

METHODOLOGICAL ASPECTS OF DEVELOPMENT AND IMPLEMENTATION OF MANAGEMENT POLICY AT INDUSTRIAL ENTERPRISES

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Abstract

The article examines the essence, main principles and objectives of the management policy at the enterprise. Author investigates in the position of management accounting in the enterprise management and structures the levels of management of the economic entity. A conceptual framework of management accounting has been developed in the paper, which includes the purpose, content, methods and results of the process of management accounting. On the example of the chemical industry, the international and domestic experience in the development and implementation of management policy within the structure of industrial enterprises were analyzed, as well as the positive and negative aspects of accounting practices were highlighted. Based on the analysis of foreign experience and taking into account the specificity of economic development of Ukraine, the author elaborates on the areas for the methodological approaches to the development of management policy of Ukrainian companies to be improved.

Keywords: enterprise management, management policy; strategic accounting; principles of management; efficiency; planning; management accounting

JEL Classification: M10; M41; B41; D20

Introduction

Strengthening of integration processes in the world economy brings its changes to the workflow of business entities in any country: on the one hand, it offers a number of new opportunities for their development, and, on the other hand, the risks that might threaten the successful functioning of the enterprise appear. In the conditions of transformation of the world economy and restructuring existing inter-state relations, the effective development and implementation of management policies of enterprises is of crucial importance in order to maximize efficient use of existing capacity and scale up their activities. Given the importance of forming the effective management policy at the enterprise in the conditions of integration processes aimed at production increase and improving enterprises efficiency, the chosen area of research is crucial.

The purpose of the research is grounding of theoretical aspects and development of scientific and methodological bases and practical principles to improve the mechanism of management policy

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within the paradigm of sustainable development. To achieve the above aims the following tasks should be implemented: investigate into the economic categories of enterprise management - their essence and components, determine the role of management accounting within the enterprise management, analyze international experience in establishing successful management policy at industrial enterprises, define current challenge of establishing management policy at domestic enterprises, develop the main areas for improvement of the management policies at domestic enterprises in conditions of integration processes in the world economy.

In the paper, various research methods were deployed: historical method to analyze the development of notions of “management” and “management policy”; methods of theoretical generalization, analysis and synthesis to research the structure of the enterprise management policy; methods of grouping, statistical, mathematical methods, methods of graphic analysis to conduct the economic analysis of the enterprises activities and to determine the impact of integration processes and management policy on the enterprise development; methods of comparison, analysis and synthesis to analyze the international experience of establishing the management policies at enterprises; system and complex approaches, methods of mathematical modeling to develop the areas for improvement the management policy at the Ukrainian enterprises in conditions of integration processes according to the concept of sustainable development. Fundamental principles of economic theory, legislation base, periodicals and monographs, statistics reports of the State Statistics Service of Ukraine and Eurostat, as well as internal statistic reports of such companies as BASF SE, Bayer Group, Cherkassy plant of automobile chemistry LLC comprise the theoretic and information basis of the research. Results of the research, conclusions and recommendations were grounded by means of complex approach.

Literature review

Successful implementation of business functions in the workflow of enterprises requires the involvement of a certain capital to fund operations, materials and investments, etc. The effectiveness of the very business functions depends on the efficient usage of available resources within the business transactions process.

Any business activity consists of three main interrelated elements: investment, operating and financing activities. There is a specific management function providing planning, organization, motivation, control and regulation of activities in order to coordinate the activities of different types (Golov, 2004, p. 27). According to article 65 of the commercial code of Ukraine, enterprise management is carried out in accordance with its constituent documents, by combining the rights of

the owner regarding the economic use of his property and participation in the management of the workforce (Economic Code of Ukraine, art.65).

M. Meskon defines management as the process of planning, organization, motivation and control, which is necessary to achieve the objectives of organization. According to Meskon, there are such main objectives of the enterprise activity: survival, efficiency and productivity (Mescon, 1992, p. 34). According to Meskon, the management process includes only measures aimed at achieving certain goals, but does not include the step of forming the very targets of company, which is somewhat inaccurate, since the choice of directions of development of the enterprise is one of the key pledges of its success.

However, Gordon John Bolt (1991), Meskon (1992) do not investigate into the process of establishing the corporate goals, going directly to their achievement. Setting goals is a more global stage of the management process, thus, let us consider the basic levels of management: strategic, tactical and operational (Fig. 1).

Figure 1. Model of management levels hierarchy



Source: Developed by the author based on Hrebinchuk, 2010

Development of management policy at the enterprise is an important aspect in the process of effective work of organization, it needs to meet the interests of the company and to consider a number of external and internal factors. The success of the company depends on choosing the correct strategy and effective control system for its implementation. Understanding of the strategy begins with defining the goals and long-term activities of the company, which determine its mission, and the mission of the company is morphed into specific objects, embodied later through specific corporate strategies.

Strategy is a set of policies, procedures and approaches to business to ensure a long-term success. The concept of the management policy in the Ukrainian scientific literature is quite rarely found, yet, its definition can be found in foreign literature. The American Institute of certified public accountants (AICPA) states that management policy is the process of determining the areas of the enterprise development, setting goals and organization of activities of enterprises, where the goals will be achieved. In practice, it covers the following areas:

- Strategic management, tactical management, operational management;
- Performance management – the practice of making business decisions and performance management of the organization;
- Risk management – identification, measurement and management of risks to achieve the goals of the organization (American Institute of Certified Public Accountants).

As based on the objects of implementation of management policy, the enterprise activities may have various aspects, not only limited to the economic component. Scientists Norton and Kaplan proposed a special and balanced scorecard that complements the system of financial parameters of activity of the enterprise and the system of the estimation of the prospects. Targets and indicators of this system are reduced to four main constituents: financial criteria, customer relationships, management of internal business processes, staff training and development (Kaplan and Norton, 2003, p. 18).

