

	ECONOMIES' HORIZONS Економічні горизонти DOI: doi.org/10.31499/2616-5236 Homepage: http://eh.udpu.edu.ua		ISSN 2522-9273 (print) 2616-5236 (online)
---	--	---	--

UDC 658.5:338.124.4:330.131.5

DOI: 10.31499/2616-5236.1(19).2022.259393

Kulich Hanna Petrivna,

PhD in Economics,

*Professor of the Department of Corporate Finance and Controlling,
Kyiv National Economic University named after Vadym Hetman*

Chepka Viktoriia Vitaliivna,

PhD in Economics, Associate Professor,

*Associate Professor of the Department of Corporate Finance and Controlling,
Kyiv National Economic University named after Vadym Hetman*

Gavrilenko Julia Oleksandrivna

Financial economist, JSC "Kyivmedpreparat"

FINANCIAL STATUS OF AN ENTERPRISE: FACTORS AFFECTING IT ФІНАНСОВИЙ СТАН ПІДПРИЄМСТВА: ФАКТОРИ, ЩО ВПЛИВАЮТЬ НА НЬОГО

Анотація. У статті узагальнено підходи до визначення сутності фінансового стану підприємства в наукових роботах вітчизняних та іноземних фахівців. Доведено, що фінансовий стан підприємства не можна розглядати як незалежний стан, а навпаки, як положення суб'єкта господарювання, де його діяльність залежить від значної кількості чинників і факторів.

Встановлено важливість оцінки фінансового стану підприємства в часи пандемії COVID 19, так як існуючий інструментарій оцінки фінансового стану дозволяє прослідковувати основні прояви позитивних та негативних тенденцій. фінансових показників з метою раннього попередження можливої кризи. Здійснено детальну класифікацію та охарактеризовано фактори впливу на фінансовий стан підприємства. Встановлено відсутність єдиного підходу до класифікації факторів та побудови цілісної системи. При класифікації факторів найдоцільніше здійснювати поділ залежно від можливості впливу на них підприємства, а саме на: внутрішні, що включають операційні, інвестиційні, фінансові та зовнішні.

Визначено основні фактори внутрішнього середовища. Це допоможе виокремити фактори, на які підприємство має вплив та розробити заходи щодо нівелювання негативного впливу, й фактори на які підприємство вплинути ніяк не зможе, але має враховувати при розробці фінансової та інвестиційної стратегії. Доведено, що з точки зору управління факторами, суттєвий вплив на фінансовий стан підприємства мають фактори внутрішнього та зовнішнього середовища. Це допоможе виокремити ризики на які підприємство не впливає, проте може хеджувати.

***Abstract.** The article summarizes the approaches on definition of the essence of the financial status of the enterprise in the scientific works of national and foreign experts. A detailed classification is made as well as influencing factors on the financial condition of the enterprise are described. The absence of an unified approach to the classification of factors and building of holistic system are established. It is proved that from the point of view of factor management, factors of internal and external environment have a significant impact on the financial condition of the enterprise. Which will help to identify risks that the company does not affect, but can hedge.*

***Key words:** financial condition, commission agents(influences), factors, market environment, internal environment, external environment.*

фінансовий стан, комісіонери (впливи), фактори, ринкове середовище, внутрішнє середовище, зовнішнє середовище

1. Introduction

In the conditions of market economy in general and at the present stage of development of market relations in Ukraine, in particular, the requirements for making effective management decisions by enterprises are increasing. And their effectiveness depends on an objective, timely and comprehensive assessment of the financial condition of the enterprise.

The importance of assessing the financial condition of the company during the COVID 19 pandemic is difficult to overestimate, as the tools for assessing the financial condition allows you to track the main manifestations of positive and negative trends in financial indicators in order to consider anti-crises programs in terms of their effectiveness.

The study of financial condition, first of all, allows to assess the property status of the enterprise, the ability to repay liabilities to lenders, the adequacy of working capital for operating activities and long-term investments, the need for additional funding, ability to increase capital, rationality of raising and using borrowed funds, justification of profit management policy.

It is important that the financial condition of the enterprise characterizes not only the degree of its vital activity, but also reveals the power of factors of its development, allows to identify reserves in order to improve the current situation. Companies must constantly diagnose internal and external factors in order to maintain

market position, form a competitive strategy and prevent crises.

The study of most publications in the scientific literature is devoted to the consideration of methods and models of analysis and evaluation of financial condition and the formation on their basis of the essence of the category of financial condition of the enterprise. Therefore, when analyzing the financial condition of the enterprise it is extremely important to identify and take into account existing and potential factors that affect it.

