

An Analysis Of Financial Controlling As A Tool Of Enterprise Administrative Accounting On Firm Performance

Horál Liliána, Kafka Sofiia, Haliuk Larysa, Havrylenko Mykola

Abstract: The article suggests building an effective system of financial controlling for making administrative decisions concerning accounting production charges on an enterprise. The essence of financial controlling and its place in the system of enterprise administrative-accounting have considered. Essential tasks and functions of financial controlling are defined, and the methods of its practical introduction on an enterprise have analyzed.

Keywords: Financial Controlling, Controlling Functions, Controlling Service, Controlling Information Provision.

1. INTRODUCTION

It is impossible to solve the problem of enterprises' efficient work without improvement of the management system that provides economic stability of their position at the market. The management system improvement through the introduction of certain controlling elements will facilitate to improve implementation and control of realization of economic activity purposes, providing an objective and all-round estimation of its results. Thus controlling is directed to active correction and synthesis of administrative decisions, aimed at achieving the ultimate enterprise goals. Being on the crossing of accounting, information support, control and coordination, controlling occupies a special place in the enterprise management: it links all functions together, integrates and coordinates them, thus not substituting the enterprise management, but only replacing it on a qualitatively new level. Controlling is an original mechanism of self-regulation on an enterprise that provides a feed-back in the management contour. Managerial accounting emerged in the market economy countries to satisfy the interests of internal users of information. It consists of systematic accounting developing the traditional methods of book-keeping information, and problem accounting that allows making effective administrative decisions. In economic literature, the prevailing idea on the determination of administrative accounting essence has not yet formed by this time. It is, however, possible to consider such its interpretations to be the most comprehensible and felicitous. Managerial accounting is a process of detection, measuring, accumulation, analysis, preparation, interpretation and transfer of information and administrative

link uses that for planning, estimation and control within the organization and for providing the corresponding accountable use of resources. Managerial accounting is the economic system related to the preparation and providing of IMS during realization of investment, operation and financial activity that allows to develop and to make the most effective operative, tactical, strategic decisions on the different levels of enterprise management in a complex. Only financial accounting has been developing in Ukraine till recently, and some fragments — accounting of production charges and calculation of final unit cost, feasibility planning, economic analysis have used from administrative accounting. Foreign and home scientists studied the questions of theoretical development and practical introduction of the controlling system on enterprises. Traces of the «controlling» term coming to Ukraine from Germany can found basing on M.S. Pushkar researches. M.S. Pushkar [8] marked in his monograph that in a social transformation period it is a complicated enough and risky task to solve the problems that are not yet realized to the end by most scientists due to insufficiency of foreign and home publications. In particular, it concerns such the most critical direction in the development of economic researches as controlling. Understanding of controlling essence according to the authorial interpretation of S.M. Pushkar considerably differs from the interpretation of the German scientists Mayer E. and Mann R. [4], who concentrate essential attention on planning, accounting, analysis and control of cover sum (margin profit). To V.V. Sopko's mind, an internal economic accounting (the so-called administrative, productive controlling) is not an independent record-keeping. It is a continuation, and more precisely the further deepening, working out in detail of financial record-keeping data in part of charges and profits of activity, when all resources acquisition efficiency, their processing, technological and organizational decisions, motivation have revealed. This accounting presents the commercial secret of the enterprise. It is built especially for a concrete enterprise basing on the character of technologies, organizational decisions. The primary users of private economic accounting information are leaders, proprietors, founders and managers. It is a confidential, private book-keeping information. Problems of controlling introduction as a tool of anti-crisis management on

