

UDC 336

DOI <https://doi.org/10.26661/2414-0287-2021-3-51-08>

FUNCTIONAL STRATEGIES IN MODERN ECONOMIC CONDITIONS: ESSENCE AND STRUCTURAL ELEMENTS OF THE FINANCIAL STRATEGY

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Key words:

strategic management,
sustainable development,
functional strategies, financial
strategy, structural elements,
types of financial strategy

Problems of enterprises development strategic management and their effective activity are topical topics of modern theoretical and practical researches. Modern conditions of management are characterized by accelerated pace of changes of enterprises functioning, political instability in the state, economic crisis, increasing competition. To ensure the sustainable development of enterprises and their sustainable market position in a dynamic competitive environment, it is necessary to have a well-thought-out long-term strategy and effective functional strategies. The article defines the place of financial strategy in the general enterprise strategy and the role of financial strategy in the general concept of strategic management of the enterprise, which was caused by the essence of the main economic categories as finance, money and credit, which are the basis for its construction. Thanks to a well-formed financial strategy it is possible to ensure the fulfillment of long-term goals to ensure the enterprise effective financial performance. The article discusses the essence and theoretical aspects of the financial strategy formation and determines the financial strategy development as an area of financial planning. The formation of a financial strategy is associated with the setting of goals and objectives of the enterprise, support of financial relations between the enterprise and environmental actors (financial market, state regulatory authorities, specialized financial institutions, business partners, etc.). The peculiarities of the enterprise financial strategy implementation in case of macro level and financial market situation changing have been reflected, which leads to adjustment of both the financial and general strategy of enterprise development. The characteristic features of the financial strategy which reflect its essence and content and form a system of financial resources management in order to ensure their effective use and sustainable development of the enterprise were considered. The main types of financial strategy implementation have been described. The type of financial strategy characterizes the ratio of results. It has been substantiated that the structural components of the financial strategy forms the same conditions and factors that affect the overall strategy of the business entity.

ФУНКЦІОНАЛЬНІ СТРАТЕГІЇ В СУЧАСНИХ ЕКОНОМІЧНИХ УМОВАХ: СУТНІСТЬ І СТРУКТУРНІ ЕЛЕМЕНТИ ФІНАНСОВОЇ СТРАТЕГІЇ

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Ключові слова:

стратегічний менеджмент,
сталий розвиток, функціональні
стратегії, фінансова стратегія,
структурні елементи, види
фінансової стратегії

Проблеми стратегічного управління розвитком підприємств та їх ефективної діяльності є актуальними темами сучасних теоретичних і практичних досліджень. Сучасні умови господарювання характеризуються прискореними темпами змін функціонування підприємств, політичною нестабільністю в державі, економічною кризою, посиленням конкуренції. Для забезпечення сталого розвитку підприємств та їх стійкої ринкової позиції в динамічному конкурентному середовищі необхідно мати продуману довгострокову стратегію та ефективні функціональні стратегії. У статті визначено місце фінансової стратегії в загальній стратегії підприємства та роль фінансової стратегії в загальній концепції стратегічного управління підприємством, що було зумовлено сутністю основних економічних категорій як фінанси, гроші та кредит, які є основою для його побудови. Завдяки грамотно сформованій

фінансовій стратегії можна забезпечити виконання довгострокових цілей для забезпечення ефективної фінансової діяльності підприємства. У статті розглянуто сутність та теоретичні аспекти формування фінансової стратегії та визначено розробку фінансової стратегії як напряму фінансового планування. Формування фінансової стратегії пов'язане з постановкою цілей і завдань підприємства, підтримкою фінансових відносин між підприємством та суб'єктами довкілля (фінансовий ринок, державні контролюючі органи, спеціалізовані фінансові установи, бізнес-партнери тощо). Відображено особливості реалізації фінансової стратегії підприємства у разі зміни макrorівня та ситуації на фінансовому ринку, що призводить до коригування як фінансової, так і загальної стратегії. Розглянуто характерні риси фінансової стратегії, які відображають її сутність та зміст та формують систему управління фінансовими ресурсами з метою забезпечення їх ефективного використання та сталого розвитку підприємства. Описано основні види реалізації фінансової стратегії. Тип фінансової стратегії характеризує співвідношення результатів. Обґрунтовано, що структурні компоненти фінансової стратегії формують однакові умови та фактори, що впливають на загальну стратегію суб'єкта господарювання.

