Accounting In The New Millenium Essay, Research Paper

Accounting IndustryThe role of accounting in the future looks good. Based on the articles I read, Management Accounting is going to be the wave of future for accounting. Because of new management techniques, accounting has become more vital to the company as a whole. Some of the new ways of management include total quality management (TQM), just-in-time (JIT) production and purchasing methods and activity-based costing. These various types of management styles pull accounting into the company process more easily. Accounting has become an actual part of the management process; therefore, the need of Management Accounting has grown in proportion to the new management styles. Accountants are now becoming a larger part of cross-functional teams and are being used more in the decision making process. Customer satisfaction comes first when the customer determines dealing with total quality management, the quality of the company, the product and the company s service. This new management technique affects accountants who have to report and measure the employees’ performance as a whole. Product cost, service delivery and product reliability are all measured under total quality management. Management Accounting’s need is increased due to the frequent follow up reports required by managers. This need affects the accountant because his or her job is to provide the vital performance statistics. This is one reason why Management accounting’s future looks bright. Another new management technique is the just-in-time production and purchasing method. The just-in-time method deals with the cut back of warehouse inventory. When a product is needed, it is then produced. Keeping inventories to a minimum reduces the need for large warehouses, which can be beneficial to both small and large companies. The accountant’s time is now more able to be spent on managerial activities and less consumed with inventory. The just-in-time method leads to an increase in Management Account reports, which can quickly generate cost estimates. Finally, activity-based costing continues with the new wave of management techniques. This form of costing is much more detailed and difficult to master but the cost numbers are more accurate. This product costing method is becoming more widely used, especially in the computer industry where direct labor costs are low and competition is high. Accountants are required to give more specialized reports that deal with the company and its production and management. By the end of this decade, management accountancy and auditing will be seen as full and equal partners within the wider accountancy profession. Management Accounting is becoming as vital as financial Accounting and will become more and more vital in the near future. Membership and student registrations have grown by 35 and 40 per cent respectively in the seven years since January 1986. Membership in the Institute of Management Accountants has grown from 97 charter members in 1919 to 90,000 members today. The chapter number has now grown from 4 to 300. Management Accounting is the wave of the future because of the new management techniques of total quality management just-in-time manufacturing and activity-based costing. There is no doubt that the public now has a much better understanding of the profession of management accountancy and the capabilities of Institute members.