

PROJECT MANAGEMENT AND FINANCIAL AND ECONOMIC SECURITY IN THE CONDITIONS OF GLOBALIZATION

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WORKING CAPITAL MANAGEMENT AS A STRATEGIC TOOL FOR ECONOMIC SECURITY OF THE ENTERPRISE

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working capital, financial management, economic security, enterprise, working capital, financial condition.

In today's unstable economy and growing competition, ensuring the economic security of an enterprise is becoming one of the top management priorities. The economic security of an enterprise is a complex and multifaceted phenomenon that covers a wide range of aspects, from financial stability and competitiveness to protection against external and internal threats. In this context, effective working capital management is one of the key strategic tools that allows an enterprise not only to survive but also to develop successfully in the face of uncertainty and risks. Effective working capital management is one of the key tools to achieve this goal. Working capital, as a set of a company's rapidly revolving assets, provides financial flexibility and the ability to respond to changes in market conditions. An insufficient level of working capital can lead to insolvency and loss of competitiveness, while an excess can lead to reduced profitability and inefficient use of resources. Thus, effective working capital management, which involves optimizing its structure and volume, is an integral part of the strategy for ensuring the economic security of an enterprise. It allows balancing liquidity and profitability, minimizing financial risks and ensuring the stability of operating activities. The article examines the issues of working capital management as a strategic tool for economic security of an enterprise. The essence of the concept of «working capital» and its components is clarified. Various approaches to understanding the essence of working capital are presented. The key aspects of managing the components of working capital are indicated.

УПРАВЛІННЯ ОБОРОТНИМ КАПІТАЛОМ ЯК СТРАТЕГІЧНИЙ ІНСТРУМЕНТ ЕКОНОМІЧНОЇ БЕЗПЕКИ ПІДПРИЄМСТВА

Батракова Т.І., Панченко М.А., Андрусик Д.В.*Запорізький національний університет**Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**

оборотний капітал, управління фінансами, економічна безпека, підприємство, оборотні кошти, фінансовий стан.

У сучасних умовах нестабільної економіки та зростаючої конкуренції, забезпечення економічної безпеки підприємства стає одним з пріоритетних завдань менеджменту. Економічна безпека підприємства – це складний та багатогранний феномен, який охоплює широкий спектр аспектів, від фінансової стійкості та конкурентоспроможності до захисту від зовнішніх та внутрішніх загроз. У цьому контексті, ефективне управління оборотним капіталом виступає як один з ключових стратегічних інструментів, що дозволяє підприємству не лише виживати, а й успішно розвиватися в умовах невизначеності та ризиків. Одним з ключових інструментів досягнення цієї мети є ефективне управління оборотним капіталом. Оборотний капітал, як сукупність активів підприємства, що швидко обертаються, забезпечує фінансову гнучкість та здатність реагувати на зміни ринкової кон'юнктури.

Недостатній рівень оборотного капіталу може призвести до неплатоспроможності та втрати конкурентоспроможності, тоді як надлишок може спричинити зниження рентабельності та неефективного використання ресурсів. Таким чином, ефективне управління оборотним капіталом, що передбачає оптимізацію його структури та обсягу, є невід'ємною складовою стратегії забезпечення економічної безпеки підприємства. Воно дозволяє збалансувати ліквідність та прибутковість, мінімізувати фінансові ризики та забезпечити стабільність операційної діяльності. У статті досліджено питання управління оборотним капіталом як стратегічним інструментом економічної безпеки підприємства. Уточнено сутність поняття «оборотний капітал» та його компоненти. Наведено різноманітні підходи до розуміння сутності оборотного капіталу. Зазначено ключові аспекти управління компонентами оборотного капіталу.

Problem formulation

Modern businesses face numerous internal and external threats that can negatively affect their economic security. These threats include financial crises, market instability, changes in legislation and other factors. In such circumstances, working capital management becomes strategically important, as it ensures the flexibility and sustainability of the company's financial system. In the context of instability and uncertainty, exacerbated by global economic crises and geopolitical challenges, ensuring the economic security of enterprises becomes a priority for management. Effective working capital management, as a key element of financial stability and liquidity, plays a crucial role in this process. However, the existing theoretical and practical approaches to working capital management often do not take into account the specifics of current market conditions and do not ensure an adequate level of economic security of enterprises. Ukrainian enterprises face additional challenges related to military operations, economic crisis and inflation, which requires adaptation of working capital management methods to the specifics of the national economy. The mismatch between the needs of enterprises to ensure economic security and the existing methods of working capital management creates a problematic situation that requires scientific research and development of new approaches.