Statement of the problem

The need and relevance of the enterprise financial strategy development are determined by the growing influence of the external environment on the nature and effectiveness of business, which is combined with certain negative internal factors in the Ukrainian enterprises development.

The financial strategy should be subordinate to the enterprise general strategy and be adequate to it for the purpose and objectives.

Allocation of financial strategy as part of the enterprise general strategy is justified by [1]:

- diversification of large enterprises activities in terms of mastering various markets, including financial ones;
- the need to find sources of financing for strategic projects;
- the presence of a single ultimate goal for all enterprises when choosing strategic benchmarks for maximizing the financial effect;
- rapid development of international and domestic financial markets.

In accordance with the main strategic goal, the financial strategy ensures [3–5]:

- formation of financial resources and centralized strategic management;
- identification of the main directions and focus on their implementation of efforts, maneuverability in the use of reserves by the financial management of the enterprise;
- ranking and step-by-step achievement of tasks;
- compliance of financial actions with the economic condition and material capabilities of the enterprise;
- objective accounting of the financial and economic situation and the real financial condition of the enterprise during the year, quarter, month;
- accounting for the economic and financial capabilities of the enterprise and competitors;
- creation and preparation of strategic reserves;
- determination of the main threat from competitors, mobilization of forces of its elimination and skillful choice of directions of financial actions.

Analysis of recent researches and publications

Many scientists such as Y.V. Bas, T.V. Butenko, Y.A. Buchakchyska, T.S. Karpova, O.S. Korpan, L.Y. Naumova, G.O. Partin, R.V. Ruda, O.V. Ryabekov, N.S. Tanklevska, M.S. Khavanova, I. Kimich, O. Shcherban and others deal with the development of issues related to the formulation of the economic essence and types of financial strategy of the enterprise, its tasks, management methods, stages of development, etc. In the works of scientists, in particular, the algorithm for building a financial strategy is considered, the macro- and micro-environment factors that are decisive in shaping the goals of the financial strategy are analyzed.

Formulation of the objectives

The purpose of the article is to study the essence of the “financial strategy of the enterprise” concept, its formation and structure peculiarities definition.

Presentation of the main research material

The financial strategy should be understood as the formation of a system of long-term goals of financial and economic activity and the choice of the most effective ways to achieve them, taking into account the trends in the development of the financial market. Financial strategy has certain characteristics (Fig. 1).

A financial strategy is a universal strategy through which all specialized strategies are integrated into a single and holistic strategy of the organization. The process of the enterprise financial strategy forming goes through a number of stages (Fig. 2).

An important point in the financial strategy formation is taking into account financial and marketing policy. Therefore, we can distinguish separate types of financial strategies (Fig. 3) [5].

Expansion strategy (expansion strategy) – is chosen in the case when the company conducts a so-called aggressive policy: it plans to acquire (absorb) other enterprises, expand production, capture a significant market share, enter new markets; its application is expedient if the products of

