

FORMATION OF PUBLIC ACCOUNTING AND ANALYTICAL SUPPORT OF STRATEGIC MANAGEMENT OF INTEGRATED BUSINESS STRUCTURES

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Abstract. The article deals with the problem of formation of accounting and analytical support of making strategic decisions concerning domestic integrated business structures. In particular, the author substantiated the necessity of preparing strategic report by Ukrainian integrated business structures and proposed the way of structuring the information in this reporting form.

Keywords: reporting form, integrated business structure, strategic management, strategic report, accounting and analytical support.

DOI: <http://dx.doi.org/10.23856/2103>

Introduction

Under conditions of limited financial resources in the world market, caused by increasing globalization in the world economy, top-management of integrated business structures meets the problem of intensification of the struggle for investors. Considering this, among prerequisites for the survival and sustainable development of integrated business structures are the ability of management to bring owners (including potential ones) relevant information on the activity of amalgamated business, and also the ability to form a positive opinion on functioning of entities that are headed by them in the society. Thus, the problem of the development of approaches to formation of public accounting and analytical support of strategic management of integrated business structures is of particular relevance.

It presupposes an understanding of informational needs of different types of stakeholders (in particular, investors; creditors; customers; mediators, which take part in production distribution; employees, which do not belong to top-management; society) and the ways to satisfy them.

Investigation of domestic legislation has revealed the absence of any approaches to the regulation of this issue as opposed to a foreign one, which solves this problem by means of “The Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013”. The UK government enacted this Act into force on October 1, 2013.

In turn, the study of specialized literature revealed almost complete lack of approaches of both domestic and foreign economists concerning formation of public accounting and analytical support for strategic management of companies, which have a significant number of business areas and economically organized as an integrated business structure. In particular, in papers of the vast majority of economists, among which one should mention King M. (2013), Serafeim G. (2014), Druckman P. (2014), Balashova N.N., Silerova E., Melikhov V.A. (2015), the problem of the disclosure of information about the

strategy of the company is presented in indirect way by means of investigation of methodology of formation of its integrated reporting.

In turn, the development of formalized system of preparation of reporting information on the business strategies of companies (in particular, on the example of agricultural) was disclosed only in the paper of such scholars as Melyhov V. and Akhmanova S. (2015). In particular, these economists suggested approaches to formation of the strategic report and its structure. They also developed and recommended a "road map" to implement the process of formation of the strategic report of the group of companies on the basis of a formalized system of disclosure of business strategy (defined logical structure, procedures, risks, priorities, key performance indicators) (Melikhov, Akhmanova, 2015).

The results of investigation of legislation, specialized literature and strategic reports of a number of British integrated business structures, such as Shell (2015), Marks & Spencer (2015) and Tesco (2015), allowed arguing about the feasibility of introducing the strategic report into the practice of domestic integrated business structures. It must be mentioned that the author agrees with the results of the research of these economists, but at the same time the author believes, that current approach to the structure of presentation of information in the strategic report is somewhat controversial.

In particular, taking into account recommendations of the Financial Reporting Council in the part of the reporting of information to investors in the form which is the most understandable for them, in the capacity of the basis for separation of sections of the strategic report of the integrated business structure, the author recommends to put the criteria of value goal-setting of stakeholders.

That is, the author proposes to provide information in this report in a more structured way by means of its grouping as:

- common information on the operation of the integrated business structure that will be equally interesting to all types of stakeholders;
- individual information concerning functioning of the integrated business structure, which will satisfy individual informational needs of all the following main types of stakeholders: investors (including potential ones); creditors (including potential ones); customers; mediators, which take part in production distribution (distributors, retailers); employees, which do not belong to top-management (including potential employees); society.

In particular, informational tab concerning functioning of the integrated business structure, which will be equally interesting to all types of stakeholders, contains the following information: strategies of the integrated business structure; goals of the integrated business structure; business models of the integrated business structure.

The author shares the idea of specialists of the Financial Reporting Council, presented at pages 20-22 of the «Guidance on the Strategic Report» (2014), concerning the content of information on the strategy, goals and business-model of the enterprise (in particular, the integrated business structure), which must be disclosed in the strategic report.

In turn, the content of information tabs, which contain data on operation of the integrated business structure which satisfy individual information needs of stakeholders, should be considered separately depending on the type.

The author should also mention the existence of the following two groups of indicators, which will have an individual content for each type of stakeholder despite their identical names: significant risks and uncertainties, as well as internal and external factors which influence the effectiveness of the business entity functioning.