- Horál Liliána, Doctor of Economic Science, Professor, Vice-rector on scientific and pedagogical work, Ivano-Frankivsk National Technical University of Oil and Gas, <https://orcid.org/0000-0001-6066-5619>
- Kafka Sofiia, Doctor of Economic Science, Associate Professor, Head of accounting and taxation department, Ivano-Frankivsk National Technical University of Oil and Gas, <https://orcid.org/0000-0002-6031-383X>
- Haliuk Larysa, Candidate of Economic Science, Senior Lecturer of accounting and taxation department, Ivano-Frankivsk National Technical University of Oil and Gas, <https://orcid.org/0000-0002-6206-8989>

enterprises have investigated by home and foreign scientists, among them there are Anankina E.A., Blank I.A., Balabanov I.T., Brighem E.F., Barton L., Belyaev S.G., Vasilenko V.O., Gryaznova A.G., Kuzmin O.E., Popov R.A., Utkin E.A., et al. Without regard to the full spectrum of the questions researched in the field of controlling on an enterprise, theoretical and methodical tools of controlling in part of building the information system of enterprise in providing efficiency of management of different types of economic activity enterprises are remained not worked out enough in home literature. The objective of the article is to use a conception of controlling to determine practical recommendations on forming the controlling system on an enterprise for providing its efficient functioning. Transformation of the economy in the system of market ménage is accompanied by substantial changes that mostly affected the process of searching effective methods of management. At the same time, independence of enterprise while determining specific key results of activity, perspective purposes and ways of their achievement stipulated the increase of controlling value. Controlling is a management conception that provides support for the internal balance of the enterprise economy by forming information about charges and incomes as a basis for making major administrative decisions. Such reasons can explain the necessity of controlling on modern enterprises: instability of external and internal factors brings forward additional requirements to the enterprise management system; necessity of searching new and improvement of already existent control systems, that provide flexibility and reliability of enterprise functioning; substantial changes in organization and methodology of the information support system. Controlling must react and operatively interfere with processes threatening the enterprise, discover and weaken the influence of unfavourable tendencies. For productive activity, the controlling service must coordinate its system with the system of record-keeping and accounting. With this purpose, it is necessary to work out the system of the internal accounting on the determination of centres of information collection, indexes, terms of presentation of accounting and methodology of its making, the aim why the data have gathered, the addressee of information. The main idea when grounding the essence of controlling is the actualization of questions of outlining its tasks, functions, directions and methods of realization within the limits of an enterprise. A forming order and essence of controlling functions follow from the controlling role in the system of enterprise activity. The enterprise controlling role is to receive information that characterizes enterprise activity, as well as its constituents, environment and on this basis, co-ordination of control system activity to fulfil the put tasks and aims. To implement this function; it is expedient to create the controlling departments on large and middle enterprises, that submit directly to the enterprise administration. The function of controlling consists of providing co-ordination of the different systems: planning, control and information support. The controlling system provides a systematic, integral look to the enterprise activity in the past, present and future, systematic approach to revealing and solving the problems that appear on an enterprise. It is controlling that replaces the enterprise

administration on a qualitatively new level, integrating, coordinating and directing the activity of its subdivisions to the achievement of operative and strategic aims. Controlling of anti-crisis management is the system of methods and tools of providing support to making administrative decisions, planning and control in the uncertain terms of enterprise activity during the implementation of their functions by controlling services:

- Activity planning envisages determination of several questions, which administration tackles independently, and which ones other employees will solve in order to realize the goals defined. The tasks of controlling are to orient administration on making decisions and necessary actions by preparing and granting necessary administrative information;
- The organization represents a process of enterprise management structure forming that envisages its dividing into subdivisions following aims and strategy and establishment of mutual relations between them, that allows working for the achievement of the put aims effectively;
- Motivation. On enterprises that introduced controlling, management has sent to a man; in fact, workers present the enterprise's capital jointly. Without the person bringing in of managers and workers, it is impossible to expect a practical realization of the set tasks. It is, therefore, necessary to produce a specific strategy of motivating workers, adjusted to the variable terms and surroundings of the enterprise.
- Control. The activity of any firm has always directed to the achievement of concrete aims. Not to deviate from the set course, permanent control is needed to see how the worked out programs will be realized. Control is a base for comparison of planned and actual values, for measuring and estimating the degree of gaining end, the establishment of possible limits of deviation from a plan, to the analysis of rejections, interpretation of reasons of plan rejections from a fact and making suggestions for rejections reduction;
- Administrative activity regulation. Controlling is the system of adjusting charges and results of activity that helps to attain the enterprise aims, avoid surprises and to react in time when danger threatens the enterprise economy that requires taking counteraction measures. A regulating function consists of effective adjusting and providing the ordinary course of productive processes on an enterprise. If the process of making a decision takes place off-hand, then intuitional decisions are made. As a rule, such decisions are made in terms of information lack and immediately before their realization;
- Consultative support for making administrative decisions. Controlling service executes the functions of advising during custom development of the methodical provision of the enterprise-specific subdivisions' activity, preparation of conclusions and recommendations about the enterprise problems solution according to the administration order;
- Creation and provision of general management information system functioning. An information controlling base has presented by the data of operative internal economic, administrative and financial

