ANALYSIS OF METHODOLOGICAL APPROACHES TO THE ASSESSMENT OF ECONOMIC SUSTAINABILITY OF THE ENTERPRISE

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In the current crisis of management, many domestic enterprises are on the verge of survival. Therefore, the issue of creating conditions to ensure the economic stability of enterprises, assessing its level, which will determine in advance the main factors contributing 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 stability of the enterprise includes the definition and evaluation of partial indicators and the integrated indicator. It is established that the assessment of the level of economic stability of the enterprise based on the analysis of the dynamics of a limited number of indicators does not take into account its systemic nature, and therefore has significant limitations. In a significant part of the proposed methods is not allocated and does not quantify the impact of threats on the level of economic stability of enterprises. Therefore, it is advisable to take into account the degree of risk of transition from a satisfactory financial condition to a state of financial crisis in terms of relevant factors. In the considered approaches to an estimation of a level of economic stability of the enterprise, the main attention is paid to retrospective and current measurement that does not give the full information on prospects of development of the enterprise. It has been found that many researchers suggest taking into account too many levels of indicators to assess the level of economic sustainability of enterprises, so it is difficult to define clear boundaries. It was found that a number of authors to assess the level of economic stability of the enterprise proposes to take indicators that are directly related to each other, along with the main – secondary indicators. The application of such proposals in the practice of management can lead to erroneous decisions.

АНАЛІЗ МЕТОДИЧНИХ ПІДХОДІВ ДО ОЦІНКИ ЕКОНОМІЧНОЇ СТІЙКОСТІ ПІДПРИЄМСТВА

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Ключові слова:
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У сучасних кризових умовах господарювання багато вітчизняних підприємств перебувають на межі виживання. Тому актуальним є питання формування умов для забезпечення економічної стійкості підприємств, оцінки її рівня, що дозволить завчасно визначити основні чинники, що сприяють поліпшенню такого процесу з метою розроблення і реалізації відповідних заходів. Обґрунтовано, що алгоритм визначення рівня економічної стійкості підприємства включає визначення і оцінку часткових показників й інтегрального показника. Встановлено, що оцінка рівня економічної стійкості підприємства на основі аналізу динаміки обмеженої кількості індикаторів не враховує системного її характеру, а відтак, має суттєві обмеження. У значній частині пропонованих методів не виділяється і кількісно не визначається вплив загроз на рівень економічної стійкості підприємств. Тому доцільно враховувати міру ризику переходу із задовільного фінансового стану у стан фінансової кризи у розрізі відповідних чинників. У розглянутих підходах до оцінки рівня економічної стійкості підприємства основну увагу приділяють ретроспективному і поточному виміру, що не дає повної інформації про перспективи розвитку підприємства. Встановлено, що для оцінки рівня економічної стійкості підприємств багато дослідників пропонують брати до

уваги занадто багато рівнів показників, тому проблематично визначити чіткі межі їхніх кордонів. Виявлено, що низка авторів для оцінки рівня економічної стійкості підприємства пропонує брати показники, які перебувають у прямому зв'язку між собою, поряд з основними – другорядні показники. Застосування таких пропозицій в практиці господарювання може призвести до прийняття помилкових рішень.

Statement of the problem

At present, the external environment of enterprises is characterized by the destruction of economic ties, the general unfavorable economic situation, political instability of the state, which negatively affects the development of the domestic industry. Under such conditions, ensuring economic stability is a very important task of management and is a prerequisite for security and efficient management of enterprises.

The formation of a system of economic stability is becoming increasingly important, because in market conditions, companies must constantly prevent crises and timely develop and implement measures to prevent bankruptcy, independently determine the range and volume of production, the nature of relations with suppliers and consumers, credit, investment, innovation, dividend policy, etc. In addition, the formation of such a system will allow such entities: to identify on time prone to financial insolvency; develop and implement anti-crisis measures; use available resources effectively; prepare for sudden changes in the external environment; identify the basic needs of the market; identify and use favorable environmental conditions; improve coordination and control. However, despite the presence of a significant number of methodological approaches to assessing the economic stability of enterprises, today there are no clearly defined criteria and a system of indicators based on which effective decisions could be made.

Analysis of recent studies and publications

Such domestic scientists paid in-depth attention to the study of the problem of assessing the economic stability of enterprises as O.A. Matushevska [1], O.M. Smolyakova [2], O.M. Goncharenko [3], S. Ya. Yeletsky [4] and others.

Scientists note that an objective assessment of the economic stability of the enterprise is the basis for making informed management decisions about its operation and development. In their research, they note that each method has its conditions and limits of application. Most scientists believe that determining the level of economic stability of the enterprise should be based on the following algorithm: analysis of partial indicators of economic stability; assessment of economic stability based on an integrated indicator. All researchers point out that there is a direct link between the economic stability of the enterprise with the provision of financial resources, their structure.

Objectives of the article

The purpose of the article is to study methodological approaches to assessing the level of economic stability of industrial enterprises, identifying their advantages and disadvantages and forming conclusions about the feasibility of their use in the practice of assessing the possibilities of functioning and development of corporate structures.

