

BALANCED SCORECARD AS AN ELEMENT OF FINANCIAL CONTROLLING SYSTEM

Alina Vysochyna

State Higher Educational Institution «Ukrainian Academy of Banking of the National bank of Ukraine», Sumy, Ukraine

Oleksiy Ryabenkov

Public Joint Stock Company «Sumy Frunze Machine-Building Science and Production Association», Ukraine

Intensification of globalization creates specific challenges for company's activity. The manager of modern enterprise has to solve the problem of development and implementation of the governance system sustainable to the impact of destructive internal and external business surrounding factors. It's very complicated process, because it needs the coordination of different company departments' efforts and integration of numerous methods and tools. So the necessity of the development unique and suitable management system determines the urgency of the topic.

Nowadays the problem of control, coordination, planning and methodological background insurance of company's activity under the holistic governance system is solved by the implementation of financial controlling and its methodology in company every-day operations. It's necessary to highlight that financial controlling is a system of methods and tools that ensures the concentration of the major control functions in key spheres of finance management with the aim of analyzing of company performance indicators, disclosure of fact and plan indicators inclination and finding out the reasons of this inclination to develop an effective managerial decisions on the base of researching results. Financial controlling system ensures the realization of the next tasks: coordination of information and departments' activity; development of the financial strategy and its coordination with company organizational structure; insurance of budgeting; internal audit organization; development of reports; finding out and restraining of negative impact realization; consulting. On the way of realizing of these tasks company can use different financial controlling tools such as SWOT analyze, portfolio analyze, benchmarking, break-even-analyze, ABC and XYZ analyze, shareholder-value analyze, Balanced Scorecard and others.

Special attention should be paid to the Balanced Scorecard (BCS), because this method coordinate different spheres of company activity and illustrate its performance in four perspectives: finance, customers, internal business processes and innovation and learning. BCS is the most widely applied performance management system today and through the use of different perspectives, it captures both leading and lagging performance measures, thereby providing a more balanced view of company performance. Moreover the BCS ensures the clarification of company's strategy, mission and vision to the hierarchically lower divisions and in this way it enables organization to align all levels of staff around a single strategy so that it can be executed more successfully. Because there are often such situation when organizations script inspiring visions and compelling strategies, but than are often unable to use those crafted words to align employees action with the firm's strategic direction. So implementation of BSC could help to solve this problem.

It's also necessary to highlight that to be successful organization has to adopt the BCS to its external and internal circumstance. The main problem in this process is to choose the right measurement performance for designing an effective BSC framework. It has been found that a BSC framework using about 20-25 measures is the usual recommended best practice. But it's necessary to mention that the range of the measures is the object of scientific discussion of national economists.

We have analyzed numerous national researching and propose to accomplish such indicators for different perspectives:

- financial perspective: net profit, returns on investments, returns on assets , financial leverage, liquid indicators; such complex of indicators gives an opportunity to realize the comprehensive company financial situation assessment;
- customer perspective: market share, total sales, expenses of time for doing one order, product range wide and depth;
- internal business process perspective: equipment capacity, environmental impact of producing, level of equipment amortization and recovering,. Implementation into this perspective ecological indicators is very important because organization of company's activity on the base of corporate social responsibility concept permits to improve its competitiveness, raise the stakeholder's loyalty level and gain positive image;
- innovation and learning perspective: employee productivity, level of employee exemption, share of employees with defined qualification level, expenditures on personnel education, employee loyalty.

These key indicators are the base for creation of Strategic Maps that illustrate company goals in quantitative and qualitative evaluation divided by different perspectives.

So in conclusion we would like to mention that modern companies have to develop and implement new and effective methods of management to ensure a comprehensive protection from destructive impact of realization circumstance risks. Financial controlling is one of the most effective governance systems that help to control, coordinate and plan firm's operations. Among numerous financial controlling tools Balanced Scorecard is the most complex and efficient one. In fact, the benefits a company can obtain from BSC implementation includes: increasing the level of financial strategy transparency; aligning organization around a single, coherent strategy; making strategic improvement a continual process; mobilizing changes through strong, effective leadership. The BSC concept has been used for 20 years on developed markets and now there is the necessity of adopting it to the conditions of developing economies. Such adaptation could transform national business and economy and make it more stable.