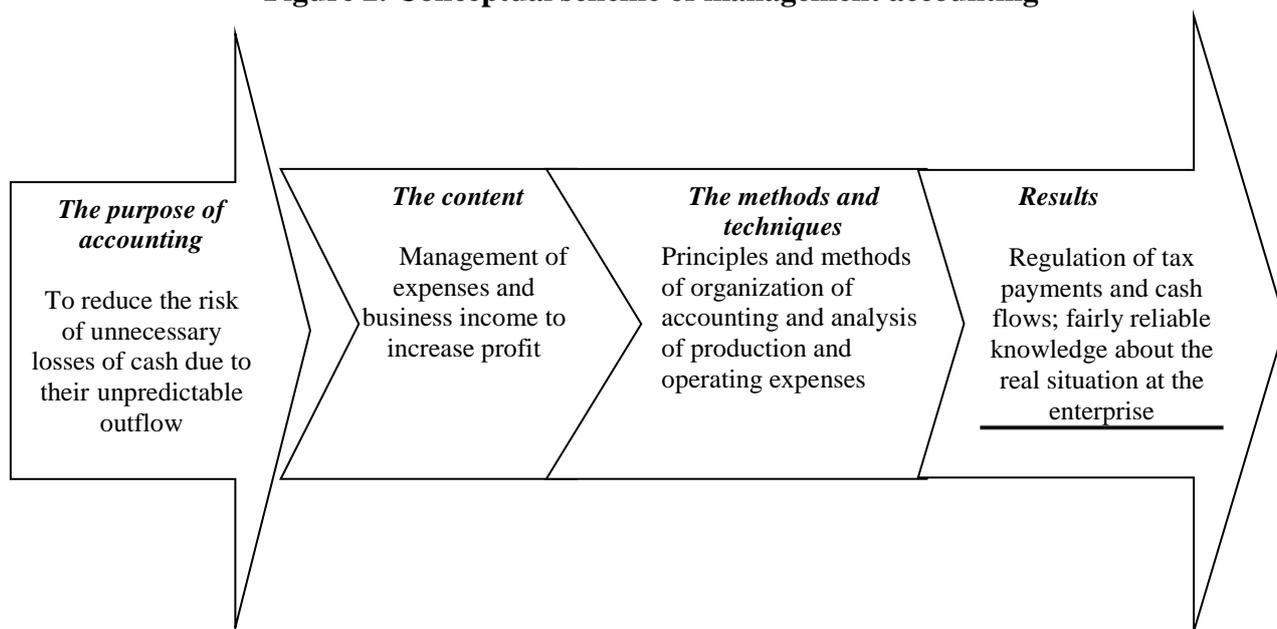
The objects of implementation of management policy at the enterprise can be changed depending on the level of management decisions, the center of responsibility, within which the management and kinds of business processes is carried out etc. The development and implementation of selected management strategy at all levels concerning all objects of management requires the information support, which is a system of accounting of economic operations at the enterprise. The system of accounting of economic operations consists of two main components: accounting (financial reporting) and management (enterprise cost records) accounting. Under management accounting (or controlling) we interpret the information system of management by revenues and expenses (i.e. by its profit) of the enterprise, including such subsystems as planning, control, analysis, and control of costs and revenues (Drury, 2004; Horngren and Foster, 2003; Shirenbek, 2005).

A broader interpretation of this definition is provided by the Institute of management accountants of the USA (Institute of Management Accountants - IMA). According to IMA, management accounting is "the process that adds value, of continuous improvement of planning, design, dimensions and functioning of systems of financial and non-financial information that guides management action, motivates the behavior and supports and creates the cultural values necessary to

achieve strategic, tactical and operational goals of the organization." According to this approach, the information obtained in the management accounting system has to be "significantly expanded by supplementing its operational and physical (nonfinancial) information, such as quality indicators, duration of process, and subjective evaluations, such as customer satisfaction, employees 'creativity and performance of a new product" (Atkinson et al., 2005, p. 26).

Thus, in the context of management accounting, not only financial indicators are formed, but also the indicators that are used for actual and predictive valuation of economic results of the enterprise activity as a whole and its respective structures. On the basis of such information, the managerial decisions can be made on a wide range of issues and areas: pricing, increase or reduction of production capacity, process improvement of cost control, the monitoring of implementation of plans, etc. (Fig. 2).

Figure 2. Conceptual scheme of management accounting



Source: Shick and Skrobogatova, 2010, p.18

We can distinguish the following tasks of management accounting:

- Determination, preparation and interpretation of information to develop a strategy (i.e. the development of decisions, in particular, the analysis of alternatives, the prerequisites and effects of management decisions);
- Planning and control of current business operations (for example, the right balance between expenses and income of the enterprise, the analysis of deviations from budget etc.);

- Justification of management decisions, implementation of the results obtained in the control process, further process of economic management of the enterprise (implementation of feedback);
- Identification of actual financial results of economic activity in the operations of enterprise.

As caused by the legislation, solving a wide range of tasks, elaborating on the variety of activities and forms of enterprise ownership comprises the application of unified rules of management accounting. The feature of management accounting is also revealed through the fact that the organization of accounting work reflects the specificities of the organizational structure and business activities of each specific enterprise. Therefore there is a need to use a differentiated approach to the accounting not only of the enterprises costs, but revenues, and, consequently, the management accounting system, which, as a rule, is formed by each company independently.

2. Foreign experience in implementation of management policy at industrial enterprises

Foreign companies pay much more attention to establishing of management policy and management accounting, as compared to national enterprises. That is why the systems of management policy and management accounting are better developed among European and American companies. Germany, in particular, became a center of consolidation for European accountants, because of the International Federation of accountants established there. Management policy of German industrial companies is often the key to their leading position in the global market. In the chemical industry, BASF is the undisputed leader not only in Germany, but also worldwide. The company began applying the systematic approach to establishing the managerial policy, in the late 1980ies (almost at the same time when the scientific research started its investigation into the management policy). Currently, the effectiveness of this approach is indicated by the indicators of financial results, which the company demonstrates.

