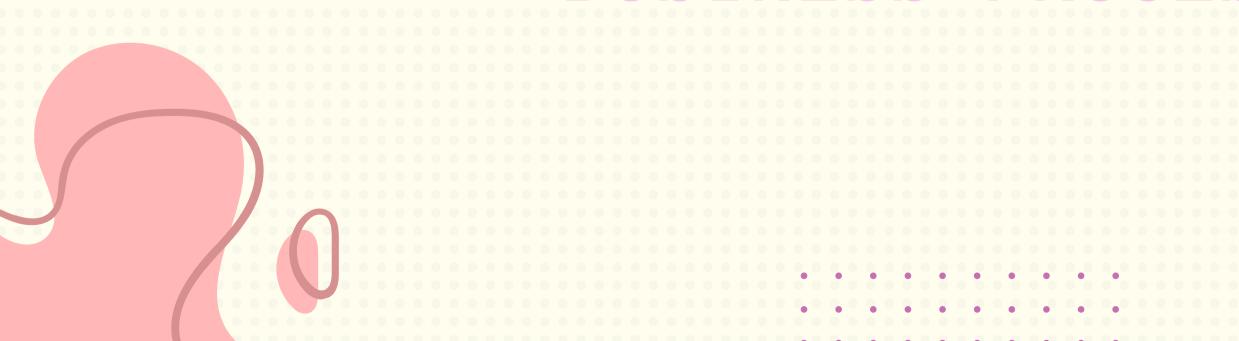
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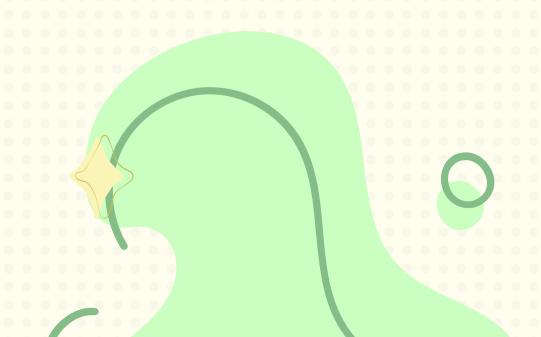
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1.1 MANAGEMENT STRATEGIES IN THE CONTEMPORARY BUSINESS PROCESS







- 1. Tool for monitoring the strategic decisions taken by the company based on indicators
- 2. Permeate through at least four aspects:
- financial
- customer
- internal process
- learning & growth

Balance
Scorecard and
Strategy Map

Strategy Map

- 1. Simple graphic that shows a logical, cause-and-effect connection between strategic objectives
- 2. Visual framework for the corporate objectives within those four areas stated at balance scoreboard.

