

## ФІНАНСИ ТА БАНКІВСЬКА СПРАВА

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STRATEGIC ACCOUNTING INFORMATION IN SYSTEM OF ACCOUNTING  
SUPPORT FOR STRATEGIC MANAGEMENT

*The purpose of the paper is to research the notion of strategic accounting information and its role in strategic management system. The issues of strategic accounting information and its importance for enterprise stakeholders have been discovered in the paper. The notion of strategic accounting information has been given, its basic elements have been identified and their importance for each group of stakeholders has been specified. The conclusion has been made, that to meet the requirements of strategic management information should be strategically-oriented, which means that it should not only include assessment and reflection of enterprise assets, liabilities and financial outcomes in previous reporting periods, but should also take into account such aspects of enterprise activity as: assessment of enterprise outcomes correspondence to enterprise strategic goals, evaluation of enterprise management system effectiveness and other strategic business parameters assessment. Thus, strategic accounting is the basis of effective strategic management. To perform its function strategic accounting information should correspond to strategic goals of the firm. To be useful for enterprise stakeholders, strategic accounting information should include information on business valuation, information on enterprise financial and economic security and information on competitive intelligence.*

*Keywords: strategic accounting information, strategic management, information on business valuation, information on enterprise financial and economic security, information on competitive intelligence.*

АХМЕД МОХАММЕД ХАЛЛІФАХ

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СТРАТЕГІЧНА БУХГАЛТЕРСЬКА ІНФОРМАЦІЯ В СИСТЕМІ ОБЛІКОВОГО  
ЗАБЕЗПЕЧЕННЯ СТРАТЕГІЧНОГО УПРАВЛІННЯ

*Метою роботи є дослідження поняття стратегічної бухгалтерської інформації та її ролі в системі стратегічного управління. Питання про стратегічну бухгалтерську інформацію та її важливість для зацікавлених сторін підприємства були досліджені в статті. Дано поняття стратегічної інформації щодо бухгалтерського обліку, визначено її основні елементи та визначено їх значення для кожної групи зацікавлених сторін. Зроблено висновок, що для задоволення вимог стратегічного управління інформація повинна бути стратегічно орієнтованою, а це означає, що вона повинна включати в себе не тільки оцінку та відображення активів підприємства, зобов'язань та фінансових результатів за попередні звітні періоди, але також слід враховувати облік таких аспектів діяльності підприємства, як оцінка результатів підприємства відповідно до стратегічних цілей підприємства, оцінка ефективності системи управління підприємством та інші стратегічні параметри бізнес-показників. Таким чином, стратегічний облік є основою ефективного стратегічного управління. Для виконання своєї функції стратегічна облікова інформація повинна відповідати стратегічним цілям фірми. Для того, щоб бути корисним для зацікавлених сторін підприємства, стратегічна інформація обліку повинна включати інформацію про оцінку бізнесу, інформацію про фінансову та економічну безпеку підприємства та інформацію про конкурентну розвідку.*

*Ключові слова: інформація стратегічного обліку, стратегічне управління, інформація про оцінку бізнесу, інформація про фінансову та економічну безпеку підприємства, інформація про конкурентну розвідку.*

**Introduction.** The need of accounting support for taking strategic economic decisions is highlighted by a lot of scientists. Accounting information is considered to be important for strategy development and implementation (Keith D. Brouthers and Frans A. Roozen, 1999) and is the bases for assessing strategy implementation during the process of its monitoring (Graham Simons Pitcher, Chartered Institute of Management Accountants). Thus, we can confirm that accounting information support each stage of enterprise strategic management, but it should be mentioned, that in different studies concerning this issue the content of accounting information needed for strategic management is not the same.

Thus, some authors affirm that management accounting is the basis of strategic decisions (Graham Simons Pitcher, Chartered Institute of Management Accountants), the others speak about strategic accounting (Nixon B. and Burns J., 2012), but they consider it to be the information gathered during the process of strategic analysis by implementing such tools as SWOT analysis, value chain analysis and others. We can partly agree with the opinion that strategic accounting is information based on strategic analysis, but it can be argued that strategic accounting is only the result of analysis, because strategic accounting must be oriented on the needs of strategic management and it can be also the base for strategic analysis itself.

So, it's necessary to research the approaches to strategic accounting definition and the meaning, which different authors include into its content to understand its nature and role in strategic management.

**Main part. Literature Review.** A lot of economists, who research problems of strategic management, speak about the crucial importance of accounting information for strategy development, strategy implementation and strategic

change processes. The importance of strategic accounting in strategic management process consists not only in proper information disclosure for taking strategic decisions in cooperation of agents and principals (Phillip C. Stocken, 2012), but also in its ability to allow the firm to stay ahead of competitors (Okoli Margaret Nnenna, 2012).

