

## CONCEPTUAL APPROACHES TO THE STRATEGIC MANAGEMENT OF INCOME AND EXPENSES OF AN ENTERPRISE

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*The article studies conceptual provisions of strategic management of income and expenses of an enterprise under conditions of economic uncertainty. It also considers expediency of application of an integrated approach to management of income and expenses of an enterprise under conditions of uncertainty of the market environment. The target subsystem of the concept of enterprise cost and revenue management is analysed on the basis of a set of components: the purpose of enterprise revenue and cost management, tasks and basic principles of its organisation and implementation. The use of the proposed conceptual provisions on the management of income and expenses of enterprises will allow to assess the impact of these indicators on the financial performance of enterprises and identify opportunities for effective ensuring the profitability of enterprises.*

**Keywords:** income, expenses, profitability, concept, efficiency.

**JEL Classification:** M11, O40, R51

**Statement of the problem.** Recent threats and challenges arising as a result of the war with Russia have led to a violation of the financial stability of most Ukrainian enterprises, which has determined the priority need to develop and implement modern methods of their development, taking into account the current circumstances. In order to ensure the profitability of enterprises, it is important to create an effective system of managing the company's income and expenses. The availability of reliable information on the company's profitability is a factor that determines the timely adoption of management decisions. The management of an enterprise's income and expenses is an integral part of the work related to the development of an economic strategy for the functioning of a modern enterprise. In this regard, the issue of developing a conceptual framework for ensuring the profitability of enterprises based on the analysis of the impact of income and expenses on the key financial indicators of their activities is relevant and timely.

**Analysis of recent research and publications.** The issues of research of approaches to management of income and expenses of an enterprise are devoted to the works of such scientists as J. Norton, J. Mann, J. Harrison, R. Coase, O. Williamson, R. Cooper, R. Kaplan, A. Cherep, S. Tarasenko, etc. At the same time, issues of synthesis of approaches to strategic management of income and expenses of an enterprise in an uncertain market environment in order to ensure competitiveness and efficiency of its activities remain insufficiently studied.

**Formation of the objectives of the article (task statement).** The purpose of the article is to substantiate the conceptual provisions on the strategic management of income and expenses of enterprises in the context of economic uncertainty.

**Summary of the main research material.** In the economic literature, cost management is considered ambiguously as a process of purposeful formation of the optimal level of enterprise costs [1], as fulfilment of the entire range of functions of the management cycle aimed at increasing the efficiency of the use of production resources in the enterprise [2], or as an interconnected set of works forming corrective influences on the process of expenses in the course of the economic activity of the enterprise, aimed at achieving the optimal level (within the limits of permissible deviations) of costs in all subsystems of the enterprise for the performance of any work in them [3]. The process of managing expenses in relation to revenues is rarely considered, but these two processes cannot be viewed in isolation, as they are designed to achieve the same goal: maximising the company's profit and ultimately increasing the company's market value.

Income and expense management is the process of purposeful influence of the company's management on the amount of expenses and income arising in the course of production and economic activities, with the aim of optimising their size and the most rational, complete and optimal use of all types of resources. The optimisation

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criterion is to minimise costs and maximise revenues. Low costs allow the company to gain certain competitive advantages in the sales market, to freely pursue its pricing policy and, all other things being equal, to achieve higher profits. The desire to maximise revenue motivates the company to use various marketing methods to stimulate sales markets, find new markets, study competitors' activities, improve product quality and sales volumes. Cost and revenue management is broader, deeper and more diverse, therefore it is more difficult to summarise the management of the efficiency of the use of individual production resources, as it takes into account their integrated use, possible interchangeability and differences in the magnitude and timing of their impact on the company's performance [2].

Income and expense management affects all aspects of the company's production and business activities and aims to maximise opportunities in the company's external and internal environment.

In a number of academic papers, the aim of cost management is to reduce costs [3]. However, it should be borne in mind that reducing costs is an important task, but not the main objective of managing the company's expenses and income. The process of reducing costs alone can be accompanied by a reduction in the quality of products manufactured and customer service, and by a refusal to produce and sell products that are in demand but require significant costs.