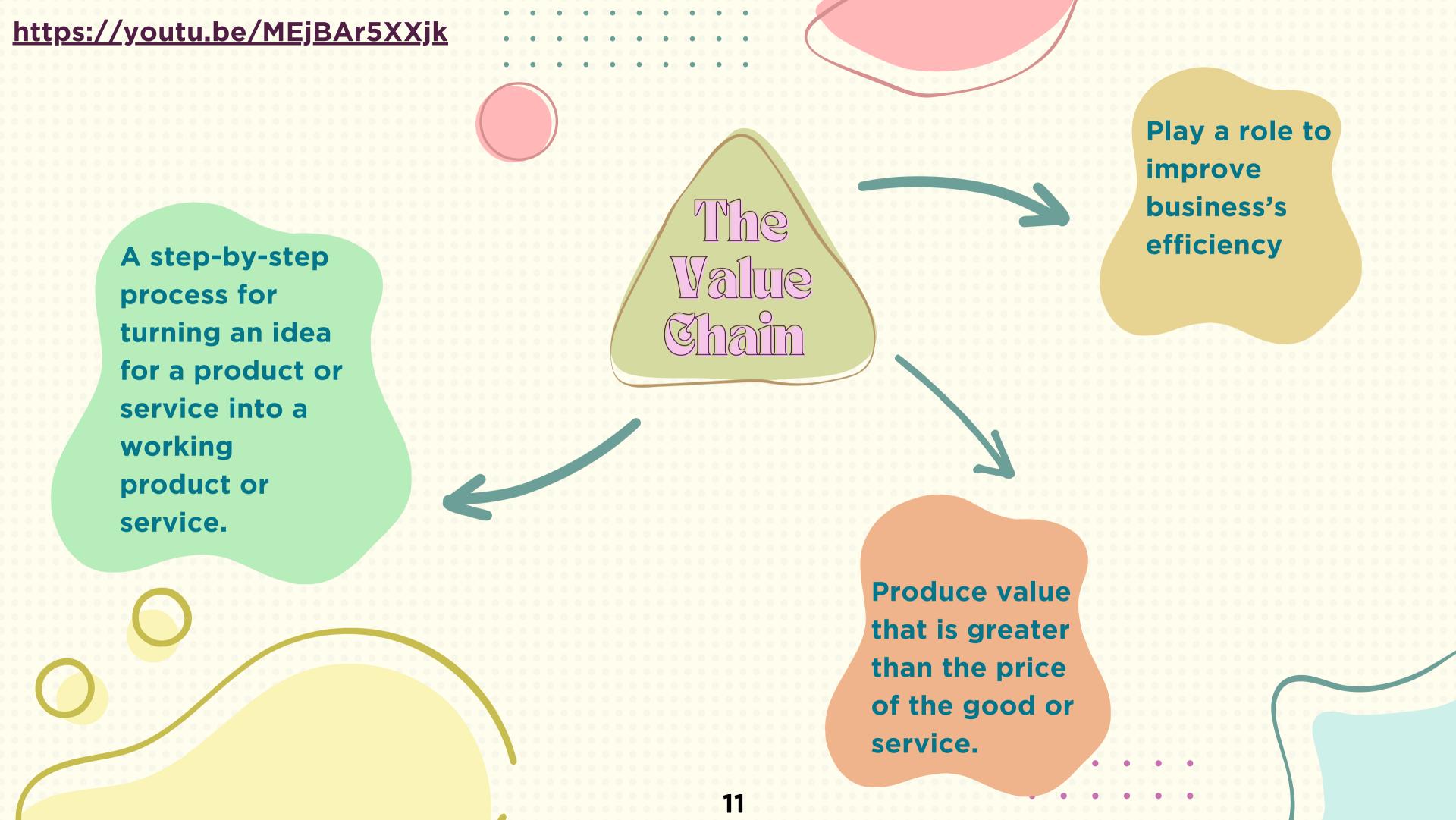
Salance Scorecard

Advantages

- 1. Better strategic planning
- 2. improved strategy communication & execution
- 3. Better alignment of projects and initiatives
- 4. better management information.

Disadvantages

- It must be tailored to the organization
- It needs buy-in from leadership to be successful
- it can get complicated



ACTIVITY BASED COSTING

The way these cost factors relate to the indirect cost of the good or service varies.

Costs in an ABC system are divided into groups according to the many cost drivers that are used.

