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**ORGANIZATIONAL APPROACHES TO MODELLING OF THE
STRATEGIC ACCOUNTING SYSTEM OF
AMALGAMATED BUSINESS****Iryna Kryshchtopa***SHEE «Kyiv National Economic University named after Vadym Hetman»,
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Summary. The article is devoted to substantiation of the type of the model of organization of the strategic accounting of the amalgamated business as an integrated and proposes three types of its modifications: integrative, consolidated and convergent. The proposed model takes into account: the classical types of management, standard levels of implementation of strategies, types of organizational management structures, form of authority and responsibility of business units as centers of responsibility, types of powers of the managing center, types of economic integration of business. The research also takes into consideration the situation when the divisions of the integrated business structure have a widely diversified business. In this case, the article proposes to construct special types of integration model for organizing the strategic accounting of the amalgamated business taking into account three qualitative characteristics of a widely diversified business. These characteristics include strategic type of business units, unique ways of management influence of the association for widely diversified businesses, determination of the types of desired synergy and ways of its implementation.

Key words: strategic accounting, model, amalgamated business, type of economic integration.

Introduction. Investigation of the specialized literature certifies active usage in works of domestic and foreign economists of the method of informational modelling which allows to assess properties of the system, to neutralize its shortcomings and to strengthen its advantages. At the same time, some researchers [1] emphasize the expediency of laying the given method in the basis of construction of the strategic accounting, as it considers business processes as its subject and use modelling for their reflection and analysis, construction of information flows of a multivariate nature under influence of different strategic factors in real and predictable situations. Thus, the problem of the development of organizational approaches to modelling of the strategic accounting system of amalgamated business is of particular interest in modern economic conditions.

Analysis of recent research and publications. The research of economic literature, conducted by the author, certifies practically complete absence of works that are devoted to solution of the problem of modelling of the strategic accounting of the amalgamated business. In particular, in the specialized literature most part of economists give recommendations only in the part of: methodology of the strategic accounting of objects of the strategic management [2], development of complex model of the strategic accounting [3], construction of models of accounting assessment of the enterprise on the basis of data of the strategic accounting [4].

The aim of the article is to figure out the approaches to the development of models of the strategic accounting of objects of the strategic management of integrated structures of business.

Task setting. The achievement of the aim of the article in frames of this research causes the need for the development of organizational statements on modelling of the strategic accounting system.

Presentation of the basic material. Construction of the model of organization of the strategic accounting of amalgamated business must solve the main task of management of integrated structures of business – to create organizational possibilities for the development and realization of different strategies of all participants of such structures according to hierarchical levels of management, type of integration connection and other factors.

Thus, the structure of the model of organization of the strategic accounting of amalgamated business must respond such conditions:

- support the possibility of integrated structures of business in the field of creation of value and in the field of growth of value of new businesses;
- if possible, not to interfere the development of main competences at the level of business entities and their subdivisions;
- to create possibilities of centralization of financial, personnel and other resources for realization common for integrated structures of business programs and projects on all types of diversification;
- keep management stability during change of business structure (joining or separation of separate business entities or their subdivisions).

Except these necessary conditions, the structure of the model of organization of the strategic accounting of amalgamated business must meet certain conditions, namely:

- take into consideration differences in the position of individual business units – participants of the integrated structure of business and, in accordance, to conduct with different intensity management control from the side of management of this structure;
- to allow realization of general desirable for the integrated structure of business synergy;
- be comfortable for the usage by the top management of the integrated business structure.

Realization of all mentioned terms during the development of the model of organization of the strategic accounting of amalgamated business is to determine the optimal combination of eight qualitative characteristics (parameters):

- type of diversification of business (related diversification (vertical, horizontal integration) and unrelated diversification (conglomerate integration));
- organizational form of economic independence of business entities (enterprises) of the integrated structure of business and / or its separate businesses (subdivisions) as centers of responsibility (centers of costs, income, profits, investments);
- type of organizational structure of integrated formation (functional, divisive, matrix, mixed);
- type of the level of management of the integrated structure of business (higher – corporate, middle – business, low – operational) and the corresponding levels of implementation of strategies (corporate, business, functional, operational);
- type of management methods (managerial influence) and their combination (centralized, coordinated, decentralized) for different participants of the integrated structure of business;
- type of powers of the main control center of the integrated structure of business – strategic architect, strategic controller, strategic operator;
- unique management methods (managerial influence) of the integrated business structure management for widely diversified businesses (autonomous, supporting, venture (innovative), liquidation, portfolio (investment));
- establishment of the types of desired synergy and ways of its implementation (political, financial, marketing, production, innovation, personnel).