BASF SE (*Societas Europaea*) is a German chemical company with headquarters in Ludvishshafen (Reynland-Palatinate). BASF is the largest chemical company of the world, the group produces a wide range of products: plastic, paint, cosmetics, food additives, industrial and construction chemicals, agrochemical for plants protection, etc (BASF SE). Representation office of BASF SE in Ukraine was opened in 1992 in Kyiv and became one of the first missions of large Western companies in Ukraine: regional offices operate in all regions of the country. The Department of plant protection also serves the customers in Moldova and the Caucasus. Business of BASF in Ukraine goes outside of the country. Plastics, dispersions and pigments are supplied the

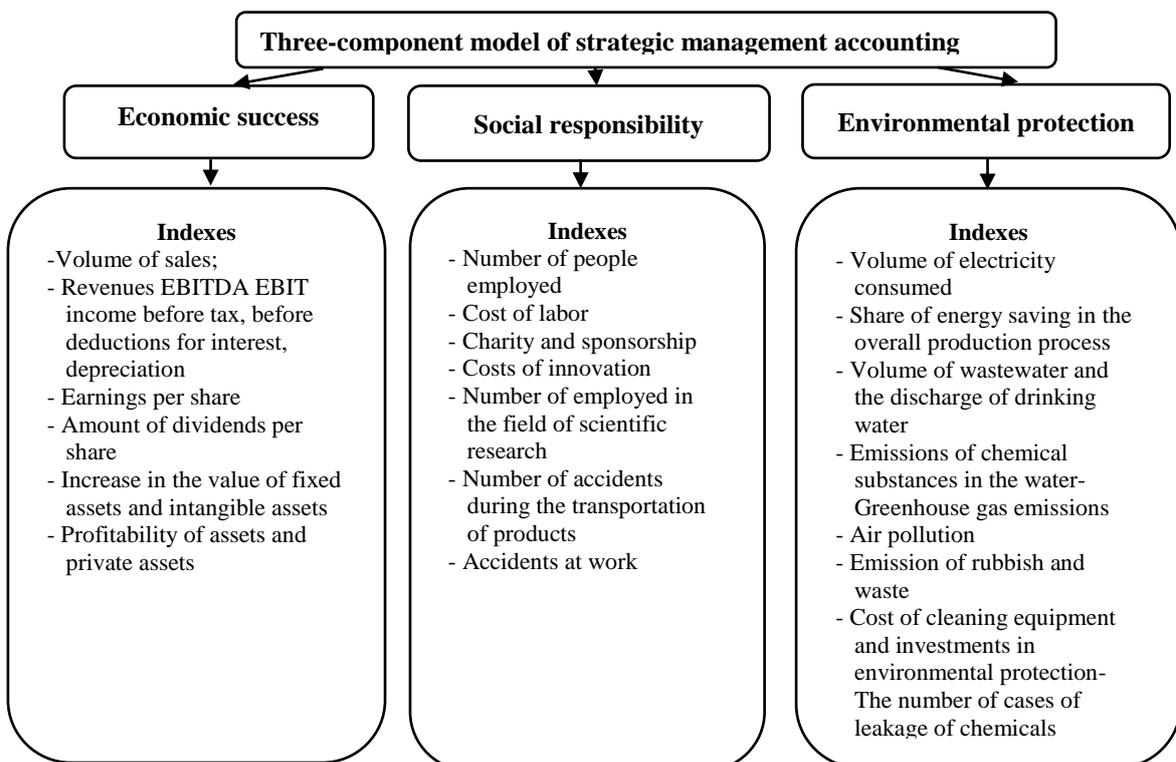
market of the Republic of Belarus. Since 2007, all activities of BASF SE in Ukraine are conducted through BASF LLC (Limited Liability Company).

The company's strategy is to satisfy the current and future needs of society due to science achievements and innovations under the condition of combining the economic success, social responsibility and environmental protection. BASF is committed to consolidate its position as the leading chemical company in the world. Their main slogan is "We create chemistry" (BASF SE).

Talking about the structure of the company, it consists of 4 main segments, which are divided into 11 divisions. In addition, for financial reporting of all divisions, they are grouped into four geographic regions: Europe; North America; Pacific Region; South America, Central Asia, and Africa. From a legal point of view, BASF occupies a central position among the companies in the group: directly or indirectly, it owns a significant share of equities of BASF Group.

The branched structure of the company and scale of its activities significantly impedes the implementation of effective management at all levels and across all business units, which requires the management personnel in order to have a clear and coherent system of management at the three levels: strategic, tactical and operational. With the aim of information support of effective management processes, the company applies the system of strategic management accounting. Strategic management at BASF is a three-component system and is based on basic postulates such as: economic success, environmental protection and social responsibility (Fig. 3).

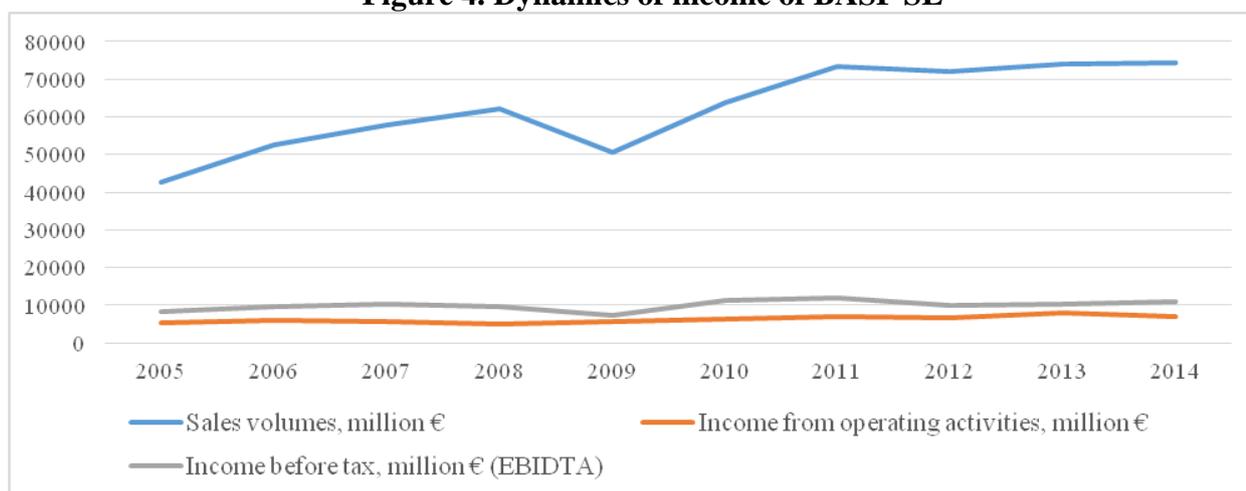
Figure 3. Three-component model of strategic management accounting at BASF SE