Output unit-level costs

Batch level costs

Product-sustaining costs

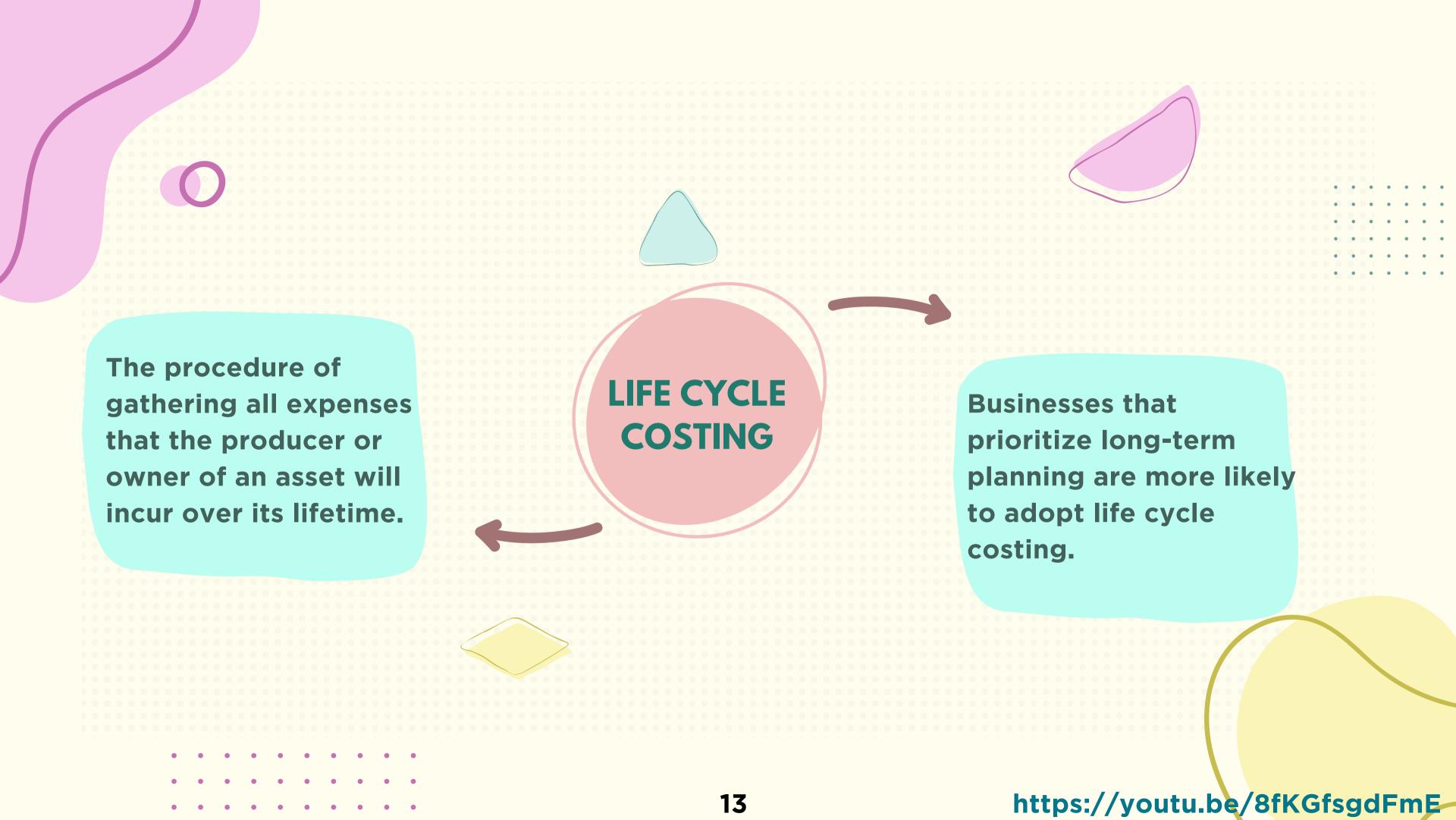
Facility-sustaining costs

https://youtu.be/lr4n6t64Ca8



A process whereby a business makes in-depth plans for the price points, costs, and margins it wishes to attain for a new product

A tool for surviving is target costing.



A framework for management founded on the idea that all of an organization's members, from entry-level employees to its highest-ranking executives, are essential to its long-term success.

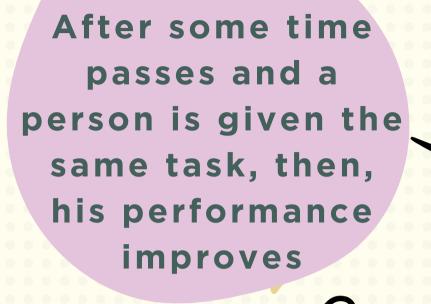
To ensure that the organization's product production process reduces waste and increases efficiency.

Total Quality Management



The set of guidelines and procedures that give manufacturers using lean manufacturing and lean inventory practises quantifiable feedback

Customers may appear happier and manufacturing may seem easier, but measuring these results yields pertinent, high-quality data



It implies that if a task is repeated, less time will be needed for each

encounter.

Very essential in:

