

STRATEGIC MANAGEMENT ACCOUNTING OF BUSINESS PROCESSES OF THE SERVICE SECTOR ENTERPRISES

Petro Garasyim, Jan Kochanowski University in Kielcan, Poland
Oksana Bondarenko, Ukrainian National Forestry University, Ukraine
Yevheniia Karpenko, Poltava University of Economics and Trade, Ukraine
Nadiia Klym, Ukrainian National Forestry University, Ukraine
Lyudmyla Bondarchuk, Vinnytsia Trade and Economy Institute of Kyiv National Trade and Economy University, Ukraine

ABSTRACT

The article provides a theoretical generalization and proposes a new solution to the scientific problem relating to the improvement of management accounting of the main business processes of trading enterprises. An important component of management accounting reporting is budget execution report, built on the basis of accounting data on expenses for the main business processes. The proposed form of the "Expense budget execution report prepared by the purchasing department" allows obtaining reliable and timely information to optimize costs and evaluate the effectiveness of the structural units of trading enterprises. For each business process of trading enterprises, there are inherent indicators that characterize the effectiveness of their activities. It is proved that in the management accounting system it is advisable to use both financial and non-financial indicators in absolute and relative terms. Taking into account the peculiarities of trade, a list of key financial (absolute, relative) and non-financial (absolute, relative) indicators for the business processes of procurement, transportation, storage, and sale of goods has been developed. This allows for the efficient use of a balanced scorecard to streamline operational processes, establish relationships, monitor, and regulate the operational activities of trading enterprises.

Keywords: Management Accounting, Business Processes, Balanced Scorecard, Accounting And Analytical Support, Trading Enterprises.

JEL Classifications: M5, Q2

INTRODUCTION

The competitiveness of the trading enterprise depends not only on the quality of the goods and demand for them but also on the level of the management system of these business entities and their accounting and analytical support.

Ensuring the effective operation of trading enterprises requires the constant development and improvement of business processes in accordance with the change of the market conditions and the growing consumers' needs. The concept of process management is a key element in modern methodologies of operational and strategic management.

Optimization of business processes of trading enterprises is a way to ensure their efficiency in modern business conditions, increase profits and productivity, reduce costs, and improve the quality of services.

Traditional financial accounting, focused primarily on meeting the needs of external users, does not fully meet the growing managers' (internal users') needs in the information. Therefore, there is an objective need for the implementation of the effective management accounting system at trading enterprises that would cover the main business processes.

The purpose and objectives of the study are to develop and substantiate theoretical, methodological and organizational provisions and practical recommendations for improving managerial accounting of the main business processes at trading enterprises.

REVIEW OF PREVIOUS STUDIES

The introduction of the management accounting system at trading enterprises provides for the allocation of the following stages of its organization:

setting goals, objectives, and strategies for implementing a management accounting system and forming a system of strategic indicators and a set of internal reporting (Drobyazko et al., 2019; Petrova et al., 2019).

selection and development of the optimal model of management accounting; development of the regulation on the organization of management accounting (Cooper et al., 2017).

Description of business processes and definition of responsibility centers; the creation of the budget system (Nesterenko et al., 2019) building a cost management and costing system.

Automation of management accounting information system; approval of the accounts system of management accounting (Hilorme, 2019a Hilorme, 2019b).

Development of the regulation on documents and document circulation in the management accounting system (Singh, 2018).

Introduction and adjustment of the management accounting system and control over its functioning (Rikhardsson, (2017). Staff motivation and training (Akkermans & Van Oorschot (2018).

However, in the scientific literature, insufficient attention is paid to the issues of management accounting of expenses, incomes, and financial results for the main business processes at trading enterprises, while the concept of process management, and therefore accounting, is a key element of operational and strategic management. All this led to the choice of the topic and task setting and determined the relevance of the study.

METHODOLOGY

In order to solve the tasks posed in the work, the study was carried out using general scientific methods and empirical methodological techniques of economic science.

In addition, the following methods were used: induction, deduction, and historical ones; generalizations and groupings; causal relationship and abstract logical; modeling - to build a conceptual system of management accounting and economic analysis of the operating activities of trading enterprises and the organization of management accounting in trading enterprises; comparison - when determining the objects of management accounting and the stages of its implementation.

The information base included monographic research, scientific works of the classics of economic science, scientists on the problems of managerial accounting of business processes, and legislative and regulatory acts on the issues under study. Statistical data, accounting and reporting information of trading enterprises were used.

