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## THE THEORETICAL FEATURES OF THE ORGANIZATION OF THE STRATEGIC MANAGEMENT ACCOUNTING IN BUSINESS

**Abstract:** This article provides information about the characteristics of strategic management accounting and also gives data concerning the implementation of new business approaches as an example of Uzbekistan.

**Key words:** strategic management accounting, new business approaches, priority sector, enterprises, analytical information, business incentive, internal management, strategic performance indicators

**Language:** English

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### Introduction

The question to improve the competitiveness of companies operating in the context of the structural modernization of the Republic of Uzbekistan the economy requires not only the introduction of new technologies with the capacity renewal process of production, but also the direct implementation of modern management technologies.

In particular, in the Program of Action for short term and long perspective of the Cabinet of Ministers of the Republic of Uzbekistan, discussed January 23, 2015 in the joint session of the Senate and Oliy Majlis of the Republic of Uzbekistan has been well noted that " in order to implement the proper functioning of the priority sector in the radical change of approaches and principles in the company's management structure is planned to conduct a critical review of the effectiveness of the activities of over 1,100 corporations (public limited companies) and other professional associations with the participation of the state, and develop and implement new methods and planning approaches based systems Management used in developed countries like Japan, South Korea, Germany and others".

It is obvious that we can not make the introduction of modern technologies in enterprises, without the introduction of a mechanism for collecting, processing and rapid communication of the

analytical information of the account that will be used for leaders as a basis for making strategic decision.

Due to the growth of competition on the market, the need is becoming increasingly important to effective strategic management of business incentive to develop advanced solutions on the implementation of strategic management accounting. In this regard, the development of accounting concepts of strategic management that better meets business requirements, that is to say the primordial quest for positive solution of theoretical and methodological problems continues to play an important role.

We must recognize the fact that we have not so far a formation of the unique scientific approach to the theoretical and methodological basis of the strategic management accounting. In addition, we have not a general conceptual scientific platform that could clearly demonstrate its differential sides to other types of accounts. The absence of a unique scientific methodology brings in research in this direction, the preponderance general and superficial aspects, scientifically unproven bases of accounting for the strategic management in a form of dispersed method and technique analysis.

That is why today the general concept development and scientifically based accounting for the strategic management and the creation of the universal device, conceptual and methodological

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which will appear effective and practical programs are part current issues in the field.

The analyzes of literature on this issue show that the theory and practice of management accounting and strategic management are well established in the scientific works of scholars like: A.Apcherch, A.Bhimani, M.Bromvich, V.Govindaradjan, K .Druri, S.Datar, R.Kooper, R. Kaplan, D.Norton, R.Niven, K.Simmons, R.Skapes, K.Word, C.Hongren, G. Shunk, R.Yang, and local and foreign scholars as R.Grant, N.Kazakova, V.Kerimov, M.Pardaev, A.Pardaev, V.Perov, V.Suys, B.Khasanov, A.Khorin, A.Sheremet, A.Shigaev<sup>1</sup> and others have made a great contribution to the development of strategic management accounting, its theory and methodology of analysis.

By the results of the researchers mentioned above we can say that basic scientific research based on the comprehensive approach to strategic management accounting is not sufficient. It shows the need for the benefit of research in this field not only in our country but also abroad.

Based on the results of scientific research in this area, we considered to present scientific findings on key aspects that demonstrate the essence of strategic management accounting.

In particular:

**1. The essence of the concept of "The strategic management accounting"<sup>2</sup> was analyzed and its difference from other types of accountings (financial accounting and management accounting) has been proven.**

The variety of scientific and theoretical-methodological approaches has shown that there is no unique approach on essence of strategic management accounting and its functions in the scientific community.

It should be noted that it would be better to interpret the essence of strategic management accounting as a main link or element that connects the process of business strategic management and accounting system of this process. Its main purpose is

to provide rapidly complete analytical and accounting information, necessary for making management decisions by managers of the company.

The effectiveness of the strategic decisions taken by the heads of the company directly depends on the availability of the system of accounts which provide necessary information for making this decision. A distinctive feature of this system is the continuous and systematic presentation of strategic information (data, accounts etc.) presented to managers (directors) of company.