2. Literature Review

Issues of essence, methodological and applied aspects of assessing the financial condition of enterprises, much attention is paid in the works of foreign and domestic scientists, namely: I.Blank (2011), O.Pavlovskaya (2010), T.Frolova (2011), O.Sheremet (2005), G.Savitskaya (2010), I.Prokopenko (2004), G.Kramarenko (2008), M.Bilyk (2013), M.Demyanenko (2005), M.Korobov (2010), M.Kreinina, Y.Tsal-Tsalko (2009), A.Podderiyogin (2006), O.Krukhmal (2011), O.Bazilinska (2009). Scientists pay considerable attention to the problems and tools of the financial condition of the enterprise. However, special attention should be paid to the diagnosis of factors of internal and external environment that affect the financial condition of the enterprise.

3. Research Objectives

The aim of the article is a critical review of approaches to the essence of the concept of "financial condition of the enterprise", indication of the basic approaches to defining this category and taking into account existing and potential factors that affect it.

4. Results and Discussions

The financial condition of the enterprise indicates the level of rhythmic production, sustainability of demand for goods / services of the entity, the strength of the enterprise in the market, material and technological equipment, the establishment of relationship with partners, the use of innovative technologies, risk in the process of activity, efficiency of financial and economic activity. In general, the financial condition of the company is of interest to various categories of entities whose activities are directly or indirectly related to the company's activities. In particular, such entities include: owners (shareholders), top management, employees, trade unions, suppliers, financial institutions (banks, insurance companies, leasing companies, investment funds, etc.), public authorities, charities organizations.

Paying due attention to the scientific works of scientists who have studied the essence of the financial condition of the enterprise, it should be noted the lack of a single interpretation of this concept (Table 1).

Table 1

Authors' approaches to defining the essence of the concept of "financial condition of the enterprise"

Author	Definition
O.Starch, M.Demyanenko,	The financial condition of the enterprise is a complex concept that reflects the qualitative side of its production and financial activities, characterized

A.Podderogin, Y.Tsal-Tsalko	by the provision of financial resources, and is the result of all elements of external and internal financial relations of the enterprise
O.Pavlovskaya, T. Frolova, I.Blank O.Sheremet	The financial condition of the enterprise is the level of balance of individual structural elements of assets and capital of the enterprise, as well as the level of efficiency of their use.
I.Prokopenko, G.Savitska	The financial condition of the enterprise is an economic category that displays the state of capital in the process of its circulation.
O.Basil, G.Kramarenko, O.Black, M.Korobov, M.White	The financial condition of the enterprise is considered as a set of indicators that characterize the availability, location and use of financial resources of the enterprise.

A more detailed analysis of different approaches of scientists to determine the essence of the financial condition of the enterprise, was covered by us in the article "Financial condition of the enterprise: theoretical foundations" and given the following definition of the concept of "financial condition of the enterprise" it is a system of financial relations characterized by a set of indicators that reflect the availability, efficiency of placement and use of financial resources of the entity, as well as its competitiveness and ability of the enterprise to finance its activities (Chepka V., Sviderskaya I., Gavrilenko Y., 2020, p.99).

The impact on the financial condition of the enterprise has a

significant number of different factors which is a consequence of the variety of business activities and the dynamism of the external environment. The classification of factors allows a deeper understanding of the causes of changes in the studied facts, more accurately assess the place and importance of each factor in the enterprise, allows more clearly identify existing / potential risks and threats and respond to them effectively. However, there is currently no single approach to the classification of these factors and the construction of a holistic system in the scientific literature. The classification of factors studied in the analysis of the financial condition of economic entities on various grounds is shown in Table 2.

Table 2

The classification of factors influencing the financial condition of the enterprise

Classification	Types of factors
By the level of influence	microeconomic factors macroeconomic factors
By the environment of influence	factors of the internal environment of the organization factors of the external environment of the organization
By the possibility of managing and influencing the factors	objective subjective
By breadth / degree of coverage	common specific
By degree of significance	Level I factors (basic)

	Level II factors (derivatives) Level III factors (detailing)
By the direction of influencing the analyzed indicator	directly proportional inversely proportional
By the time of impact	permanent temporary
By the degree of influence on the results of the enterprise	primary secondary
By the nature of the impact	intense extensive
By the method of determination	direct estimated
By the properties of the phenomena and processes displayed	quantitative qualitative

Source: compiled by the author according to Khachatryan.(2011)

In our opinion, from the point of factors of influence management, strengthening / weakening their influence on a financial condition of the enterprise it is expedient to analyze groups of factors regarding a classification criteria "by the market environment": factors of internal and

external environment of the enterprise (fig. 1). Factors of external and internal influence, depending on the characteristics of financial and economic activities of the enterprise can have different effects, both positive or negative

