

# **EDUCAÇÃO ECONÔMICA: PRINCÍPIOS PARA DESENVOLVIMENTO DO ORÇAMENTO OPERACIONAL PARA CONTROLAR REDE DE NEGOCIAÇÃO**

## ***EDUCACIÓN ECONÓMICA: PRINCIPIOS PARA LA ELABORACIÓN DEL PRESUPUESTO OPERATIVO PARA EL CONTROL DE LA RED COMERCIAL***

### ***ECONOMIC EDUCATION: PRINCIPLES FOR OPERATING BUDGET DEVELOPMENT TO CONTROL TRADING NETWORK***

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**RESUMO:** A educação econômica concentra-se tecnicamente na bolsa de estudos do ensino de economia. Envolve o conteúdo a ser ensinado, métodos de ensino, avaliação desses métodos e conhecimentos de interesse geral para professores de economia na pós-graduação. Na actual realidade das condições de mercado, a sobrevivência e o funcionamento eficaz das organizações comerciais assenta num adequado sistema de suporte de informação, cujos principais elementos são a orçamentação e o controlo. O artigo enfoca os aspectos educacionais do orçamento como ferramenta eficaz para o controle de uma rede de comércio varejista. Para atingir esse objetivo, são considerados métodos de análise, síntese, comparação, avaliação e generalização. Conclui-se que o princípio da ferramenta orçamentária utilizada no controle depende diretamente do tipo de atividade da empresa. Os requisitos são definidos, de acordo com os quais a eficácia desta ferramenta de controle é determinada.

**PALAVRAS-CHAVE:** Educação econômica, Economia, Condições de mercado, Métodos de ensino.

**RESUMEN:** *La educación económica se concentra técnicamente en la erudición de la enseñanza de la economía. Implica el contenido que se enseñará, los métodos de enseñanza, la evaluación de esos métodos y el conocimiento de interés general para los profesores de economía en la escuela de posgrado. En la realidad actual de las condiciones del mercado, la supervivencia y el funcionamiento efectivo de las organizaciones comerciales se basa en un adecuado sistema de información de apoyo, cuyos elementos principales son la presupuestación y el control. El artículo se centra en los aspectos educativos de la elaboración de presupuestos como una herramienta eficaz para controlar una red de comercio minorista. Para cumplir con ese objetivo, se consideran métodos de análisis, síntesis, comparación, evaluación y generalización. Se concluye que el principio de la herramienta de presupuestación utilizada en el control depende directamente del tipo de*

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*actividad de la empresa. Se establecen los requisitos, según los cuales se determina la eficacia de esta herramienta de control.*

**PALABRAS CLAVE:** *Educación económica, Economía, Condiciones de mercado, Métodos de enseñanza.*

**ABSTRACT:** *Economic education technically concentrates upon the scholarship of teaching economics. It involves the content to be taught, teaching methods, assessment of those methods, and knowledge of general interest to economics teachers in graduate school. In the current reality of market conditions, the survival and effective functioning of trade organizations is based on an appropriate information support system, the main elements of which are budgeting and control. The article focuses on educational aspects of budgeting as an effective tool to control a retail trade network. To meet that aim, analysis, synthesis, comparison, assessment, generalization methods are considered. It is concluded that the principle of the budgeting tool use in control depends on the company activity type directly. The requirements are set, according to which the effectiveness of this controlling tool is determined.*

**KEYWORDS:** *Economic education, Economics, Market conditions, Teaching methods.*

## **Introduction**

High results of the trading network business activities, the level of sales technology efficiency and maximization of profits directly depend on the use of effective controlling tools that help the enterprise to survive during the competition. When setting up and implementing budgeting processes, the key problem is the lack of a clear understanding of budgeting principles in departments, since the methodology of this process is not enshrined in regulatory enactments at the legislative level, each organization regulates the budgeting system with local documents independently, taking into account its industry specifics.

The budgeting process must be structured in such a way that it does not pursue the goal of of the organization cost reduction, which can lead to sales and product quality decrease, but, on the contrary, the vector is directed to a more efficient use of resources at all stages of trading activity. The essence of the process setup to manage the costs of a retail network comes down to cost recognition, their grouping and accounting in such a way that in the future, on their basis, it will be possible to analyze practically, predict financial results, prevent and control possible risks, control the expenditure of funds and fulfill the set indicators in both value and real terms.

In modern realities, to ensure the competitiveness and financial stability of a retail network, it is necessary to monitor constantly the main processes occurring in its economic

activity. This prompts the experts in economics and management to research new management technologies.

