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FINANCIAL STABILITY OF THE ENTERPRISE AS AN INDICATOR OF THE EFFICIENCY OF FINANCIAL PLANNING

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ФІНАНСОВА СТІЙКІСТЬ ПІДПРИЄМСТВА ЯК ІНДИКАТОР ЕФЕКТИВНОСТІ ФІНАНСОВОГО ПЛАНУВАННЯ

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ФИНАНСОВАЯ УСТОЙЧИВОСТЬ ПРЕДПРИЯТИЯ КАК ИНДИКАТОР ЭФФЕКТИВНОСТИ ФИНАНСОВОГО ПЛАНИРОВАНИЯ

Modern conditions of economic management cause strengthening of the role of financial planning and put forward qualitatively new requirements for its practical implementation in domestic enterprises. In order to systematize and deepen scientific knowledge on this issue, the article considers financial sustainability as an indicator of the effectiveness of financial planning. Essential characteristics of financial stability and factors influencing it are formulated. Based on the studies and generalizations of existing approaches to the analysis of financial sustainability, relative indicators are systematized, and their use is proposed for evaluating the effectiveness of financial planning and in drawing up short and long-term financial plans of enterprises.

Keywords: financial planning; financial sustainability; financial plan; financial sustainability factors; financial management.

Сучасні умови господарювання приводять до підвищення ролі фінансового планування та висувають якісно нові вимоги до його практичної реалізації на вітчизняних підприємствах. З метою систематизації та поглиблення наукових знань за цією проблемою в статті розглянуто фінансову стійкість як індикатор ефективності фінансового планування. Сформульовано сутнісні характеристики фінансової стійкості та фактори впливу на неї. На основі дослідження та узагальнення наявних підходів щодо аналізу фінансової стійкості систематизовано відносні показники, запропоновано їх використання для оцінки ефективності фінансового планування та для складання коротко- та довгострокових фінансових планів підприємств.

Ключові слова: фінансове планування, фінансова стійкість, фінансовий план, коефіцієнти фінансової стійкості, фінансове управління.

Современные условия хозяйствования вызывают повышение роли финансового планирования и выдвигают качественно новые требования к его практической реализации на отечественных предприятиях. С целью систематизации и углубления научных знаний по данной проблеме в статье рассмотрено финансовую устойчивость как индикатор эффективности финансового планирования. Сформулированы существенные характеристики финансовой устойчивости и факторы влияния на нее. На основе исследований и обобщений существующих подходов к анализу финансовой устойчивости систематизированы относительные показатели, предложено их использования для оценки эффективности финансового планирования и при составлении кратко- и долгосрочных финансовых планов предприятий.

Ключевые слова: финансовое планирование, финансовая устойчивость, финансовый план, коэффициенты финансовой устойчивости, финансовое управление.

Target setting. Instability of the environment, uncertainty and riskiness of economic conditions, limited material and financial resources of domestic enterprises substantiate introduction and implementation of the effective financial planning of business entities.

In the context of providing financial stability, financial planning should be one of the priority areas of the financial management of the enterprise, since it is precisely financial planning that involves planning for the attraction and use of financial resources to implement financial goals of the enterprise.

Only in the process of financial planning, the need of the enterprise in capital to ensure implementation of projected volumes of the economic activity, which is associated with available and real sources of funding to attract funding sources, as a result of which the prerequisites for financial stability of the enterprise are created, is economically justified [2].

Actual scientific research and issues analysis. Theoretical, methodological and organizational aspects of financial planning are high lightened in many works of domestic and foreign scientists, such as: R. Akoff, G. Bazetska, O. Bila, M. Bilyk, I. Blank, V. Bocharov, I. Brighkem, V. Galasyuk, R. Kaplan, G. Kireytsev, V. Kovalev, M. Korobov, I. Moysenko, A. Podderiogin, G. Tarasyuk, O. Tereshchenko, Yu. Tkachenko, G. Sytnyk, R. Slavjuk, J. Horn, M. Chumachenko and others.