Source: Developed by the author based on the data of BASF SE

These fundamental components determine the structure of the consolidated reporting of management accounting. Its largest division is the economic division, which involves the indexes of economic statistics: sales volumes, revenue, EBITDA (profit before expenses for interest, taxes depreciation and amortization), revenue, EBIT (profit before taxes and minority interests), profit and adjusted earnings per share, dividends per share, cash from operating activities, increase in the value of fixed assets and intangible assets, depreciation of fixed assets, return on assets, return on equity. The indicators of formation and use of added value, are elaborated on in a separate section. The dynamics of key economic indicators is illustrated in Fig. 4. In particular, one can observe the upward trend of the main indicators of business income, a significant decline was observed only in 2009 as a result of the global economic crisis.

Figure 4. Dynamics of income of BASF SE



Source: Developed by the author based on the data of BASF SE

Special attention is paid to the creation of added value – part of cost of products which is created specifically by the organization. In 2014 it comprised the following:

- 1) Total economic impact from economic activities - 77 billion euros;
- 2) Allowance for depreciation – (3.4) million euros;
- 3) Expenses for electricity and other purchased services – (13.26) billion euros;
- 4) Cost of raw materials – (43) billion euros;
- 5) Added value -17.34 billion euros.

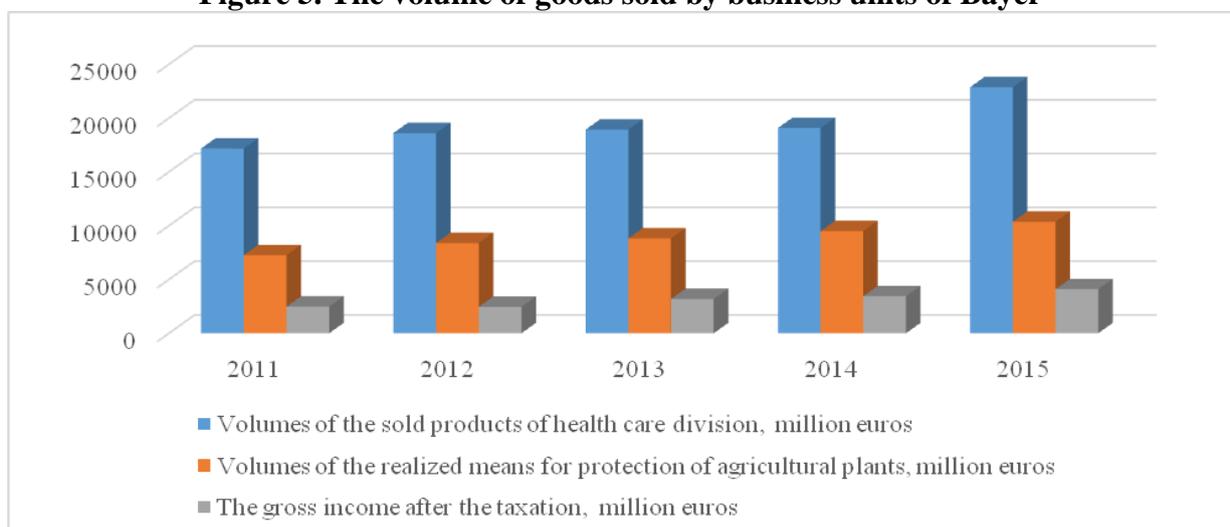
Other objects of management accounting of the company are social and environmental responsibility. In the area of social responsibility the basic indicators are: the number of employees, personnel structure, the cost of labor, expenses for charity and sponsorship, the number of employed in scientific research, expenses on innovation activities, the number of accidents during

the transportation of products, the number of spills of chemicals during transportation, the cases of injuries in the workplace, the performance index of health. The indicators which characterize the efficiency of the company in the area of environmental protection include: the volume of electricity consumed, energy efficiency share in the total production process, the volume of wastewater and the discharge of drinking water, the volume of emissions of chemical substances in the water (organic elements, nitrogen, heavy metals), greenhouse gas emissions, air pollution, emissions of rubbish and waste, the costs of pollution control equipment and investments in environmental protection. The company plans to continue to increase the scale of its activities, increasing the volume of products sold and revenues in the short term and in the medium term. Similar positive trends are kept in the field of social responsibility and in the field of environmental protection. The company adheres to the modern concept of socially responsible marketing, which includes meeting the needs of customers and targeting at improving general welfare of society as a whole.

In general, we can conclude that in the process of enterprise management, the managerial staff should not focus only on economic performance indicators of the enterprise, but should also take into account all factors of influence, both internal and external, with the aim of creating a sustainable competitive position in the market.

Among the enterprises of the chemical industry, it is advisable to consider the experience of another German company Bayer, which has directly operated in the Ukrainian market for 25 years and is one of the leading manufacturers of chemical products. The structure of activities of the company determines one of the characteristics of the formation of the management policy of the company based on accounting management for each division. The value of sales in units and amounts of comprehensive income after taxation is shown in Fig. 5.

Figure 5. The volume of goods sold by business units of Bayer



Source: Developed by the author based on the data of Bayer AG

The first disadvantage of management accounting in the implementation of management policy is the lack of clear consolidated reports for each of the countries, in which the activities of the company are carried out (in contrast to the BASF company, its management policy was studied in the previous paragraph). That is, management accounting information by country is provided as supplementary information, which is the basis for consolidated reports. However, some information is not presented. Moreover, even the financial statements of the Ukrainian units of the BASF company are not freely accessed on the official websites of either company's website or the state one (Smida.gov.ua, in particular).

The positive aspect in the organization of the management accounting in the company is the use of a three-component model: the economic component, social responsibility and environmental protection. This concept is fully consistent with the principles of sustainable development and the concept of socially responsible marketing. However, the list of indicators used in each of the segments is somewhat limited, especially the economic indicators. Examples of key indicators reported in management accounting of Bayer Company are represented in the table 1.

