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CAPITAL AS A GENERIC CONCEPT OF ECONOMICS AND ACCOUNTING: THE CONTENT OF CATEGORY, THE PROBLEMS OF FORMALIZATION AND MANAGEMENT

Abstract. The content and essence of capital of modern economic agents, its role in their operating performance are considered. The problems of capital quantification and management in post-industrial economy are developed.

Key words: post-industrial economy, management, economic agents.

Introduction. Post-industrial socio-economic environment and its pervasive informatization and intellectualization, the emergence of new financial instruments have dramatically changed the view on the capital of modern economic systems. Information and intellectual component of the resource potential is significant in the total capital of any modern economic entity. Intangible economic resources, which represent the capital of today's economic systems, dynamically acquire significance, creating more productive power of capital.

Scientific cognition of capital is inseparable from the evolution of the socio-economic environment, technical, scientific and technological progress advancement, and, therefore, all and all new facts of reality are defined in economic research in this domain area. An indisputable fact is that at the present stage of scientific rationale the capital requires substantial and adequate to modern conditions research, because in real financial and economic processes it is the main factor in the theory of the reproduction process in general, and in theory of crisis recovery in particular. That is why capital is the most important category, which requires increasing attention of modern economic science [1, p. 3].

Analysis of recent research and publications confirms the ambiguity disclosure of economic content of this category in different concepts and paradigms in terms of multilevel economic systems view of capital. Thus the basic problems are the lack of satisfactory formal evaluation system of individual components (primarily intangible) and total expression of modern economic agents' capital. The system of accounting and financial reporting is objectively the only one able to represent the information on economic agents' available capital in formalized way. That's why leading Ukrainian scientist A.A. Chukhno notes that since the components of intellectual capital are involved in the production, determine the value of the company, they must be reflected in accounting documents [2, p. 50].

Based on this view, the Russian scientist K.Y. Tsyhankov substantiates "optimization of accounting methodology and conception of accounting as a unified data system about the condition and movement of capital" [3, p. 5]. Although well-known scientist B. Lew notes that the current methodology of "modern accounting mishandle "internally generated intangible assets, which are the engines of modern economic growth" [4, p. 8]. A. Poltorak and P.Lerner hold the position that intellectual capital, intellectual assets and intellectual property are incorporated that is they are the part of each other: intellectual assets are intellectual capital that is recorded, stored, capitalized and available for studying [5, pp. 18–19].

Overall analysis of researches and publications in this domain area enables to state the general problem, which consists in the fact that "the dynamics of reproduction processes requires the development of new approaches to the process of capital management of the enterprise that should be based on a new philosophy, discovering new content of already known categories, one of which is capital" [1, p. 3].

The main material. Dominance in the economy of information and intellectual resources and adequate to this situation paradigms of "building in" intellectual capital in total (market) value of economic agents capital as well as requirement of consideration of such synthetic substance as economic categories in management concepts (Value Based Management, Knowledge Management etc.) have actualized thematic study on developing methodologies of measurement (formalization) intellectual capital in the aggregate. The question at issue of capital value representation, estimation and management is that "capital of the organization may change also because of non-economic reasons ... Likewise market elements may affect the amount of capital that changes assets value" [3, p. 25].

The accounting system is a supporting element in the management system, it is designed to arrange incoming and outgoing information for the needs of management. The need to ensure effective management on the basis of recordkeeping tools determines the interconnection between management systems and accounting. B.Rayan notes that accountants and financiers are still rely on the old management theories that form the basis of their professional expertise. Many accountants in understanding management are at the level of XIX century, not the end of XX [6, p. 12].

The canonical principle of economy is the thesis that "you can manage only what is measured and estimated". In this context, we can cite the position of the leading theorists of modern management P. Drucker, who states that not so many factors are so important for the organization's activities as evaluation – especially value measurement of intangible economic resources of modern market economy agents. This kind of economic resources (information and intellectual assets) constitute a significant share of an entity's capital of post-industrial type.

Probable valuation of intangible assets, and therefore objective formalization of the total enterprise capital is important for the key strategic directions of economic entity functioning in the modern economy – the market value of public company, the cost of production (amortization of information and intellectual capital's component) and consequently, pricing and profits, investment attractiveness and market position in the industry and so on. In addition, "the issues of accounting reflection of changes in owners' equity, including for the purpose of settlements with corporate rights holders in case of their withdrawal from the company and its liquidation require detailed study" [7, p. 2].

Complexity of objective monetary expression of the total capital of modern economic agents is related with the problems of its intellectual component value measurement. Intellectual capital, its valuation is not formed by adding together the separate parts of it, but it is specified (determined) on the basis of the interaction of all its component parts, while taking into account the synergistic effect arising from their implementation into practice of the firm.

Management of capital formation is one of the most important parts of financial management system. It gets more and more profound theoretical basis and effective forms of implementation. By intensity of managerial decisions making and the impact on the outcomes of economic activity capital management of is one of the important systems to provide effective operation of business. The value of the intellectual component, but at the same time and the total capital of the enterprise is determined by the specific development strategy, drive of such capital for future benefits that determines its value.

Two approaches to the notion of capital are discussed in scientific and research literature – financial and economic. Financial definition of capital is associated with financial activity, based on the essence of formation, distribution and use of enterprise resources. It is related to the balance sheet of the enterprise. In turn, from the position of balance sheet two key concepts of capital are identified. One of them is the concept of financial nature of capital, the base of which are the financial resources or the sources of their formation (dominant liabilities). This idea belongs to H. Sviney. Another concept is grounded on subject-material nature of capital, which is based on the tangible and intangible assets (dominant assets). This idea belongs to I. Paton.