At the base of the specific research and classification of strategic information and the characteristics of the essence of strategic management accounting we have given a new definition of "strategic management accounting" that describes its aspects background.

In our opinion, consider the accounts for the strategic management as a system of collect and processing of financial and non-financial that directly serve to develop long-term business in a form required by interested users, in accordance with their fixed analytical expectations and goals.

During the research, we conducted a comparative analysis of the types of existing accounts and in order to compare them, we showed the distinction of financial, management and strategic management accountings. The essential differences between them have been demonstrated by the following three types of methodological approaches:

- design of each type of accounts in relation to different forms and levels of making management decisions;
- use only specific criteria of design information as relevant in each type of accounts;
- different level performance of such kind of decisions support in terms of IT assurance.

During this research we identified the difference on 30 indicators between the strategic management accounting and other types of accountings and we summarized them into eight blocks.

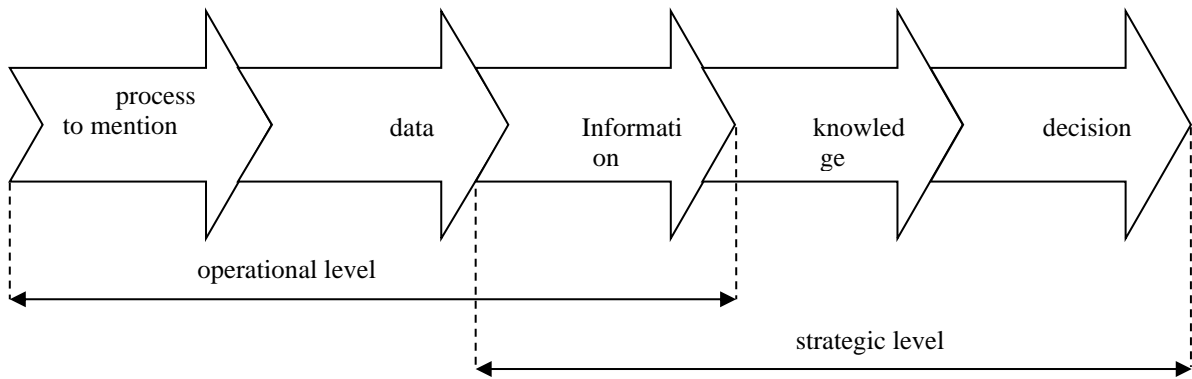
<sup>1</sup> Адамс Р. Аудит // пер. с англ. - М.: ЮНИТИ, 1995. 13 с., Арнс Э. А., Лоббек Дж. К. Аудит // пер. с англ. - М.: Финансы и статистика, 1995, с. 12., Друри К. Управленческий и производственный учет. - М., 2004 - 735 с., Мюллендорф Р., Корренбауэр М. Производственный учет. М.:, 1996.-158 с., Нилдз Б. Принципы бухгалтерского учета. Пер. с англ Я.В. Соколова. -М.: Финансы и статистика, 1997. - 496 с., Робертсон

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<sup>2</sup> Николаева О.Е., Алексеева О.В. Стратегический управленческий учет.- М.: Едиторнал УРСС, 2003. - 26 с.

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**Figure 1. The transformation of account data to the knowledge**

The generalized form of knowledge formation process in the system of strategic management is shown in Figure 2.

In this figure we present the general essence of strategic management accounting obtained by combining three important processes:

- Training for data accounting for the strategic management;
- The integration of these data with the system of internal organizational knowledge;
- The direct process of making strategic management decisions.

Although these processes are closely related to each other, at the same time they are implemented by performing the process of continuous transformation of the account data in the internal organization knowledge indépandamment.