Controlling in a trade organization is a holistic integrated management system that provides top managers with up-to-date information, analytical and methodological support for making high-quality managerial decisions that contribute to a trade organization performance improvement.

The relevance of the controlling system is conditioned by the fact that it has collected a whole range of economic and managerial aspects: management, financial and economic analysis, financial and managerial accounting, information flow management, planning and budgeting; which makes it possible to standardize control indicators, plan and control the extent of previously set goals (Krivtsova & Denisova, 2019).

The purpose of this article. Studying the budgeting tool in the retail chain control system

## **Methods**

A significant contribution to the development of the theoretical provisions of control was made by foreign economists: A. Daile, E. Mayer, R. Mann, P. Priceler, T. Reichmann, H.J. Volmuth, D. Hahn, P. Horvat, E. Sherm and others. The works of foreign scientists describe controlling as a management concept that is based on the analysis, planning and control of the company performance. They also consider the place, tasks, functions and tools of operational and strategic controlling. Foreign experience in the implementation of the proposed concepts of controlling is used as the basis for adaptation to Russian practice.

Domestic economists consider controlling as an effective system of information and analytical support for planning, analysis and other economic and management functions in a company. They analyze a set of issues that are related to the implementation of the economic entity goals: planning, development and modeling of budgets, the mechanism of an enterprise budgetary management, management accounting, control and analysis of actual deviations from planned indicators, and the development of optimal management decisions.

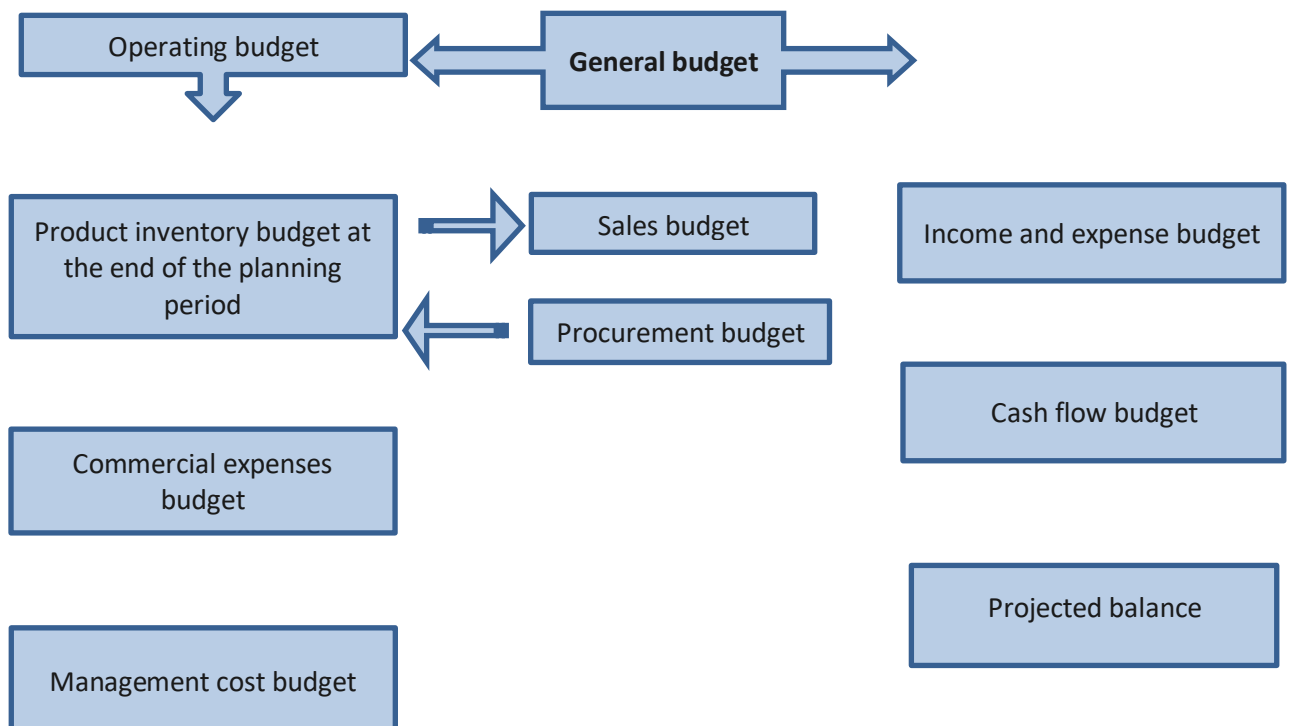
In the course of writing the work, a number of scientific methods were used, including non-formalized ones. The main ones include: analysis, synthesis, comparison, assessment, generalization method, and system analysis.

