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BALANCED SCORECARD AS AN INSTRUMENT OF STRATEGIC ACCOUNTING AND ANALYSIS

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In the article it has been grounded the significant meaning of balanced scorecard for strategic goals realization at an enterprise. It has been also analyzed some approaches considered by different scientists concerning the definition of notions "strategic accounting" and "strategic analysis". The algorithm of strategic goals realization by means of BSC at an enterprise has been suggested by authors and the basic requirements to analytical and accounting information in the given system have been generalized. The study made it possible to find the connection of balanced scorecard as a method of strategic analysis with accounting to be proved with necessity of unified analytical and accounting system application for effectiveness increase at an enterprise based on the balanced scorecard use.

Key words: strategic accounting, strategic analysis, balanced scorecard, goodwill.

БАЛАНСОВІ ПОКАЗНИКИ ЯК ІНСТРУМЕНТ СТРАТЕГІЧНОГО БУХГАЛТЕРСЬКОГО ОБЛІКУ ТА АНАЛІЗУ

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Обґрунтовано важливість впровадження системи збалансованих показників для реалізації стратегічних цілей підприємства. Також проаналізовано погляди різних науковців на визначення поняття «стратегічний облік» і «стратегічний аналіз». Запропоновано алгоритм реалізації стратегічних цілей підприємства за допомогою збалансованої системи показників та узагальнено основні вимоги до обліково-аналітичної інформації у даній системі. Дослідження дало змогу виявити зв'язок збалансованої системи показників як методу стратегічного аналізу з бухгалтерським обліком, що підтверджує необхідність застосування єдиної обліково-аналітичної системи для підвищення ефективності діяльності підприємства, в основі якої лежить використання збалансованої системи показників.

Ключові слова: стратегічний облік, стратегічний аналіз збалансована система показників, гудвіл.

THE RELEVANCE OF ARTICLE. In the conditions of dynamic development of the modern economic processes intellectual capital and information technology are becoming more and more crucial. The out-of-date criteria for business environment assessment used in the last century could not adequately reflect the actual status of

the enterprise and its potential opportunities; therefore, the balanced scorecard has been designed by the Western scientists.

Balanced scorecard is a relatively new technology. It gives an instrument for a manager for desired results obtaining under difficult conditions of the severe competitiveness, those ones under which all companies work. That's why clear understanding of the objectives and tasks as well as methods for their achievement and solutions are essential. Balanced scorecard considers goals and strategy of the company in the light of all-round system of the its activity assessment providing with certain methods for strategic criteria system development and management system [7, p.13].

MATERIAL AND RESEARCH RESULTS. In the basis of the balanced scorecard like any other scorecard system the main principle has been put 'It is impossible to control the things that cannot be measured' [7, c. 27]. That is, the expression proves the necessity of the total assessment and analysis of the different criteria for management subjects performance that nowadays include not only financial factors or market conjuncture factors but assessment criteria for enterprise staff as well. Therefore, balanced scorecard has been designed with the aim of more complete representation of the basic components of certain economic processes and phenomena, and for the first time as opposed to the previous criteria of enterprise activity effectiveness assessment involved human factor in the form of separated component "Staff training and development" in order to obtain more complete and qualitative analysis of enterprise performance. Thus, according to the author's opinion, balanced scorecard is the most efficient technology of analysis of enterprises and organizations as it is totally covers all sectors of the subject of management activity, pays much attention to those aspects of functioning which were not considered as sufficient before, and it is a method of analysis that on the basis of current status of enterprise and available resources is aimed at long-term goals achievement, in other words, directed at strategy realization of an enterprise.

It is precisely the orientation of balanced scorecard at strategic goals achievement by management subjects makes this technology more effective in application under conditions of modern economic relations.

The strategy of enterprise is a long-term plan of actions developed with the purpose of strategic goals achievement which can not exist without a strategic accounting and strategic analysis of enterprise activity. There are many definitions of notions «strategic accounting» and «strategic analysis» in scientific literature (Table 1).