Proposed approach to construction of the model of organization of the strategic accounting of amalgamated business takes into consideration certain patterns of interconnections of the above-mentioned conditions and qualitative characteristics.

This approach consists of two main directions:

- definition of the type of the model of organization of the strategic accounting of amalgamated business and types of its modification;
- definition of separate characteristic aspects for construction of separate models of organization of the strategic accounting for widely diversified business by special types.

The author believes that the construction of the model of organization of the strategic accounting of amalgamated business must take into consideration first six qualitative characteristics (parameters).

The complex effect of these parameters allows to determine the type of the model of organization of the strategic accounting as an integration (amalgamation) and to take into account certain types of its modifications.

Considering this, the author substantiated the type of the model of organization of the strategic accounting of amalgamated business as integrated (amalgamated) and determined three types of its modification: integrative, consolidated and converged. These types possess such characters:

- integrative model, which provides centralization of all four levels of implementation of strategies and mostly functional organizational structure of business (rational management);
- consolidated model, which provides centralization of implementation of strategies: corporate and functional, coordination – business and operative and mixed organizational structure (constructive management);
- converged model, which provides coordination of implementation of strategies: corporate and functional, decentralization of business and operative and divisional organizational structure (democratic management).

Main characteristics of the integrated model of organization of the strategic accounting that takes into consideration diversification of business according to different types of economic integration, levels and types of management, types of powers of the managing center and organizational structure, presented in table 1.

When subdivisions of the integrated structure of business have widely diversified business, that is low level of concentration of the consumer market (generic integration or X, K – types of horizontal integration) or function on separate markets (conglomerate integration), there appears the tusk on the development of special types of integrative model of organization of the strategic accounting of amalgamated business.

Table 1

Main characteristics of the integrated model of organization of the strategic accounting of amalgamated business according to the types*

<i>Type of economic integration</i>	<i>Level of strategies and type of management</i>		<i>Organizational structure and type of powers of the control center</i>	<i>Type of the integrated model of the strategic accounting</i>
	<i>Corporate and functional strategies</i>	<i>Business and operative strategies</i>		
1	2	3	4	5
Vertical integration, $\geq 80\%$ of cooperation and $\geq 80\%$ of costs	Centralized	Centralized	Functional structure; center –strategic operator	Integrative
Horizontal integration of Y – type (high concentration)				
Vertical integration, $\geq 80\%$ of cooperation and $\geq 50\%$ of costs	Centralized	Coordinated: <i>main business and functions – centralized; non-core business and auxiliary functions – decentralized</i>	Maxed structure: <i>main business – functional; non-core business– divisional; center –strategic controller</i>	Consolidated
Horizontal integration Y, X, K – type (middle concentration)				

(to be continued)

1	2	3	4	5
Vertical integration < 80% of cooperation and < 50% of costs	Coordinated	Decentralized	Divisional structure; center –strategic architect	Converged
Horizontal integration Y, X, K – type (low concentration)				
Conglomerate integration				

* – developed by the author

The aforementioned entirety provides identifying specific aspects of the construction of the strategic accounting organization models for a widely diversified business.

Such aspects include three qualitative characteristics (parameters) of widely diversified business:

- strategic type of business entities (prospects, monopolists, analyzers, defenders, outsiders);
- unique types of managerial impact (types of management approach) amalgamation for widely diversified businesses (autonomous, corrective, supporting, venture (innovative), liquidation, portfolio (investment));
- determination of types of the desired synergy and ways to implement it (political, financial, marketing, industrial, innovative, personnel).

In particular, strategic type of business-entities in modern science is considered as assessment of composition of existing businesses (business-directions, business-models) or directions of activity. Thus, in the basis of numerous models of assessment of the so-called current business portfolio of the integrated structure (the composition of existing businesses) are the parameters of relative attractiveness of markets and the economic situation of business [5].