The main material of the research

The economic stability of enterprises is the basis of their efficient management in the long run.

We believe that the most reasonable and complete interpretation of the term «economic stability of the enterprise» is given in the source [1], as a qualitative characteristic of the business entity, which determines the ability of the enterprise through mechanisms of adaptation, resistance, avoidance and recovery in response to changes in internal and external environment to establish a new balance to maintain a balanced process of functioning both within itself and within the environment of its existence.

Sustainability in the economy means the strength and reliability of the economic system, the ability of the system to maintain its properties. Sustainability allows the company to develop, be viable and be able to overcome crises.

An objective assessment of its level is important for the formation of a mechanism for ensuring the economic stability of enterprises. However, science and practice have not yet developed a generally accepted approach to this issue.

O.M. Smolyakova to the system of indicators of economic stability of the enterprise recommends including the following components [2]:

1) cost component: the ratio of product prices to the relevant standards, the level of profitability of products, compliance of product quality with industry standards; growth/decrease rates; costs of product promotion, costs of modernization of production, costs of introduction of new technologies or production of new products;

2) Production component: the utilization of production capacity; the number of new technologies introduced into production; the share of expenditures on machinery, equipment, tools, other fixed assets and capital expenditures related to the introduction of innovations in the total expenditures on innovations; capital adequacy; compliance with the size of the supplied resources and their necessary needs, compliance with the normative value of stocks; the share of employees who improved their skills in the reporting year; share of employees under the age of 50; the share of employees performing scientific and technical work; the degree of depreciation of fixed assets, the share of own equipment in the total number of fixed assets; growth of labor productivity, profitability of fixed assets, return on assets;

3) financial component: coefficient of financial autonomy, coefficient of the structure of long-term deposits, coefficient of financial stability; total coverage ratio, absolute liquidity ratio, current liquidity ratio; fixed capital turnover ratio, receivables turnover ratio, etc.;

4) component of economic stability concerning the stages of the life cycle: initial stability and stability of functioning;

5) the component of the stability of the enterprise in the market includes the following indicators: the ratio between the value of the property and its accounts payable, depreciation ratio, self-financing ratio, level of implementation of plans, level of dynamics of plans, the share of units with independent balance; availability of development funds at the enterprise for each unit, the degree of responsibility for units;

6) the stability of the market of goods and services is proposed to analyze using the following indicators: the share of new products, the coefficient of renewal of the product range; share of warranty service costs; the share of products that have undergone warranty service; economic efficiency of exports, the index of the physical volume of exported products, the rate of return on investment in export operations;

7) the key indicators of economic stability in the market of means of production, according to the scientist, are the following indicators: the growth rate of income from the delivery of the property; the share of property used as collateral for borrowed funds; share of deliveries under direct contracts; the share of violations of supply contracts, the share of receivables in the company's funds.

The disadvantages of this approach, we believe, include the following:

− it does not allow a comprehensive assessment of the economic stability of the enterprise;

− for each component selected a significant list of indicators, to assess the impact of each of which on the formation of economic stability of the enterprise is problematic.

Therefore, the proposals of the scientist will not allow to reasonably assess the economic stability of the enterprise.

Researcher O.M. Goncharenko [3] to study the stability of the enterprise proposes to use a generalized criterion of the following type:

$$K_{uz} = K\,(F_i\,C_i) = C_1 F_1 + C_2 F_2 + C_3 F_3, \qquad (1)$$

where C_i – weights coefficients; F_i – performance indicators of the enterprise; F_1 – the financial condition of the enterprise; F_2 – production activity of the enterprise; F_3 – innovative activity of the enterprise.

The author proposes to set the following weights: C_1=0.33; C_2=0.5; C_3=0.17. The following levels of enterprise stability are classified: 1) crisis state; 2) pre-crisis situation; 3) unstable condition; 4) satisfactory state of stability; 5) steady state bifurcation interval; 6) satisfactory stability; 7) relative stability; 8) stable stability; 9) absolute stability of the state.

In our opinion, the proposed methodological approach to assessing the level of stability of the enterprise has significant shortcomings, namely:

− the author does not indicate why the groups of indicators of financial condition, production and innovation activities are taken, and what partial indicators form each group;

− The proposal to set the proposed size of weights coefficients is unfounded;

− It is questionable to establish nine levels of stability of the enterprise because it is problematic to establish clear boundaries.

Researcher S.Ya. Yeletskykh [4] has developed a methodical approach to quantitative assessment of the level of financial stability of the enterprise, which involves determining the key indicators formed by individual blocks per the criteria of efficiency of property (assets) and liabilities (capital) of the enterprise between all stages of the capital cycle (attraction, placement and use).

All coefficients have a single dimension and should, according to the scientist, grow in dynamics, which allows calculating the integrated assessment for each of the blocks of key indicators and the final indicator of financial stability of the enterprise as their geometric mean.