Table 1 – Definition of notions of "strategic accounting" and "strategic analysis" by different authors

Strategic accounting	Strategic analysis
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Authors	Definition of notion «strategic accounting»	Source	Authors	Definition of notion «strategic analysis»	Source
1	2	3	4	5	6
J. Innes	Facility for provision with information necessary to support strategic solutions in the organization	[17]	K.I. Redchenko	Complex study of positive and negative factors of internal and external environments which can influence on competitive status of enterprise in long-term perspective	[13]
P.Y. Atamas	Accounting with focus on external factors (competitors' profitability, market share etc.) while for traditional accounting is typical concentration on internal processes and phenomena	[1]	V. A. Vasylenko	Makes it possible to find out if agrarian enterprise owns internal resources and facilities in order to use external possibilities	[3]

Continuation of Table 1

1	2	3	4	5	6
Uord Kit	Strategic accounting should reflect relative financial results achieved by business concerning competitors, suppliers and consumers	[8]	V.A. Vynokurov	Method of realization of systematic and situational approaches within the study of different factors of influence on strategic management process	[4]
B. Rayan	Certain combination of managerial accounting with systems of financial report aimed at strategic decision-making	[12]	A.Thompson, A.J. Streakland	Basis for the right strategic choice making on the grounds of analyzed alternatives and criteria	[14]
M. Bromwich	Strategic accounting presents and analyses financial information	[16]	Z.I. Galushka, I.F.	The method is carried out in order to determine strategy	[5]

	about markets (where firm sells its product), competitors expenses, expenses structure and monitoring of enterprise strategy and competitors' strategies at these markets		Комарницький	development for enterprise and based on external and internal environments study	
M.S. Pushkar	Strategic accounting forms its own information resources of expected character. Information resources of strategic accounting have connection with traditional accounting but not limited with it.	[11]	Y.V. Mnykh	The process of determination of critically significant situations of external and internal environment that can influence on achievements of enterprise perspective goals	[9]
S.F. Golov	This is a system of managerial accounting directed at strategic managerial decision-making	[6]	V.V. Pastukhova	Analysis of internal and external environment of enterprise with the aim of its strategic potential determination, strategic position and perspective of development of strategic zones of activity	[10]

Consequently, the majority of scientists have concurred that the strategy management is an accounting system, the object of its study is not only internal factors but and external factors of enterprise activity as well directed at strategic managerial decision-making. The strategic analysis is referred by majority of researchers as an analysis of micro- and macro environment of enterprise functioning with the aim of determination of the most winning strategy for its development. That is, the orientation of the balanced scorecard on the achievement of priority strategic tasks contributes also the principal tasks both strategic accounting and strategic analysis, and can be considered as basis for the unified registration-analytical system.

It is precisely the realization of strategy by means of the balanced scorecard and strategic goals achievement make BSC effective in the use and convenient for the permanent monitoring of different aspects concerning particular enterprise activity.

In general the balanced scorecard is a system that consists of four components according to them that enterprise has a possibility to achieve set strategic goals. To these components belong: (a) component "Finances" is an element of the system that represents the financial rates of enterprise (income growth, costs reduction and productivity increase, use of assets and investment strategy) and within its limits the positive and negative phenomena are studied, the problem sides are revealed, current and strategic problems are solved; (b) component "Customers" is a component, that represents position at the product market, maintenance of customers' base, satisfaction of consumers needs; (c) a component "Internal business processes" is a component that has information about innovative processes inside enterprise, about activity concerning operating processes and after-sales service for customers; (d) component of "Staff training and development " represents personnel possibilities at enterprise, their personal interest within process, workers' incentive, delegation of powers etc. Therefore, the balanced scorecard is a mechanism for financial factors of enterprises assessment, course of internal and external business processes, quality of workers' labour at an enterprise and satisfaction of customers' needs with the aim of strategic goals achievement of subject of management.