The economic definition of capital is associated with one of the possible stages of existence that is with the production stage when capital is considered as a complex of production means. The intellectual component of the total capital and general meaning of the notion "capital" of the modern enterprise is inseparable from the "new economy." This component (information and intellectual) to the utmost identifies key factors of successful (effective) performance of the enterprise of post-industrial development. Obtaining due to these component parts of capital (goodwill, productive energy of trade mark, human capital, know-how, etc.) various technological and organizational advantages in competitive markets is the key to the effective functioning of the economic entity in contemporary information and intellectual (post-industrial) economy. Therefore "modern economics focuses on identifying the role of intellectual capital in ensuring the effective performance of the economic systems, their intensive development and increase of qualitative level of production" [8, p. 267].

The theory of assessing the value of total economic resources and enterprise's capital is associated with the formulation of a new knowledge of economic dimension, scientific and methodological area of which, according to D. Wyllie "is between the principles of economic theory and methodology of accounting". We support the position that the development of cost of capital valuation theory should be based on the updating of international standardization of financial reporting and the review of the main postulates of economic theory. In the literature the statements of Paul Samuelson are often quotes, in which "... the enterprise's balance sheet is based on the valuation of assets that is one of the main questions of the theory of capital and interest".

In the modern market economy, characterized by a number of uncertainties, extremely acute problem is the determination of objective entity's cost of capital for management of its attraction, allocation, use and capitalization of assets. Besides being the measure, that characterizes the market value of an entity's capital in the current period, the cost of equity due to the dynamism is provided with characteristics of investment resource, object of sale and purchase, property and accumulated values, production factor and object of management, risk bearer and other properties.

Currently the capital of economic unit is usually considered as all kinds of property and intellectual values, which ensure, above all, the ability to functioning, profit earning or market value growth. Besides investment function of capital, it important characteristic is the influence of factors, primarily through the function of assets' capitalization, which acts as a basis for determination the level of its efficiency and the market value of company' capital justification.

The study of theories of value and capital, their evolution and adequacy to the current structure of resources that represent the capital of the company, is carried out through the analysis of their methodological principles, the basic theoretical concepts, international and domestic experience in the practical demonstration by economic agents their value. Capital management of the company and its cost characteristics are based on volume theoretical basis of economic theories related to the formation of information and analytical support of management goals on the status and dynamics of the cumulative potential of the company.

Classical theories of value and capital act as methodological framework of the development of scientific approaches to value relations in the modern economy, as well as value measurement of company' economic parameters. These theories have been quite broad, on different aspects analyzed in domestic and foreign literature. The study of these theories evolution and the analysis of their conceptual foundations compliance are made from the perspective of defined principles of modern measuring economic entity potential and substance of real structure of economic resources.

In the current economic environment, the issues of determination "fair" or "real" cost of capital, represented by the available in it aggregate economic resources, that is identical to value assessment of economic unit, acquire particular importance. Cost verification of company capital is based on the use of two types of valuation tools – the system of economic evaluations and the market mechanism of stock price-fixing. Economic valuation of capital in practical economic terms plays a starting and supporting role to market evaluations, and therefore, in its essence coincides with the market pricing mechanism: "Welfare of the Firm Theory provides integrated business models formation, where any management decision is considered in the context of its impact on the market value of the firm" [9, p. 263].

Generally accepted representation of the economic entity capitalized performance and value of its potential is complicated not only by the presence of the problematic aspects of methodological and methodical character, but also due to the needs of selecting the value component of entered into use notion of "Synergy Capital", which hasn't concretely defined content and essential substance, becoming a "loaded terminology".

Latent form of decrease in equity value or factors that are putting pressure on its price characteristics are risky management that balances on the verge of dynamic accumulation of problem assets – the formation in companies "bad", "distressed", "toxic" assets (accumulation of not written off in time prepaid expenses), directing capital to excessive expenses on the "acquisition" of goodwill or representation costs (the market factors of increase in capital value), which in many cases do not have parity evidence and so on. Despite the fact, the information about these economic actions is regarded as causing increase in market valuation of the company (stock prices).

The weakening of equity capital due to excessive prepaid expenses can be revealed through the activities of the company Porshe, which has spent one billion Euros developing model Panamera (costs of research, production, advertising, exhibition stands, etc.). The money spent on the one hand had been allocated to prepaid expenses, but at the same time, this has had positive impact on the reputation (market value) of the company. These prepaid expenses that have questionable possibility of their write-off to the mass production, cause high probability of transformation into non-productive (toxic) assets of the company. Neglecting of canonical approaches to the needs for creating anticipated reserve sources to cover "onerous contracts" plays the same functional role (reduction of equity value).

Conclusions and suggestions for further research. The evolution of theoretical and methodological foundations of theories of value and capital allows to make a conclusion that their development comes interdependently with the change in the structure of economic resources of the enterprise as dominant factors for its functioning, representing the capital in value. Principles of the theories of value and capital are consistent with the changes in the organizational structure of the modern companies and the principles of market economy. Modern theories of value and capital are based on several concepts, the main problem of which remains the objectivity of the assessment of intangible resources and vast capital of company.

Generalization of conceptual, methodological and organizational applied principles of existing systems of value measuring in the system value-based management enables to conclude about the lack of reasonable evidence of their results. The main problem of objectivity of the methodology of modern models of economic assessment of company's value characteristics appears in attracting a large number of speculative assumptions expressed by nonformalized parameters and indicators that cause inadequate results of the theories and their practical reality. Instability of the capital markets and economic fluctuations in the economy have formulated additional requirements as to the process of value measuring of company and business, as well as to a fundamental rethinking of methodological foundations of existing models , systems and methods of value measuring.

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