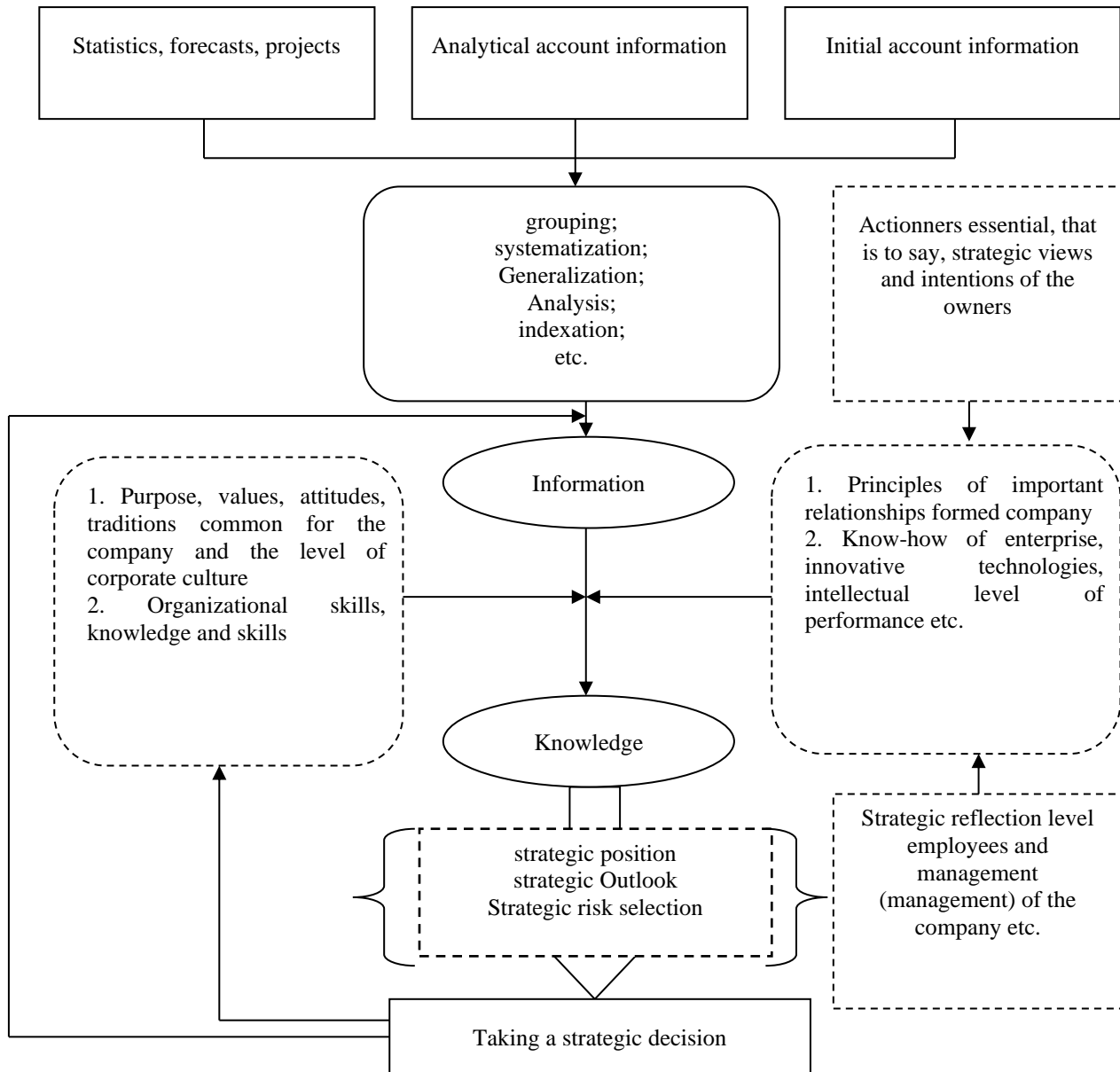
As shown in Figure 2, the realization of these processes is done by certain ethical and strategic directions of the activity and uncertain.

**3. We created the all strategic performance indicators (ASPI) which gives the possibility to make a full assessment of the effectiveness of the strategic management system.**

Existing scientific points of view of different schools, scientific advice and opinions of economists on the comprehensive evaluation of the strategic business activity were analyzed. In this regard, the existence of the necessity of the creation of the system used for the purpose of reflect all the characteristics of any company, regardless of form of ownership and type of activity, and setting implement the defined strategy has been proven.

To this end, all the strategic performance indicators (ASPI) was proposed. The collection of PSIS was proposed in regroup analytical blocks that characterize the different aspects of the activity and which are interrelated. In the complex characteristic of the set of indicators appears for the first time a strong correlation between the financial and non-financial indicators.