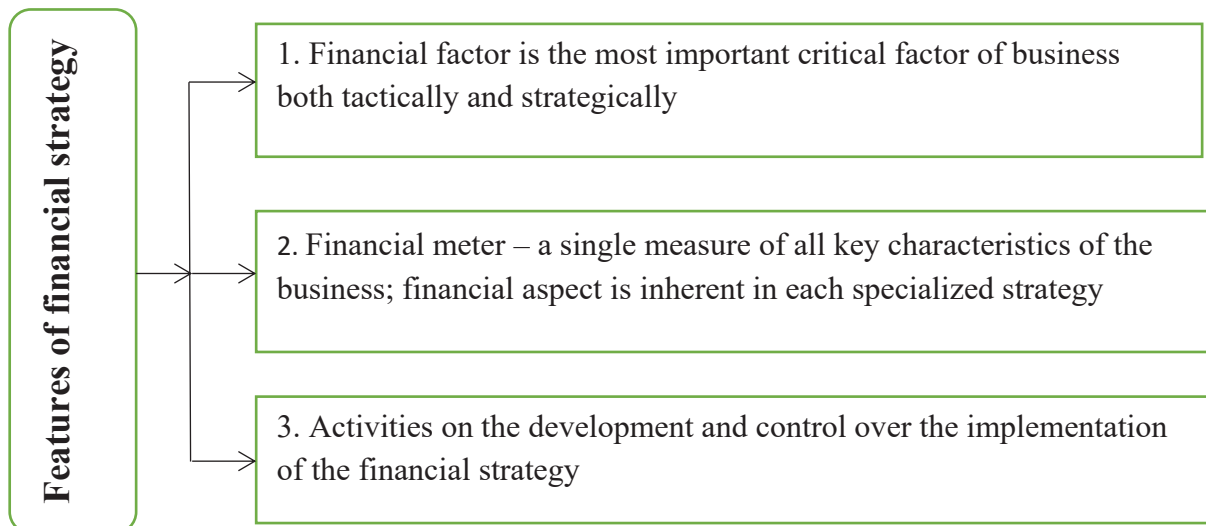


Fig. 1 – The main features of the financial strategy of the enterprise

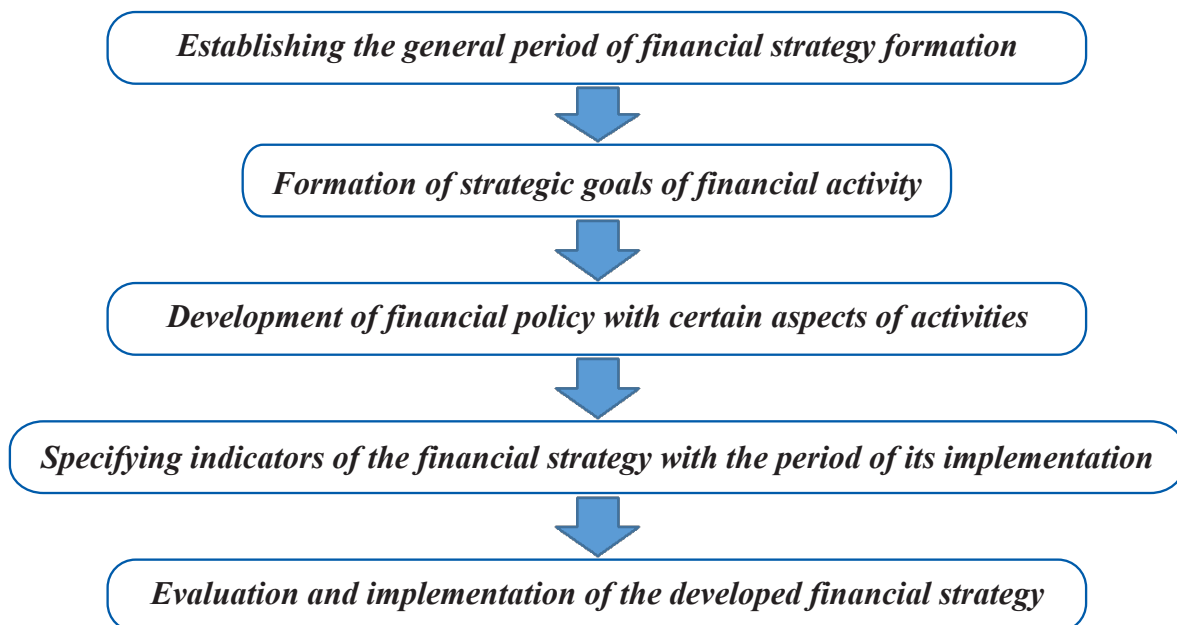


Fig. 2 – The main stages of formation of the financial strategy of the enterprise

