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ANALYSIS OF APPROACHES OF FORMATION A MODEL OF ECONOMIC GROWTH OF THE ENTERPRISE

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In the current crisis of management, many domestic enterprises are on the verge of survival. Therefore, the question of creating conditions to ensure their survival and gradual growth, assessment of its level is relevant and it will determine in advance the main factors that contribute to the improvement of such a process in order to develop and implement appropriate measures. It is substantiated that the algorithm for determining the level of economic growth of the enterprise includes the definition and evaluation of integrated indicator. Economic growth of enterprises should be based on the development and implementation of appropriate models. It is established that the classical models of economic growth that based on the maximization of individual volume indicators (profit, volume production and sales) have a number of limitations. The main ones are: no ordered indicators within time intervals; there are restrictions function parameters that change in dynamics; the level of risk is not taken into account that may significantly affect the formation of financial results enterprise activity; the question of definition is problematic the minimum level of profit that suits the stakeholders. The advantages of modern models that reflect the correlation between the measure growth and various characteristics of financial and economic activities are such indicators as profit, investment and dividends, leverage, liquidity, production and sales, etc. It is established that the task of the financial manager – to provide sustainable, balanced growth rate, which is determined by the rate of its growth equity. The main components of balanced growth are operating indicators (profitability of sales and turnover ratio assets) and financial policy (dividend policy and financial leverage), which is an important condition for economic development of the enterprise.

АНАЛІЗ ПІДХОДІВ ДО ФОРМУВАННЯ МОДЕЛІ ЕКОНОМІЧНОГО ЗРОСТАННЯ ПІДПРИЄМСТВА

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функціонування, розвиток

В сучасних кризових умовах господарювання багато вітчизняних підприємств перебувають на межі виживання. Тому актуальним є питання формування умов для забезпечення їх виживання і поступового зростання, оцінки його рівня, що дозволить завчасно визначити основні чинники, що сприяють поліпшенню такого процесу з метою розроблення і реалізації відповідних заходів. Обґрунтовано, що алгоритм визначення рівня економічного зростання підприємства включає визначення і оцінку інтегрального показника. Економічне зростання підприємств повинно базуватися на розробленні і впровадженні відповідних моделей. Встановлено, що класичні моделі економічного зростання, що базуються на максимізації окремих об'ємних показників (прибутку, обсягів виробництва та продажу), мають ряд обмежень. Основними серед яких є: не впорядковані показники в межах часових інтервалів; існують обмеження параметрів функції, які змінюються в динаміці; не враховується рівень ризику, що суттєво може впливати на формування фінансових результатів діяльності підприємства; проблематичним є питання визначення мінімального рівня прибутку, який влаштовує зацікавлені сторони. Перевагами сучасних моделей, які відображають залежність між мірою зростання і різними характеристиками

фінансово-господарської діяльності, є такі показники як прибуток, обсяг інвестицій і дивідендів, леверидж, ліквідність, обсяги виробництва та продажів та ін. Встановлено, що завдання фінансового менеджера – забезпечити стійкі, збалансовані темпи зростання, що визначається темпами нарощування його власного капіталу. Основними складовими збалансованого зростання є операційні показники (рентабельність продажу і коефіцієнт оборотності активів) і фінансова політика (дивідендна політика і фінансовий важіль), що є важливою умовою економічного розвитку підприємства.

Statement of the problem

Changing transformational management conditions in which domestic enterprises operate may bring to the fore search and justification priority areas of development that could be provided implementation and adaptation of enterprise development goals to external and internal environment, as well as their industry characteristics functioning. In these circumstances, one of these areas is the economic growth of the enterprise, which makes it attractive for investment and allows to meet the growing demand for products, is one of the key factors changing the market value of the business.

Analysis of recent studies and publications

In-depth attention to the study of the problem of model building of economic growth of the enterprise was given by such foreign scientists as J. Schumpeter [1], R.S. Higgins [2].

The study of the problems of economic growth of enterprises engaged in such domestic scientists as O.M. Alimov, A.I. Danilenko, B.M. Tregobchuk [3], V.M. Hobta [4], S.I. Bai [5], L.G. Melnik [6], O.M. Yastremskaya, G.V. Vereshchagina [7], O.V. Raevneva [8], N.V. Kasyanova [9] and others.

Scientists note that the construction of models of economic growth of enterprises is the basis for making sound management decisions regarding its operation and development. In their research, they note that each model has its own conditions and limits of application. Most scientists believe that when building a model of economic growth of the enterprise, first of all it is necessary to justify a system of variable parameters that can determine the optimal proportions between increasing production and sales of products, property and capital. It is important to ensure balanced growth.