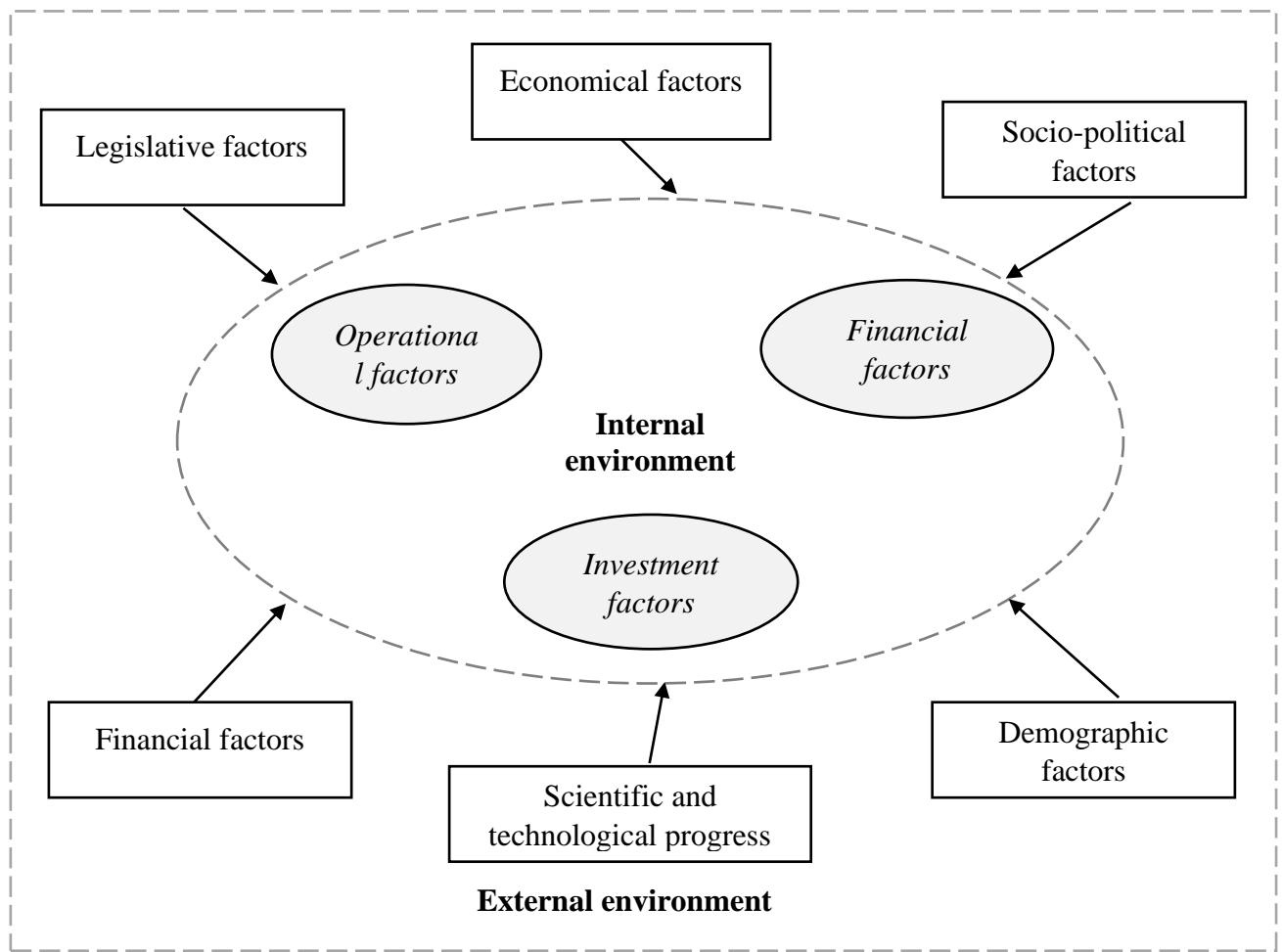


Fig. 1. Factors influencing the internal and external environment on the financial condition of the enterprise

The main factors of the internal environment, dependent on the activities of the enterprise, can be defined, namely:

operating:

- irrational organizational structure of enterprise management (does not ensure rapid effective decision-making);
- ineffective marketing;
- inefficient structure of current costs (high share of fixed costs);
- low level of use of fixed assets; high size of insurance and seasonal stocks;
- qualification of the company's staff;

investment:

- inefficient stock portfolio;
- high duration of construction and installation works;

- significant overspending of investment resources;
 - failure to achieve the planned amount of profit on implemented real projects;
- financial:
- ineffective financial strategy; inefficient structure of assets (low liquidity);
 - excessive share of borrowed capital;
 - high share of short-term sources of borrowed capital;
 - increase in receivables;
 - high cost of capital;
 - exceeding the allowable levels of financial risks (Obelnytska H., 2012, p.5).