## **Results and discussion**

Trade is a branch of economy that brings goods from producer to consumer. It occupies the second phase of reproduction - distribution representing the continuation of

production processes in the field of commodity circulation, that is, the trade enterprise decides on the transportation, storage of inventories, packaging (which increases the cost of goods) and on their further sale to the consumer, which significantly speeds up the entire cycle of management accounting (Borovitskaya, 2014). Thus, the cost of goods and services is determined through the trade margin, which is intended to reimburse distribution costs.

It is known that the budget is a working format, which is a plan that covers, in this case, all aspects of the trade industry, and allows you to compare all the costs incurred and the results obtained in financial terms for the coming period as a whole and for its individual parts. Based on the above, such a feature affects the composition of budgets significantly, from which the structure of the retail network general budget will be formed (Figure 1).



**Figure 1.** General budget model in the retail network

It can be seen from the diagram that the operating budget of a trade organization differs significantly from the operating budget of a manufacturing enterprise, for example, and consists of the budget for stocks of goods at the end of the planning period, which in turn contains the budget for purchasing goods and the budget for sales, and the operating budget also contains commercial and administrative expenses budgets.

This structure of the operating budget is aimed at a specific goal - the development of financial result projected statement (Aksenova et al., 2019).

Let's consider the principles of operating budget development.

The sales budget is the basis for the overall budget of a sales organization. You need to know that in the approved sales budget, the commodity structure and sales volume determine the strategy and nature of all enterprise activities. In the process of budgeting, the formation of a sales budget is the most difficult stage, because of sales markets uncertainty: general market conditions and competitors. It is important to make a sales budget of a retail network by top positions, sales are planned by store department or by trade directions.

Do not forget that the most important object for budgeting is income from the sale of goods, since this indicator is significant to develop financial results of a trading company. The main components of the "income" category are the proceeds from the sale of goods and the trade mark-up. Therefore, when disclosing information about income in the sales budget, it is important to pay attention to their receipt in the following context:

- income content: financial or industrial and commercial,
- income generation frequency: random or permanent,
- income and costs ratio.

This will help sales organization managers draw a clear line between revenue and other organization profits. At that, the first component can be used in budgeting:

- 1) to compare income from the sale of goods with its cost and to determine the results of production and commercial activities;
- 2) to set prices for the break-even sale of goods;
- 3) to model various ways of the company strategic and tactical development;
- 4) to make effective economic and managerial decisions.

Taking into account the specifics of the cost items of retail chains: the absence of material and production costs, and the presence of the item "Costs of purchasing goods for resale", consisting of the product purchase price, non-operating expenses and taxes, we can say that based on the sales budget and product stock balance at the end of the month, a procurement budget is planned, which reflects the procurement time, the number and types of purchased goods. The budget for the procurement of goods is compiled with a breakdown by major suppliers. Such budgetary forms as the budget for material and production costs are not applicable to the trade organizations.

When forming a budgeting system for a trading network, it is worth paying attention to the development of budget forms for commercial and administrative costs. This is due to the large number of cost items of the trade organization that form the budget data.

The budget for commercial expenses includes all the estimated costs associated with the sale of goods in the future period. This budget reflects all variable costs: commission

costs, the costs of product transportation and storage, advertising, premise rent or maintenance where goods are sold. When calculating the budgets of commercial expenses, it is necessary to be guided by the plans of sales volumes, since the turnover increase has a greater impact on the variable part of costs. So, when planning to increase the volume of sales, it is necessary to adjust the budgets of commercial expenses in terms of remuneration to sales agents, transportation costs, commissions, etc.

To simplify the transition to a controlling system in trade organizations, the following form of commercial expenses budget and budgetary cost items can be proposed:

<b>Budgetary item of commercial expenses</b>	Januar y of 20XX	Commentary
	Plan	
<b>Total expenses:</b>		
<b>Salaries and insurance premiums of personnel directly involved in trading operations</b>		
Salary		
Insurance premiums		Contributions to the MIF, PF, SIF
<b>Staff costs</b>		
Voluntary health insurance		
Accommodation and meals compensation		
Medical examination		Mandatory medical examination of personnel
Staff training		
Safety provision		
Staff recruitment		
<b>Rental and maintenance of premises</b>		
Warehouse rental		
Electricity and utility bills		
Safety and security		Security of warehouses and retail premises, fire safety expenses, etc.

