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DEVELOPMENT OF MANAGEMENT ACCOUNTING IN THE CONTEXT OF STRATEGIC ENTERPRISE MANAGEMENT

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The article examines the development of management accounting in the context of information support for strategic enterprise management. Within the framework of the set goal, the essence of management accounting was revealed, the prerequisites for its evolution were revealed in the direction of more functional filling of its tools in accordance with the requests of the management system, with a focus on strategic management accounting. The features of strategic management accounting are determined based on the role of information that is formed in its contour with the aim of providing managers at the operational, tactical and strategic levels to make timely and effective decisions within their competence. It was found that with the change in the information needs of managers in accordance with the goals of modern management concepts (Activity-Based Management (ABM), Value-Based Management (VBM), Risk-Based management), the methodology of management accounting is also developing. The characteristics of strategic management accounting methods are given, in particular: Activity-based Costing (ABC), Activity Based Budgeting (ABB); indicators of EBITDA, marginal EBITDA and NOPAT; methods of assessing the importance of risk. The need for further development of strategic management accounting in the conditions of innovative changes in technologies and management systems is substantiated. Prospects for further research in this direction are the study of the advantages of using a balanced system of indicators as an innovative tool of strategic management accounting.

РОЗВИТОК УПРАВЛІНСЬКОГО ОБЛІКУ В КОНТЕКСТІ СТРАТЕГІЧНОГО УПРАВЛІННЯ ПІДПРИЄМСТВОМ

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Ключові слова:

управлінський облік,
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процесно-орієнтоване
управління,
вартісно-орієнтоване
управління,
ризик-орієнтоване управління,
ABC-костинг,
процесно-орієнтоване
бюджетування, EBITDA,
NOPAT, прийнятність ризику

У статті досліджено розвиток управлінського обліку в контексті інформаційного забезпечення стратегічного управління підприємством. У рамках поставленої мети розкрито сутність управлінського обліку, виявлено передумови його еволюції у напрямі більш функціонального наповнення його інструментарію відповідно до запитів системи управління, з виокремленням стратегічного управлінського обліку. Визначено особливості стратегічного управлінського обліку на основі ролі інформації яка формується в його контурі з метою забезпечення менеджерів оперативного, тактичного та стратегічного рівнів для прийняття своєчасних і ефективних рішень у рамках своєї компетенції. З'ясовано, що зі зміною інформаційних потреб менеджерів у відповідності до цілей сучасних управлінських концепцій (процесно-орієнтоване управління, вартісно-орієнтоване управління, ризик-орієнтоване управління), розвивається і методика управлінського обліку. Надано характеристику методам стратегічного управлінського обліку, зокрема: обліку витрат за видами діяльності (Activity-based Costing), процесно-орієнтованого бюджетування (Activity Based Budgeting); показникам EBITDA, маржинальна EBITDA та NOPAT; методам оцінки значимості ризику. Обґрунтовано необхідність подальшого розвитку стратегічного управлінського обліку в умовах інноваційних змін у технологіях і системах управління. Перспективами подальших досліджень у даному напрямі є дослідження переваг застосування збалансованої системи показників, як інноваційного інструменту стратегічного управлінського обліку.

Formulation of the problem

Increased attention to management accounting as information support for management decision-making is due to factors inherent in modern business: constant growth in capital concentration, high level of competition, unpredictability of inflation movements, significant increase in production costs. The effectiveness and efficiency of the domestic management is evaluated through its ability to coordinate, respond promptly to changes in external and internal factors, analyze and correct irrelevant goals, minimize risks in a timely manner, and strengthen the company's position on the market. Therefore, in today's conditions of risk and uncertainty of the business environment, relevant accounting information is necessary to ensure the competitiveness of the economic entity, the ability of its strategic innovative development. Strategic management accounting can perform this function. Therefore, the study of prospects for the development of strategic management accounting of compliance with the requests of the management system is of great importance.