Researches on issues of ensuring financial stability and methodical tools for its analysis were undertaken by domestic and foreign scholars such as: M. D. Bilyk, I. A. Blank, A. O. Verzun, S. Ya. Yeletsykh, M. Ya. Korobov, O. L. Kuzenko, G. B. Pogrishchuk, A. M. Podderiogin, V. V. Rudenko, G. V. Savytska, R. A. Slavjuk, O. O. Tereshchenko, O. S. Filimonenkov and others.

Uninvestigated parts of general issue defining. In current conditions, problems of the functioning of domestic enterprises cause the need to set the main goal of financial planning – ensuring financial stability of business entities and flexible response to changes in the external and internal environment. Taking into consideration that financial stability includes both the external aspect (the ability of the enterprise to conduct settlements under its obligations) and the internal aspect (availability of assets by sources of financing), financial planning, forecasting, analysis and development of measures to maintain and improve financial sustainability are important and actual tasks of financial management of a modern enterprise. Further research will be needed on the latest planning trends regarding formation, placement and use of financial resources of enterprises, as well as evaluation of its effectiveness in the context of ensuring financial sustainability of the development of economic entities.

Strengthening the role of financial planning in ensuring financial stability of the enterprise also requires elaboration of the analysis method of financial stability to assess prospects for the operation and development of the economic entity and its economic potential. In order to effectively achieve objectives of the financial management and planning, the existing significant amount of relative indicators of the analysis of financial sustainability needs to be systematized and refined.

Objective of the article are essential characteristics of financial sustainability as an indicator of the effectiveness of the financial planning and factors affecting it; generalization and systematization of the system of relative indicators of financial stability and determining the weightiest ones for the use in analytical work when assessing the effectiveness of the financial planning and financial plans.

Statement of the main material. Reasonableness and effectiveness of financial planning is largely determined by the results of the assessment of the current and desired financial condition of the enterprise, its most important characteristic of the long-term perspective is the financial stability. Significance of the category of financial stability is determined by the fact that it serves as a fundamental factor in the effective dynamics of the financial and economic development of the enterprise, and is one of the generally accepted indicators of the stability of the financial position of the entity.

By financial planning, first of all, attention should be paid to the factors that affect financial sustainability of the enterprise: financial independence from external sources of financing; persistent excess of income over expenses; financial security of the continuity of the main activities; maneuvering with free money and their effective use in the ongoing process; timely settlements under its obligations and absence of long-term overdue debts to counterparties; availability of working capital and adequate provision of material working assets by own sources; growth of production potential.

Financial stability is formed under the influence of a number of factors (Fig. 1) and characterizes the ability of the enterprise to meet its debt obligations and build up economic potential in the future, function and develop in a dynamic external and internal environment. Based on [5; 6; 9] we can say that financial stability is a multifaceted and complex concept, which is characterized by such a state of financial resources of the enterprise, their formation, distribution and use, in which the subject, while remaining solvent and creditworthy, is able, provided the balanced attraction of its own and borrowed funds, to pursue active investment and growth of current assets, create financial reserves, ensuring its development and profit making.

FINANCIAL STABILITY	
factors that affect the financial stability	
external	internal
<ul style="list-style-type: none"> - level of machinery and technology development; -competitive demand and income level of the population; -inflation rate; - competition level; -payment and monetary policy of the state; -social policy of the state; -legal framework etc. 	<ul style="list-style-type: none"> - position of the enterprise in the financial and commodity markets; - production and sale of competitive products, availability of demand for it; - business reputation of the enterprise; -dependence of external creditors and investors; -availability of solvent debtors; - size and structure of costs and their relationship with income; -effective management of working assets, prevention of excessive residues; - size of paid-up share capital, size of the reserve capital; -effectiveness of commercial and financial transactions; -state of property potential, optimal composition and structure of assets; - level of specialists' professional training of the enterprise, etc.

Fig. 1. Factors influencing financial stability of the enterprise

In modern economic literature [4; 10], the notion of financial stability is considered in the following areas:

- as the ability of the enterprise to fully recover its financial obligations in a specified period;
- as the ability of the enterprise to ensure a permanent excess of income over expenditures, which will contribute to the availability and sustainability of sources of the financing for business and development of an enterprise;
- as a state of the enterprise, characterized by a financial equilibrium between its own and borrowed capital with a minimum level of financial risk and equilibrium between assets and liabilities;
- as a state of financial resources, in which the enterprise can freely maneuver financial resources to ensure a continuous process of the financial and economic activity, which meets the needs of the enterprise development and meets the requirements of the environment.