Renovation of premises		
<b>Services, rental and maintenance of vehicles</b>		
Car rental and services		
Fuel		
Repair of vehicles		
Vehicle insurance		
<b>Depreciation</b>		
Depreciation		Depreciation of all property, plant and equipment used in trading
<b>Inventory and workwear</b>		
Workwear and PPE		Workwear and uniforms of the trade enterprise personnel
Household inventory		
<b>IT costs</b>		
Communication and Internet		
Software		Warehouse and product accounting software
Consumables		
Repair and maintenance		Accounting of cash registers and computers
Office equipment and technical devices		Office equipment and technical devices in warehouses and sales areas
<b>Advertising and marketing</b>		
Promotional activities		Material costs for advertising events, the services of third parties
Participation in tenders for the purchase of goods		
<b>Other commercial expenses</b>		
Drinking water		
Furniture		Warehouse and sales area furniture
Office expenses		
Insurance		
Other commercial expenses		

The commercial expenses budget can be formed in the context of warehouses, retail outlets, etc. for a year, split by months.

Simultaneously with the budget of commercial expenses, the budget for administrative expenses is drawn up, which determines the costs associated with the maintenance of the trading network, personnel common property and the organization of its activities.

<b>Budgetary item of administrative and management expenses</b>	January of 20XX	Commentary
	Plan	
<b>Total expenses:</b>		
<b>Salaries and insurance premiums of management</b>		
Salary		Salary AME
Insurance premiums		Contributions to the MIF, PF, SIF
<b>Staff costs</b>		
Voluntary health insurance		
Accommodation and meals compensation		
Travel expenses		
Medical examination		Mandatory medical examination of personnel
Staff training		
Safety provision		
Staff recruitment		
<b>Rental and maintenance of premises</b>		
Premise rental		Office rental
Electricity and utility bills		
Safety and security		Security of offices, fire safety expenses
Renovation of premises		
<b>Services, rental and maintenance of management vehicles</b>		



Car rental and services		
Fuel		
Repair of vehicles		
Vehicle insurance		
<b>Depreciation</b>		
Depreciation		Depreciation of all property, plant and equipment used by management
<b>Inventory</b>		
Household inventory		
Household expenses		
<b>IT costs</b>		
Communication and Internet		
Software		Accounting and reporting software, management accounting and budgeting software
Consumables		Cartridges, toners
Repair and maintenance		
Office equipment and technical devices		Office equipment and computers
<b>Advertising and marketing</b>		
Promotional activities		The costs for advertising events, the services of third parties
Participation in tenders for the purchase of goods		Bank guarantees
<b>Other commercial expenses</b>		
Drinking water		
Audit		
Furniture		Warehouse and sales area furniture
Office expenses		
Postal and courier services		
Literature, subscription, printing services		
Consulting and information		

services		
Legal services		
Other commercial expenses		

The proposed budget items are not exhaustive and may be added and changed depending on the specifics of trade organization activities.

The second feature is the structure of the retail trade network economic entity.

An important condition for the budgeting system effectiveness is the creation of a trade organization financial structure, the determination of financial responsibility centers (hereinafter referred to as FRC), which are understood as a structural unit of an organization, to which a leader is assigned, who controls all its resources.

The type of financial structure and the method of responsibility center allocation are chosen by the head of the organization based on the feasibility and management decentralization degree, which they are ready to accept during this period. Besides, the type of the trading network financial structure depends on the control forms and methods (administrative, economic) that must be applied in relation to the structural units responsible for the sources of income and expenses.

In practice, the main types of FRC are distinguished: FRC of income, costs, investments, marginal income and profit (Siroteeva, 2018; Semushenkov & Filippova, 2017; Lyakhova et al., 2014; Panferova, 2016).

Income Centers (IC) take responsibility for the income that flows to a company in the course of a trading activity. In order to be accountable, the income center must be able to influence the level of income through the sales department, network of agents, and brand stores.

Cost centers (CC) form the divisions that consume various resources and thus affect costs: store, warehouse, logistics and trade departments, security, accounting and other costs.

Investment centers (IC) manage both working capital and non-current assets, thus, they are responsible for the company profit and the creation of new projects (purchase of new software, construction of a new store). The Investment Center ensures the rational use of the investment flow, which implies responsibility for the profitability of all organization assets.

Marginal Income Centers (MIC) are responsible for the difference between income and direct costs in the areas and for the result of activities in general. The measure of efficiency is not the income and expenses of each area separately, but the difference between them.

Profit centers (PCs) are responsible to controlling department for the amount of profit received. Just like the centers of marginal income, they control the expenditure and income of trading activities, and not a separate area, but the company as a whole.