All researchers point out that there is a direct connection between the economic growth of the enterprise with the provision of financial resources, their structure.

Objectives of the article

The aim of the article is to study the methodological approaches to forming a model of economic growth of the enterprise, identifying their advantages and disadvantages and drawing conclusions about the feasibility of their use in the practice of assessing the functioning and development of corporate structures.

The main material of the research

Economic growth of enterprises is the basis of their efficient management in the long run.

In most cases, the essence of economic growth is to expand the scale of activity, increase in time the volume of the enterprise, such as sales revenue, total assets, profits, equity and more.

Foreign scholars understand the economic growth of the enterprise as an indicator of the maximum increase in sales that it can achieve while maintaining the proportions of its financial condition [2]. This definition is well illustrated by the so-called “golden rule” of enterprise economics, which assumes the following assumptions: the requirement for asset growth is caused by the need to increase production capacity and other resources for planned sales growth. At the same time, sales should grow faster than total assets, due to the growth of return on investment in the assets of the enterprise – the same assets allow you to get more sales revenue. Greater profit growth compared to sales revenue is due to lower specific fixed costs with increasing production and sales.

However, the “golden rule of enterprise economics” is criticized by many researchers, in particular, because it is not always possible to achieve economies of scale, however, it contains a rational aspect – indicators that characterize economic growth must be organized in dynamics. That is, the economic growth of the enterprise occurs only when there will be interconnected and mutually agreed growth of different volume indicators (revenue from sales of products, assets, capital, profits, etc.).

Some scientists, such as O.M. Alimov, A.I. Danilenko, B.M. Tregobchuk and others consider the development achievements as the ability of the economic entity to increase production and sales of products while improving the efficiency of available resources and reducing the degree of influence of external factors on the conditions and parameters of activity [3].

Thus, we can agree with the opinion that the economic growth of the enterprise is one of the mandatory and primary conditions of its development, which involves quantitative and qualitative changes. And economic growth is characterized primarily by quantitative changes in the main indicators of the enterprise – increasing production and sales, while improving the efficiency of available resources. Such conditions, in turn, characterize the qualitative aspect of economic growth of the enterprise, which is also a necessary condition for its development.

Thus, economic growth is an integral characteristic of the enterprise, which should be assessed by an adequate system of interrelated indicators. The ensuring of such correlation can be achieved through economic growth modeling, which addresses the appropriate proportions between them.

At the same time, such modeling should be aimed at achieving diverse goals of enterprise development, which

may include, for example, increasing sales, maximizing profits and ensuring long-term existence (optimizing the relationship between profitability and liquidity). Thus, work on models, in addition to the possibility of obtaining an effective management tool, should balance the goals of the enterprise in terms of sales, production, costs, investments, sources and amounts of funding and so on.

In the economic literature there are different approaches to building models of economic growth of the enterprise and the composition of their variable parameters (factors), which have their advantages and disadvantages. Thus, the classical models of economic growth, based on the maximization of individual volume indicators (profit, production and sales), have a number of limitations, namely: the maximum of indicators in one time interval is not necessarily achieved in another; the maximum of indicators is reached at existing restrictions of parameters of function which change in dynamics that will lead to change of its maximum value; obtaining the maximum benefit is accompanied by a high level of risk due to the implementation of which the inevitable deterioration of the results of the enterprise; the issue of determining the minimum level of profit that suits stakeholders is problematic.

The disadvantages of classical models of economic growth of the enterprise are offset by modern models, which have been transformed into a dependence between growth and various characteristics of financial and economic activities, such as profit, investment and dividends, leverage, liquidity, production and sales.

It should be noted that there is no unanimity among economists on the factors that determine the economic growth of enterprises. Thus, the results of research indicate that in the medium and long term the main purpose of the enterprise is to maximize the market value of equity. In turn, a number of studies focus not so much on absolute, but on relative performance indicators – performance indicators that allow more accurate comparisons of such indicators.

A professor I.O. Blank [10] to determine the factors that determine the economic growth of the enterprise, uses a more specific indicator – increasing equity through reinvested earnings, which allows to assess the company's ability to increase production as a key indicator of economic growth. The main criterion is to increase the return on equity due to its more efficient use, rather than due to additional debt, which is characterized by a predominantly extensive type of development.