accounting, tax and statistical accounting, as well as information that comes from outsourcing. The insufficient level of this function development can become the reason of the crisis state on an enterprise, as the strategic and operative planning, analysis of results of financially-economic activity have made based on existing information resources.

Regulating essence consists in developing the decision made in details and issuing orders on its implementation. To provide an implementation of the controlling role in the enterprise system it is necessary to create the unique information system, that would inform the administration of strengths and weaknesses of enterprise and risks that can threaten it both from within, and outwardly. As methodology of analyzing probability of financial crisis and bankruptcy of enterprise, there must distinguished: analysis of financial stability based on determination of surpluses or absence of sources for forming supplies and charges; analysis of financial components; analysis of matrices of financial equilibrium; methodology defined by the legislation of Ukraine; methodology of carrying out in-depth analysis of the financially-economic state of insolvent enterprises and organizations; system of evaluation indexes - indicators of the crisis state; horizontal, vertical and trend analysis; analytical models of bankruptcy; expert diagnostics. The controlling system introduction in management system must carry out on all stages of organization and functioning of entrepreneurial activity; it is necessary to represent research results in the enterprise charter; to shut out formations of enterprises that envisage the unprofitable activity, and to adhere to these requirements severely. Unprofitable activity ruins not only a confident business person but also the state, on the whole, the functioning of unprofitable enterprises in the market conditions is impossible. Having regard to the economic nature of market relations, prices on products must go down, and the quality of products must get better because in the other case products will not be competitive. Providing production competitiveness is an essential requirement of market economic relations. So, it can attain by the controlling introduction in the enterprise's management system and the national economy of Ukraine. It once again confirms the necessity of improvement of the management system and market economic relations in Ukraine. Managerial accounting uses the various methods of calculating expenses in its research. The existent methods of administrative accounting can classify by different signs, namely: by the objects of accounting, by the plenitude of including in the prime price complement, by interpreting a concept of expenses, by the nature of data. The objects of accounting expenses distinguish such systems of administrative accounting as accounting by the types of expenses, accounting by the centres of expenses and accounting differentiated by the bases of expenses distribution. By plenitude, included in the prime price complement accounting by a full prime price and accounting by an incomplete (shortened) prime price or accounting by variable charges are distinguished. Its interpretation of a concept of expenses administrative-accounting is divided into accounting on an actual cost,