For large retail chains, the following principles of FRC allocation are used (Cheglov, 2012):

a) Functional - in accordance with the participation in the organization business processes (management, supply, implementation) (Konvisarova et al., 2019),

b) Product - responsibility is distributed by product lines that are sold in the trade network (household chemicals, baby products, meat products, dairy products, frozen foods, etc.),

c) Technological - responsibility is distributed according to the principle of trade formats (minimarkets, hypermarkets, supermarkets, discounters),

d) Territorial - distribution of responsibility by regional basis (FRC "Far Eastern Region", FRC "Central Region", FRC "Southern Region", FRC "North-West Region").

These principles can be combined with each other based on the needs of management and the specifics of financial and economic activities.

The third feature is that the principle of "boiler" cost accounting generally operates in trade organizations, and it is difficult to separate more profitable business processes and the goods sold from less profitable ones, that is, there is no prime cost calculation, as in manufacturing enterprises.

They use the methods of regulatory accounting and direct cost in the branches of material production within the system of cost accounting and control. These methods can be applied at retail trade enterprises, but this is a labor-intensive process in the absence of unified reliable data on cost regulation (Rakhmanova & Krukov, 2019). Cost rationing should be based on the aggregate cost norm - the budget. Deviations from the standard need to be identified not for each type of sold product, but in the context of responsibility centers, since the organization of cost accounting by responsibility centers allows you to control them at all management levels, to establish those responsible for the occurrence of unplanned costs, cost overruns and other deviations from the budget. They should be distributed by types of goods or their groups only, if necessary, for example, by those groups of goods, the implementation of which requires the organization of special conditions for sale.

The fourth feature of large retailers is the presence of a huge assortment of goods (Rogulenko, 2016; Kalenik, 2017).

Often, trade organizations develop real-cost budgets to form the planned and actual values of financial flows, income, expenses and profits (Pashkov & Firsova, 2017). Such budgets reflect the turnover and balances of goods, fixed assets, raw materials, that is, various objects measured in quantitative terms.

In larger retail chains, the formation of budgets in kind with such a large range of goods will entail additional resources of the company divisions, and the information reflected in such a budget is unlikely to be reliable and fully used by the manager. But it is also worthwhile to understand that in case of refusal to use in-kind budgets, the budgetary model of the organization is deprived of a quantitative base, without which it will be difficult to delegate authority to the departments involved in the purchase, transportation, storage and retail sale (Bogdanov & Popkova, 2015).

The described problem can be solved by selecting a criterion that will be convenient for budget users. To generalize a diverse assortment of goods, you can combine them into groups, or start accounting in conventional units:

- averaged (average daily sales of an outlet, trade team),
- aggregated (brand, customer segment, product group).

This approach is conditioned by the convenience in calculations for the developed budgets using similar units of measurement, as well as the permissible level of error for averaged data. Besides, the data accuracy in forecasting can be much less than during the preparation of actual indicators.

The entire budgetary process is completely built on the basis of the developed units, including the company regulations and certain reference books in the database.

The fifth feature is the variety of business areas.

The variety of criteria to determine business areas in the trading network, makes it necessary to solve the problem of indirect cost correct distribution related to several centers of marginal income at once (Dolgikh, 2017; Konvisarova et al., 2020; Rakhmanova & Kryukov, 2019; Rakhmanova & Krukov, 2019; Vasilenko & Titova, 2019). The procedure for cost allocation in a retail network is not an easy task due to its complex infrastructure. In order to distribute indirect costs correctly among all infrastructure elements, it is necessary to determine in proportion to what they are distributed. The area of the outlet, the volume of goods or their trade margin are suitable in this case as the basis for distribution during indirect cost planning (Kuzubov et al., 2018).

The main problem in the allocation of indirect costs among business lines is the acceptance of the established scheme for the allocation of indirect costs by all heads of

departments. In view of this, when developing a budgeting system, it is important to convince users of this system that their interests will not be infringed upon during integral indicator use. The best way to do this is to develop these indicators along with them.

### **Conclusion**

Thus, when developing a budgeting system in a retail network, it is necessary to take into account all the above considered features, which are marked by the retail sector:

- lack of a complete production cycle. The main operating budgets of the trade organization are the following: sales and purchase budgets;

- the specificity of the organizational and financial structure of the trading network.

The determination of FRC takes place according to one of the principles: functional, territorial, product, technological;

- absence of prime cost calculation;

- selection of a wide range of goods grouping;

- separation of indirect costs with a variety of business areas.

Based on these features, top managers will be able to improve the efficiency of the introduced system, as well as to increase the profitability, profit, competitiveness of the company, that is, to improve the economic condition of the organization as a whole.

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