But, speaking about strategic accounting it should be mentioned, that strategic accounting system differs from either financial and managerial accounting system or an MIS system. “Financial accounting systems are standardized systems that gather historical financial information for use by firm stakeholders (creditors, stockholders, employees and managers) and firm regulators (securities agencies, tax authorities). Managerial accounting systems typically provide both financial and non-financial historical information required for internal management to make shorter-term operating decisions. Most MIS systems provide management with variations of these two databases.” (Keith D. Brouthers and Frans A. Roozen, 1999). As one can see from the definitions of financial and managerial accounting systems, their main difference from strategic accounting system lies in their tendency to rely on historical information, instead of orientation on future and on their direction mainly on internal information without analysis of external environment.

According to the researches of many scientists strategic accounting should focus not only on internal, but also on external factors of a company (Jennifer Van Baren, 2017). Collection of data from external environment is usually considered as a regular process of monitoring competitors’ share prices, accounting reports, newspaper reports and social media on the internet. Besides, it can also have an element of informal collection of information by individuals in organization who are part of larger networks of contacts. The tools chosen for gathering strategic accounting information depend on organizational context and purpose.

It is also argued that strategic accounting techniques should be adapted to strategic management processes (Cadez Simon and Guilding Chris, 2008), thus it should correspond to strategic management needs.

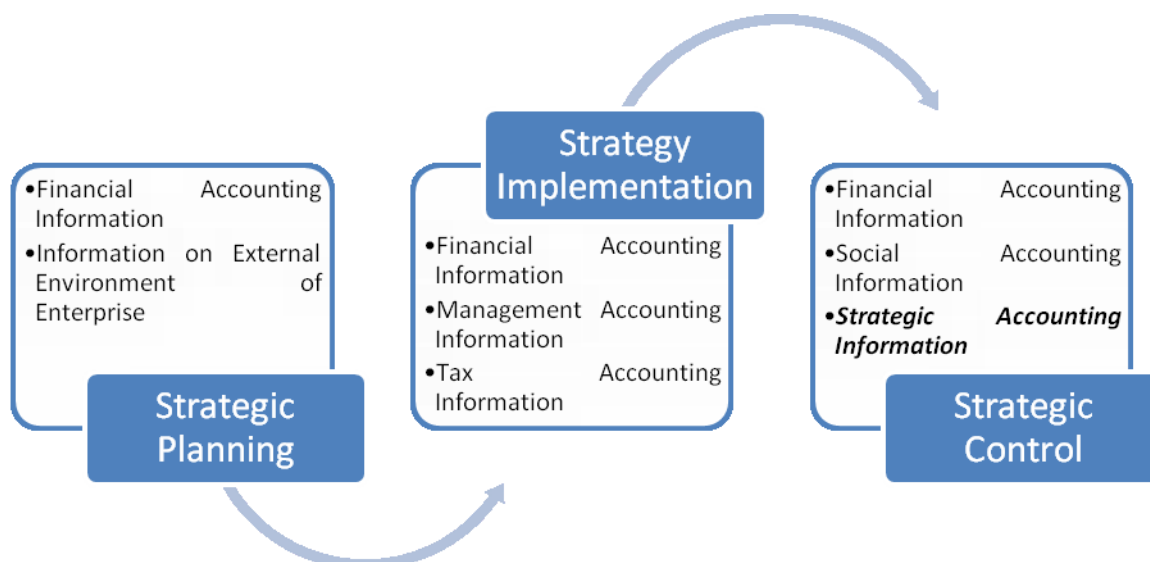
**Objectives and Methods of Research.** The purpose of the paper is to research the notion of strategic accounting information and its role in strategic management system.

The main objectives are the following:

- To identify the meaning of strategic accounting information in strategic management system;
- To analyze the usefulness of strategic accounting information for enterprise stakeholders;
- To specify the content of each element of strategic accounting information.

Basic scientific methods, which will be used to achieve objectives of the paper, such as: analysis, synthesis, comparison and classification.

**Results and Discussion.** The contribution of accounting to strategic management process can be defined as providing information for supporting decision making process at each stage of strategic management. Accounting information needed for taking decisions in process of strategic management can be classified according to the types of accounting (Figure 1).



**Figure 1. Representation of accounting contribution to strategic management process**  
(Compiled by the author)

Specific of strategic management which consist in its orientation for enterprise development in strategic (future) perspective, its necessity to meet requirements of enterprise stakeholders and the need for assessing achievement of planned strategic parameters show the necessity of strategic accounting information forming which can be proposed to be done by strategic accounting.

Strategic accounting is proposed to be defined as the process of gathering internal and external information necessary for enterprise strategic management parameters assessment.

The purpose of this type of accounting is providing information necessary for calculating and assessing strategic parameters determined in enterprise strategic plan.