accounting by a normative prime price and accounting by a planned original price. By the nature of data, there are the administrative-accounting systems, containing data about the past, modern and future on the one hand, and the other hand — data for control, operative management and planning. It should note that the systems of administrative accounting can combine different signs. Accounting by the types of expenses, accounting by the centres of expenses and accounting differentiated by the expenses distribution bases can be carried out by both a full prime price and incomplete (shortened) prime price. The latter varieties of administrative accounting can contain information both in part of actual cost and normative and planned one, and those, in their turn, can characterize data about the past, modern, future and use them with the aim of control, operative planning management. In current market terms, the necessity of the management improvement about calculation operations appeared on domestic enterprises. The tool of financially - economic activity improvement must become the introduction of a new constituent in the management system - controlling. Essence, essential tasks and functions of controlling, the expediency of controlling introduction in enterprise management system was grounded, as well as the location of controlling in the organizational structure of enterprise management is determined. Managerial accounting is the initial element of the controlling system, as it provides controlling service with exhaustive reliable and necessary information on production charges and calculation of unit cost at all stages of the production process that allows carrying out the preparation of the weighted administrative decisions based on such information. The introduction of the controlling system on enterprises will enable to promote the level of its liquidity, business activity, profitability, financial firmness; it will improve operation ability and quality of making administrative decisions, and thus, score considerable competitive advantages. Thus, it is possible to define that controlling is the subsystem of enterprise management as it aims to support and help to the leader. In that case, it is necessary to classify controlling simultaneously as the conception of enterprise management, oriented to the practical and long-term functioning in a modern economic environment. Managerial accounting has organized in such an order, to satisfy management requirements entirely in information on forming the original price and determining the profitability of certain types of products.

REFERENCES

- [1]. Grebets' O. B. Controlling yak suchasna systema upravlinnya / O. B. Grebets'// *Ekonomika ta derzhava*. – 2009. – № 12. – p. 71-72.
- [2]. Iakovlev U.P. Kontroling na basi informatsiynykh tekhnologiy. – K. : Tsentr navchalnoyi literatury, 2006. – 318 p.
- [3]. Mann R. Kontroling dlya nachinayushchikh / Mann R., Mayer E. (perevod s nemetskogo U.G. Zhukova, pod red. i s predisl. V.V. Ivashkevicha). – 3-e izd., pererab. i dop. – M. : Finansy i statistika, 2000. – 304 p.
- [4]. N. Reznik, S.Yablochnikov, S K Gupta, M. Kuptsov, O. Omelchenko, A.F. Hatsko, O.M

- Sakovska. Modelling of informational counteraction between objects in economy // International Journal of Engineering and Advanced Technology – 2019. – 8(6), pp. 3797-3802.
- [5]. N. Reznik, Y.Yu. Demyan, Ya.I. Tokar, S.K. Gupta, A.D Ostapchuk (2019);. Mechanism of investment maintenance for the sustainable development of the agricultural sphere // International Journal of Engineering and Advanced Technology, 8(11), Ppp. 112-116.
- [6]. Olifirov O.V. Kontroling informatiynoi systemy pidpryyemstva: monografiya/ O.V. Olififov. – Donetsk: DonNUET im. M. Tugan-Baranovs'kogo, 2003. – 325 p.
- [7]. Petrenko S.N. Kontroling: Uchebnoye posobiye. – K. : Nika – Center, Elga, 2004. – 328 p.
- [8]. Portna O.V. Kontroling: navchalnyi posibnyk. – Lviv: «Magnolia – 2006», 2007. – 190 p.
- [9]. Pushkar M.S. Kontroling – informatsiyna pidsystema strategichnogo managementu: Monographiya / Pushkar M.S., Pushkar R.M. – Ternopil: Kart- blansh, 2004. – 370 p.
- [10]. Baighout S.A., Abdpur A, Gupta S.K., Uygun S.V. and Kumar R (2019);. Investigating The Factors Affecting The Selection Of Grapevine Top-Wire Method In The Malekan -East Azerbaijan Gardens: Economic Growth // International Journal of Scientific & Technology Research, 8(12), pp. 693-700..
- [11]. Tereshchenko O.O. Ponyattya kontroling ta upravlins'ky oblik u teorii i praktytsi / O.O. Tereshchenko // Financy Ukrainy. – 2006. – № 8. – p. 137 -145.
- [12]. Verkhoglyadova N. I. Kontroling v systemi upravlinnya pidpryyemstvom/ Verkhoglyadova N. I., V.P. Shylo, S.B. Il'yina // Derzhava ta regiony. Seriya: ekonomika i pidpryyemstvo. – 2008. – №5 p. 16-21.
- [13]. Zagorodniy A.G., Voznyuk G.L. Finansovo-ekonomichnyi slovnyk. – K.: Znannya, 2007. – 1072 p.