

Developing The Management Accounting Conceptual Framework for Practice Guidance

Abstract

The main theme of the majority of criticisms directed to "Accounting" through decades has three facets: 1-"Accounting" is not a science. 2-"Accounting" suffers from many dilemmas. 3-The information provided by "Accounting" is of little relevance and little effectiveness, hence of little value. The present study is an attempt of providing a modest contribution to the solution of the problems stated above through: 1-Defining the problematic organ of the body of "Accounting". 2-Proposing a conceptual framework for amending that defect. The present study, by its nature, accommodates within the domain of the deductive approach, that is based on: Axioms, concepts, logical relationships, logical inference, and normative theory building. The study reached to the conclusion that the root problem is the cost measurement related to the absence of effective conceptual framework for the domain. The proposed conceptual framework consists of concepts, principles and procedures designed into theoretical and operational phases and can be condensed to only four concepts : Resource (asset), cost, value and cost object. All components of the framework are of a scientific nature because they are either axioms or logically proved. Dealing with a resource as an inventory of services facilitates divisibility hence variability and Valuing used units of those services by current market rental value as surrogate to current value triggers direct traceability advantage. The output of the proposed framework is in radical divergence with that of the current state of accounting thought, as that: 1-Wider accounting scope. 2-High accommodativeness for various management and accounting tools. 3- Information provided is characterized by representation faithfulness and comparability compared with current frameworks. Current rental value index related to using the assets for each industry is recommended.