Thus, in Boston matrix «cats – cows – dogs – stars» as the parameter of attractiveness served earlier achieved earlier market growth rates, and the parameter of economic business position is its part of the market concerning the biggest competitor. It is known that the achieved growth rate does not guarantee their successful dynamics in the future, and parts of the market do not provide sustainability of business.

Earlier approaches to evaluation of business-type of the model Arthur D. Little determined as a parameter of attractiveness of the business stages of the life cycle of the industry or the market that did not allow to choose automatically strategies of the development as did not allow uniquely establish transitions of the whole industry from one stage of the cycle to another.

The imperfection of early models of business portfolio analysis (market position of business) led to the creation of more sophisticated models that took into account specificity of every business and unique conditions of making investment solutions, for example, cubic business model. It is based on the idea that existing businesses must observe the ratio of «attractiveness» and «strategic compatibility». Thus, the matrix, which is designed for analysis of promising projects, can be used for evaluation of market position of businesses that can be similarly shared at «root», «peripheral», «redundant» and «problematic» [6].

Difficulty of analysis of existing business portfolio (market position of business) for widely diversified business is conditioned by the impossibility of constructing such a model

based on the only indicator (profitability of sales, assets or volume of sales or profit), as types of activity of participants of integrated structures can't be compared.

Above all, economists believe that it is difficult to develop similar metric based on economic value in domestic conditions because of the absence of clear landmarks of the price of the capital for the amalgamated business as a whole and the price of the capital for separate its types of business.

That is why the authors propose to solve this problem by means of assessment of every business from the integrated business portfolio separately according to the parameter correlation «price – quality – specific costs» concerning all competitors. At the same time, the quality must be considered as a set of all characteristics of product that have value for consumers (functionality, reliability, level of service, prestige, etc.) [7].

All main combinations «price – quality – specific costs» were investigated separately that allowed to receive eight possible types of competitiveness of business that was used for the establishment of the strategic types of business entities of integrated business structure.

Thus, when specific costs exceed or respond middle level and parameter values «price» and «quality» are lower than the industry average level, then such business is classified as an outsider on the verge of the bankruptcy [8].

When specific costs are low or correspond the average industry level, and the values of the parameters «price» and «quality» are lower than the average industry level, then such business refers to the type of defender of costs [8]. This kind of business is the most massive and reach efficiency at the expense of maximal loading of production capacities, use of cheap production stocks and labor resources.

When parameters of price, quality and unit costs surpassed the industry average level, then such business is determined as quality defender that is being developed on separate segments of market and serving the most demanding consumers.

When parameters of the price and quality surpassed the industry average level, and costs were lower than the industry average level, then similar businesses are considered in the class of analyzers that are based on unique but used technologies and have high reputation.

When the quality was lower and the price was higher than the industry average level, this indicates on monopoly business position which is divided according to two types of monopolists. Monopolist on costs that are lower than the industry average level which helps to receive superprofit, and monopolist on costs that are higher than the industry average level, but it receives profits at the expense of establishment of a monopoly price.

Business, which is characterized by the level of quality that is higher than the industry average level, but support low level of prices, is considered for the category – prospector. This is especially aggressive type of business that works at the edge of profitability or loss to capture the consumer market of their competitors in order to attract consumers, as a rule, fundamentally new types of products, works, services. Integrated structures of business have different types of management impact on business, that it includes, depending on the strategic types of business units and the tools by which this influence is realized. As a result of a different combination of these factors, modern science distinguishes six unique ways of managing influence in relation to different business units: autonomous, supporting, corrective, venture (innovative), liquidation, portfolio (investment) [9].

An autonomous way of managerial influence is applied to business units of analyzers that have reached a steady state, provide a sufficiently high profitability and almost complete self-financing of both current and prospective activities. The main task of the managing center

is to provide the interests of the structure as a whole, to develop corporate strategies taking into account the opportunities of this business as a locomotive for other businesses and to develop an adequate business strategy for the development of this business using opportunities.

A supportive way of managerial influence applies to defending businesses that have reached a steady state, but have no opportunities to self-finance development projects. The main task of the managing center is to provide substantial investment and organizational support, with the centralization of the strategic development and decentralization of operational decisions. The main task of the managing center is to provide substantial investment and organizational support with the centralization of the strategic development and decentralization of operational decisions.

The corrective way of management influence should apply to business units of monopolists, especially with a high level of costs and the price in comparison with the middle-level level and low quality. The main task of the managing center is to implement the effective innovation, investment and personnel policy.