According to the author's opinion, the separation of these components for the assessment of the balanced scorecard is already an enormous step in the development of strategic analysis of enterprises activity. Nowadays balanced scorecard is the most efficient technology of enterprise status assessment as a certain system of evaluation criteria by means of which it is possible to analyze performance of subject of management through different aspects; unlike many previous criteria of enterprise performance efficiency concentrated on such important components of functioning, as personnel and its capabilities, problems, potential; has as an object by means of current status subject analysis to attain realization of the put strategic goals; it is the method of strategic analysis with an orientation on long-term goals, but not the variety of operative analysis, the result of which can be only an exposure and removal of disadvantages of enterprise performance in a short-term period.

In this case BSC makes it possible by means of goals achievement within the limits of every component to realize the set strategic aims at enterprise, that is shown on a flow-chart (Fig. 1).

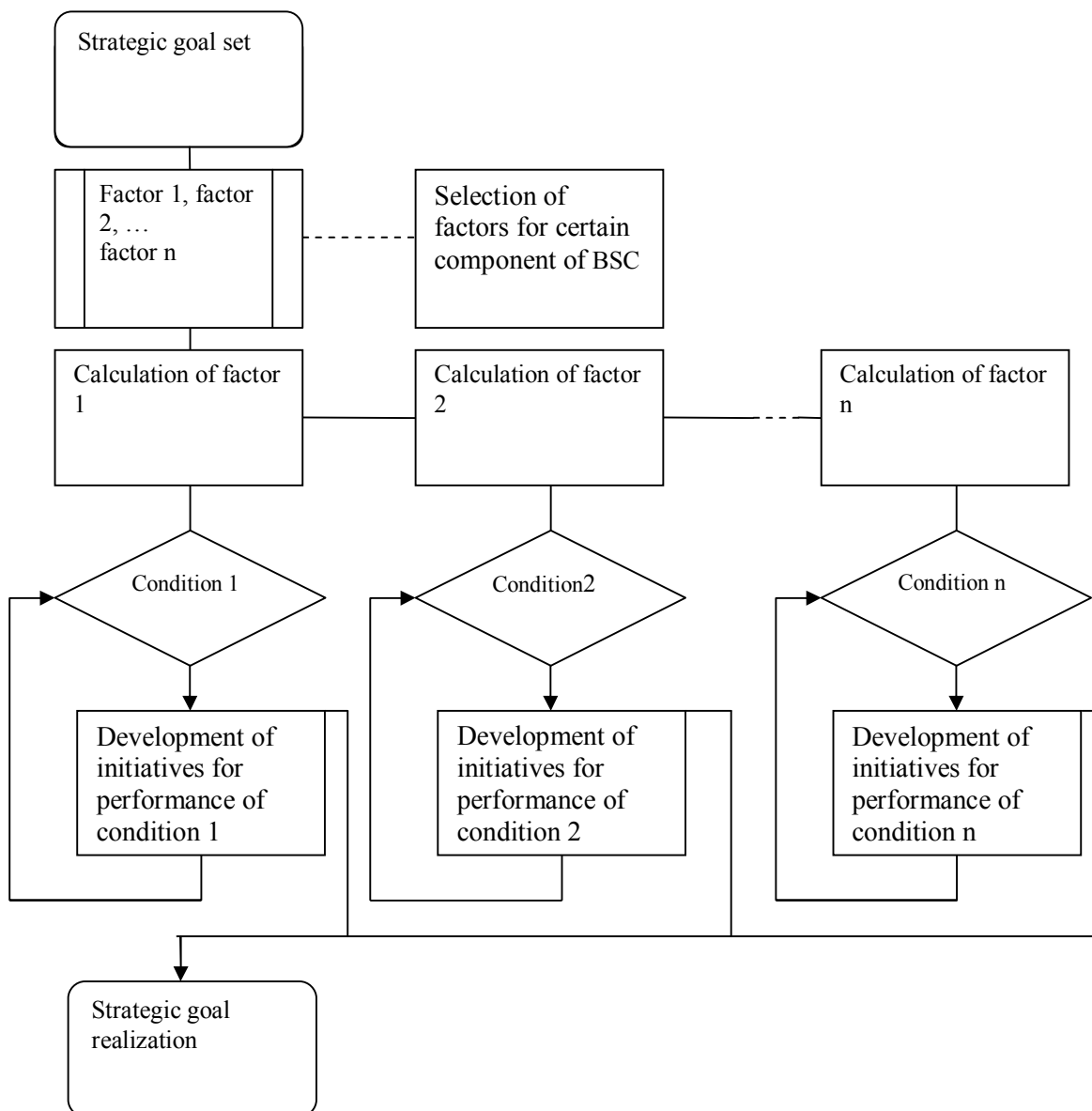


Figure 1 – Algorithm of strategic goals realization at enterprise by means of BSC Source: author's design

Therefore, the given flow-chart presents the mechanism of BSC application at enterprise and consequence in goals achievements within each component. Having achieved the set tasks within the scope of each component, the subject of management provides realization of global strategic tasks. The use of BSC requires conditions to accounting and analytical data with the aim of high-quality provision of final results of its realization.

These requirements include timeliness, formation of rationality, financial viability, selectivity, priority, substantiveness, systemacy and others (Fig. 2).