Analysis of recent research and publications

Studies of working capital management as a strategic tool for economic security of the enterprise are reflected in the works of: Hrynko T., Hubaryk, O., Klymenko S., Kosareva I.P., Machak T., Nosan N.S., Khodzha K. Ya.

Formulation of objectives

The purpose of the study is to develop theoretical and practical recommendations for working capital management as a strategic tool for ensuring economic security of an enterprise in conditions of instability and risks. The article also studies:

- the essence of working capital,
- key aspects of working capital as a strategic tool for economic security of an enterprise,
- the main components and methods of building an effective working capital management system,

- the peculiarities of working capital management in the conditions of economic crisis and instability are identified,

- practical recommendations for improving the efficiency of working capital management in order to ensure the economic security of the enterprise are developed.

Presentation of the main research material

The existence of a large number of theoretical developments does not reduce the expediency of studying working capital management as a strategic tool for economic security of an enterprise, determining the sources of its formation, and ways to stabilize the movement of working capital, which require further scientific substantiation.

The term «working capital» is derived from the English concept of «circulating capital» – a part of production capital which transfers its value to the newly created product in full and returns to the producer in cash after each capital turnover.

Working capital can be viewed as a monetary equivalent labor item that is present at all stages of the circulation and is consumed within one operating cycle, transferring its value to the created product in full during the production process [1]. Working capital is a part of the company's assets (current assets), which includes:

- working capital (or current assets);
- short-term financial investments.

In her study, Kosareva proposed to distinguish the following approaches to understanding the essence of working capital:

- 1) working capital as cash advanced for the formation of current production and circulating assets;
- 2) working capital as mobile assets that are used and sold by an enterprise during the year or operating cycle;
- 3) working capital as an advance cost [2].

Taking into account these approaches to the interpretation of the essence of working capital, let us consider this category according to different authors (Table 1).

Working capital consists of various components that can be divided into assets and liabilities. Assets include: cash and cash equivalents (cash in bank accounts, cash, readily marketable securities), accounts receivable (trade receivables, notes receivable, other receivables, inventories (raw materials, work in progress, finished goods, goods for resale), prepaid expenses (advances paid), and other current assets. Liabilities include: short-term liabilities

Table 1 – Definition of the concept of “working capital” of the enterprise

Source	Table 1 Definition of the concept of “working capital” of the enterprise	Keywords
Gotsulyak S.M. [4]	Working capital of an enterprise is a set of economic relations related to the formation and use of financial resources necessary to ensure the efficiency and continuity of the enterprise's operation in the short term.	– a set of economic relations
Peltek L.V., Pisarenko S.M. [5]	- monetary resources or a group of mobile assets of an enterprise with a period of use of up to one year, which directly serve the operating activities of the enterprise and, due to the high level of liquidity, should ensure its solvency under current financial obligations;	– monetary resources
Soroka R.S. [6]	Working capital is the financial resources of enterprises that are invested by them to form current assets in order to generate profit;	– financial resources of enterprises
Podderiyogin A.M. [7]	Working capital (current assets) are funds advanced to current production assets and circulating assets to ensure the continuity of the production process, sales of products and profit.	– funds advanced to working capital and circulating assets
T.V. Droboshevskaya, L.M. Filstein [8]	Working capital is money invested in working capital and means of circulation in order to ensure the process of production and sale of products and, under favorable conditions, to make a profit.	– cash invested in working capital and circulating assets to ensure the production and sale of products
Mazaraki A.A. [9]	Working capital is a set of material and monetary assets (economic resources) of an enterprise that are in constant circulation, change their material form during one operating cycle and transfer their value in full to the goods sold by the enterprise	– a set of material and monetary assets
Azarenkova G.M. [10]	Working capital is cash resources invested in current production and circulating assets to ensure continuous production and sale of manufactured products and which participate in the production process once and fully transfer their value to the cost of production	– monetary resources that are invested in current production assets and circulating assets to ensure continuous production

(accounts payable, notes payable, short-term loans and borrowings), liabilities to the budget and social funds (tax liabilities, contributions to pension and other social funds), advances received (prepayments from customers for future deliveries of goods or services).