RESULTS AND DISCUSSIONS

The organizational structure of trading enterprises, the types and volumes of their activities, and other industry-specific features affect the allocation of responsibility centers, which in turn determines the types and structure of management accounting reporting.

The delivery process includes the following forms of management accounting reporting: report on stocks of raw materials, report on the size and quality of raw materials, report on accounts payable, and report on procurement. The production process covers the following management reporting: report on production capacity, report on the level of reserve stocks, report on production costs, and report on work in progress. The sales process includes a report on stocks of finished goods, a report on sales, a report on receivables, and a report on barter transactions.

Table 1 presents the developed form of the "Expense budget execution report prepared by the procurement department". In this report, the main indicators will be expense items.

No	Expense items	Budget	Fact	Deviation (thousand UAH)		Reason for deviation
				absolute	relative,	
1	Maintenance costs for procurement department staff	190	197	+7	3,68	Payment of single premiums laid-off worker
2	Travel and hospitality expenses of procurement staff	135	136	+1	0,74	Expanding the supplier base
3	Procurement market research expenses	64	58	-6	-9,38	Dismissed worker
4	Expenses for coordinating the supply chain	53	53	-	-	-
5	Conclusion of contracts	18	18	-	-	-
6	Expenses for submitting and processing orders	41	41	-	-	-
7	Expenses for monitoring compliance with the terms of the supply contract	79	79	-	-	-
	Total	580	582	+2	0,34	-

As can be seen from Table 1, the main requisites of this form of reporting include expense items, budget value, actual costs incurred, deviations, cause of the deviation, and optimization options. This form of reporting is developed at each enterprise individually in terms in accordance with management needs.

The main indicators of this report will be the turnover costs associated with the sale of goods. These items include maintenance costs for sales managers; expenses related to transportation, transshipment, and insurance of goods; actual costs of warranty repairs and warranty service of goods or warranty changes of goods sold, if no reserve fund was created at the enterprise; costs of storage, sorting, processing, and pre-sale preparation of goods; packaging costs; costs for advertising and marketing activities; maintenance costs of the sales department. These items are typical for both wholesale and retail enterprises.

In the conditions of corporate responsibility development of economic entities as a component of sustainable development of the activity, problems of energy saving and energy efficiency play a special role. The formation of the methodological platform of directions of this research problem is based on different concepts. In our view, it is possible to apply the Balanced Scorecard (BSC) scientific and methodological toolkit in the classic version proposed by Kaplan and Norton (Kaplan & Norton, 1992).

In order to qualitatively introduce a balanced system of strategic indicators in a trading enterprise, it is necessary to pay attention to the following features of this process:

1. Cause-effect relationships are rather not unconditional but hypothetical. The organization will gradually gather information to determine these relationships. In business activities, it is necessary to adequately adapt the system to the corresponding changes. The possibility of improving the system avoids the problems associated with trying to create an "ideal" system in the beginning. An important task is to determine how strong the relationships between financial and non-financial indicators are.
2. It is not necessary to expect the continuous improvement of all indicators.
3. It is not necessary to be limited to using only objective indicators. The balanced system of strategic indicators can rely on both objective and subjective indicators. However, when using subjective indicators, it should be remembered that, on the one hand, they are a source of information but, on the other hand, they are characterized by an appropriate level of inaccuracy and conventionality.
4. Before integrating information technology and research into development, it is necessary to compare the costs and benefits of implementing them.
5. It is important to remember about non-financial indicators when evaluating the performance of managers and other employees of the company.

RECOMMENDATIONS

The automation of the balanced scorecard is an effective tool for managing a retail enterprise. It provides an opportunity to consolidate and analyze data that has never been received or processed before. By definition, the balanced scorecard works with many metrics, both financial and non-financial, such as customer and employee loyalty, staff turnover, and so on. MS Axapta or SAP SEM allows automatically collecting metrics for the system from various modules - finance, logistics, warehouse, CRM, and personnel management.

Regular data updating and reporting take a long time. 70% of all companies, which apply the BSC technique, use a software product to automate this process. Almost a third of these companies (31%) use ready-made software products, 43% of companies use proprietary software (for example, spreadsheets or database-based applications), and 23% use both types of software.

If there are several applications (accounting, financial, marketing) operating steadily in the management system of the enterprise, then, in this environment it is possible to create additional reports for indicator display without the use of separate software for automation of the balanced scorecard. In the places where indicators of the balanced scorecard require the manual input of information, the rules for receiving and entering information should be described and responsible for this process should be appointed.

