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## **BUDGETING TECHNOLOGY AS A TOOL OF ENTERPRISE MANAGEMENT**

Nowadays the competition on a job market is so strong, that companies that tend to be successful have to be ahead of their competitors not only in a level of their technology and the rates of basic operations, but also in a quality of control systems. There is a large amount of notions of the terms *budget* and *budgeting* both in national and foreign literature, yet there is a little difference between them that is not principal.

According to E.S.Stoyanova, budget is a “numerical implementation of the plan that characterizes income and expenses for a specific period, and the capital needed to achieve a certain goal” [1, 411]. Ch.T.Khornehen and J.Foster define budget as “a quantitative expression of the plan, the tool of coordination and control of its performance” [3, 249]. K.V.Schyborsch identifies this term as “a quantitative expression of centrally set indicators of the plan of the enterprise for a certain period” [4, 4]. Budget is also considered as “a financial, quantitatively defined expression of marketing and productive plans which is necessary to reach a set goal”.

So, budgeting is the process of formation and realization of a document that contains quantitative indicators, in a practical activity of a company. Therefore, it is worth implementing the term of *budget management* as a mixture of principles, methods, means and instruments of management on the basis of budget. In our opinion, all functions of budgeting are restricted to the major three: planning, control and motivation.

The most common purpose of budgeting is the improvement of the efficiency of the company by enhancing the functions of planning and control. Fulfilling their functions, budget and technology of budgeting solve the following problems:

- in production: improvement of efficiency of cost management; cost optimization and cost reduction; coordination of purposes and tasks of all production units with the strategy of the whole company; motivation of the heads of departments;
- in financial management: prioritization of the usage of financial resources; improvement of management of liquidity and financial stability; perspective financial analysis; prognostication and management of the future financial condition of the company.

Financial budgets enable to forecast financial position of the enterprise, reveal critical periods, status of the liquidity gap and get ready to prevent critical situations by means of balancing budget indicators. Major carriers of budget information are budget tables. Budget is always a document with clearly defined structure and interrelationships between indicators. Almost all theorists and practitioners of budgeting distinguish two levels of budgets – operational and financial. On the operational level, budgets characterize current (productive) activity representing data for budget revenue and expenditure. The only type of operational budget, typical for every system of budgeting, is sales budget which reflects projected revenues of the company and the level of future business activity. Generalization of operational data and balancing of a number of financial indicators are conducted on the financial level. There are both natural and monetary (financial) indicators within operational budgets, whereas financial budgets contain articles that are expressed only in a financial form.

Expediency of implementation and support of budgeting at the domestic enterprises of all industries, sizes and activities is determined by the fact that the construction and analysis of budget forms provides management of the company with the information for reasoning and prediction of the consequences of a certain managerial decision (productive, investment, marketing etc.), evaluation of the results, reached by the company, compared to the objectives that were set by the financial plans of the previous periods.

We can conclude that budgeting is not only a tool of balancing of income and expenses, but also a mechanism of coordination of the flow of all economic processes of the enterprise and is the means to achieve strategic goals.

#### **References:**

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