

NATIONAL ECONOMY'S MARKET MECHANISMS OF ACCOUNTING, ANALYSIS AND AUDIT

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ACCOUNTING SUPPORT OF STRATEGIC MANAGEMENT AND MAIN DIRECTIONS OF ITS IMPROVEMENT

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The essence of accounting support of strategic management of the enterprise is investigated in the article. The causal relationships that determine the need to improve the accounting support of the strategic management system have been studied. The urgency of improving the accounting system of strategic management is substantiated. The imperfection and inconsistency of the current accounting system with the needs and requests of the subjects of strategic management have been identified. There are three main aspects in terms of which should improve the accounting support of strategic management (theoretical, methodological, organizational). The general directions of further improvement of the accounting system in accordance with the needs of the subjects of strategic management are formed and revealed.

ОБЛІКОВЕ ЗАБЕЗПЕЧЕННЯ СТРАТЕГІЧНОГО УПРАВЛІННЯ ТА ОСНОВНІ НАПРЯМКИ ЙОГО УДОСКОНАЛЕННЯ

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Ключові слова:

стратегічне управління,
облікове забезпечення,
стратегічний облік,
стратегічна звітність

У статті досліджено сутність облікового забезпечення стратегічного управління підприємством. Досліджено причинно-наслідкові зв'язки, які зумовлюють необхідність удосконалення облікового забезпечення системи стратегічного управління. Обґрунтована нагальність удосконалення системи облікового забезпечення стратегічного управління. Визначено недосконалість та невідповідність чинної облікової системи потребам і запитам суб'єктів стратегічного управління. Виділено три основні аспекти, в розрізі яких слід удосконалити облікове забезпечення стратегічного управління (теоретичний, методичний, організаційний). Сформовано та розкриті загальні напрями подальшого удосконалення облікової системи у відповідності до потреб суб'єктів стратегічного управління.

Formulation of the problem

The accounting system of the enterprise, as one of the main sources of information generation for management decisions, is a constant object for improvement, which is justified by the development of enterprise management system in terms of complicating their organizational structure, inter-firm relationships and increasing the dynamism against the background of the formation of the global economy.

The introduction of a strategic management system requires the use of a significant amount of specific information about the activities of the enterprise and about changes in the external environment that affect it. As a result, one of the main keys to the strategic success of

the enterprise is the construction of a strategically-oriented accounting system capable of providing information support to the strategic management system. The emergence of such challenges to the accounting system as the main source of generating information for decision-making has led to a scientific debate about its ability to meet the growing needs of strategic management. Because of this, today in Ukraine a new direction of research has emerged, aimed at improving accounting tools as a means of information support for strategic management decisions.

Analysis of recent research and publications

The works of R.F. Brukhansky, B.I. Valueva, S.F. Chairman, Z.V. Hutsaylyuka, C.B. Gushka, N. Yu. Yershova,

I.I. Krishtopy, O.P. Kundri-Vysotska, S.F. Lehenchuka, M.C. Pushkar, V.Z. Semanyuk, L.V. Semenyuk, A.V. Shaikana, O.I. Pylypenka, B.C. Rudnytsky, V.R. Shevchuk and others are devoted to the issues of accounting and analytical support of strategic management.

Most modern domestic scientists and economists who dedicate their accounting to management, the subject of research choose issues related to the impossibility of using the reflection of future facts of economic life, the separation of environmental components as objects of strategic accounting, the introduction of new activities. strategic accounting projects by capitalizing costs, application of strategic accounting methods to traditional types of facts of economic life and objects of accounting, improving the application of strategic accounting methods in accordance with the new objects of strategic accounting.

Highly appreciating the scientific contribution of these scientists, it should be noted that the outlined issues need further intensification of research on modern accounting support for strategic management of enterprises and areas for improvement.

Formulation of goals

The main task of the study is to reveal the essence of accounting for strategic management and areas for improvement. Carrying out the analysis of modern problems of development of accounting in the direction of creation of preconditions for increase of efficiency of strategic management of the enterprise.

Presentation of the main material of the research

Accounting and analytical support of strategic management is an information system that should be based on accounting data of enterprises and taking into account the analytical information received by business entities from the external environment contributes to the tasks of strategic management.

The system of accounting and analytical support of strategic management of agricultural enterprises should be considered as the unity of the subsystem of accounting and analysis, interacting through information flows in the formation and transmission of operational and quality accounting and analytical information to ensure soundness and efficiency of management decisions in strategic management.

