

## STRATEGIC MANAGEMENT ACCOUNTING AS A MODEL FOR MAKING STRATEGIC MANAGEMENT DECISIONS

У статті розглянуто сутність стратегічного управлінського обліку, досліджено та проаналізовано основні підходи до визначення поняття «стратегічний управлінський облік». Розкрито сутність стратегічного управлінського обліку, його мету та завдання. Охарактеризовано складові системи управління конкурентоспроможністю підприємства. Стратегічний управлінський облік впливає на розвиток подій у майбутньому, здійснює аналіз ефекту зміни стратегії та оцінки результативності таких змін. Стратегічне управління, розглянуто, як динамічну сукупність п'яти взаємопов'язаних управлінських процесів: визначення сфери діяльності і формулювання стратегічних напрямів; постановка стратегічних цілей та задач для їх досягнення; формулювання стратегії для досягнення визначених цілей і результатів діяльності; реалізація стратегічного плану; оцінка результатів діяльності та зміна стратегічного плану або методів його реалізації.

The article treats with the essence of strategic management accounting, while also analyzing and investigating the essential approaches to defining the notion of “strategic management accounting”. The essence of strategic management accounting, its objective and task have been discussed, too. The components of the management competitiveness system have been characterized.

**Ключові слова:** стратегічний управлінський облік, стратегічні управлінські рішення, прогностичні показники, інформація, рішення, ресурси.

**Key words:** strategic management accounting, strategic management decisions, estimated figures, information, decisions, resources.

**Problem statement.** The growth of competition, resulting from the escalation of economic globalization, imposes new demands to institutions, namely those of increased attention to the development and substantiation of appropriate strategies aimed at enabling quick and adequate response to changes in the environment. Strategic management accounting is the informational basis for making strategic management decisions at enterprises. Due to the evaluation of critical success factors of the company, analysis of competitors, understanding their possible alternative strategies etc., it should help the company define its own strategy in the market.

**Analysis of the latest studies and publications.** The latest studies and publications concerning the stated problem show that there is still no thorough strategic management substantiation, especially within the framework of the management accounting system for the needs concerning strategic management decisions. Different researchers regard the essence and directions of strategic accounting diversely. Moreover, not many of them outline it as a separate management accounting subsystem. Among the national and foreign scientists who devoted their research questions of strategic account we should mention the following scholars: P.I. Atamas, V.I. Bachynskyi, S.F. Holov, Z.V. Hutsailiuk, V.M. Druri, Z.V. Zadorozhnyi, P.O. Kutsyk, S.F. Lehenchuk, H.O. Partyn, A.A. Pylypenko, M.S. Pushkar, Dzh. Foster, Ch. Khornhren, M.H. Chumachenko, A.V. Shaikan. However,

the problem of defining the essence of strategic management accounting at enterprises requires additional research.

**Task and objective setting.** The main objective of the study is to reveal the importance of the background information and timely provision of all levels of management with actual and forecast data for the purpose of making effective strategic management decisions, despite the definition of the strategic management accounting essence.

**Presentation of the main principles of the research.** Strategic management of enterprise as a management philosophy got spread in 1970-ies. It provides a shift of the managers' focus from the enterprise internal environment to its own environment, i.e. the external one. It is aimed at timely and appropriate response to the changes, which are constantly taking place in such environment. Respectively, the strategic management accounting should first of all provide us with the market information, target customers and their demands, while studying and identifying ways to satisfying the demands through the use of internal resources and capabilities will be the following task.

As of today there is no clear strategic substantiation of strategic accounting, with various authors determining the nature and directions of its development differently.

*Table 1.*

**Semantic analysis of the notion «strategic management accounting»**

№	Author, resources	Features of the «strategic management accounting» concept
1	P.Y.Atamas [5, c.387]	It is the accounting focused on the external factors (such as the profitability of competitors, market share and so on), while the traditional accounting is characterized by the internal processes and factors.
2	S. F.Holov [6, c. 508]	It is a system of management accounting aimed at making strategic management decisions.
3	B.Raian [7]	It is a certain combination of the management accounting and the systems of financial accounting aimed at making strategic decisions.
4	V.A.Terehova [8]	The accounting system adapted to the modern working environment, including multidimensional communications strategy using distribution channels and determining the customers' demands
5	J.Innes. [9, c. 968]	Means of providing information as required to support strategic decisions within an organization.
6	U.Kyt [10, c. 85]	Strategic management accounting is to reflect the relative financial results as achieved by the business with reference to competitors, suppliers and possibly customers.
7	M.Bromvich [11, c. 27]	Strategic management accounting provides and analyses the financial information on the markets, competitors' expenditures, cost structure and monitoring of the enterprise's strategies and competitors' strategies regarding these markets.
8	M.Pushkar [12, c. 282–283]	Strategic accounting forms its own forecast informational resources. There is a connection between the informational resources of the strategic accounting and traditional accounting, but not limited to it. In particular, the strategic management requires not only information on the enterprise, but on the external environment as well, and that is essential for forecasting the development pathway for the enterprise.
9	Shevchuk V. P. [17, c. 9]	Strategic accounting as a system of informational support for strategic management decisions.

According to the Z. Hutsaylyuk research, it is logically to conclude that strategic management accounting aims at studying the external environment and the strategy of the enterprise [18].

Thus, by the strategic management accounting system we understand the accounting system providing the enterprise with helpful information for making effective management decisions, related to accomplishment the enterprise's strategic aims.

Analysis of the strategy changing effect and assessment of such changes may appear one of the ways for the strategic management accounting to have impact on the developing of the events later on.