Analysis of latest research and publications

Foreign scientists R. Cooper, G. Cokins, R.S. pay considerable attention to the problems of the development of management accounting. Kaplan, C. Drury and others. In the context of this article, it should be noted domestic scientists who researched the development of theoretical and methodological approaches of strategic management accounting in accordance with modern concepts of management. N.Y. Yershova [1] in her writings justifies the relevance of using ABC costing as a tool of strategic management accounting in the process management system. Y.V. Karpenko [2] analyzes the features of functional costing as the basis of process-oriented cost management. The prospects of using innovative management accounting methods in the system of strategic cost management are explored by I.V. Pushkar [6]. M. Chut [7] devoted his work to studying the issue of value-oriented management based on the system of strategic management accounting. N.M. Proskurina, I.V. Pushkar [7] justify the system of key performance indicators in the enterprise cost management system. O.I. Pylypenko [3] systematizes conceptual approaches to building risk management in the management accounting system. However, innovations in strategic management accounting become a form of manifestation of competitive relations in the conditions of an innovative economy, which necessitates research into the further development of strategic management accounting in the conditions of innovative changes in technologies and management systems.

Formulation of the goals of the article (statement of the task)

The purpose of the article is to study the prerequisites of the evolution of management accounting as an information basis for making management decisions to justify the need for the development of management accounting in the conditions of global changes in technologies and strategic management systems.

Presentation of the main material

The Law of Ukraine «On Accounting and Financial Reporting» clearly defines that intra-business (management) accounting is a system of processing and preparing information about the company's activities for internal users in the process of managing the company [4]. Instead, the US Institute of Management Accountants defines management accounting as the process of identifying, measuring, accumulating, analyzing, preparing, interpreting, and communicating information used by management to plan, evaluate, and control within an organization and to ensure appropriate accountability. use of resources [8]. It should be noted that the business management system is constantly evolving in accordance with changes in the external and internal environment. At a certain stage, management accounting took an important place in the information provision of the management system. Thus, in the traditional interpretation, it is aimed at obtaining and preparing information for the needs of managing the current activities of the enterprise. However, this function of it turned out to be insufficient in view of the peculiarities of the functioning of enterprises in modern conditions of free competition. To achieve sustainable competitive advantages, accounting data should have a strategic orientation, providing the management apparatus with information for decision-making regarding the formation and effective implementation of the company's strategy.

That is, there was a further development of management accounting in the direction of more functional filling of its toolkit in accordance with the needs of strategic management, with strategic management accounting being singled out. The term «strategic management accounting» (in English – strategic management accounting) was first used by K. Simmonds in 1981, who formulated strategic management accounting as a field of accounting dealing with the provision and analysis of information about enterprises, as well as their competitors, for the purposes of forming and control of enterprise strategy [9]. A general definition of strategic management accounting is given by the Chartered Institute of Management Accountants (CIMA), which considers it as a form of management accounting in which the emphasis is on information related to external factors in relation to the enterprise, as well as on non-financial and internally created information [10]. Thus, the role of strategic management accounting is to provide the management of the enterprise with internal and external financial and non-financial information necessary for planning, analyzing and controlling the development of the enterprise in the interests of owners and investors, as well as in the ability to display and evaluate strategic tasks and plans in specific indicators. The main users of management accounting information are the top management of the enterprise, heads of structural divisions and specialists (Table 1).

According to different levels of management, operational, tactical and strategic levels of accounting information are distinguished. The operational level of management accounting is focused on the formation and provision of information that ensures the achievement

Table 1 – Purpose of management accounting information

Users of information	Hierarchy levels	Management objectives and sources of accounting information
Senior management	Strategic	Formation and implementation of a strategy based on the formation of strategic goals of enterprise management, for the achievement of which it receives: – integrated management reports on the results of production, financial and investment activities of the enterprise, its main structural divisions for the past reporting period and for the specific future; – materials for the analysis of the influence of internal and external factors on the results of the enterprise and its structural units; – planned and forecasted indicators for the expected period.
Heads of structural divisions	Tactical	Formation of an operational strategy for the implementation of the long-term goals of the enterprise’s development. Adjustment of basic plans in accordance with strategic goals and creation of potential for enterprise development. They receive management reports on the activity of the division at a specific moment, the results of their analytical processing, planned and forecasted information on the division, as well as information on adjacent divisions and counterparties.
Specialists	Operative	Ensuring the achievement of goals formed at the tactical level. Within their competence, they receive information about the activities of the enterprise and its structural divisions, as well as forecasts of internal and external factors that affect the results of financial and economic activity.

of goals defined at the tactical level. The received information is detailed and accurate, usually in real time, which allows specialists to make prompt management decisions. The tactical level of management accounting provides information for translating strategic goals and plans into tactical guidelines. The information obtained at this level is used for monitoring, control, decision-making and administration. The strategic level of management accounting is aimed at forming and providing evaluative information about the external environment to identify and use internal opportunities to achieve sustainable competitive advantages in the long term. So, strategic management accounting.