With the development of economics and information systems and technologies, accounting information is becoming increasingly important in the management decision-making process, because unlike many other types of information that can be used in the management process, it meets a set of quality characteristics and is based on accounting principles., compliance with which allows to obtain high quality information. However, in order to cover the information deficit arising from the inadequacy of the current accounting system to provide information to manage long-term development of the enterprise, scientists emphasize the need to improve it (R.F. Brukhansky [1], S.F. Golov [4], N. Yu. Yershov [7], I.I. Kryshchop [8], A.A. Pilipenko [13], V.Z. Semanyuk [16], A.V. Shaikan [18], etc.).

The need to improve the accounting support of the strategic management system takes into account its features

(existing approaches, management tools) when developing a system of accounting information. These features are also unable to take into account the management accounting system, which emerged as a means of information support for operational management through the formation of confidential information about the activities of the enterprise without taking into account the external context of its existence. According to CIMA (Chartered institute of management accountants), management accounting was widely criticized in the 1980s for its excessive internal focus on operational goals, as it could not help managers make strategic decisions [22]. As a result, scientists are currently considering various options for solving this problem, in particular, by improving existing accounting tools in accordance with the needs of strategic management entities, and by developing new tools and instruments (strategic reporting, strategic accounting engineering, integrated reporting, etc.), which will form the accounting information needed to make strategic management decisions.

The need to develop effective accounting and information support of the strategic management system in recent years has become one of the most discussed issues among domestic scientists, which has led to a revision of theoretical, methodological and organizational aspects of the accounting system (Fig. 1).

The development of accounting in the direction of meeting the needs of strategic management primarily involves the need to address theoretical issues, in particular, whether strategic accounting is a separate type of accounting. The presence of such a status in strategic accounting allows it to be distinguished from other types of accounting, to formulate its object and subject, to distinguish its own, not inherent in other types of accounting methods. The discussion between domestic scientists on the possibility of giving strategic accounting such a status began after the publication of Prof. M.S. Pushkar's «Creative Accounting» (2006), where the author, along with the subsystems of financial and management accounting, identified a subsystem of strategic accounting (controlling) [15]. This statement was convincingly opposed by prof. B.I. Valuev [3] and prof. Z.V. Gutsailyuk, noting that it is logical and legitimate to call strategic accounting, which aims to study the external environment and directly the strategy of the enterprise, accounting? Where are his objects as such? Thus, the authors first questioned the possibility of forming strategic accounting information for a new object of study – the external environment of the enterprise based on the use of traditional methods of accounting.

R.F. Brukhansky also tried to solve this problem, which understands strategic accounting as one of the functional areas of accounting, which can apply to all types of accounting, within which its methodological tools can be used [1]. However, this proposal is also quite controversial, because today it is difficult to completely separate all the information needed to make strategic management decisions, and which – for other types of decisions, which also does not allow to identify methods and tools of accounting related to this functional directly. We believe that it is more appropriate to talk about the formation of accounting information space