The main objective of managing the company's income and expenses is to increase the competitiveness and efficiency of its operations, ensuring that revenue growth exceeds cost growth in the long term, while complying with the company's established development priorities. This can be achieved by improving product quality and using the company's resources more efficiently, saving them and maximising their return at all stages of the production process.

Income and expense management at an enterprise is designed to solve the following main tasks:

- Identification of the role of income and expense management as a factor in improving economic performance;
- determination of expenses and income for the main management functions;
- calculation of expenses by operating geographical segments and production units;
- estimation of the required costs per unit of products (works, services);
- preparation of an information base that allows to estimate costs and revenues when making business decisions;
- identification of technical methods and means of measuring and controlling income and expenses;
- search for reserves to reduce costs at all stages of the production process and in all production units of the enterprise and increase revenues and profits;
- selection of cost rationing methods;

– selection of the system and methods of income and expense management that are appropriate for the company's operations.

The tasks of managing income and expenses should be solved in a comprehensive manner. Only such an approach pays off, contributing to a sharp increase in the economic efficiency of the enterprise.

Compliance with all the principles of cost and revenue management creates the basis for the company's economic competitiveness and gaining a leading position in the market [2].

The totality of the goal of managing the company's income and expenses, tasks and basic principles of its organisation and implementation constitute the target subsystem of the concept of cost and income management (Figure 1).

The system of income and expense management, like any management system, consists of two subsystems: the one that manages (the subject of management) and the one that is managed (the object of management) [3].

The management of income and expenses in an enterprise is carried out by management units, i.e., managers, specialists of the enterprise and its structural units (workshops, sections, production, departments). Certain functions and elements of income and expense management are performed directly or with the active participation of the company's employees. For example, a dispatcher influences the coordination and regulation of the production process and thus production costs and revenues; an accountant keeps track of income and expenses [2].

The structure of the controlling subsystem depends on the size of the enterprise, the type of activity and the specifics of production [1].

The object of management in this system is the processes, operations and phenomena that occur in the course of the company's economic activity, seen from the point of view of resource consumption, expenses and income generation, and the subject of management is the company's income and expenses in all their diversity [1].

The efficiency of the management system depends to a large extent on complete, reliable and timely information support. Developing a system of information support for income and expense management will increase the efficiency of the financial management of a business entity.

The concept of "information support" in the static aspect means a set of data characterising the actual state or change of income and expenses at a certain point in time [4]. In the dynamic aspect, this concept is considered as a process of interaction of distributed intelligent nodes implementing the functions of managing the company's income and expenses [5].

The income and expense management functions are considered to be specific types of management activities that differ in content. They are carried out in the context of certain stages of the management process, such as the development, adoption, implementation and monitoring of decisions. The first stage involves forecasting and