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**Figure 2. Formation of knowledge in strategic management system**

The main financial indicators included in the ASPI system are presented in Table 1.

**Table 1. The main financial indicators of the company's business**

Block name	Control indicators
<i>Assessment of the state of the good of the company</i>	Report of funds (assets) conversion and outside conversion, amount, level, the ratio of easy and difficult capital conversion, etc.
<i>Assessment of financial stability</i>	Amount of funds in rapid conversion (liquid), current liquid funds and absolute, their rates (coefficients), etc.
<i>Assessment of business activity</i>	The amount of capital conversion, conversion funds rate provided by personal funds, etc.
<i>Evaluation of the effectiveness of market / marketing relationships</i>	The amount of net assets, the level of paid dividends, investment income ratio, return on assets, return on capital, etc.
<i>etc.</i>	

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The main non-financial indicators of the company's business are presented in Table 2.

**Table 2. The main non-financial indicators of the company's business**

<b>Block name</b>	<b>Control indicators</b>
<i>Representing the level of activity in the enterprise market</i>	The price of the product (work, service), the level of their continuous supply to customers, the level of satisfaction of consumer demands, the quality / price, the level of the role of the company for the same product type in domestic and foreign markets, the level of competition in this market etc.
<i>Representing the level of activity of the internal activity</i>	The Diagnostic level at time of equipment, good supply of exchange parts, relations between producers and consumers, etc.
<i>Representing the employees intellectual potential</i>	The level of qualifications, training, skills, knowledge of modern information and communication technology business leaders and staff, and their knowledge of foreign languages, their understanding of internal and external market mechanism to determining the position of the company, their effective operational skills, etc.
<i>etc.</i>	

The distinctive feature of the proposed system of ASPI is its dynamic and flexible side. For in the process of implementation of the strategy, predefined strategic goals and objectives can be corrected and changed, and issues such as the composition of their blocks of ASPI and also the characteristic of the relationship between them can be reviewed.

**4. In order to solve the problem of constituting the strategic forecast balance sheet for the company, its exemplary form has been created and its operating mechanism was explained.**

As the shape of the primary source in the proposed system, that is to say the report was proved

the effectiveness of the constitution of "the strategic balance of the forecast" containing the main indicators of economic activity and financial enterprise.

In Table 3 is shown the exemplary form of strategic forecasting the balance that can be formed in companies on the basis of these proposals.

This form of strategic forecast of balance, ensuring the rapid integration of the basis of accounting information in strategic management with internal organizational knowledge, literally increases the necessary integrity of the database and its efficacy making strategic management decisions.

**Table 3. The general form of strategic forecasting balance of the company until 2020**

<b>№</b>	<b>Article content</b>	<b>2015 (fact)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2020</b>
<b>Forecasting financial indicators</b> (in mln sums)						
1	Assets excluding sales					
2	Non-Financial Funds					
3	Financial investments and cash					
	<b>Total assets (active)</b>					
4	Capital and reserves					
5	Obligations					
	<b>Total assets (liabilities)</b>					
	for the forecast period ASPI					
<b>Prediction of non-financial indicators</b> (In index systems, points-end etc.)						
1	Activity level of the enterprise market (index)					
2	Internal activity level (index)					
3	Innovative activity and investment level (index)					