Among the environmental factors that are independent from the enterprise next can be distinguished:

- 1) legal (compliance with economic requirements, licensing of activities, restrictions on certain activities, ensuring proper working conditions);
- 2) economic (per capita income, tax policy, inflation, competition, investment climate, the state of the economy);
- 3) socio-political (socio-political stability, foreign economic policy of the state, the effectiveness of economic relations, changes in export and import conditions, antitrust policy);
- 4) financial (interest rate, credit policy, monetary policy, enterprise insurance);
- 5) demographic (population size and composition, standard of living, population preferences);

6) scientific and technological progress (international competition, innovation process) (Obelnytska H., 2012, p.4). It is obvious, that the factors of the external environment can not actually be influenced by the enterprise, but the entity can minimize their impact on operations and be prepared for their occurrence. This requires continuous identification of existing/potential environmental risks, their assessment, development and implementation of measures to help reduce the negative impact. At the same time, when identifying and evaluating these factors, it is necessary to take into account such characteristics of the external environment as: the speed of change, the interdependence of factors, limited information, etc. (Fig. 2).

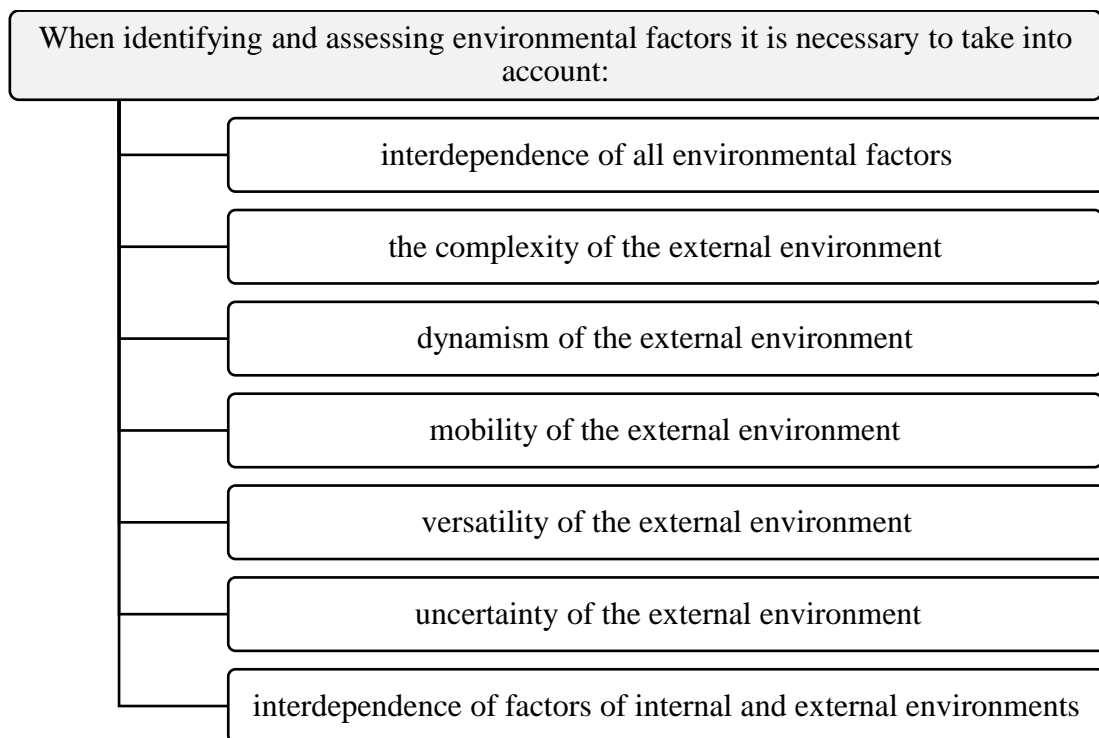


Fig. 2 Characteristics of the external environment of the enterprise
Source: compiled according to Dziuba S. (2012), p.148

5. Conclusions

In summary, it can be noted that the financial condition of the enterprise in any case can not be considered as an

independent state, it is the position of the entity, where its activities depend on a significant number of factors and commission agents that must be able to

identify, investigate, analyze and correctly predict.