But the management accounting system does not remain static. Along with the changes in the conditions of conducting economic activities, which cause a reorientation of the information needs of managers, the further development of management accounting takes place. First of all, it concerns organizational and economic prerequisites, which are related to the theory and practice of enterprise management. New management concepts are the basis for the development of new forms and methods of management, modeling of

management decision-making processes based on various information that is formed in accounting, reporting and analysis systems. Systemic, situational, process, functional and value approaches are widespread approaches to the management of enterprise activities (Fig. 1).

Activity Based Management (ABM) is considered as an approach that aims to maximize activities that add value and minimize activities that do not change value, or a tool for managing cost minimization and improving customer value by identifying and evaluating processes that exist at the enterprise. At the same time, in order to improve strategic and operational decisions, it is advisable to use the analysis of cost chains, and management is based on appropriate accounting, the main goals of which are: cost reduction; development of quality criteria; increase in cash flows and quality; production of a larger volume of products [11; 12]. Within the framework of this approach, in accordance with the requests of the management system, groups of management accounting methods are used to estimate, plan and manage costs [2]: ABC (Activity Based Costing); ABB (Activity Based Budgeting); ABM (Activity Based Management) – including costs.

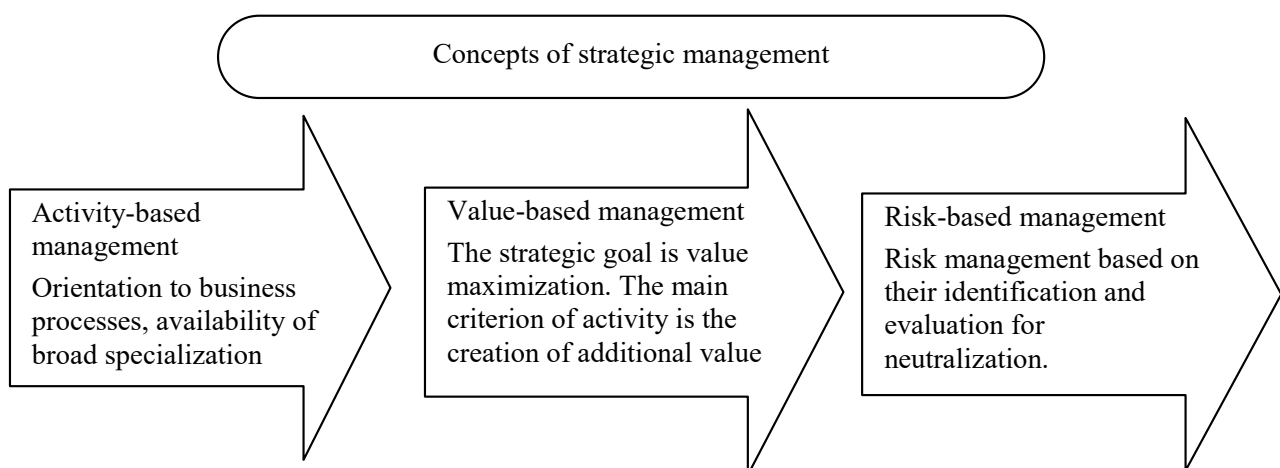


Fig. 1. Transformation of management concepts

The concept of the ABC method consists in the distribution of indirect costs, reducing the volume of «boiler» costs, focusing on cost savings and reengineering business processes [1, p. 179]. The main essential characteristics of the method: it is based on the principle that products consume activities (business processes, operations), and activities consume resources; involves first grouping overhead costs by main types of activities, and then distributing them among types of products; aimed at achieving a rational level of overhead costs, objectively determining the cost of types of products for the purpose of pricing and determining the profitability of production through a more accurate distribution of overhead costs, identifying factors influencing their level [6].

The essence of process-oriented budgeting is to develop a budget of expenses and income for each business process of the enterprise. A special feature is the need to appoint a person responsible for resources to each budget, since the business process budget is identified as the development of implementation plans, resource expenditure norms for each process, normative costing and assessment of resources necessary for the implementation of the business process, in physical and monetary terms.

The further development of methods of process-oriented costing and budgeting and planning testify to their effectiveness, and their principles have become generally accepted not only for cost accounting, but also for enterprise management in general.