Venture (innovative) way of management influence applies to business units of prospectors that have high potential for development but have not won a fairly stable market position.

The main task of the managing center is to provide high-risk investments and highly skilled management personnel, as well as to provide a high level of independence to the head of such business in order to provide innovative development of this business on the basis of control of the allocated funds, coverage of possible losses, risk insurance.

The liquidation method of management influence should apply to business units that are outsiders. The main task of the managing center is to minimize financial losses from the current functioning of such businesses, maximizing the benefits from the sale (liquidation) of these businesses.

Portfolio (investment) management mode applies to all strategic types of business units in which the company has a minority stake (a legally insignificant share in the capital), which reduces the problem of effective business management to the task of efficient capital management without interfering with operational business activities. The main tasks of management in this case are participation in the discussion of strategic goals of the development of the association; participation in the discussion of the annual budget, profit distribution system and establishment of dividends; initiation and coordination of joint projects with the association.

After identifying ways of managerial influence of the management center of the integrated business structure on certain types of business, there is a question about the desirable level of interconnections between existing businesses and ways to support these interconnections. In this sense, it is necessary to talk about the synergistic effect from the level of integration communication.

Implementation of the synergy is ensured through certain functional units of the management center (technical policy department, internal communications department, strategic development department, personnel management services), the number and functions of which depend on the volume and form of the desired overall synergy.

However, the above-mentioned typical aspects of constructing of strategic accounting organization models for a widely diversified business: differentiation of the ways of managerial influence on different strategic types of businesses and the synergistic effects of their

integration, present a certain complexity for the practical implementation of the development of special models of this type.

Conclusions. Thus, the author substantiates the type of the model of organization of the strategic accounting of the amalgamated business as an integrated and proposes three types of its modifications: integrative, consolidated and convergent. This model takes into account:

- the classical types of management (centralized, coordinated and decentralized);
- standard levels of implementation of strategies (corporate, business, functional and operational);
- types of organizational management structures (functional, divisive, mixed);
- form of authority and responsibility (level of economic independence) of business units as centers of responsibility;
- types of powers of the managing center (strategic operator, strategic controller, strategic architect);
- types of economic integration of business (vertical, horizontal, conglomerate).

In turn, if the divisions of the integrated business structure have a widely diversified business or operate on separate markets, then there is a task to construct special types of integration model for organizing the strategic accounting of the amalgamated business taking into account three qualitative characteristics (parameters) of a widely diversified business:

- strategic type of business units (prospects, monopolists, analyzers, defenders, outsiders);
- unique ways of management influence (type of management) of the association for widely diversified businesses (autonomous, corrective, supporting, venture (innovative), liquidation, portfolio (investment));
- determination of the types of desired synergy and ways of its implementation (political, financial, marketing, production, innovation, personnel).

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**ОРГАНІЗАЦІЙНІ ПІДХОДИ ДО МОДЕЛЮВАННЯ СИСТЕМИ
СТРАТЕГІЧНОГО ОБЛІКУ ОБ'ЄДНАНОГО БІЗНЕСУ**

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***Резюме.** Стаття присвячена обґрунтуванню типу моделі організації стратегічного обліку об'єднаного бізнесу як інтеграційної та пропонує три типи її модифікації: інтегративна, консолідована, конвергована. Запропонована модель враховує: класичні типи управління, стандартні рівні запровадження стратегій, типи організаційних структур управління, форму повноважень і відповідальності бізнес-одиниць як центрів відповідальності, типи повноважень керуючого центру, типи економічної інтеграції бізнесу. Дослідження також враховує ситуацію, коли підрозділи інтегрованої бізнес-структури мають широко диверсифікований бізнес. В даному випадку запропоновано здійснювати побудову спеціальних видів інтеграційної моделі організації стратегічного обліку об'єднаного бізнесу з урахуванням трьох якісних характеристик широко диверсифікованого бізнесу. Означені характеристики включають стратегічний тип бізнес-одиниць, унікальні способи управлінського впливу об'єднання для широко диверсифікованих бізнесів, встановлення видів бажаної синергії та способів її реалізації.*

***Ключові слова:** стратегічний облік, модель, об'єднаний бізнес, тип економічної інтеграції.*

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