The key aspects of working capital management include:

1. efficient cash management: ensuring sufficient liquidity to cover current liabilities;
2. control over receivables: implementation of an effective credit and collection policy;
3. optimization of inventories: a balance between the adequacy of inventories for a continuous production process and minimization of storage costs;
4. management of short-term liabilities: effective planning and repayment of short-term loans and debts.

Management of these components is important for ensuring financial stability and economic security of the enterprise.

Economic security is an important element of the success and stability of enterprises and depends on the ability of managers to respond to potential threats in a timely manner and quickly adapt to changes in the economic environment. At the same time, each component of economic security, including financial, legal, human resources, technological and information security, has its own weight and affects the overall state of the enterprise. When studying the structure of economic security, it is important to take into account that all components are interconnected and form the basis for the stable development of the enterprise. Each of these components is important for ensuring the effectiveness of the company's economic security.

The interaction between them and the formation of an integrated approach allows the enterprise to optimize its activities, reduce risks and ensure sustainability in difficult market competition conditions [3].

The main criterion for the economic security of an enterprise is the economic effect obtained by the enterprise as a result of its business activities. Thus, the main goal of economic security of an enterprise is to ensure constantly stable and maximally efficient functioning of the enterprise and to ensure high potential of its development. One of the functional goals of economic security is to ensure the efficient use of all types of resources. At the same time, to increase economic efficiency, an enterprise seeks to improve the use of a set of corporate resources, among which labor, material and information resources are of particular importance [11].

Therefore, in our opinion, working capital is not just cash on the account, but a dynamic resource that ensures the continuity of the company's operations. Effective working capital management directly affects the liquidity, solvency and overall financial stability and economic security of the enterprise.

The policy of managing current assets is key to ensuring the continuity and efficiency of the company's current operations. To effectively manage working capital, first of all, it is necessary to study its circulation. This will help identify the main aspects that shape working capital management. The working capital cycle includes six stages (Fig. 1).

Working capital management should be viewed not just as a type of management, but as a system that interacts with internal and external factors of influence, as well

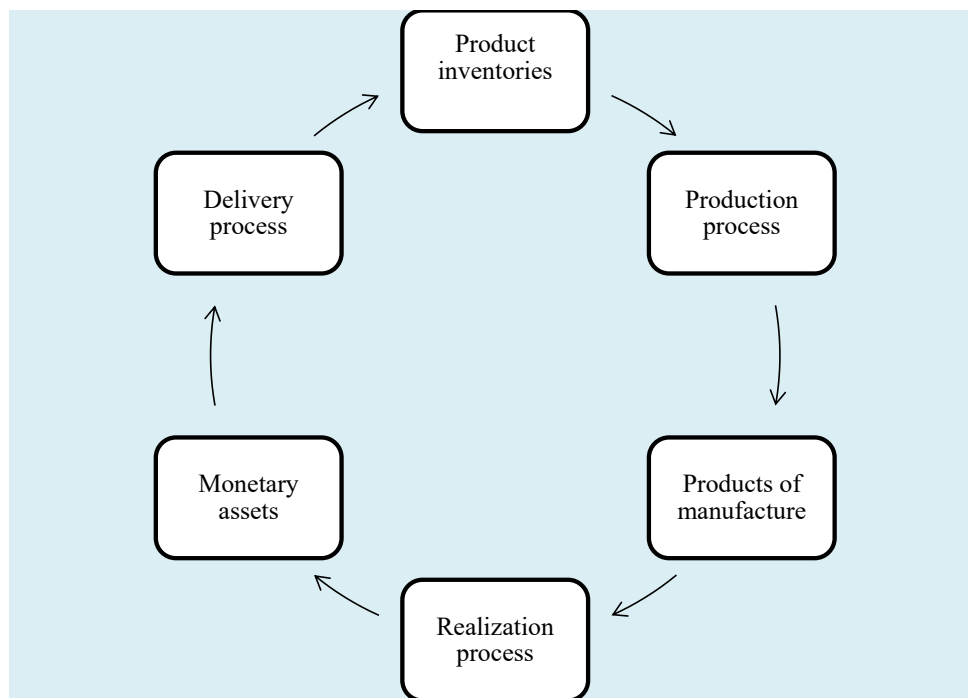


Fig. 1 – Scheme of the working capital turnover

Note. Complies by the author.

as with the consequences that Liabilities arise as a result of effective or ineffective management. A working capital management system based on certain methods is an important component of ensuring the effective operation of enterprises.