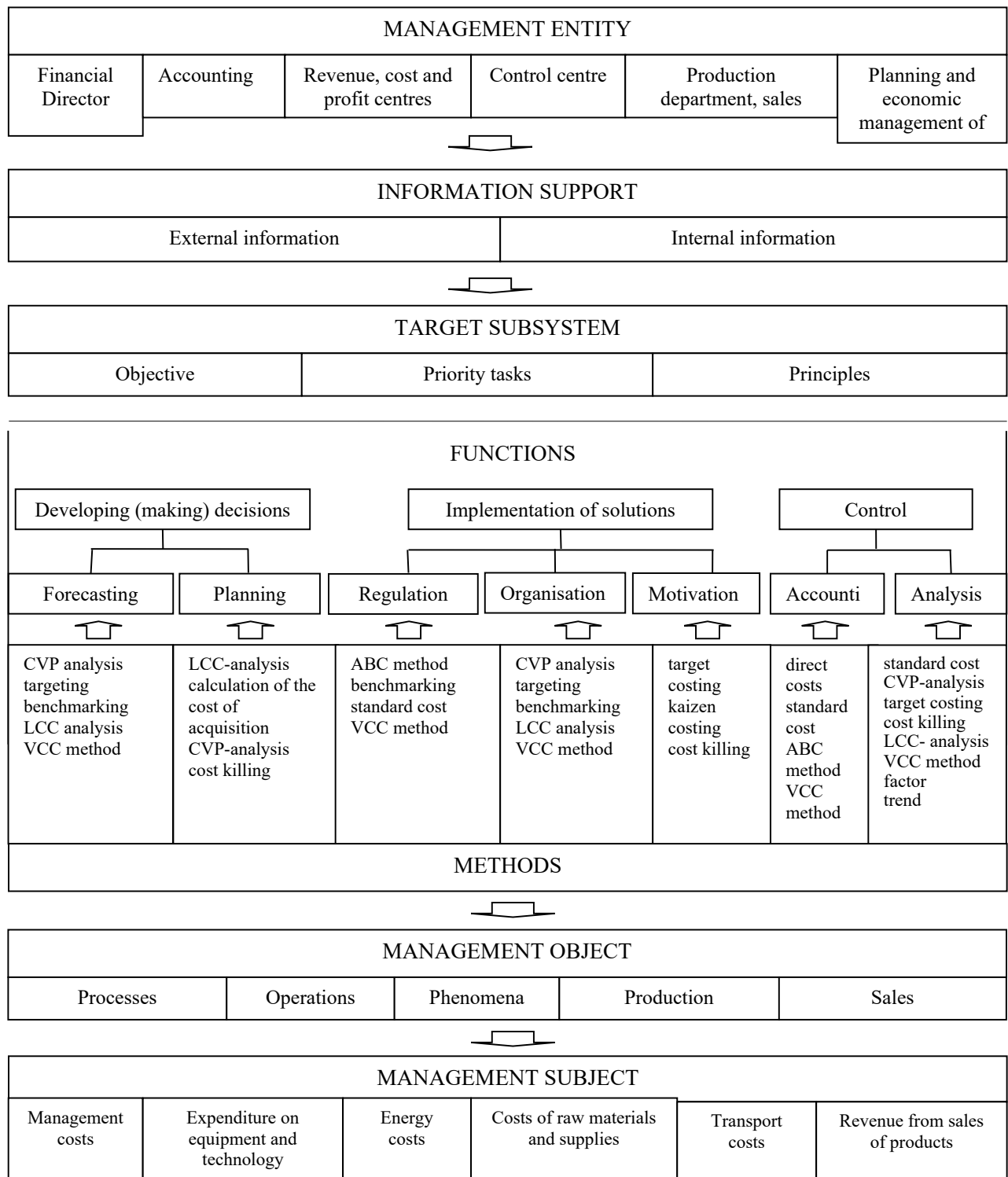


Figure 1 – Conceptual model of income and expense management

planning, the second involves regulating, organising and motivating, and the third involves accounting and analysis.

Forecasting and planning of income and expenses is carried out in order to determine the necessary level of expenses to ensure the efficient operation of the enterprise, to calculate the profit that will be obtained at a certain level and structure of income and expenses. The task of forecasting and planning income and expenses is also to

prepare information on expected income and expenses when developing new sales markets and organising the development and production of new products (works, services), increasing the capacity of the enterprise.

Calculation of planned income and expenses is necessary to justify and make business decisions, to determine the level of income and expenses that will be achieved in case of implementation of decisions taken for execution.

The coordination and regulation of income and expenses involves comparing actual income and expenses with planned ones, identifying deviations and taking prompt action to eliminate them. If it turns out that the conditions for the implementation of the plan have changed, the income and expenses planned for its implementation are adjusted. Timely coordination and regulation of expenses allow the company to avoid a serious disruption in the realisation of the planned economic result.

Organisation is the most important element of effective income and expense management. It determines how the company manages income and expenses, who does it, over what period of time, using what information and documentation, and in what way. Identify revenue and expense locations, revenue and expense centres, and centres of responsibility for compliance. Develop a hierarchical system of linear and functional relationships between managers and specialists involved in revenue and expense management, which should be compatible with the company's production structure.

