Detecting the Quality and Probability of Accounting Management in Chemical Corporation

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Abstract. This study aims to determine and discuss the extent to which the quality and probability of management accounting in chemical companies. theory and previous research that discusses management accounting which will be used as material or basic reference for discussions related to observations and literature reviews conducted by researchers, the results in this study management accounting with its various processes and elements will help companies to develop and plan company targets and goals as well as carrying out the process of supervising and carrying out company operational activities in a structured and systematic manner. In this study, it describes and provides an understanding of how the quality of good accounting management will have an optimal impact on the company to achieve maximum company goals.
Keywords : Quality, Probability, Accounting Management Chemical Corporation

INTRODUCTION

Today's increasing business competition requires companies to maximize their existing capabilities to stay ahead of the competition. Therefore, management must be able to recognize and seize opportunities, identify problems, and select and execute appropriate adjustment processes (Evadine et al., 2022). Management is also committed to maintaining continuity of life and managing the organization until the expected goals are achieved.

In presenting specific accounting practices for the chemical industry, it is first necessary to define the different types of production activities that qualify as "chemicals." Of course, there are no clearly defined boundaries between the chemical industry and other sectors. The scope and size of the chemical industry therefore varies greatly depending on the breadth of definitions used. In a strict economic sense, it's not really an industry at all. Unlike the oil and automotive industries, the various companies that make it up are not tied to a common product. Rather, the only common feature of all chemical companies is that they share a chemical process at some stage of their manufacturing process. Further, the branch he consists of two parts.

Chemicals and chemical process industries. The chemical industry, the most difficult to define, can be described as companies that produce "chemicals" that are used to make other products and are not usually in the form of familiar household items or commodities (Cui et al., 2022). For example, phosphorus and soda are commonly considered "chemicals", but paints and soaps are not. The chemical process industry consists of companies that manufacture related products such as pharmaceuticals, soaps, paints, fertilizers and oils (Rahman et al., 2022). Working for a company that was born in the chemical process stage and expanded into the chemical products sector, I have been fortunate to be familiar with both of these stages of the chemical sector.

Activity-based management includes two aspects: the cost aspect and the process aspect. The Cost dimension provides cost information about product activity resources, customers, suppliers, and sales channels. This cost-based activity helps improve the accuracy of cost calculations. The Process dimension provides information about what is being done, why it should be done, and how activities should be done to reduce costs.

Management accounting is the process by which managers influence other organizational members to implement organizational strategy (Anthony and Govindarajan, 2009). The administrative control process is systematic but not mechanical. This process involves interactions between individuals that cannot be explained mechanically. Managers have both personal and organizational goals. The most important question in management is how to get administrators to behave in a performance-oriented manner. Management accounting is the process of identifying, collecting, measuring, classifying and reporting to internal users useful information for planning, management and decision making (Hansen and Mowen, 2005)

The development of current management accounting systems is progressing very rapidly. A management accounting system is necessary for business leaders to perform the functions of planning, management and decision making. The management accounting system included in the enterprise basically pursues her three main goals: Providing information for determining the cost of goods/services, providing information for planning, management, evaluation and continuous improvement, and providing information for decision making. Managers need a performance appraisal system that helps them assess the performance of their organization through the performance of managers at different levels of responsibility centers (Wirjono and Raino 2013). The company designs a management accounting system to support the organization in planning, organizing, directing and making decisions through managers (Lempas 2014). Information support is necessary for the work of managers. A management accounting system is a formal system for providing information to management. Planning a management accounting system that is part of an organization's management system requires attention to implement it and actively contribute to the success of the management management system.

The relationship between accounting and management in management decision-making is expected to be useful for management in making specific management decisions. Managers are those appointed by the owners or shareholders of the company to run the company properly and correctly. Management accounting is a branch of accounting science that helps managers create scenarios and plan strategic business decisions.

It is the process by which management identifies, measures, collects, analyzes, prepares, interprets, and communicates financial information used to plan, evaluate, manage, and ensure appropriate use and accountability of resources within an organization. . Management accounting also includes the preparation of financial reports for non-management groups such as shareholders, creditors, regulators and tax authorities.

