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MANAGING FINANCIAL SUSTAINABILITY OF ENTERPRISE IN THE SYSTEM OF FINANCIAL MANAGEMENT

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УПРАВЛІННЯ ФІНАНСОВОЮ СТІЙКІСТЮ ПІДПРИЄМСТВА В СИСТЕМІ ФІНАНСОВОГО МЕНЕДЖМЕНТУ

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УПРАВЛЕНИЕ ФИНАНСОВОЙ УСТОЙЧИВОСТЬЮ ПРЕДПРИЯТИЯ В СИСТЕМЕ ФИНАНСОВОГО МЕНЕДЖМЕНТА

The article outlines the relevance of insuring financial sustainability of enterprise as being one of the most important functions of financial management of contemporary business units; scientific approaches in defining the essence of the notion of financial sustainability and managing the financial sustainability of enterprises are revealed; the category of "managing financial sustainability of enterprise" from the point of view subjective-objective, methodological and functionally-processional approaches are provided; main objectives of managing financial sustainability of enterprises as well as means of improving and ensuring duly level of financial sustainability of business units are formulated.

Key words: *financial sustainability, managing financial sustainability, financial resources, financial management.*

Виявлено важливість забезпечення фінансової стійкості підприємства як однієї з найважливіших функцій фінансового менеджменту сучасних суб'єктів господарювання; розглянуто наукові підходи щодо визначення сутності поняття фінансової стійкості та управління фінансовою стійкістю підприємств; надано визначення категорії «управління фінансовою стійкістю підприємства» з погляду суб'єктно-об'єктного, методологічного та функціонально-процесійного підходу; сформульовано основні завдання управління фінансовою стійкістю підприємств та заходи щодо підвищення і забезпечення належного рівня фінансової стійкості суб'єктів господарювання.

Ключові слова: *фінансова стійкість, управління фінансовою стійкістю, фінансові ресурси, фінансовий менеджмент.*

Выявлена важность обеспечения финансовой устойчивости предприятия как одной из важнейших функций финансового менеджмента современных субъектов хозяйствования; рассмотрены научные подходы к определению сущности понятия финансовой устойчивости и управления финансовой устойчивостью предприятий; дано определение категории «управление финансовой устойчивостью предприятия» с точки зрения субъектно-объектного, методологического и функционально-процессионных подхода; сформулированы основные задачи управления финансовой устойчивостью предприятий и меры по повышению и обеспечению надлежащего уровня финансовой устойчивости субъектов хозяйствования.

Ключевые слова: *финансовая устойчивость, управление финансовой устойчивостью, финансовые ресурсы, финансовый менеджмент.*

Problem formulation. In the current unstable conditions of the national economy in general system entities of management the role of financial management significantly increases. The reason is that today a large number of home enterprises appeared to be in crisis or close to the crisis condition. It is characterized by the lack of financial resources, inability to timely implement its financial obligations and the sharp deterioration of key financial indicators, the changes of which reveal the negative trends that threaten the financial stability of the company. It is the financial stability that determines the effectiveness of the financial management of the company and is one of the most important characteristics of the financial condition. Unstable financial condition hinders the development of enterprises, reduces solvency, leads to the lack of funds to expand production, threatens the financial security and could lead to bankruptcy.

Process formation management, distribution and use of financial resources and funds occurring under the influence of a significant number of both external and internal destabilizing factors, largely depends on the management of enterprise financial stability as one of the most important components of financial management. With this system the operational control and analysis of information on financial resources, financial state and financial stability of the company are carried out, the ways to mobilize additional financial reserves are provided, financial plans are corrected. That is why the question of improving the quality of management of financial stability of the economy remains relevant and causes a continued interest among researchers and practical employment.

Analysis of recent researches and publications. The issues of financial stability are investigated by home and foreign scholars as: O.Y. Bazilinska, M.D. Bilyk, I.A. Blank, A.O. Verzun, S.Y. Eletskyh, M.J. Korobov, O.L. Kuzenko, G.B. Pohrischuk, A.M. Podderohin, V.V. Rudenko, G.V. Savitska, O.O. Tereshchenko, O.S Filimonenkov and others.

Unsolved aspects of the problem outlining. To generate and implement modern trends of development of the company foreground long-term and short-term financial solutions to ensure financial stability there is a demand in motivated scientific methodology that will allow to implement effective financial management and properly assess the managerial decisions taken. An important role is played not only in generalizing modern methods of enterprise financial stability evaluation, but also the improvement and development of new approaches to the methodology of financial stability of the economy.