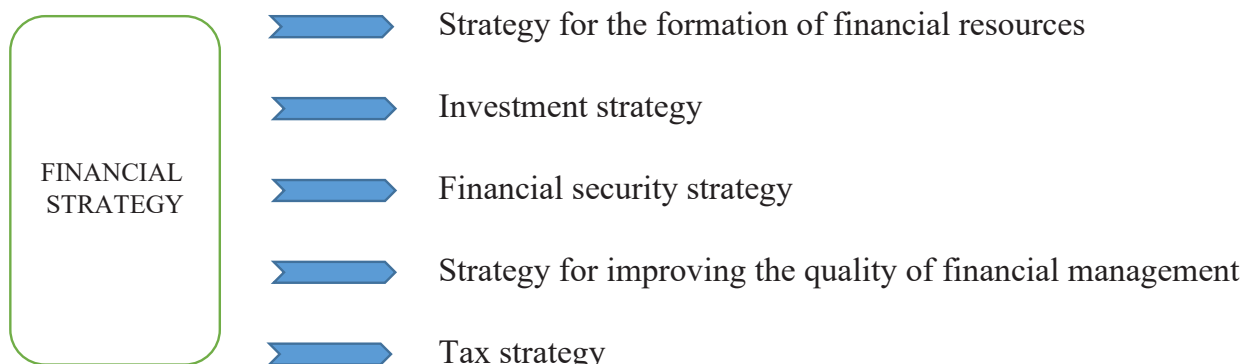


Fig. 3 – Structure of the financial strategy of the enterprise

a business entity are at the stage of introduction, formation or elevation and the company has sufficient labor and financial potential to implement the above measures.

The strategy of gradual development is typical for most industrial enterprises. This type of strategy involves directing a business entity to gradually increase the volume of activity, increases profitability, improves the main financial, production and economic indicators and characteristics and ensures a stable financial condition.

The protective strategy provides for a slight decrease in production capacity, partial or complete curtailment of investment and innovation activities in order to maintain a certain level of profitability and financial stability of the enterprise with a negative impact on its activities of endogenous and exogenous factors.

Stabilization strategy – arises in case of temporary loss of solvency by the enterprise, violation of the balance sheet structure, deterioration of performance indicators.

The anti-crisis strategy is implemented when the company is in crisis and needs sanitation. It provides for a set of measures aimed at restoring solvency (liquidity), creditworthiness, stabilization of its financial condition.

The economic literature proposes a different structures of the enterprise financial strategy. The methods and directions of achieving the stated goals are determined within the framework of the formation of individual components (modules) of the financial strategy and its components. This approach allows to define the financial strategy of the enterprise as an integrated structural composition of five interrelated and interdependent modules [6].

Table 1 presents the characteristics of the structural components of the financial strategy. The establishment of financial strategy is impossible without the information of the enterprise market environment (competitors, suppliers, clients, intermediaries, state organizations and services, banking organizations) and its detailed analysis.

At this stage financial managers should apply appropriate financial instruments: microeconomic financial planning, forecasting, strategic and financial analysis (in particular SWOT analysis, covering the analysis of weaknesses and strengths of the enterprise, risks and additional opportunities), statistical methods and economic and mathematical modeling.

Determining the set of factors influencing the development of a financial strategy allows to answer the question: will the developed financial strategy lead to the achievement of the enterprise’s financial goal in the context of changes in the factors of the external financial situation. The company should make forecasts more often than its competitors, this will allow to control the future situation, unlike competitors who can only respond to it.