LITERATURE REVIEW

Accounting Management

Management accounting is the process by which managers influence other organizational members to implement organizational strategy (Anthony and Govindarajan, 2009). The administrative control process is systematic but not mechanical. This process involves interactions between individuals that cannot be explained mechanically. Managers have both personal and organizational goals.

Management accounting is the process of identifying, measuring, analyzing, preparing, interpreting and communicating financial information used by management to plan, evaluate and manage within an organization and to ensure proper use and accountability of resources. Management accounting is the practice of receiving data (internal and external sources) and analyzing, processing, interpreting, and communicating the resulting information for use within an organization and for management to plan and make decisions. , is to be able to control the process.

Providing relevant information is an important aspect of management. That's why he's there. To do this, to get the data.

1. use appropriate techniques
2. use appropriate techniques from statistics and operations research
3. take into account human element in all activities
4. be aware of economic logic in all transactions and activities

Management accountants have several main areas of work within an organization. you are fully involved in the management process.

1. Plan

Here the manager decides what goals to achieve and how to achieve them. Alerts administrators to possible future crises.

2. Control

Actual performance is compared to the plan so deviations from the plan can be identified and corrective action initiated.

3. Organize

This includes defining the framework within which the required activities will be carried out and who will carry out these activities. H. Define different departments. Each goal aligns with the organization's overall goals.

4. Motivate

Its purpose is to influence human behavior so that participants become aware of organizational goals and make decisions in line with those goals. For example, setting demanding but achievable goals.

5. Communication

The communication process involves perceiving of information by the sender, encoding it in a form that is most suitable; sending it to a recipient who will decode it to aid in his understanding of the message. The next stage would be for him to give feedback to the sender containing his reaction to the message.

Quality of Accounting Management

Quality is a dynamic state involving products, workers, processes, tasks, and environments that equal or exceed those of customers or consumers (Nasution, 2005: 4). Quality is the level or value of excellence (Blocher et al. 2002: 963). Based on (Nasution, 2005: 4 and Blocher et al. al. 2002: 963) Quality is the dynamic state or superior value that corresponds to the customer's environment. According to the International Accounting Standards Board (IASB), the principles for evaluating the quality of financial reporting relate to the purposeful fidelity and quality of information provided in a company's financial statements. These qualitative characteristics make it easier to assess the usefulness of financial reporting, leading to higher quality. To achieve this, financial statements must be true, comparable, verifiable, timely and easy to understand. Hence, the emphasis is on transparent financial reporting rather than misleading financial reporting for users, not to mention the importance of accuracy and predictability that indicate high quality financial reporting (Gayevski, 2015). The qualitative characteristics of financial reporting include relevance, fidelity, understandability, comparability, verifiability and timeliness. These are divided into basic qualities and comparative characteristics. A theoretical explanation of each term emphasizes its importance as a qualitative property, and also indicates which are considered fundamental in various contexts.

Although the analyzes and tests used to measure accounting quality have the same goal, different accounting perspectives and environmental factors are used. Therefore, in the literature there may be completely different models, or several models that have been developed or further developed one after the other. In the literature, you will find numerous studies on various keywords such as accounting quality, revenue management, income smoothing, value relevance, fair value, creative accounting, numbers games, or accounting magic. Due to the complexity of definitions, the most commonly used earnings quality indicators in the literature are listed below. Authors interpret individual indicators differently. First, we find that the analysis is extensive, as each researcher strives to design better models to produce results that provide the best explanation for the problem of choice. Therefore, it is impossible to determine the best indicators given in the literature. Another issue lies in the focus of the researchers' analysis.

The quality and profitability of accounting depends on both the financial performance of the company and the accounting system used for valuation. There is little empirical evidence of how underlying performance impacts earnings quality. Literature often does not adequately distinguish between the effects of underlying performance and the effects of measurement systems on yield quality. There are several potential sources of bias that affect the ability of accounting systems to display underlying performance in published reports. Therefore, research should rather focus on sources of bias (Dechow et al., 2010).

1. Relevance

Relevance is closely related to the concepts of usefulness and importance. Shows the user's decision-making ability. If the information in the annual financial statements influences the recipient's economic decisions, its relevance is rather disappointing. It is also beneficial if the information helps users evaluate, correct, or confirm current and past phenomena. Decision usefulness, a key component of relevance, is consistent with the conceptual framework (Cheung et al., 2010). Fair value is considered a very important indicator of relevance (Beest et al., 2009).