- cost analysis
- cost estimation
- efficiency studies

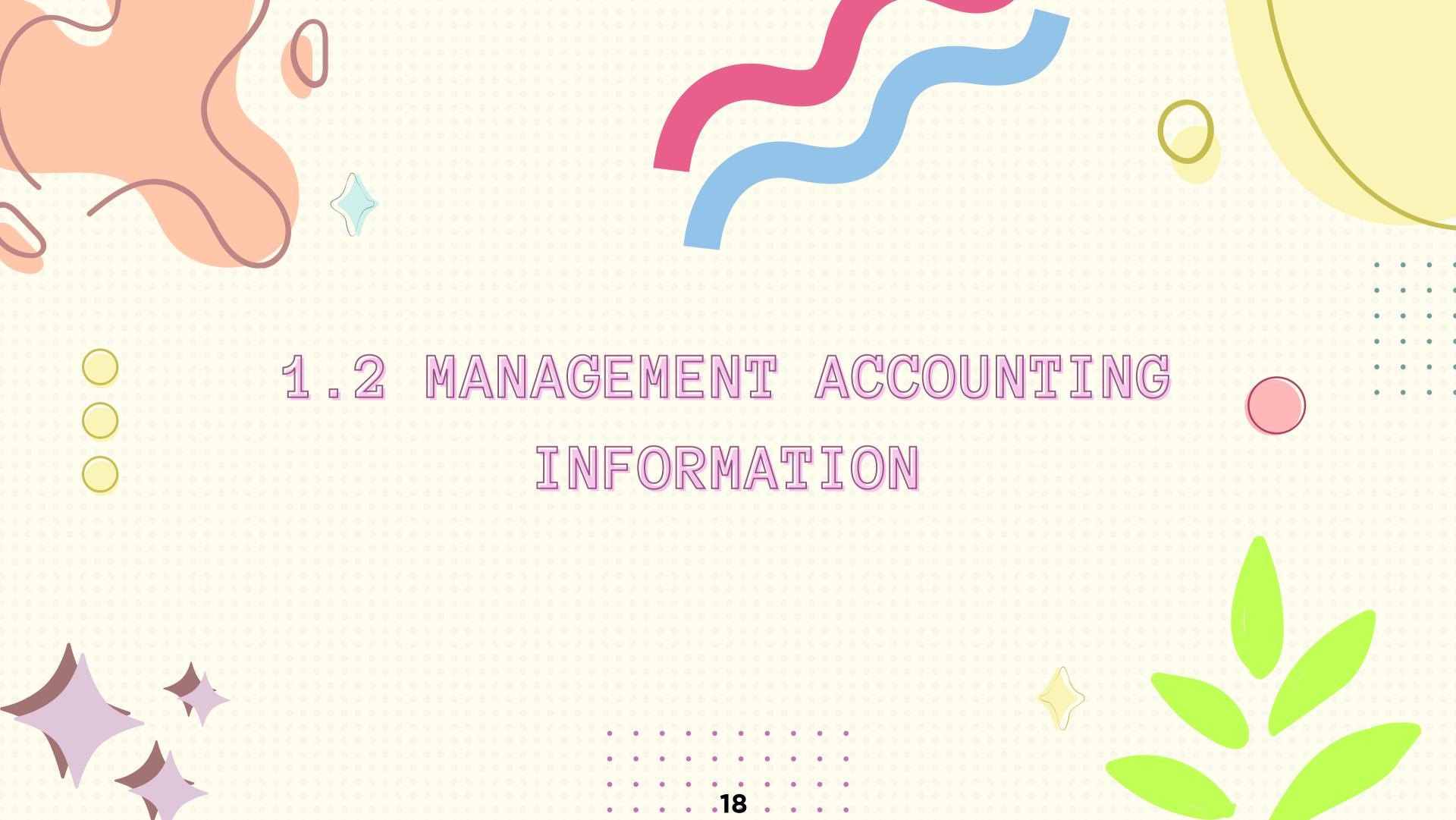
Also known as:

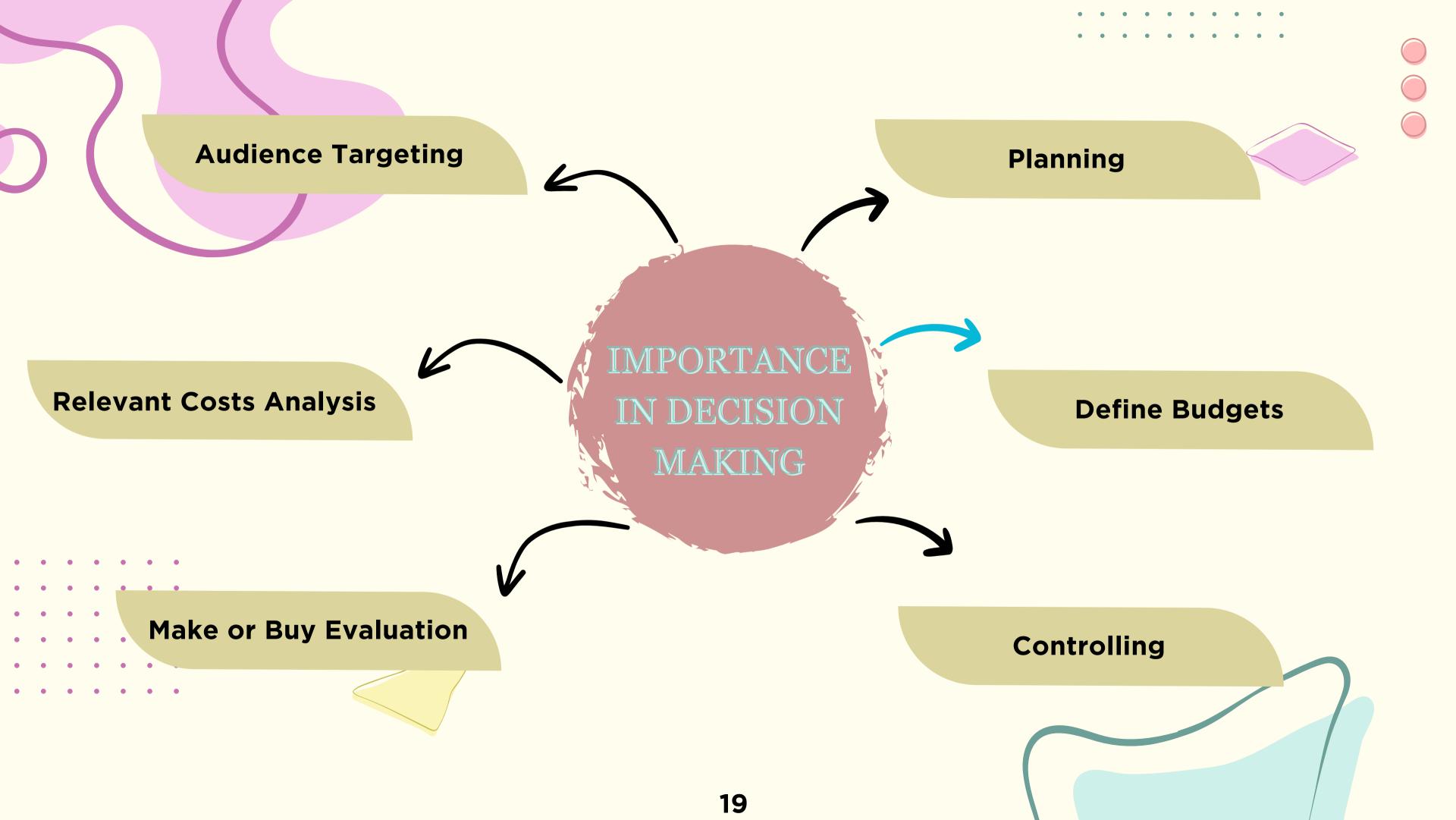
- experience curve
- cost curve
- efficiency curves
- productivitycurves