To facilitate the implementation of the financial strategy, it is advisable to carry out its detail by drawing up tactical plans.

Tactical planning is designed to form mechanisms for the implementation of the chosen strategy. Tactical planning has two kinds: operational and current. Current planning is a type of management activity aimed at developing parameters, measures, budgets and administrative and financial levers in order to form current plans for the

Table 1 – Characteristics of the components of the enterprise financial strategy

Component of the financial strategy of the enterprise	Essence	Main strategic objectives
Strategy for the formation of financial resources	Creation of the necessary volume and structure of financial resources, adequate development goals, allowing to achieve the strategic installations of the company with the greatest efficiency	Achieving a steady increase in the volume of own sources of financing; attracting the necessary external financing with minimal costs; optimization of the structure of sources of financial resources and ensuring financial flexibility
Investment strategy	Optimal distribution of investment resources owned by the company in certain areas and forms of investment	Ensuring the necessary proportionality of the distribution of investment resources by types and main directions of investment activity of the enterprise; ensuring the necessary proportionality of the distribution of financial resources in the strategic economic units of the enterprise; ensuring high efficiency of return on investment resources of the enterprise in the process of their use
Financial security strategy	Ensuring a stable financial balance throughout the entire period of the company's operation	Identification and assessment of the most significant financial risks and development of a set of measures to neutralize them; ensuring stable solvency and financial sustainability, implementation of comprehensive solutions in the field of crisis management (both in terms of preventive measures and in terms of actions in case of signs of crisis)
Strategy for improving the quality of financial management	Creation of a flexible financial management system adequate to the set long-term goals and objectives	Creation of an effective financial structure; ensuring a high level of qualification and organizational culture of financial managers; implementation and effective use of innovative financial technologies, including methods and tools that allow to model alternative development scenarios and predict their financial results
Tax strategy	Making decisions that allow to optimize the tax burden of the enterprise, preventing the growth of tax risks	Optimization of the tax burden, which ensures the growth of undisclosed profits of the company in the conditions of an acceptable level of tax risks; formation of tax policy with maximum consideration of possible benefits, prevention of fines and overpayments

functioning of specific areas of the organization's activities or its activities for a general annual period in the direction of achieving the tasks of the selected financial strategy. Operational planning is aimed at forming narrow, detailed, short-term plans on specific issues of the enterprise's activities, which are formed through the development of current plans. Operational and current plans should not deviate from the enterprise financial strategy, but to detail and supplement it [5].

Particular attention should be paid to optimizing the level of cash income, mobilizing internal resources, maximally reducing the cost of production, optimal distribution and use of profits, determining the need for working capital, rational use of enterprise capital. The financial strategy is developed taking into account the risk of non-payment, inflation and other unforeseen circumstances. It must meet production tasks and, if necessary, adjust and change.

In general, the financial strategy can be defined as one of the most important functional strategies of the enterprise, which provides all the main directions of development of its financial activities and financial relations by forming long-term financial goals, choosing the most effective ways to achieve them, adequate adjustment of the directions of

formation and use of financial resources when changing environmental conditions.

The financial strategy does not exist as a separate economic category and is only a tool for implementing the overall strategy of the enterprise. The financial strategy of the enterprise includes analysis of the financial condition; optimization of own and working capital, profits distribution, non-cash payments, tax and pricing policy, securities policy. When general and operational financial strategies are distinguished, the period of operational financial strategy is limited to one year, giving it the function of operational financial planning [7].

Conclusions

The development and implementation of an effective financial strategy by domestic enterprises is the basis for the financial and economic crisis withdrawal. The main properties of the financial strategy of any enterprise are its effectiveness, adequacy, reliability, ability to create and maintain long-term competitive advantages of both financial resources and the enterprise as a whole, time-orientedness, reach, due to the compliance of the enterprise's potential with its strategic capabilities of functioning and development, planning, systemicity, differentiation, flexibility, riskiness.

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