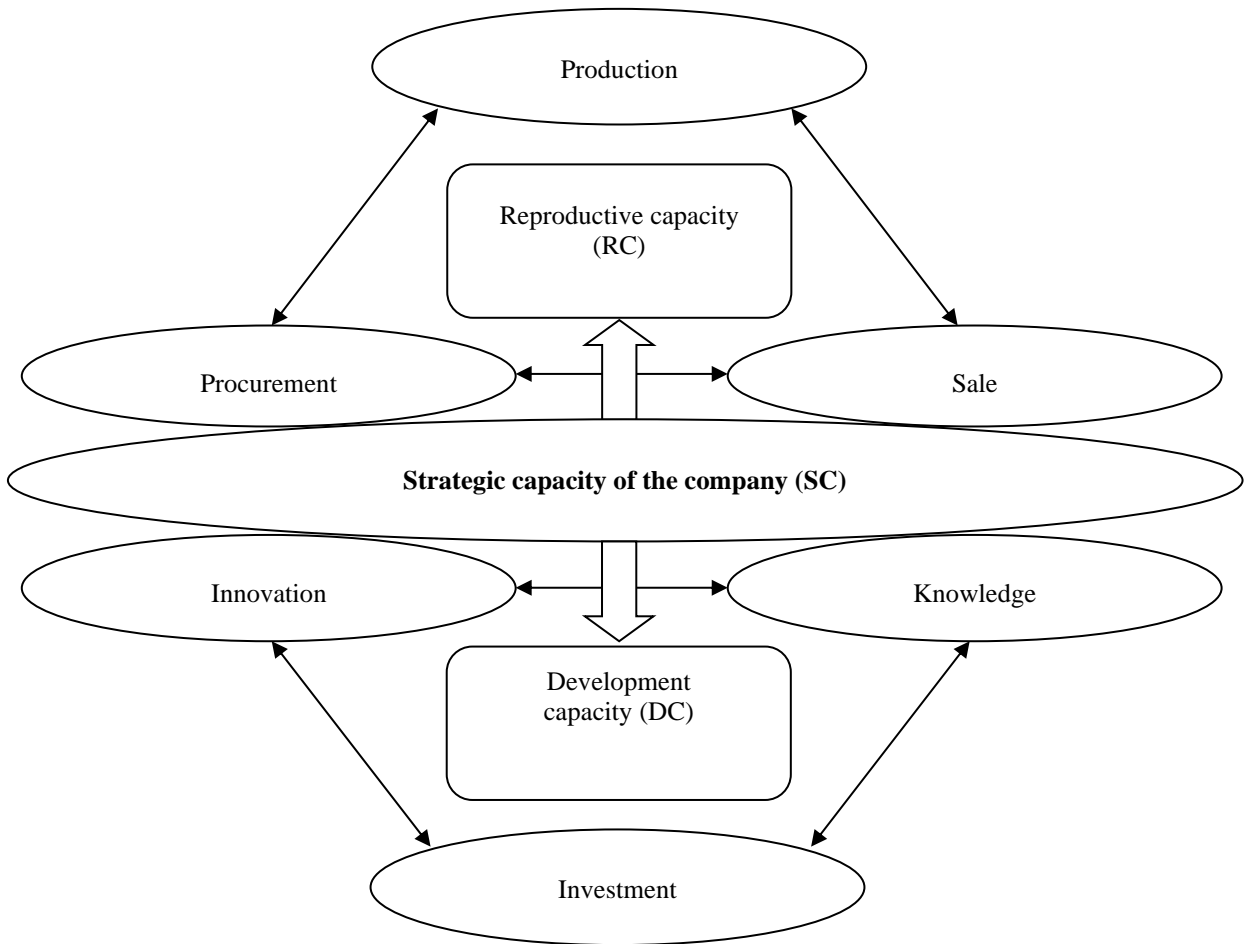
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4	Index of intellectual potential of managers and specialists					
	etc.					
	<b>Total</b>					
	<b>SCI for the forecast period (Strategic Capability Index)</b>					

**5. The general model for providing services in a single mechanism of indicators that assess the strategic business potential, has been proposed.**

The outlook for the development of any business is directly linked to the economic use of existing resources of manpower, material and financial, with the possible increase in their quantity. With these, under the current conditions of globalization, the effective exercise of the activity in the long-term prospects of companies depends not only on the large

amount of resources, but is also directly related to the principles that we already mentioned above, that is to say, at the parallel formation of strategic knowledge management and at its close collaboration with innovative and investment projects. Therefore we concluded that we can, taking into account the nature of the resources, the resources express identifying the strategic potential of the company, in the graphic form (Figure 3).



**Figure 3. the two relations of two strategic potential crossovers**

More importantly, we will have the opportunity to take them into account, monitor, analyze and manage through the ASPI reflected in the proposals of our research and the identification mechanism of perspective indicators operate in a more effective. In the accounting system for the strategic management of the dual nature of the strategic capability provides the

ability to have a complete view and creates a favorable condition for a comprehensive approach to evaluation.

An approach based on scientific findings and suggestions provided above is a real possibility to organize effectively accounting for the strategic

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management and proceed in all businesses, regardless of the form of ownership and type activity.

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