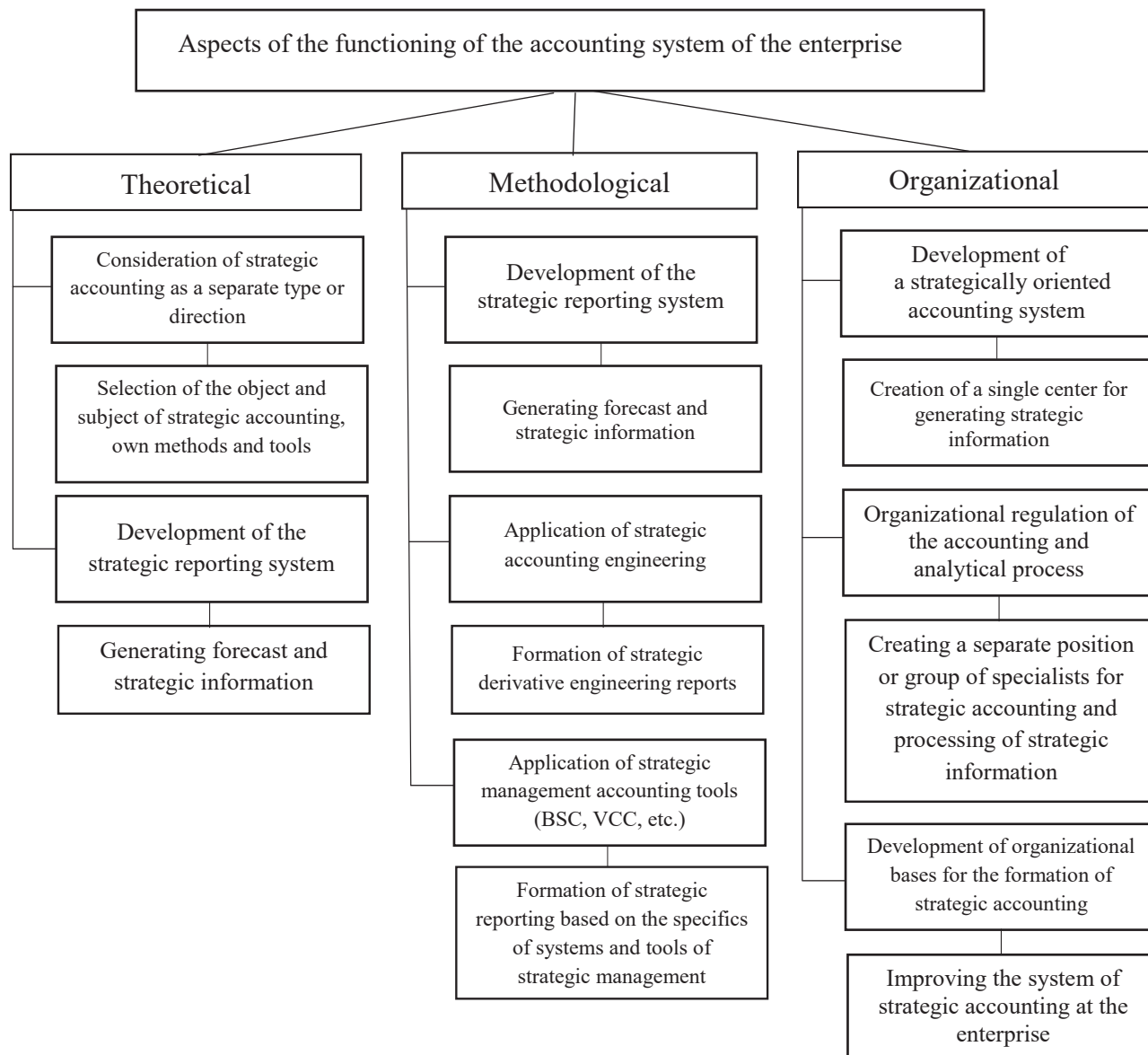


Fig. 1 – Aspects of the accounting system of the enterprise in the context of the strategic management system

that will be used to make strategic management decisions, the filling of which is based on the use of traditional and innovative (strategic) accounting tools.

Another theoretical problem that has arisen due to the need to develop accounting to meet the needs of strategic management is the formation of a strategic accounting paradigm. A number of modern researchers distinguish this type of paradigm, justifying it by the need for organizational and methodological integration of all areas of accounting and analytical work into a single accounting and economic system that would effectively «work for the future» of the business entity [10]. That is, the main purpose of its allocation is the formation of a single system of scientific knowledge in the accounting system, which will provide the generation of accounting information of strategic direction.

To ensure the effectiveness of the strategic management system at the enterprise it is necessary to build an effective

system of its accounting, which would take into account the peculiarities of this type of management on the one hand, and on the other – available accounting tools that can be used to improve theoretical and methodological principles direction. To build such an accounting system, it is necessary to identify the requirements of the subjects of strategic management to the accounting system in the context of the classical set of determinants and to formulate further ways of its development.

Developing ways to ensure that accounting information meets the needs of strategic management necessarily involves determining the reasons for such gaps between the existing needs of entities and the ability of accountants to meet them. The degree of «depth» of such gaps will determine further actions for the development of accounting and strategic management at the level of individual enterprises and at the level of national or global accounting system (establishment of analytical accounting

system, introduction of new accounting tools, radical reform of accounting methodology) methods of valuation of objects of accounting, transformation of the existing system of accounting), etc.).

Today, domestic researchers identify a significant number of reasons for non-compliance of the current accounting system with the needs of strategic management, which are associated with changes in the internal features of the accounting system (theoretical, methodological, organizational, technical and technological, etc.) and changes that occur in the external environment of the accounting system (dynamism of the competitive environment, risks, the emergence of future events with uncertain consequences, etc.) (Table 1).

