



## THE FUNCTION OF MANAGERIAL ACCOUNTING FOR NEW PRODUCT DEVELOPMENT STRATEGIES

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**Ibrahim Mert**

Istanbul Aydin University, Business Management, Istanbul, Turkey.

[ibrahimm@aydin.edu.tr](mailto:ibrahimm@aydin.edu.tr), ORCID: 0000-0003-3745-8405

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### ABSTRACT

**Purpose-** The background of this study is that there is a strong competition in the globalized world. It can be accepted that today's business competition is much more severe than that of decades ago. The severity of commerce pressures companies to find routes to, first of all, stay alive, and secondly, expand principle financial and commercial parameters such as profitability, rate of return, liquidity, sales volume, market share, etc. Since the prices are dominated in the free market conditions, there are no so many aisles for the companies to focus on for getting ahead other than controlling costs. The usage of different techniques in managerial accounting can open unexpected or unimagined alternative precedence against the competitors on the way of new product development strategies. The purpose of this study is to demonstrate that cost accounting applications and management methodologies are to alter the systems of organizations especially for the team that is in charged with product development to concentrate higher focus on costs and secondly on cost control. This paper is trying to reveal that how and at which level the managerial accounting applications and results influence the direction of new product development strategies.

**Methodology-** The study employs a review analysis. A literature review has been utilized to structure the facts and necessities for determining the results, thoughts, or approaches of previous authors related with the subject matter. The paper, also, observes and clarifies the existing systems, practices, and obstacles on the managerial accounting's roll on the way of new product development strategy. The nature of this study is exploratory and conceptual and during the preparation of this paper qualitative analysis techniques are utilized to conclude the study on the topic of this paper provided. Following are the review questions that have been addressed in this research:

RQ1: On which points are the main discussions accumulated on defining the function of managerial accounting for product development strategies. RQ2: Which strengths and weaknesses are identified while determining the function of managerial accounting for product development strategies? RQ3: Which are the necessary courses or practical solutions to expand the strengths and eliminate or mitigate the weaknesses on the usage of the functions of managerial accounting for product development strategies?

**Findings-** The analysis reveals that the accounting aspect and management of the finances has their specific roles and demonstrations at each level of the phases and affects the practicality of each member including accounting, senior management, finance, product strategy team, engineering and technician team, and in the product systems by target establishing committee and strategy. The analysis also shows that the new product development processes in companies requires team works together with involvement the extensive coordination and exchange of thoughts among the diversified and different functional bodies for considering and concluding cost structures and establishing pricing for new developed products.

**Conclusion-** Based upon the analysis and findings, it may be concluded that throughout the detailed literature review studies on companies' working procedures and business models, one thing has been clearly observed that company have very well acknowledged that the engineering studies alone are not able to provide whole alternatives for new product development strategies for, first, the financial growth and, the second, sustainability. The considered process should have strongly settled alternatives linked to the managerial accounting. The principal reason of providing significance to managerial accounting is the severe competition in the markets requires financial affordability more than the engineering excellence. The cost and price control strategy proposed by the managerial accountants establish the target achieving of new products and their success excellency in the competitive markets. A case study is also attached to this paper to exhibit the function of the managerial accountant as the supporting the new product development strategy.

**Keywords:** Managerial accounting, function of managerial accounting, product development, managerial accounting strategy.

**Jel Codes:** M40, M41, M42

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