There is a direct dependence between economic growth and investment policy of the enterprise: the greater the amount of profit reinvested in the enterprise, which pursues short-term goals (maximization back into production, the more sustainable the growth of indicators, ie the greater the company's opportunities for expanded reproduction and introduction of new technologies to ensure its development [3].

Another aspect of this duality is following: from the point of view of shareholders, this approach is not optimal, because their main goal is to make a return on investment,

so there is a conflict between the interests of owners of funds invested in the production of profits and business owners who pursue long-term goals (eg, increasing the value of the enterprise) [3]. From this we can conclude that the economic growth of the enterprise can occur mainly at the expense of own funds (increase in equity through capitalized profits), which provides an intensive type of development and expanded reproduction of the enterprise. On the other hand, borrowing may be used to increase a company's volume, but this may reduce its solvency and financial stability.

Thus, when forming the dynamics of economic growth of the enterprise in the scientific literature, it is proposed to adhere to the following provisions:

- ensuring the growth of production and sales of the enterprise by increasing mainly equity, in particular, net capitalized profit;
- the growth of equity will be stable, balanced, if it is proportional to the growth of sales.

But this is sometimes difficult to ensure, because the growth of equity and sales growth is not balanced over time, and therefore the economic growth of the enterprise may vary from year to year. Therefore, it is necessary to take into account the initial sales, the initial amount of equity, the absolute amount of dividends or the share of capitalized profit that the company plans to direct to production development, as well as the amount of other additional equity. This may balance the initial financial and economic condition of the enterprise with the future growth of key performance indicators, coordinating the growth rate of key indicators such as sales, asset turnover, financial stability, solvency, etc.

Taking into account these provisions is important in forming a model of economic growth of the enterprise, which is noted in the approach reflected in the works of I.O. Blanka [11], O. Yu. Garkushi, O.V. Sergeeva [12].

It is widely believed that the growth of a company always increases its income. However, the rapid growth of the firm may be accompanied by a lack of resources, which can lead to financial difficulties or even bankruptcy. At the same time, very cautious firms, slow-growing firms lag behind more vigorous competitors and are also candidates for bankruptcy. Therefore, the task of the financial manager is to ensure a stable, balanced growth rate. According to R. Higgins, these are the growth rates of sales that do not exhaust financial resources [2].

Management practice shows that the dynamic growth of the enterprise requires additional resources. If management wants to increase its sales over the next year, it will also be necessary to increase the amount of assets, ie inventories, receivables and production capacity. If the company does not issue a new share, the cash needed to pay for the increase in assets must come from retained earnings and new liabilities.

Thus, the growth of equity and debt capital determines the rate of increase in asset value. As equity increases, an enterprise can raise borrowed capital without risking loss of financial stability due to deteriorating capital structure. Thus, the rate of sustainable growth of the enterprise is the rate of increase of its own capital.

The equation of balanced growth can be written as following:

$$g = R \times T \times ROA, \quad (1)$$

where g is the rate of balanced growth; P – profitability of sales; T – the ratio of assets to equity at the beginning of the year; ROA – return on assets.

Here, R and T reflect the company's financial policy, and ROA describes its operating performance.

This equation shows that, given a stable financial policy, the rate of balanced growth varies significantly depending on the return on assets.

Thus, sustainable growth is a series of changes in all combinations of growth and profitability that lead to balanced growth, and the problem of sustainable growth is the problem of managing the surplus or lack of cash, which leads to unbalanced growth.

Thus, balanced growth, the main components of which are operational indicators (return on sales and asset turnover ratio) and financial policy (dividend policy and financial leverage), is an important component of economic development.

Conclusions

The analysis of scientific work on the studied problem shows that the economic growth of enterprises involves

quantitative and qualitative changes and is the basis of their effective management in the long term.

Classic models of economic growth, based on the maximization of individual volume indicators (profit, production and sales), have a number of limitations, namely: the maximum of indicators in one time interval is not necessarily achieved in another; the maximum of indicators is reached at existing restrictions of parameters of function which change in dynamics that will lead to change of its maximum value; obtaining the maximum benefit is accompanied by a high level of risk due to the implementation of which the inevitable deterioration of the results of the enterprise; the issue of determining the minimum level of profit that suits stakeholders is problematic.

When forming the dynamics of economic growth of the enterprise, which is offered in the scientific literature, it is problematic to ensure the growth of production and sales of the enterprise by increasing mainly equity, in particular, net capitalized profit.

When building models of economic growth of enterprises should focus on balanced growth, which is based on taking into account the profitability of sales and return on assets, as well as the ratio of assets to equity at the beginning of the year.

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