The aim of the article is further development of the theoretical aspects and methodical approaches to the process of financial stability of the company.

The main material presentation. The ambiguity of interpretations of the concept of "financial stability" is explained by versatility, complexity and the range of the term application as a such, which is under the influence of various financial and economic processes. For example, some scientists consider the financial stability as one of the financial indicators of the company [8], others confer the basis of financial stability by long-term solvency and creditworthiness. Thus, O.S. Filimonenkov states that "financial stability is an enterprise condition, in which the size of the property (assets) is sufficient to finance commitments that the company is solvent" [12].

Some scientists, such as M.D. Bilyk stick to the opinion that "financial stability - is such a state of financial resources, in which rational disposition is a guarantee of availability of own funds, stable profitability and ensurance the process of expanded reproduction" [13].

G.V. Savitska [11] characterizes the financial stability as an entity's ability to function and grow, maintain balance of their assets and liabilities in a changing home environment that guarantees its constant solvency and investment attractiveness in the long term process within acceptable risk levels.

A large number of scientists believe that the basic concept in the study of financial stability is the company's equity. Thus, I.A. Blank points out that "financial stability is the characteristics of stable financial condition of the company, which is provided by a high proportion of equity in total financial resources used" [4].

O.Ya. Basilinska [2] suggests that financial sustainability depends mostly on effective managing financial resources and is defined by either the structure of assets, and an optimal relationship of home equity and loan capital or an optimal relationship of assets and sources of direct financing.

Russian researchers V.G. Artemenko [1] and M.I. Bakanov [3] stress that financial sustainability is a special feature that bears witness of steady revenue exceeding over expenditures, switching entity's assets and is a core component of the whole entity's sustainability.

Summing up the aforesaid it is worthwhile to note that entity's financial sustainability, being a core component of the whole entity's sustainability, is an object of the financial management of enterprise and characterizes such financial resources situation and funds formation and allocation, which ensure enterprise's development while maintaining the solvency and credit capacity with the admissible risk. In other words, financial sustainability is the result of effective management of entity's capital, assets and its monetary flows [7].

Thus, it should be said that financial sustainability of enterprise is characterized by:

- financial independence from outer investors and lenders;
- funds sufficiency for ensuring continuity of enterprise activity;

- an optimal relationship of home equity and loans;
- an optimal structure of assets;
- an optimal relationship of assets and sources of funding;
- efficient reinvestment policy;
- the increasing of commercial value of enterprise.

In order to manage financial sustainability effectively it is necessary to distinguish and evaluate impact factors. The level of financial sustainability is mostly conditioned by processes that take place externally. Among the factors of external impact on financial sustainability of economic entities there can be the following: overall economic conditions of enterprise activity, payment turnover, the level of inflation, the tax and investment policy, economic and fiscal legislative base, the level of consumers solvency and demand, the level of technology growth, the level of economy shadowing and bank credit policy, financial and insurance markets growth, political stability, social and ecological situation in the society, etc.

The factors of internal impact include: sectoral independence and the size of enterprise, the status of property and funds, the state of payment and settlement discipline at the enterprise, property composition and structure, entity's capital structure and value, the type of relations with suppliers, the level of manufacturing inventory, the level of capital stock use, financial management efficiency, tax management, relations with banks, the investment policy of enterprise and etc.

Persistent entity's functioning and growth under the conditions of market turbulence is defined, first of all, by the ability of each entity to adapt adequately to changing internal and external environment that is reflected in effective financial sustainability management. The management stipulates preparation, making and realization of managerial decisions in order to ensure financial sustainability at micro level [10].

Financial sustainability management of enterprise should be exposed as purposeful impact on financial state of enterprise to achieve established objectives and tasks on order to reduce financial hazards of each entity that can be caused under the conditions of changing external environment.

Financial sustainability management is the system of principles and methods of managerial decisions development and realization, which are connected with ensuring such status of financial resources and assets, their formation and allocation, which could allow each entity to evolve on the basis of increase in revenue and capital while maintaining the solvency and credit capacity, providing financial balance. The major objective of this kind of management is financial security and stable functioning and development of enterprise during current and potential periods, which will allow maximizing its commercial value [7].