In our opinion, when classifying factors, it is most appropriate to make a division depending on the possibility of influencing them by enterprises, namely: internal, including operational, investment, financial and

external. This will help to identify the factors that the company has an impact on and develop measures for such an impact, and factors that the company will not be able to influence, but will be able to prematurely hedge these risks and be prepared for them.

References

- Bazilinska O. (2009), *Finansovyi analiz: teoriia ta praktyka* [Financial analysis: theory and practice: textbook for students.], Kyiv, Center for Educational Literature, 328 p.
- Bilyk M. (2013), *Finansovyi stan pidpriemstva: teoriia, metodyka, Formuvannia rynkovykh vidnosyn v Ukraini* [Financial state of the enterprise: theory, methods, Formation of market relations in Ukraine], № 5, 86–92 p.
- Blank I. (2011) *Upravlinnia finansovymy resursamy pidpriemstva* [Management of financial resources of the enterprise: textbook], Elga, 574 p.
- Chepka V., Sviderskaya I., Gavrilenko Y. (2020) *Finansovyi stan pidpriemstva: teoretychni osnovy, Investytsii: praktyka ta dosvid* [Financial condition of the enterprise: theoretical bases, Investments: practice and experience], № 19-20, 96-102 p. <http://www.investplan.com.ua/?op=1&z=7182&i=14>
- Demyanenko M. (2005) *Finansovyi slovnyk-dovidnyk* [Financial dictionary-reference book], IAEUAAN, 507 p.
- Dziuba S. (2012), *Zahalna kharakterystyka zovnishnoho seredovyshcha funktsionuvannia pidpriemstva, Aktualni problemy ekonomiky* [General characteristics of the external environment of the enterprise, Actual problems of economy], 144–156 p.
- Frolova T. (2011), *Finansovyi analiz: navchalno-metodychnyi posibnyk dlia samostiinoho vyvchennia* [Financial analysis: a textbook for independent study] University Press, 253 p.
- Khachatryan V. (2011) *Faktory, shcho vplyvaiut na finansovyi stan pidpriemstva* [Factors influencing the financial condition of the enterprise], Scientific review. <http://intkonf.org/ken-hachatryan-vv-usova-ls-faktori-scho-vplyvayut-na-finansoviy-stan-pidpriemstva/>
- Korobov M. (2010), *Finansy promyslovykh pidpriemstv* [Finance of industrial enterprises: textbook. for students. econ. universities and faculties], Lybid, 160 p.
- Kramarenko G. (2008) *Finansovyi analiz* [Financial analysis], Kyiv, Center for Educational Literature, 392 p.
- Krukhmal O. (2011) *Antykryzove upravlinnia v zabezpechenni finansovoi stiihosti bankivskoi systemy* [Anti-crisis management in ensuring the financial stability of the banking system: textbook], Sumy: UABS NBU, 198 p.
- Obelnytska H. (2012), *Teoretychni osnovy analizu finansovoho stanu pidpriemstv yak element upravlinnia korporatyvnymy finansamy* [Theoretical foundations

of the analysis of the financial condition of enterprises as an element of corporate finance management , Collection of scientific works SWorld. Proceedings of the International Scientific and Practical Conference ["Prospective Innovations in Science, Education, Production and Transport"], (Odessa, June 14-15, 2012). Issue 2. Volume 20], Odessa, KUPRIENKO, 3 – 7 p.

Pavlovskaya O. (2010), *Finansovyi analiz: navchalno-metodychnyi posibnyk dlia samostiinoho vyvchennia* [Financial analysis: a textbook for independent study], KNEU, 388 p.

Podderiyogin A. (2006), *Finansy pidpriemstv pidruchnyk* [Finance of enterprises textbook], KNEU, 6th ed., 552 p.

Prokopenko I. (2004), *Kurs ekonomichnoho analizu: pidruchnyk dlia studentiv* [Course of economic analysis: a textbook for university students], Kharkiv, Legas, 266 p.

Savitskaya G. (2010), *Ekonomichnyi analiz diialnosti pidpriemstva* [Economic analysis of the enterprise: textbook], KNEU, 662 p.

Sheremet O. (2005), *Finansovyi analiz* [Financial analysis], Condor, 196 p.

Tsal-Tsalko Y. (2009), *Finansovyi analiz* [Financial analysis: textbook], Center for Educational Literature, 566 p.

How to Cite:

Kulish , H. P. ., Chepka , V. V., & Gavrilenko , J. O. FINANCIAL STATUS OF AN ENTERPRISE: FACTORS AFFECTING IT. *Economies' Horizons*, (1(19), 4–12. [https://doi.org/10.31499/2616-5236.1\(19\).2022.259393](https://doi.org/10.31499/2616-5236.1(19).2022.259393)