Information of strategic accounting is needed for assessing parameters characterizing business value, enterprise financial and economic security and competitive intelligence (Figure 2). All these parameters are important for enterprise strategic development and information on them should be provided for the purpose of effective strategic management.



Figure 2. Strategic Accounting Elements

(Compiled by the author)

Information of strategic accounting will be able to satisfy requirements of enterprise and its stakeholders in information necessary for taking strategic decisions. The purpose of strategic information and stakeholders interested in this information are given on Figure 3.

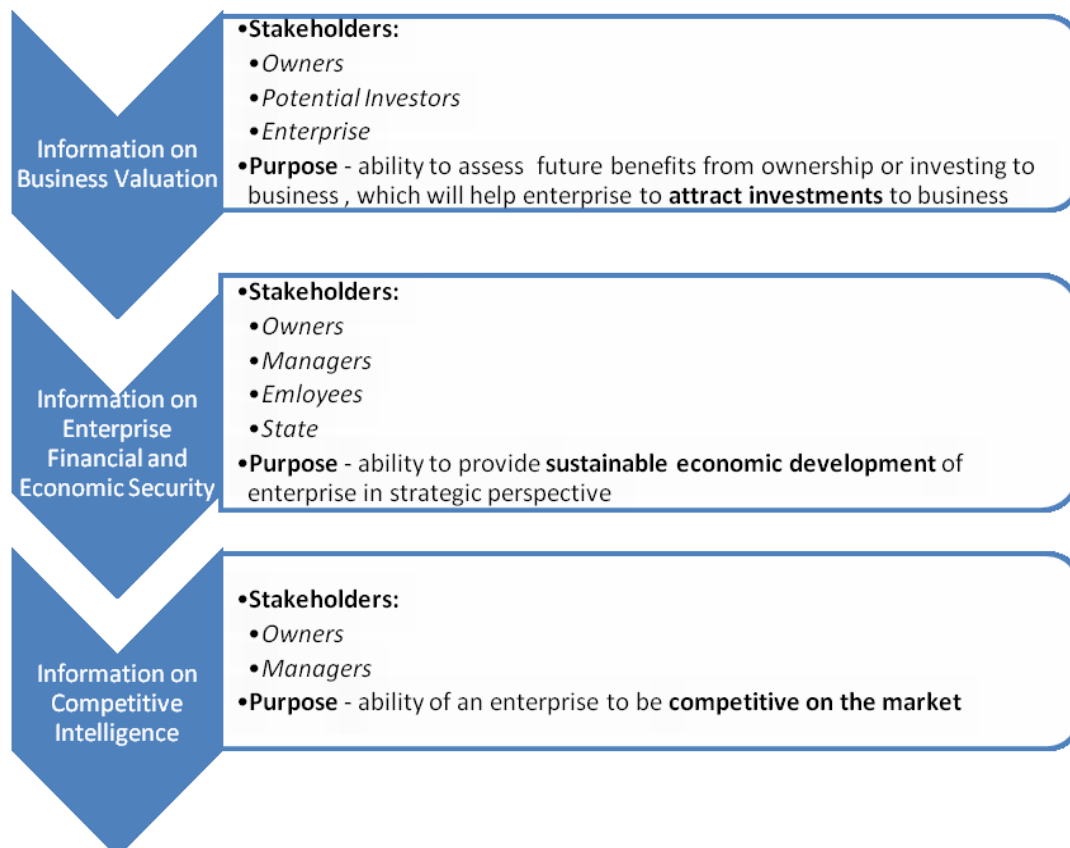


Figure 3. Usefulness of Strategic Accounting Information for Enterprise Stakeholders

(Compiled by the author)

Thus, as one can see on Figure 3, strategic accounting information is able to satisfy needs of enterprise stakeholders in information necessary for enterprise sustainable development in strategic perspective:

The necessity of business valuation for attracting investments to business is proved in economically developed countries, but business valuation isn't developed on emerging markets, neither is their accounting adopted to business valuation needs, which can be solved by strategic accounting implementation.

Financial and economic security is considered to be the crucial problem of enterprise strategic development, but proper accounting support is needed for managing enterprise financial and economic security, which is the second task to be solved by strategic accounting.

Competitive intelligence is also very important instrument for enterprise strategic development as it can give information about competitors' advantages, which will enable enterprise managers to react properly while choosing enterprise development strategy. But this activity will not be successful without appropriate accounting support of this process.

**Conclusions.** Thus it can be assumed, that strategic accounting is the basis of effective strategic management. To perform its function strategic accounting information should correspond to strategic goals of the firm. To be useful for enterprise stakeholders, strategic accounting information should include information on business valuation, information on enterprise financial and economic security and information on competitive intelligence.

So, it's necessary to develop the system of parameters which should be reflected in strategic accounting, to improve documentation process in order to satisfy the needs of strategic accounting and to develop the mechanism of its implementation at an enterprise, which will be the subject of further researches.

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