Table 1. Segment reporting of management accounting of LLC "Bayer"

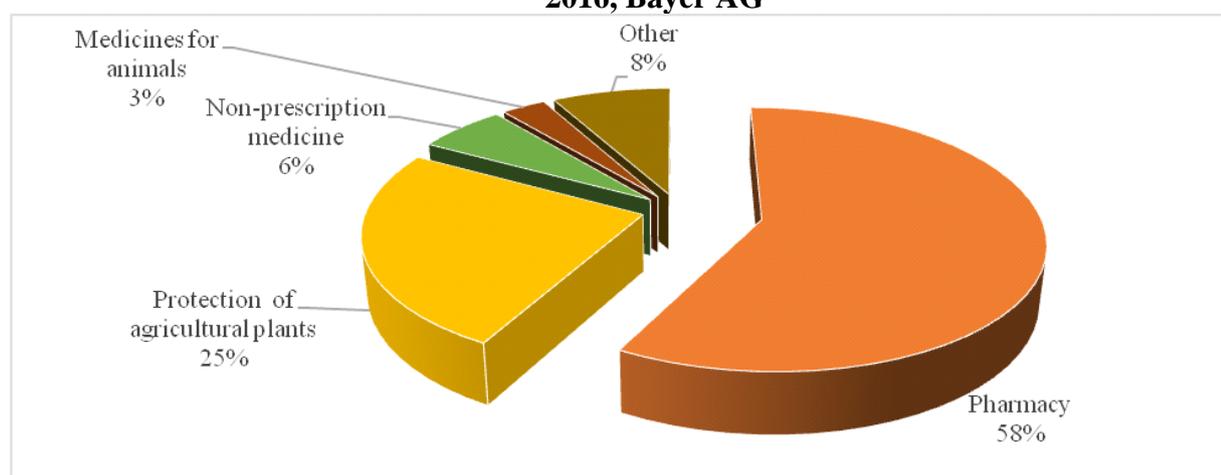
Segment of management accounting	Examples of indicators
The economic component	Volume of sales, different types of income (EBITDA, EBIT, pre-tax and after-tax), income per share, earning gain, debt, investments in research and development, utilization factor of capital resources
Component of social responsibility	The number of employees, expenses for wages, number of women among managers, number of nationalities among members of the managerial staff, number of staff with health insurance policies, the number of registered accidents at production site.
Environmental protection	Electricity consumption, repeated electricity consumption, greenhouse gas emissions, emissions of chemicals into water, water consumption, volumes of hazardous waste

Source: Developed by the author based on the data of Bayer AG

Analyzing these indicators, we can notice that its comprehensive list of indicators is not sufficient for making effective management decisions. In particular, the indicators of analysis of the economic activities of enterprises are the indicators of income, however, there are no indicators of costs, revenues, profitability and etc. Insufficient attention is paid to the analysis of the costs, which can lead to inefficient management decisions, such as dropping possible reserves to reduce costs. Indicators of profitability and operating profitability are more revealing in comparison with the revenue indicators.

Significant changes in the dynamics of most indicators within the last years are not observed, there is an upward trend in reducing the environmental pollution and the use of energy resources, except the amounts of hazardous waste, the volume of which increased in 2015. A positive point worth mentioning is the detailed attention given to accounting and cost planning for scientific research and innovation. Analysis of indicators of expenditure on scientific research and innovation of the Bayer Company, showed that the company is betting on innovation in the production process. In addition, significant attention is also paid to the process of planning expenditures on scientific research and innovation for the future (Fig. 6). However, it should be noted that the planning process in other spheres of economic activity of the company is not represented enough; in the plans for the current period there is information about the loss of activity of the enterprise, but this fact is another confirmation that the enterprise should pay more attention to developing its managerial policy and the organization of management accounting, in particular: a more detailed analysis of the costs of the enterprise, an analysis of the profitability and factors influencing the formation of the financial result of the enterprise. It is also necessary to point out the work of the managerial staff in the aspect of planning of the main indicators of activity of the enterprise, the value of which must be achieved in a future period. It is better to develop the plan values for the nearest reporting period, but within a longer plan period (at least mid-term).

Figure 6. The structure of planned expenditures on scientific research and innovations for 2016, Bayer AG



Source: Developed by the author based on the data of Bayer AG

Analysis of the foreign experience of management accounting with the aim of implementing effective management policies indicates on the importance of an integrated approach to the analysis of enterprise workflow and the development of plans for future periods. Thus, in management accounting for such companies as BASF and Bayer, there are three categories of indicators:

economic, social and environmental. At BASF, for each of the categories there is an analysis of indicators and plans for development for the upcoming year and mid-term periods (up to 5 years) to implement the overall strategy of the company. This approach indicates that the commercial success of the company depends not only on its financial performance, especially when paying attention to many domestic companies. In addition, this approach emphasizes on the importance of management accounting as compared to the financial accounting, which is mandatory; analyzes only the financial component of the entity workflow. Positive experience of conducting management accounting at BASF are: an integrated approach which includes non-economic components; significant details of each segment of the company's workflow; accuracy in the short and medium term planning; reporting at different levels of activities (reports of separate branches, regions, departments, divisions and consolidated reports).

3. Practice of using methodological approaches of management policy at Ukrainian companies (on the example of LLC "Cherkassy plant of automobile chemistry")

Practice of management policy at domestic enterprises lags behind the level of development of management accounting at foreign ones. The main trend in the Ukrainian market is set by active foreign enterprises and enterprises with foreign investments, and management experience of domestic enterprises is vague. In order to analyze the management policy of domestic enterprises in the context of integration processes, the LLC "Cherkassy plant of automobile chemistry" has been selected: it is one of the largest enterprises in Ukraine specializing in production and trade of fluids of technical use for the automobile industry. It has operated in the Ukrainian market for 26 years exporting its products to around 50 countries. The company owns such brands, as: "VAMP", "POLUS", "Gostowskiy product", "ALTAIR", "ZZIMA". The company has an accredited laboratory, warehouses of 5,000 m² and plant area of 7000m², its production capacities allow to produce up to 200T per day. During the last 10 years of its activity the company demonstrated a positive trend of increasing the volume of production, profits, and export volumes. The volume of production and profits are constantly growing. The only exception is 2008, when the growth rate of the net profit demonstrated reduction of 58% and in 2013 production volumes declined by 2%, while the volume of net profit fell to 61 thousand UAH (the growth rate is -96%) (SMIDA). The analysis of the company's financial standing indicates a fairly stable financial standing of the LLC "Cherkassy plant of automobile chemistry" for the year of 2015 and potential for further development. The significant advantage of the enterprise is its export orientation. Today the company exports its products to more than 50 countries, including European countries, USA,

Canada, UAE. In general, analyzing the operational conditions of the enterprise LLC "Cherkassy plant of automobile chemistry", it is possible to characterize its working condition as stable. However, it is important to pay much more attention to changes that occur in the external environment, such as the socio-political situation in the country, and the process of integration into the common economic space with the European Union and globalization in general.