Information on these aspects will allow all isolated types of stakeholders to assess the possibility of their impact on the speed and completeness of realization of their own strategic goals, the achievement of which is associated with the interaction with this business entity.

In addition, the author should mention impossibility of detailing of mentioned aspects in this research concerning their dependence on the type (or types) of economic activity, that are separate directions of activity (business-directions, business-models) of the integrated business structure.

Thus, one of the most important stakeholders of the integrated business structure are investors and creditors (including potential ones), which are interested in gaining information that will allow them to check the creation of the value of the business, to assess the efficiency of the integrated business structure and its ability to finance implementation of the stated strategies.

Recommended approach to the disclosure in the strategic report of information about the activity of the integrated business structure, which will be of particular interest to the mentioned types of stakeholders, is presented in table 1.

Table 1

Disclosure of information about the activity of the integrated business structure depending on the sphere of interests of investors and creditors (including potential ones)

<i>Type of the stakeholder</i>	<i>Sphere of interests of the stakeholder</i>	<i>Indicators of activity of integrated business structure, which allow stakeholders to assess the ability to satisfy their needs</i>
Investors (including potential ones)	Growth of the value of business. Growth of the profitability of business. Guaranteed obtaining of dividends	- Product line and the share of the consumer market; - The effectiveness of the portfolio of businesses and their competitive position; - Description of the business and its organization; - Liquidity and solvency;
Creditors (including potential ones)	Guaranteed repayment obligations	- Return on activity; - Property status; - Financial independence; - Business activity; - Key risks and uncertainties critical to investors (including potential ones) and creditors (including potential ones); - Significant for investors (including potential ones) and creditors (including potential ones) trends and factors that take place in the market and affect the efficiency of functioning

Source: developed by the author

The next type of stakeholders is clients (customers) that need information about the quality of the product, works and services, provided by participants of the integrated business structure, and information about advantages of its policy of interaction with clients (customers) in comparison with relevant approaches of competitors of this business entity. Recommended approach to the disclosure in the strategic report of information about the activity of the integrated business structure, which will be of a particular interest to the mentioned type of stakeholders, is presented in table 2.

Table 2

Disclosure of information about the activity of the integrated business structure depending on the sphere of interests of clients

<i>Sphere of interests of the stakeholder</i>	<i>Indicators of the activity of the integrated business structure, which allow stakeholders to assess the ability of satisfaction of their interests</i>
Completeness and quality of satisfaction of their own needs	<ul style="list-style-type: none"> - Product (functionality, quality); - Business processes of after sales service; - Key risks and uncertainties critical for consumers; - Significant for consumer trends and factors that take place in the market and affect the efficiency of functioning

Source: developed by the author

The next type of stakeholders is agents (mediators), which take part in sale of the product produced by the integrated business structure, in particular, distributors and retailers.

Table 3

Disclosure of information about the activity of the integrated business structure depending on the sphere of interests of agents (mediators)

<i>Sphere of interests of the stakeholder</i>	<i>Indicators of the activity of the integrated business structure, which allow stakeholders to assess the ability of satisfaction of their interests</i>
Presence of uninterrupted supplies of products for further sales to dealers or retail customers. The ability to return the product to the producer, which has been turned back by the dealer or retail consumer	<ul style="list-style-type: none"> - Product (timeliness); - Operational business processes (warehousing, storage, sale); - Marketing positioning; - Key risks and uncertainties critical to intermediaries involved in the sales process (distributors, retailers); - Essential for intermediaries involved in the sales process (distributors, retailers) trends and factors which are taking place in the market and affect the efficiency of functioning of the enterprise; - Trends and factors that take place in the market and affect the efficiency of functioning of the enterprise

Source: developed by the author

These persons are interested in information that will allow them to assess the possibility of quick further sales of the product which they will receive from the participants

of the integrated business structure, and the efficiency of those business processes of the integrated business structure, which are associated with the production of the product and timeliness of its delivery. Recommended approach to the disclosure in the strategic report of information about the activity of the integrated business structure, which is of particular interest to this type of stakeholders, is presented in table 3.

The next type of stakeholders is employees of the integrated business structure, which do not belong to top-management (including future employees). These persons are interested in information, which will allow them to assess the ability of the enterprise to guarantee them decent wages, job retention and to promote their professional development. Recommended approach to the disclosure in the strategic report of information about the activity of the integrated business structure, which is of particular interest to this type of stakeholders, is presented in table 4.