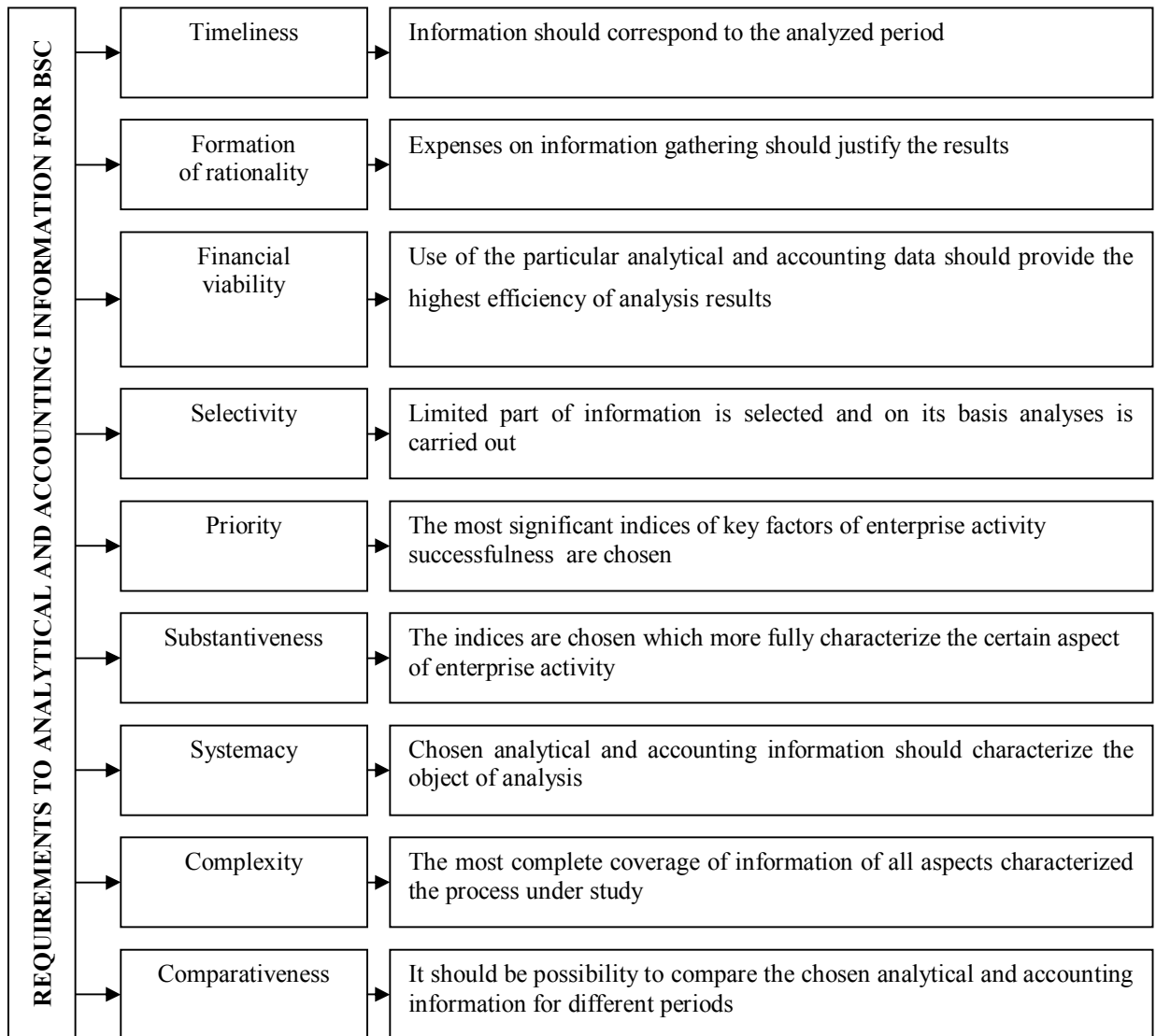


Figure 2 – Requirements to analytical and accounting information within the scope of BSC use

The connection of the balanced scorecard as a method of strategic analysis with accounting is very tight, so as the main source of information and base for accounting of almost each factor is data of accounting, financial report and bookkeeping information on the particular object.

The base for calculation of indices of component “Finances” is a financial report of enterprise, assessment of its financial status and accounting information on the whole, therefore, it is possible to make a conclusion that for the selection of coefficients which characterize this component and methodology of their calculation there are almost no limitations as expenses for information gathering will be minimal to provide the requirement of formation rationality of BSC. In its turn those components of BSC as workers, internal business-processes and customers can not be referred as a particular object of accounting and information source. The general base for indices

accounting of these components are accounting data concerning intangible assets in the whole and goodwill in particular.

According to the Standard of Accounting 19 “Enterprise association”, goodwill can be defined as a surplus of an original cost on consumer’s share in the fair value of purchased indentified assets and obligations on sales date; fair value is a sum according to which the active exchange can be made or payment on obligation in the results of operation between qualified, interested and independent parties.

Thus, goodwill is intangible assets reflecting surplus of fair value of enterprise to its book value. The goodwill includes technologies, know-how, firm names, competence and personnel knowledge, data base, location, ties, etc. The researches V. P. Bomzho, G.S. Sin’ko [2, p. 15] and G. Umantsiv [15, p. 20] have stated that the basis for goodwill is an intellectual capital that includes: (1) human capital (human goodwill) embodied in workers in the form of experience and knowledge, capabilities and innovation, general culture, philosophy of enterprise, its internal values, culture of management. Company staff is a component of goodwill as long as it determines the successfulness of any enterprise and influences on company cost in cases of buying and selling; (2) technological capital (technological goodwill) is referred as a technical and software provision, patents, trademarks, ties; (3) customer’s capital (market goodwill) includes business reputation and ties with counteragent and brands characterized with such qualities as distribution, consistency, confidence that consumers and suppliers will prefer in the future at this enterprise. Therefore, BSC and each of its components can be related to the particular object of accounting (Fig. 3).