Working capital analysis is an important step in the financial analysis of a company. Working capital reflects the difference between current assets and current liabilities and reflects the financial resources that are invested in current assets (such as inventories, accounts receivable) to ensure the operating activities of the enterprise.

In our study, we analyzed the state of current assets of Zaporizhstal PJSC (табл. 2).

During 2021-2023, PJSC «Zaporizhstal» underwent significant changes in its financial position. Non-current assets decreased significantly, especially in 2023, which may indicate the sale of assets or their revaluation. On the contrary, current assets increased in 2023 after a decline in 2022, which may indicate an increase in operating activities. Total assets (balance sheet) decreased in 2022 but recovered in 2023. Equity has been decreasing for three

years, which may indicate a decrease in profitability or an increase in liabilities.

Working capital management requires the cooperation of all business units (finance, procurement, sales, logistics...) Insufficient working capital can lead to insolvency, loss of counterparty confidence, and even bankruptcy. Excessive levels lead to unjustified expenses and reduced profitability. Therefore, for effective working capital management, it is necessary to ensure optimization of all components (Fig. 2).

Thus, an integrated and flexible approach to working capital management will allow the company to maintain financial stability and increase the efficiency of its operations.

In light of the rapid pace of technological development and growing competition, companies need to constantly update their working capital management strategies and implement new approaches and innovative solutions. In this context, we propose the following approaches (Fig. 3).

These approaches will allow companies to optimize the use of their working capital, reduce financial risks, and

Table 2 – Financial condition indicators of PJSC "Zaporizhstal" for 2021-2023

	2021 (in thousands of UAH)	2022p. (in thousands of UAH)	2023p. (in thousands of UAH)
Non-current assets	25 201 278.00	22 600 343.00	5 147 796.00
Current assets	51 425 691.00	46 796 743.00	55 847 755.00
Non-current assets held for sale and disposal groups	265.00	267.0	267.00
Balance sheet	76 627 234.00	69 397 353.00	77 617 483.00
Shareholders' equity	44 215 015.00	39 845 700.00	36 721 228.00

Source: compiled by the author based on [12, 13, 14].