An analysis of researchers' approaches to understanding the main reasons for the mismatch of the current accounting system to the needs of strategic management found that most of them are formulated quite abstractly, which does not allow to form a clear set of actions to close the gap between accounting capabilities and strategic management needs. The reasons highlighted by the authors (Table 1) should be considered more as general areas for further improvement of the accounting system, which should be clarified and

specified for their smooth implementation in current accounting practice. The composition of such areas include the following:

- creating conditions for the accounting system to provide forecast and strategic information about the activities of the enterprise;
- wider disclosure in the financial statements of the impact of environmental factors on the activities of the enterprise, as well as the introduction of elements of the external environment of the enterprise;
- improving the level of analytical accounting information in terms of strategic aspects of the enterprise (types and types of strategies, new and existing strategies, etc.);
- addition of accounting information required for strategic decisions, non-financial information about the internal and external environment of the enterprise;
- introduction of strategically important resources of the enterprise, strategic risks and formation of separate information about them for internal and external users.

It should be noted that the vast majority of researchers emphasize the need to improve the accounting system based on the needs of internal strategic management of the enterprise, and only some of them (I.I. Kryshchop, and

Table 1 – Generalizations and approaches of researchers on the reasons for the inconsistency of the current accounting system to the needs of strategic management

Author	Reasons for non-compliance of the current accounting system with the needs of strategic management entities
R.F. Brukhansky [1]	Inability to provide: reflection of future facts of economic life; identification of components of the external environment as objects of strategic accounting; introduction of new types of objects of strategic accounting by capitalization of costs; application of strategic accounting methods to traditional types of facts of economic life and objects of accounting; improving the procedure for applying strategic accounting methods in accordance with the new objects of strategic accounting
O.V. Vakun [2]	Impossibility to obtain complete and reliable information about the external environment from the accounting system
S.F. Holovy [4]	Retrospective nature of accounting data and their focus on internal aspects of economic activity
N.O. Holub [5]	The need to provide not only actual but also predictable, expected results
Z.V. Hutsaylyuk [6]	Impossibility to form information about the external environment and directly the strategy of the enterprise in the current accounting system due to lack of relevant facilities
N.Yu. Yershova [7]	Impossibility to provide: 1) Information support of development of several variants of strategy of development of the enterprise and a choice of the most optimum of them; 2) Assessment of the achievement of operational and strategic goals, financial condition and production potential of the enterprise; 3) Integration of forecast, planned, regulatory and actual data of financial and production activities and their calculation for the long term; 4) Accounting for environmental factors, risks, etc.
I.I. Kryshchop [8]	Retrospective nature of information and its focus on internal facts of economic activity
V.I. Kuz' [9]	Lack of information on trends in the external environment and the facts of economic life with uncertain consequences
O.P. Kundrya-Vysots'ka [10]	Direction of the current accounting system to past events, failure to pay sufficient attention to certain strategic special resources, disregard for external factors and risks of the enterprise
A.A. Pylypenko [13]	Orientation of financial accounting in the past; dependence of financial statements on accounting professional judgments; imperfection of the procedure for assessing the effectiveness of the enterprise; imperfection of the system of accounting and evaluation of intellectual capital; the need for accounting reflection of the components of the external environment
I.Y. Plikus [14]	Lack of information to assess the activities of investors
V.Z. Semanyuk [16]	Lack of timely information for management, disregard for strategic issues, inability to provide the necessary information to determine the value of the enterprise and its effectiveness, as well as to create strategic plans and monitor their achievement
A.O. Fatenok-Tkachuk, K.P. Zamoys'ka [17]	Ignoring the influence of external factors of the macroenvironment
A.V. Shaykan [18]	Inability to deliver information to managers of a certain level within the allotted time and inability to provide management with financial and non-financial information about internal business processes and the external environment of the enterprise

I.J. Plikus) emphasize the need to improve accounting, which use external users to make their own strategic (investment, loan) decisions.

Thus, based on the analysis of the reasons for non-compliance of the current accounting system with the needs of strategic management entities, it can be established that internal users need accounting information for strategy formation, implementation and control at the enterprise, and external users – about all strategic initiatives of the enterprise strategic decisions.

Conclusions

As a result of the research the general directions of further improvement of the accounting system in

the direction of ensuring compliance with the needs of strategic management entities (providing forecast and strategic information; disclosure of wider influence of environmental factors in financial statements; internal and external environment of the enterprise, the introduction of objects of accounting for strategic resources of the enterprise, strategic risks and the formation of separate information about them for internal and external users).

A further task of research in the field of accounting for strategic management is to develop more specific proposals and detailed recommendations for improving the theoretical and methodological aspects of accounting in terms of each of the selected areas.

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