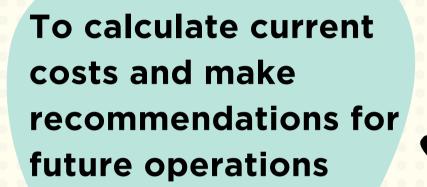


LEARNING

CURVE









This indicates that management accountants should consider:

- sales channels
- products
- services
- marketing activities



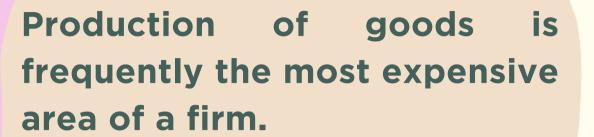
Consumers must receive extra attention from marketers



A company has to create a buyer persona that features:

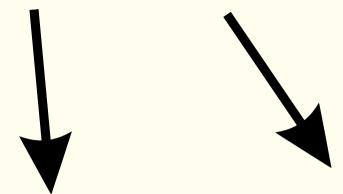
- Age & gender
- Location
- Income level
- Academic background
- Lifestyles
- Personal Values







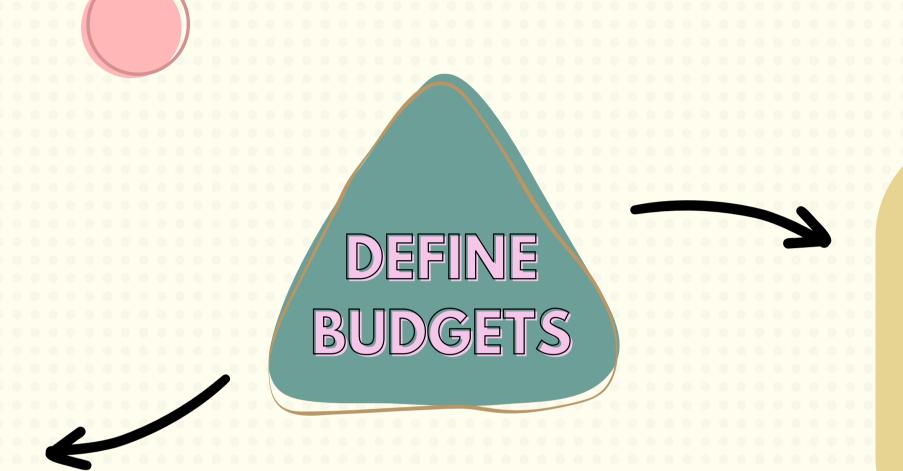
There are two solutions



Make products on your own

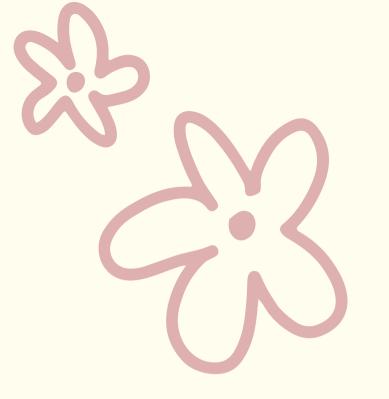
Buy them from the third-party provider





They create financial plans for:

- department
- project
- marketing campaign
- new product

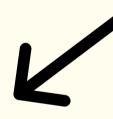


For instance, they could reduce the number of employees or cut compensation in underperforming divisions

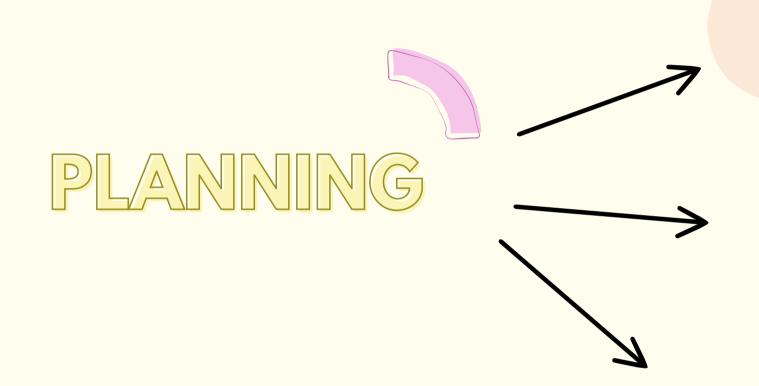


CONTROLLING

It assesses the output of all the company's departments and develops financial performance-related judgments







The ability to spot financial trends and forecast future changes

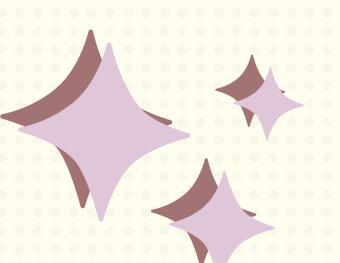
Establish long-term corporate policies

The ability to spot financial trends and forecast future changes



1.3 THE CHARACTERISTICS OF EFFECTIVE MANAGEMENT

ACCOUNTING INFORMATION





Relevant:

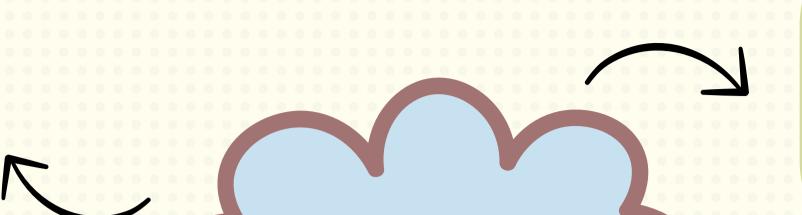
Information should be relevant to its purpose

Understandable:

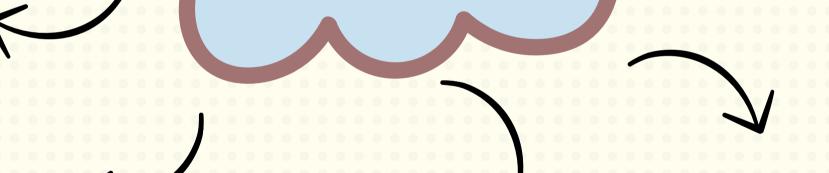
Needs to be clearly presented

Timely:

Should be provided in sufficient time for decision to be made



THE CHARACTERISTIC



Cost effective:

Value of information should exceed the cost of producing it

Comparable:

Level of standardization
of accounting
information that allows
to compare their financial
statements

Reliable:

Sufficiently accurate to be relied upon

Complete:

Information should not be excessive

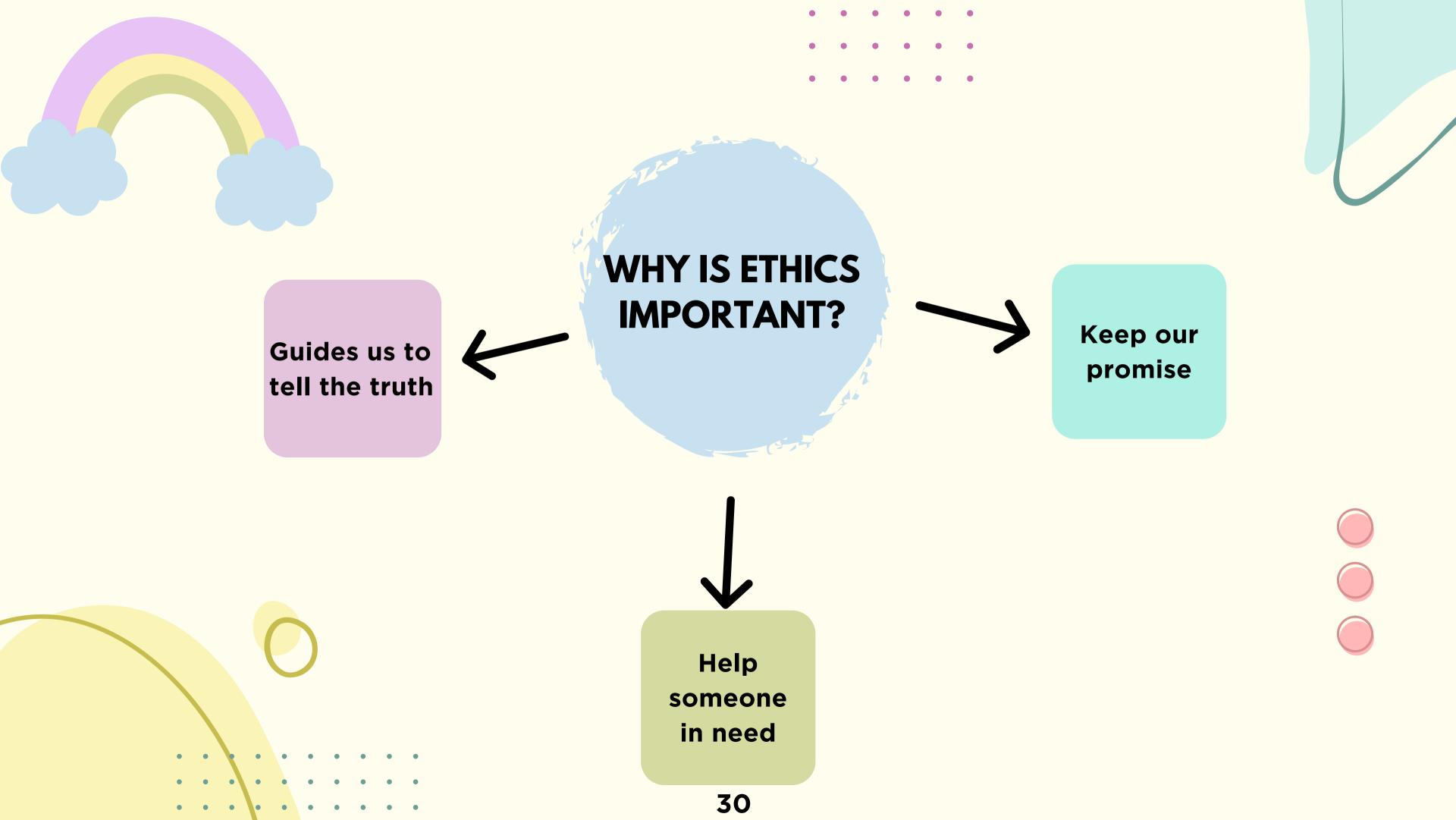


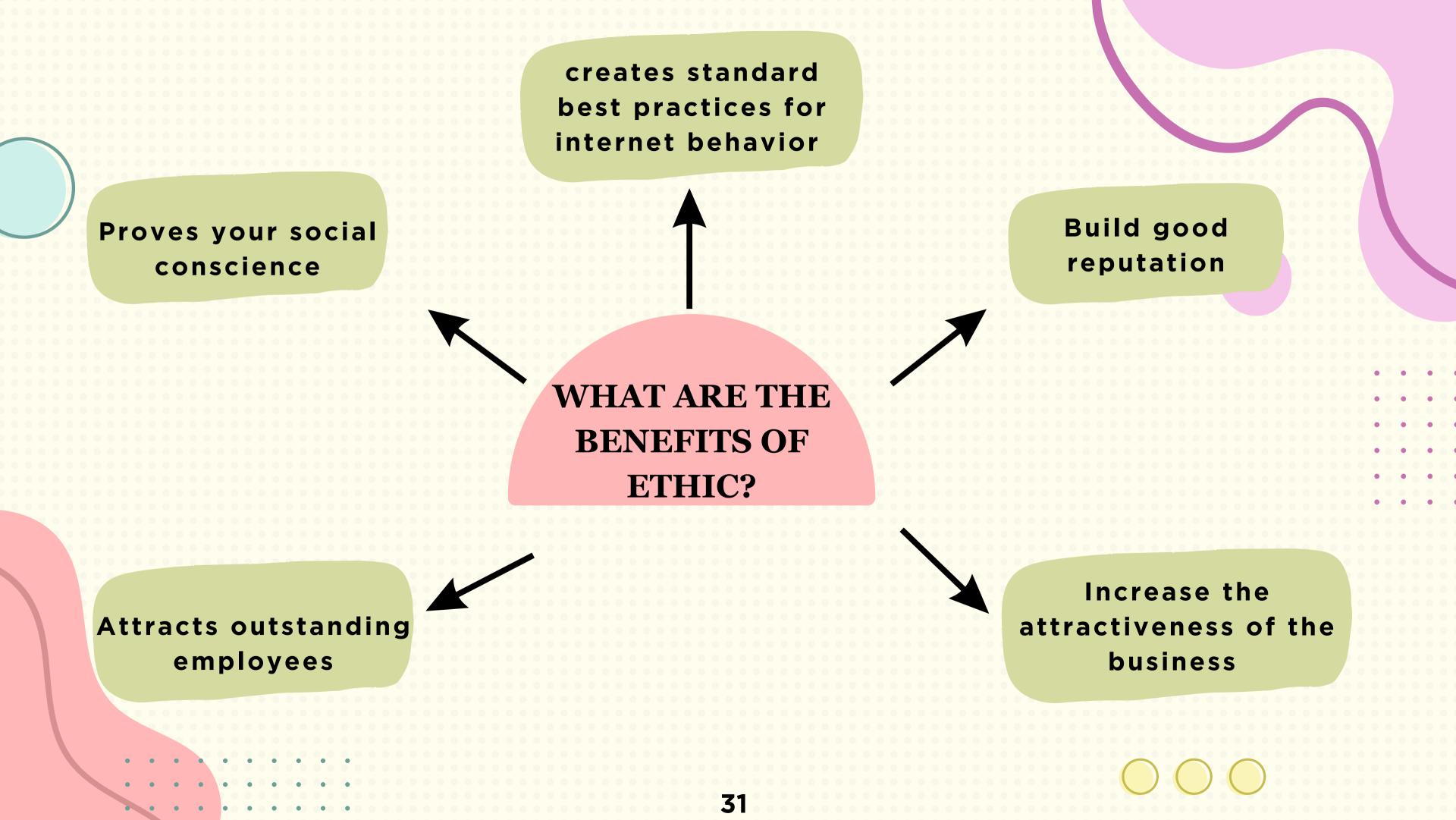




1.4 IMPORTANCE OF ETHICS IN BUSINESS







1.4.1 DISCUSS THE CODE OF CONDUCT FOR MANAGEMENT ACCOUNTANTS BASED ON INSTITUTE OF MANAGEMENT ACCOUNTANT (IMA)

CREDIBILITY
-Communicate
information fairly and
objectively

INTEGRITY

-Mitigate actual conflict of interest

COMPETANCE

-Perform professional duties in accordance of laws, regulations and technical status

CONFIDENTIALITY

-Keep information confidential except when disclosure is authorized

A. QUESTION

- 1. What is the nature of Costs & Management Accounting.
- 2. Give FIVE (5) of the management strategies in the contemporary business process.
- 3. Give THREE (3) roles of the management accounting information in decision making process.
- 4. Give FIVE (5) characteristics of effective management accounting information system.
- 5. Why ethics in business important?





B. GROUP ACTIVITY

Management Strategies
1.The balanced scorecard & strategy map 2.The value chain 3.Target costing 4.Total quality management 5.Lean accounting
3-4 students
Experiential learning & group discussion
Cost & Management Accounting 1 (Introduction to Cost & Management Accounting

C. DISCUSSION ACTIVITY QUESTION

Question 1

Discuss the importance of Management Accounting to the organization for making a good decision.

Question 2

Discuss FIVE (5)
characteristics of
effective Management
Accounting; Give an
example for each
characteristic.

Question 3

Discuss the code of conduct for management accountants based on the Institute of Management Accountants (IMA)



D. MATCHING QUESTIONS

Relevant

Understandable

Timely

Reliable

Comparable

a. Information needs to be clearly presented and displayed in an understandable form

b. Information should be provided in sufficient time for decision to be made

c. The level of standardization of accounting information that allows the final statements to be compared to each other

d. Sufficiently accurate to be relied upon

e. The information should be relevant to its purpose



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