Motivation and incentives involve finding ways of influencing employees to comply with the costs set out in the plan, to find ways of reducing them and to motivate them to increase the volume and quality of products. These behaviours can be motivated by both material and moral factors due to the existence of career prospects. Incentives for compliance and cost savings should not be replaced by penalties for overspending. In this case, employees will make the greatest effort to deny the level of planned expenditure and overestimate it. In addition, there are many methods of motivating sales growth, for example, salespeople or sales staff receive a percentage of the volume of products sold [2].

The accounting function provides the factual, informational and analytical basis for the management of revenues and expenses. Income and expense accounting involves the observation, identification, measurement and recording of the facts of expenditure of resources and receipt of income in the course of an enterprise's business

activities. The main purpose of organising cost accounting is to create an information base for analysing costs and making appropriate management decisions [1].

The analysis of income and expenses, which is an element of the control function, helps to assess the efficiency of the use of all the company's resources, to evaluate the degree of rationality of costs and the impact of factors on their volume, to identify reserves for reducing production costs and the causes of cost overruns, to identify opportunities for increasing output, as well as to gather information for preparing plans and making rational management decisions in the area of income and expenses.

The control function in the income and expense management system provides feedback – a comparison of planned and actual expenses. The effectiveness of control is determined by corrective management actions aimed at bringing actual income and expenses into line with planned ones, or at refining plans if they cannot be met due to objective changes in production conditions [2].

These functions are interrelated, so the general rule for managing income and expenditure is that all the key functions must be in place at all times to ensure the successful operation of the business [6; 7].

**Conclusions.** Enterprise income and expense management is a dynamic and complex process that includes setting goals, objectives, principles, use of information and methodological support to influence the object of management and achieve high economic results of the enterprise. The theoretical foundations of cost and revenue management have a long history and consist of many stages. This has led to the emergence of a large number of concepts, approaches, principles and methods of cost management that can be used in modern conditions. The use of the proposed conceptual provisions on the management of income and expenses of enterprises will allow to assess the impact of these indicators on the financial performance of enterprises and to identify opportunities to effectively ensure the profitability of enterprises.

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## КОНЦЕПТУАЛЬНІ ПІДХОДИ ДО СТРАТЕГІЧНОГО УПРАВЛІННЯ ДОХОДАМИ ТА ВИТРАТАМИ ПІДПРИЄМСТВА

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*Для забезпечення прибутковості підприємств важливо створення ефективної системи управління доходами та витратами підприємства. Наявність надійної інформації щодо прибутковості підприємства є чинником, від якого залежить прийняття своєчасних управлінських рішень. Управління доходами та витратами підприємства є невід'ємною частиною роботи, пов'язаної з розробленням економічної стратегії функціонування сучасного підприємства. В зв'язку з цим питання розробки концептуальних основ управління доходами та витратами підприємств як основи забезпечення прибутковості їх діяльності є актуальними і своєчасними. В даній статті досліджено концептуальні положення щодо стратегічного управління доходами та витратами підприємства в умовах невизначеності економіки. Відзначено головну мету та основні завдання управління доходами та витратами підприємства. Розглянуто доцільність застосування комплексного підходу до управління доходами та витратами підприємства в невизначеному ринковому середовищі. Проаналізовано цільову підсистему концепції управління витратами і доходами підприємства на основі сукупних складових: мети управління доходами і витратами підприємства, завдань та основних принципів її організації та реалізації. Визначено предмет, суб'єкт та об'єкт управління (процеси, операції, явища, які виникають під час господарської діяльності підприємства). Проаналізована система інформаційного забезпечення управління доходами і витратами яка дозволить підвищити ефективність функціонування фінансового менеджменту господарюючого суб'єкта. Розглянуто функції управління доходами і витратами як конкретні види управлінської діяльності, відмінні за змістом. Вони реалізуються в рамках певних етапів управлінського процесу, якими є етап розробки, прийняття, реалізації рішення і контроль за їхнім виконанням. Використання запропонованих концептуальних положень щодо управління доходами та витратами підприємств дозволить оцінити вплив цих показників на фінансові результати діяльності підприємств та визначити можливості ефективного забезпечення прибутковості підприємств в майбутньому.*

**Ключові слова:** доходи, витрати, прибутковість, концепція, ефективність.

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