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Organisation of Management Accounting in Higher Education Activities

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Abstract: This article analyses the theoretical foundations and practical significance of maintaining management accounting within the activities of higher education institutions, comparing the experience of developed countries with the practice of Uzbekistan. The research findings highlight the opportunities for enhancing economic efficiency, ensuring the rational use of resources, and strengthening strategic planning in higher education institutions through the improvement of the management accounting system.

Keywords: management accounting, higher education, financial analysis, costs, economic efficiency.

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The article compares the management accounting system with the experience of developed countries and analyses the effective outcomes achieved in their higher education sectors. For example, in countries such as the USA, the United Kingdom and Germany, management accounting is considered an integral part of the governance system of higher education institutions. In these countries, every university has a Management Accounting Department or a Financial Planning Office, which is responsible not only for budget execution but also for assessing the economic efficiency of each faculty, department or academic programme. Management accounting information plays an important role in strategic planning, financial analysis, determining the cost of educational services, and ensuring the efficient allocation of grant funds.

The article also examines the institutional, regulatory and human resource capacities necessary for introducing management accounting in the context of Uzbekistan. In particular, it puts forward proposals such as adapting international experience to local conditions, establishing units for economic analysis and planning within educational institutions, and creating a transparent financial monitoring system.

The main aim of this study is to enhance economic efficiency, strengthen financial discipline and provide a scientific basis for strategic decision-making in educational institutions through the management accounting system. To this end, the article analyses advanced practices of developed countries, their management accounting approaches, and an adapted model suitable for Uzbekistan.

In the higher education system of Uzbekistan, management accounting has been gradually introduced in recent years. At present, accounting and financial management processes in most higher education institutions are being digitalized, and this work is being carried out through electronic platforms such as “UzASBO”, “Hemis” and “Bilding”. However, unlike in developed countries, independent management accounting units at the institutional level have not yet been fully established. This limits the opportunities for economic analysis and evaluation of efficiency within the educational process.

In the 21st century, at a time when the global economy and digital technologies are developing at a rapid pace, the higher education system has also entered a stage of profound reforms. Higher education institutions are now evolving not only as centres for knowledge and personnel training, but also as organizations that independently manage their financial and economic activities and operate on the basis of self-sufficiency. Under such circumstances, the introduction of a management accounting system is of great importance for the proper management of financial flows, cost control, determining the cost of educational services and effective planning.

Management accounting is a system that generates analytical information about the internal activities of a higher education institution, serving as a key source for the administration in making prompt decisions, ensuring financial stability and using resources efficiently. Whereas financial accounting is intended for tax authorities and other external state control bodies, management accounting is aimed at the internal management of the higher education institution and at meeting the analytical and planning needs aligned with its core mission.

The experience of developed countries shows that higher education institutions can accurately evaluate their activities from an economic perspective through management accounting mechanisms. For instance, in the USA and the United Kingdom, every faculty or department of a university is regarded as an independent “economic centre”. Their income and expenses, grant funds and the efficiency of academic programmes are analyzed separately. As a result, university leadership can identify which areas are economically more viable and which projects generate greater financial or social impact. This becomes a key factor in reallocating resources, determining priority areas and formulating strategies for sustainable development.

In Uzbekistan’s higher education system, digitization processes have been significantly expanded in recent years. Information systems such as “UzASBO”, “Hemis” and “Bilding” are being used to manage financial operations. However, management accounting practices have not yet been fully established — a unified methodology, digital analytical tools and qualified specialists are still lacking. Consequently, opportunities for strategic management and evaluating economic efficiency in higher education institutions remain limited.

Theoretically, management accounting began to develop in industrial enterprises in the mid-20th century and later became widely used in the service sector, particularly in healthcare and education. Its foundation lies in the integration of economic analysis, financial management, management theory and information systems. Today, management accounting is considered an essential component of management, as it enables executives to make strategic and operational decisions based on evidence. When discussing the aims and functions of management accounting, it should be understood as a system that provides the administration with a complete, reliable and analytical information base on the activities of the organisation. On the basis of this information, it becomes easier to assess the efficiency of the management system, identify cost-effective solutions, and forecast future financial needs.

In higher education institutions, management accounting makes it possible to analyze not only financial outcomes but also the economic efficiency of the educational process, interactions with the external environment, teaching workloads, the use of grant and tuition funds, student enrolment flows, laboratory expenses, and the balance of academic programmes.

There are specific features of management accounting within the higher education system that fundamentally distinguish it from practices in the industrial and commercial sectors. As the activities of

universities and institutes carry significant social value, this system encompasses not only financial efficiency but also factors such as the quality of education, scientific output, the level of personnel training and social impact. In calculating faculty-level costs, not only material expenses are considered but also teaching workloads, classroom utilization, the performance of grant projects and similar factors. The economic efficiency of each academic programme is measured through student numbers, teaching hours, resources used and academic staff involvement. Through digital management accounting systems, real-time monitoring of institutional performance becomes easier.

In this research, management systems and reforms carried out in developed countries were studied. According to the conducted analyses, management accounting systems in the higher education sectors of countries such as the USA, Germany, Japan and the United Kingdom were examined. In particular, in British universities management accounting is applied not only as an academic discipline but also as an institutional governance practice. For example, in many universities the profitability of faculties and the efficiency of grant funds are analyzed through management accounting.

Observing the higher education management systems of developed countries, we can identify a number of issues in the higher education system of Uzbekistan as well. Addressing these issues has led to several reforms aimed at developing and improving management accounting. One such reform was Presidential Decree No. PF-5847 (8 October 2019) — "The Concept for the Development of the Higher Education System of the Republic of Uzbekistan until 2030", which brought about positive changes in the sector. In addition, the resolution on licensing the non-state higher education system has also contributed to fundamental improvements in the education sector.

One of the main outcomes of enhancing the management system is the introduction of management accounting mechanisms in higher education institutions. Management accounting allows financial analysis of institutional activities, the preparation of essential economic information needed for decision-making, and the identification of efficiency and profitability levels. Through this, universities can plan their activities in accordance with the requirements of a market economy.

Another important direction is the implementation of the principle of financial independence, which enables higher education institutions to form their own budgets independently, develop external partnerships, initiate joint projects and choose internal governance mechanisms. As a result, each higher education institution now acts as an independent entity when developing and implementing its development strategy. Efforts to remain a stable and competitive educational institution encourage universities to improve continuously and manage their activities optimally through management accounting.

The above reforms serve to enhance management culture within the higher education system, introduce innovative approaches, and adapt international experience to national conditions. As a result of these processes, management accounting and analytical activities enable the monitoring of educational quality, the rational use of economic resources, and the implementation of human resource policies on a scientific basis. Thus, improving management in the higher education system is not merely an organizational and financial transformation, but also a key factor in increasing the quality, efficiency and competitiveness of the entire educational process. In the future, further development of management accounting mechanisms, the introduction of new ideas, and the application of modern management and analytical approaches will lay the foundation for the sustainable development of the higher education system.

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