2. Reliability

Reliability is also important to the quality of financial reporting. For the information provided in financial statements to be useful, it must be of reliable quality. This quality can be achieved if the user-dependent information is free of biases and material errors. Reliability is assessed based on the characteristics of true, verifiable, and neutral information (Cheung et al., 2010). Comparability Comparability is a concept that allows users to compare financial statements to determine a company's financial position, cash flow, and performance. The consistency principle must ensure consistency and comparability in terms of statement content, format and underlying accounting.

3. Understandability

Understandability is a fundamental characteristic of the information provided in financial statements. This can be achieved through efficient communication. Therefore, the better the user's understanding of information, the better the quality of financial reporting (Cheung et al., 2010). It is a comparable quality that is enhanced by clear and proper classification of information. 2.

4. Timeliness

Freshness is an equivalent quality feature. This means that decision-making information must be available before it loses its value and ability to influence decisions. When assessing report quality, topicality is assessed based on the period from the balance sheet date to the time the balance sheet was prepared.

5. Faithful representation

Fair representation is a concept that aims to show how accurately financial statements reflect a company's obligations and resources, including transactions and events. Neutrality as a sub-concept also reflects objectivity and balance in this context. According to Willekens (2008), researchers believe that audit reports add value to financial reporting information by providing reasonable assurance about how faithfully annual reports reflect economic phenomena. I conclude that I will give

A management accounting system is a system that collects, processes, stores and reports operational and financial data to users, i.e. employees, managers and executives (Marina, 2014). The above statement inspired Chenhall and Morris (1986) to formulate the characteristics of management accounting information systems with broad coverage, timeliness, aggregation and integration, and the use of management accounting system information It states that the use of system information is useful for managers and organizations that can assist in the implementation of management accounting systems. Execute the plan according to the competitive environment (Tseng et al., 2022). Management accounting systems are viewed as systems that can provide benchmarking and monitoring information from the internal and historical information traditionally generated by management accounting systems. A management accounting system (MAS) is a formal system for providing information to management. Management Accounting System Planning (Ayu and Lovely 2014) Management Accounting System Management (SAM) has three components:

Quality goals

It is a goal or level of performance that an individual or organization must achieve. With clearly defined goals and objectives, individuals or groups can understand what needs to be done. These individuals or groups can develop work plans to improve performance and achieve organizational goals. A quality goal can be viewed as a goal or level of performance that an individual or organization must achieve. A company must have a goal to achieve and that is why the company was founded.

Quality feedback

Information is used to evaluate the steps in implementing the plan. It states that performance feedback is necessary so that employees can determine the relevance of their actions to the results of the production process. Feedback is very important to effectively communicate with your employees. Employees will continue to provide feedback only if they are willing and able to do something with the information they have.

Quality-related incentives

This is a commendation system that commends improvements in the quality of groups and individuals. By recognizing and rewarding individuals or groups of excellence or superior performance, we aim to significantly improve product quality and create conditions that motivate employees to achieve desired results increase.

METHODS

This study uses a qualitative method with descriptive analysis that examines and discusses previous studies. In accordance with the principles of management accounting, the sources of information used in this study are theories and previous studies discussing management accounting, discussion material or basic reference material related to observations and literature reviews made by researchers. used as The methodologies used in this study are: Draw conclusions from the results of pure literature analysis, theoretical analysis and discussion, and add deeper insights to achieve better understanding.

RESULT & DISCUSSION

RESULT

Referring to Meyerhoffer's findings, Frida (1956): Accounting for the chemical industry must also consider depreciation. In the chemical industry, property aging factors are often more important than physical conditions when it comes to property declines in usefulness. Factors of aging that should be considered along with physical deterioration when determining an appropriate depreciation rate include:

1. **Process obsolescence**

   Improved chemical processes may afford economies which hasten the retirement of the older, more costly and inefficient process. In a chemical company, the production process is the main key for the company to achieve its goals, so the production process is not spared in the management process which will of course supervise and monitor how the production process in a chemical company runs optimally, therefore accounting management will make it easier for companies to carry out the process production

2. **Sales obsolescence**

   Competitors or competitive products may capture the market or the market may shrink or disappear because of changing customer demands. With so many requests and needs for the same products and commodities from the public or consumers, it creates competitors who also provide the same commodities, so this chemical company is required to be more optimal in making sales and increasing its competitive power with competitors in order to survive and also remain optimal in carrying out the company's operational processes. As well as developing a sales strategy to be able to support the achievement of company goals.