Thus, based on [4; 6; 10], financial stability is the state of financial resources of the enterprise, their distribution and use, which ensure independence from external sources of financing and its development on the basis of growth of profit and capital, with the preservation of solvency and creditworthiness provided permissible level of risk [3].

Financial stability is determined by the structure of financial resources, provision of current assets by its own sources of funds, and reflects the balance of cash and commodity flows, income and expenses, assets and sources of financing.

Financial stability of the enterprise depends on the efficient management of financial resources and is determined by:

- optimality of the structure of financing sources (estimated by relative indicators and characterized by the level of financial leverage);
- optimality of the ratio between the asset items and the components of their formation (estimation of the financial stability by absolute and relative indicators);
- optimality of the ratio between profit, sales volume, cost, price (analysis of the critical volume of sales);
- optimality of the structure of assets (characterized by operational leverage).

A stable financial position is achieved with the sufficiency of equity, good asset quality, sufficient level of profitability, taking into consideration operating and financial risk, sufficiency of liquidity, stable income and wide opportunities for attracting borrowed funds. To ensure financial stability, the enterprise must have a flexible structure of the capital, be able to organize its movement in such a way as to ensure a steady surplus of income over costs in order to maintain solvency and create conditions for self-reproduction [7].

An important stage in the implementation and evaluation of the effectiveness of financial planning is the analysis of financial stability of the enterprise through continuous monitoring of key financial indicators. In world and domestic practice, a number of methodological approaches, indicators, financial ratios, allowing to characterize the stability of the functioning of the enterprise and the dynamics of its development with a sufficient degree of reliability, is developed. One of the most common approaches is the calculation of financial ratios.

To date, a large number of relative analytical indicators are known in modern theory and practice of assessing financial stability of enterprises, the information base for the calculation of which is the data of financial and accounting reporting. It should be noted that the system of indicators for assessing financial stability should give a clear idea of the current or projected financial condition of the enterprise, requiring a minimum of public information, comprehensively cover financial and economic activities of the entity and be the basis for financial planning and making recommendations for further enhancement of its financial sustainability and stability.

Usefulness and informational content of each particular coefficient is determined by the purpose of financial planning and financial analysis regulated or recommended by the quantitative values of indicators.

In Fig. 2, key financial indicators characterizing financial sustainability of the enterprise and which should be taken into consideration in the development and implementation of short-term and long-term financial plans are systematized.

Indicators of capital structure characterize financial stability of the enterprise in terms of the structure of sources of financial resources and the risk of the subject of economic activity. After all, significant amounts of borrowed capital cause a greater need for cash for settlement of obligations. Under unfavorable conditions, such an enterprise increases the risk of insolvency.

Coefficients of coverage characterize financial stability from positions of costs, related to the servicing of external sources of financing. Characterizing the structure of sources of funds of the enterprise, along with the coefficients of independence, financial stability, financial risk and others, it is necessary to determine and give an estimate of partial indicators that reflect different trends in changing the structure of individual groups of sources of funds.

When conducting an analysis of financial stability in the direction of evaluating the structure of sources of financing the enterprise's property, special attention should be paid to how they are placed in assets. This group of relative indicators of financial stability characterizes the ratio of two main components of the balance asset (non-current and current assets) and two main components of the liability (equity and borrowing capital) among themselves. This allows us to assess both the structure of the asset and the liability balance, as well as the provision of relevant assets by the relevant sources of financing.

