

Marilena Mironiuc,
Ph.D. Professor - "Al.I.Cuza" University of Iasi, Faculty of
Economics and Business Administration, Department of Accounting,
Romania

Cherednychenko Mariia,
postgraduate – Yuriy Fedcovych Chernivtsi National University,
Faculty of Economics, Department of Accounting, Analysis and
Auditing

THE OBJECTIVE NECESSITY OF THE DEFINITION OF PRODUCTION COSTS SYSTEM ANALYSIS

In order to run a business successfully, managers need to know the cost of making the products, cost per unit of production or service or for a process, wage costs for a unit of production or per period of production, scrap/rectification costs, production costs behaviour with various levels of activity. Thus correctly presented production costs information by Cost Accounting System (CAS) can be of great value to management in decision making. Nevertheless, the CAS is the main provider of production costs information, the detail System Analysis (SA) make this information useful for managerial decision making, for control or for planning. Indeed, as Charles T. Horngren, Srikant M. Datar and George Foster considers, managerial accounting helps managers just to identify the information which is or is not relevant. But only analysis is the key aspect in decision making [1, p. 52-53]. So that, the production costs SA take the intermediate place between the CAS and Management System. In order to determine what production SA is, it is obviously to examine the term system as the essence of this definition.

The term system is used in cases when we want to describe the studying or designing object as something whole, complex, and wish to emphasize that this is something bigger, complex, and thus the whole, one.

The concept of "system of production costs" is similar to the concept of system in general, emphasizes the orderliness, the integrity, the availability of certain laws.

Today there are many definitions of "system". Scientists examining the concept of systems from different positions, put forward a variety of its characteristics.

V. Volkov and A. Denisov define three stages of the definition of "system". The first stage - the characteristics of the system in terms of its composition, structure (definition of L. Von Bertalanffy, S. Beer, B. Milner). For example, S. Bir defined system as "one of the names of the order as opposed to chaos."

In the second stage of understanding what is system, definition was expanded and include not only the elements and connections, but also the purpose (as for instance definition proposed by R. Ackoff, S. Optner, E. Golubkov, V. Spitsnadel). For example, R. Ackoff considered system as a "set of actions (functions) related in time and space, many practical problems for decision-making and evaluation so that control problems."

The third stage of system concept includes the notion of the system observer (description of the term analysed in the works of W. Ashby, Y. Chernyak) [2].

So, V. Popov defined the term "system" as a way to solve a problem that "is naturally dedicated by researcher due to a set of functionally interacting elements, principles and relationships" [3]. Comparing the evolution of the definition of (elements and relationships, target, observer) and the evolution of categories of epistemology, O. Emelyanov offers to refer to this concept as the category of epistemology, the theory of reflection. The author also notes that such a complex concept as a system, at various stages of object representation in a system and in various specific situations may take a different definition. Moreover, as we clarify the definition of system or whether the transition to another execution of system is done, definition of system is not only possible but also necessary to be clarified [4, p.628].

Definitions that include elements and relationships, target and observer, and sometimes its "language" mapping system, helping to put the task, to outline the main stages of system analysis methods.

Moreover, T. Lucey notes that to ensure the usefulness of costing system, the following questions should be considered:

- Is the costing system appropriate to organization the way services are provided or goods manufactured?
- Do the reports, statements and the analysis produced by the costing system contain the relevant information for the intended purpose?
- Are the reports and statements produced at appropriate intervals and early enough to be effective?
- Are they addressed to the person responsible for planning/ decision making/control?
- Is the information produced in relevant form and to sufficient degree of accuracy for the intended purpose?

It follows from the above that every costing system will in certain respects, be unique, because it must be designed to suit the particular organization, products and processes and personalities involved [5, p.3].

Thus, taking in consideration the information mentioned above, objective necessity of the definition of production costs system analysis lies in the decision making tool about production costs as a complex system.

Literature:

1. Horngren, Charles T. Contabilitatea costurilor, o abordare managerială / Charles T. Horngren, Sricant M. Datar, George Foster; trad din engl.: Rodica Levi □ chi, ...; - Ch.: ARC, 2006. – 976p.
2. System Analysis and Decision Making, dictionary-Directory: Textbook. V.N Volkov, V.N. Kozlov. - Moscow: High school, 2004. - 616 p.
3. V.N. Popov Systems Analysis in Management: Textbook. V.N Popov, V.S Kasyanov, Y.P. Savchenko. - M.: KNORUS, 2007. - 304 p.
4. System Theory and System Analysis in Management Organization: Directory/ V.N. Volkov and A.A. Emelyanov. Moscow: Finance and Statistics, 2006. - 616 p.
5. Costing, (6 Edition, 2002), Terry Lucey, (Thompson)