Value-based management (VBM) is considered as an approach aimed at increasing and maximizing the value of the enterprise, increasing its investment attractiveness, ensuring the effective use of all types of resources, forming competitive advantages in the long term and taking into account the interests of all interested parties. Within the framework of this approach, the process of making managerial decisions is based on the results of collection, grouping, analysis and processing by special methods of an array of internal and external information about the company's activities. Its initial array is formed by the accounting system, and the processing is by the management system.

It is the models and methods of management accounting that are able to form reliable evaluation indicators that can become the basis for determining the current market value of the enterprise and its reconciliation with the balance sheet value. The informational basis for assessing the performance of domestic enterprises is the financial reporting indicators, in particular the amount of net profit and income from the main and related activities. At the same time, in foreign analytical practice, EBITDA indicators (Earnings before Interest, Taxes, Depreciation and Amortization) and marginal EBITDA are often used instead of profit. This indicator is an element of management accounting and reflects the amount of the company's net profit before taxation, but with the deduction of depreciation and financial expenses [5]. In addition, the evaluation indicators based on the principles and methods of value-oriented management include: net operating profit after taxation NOPAT (Net Operating Profit After Taxes) or net operating profit less adjusted taxes NOPLAT (Net

Operating Profit less Adjusted Taxes). These indicators do not include elements of discounted cash flow in their calculation methodology and can be considered an alternative indicator of the profitability of the main activity [7]. In addition, for a comprehensive assessment, management accounting uses other indicators, including return on assets, interest coverage ratio, return on equity. At the same time, a feature of management accounting is its prospective focus and appeal to forecast indicators.

Risk-oriented management is considered as a new approach aimed at managing risks in economic activity with the aim of minimizing their impact on the results of operations and finding reserves for improving the efficiency of operations [3]. In management accounting based on a risk-oriented approach, the concept of risk acceptability is considered – a criterion for identifying the nature and degree of risk that can be used in relation to a specific goal. Such criteria are determined by choosing a methodology for determining the amount of risk or parameters related to it, simultaneously with the establishment of acceptable values that are unacceptable for a particular risk. Various consequences of identified risks are determined when forming the scope of risk assessment. Enterprises use statistical analysis based on statistical indicators to quantify risks. To assess the significance of the risk, the following tools are used: construction of frequency-number diagrams (F-N) – dependence of the frequency of accidents on their number; constructing a Pareto chart – to select a limited number of tasks that will have a significant overall effect, for example, to determine which risk management methods are most useful or which causes are most important to eliminate; use of risk indices – these risk indices are a measure of risk that is established using scoring methods and ordinal scales. Thus, on the basis of management accounting information, identification, assessment and analysis of risks is carried out, as well as the selection of methods for neutralizing their consequences, aimed at achieving the necessary balance between the strategic capabilities of the enterprise and the level of risk.

Therefore, the significance of the development of management accounting in accordance with the rapid changes in the internal and external environment determines the expediency of considering management accounting as a complex, developing system that ensures the organic relationship of the accounting process, budgeting, control, analysis and management, taking into account the life cycle and the strategy of the enterprise's development. Such a system is not static, as the requirements for a modern management accounting system are influenced by: time limits of management; goals of the owners; business development phase. That is why management accounting must be considered as a system that is in constant development of information support for making management decisions for increasing the efficiency of strategic management of the enterprise, as well as its economic effectiveness.

Conclusions

As a result of the research, it was determined that the information provided by management accounting is aimed

at meeting the needs of the enterprise management system, increasing the efficiency of the use of resource potential in business activities, and objectively evaluating the activities of divisions and their managers. At the same time, the peculiarities of the functioning of modern business structures lead to a growing need for adequate information support for making effective management decisions at both the micro and macro levels. Accordingly, management accounting mostly becomes an important element not only of the operational but also of the strategic level of management.

Thus, in the process of development, strategic management accounting appears, as it has a set of tools

at its disposal, capable of effectively contributing to the achievement of long-term plans of the enterprise and increasing the effectiveness of implemented measures within the framework of the enterprise's development strategy. The further development of strategic management accounting consists in the improvement of methods and tools for the formation and provision of appropriate information in accordance with the purpose of a certain management concept, in particular: process-oriented management, value-oriented management, risk-oriented management.

Thus, today strategic management accounting represents a promising direction of development of management accounting.

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