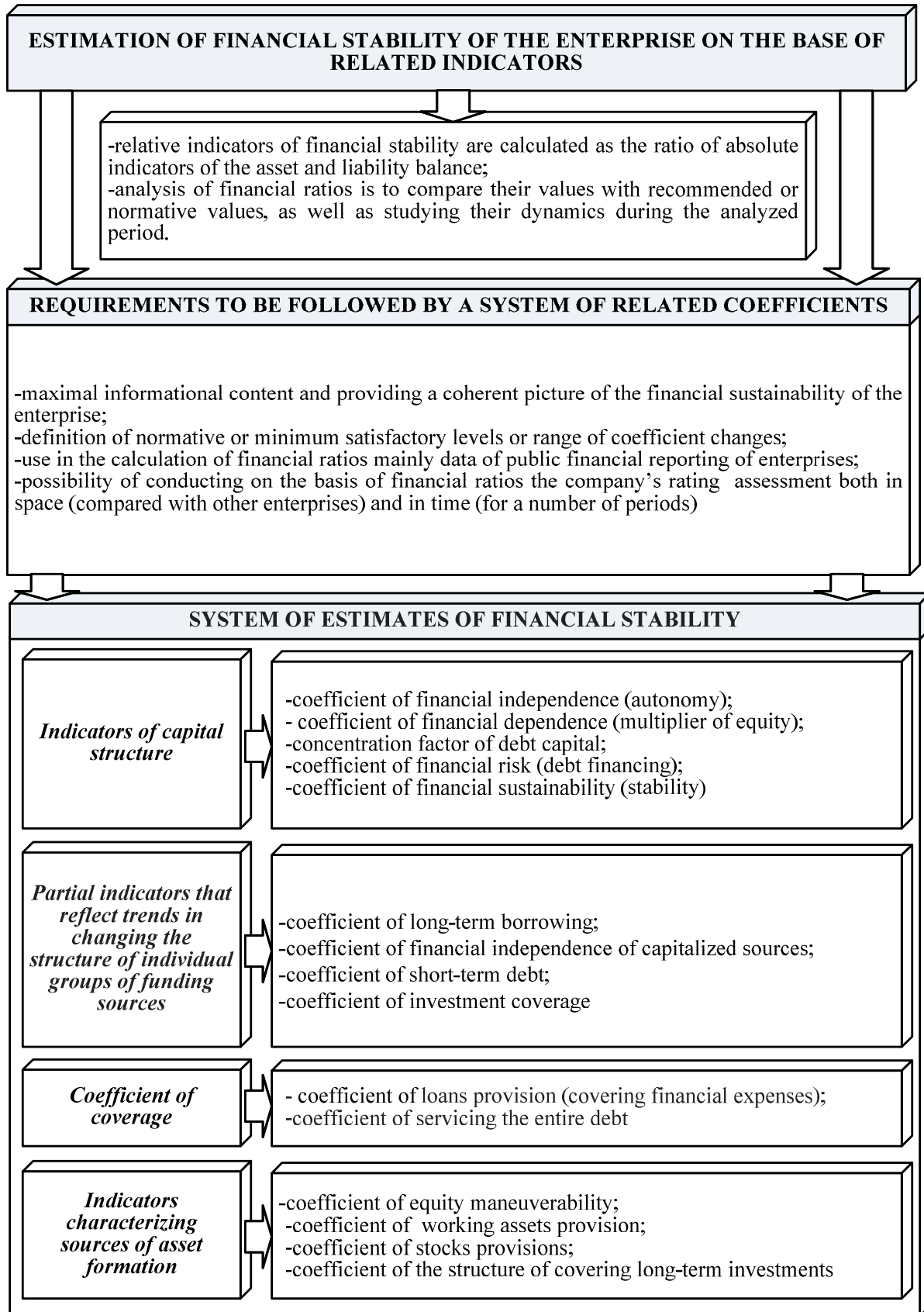


Fig. 2. Relative indicators of financial sustainability for assessing the effectiveness of financial planning
 Source: compiled on the basis of [1; 5; 6].

In general, the value of relative indicators of financial sustainability is influenced by factors such as industry affiliation of the enterprise, loan conditions, asset and liability structure, business reputation of the enterprise, etc. Therefore, for the analysis and characterization of the values of these coefficients, it is necessary to compare them in time with the groups of related enterprises.

Conclusions and propositions. In summary, it should be noted that in order to ensure financial stability of enterprises, it is necessary to pay more attention to financial planning in order to ensure that the planned business plan implements operational and investment activities on the basis of financial stability, create preconditions for obtaining net profit at a rate sufficient for self-sufficiency and self-financing [8].

The proposed system of relative indicators of financial stability assessment can be used by financial management as an indicator of financial planning assessment for the adoption of effective managerial decisions.

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