On the whole, the strategic management is considered as a dynamic complex of five mutually related management processes:

1. Defining scope of activity and shaping the strategic area.
2. Setting strategic goals and objectives to achieve them.
3. Formulating strategies in order to accomplish the determined objectives and activity results.
4. Implementation of the strategic plan.
5. Assessment of the results and respective strategic plan changes or methods of its implementation.

These processes logically constitute an integral mechanism with a steady feedback inside, meaning an inverse effect of each process to the others and for the whole of them altogether. That accounts for an important feature of the strategic management structure [16].

Strategic management accounting is to concentrate on the external factors (such as the profitability of competitors, market share and so on), while traditional accounting is mostly characterized by the internal processes and effects.

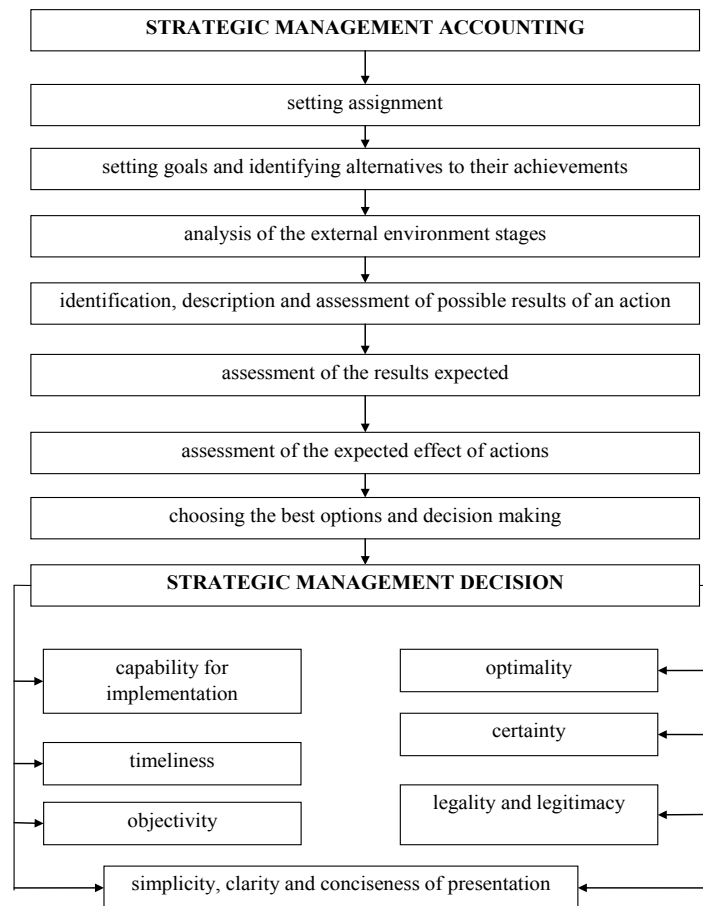
Strategic management represents a process determining the sequence of organizations' actions regarding the development and implementation of strategies. These processes enable us to achieve the following: goals contributing to the balancing between the company and its external environment (including the company's subunits). Other examples of such goals can be systems of forms, methods, patterns and techniques, already used at enterprises in order to provide proper adaptation to the external environment. Other goals will contribute implementing a concept combining both targeted and integrated approach to the enterprise activity. In its turn, this will allow to set development goals and to compare them with existing capabilities and to bring them into compliance by means of development and implementation of systematic strategy.

Strategic management decisions deal with the choice of the main activities, development of new markets, technologies, products, statement and implementation of new strategies to bring the enterprise to a competitive level of production. A range of decisions taken at the enterprise level are determined by the production scale, or the time gap between local and strategic operational decisions. The latter take into account the industry demands, the enterprise vision and other factors. Making strategic management decisions at enterprises primarily concerns the development of new technologies and products, changes in ownership, innovation. Strategic management should be viewed as a dynamic body of five mutually related management processes. These processes logically make up a coherent integrity with a steady two-way communication inside and respective

interaction between the relevant processes. Within the integrity we may single out main stages or objectives, with the following key elements of strategic management [15]:

- 1) environment analysis;
- 2) enterprise mission;
- 3) strategy selection;
- 4) strategy completion process;
- 5) assessment and monitoring of the strategy.

In other words, the aim of strategic management is to set goals and strategies, the development and enforcement system implementation plans as tools of strategic guidelines for the improvement of the enterprise, as the basis for being competitive in the long term fig. 1.



**Fig. 1.** The influence of the strategic management accounting on the - making decisions concerning strategic management

From the above, it may be concluded that for strategic decision making in strategic management accounting, transforming the financial information to the knowledge base is

of great importance. In the actual system of strategic management accounting it is done by separating the inactive and active strategic principles of activity. These principles may be established in the form of common goals, values, ideas, traditions, together forming what is commonly called business culture.

According to this approach, the enterprise's strategy is built up around certain strategic advantages, related to the existing important strategic resources.

**Conclusions.** Thus, from the above it is possible to formulate a definition of strategic accounting and define its objectives within the framework of informational support of competitive business strategy. Strategic management accounting is an informational management support. Its aim is to provide enterprise managers with all the information required for management and control of enterprise development, to the benefit of its owners and other concerned partner groups (creditors, customers, suppliers, staff, society and government). The objectives of strategic management accounting are the following:

- to build up informational support for the analysis of potential markets for the company;
- to provide strategic analysis of the company's own potential and identify key-to-success factors for the enterprise;
- to develop a system of indicators to assess the key-to-success factors of the company;
- to provide relevant and appropriate information ensuring implementation of the chosen strategy and reporting on key success factors;
- to provide feedback on the results achieved and their alignment with the strategic goals (monitoring of the strategy implementation);
- to provide information on the long-term consequences of different action directions.

Further studies in strategic management accounting must be made towards developing methods of conducting it at the enterprise (primary documents, invoices, statements, etc.) as well as its organization (personnel, information systems, etc.).

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