The management policy of LLC "Cherkassy plant of automobile chemistry" is at a primitive level when compared to foreign TNC. The main instruments of management accounting of the company are systematically consolidated reports, issues on the quarterly and annually basis, however, the information content of these reports is fairly limited. Positive aspects of implementing the management policy and creating management accounting of LLC "Cherkassy plant of automobile chemistry" include:

- a high degree of detailization of the indicators of economic activity of the enterprise: besides the indicators of balance, which the financial report includes, the management reporting comprises the indices of profitability, profitability of the main activity of the enterprise, indicators of foreign economic activity of enterprise, expenditures on R&D, enabling a more detailed and deep analysis of implementation of its management policy;
- positive financial results company workflow support the evidence of management policy success at the current stage;
- having defined a long-term strategy and priorities for the development, since 2011, in particular, the company has set a priority for increasing the export of products to the abroad countries with a purpose of entering the global market; the long-term strategy and specifies the activities of the company for the period from the year 2011 to 2021.

However, the management policy of the company has a significant list of elements that require the improvement of the operations at the enterprise to ensure the stable competitive positions in foreign markets in the context of integration processes, including:

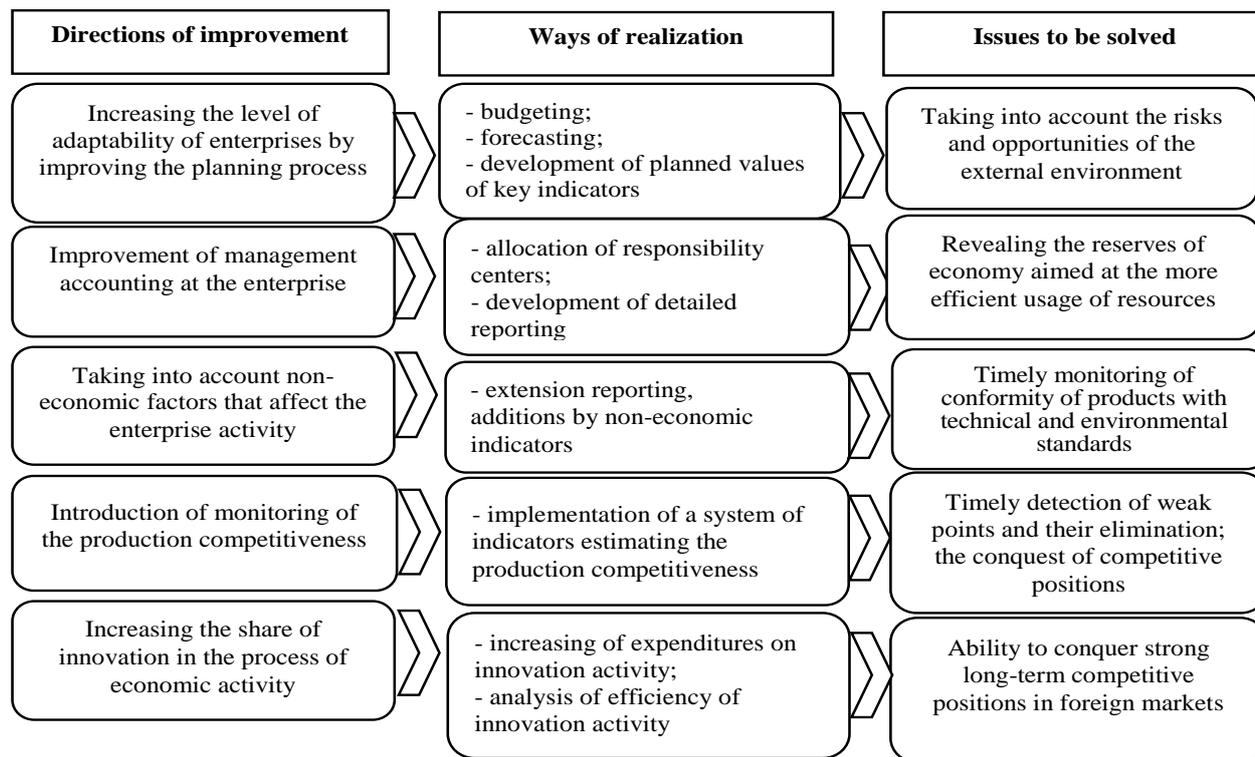
- the lack of focus in the reporting documents on externalities of external influence on management accounting: only the indicators of internal activities of enterprise are analyzed;
- focus is narrowed to the economic indicators of the company - the company pays little attention to managing the issues of social responsibility, innovation development, environmental protection (though in fact the company works in these industries, so it has an accredited laboratory, conducts joint research with research institutes, in particular with the aim of replacing components of products which are dangerous for human health and the environment in general and etc.);

- attention is not paid to the share of innovative products in the implementation of management accounting, cost-effective innovation and development, the number of staff employed in this area and other indicators that can help the managerial staff in the development of strategies of the company;
- setting goals and strategies of the company is unclear, strategic plans of the company for the next (undetermined) period are as follows: "strengthening the leading positions in the Ukrainian market and increasing the sales in the global market; meeting the needs of customers, partners and employees; constantly growing revenue".