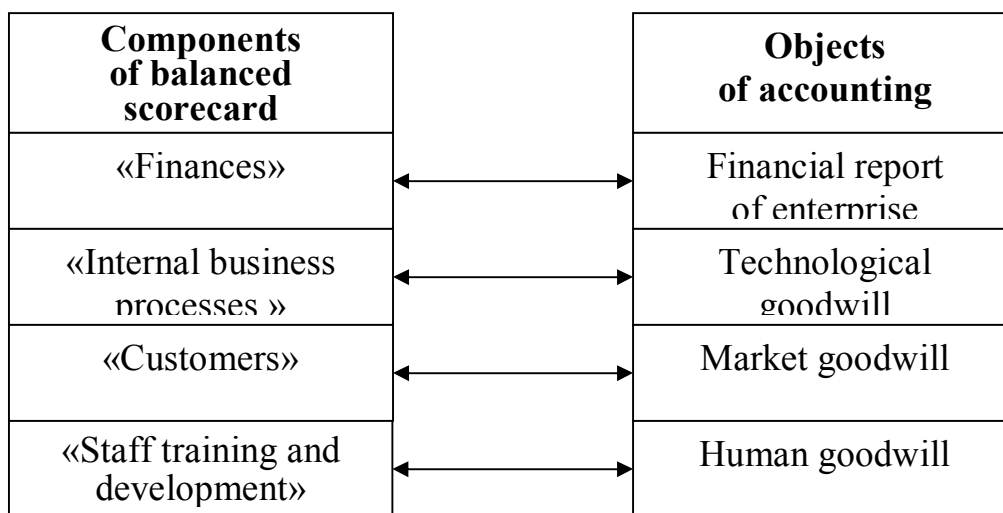


Figure 3 – Connection of components of BSC with the objects of accounting

Thus, it is possible to make a conclusion that the balanced scorecard is the method of economic analysis which is used with the purpose of long-term strategic goals achievement at an enterprise; however, it requires high quality both initial analytical and accounting information and efforts within formation of the final results of conducted analysis.

The connection of the balanced scorecard with the above-mentioned objects of accounting is obvious, but it becomes more complicated because such element of accounting as goodwill is very rarely represented at domestic enterprises, furthermore, the concepts of technological, market and human goodwill are not used. These elements of accounting are necessary for the use and reflection in the financial report and, according to the author's opinion, within the certain period of time, they will be used at enterprises. However, according to the author's opinion, nowadays it is worth connecting the components of BSC with the existent objects of accounting in order to introduce effective analytical and accounting systems at domestic enterprises.

CONCLUSION. That is, for application of the unified analytical and accounting systems at the Ukrainian enterprises it is necessary to connect basic principles of BSC with the particular objects of accounting, which would be able to create an additional informative base for the calculation of BSC indices and by its means to pay more attention on specification of the analytical and synthetic accounting. It would also allow to use accounting data more effectively and with minimum expenses for strategic analysis and realization of strategic goals at enterprise.

Thus, it is possible to make a conclusion, that the use of the unified analytical and accounting system based on the balanced scorecard is the next stage in the development of the criteria of enterprise performance effectiveness; it sets the additional requirements to the accounting data as a basic informative source for the calculation of the indices of the balanced scorecard; it also enables to unite the basic principles of strategic accounting and analysis within the framework of BSC; it makes it possible to provide the efficiency of functioning for the subject of management by its strategic goals realization.

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БАЛАНСОВЫЕ ПОКАЗАТЕЛИ КАК ИНСТРУМЕНТ СТРАТЕГИЧЕСКОГО БУХГАЛТЕРСКОГО УЧЕТА И АНАЛИЗА

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Обоснована необходимость внедрения системы сбалансированных показателей для реализации стратегических целей предприятия. Также проанализированы взгляды ученых на определение понятий «стратегический учет» и «стратегический анализ». Авторами предложен алгоритм реализации стратегических целей предприятия при помощи сбалансированной системы показателей и обобщены основные требования к учетно-аналитической информации у данной системы. Исследование дало возможность определить связь сбалансированной системы показателей, как метода стратегического анализа, с бухгалтерским учетом, что подтверждает необходимость применения целостной учетно-аналитической системы для повышения эффективности деятельности предприятия, в основе которой лежит сбалансированная система показателей.

Ключевые слова: стратегический учет, стратегический анализ, сбалансированная система показателей, гудвилл.

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