Table 4

Disclosure of information about the activity of the integrated business structure depending on the sphere of interests of employees, which do not belong to top-management (including future employees)

<i>Sphere of interests of the stakeholder</i>	<i>Indicators of the activity of the integrated business structure, which allow stakeholders to assess the ability of satisfaction of their interests</i>
High level of life and opportunity of professional development	<ul style="list-style-type: none"> - Motivation and orientation; - The effectiveness of management of employees; - Social responsibility of business to employees; - Key risks and uncertainties critical to employees who do not belong to the top-management (including prospective employees); - Essential for employees who do not belong to top-management (including prospective employees) trends and factors that are taking place in the market and affect the efficiency of functioning of the enterprise

Source: developed by the author

The last type of stakeholder is society, which is interested in information, which allows assessing the contribution of the integrated business structure to the welfare of both local community and the whole state. Recommended approach to the disclosure in the strategic report of information about the activity of the integrated business structure, which is of particular interest to this type of stakeholders, is presented in table 5.

Table 5

Disclosure of information about the activity of the integrated business structure depending on the sphere of interests of the society

<i>Sphere of interests of the stakeholder</i>	<i>Indicators of the activity of the integrated business structure, which allow stakeholders to assess the ability of satisfaction of their interests</i>
Economic growth, social order	<ul style="list-style-type: none"> - Corporate social responsibility to community; - Key risks and uncertainties critical to society; - Essential for society trends and factors which are taking place in the market and affect the efficiency of functioning of the enterprise

Source: developed by the author

Considering the results of conducted investigation, the author proposes the following structure of the standard strategic report:

Part 1. Description of business and its organization:

1.1. Overview of business (one should cover the information that gives the idea of the field of the activity of the business entity, types of its products and volume indicators of its production and the organizational structure of the enterprise).

1.2. Business-strategy (provides information on the strategic vision of the business entity and also its strategic goals and objectives that are designed to help to achieve these strategic goals).

1.3. Content and governance structure (one must cover the information which allows getting an idea of the value of the business entity, the structure of management; system of corporate governance; basic principles of management; structure and tasks of the Supervisory Board and also profile committees that are affiliated with it; ethical regulations and standards of business, which must be used by employees of the business entity).

1.4. Business model (one should cover the information that allows stakeholders to get general idea about the main business processes of the enterprise (in particular, such, as production business process, logistics business process, sales business process)).

Part 2. Business environment:

2.1. Trends and factors (one should cover information about competitive position of the business entity at the market, trends of its development, and also competitive advantages, which ensure sustainable development of the enterprise in the future).

2.2. Main risks and uncertainties (one should cover main risks that threaten sustainable development of the business entity, disclose reasons of their appearance, and also mention measures, which are taken in order to neutralize them or to reduce their impact to minimum. It must be mentioned, that information in the part of risks, which influence sustainable development of the business entity, must be presented in ranked order).

Part 3. Corporate social responsibility:

3.1. Corporate social responsibility (one should cover information that allows to get general idea about the main statement of the concept of social responsibility of the business entity (in particular: chosen approach to raising constructive mutual relations with key groups of stakeholders, participation in global initiatives etc.) and priority directions of further development of its activity in the field of social responsibility).

3.2. Health, security and ecology (one should cover information concerning measures of the business entity in the field of saving life and health of people as well as respect to environment).

3.3. Employees (one should cover the information concerning key parts of the system of management of employees of the business entity (in particular, its corporate culture, training and growth of employees, system of motivation and reward, systems of social protection etc.))

3.4. Society (Programs of regional partnership) (one should cover the information that allows stakeholders to receive information about priorities and directions of realization of social and investment activity by the business entity).

Part 4. Performance:

4.1. Analyses of results and business position (one should provide key financial and production indicators of business, which allow assessing property status, performance and natural indicators of product production (product line) of the business entity in dynamics).

4.2. Key Performance Indicators of achievement of strategic goals (one should name key performance indicators (generalized by perspectives of Balanced Scorecard: finance, clients, internal business processes, learning and growth), which allow assessing achievements of strategic goals of the business entity in dynamics).

4.3. Selected key performance indicators of activity in terms of interests of stakeholders (one should provide grouped information concerning the activity of the business entity depending on the sphere of interests of stakeholders (investors, creditors, clients, agents, top-management, society) in terms of separate key indicators).

Conclusions and suggestions

Thus, basing on the results of conducted investigation, the author gave recommendations concerning formation of public accounting and analytical support of strategic management of domestic integrated business structures, which will help top-management to maximize value of the business by means of satisfaction of informational needs of all stakeholders, which are important for their efficient work.

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