G. B. Pogrischuk and V.V. Rudenko reveal that financial sustainability management of enterprise is a set of coordinated and purposeful measures and actions applied in order to develop and realize managerial decisions while providing satisfactory financial condition due to which it is possible to ensure structural integrity of enterprise and to continue basic economic activity. The consequence of financial sustainability management is the possibility to keep enterprise from destruction and to maximize its commercial value, because increase in commercial value and basic entity's economic activity continuity are not available in case of shady financial sustainability for the reason of bankruptcy and high risks leading to losing business due to economic ruin [10].

According to O.V. Kusenko "financial sustainability management is planning, analyzing, organizing, motivating, controlling, connected with ensuring such status of financial resources, their formation and allocation, which allows the enterprise to achieve needed level of financial sustainability" [9].

A.O. Verzun emphasizes on the opinion that "financial sustainability of enterprise management is the system of principles and methods of managerial decisions development and realization, connected with ensuring such funds status on the basis of which each entity is enable to develop for the purpose of revenue and capital increasing while maintaining solvency and credit capacity in case of providing financial balance of economic activity of enterprise” [5].

Financial sustainability management is the system of principles and methods of managerial decisions development and realization, which are connected with persistent revenue and capital increasing while maintaining the solvency and credit capacity and providing financial balance of enterprise [6].

Thus, the essence of the concept “financial sustainability of enterprise management” can be viewed in terms of subject-objectivity, methodological, functionally-focused and process-centric approaches (picture).

The review of scientific researches, having been conducted by G. B. Pogrischuk for the purpose of giving a definition to the concept “financial sustainability of enterprise management” [10], allows determining major final objectives of the process, which are presented by different researchers. The mentioned objectives are:

- independence from external covenantees and funds ensuring;
- financial relationship development;
- maintaining financial sustainability and competitiveness;
- maintaining continuous business activity;
- enterprise development;
- reaching needed level of financial sustainability;
- commercial value increasing;
- financial balance renewing.

Managing financial sustainability of an enterprise	
Subject-object approach	Managing financial sustainability of an enterprise is a purposeful influence of a particular subject (or subjects) on the determined objects. It is exerted in order to keep up or reach the proper level of financial sustainability, financial balance and solvency
Methodological approach	Managing financial sustainability of an enterprise is a system of principles and methods of developing and implementing managerial decisions, associated with providing the proper level of financial sustainability of an enterprise in the long term
Functional-processional approach	Managing financial sustainability of an enterprise is a continuous process of carrying out managerial functions, organization, planning, analyzing, motivation and controlling first of all. They are aimed at ensuring the increase in value of an enterprise and the appropriate level of financial sustainability

Fig. The essence of the category “Managing financial sustainability of an enterprise”

The main tasks of managing the financial sustainability of an enterprise may be:

- comparison of cash inflow and outflow in the process of operational, financial and investment activities;
- analyzing financial resources requirements and their structurization according to the sources of finance;
- determination of optimal property structure and sources of finance;
- assessment of liquidity and solvency of an enterprise;
- constant monitoring of weighted average cost of capital;
- taking into consideration the operational and financial key factors;
- evaluating the profitability of an enterprise;
- analyzing the efficiency of financial resources use etc.

While managing the financial sustainability, of primary importance are: the identification of external and internal factors, that influence the financial sustainability of an enterprise, the policy of quantitative assessment of enterprise’s financial sustainability level and factors defining it, and also substantiation of performance indicators, that is determining the criteria of the optimal level of an economic entity financial sustainability.

Conclusions and suggestions. Basic activities as for increasing and ensuring the financial sustainability of an enterprise may be:

- optimizing the amount of financial resources;

- optimizing the structure of enterprise's assets sources of finance, that is to ensure the identified level of profitability and risks, to minimize the weighted average cost of capital or to maximize the market value of an enterprise;
- increasing the effectiveness of working assets formation and use, their turnover rationalization, avoiding excessive reserves;
- selection and implementation of the effective assets expanding ways in order to provide financial and economic development;
- ensuring the necessary level of production development self-financing at the expense of reinvested profits;
- evaluating and selecting the most effective conditions and forms of loan capital implication, decreasing the value of an enterprise's financial resources formation;
- saving production cost and other expenses;
- implementing the effective policy of monetary assets management;
- effective managerial policy of accounts receivable and its restructuring;
- ensuring the liquidity and solvency of an enterprise;
- optimization of tax payments etc.

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