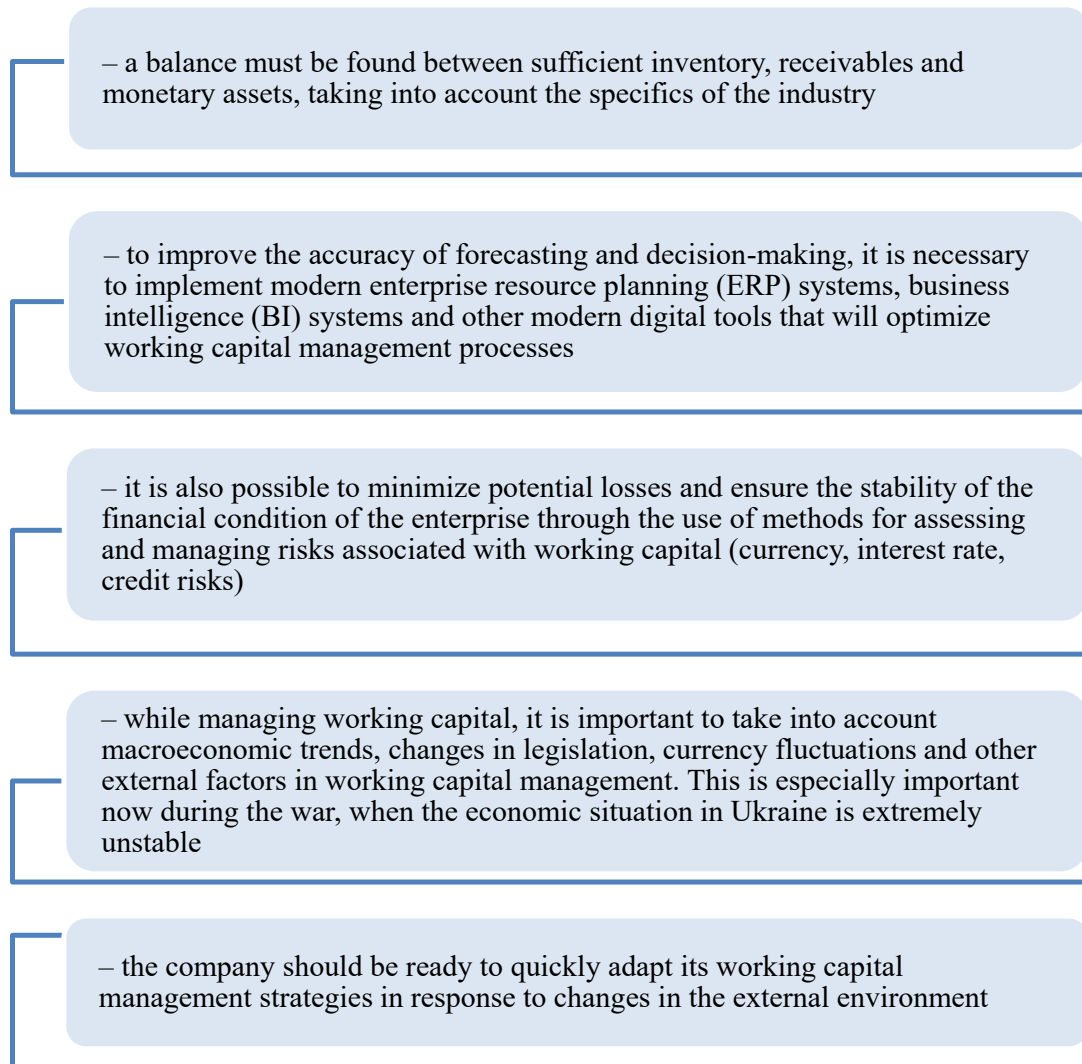


Fig. 2 – Effective working capital management components

ensure the stability of their financial position, which contributes to their success and competitiveness.

Conclusions

Identification of working capital sources, stabilization of its flow and effective management of its components (monetary assets, receivables, inventories, short-term liabilities) are key aspects that affect the financial stability of an enterprise. Working capital management should be viewed as a system that takes into account internal and external factors, as well as the consequences of effective or ineffective management.

Ensuring the economic security of an enterprise requires an integrated approach to managing all types of

resources (labor, material, information), which will allow the company to reduce risks, optimize its operations and ensure sustainability in a competitive environment. Effective working capital management is an important tool for achieving this goal, so it is very important to create an atmosphere in the company where each employee understands their role in ensuring the efficient use of working capital.

In our opinion, the implementation of our proposed approaches will allow an enterprise to turn working capital management into a powerful strategic tool that ensures not only economic security but also sustainable development even in conditions of instability and crisis.

The use of artificial intelligence and data analytics	Use of machine learning algorithms to predict changes in demand for goods and services, which will allow for more efficient inventory management.
	Automation of customer lending decision-making processes based on the analysis of their creditworthiness and payment history.
Ecologically oriented approaches	The concept of "green" logistics management, which involves minimizing emissions and reducing the cost of transporting goods should be used.
	Shifting to environmentally friendly alternative materials and packaging to reduce negative environmental impact and optimize costs.
Flexible financial management	Introduce flexible financing methods, such as crowdfunding or peer-to-peer loans, to quickly raise additional funds when needed.
	Developing flexible financial strategies that allow us to respond quickly to changes in the internal and external environment.
Creating digital platforms and ecosystems	Developing digital platforms for cooperation with suppliers and customers to optimize the supply chain and reduce the turnover time of goods.
	Creating ecosystems where different companies can share resources and services to optimize working capital management.
Process automation	Implementation of automated inventory management systems and data collection and analysis processes to effectively control working capital.
	Development of software for automatic monitoring and management of accounts payable and receivable.

Fig. 3 – Working capital management approaches

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