3. **Mechanical obsolescence**

   Major engineers making improvements may result in making older equipment too costly to operate. In this case, every industry certainly has assets and machines that are used in its production process every day, with that a chemical company, which is basically the production of raw goods into finished goods, requires good mechanical skills and also good management in order to maintain its production process using the appropriate equipment and machines. exists in the company.

4. **Capacity obsolescence**

   If market demand for a product grows faster than expected, existing equipment may be abandoned and replaced with larger, improved, and more economical equipment.

DISCUSSION

Quality of manajemen akuntansi in Chemical Companies

Based on the theories that have been presented previously, the quality of management accounting that exists in companies today to achieve good management accounting fulfills the following 3 requirements:

1. *Quality Goals*

The company must always achieve every set production target as well as maintain the quality of its products, where the company must always provide motivation to its staff and staff through the vision and mission held by the company, so that it continues to maintain the operational and financial quality produced in accordance with the quality standards set by the company . In addition, the target of the company is the interests of the shareholders, which is one of the company's goals in general by maximizing the company's profits.

2. *Quality Feedback*)

The company, where the goal is that in every production activity if there is an error or delay in work, the company immediately fixes it so that the production process does not occur late and can be controlled properly. Companies must also always prioritize work safety for their employees so that mistakes do not occur in any ongoing operational activities.

3. *Quality Insentive*

Measures of company performance, both financial, setting working hours to consumer satisfaction, in terms of financial performance, the company always supervises and checks and records every day the product process and sales of its products, the application of working hours to employees is in accordance with existing rules and regulations only, for corporate consumers it is always must receive a lot and get a positive response to the products produced by the company in order to maintain consumer loyalty.

Probability of accounting management in Chemical Companies

Based on the basis or several key areas of work in an organization the management accountant. They are fully involved in the management process :

1. Planning

   Here the manager decides what goals to achieve and how to achieve them. This gives managers a warning about possible future crises. During the planning process, companies are expected to develop a big picture and strategies to achieve their future goals. Appropriate accounting management in a chemical company ensures that the company's finances are systematically and properly organized to support the company's operational activities.

2. Control

Actual performance is compared to the plan so deviations from the plan can be identified and corrective action initiated. After planning, accounting management helps to monitor or control a company's operations through standard and cost-effective management accounting, ensuring that the company has the opportunity to achieve and achieve maximum profit.

3. Organizing

This includes defining the framework within which the required activities will be carried out and who will carry out these activities. H. Define different departments. Each goal aligns with the organization's overall goals. In this process, the role of financial management is to group elements and areas of the company's operations by position and its needs so that the company's operations can be better organized and managed according to their respective groups and contributions. Or to classify.

4. Motivation

Its purpose is to influence human behavior so that participants are aware of organizational goals and make decisions in line with those goals. For example, setting demanding but achievable goals. The existence of a good accounting management system will motivate the ranks and elements of the company, as well as chemical companies, in the process of applying management accounting with various indicators and methods, it is possible to be a good motivation for every element of the company

5. Communication

The communication process involves perceiving of information by the sender, encoding it in a form that is most suitable; sending it to a recipient who will decode it to aid in his understanding of the message. The next stage would be for him to give feedback to the sender containing his reaction to the message. By carrying out the management process on the company's accounting policies which with planning, supervision and also grouping which is the motivation, of course this cannot be separated from the process of good communication and coordination on every line in the company, so that by maximizing every process of accounting management then provides the possibility for companies to create conditions of directed communication and coordination in order to facilitate and support the company in achieving company goals

CONCLUSION

Based on the findings and discussion in the research, it can be concluded that optimally implemented quality and probability of accounting management in chemical companies will help companies in their operational processes which have goals towards achieving company goals. The process of accounting management allows companies to organize and develop strategies in carrying out production processes and maintaining the company's operations in a systematic and structured manner as well as having an impact on managing the company effectively and efficiently.

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