Such unclear goal setting and neglecting the influence of external conditions in the managerial policy of the company leads to the inefficiency of management and can possibly create a situation when the potential of the company cannot be disclosed to its full extent. In condition when the strategy and methods of its implementation are clearly chosen: clear goals setting and taking into consideration many factors that were left out, the company has all the prerequisites to gain a leading position not only in the Ukrainian market, but expand its operation on a global scale, that corresponds to its long-term program of export-oriented and expansion into the world market.

4. The areas for improvement of management policy at domestic enterprises

Analysis of the main indicators of the foreign economic activity of Ukrainian enterprises and specificities of the management policy of the foreign economic activity of enterprises demonstrated that the main problems faced by the Ukrainian enterprises are: the unavailability of the enterprises to react to the various types of operational risks; neglecting development opportunities; insufficient attention to non-economic factors that affect the enterprise workflow, etc. Considering the problems and taking into account the analysis of foreign experience of management at enterprises, we elaborated on the following basic areas to increase the efficiency of the management of the foreign economic activity at the enterprises (Fig. 7).

Figure 7. The main areas for the management policy improvement at enterprises in conditions of integration processes


Source: Developed by the author

One of the main and major directions is the improvement of the level of adaptation of enterprises through improvement in the planning process. Planning involves setting of specific goals which have to be achieved in the course of activity of the enterprise, taking into account risks and opportunities that may arise in the implementation of activities. In response to recent political events there has been some reorientation of the vector of import and export towards European countries. The agreement on the establishment of a free trade zone between Ukraine and the EU works towards the implementation of FEA, which entered into force in 2016. This was one of the main prospects for Ukrainian companies: almost no taxes to be paid by Ukrainian companies for certain goods in the EU within the transition period. This factor should be taken into account by the enterprises in the course of planning the sales price of goods exported to the EU: on the one hand, the producers may reduce the price by the amount of duty that had to be to paid earlier, and thus choose the way to enter the market with goods at a more loyal price in comparison with competitors, or, on the other hand, choose the system of target costing, according to which, the price of goods is determined in accordance with market conditions, and profit (the difference between price and cost) would be increased by the amount of the fee that was paid previously.

However, the risks that may arise when entering foreign markets, for example, consumer loyalty to locally produced goods should be taken into account.

Important characteristics of planning are: definition of objectives, specification, targeting and thoroughness. The objectives to be achieved have to be formulated at three levels of management: strategic, tactical and operational. That is, if the company plans to increase the profit in the reporting period, goals and objectives should be detailed: by which indicators this increase may occur, what units should be responsible for the growth of some or other indicators, etc. The responsibility of these units also applies to such characteristics as targeting at specific tasks, which have to be carried out by specific units and dedicated persons, who will monitor the performance of indicators. The thoroughness of the planning process ensures the setting of realistic goals, which the company can achieve in a future period. The thoroughness of planning activities is achieved through the high-quality information support of the process of managerial decision-making.

In addition, another important factor is that management accounting, as opposed to financial, can include indicators of the impact of external factors on the company activity. Insufficient attention to indicators of external influence can lead to neglecting of possible risks in the planning process. Also, the management accounting system must contain non-economic indicators of enterprise activity, which is another way to increase the efficiency of management of foreign economic activity of enterprises. At the present stage the most successful enterprises in the world adhere to the concept of socially responsible marketing, which stipulates the main objective of the enterprise to satisfy the needs of the consumers more effectively than those of the competitors, and at the same time, improves the general welfare of society as a whole.

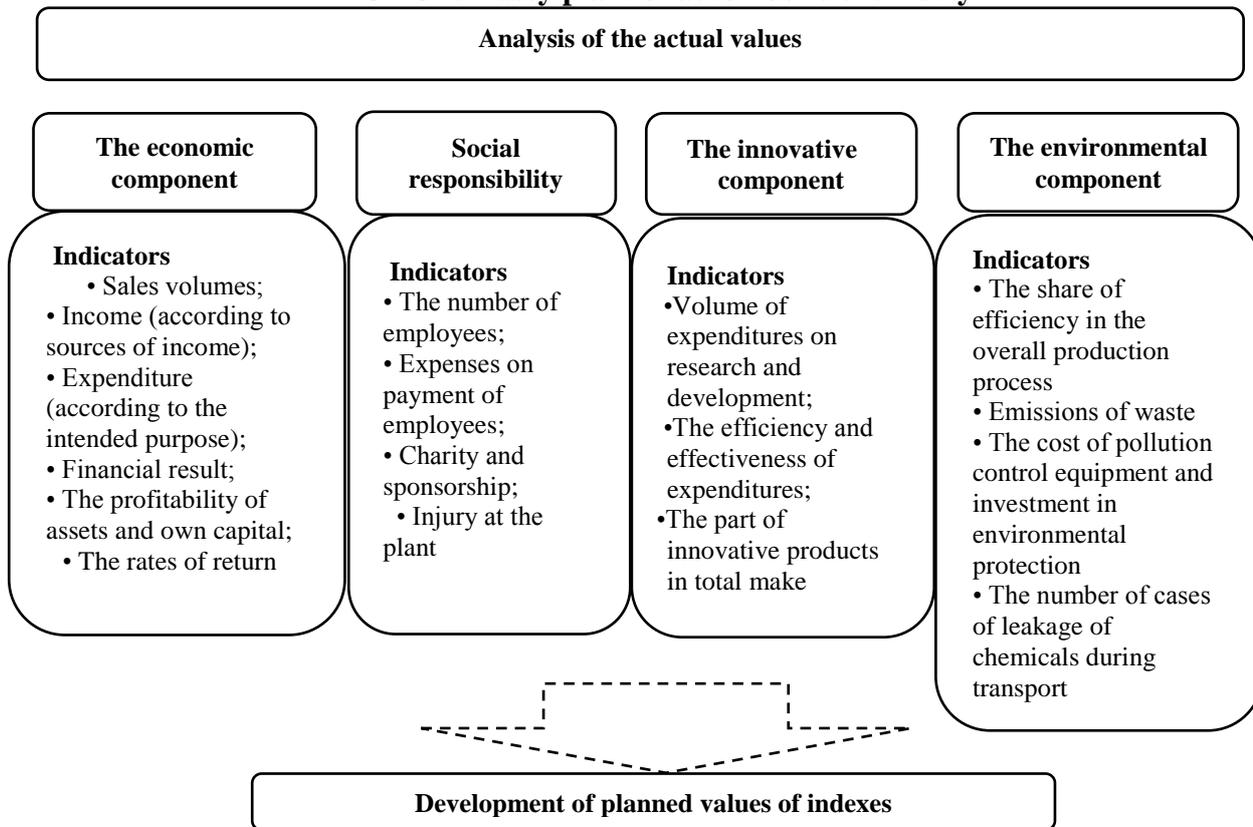
In the context of increasing the overall welfare of society, the main components the enterprise should pay attention to is the social responsibility and environment protection (for industrial companies, especially). Analysis of the experience of foreign enterprises illustrates that the analysis of enterprises activities of the non-economic type complies with specificities of a three-component system of strategic management accounting. Based on the analysis of the indicators of social responsibility and environmental protection of enterprises, one can determine the values according to these indicators, in accordance with indicators of economic activity of enterprises for the effective functioning in the context of the sustainable development concept.