It is necessary to notice that the integrated information systems of trading enterprises working with the software MS Axapta, SAP, 1C, "Supermag-2000", as well as with known CRM-systems and "cash managers" allow receiving quarterly (monthly, daily) reports on indicators of the balanced scorecard.

The above software products contain the properties that are necessary to build and control the BSC trading network. These properties include scalability, modularity, multitasking, software flexibility, report generation, advanced data visualization tools, role-based access to information, and the like.

To calculate each indicator in an integrated system, a formula is set that uses data from tables located in various modules of the system. ERP-systems are used in conjunction with the in-store solution system to solve problems for retailers. In this case, such systems should be integrated into the ERP system, which has a balanced system automation module. An example of a solution is the integration of MS Axapta or SAP SEM with systems such as 1C operating in the trading floor. Data from the trading floor from 1C automatically enters the ERP system with a balanced scorecard module and is displayed on the manager's cockpit.

In our opinion, this automation algorithm of the balanced scorecard can be used for trading enterprises, taking into account the characteristics of key performance indicators.

CONCLUSIONS

For the main business processes of trading enterprises acting as the respective responsibility centers, it is advisable to develop periodic reports on budget execution, including the "Expense budget execution report prepared by the procurement department".

A common method of management accounting is the BSC concept. The structure of the BSC model in its structure consists of four blocks: "finance"; "internal business processes"; "development and training"; "customers". In each of these blocks, "goals", "indicators", and "tasks and measures" are highlighted.

In order to qualitatively implement the balanced scorecard in trading enterprises, it is necessary to pay attention to a number of features, in particular: determining the links between financial and non-financial indicators; one should not expect continuous improvement in all indicators; the balanced scorecard can be based on both objective and subjective indicators.

The process of organizing the implementation of BSC in trading enterprises involves the selection of key strategic indicators in the first stage, and the definition of its tools in the second stage. The BSC model itself is developed at the highest level of the enterprise and the charts - at the lower level.

REFERENCES

- Akkermans, H.A., & Van Oorschot, K.E. (2018). *Relevance assumed: A case study of balanced scorecard development using system dynamics*. In System Dynamics (pp. 107-132). Palgrave Macmillan, London.
- Cooper, D.J., Ezzamel, M., & Qu, S.Q. (2017). Popularizing a management accounting idea: The case of the balanced scorecard. *Contemporary Accounting Research*, 34(2), 991-1025.
- Drobyazko S., Shapovalova A., Bielova O., Nazarenko O., & Yunatskyi M. (2019). Formation of hybrid costing system accounting model at the enterprise. *Academy of Accounting and Financial Studies Journal*, 23(6).
- Hilorme, T., Perevozova, I., Shpak, L., Mokhnenko, A., & Korovchuk, Yu. (2019). Human capital cost accounting in the company management system. *Academy of Accounting and Financial Studies Journal*, 23(2).
- Kaplan, R.S., & Norton, D.P. (1992). The balanced scorecard: measures that drive performance. Retrieved from: <https://hbr.org/1992/01/the-balanced-scorecard-measures-that-drive-performance-2>
- Rikhardsson, P.M. (2017). *Information systems for corporate environmental management accounting and performance measurement*. In Sustainable Measures (pp. 132-150). Routledge.
- Singh, S., Olugu, E.U., Musa, S.N., & Mahat, A.B. (2018). Fuzzy-based sustainability evaluation method for manufacturing SMEs using balanced scorecard framework. *Journal of Intelligent Manufacturing*, 29(1), 1-18.
- Nesterenko S., Drobyazko S., Abramova O., & Siketina N. (2019). Optimization of factorial portfolio of trade enterprises in the conditions of the non-payment crisis. *IBIMA Business Review*, Vol. 2019 (2019), Article ID 278890, DOI: 10.5171/2019.278890
- Petrova I., Dobina T., Haidukevych K., Panchenko S., & Sabadash J. (2019). effectiveness analysis of entrepreneurship model of development qualities of future managers. *Journal of Entrepreneurship Education*, 22(3).

Hilorme, T., Sokolova, L., Portna, O., Lysiak, L., & Boretskaya, N. (2019). Smart grid concept as a perspective for the development of ukrainian energy platform. *IBIMA Business Review*. Retrieved from <https://ibimapublishing.com/articles/IBIMABR/2019/923814/>

Reproduced with permission of copyright owner. Further reproduction prohibited without permission.