Each key indicator includes three indicators. Experts establish significance of indicators: 3 points – the most significant; 2 points – less significant; 1 point – does not matter.

The generalization of the received estimations is carried out in an integral indicator taking into account the significance of key indicators for each stage of a life cycle of the enterprise that allows, as the author notes, further to direct administrative actions on a target group of indicators of financial stability.

The scientist offers a methodical approach to qualitative assessment of financial stability of enterprises based on the comparison of some rate indicators that reflect the ratio of growth rates of assets, fixed assets, equity, net income, value added:

Evaluation of key and final indicators, as well as pace indicators, provides an opportunity to diagnose the state of the enterprise (stable, unstable), to determine the development process (controlled or poorly controlled, uncontrolled).

Regarding this approach, in our opinion, it is worth noting its disadvantages:

1) it is not substantiated why the indicators of financial stability of the enterprise include the ratios of solvency, liquidity, business activity, and profitability (loss). There is no explanation as to why such coefficients were selected and their different number for each block;

2) different blocks of indicators include the same indicators. For example, in the block «financial stability» the author includes such indicators as the ratio of current assets to current liabilities and the ratio of own working capital, the calculation algorithm of which is directly related and characterizes not financial stability but liquidity. The total solvency ratio from the «solvency» block is directly related to the two previous indicators that are included in the «financial stability» block

The author has made a mistake in the formula of the current liquidity ratio («liquidity block»), which she shows as the ratio of working capital to current liabilities. Based on this formula, it is obvious that the normative value of such an indicator cannot be in the range of 1–1.5, as the scientist writes, but much lower, even with a negative sign;

3) it does not explain why the calculation integral indicator of financial stability ratios must necessarily increase in dynamics;

4) in the proposed approach to qualitative assessment of the financial stability of enterprises based on comparing some tempo indicators, not based on the revision of the growth rate of fixed assets in comparison with the growth rate of enterprise assets. To do this, accelerate the growth of current assets will be less than the time of increase in fixed assets, which is not allowed due to the deterioration of liquidation and solvency of the enterprise.

Therefore, the objectivity of assessing the financial stability of the enterprise when applying the analyzed methodological approach will be questionable.

Author F.M. Safin [5] proposes to use three groups of indicators to assess the economic stability of industrial enterprises: solvency (current liquidity ratio, a ratio of own working capital, a risk ratio of raider capture, solvency loss ratio, bankruptcy risk ratio, current solvency ratio, general solvency ratio), ratio financial stability (capitalization ratio, financing ratio, autonomy ratio, financial stability ratio, financial leverage, Beaver's ratio), indicators that take into account industry specialties (consolidated consumer price index, price index for basic products, risk factor for entering the shadow economy, ratio of product innovation, price index for non-basic products).

The scientist focuses on the following conditions:

− effective stability of the enterprise is achieved when the basic indicators are kept by it for a long time and the time factor is decisive in the analysis of indicators of stability;

− basic indicators of economic stability of the enterprise must meet or exceed the average values of the relevant indicators in the industry.

The author distinguishes a four-stage level of stability: a high level of stability; an average level of stability; a low level of stability; a zone of economic instability. The common line of demarcation between the zones of stability and the zone of instability is the break-even point.

We believe that concerning this methodological approach to measuring and assessing the level of economic stability of the enterprise should make the following comments:

1) separate indicators of solvency and financial stability are quite closely interrelated, which can lead to erroneous conclusions and unreasonable decisions. For example, when calculating the ratios of own working capital and current solvency, the same baseline indicators are used, namely: current assets and current liabilities;

2) the author does not explain why the proposed indicators were chosen to measure and assess the level of economic stability, and what is the algorithm for calculating the overall indicator;

3) it is not explained for what purpose the indicator of the price index for non-basic products is taken;

4) from the research of the scientist it is not clear why the time factor is decisive in the analysis of stability indicators;

5) the author argues that the common line of demarcation between the zones of stability and the zone of instability is the break-even point. It turns out that an enterprise that has reached the minimum level of profitability is economically stable, which is wrong.

Thus, this approach, in our opinion, does not allow to objectively determining the level of economic stability of the enterprise, and its application in practice can lead to unreasonable conclusions and erroneous management decisions.

Conclusions

The analysis of scientific works on the studied problem shows that the economic stability of enterprises is the basis of their efficient management in the long run. The disadvantages of the proposed methodological approaches to assessing the level of financial stability of enterprises include the following: for each component that forms financial stability of the enterprise selected a significant list of indicators to assess the impact of each on its formation is problematic; questionable proposal to establish too many levels of stability of the enterprise because it is problematic to establish clear limits of their borders; the proposals concerning the general line of demarcation between the zones of stability and the zone of instability based on the break-even point are unfounded. Herewith financial stability of the enterprise should provide the minimum necessary level of profitability of its activity; in the considered approaches to an estimation of a level of enterprise financial stability, basic attention is paid to an estimation of its level in retrospective and current dimension. None of the proposed methods provides complete information about the prospects for enterprise development.

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