One of the factors for increasing the competitiveness of products is the degree of innovativeness. Enterprises which are paying much attention to innovation, creating new products or providing new features to existing products, meet better the needs of consumers, become the undisputed leaders in the industry and trendsetters and the rest of the enterprises need to catch up with them. So the innovative component is one of the keys to success in both domestic and foreign

markets. Speaking specifically about the chemical industry, it is worth noting that the chemical industry is one of the most innovation-active sectors and drivers of the development of other sectors of the economy. According to analysts, Strategy Partners Group [16], chemical industry surpasses other industries by knowledge intensity – a measure of costs of R & B per employee. If the chemical complex makes the figure of 100%, a measure of costs of R & B in the pharmaceutical industry is 171%, in the telecommunication industry it reaches 90%, in the automotive industry it is equal to 62% and in mechanical engineering a measure of costs of R & B is 15%. Foreign experience illustrates that one of the most effective methods of carrying out innovative activities in the chemical industry is industrial parks (chemical parks). The active chemical activity of techno-parks is considered to be a significant factor in the high rate of development of the chemical industry of China. In some segments of the domestic chemical industry, the first examples of the organization of new production structures of innovative orientation have appeared (the chemical techno park "Chemo-Pol" in the Odessa region, the industrial park "Svema" in Sumy region).

Upon analyzing the basic principles of management policy of the enterprise of chemical industry of LLC "Cherkassy plant of automobile chemistry", it was revealed that the processes of the implementation of the management policy and the formation of management accounting reporting with the aim of having the informative support of the management process require a significant number of changes and improvements. First of all, for the effective management of the accounting activities of the enterprise and the adoption of effective management decisions in the company, it is expedient to introduce a comprehensive system of strategic management accounting (based on the three-component system). An example of a model and a set of indicators for LLC "Cherkassy plant of automobile chemistry" is illustrated in Fig.8.

Figure 8. Comprehensive model of strategic management accounting for LLC "Cherkassy plant of automobile chemistry"



Source: Developed by the author

The implementation of an accounting system of indicators of social responsibility and ecological constituent will encourage the managerial staff to work more effectively on the management of these aspects of the company. At the same time, positive social effect will help the company to increase the loyalty of consumers, potential consumers and society to their trademarks, both in Ukraine and abroad. In its turn, it increases the level of competitiveness of products in the market of automobile chemical goods leading to the increase of volume of realization of products in both internal and external markets in future.

The following elements for the companies to pay attention to are conducting detailed management accounting and analysis of indicators characterizing the activity of the company in the field of research and development. Increasing the share of innovation products in the assortment of the enterprise production increases the competitiveness of goods in the internal and external markets. And successful development of new products or products with new qualitative characteristics can bring the company to leading positions in the field of automobile chemistry, as the company that sets a trend in the production technologies of chemicals for cars.

To ensure the effective functioning of the complex system of strategic management accounting, its implementation has to be completed through responsible centers: it is important in establishing the management policy at any enterprise when the responsibility to achieve specific goals and tasks is assigned to particular persons. At the same time, reporting of management accounting has to be rather detailed to fix the results of the activity of separate divisions and managers. To ensure the principles of targeting at the enterprise are implemented, it is important to introduce the system of specific centers of responsibility.

Conclusions

Management policy is a business management element used for the purpose of minimization of enterprise risks and to increase the level of profitability of its assets. As a result of the research, it has been defined that the main levels of management at the enterprise are strategically allocated in the system of management policy, which is determined as a basic element of information support for the process of taking the administrative decisions.

Investigation of the foreign experience in the sphere of establishing management policy allows us to point out on the following: an integrated approach to the analysis of indicators of the enterprise activity and the short term and mid- term activity planning are the core within the enterprise general strategy. Analysis of basic principles of management policy in domestic enterprises demonstrates how essentially different from the international companies they are. In particular, more attention is paid to the economic indicators of the activity of the enterprise whereas other constituents are barely investigated into; there is no practice of development of accurate plans for future periods; not enough attention is paid to the analysis of the efficiency of the innovative activity in enterprises. All these factors influence the decrease in competitiveness of the production of domestic enterprises in foreign markets.

We suggest the main areas for improvement of the implementation process of the management policy at Ukrainian industrial enterprises are the following: improvement of the process of planning for the purpose of increasing the level of adaptation of enterprises to market conditions; improvement of the management accounting system at the enterprise, providing the managerial staff with information in the decision-making process; the accounting of non-economic factors of activity of the enterprise for the purpose of the implementation of an integrated approach to business management and increasing the competitiveness of production; analysis of the efficiency of carrying out innovative activity for the purpose of effective investment of capital in scientific developments for increasing the competitiveness of production.

On the basis of the analysis of the foreign experience in establishing the management policy at chemical industry enterprises, the complex model of organizing the strategic management accounting for the LLC "Cherkassy plant of automobile chemistry" has been developed: it includes four primary groups of indicators for the analysis: economic and ecological indicators, social responsibility and efficiency of innovations, and focuses the attention of managers on the process of planning and the development of planned values for each group of indicators.

Further research requires the development of methodical bases of identification and evaluation of factors of macroeconomic instability in the industrial enterprises workflow in conditions of globalization of world production.

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