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FINANCIAL POTENTIAL: STRATEGIC MANAGEMENT IN CONDITIONS OF ECONOMIC RISK

Monograph

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In the monograph the scientific substantiation of the theoretical positions of enterprises financial potential under the influence of economic risks is conducted. A methodological approach and practical principles for their management and consistency in assessing the level of financial potential influenced by economic risks are developed. Three levels of financial potential are identified: high, medium and low, and its profile is compiled for each industrial enterprise. A methodical approach to the study of economic risks is proposed, organizational support of strategic management that involves the interests of stakeholders is developed and supplemented.

Recommendations on managing the financial potential of an industrial enterprise are of practical nature and can be used in the production activities of industrial enterprises.

This collective monograph will be useful for senior students of higher education institutions, masters, postgraduates and young scientists, who are investigating the question of financial potential of industrial enterprises under the influence of economic risk.

CONTENTS

INTRODUCTION

In modern market conditions, in order to achieve, maintain and expand their competitive positions in the market, industrial enterprises must respond to all changes that occur around them (external and internal) and implement the necessary measures to improve their financial potential. In this connection, it is necessary to increase production volumes, to use labor, production and material resources rationally, taking into account new social needs and their most important factors, and to ensure constant dynamics of own financial potential growth.

The implementation of production and reproduction processes, the implementation of its own strategy on the market, the development of the enterprise as a holistic system, capable of producing goods and providing services, requires labor, industrial, informational, investment and financial resources.

Therefore, the financial potential can be distinguished as a poly structural system, which is determined by: the amount and quality of its available financial resources; the opportunities of financial management of the enterprise to optimally use available resources of educational, qualification, psychophysiological and motivational potential; the opportunities of the enterprise to transform information resources for exploitation in commercial, production and managerial activities; opportunities of the enterprise to develop innovations and renew the technical and technological base of production, new competitive products modernization through the use of modern methods and forms of management of economic processes; financial opportunities for attracting funds in which the company lacks, that is creditworthiness of internal and external debts.

The financial potential of an enterprise cannot exist apart from the micro and macro levels as they are in a state of mutual conditionality, consistency, needs and availability of resources, possible rate of their mobilization in the financial market. Different levels of financial potential have different rates of accumulation and turnover, different sources of content and directions of use.

Financial potential combines spatial and temporal characteristics and simultaneously concentrates three levels of relations on the development of the enterprise in the past, present and future.

Financial potential reflects the past as a set of properties accumulated by the system in the process of its formation and such properties that make it possible for it to function and develop. In this regard, the concept of "financial potential" practically acquires the characteristics of the "financial resources" concept.

Secondly, financial potential characterizes the level of practical application and use of available opportunities. It stipulates and determines differentiation of implemented and partly unimplemented possibilities of enterprises. According to this statement, "financial potential" is separately equated with "financial resources". Characterizing the structure of the potential from that part, it should be noted that, on the one hand, the structural elements of the potential, which are not implemented, stimulate to reduce the efficiency of its functioning, and on the other hand, the "additional" reserve of forces and abilities of workers provides mobility and flexibility in the development of the system to changing working conditions. Thirdly, financial potential is development-oriented (in the future).

Of deeper interest is the determination and study of a multispectral analysis of sources, development of factors and the potential structure, where together with the resource element other elements of the structure are considered that provide a more complete description of the potential composition element. Thus, elements of enterprise potential include everything related to the functioning and development of the enterprise, but its place in the overall potential of the enterprise with the differentiation of its object and subject components is related to the material and substantive and individual form of enterprises potential. Likewise, financial potential is part of the overall economic potential of an enterprise, since on the one hand it is related to production potential and on the other hand it is related to reproduction potential. The production potential becomes significant because of its components, which directly influence the financial potential, namely: the fixed assets potential; working capital potential; intangible assets potential.

Industrial enterprises, their competitive activity in the market and obtaining maximum profit cannot function without effective management of their financial potential and considering the impact of economic risks on them, which in turn gives ability of enterprises to identify and estimate the lack of profit, to maintain market share and prevent possible losses. This situation is possible under condition of effective risk management system, which is caused by adaptation of domestic enterprises to the international business conditions. Taking this into account, it becomes relevant to identify the most typical forms of the financial management services organization and estimation of the level and uncertainty of economic risks of industrial enterprises activities. The basis of economic risks quantitative estimation for financial potential management of industrial enterprises it is advisable to put the method that is used in conducting audits, that is estimation of risks of enterprise economic activity. The use of this method, as well as the result of qualitative analysis, will allow to conduct a comprehensive assessment of risks of financial and economic activities of enterprises.

Since the basis for the normal functioning of any enterprise is the availability of sufficient financial resources that provide the opportunity to meet the needs of the enterprise to implement the current activities and further development, financial potential is characterized as a set of primary cash income received on the territory of the entity, including the business entities profit and wages employed by economic activity. Financial potential should also include financial resources that are actually at the disposal to the enterprise and are used for the development of production and infrastructure (including the implementation of investment programs). Thus, the financial potential of an enterprise is determined primarily by its financial condition, the main component of which is the presence of account receivable.

The surplus of an enterprise's account receivable over its accounts payable means that the financial potential of the enterprise is actually higher than it appears from the profit and loss statements, and in case of the non-payment problem resolving it will increase by an amount proportional to the overdue debt balance. At the same time, the main task in the process of managing the financial potential of the enterprise is to harmonize its cash flows. To accomplish this, each enterprise must implement a financial plan for its activities, identify the need for external funding sources for the development of input and output management measures and predict possible future actions.

A great input in managing the financial potential of industrial enterprises and the impact of the economic risk factor on it was made by such economists as: Arefyeva O.V., Vitlinskyy V.V., Vorotina L. I., Amosha, O.I., Babich V.P., Bazylevych V.D., Belolipetsky V.G., Blank I.A., Bersutsky Y.G., Vasilik O.D., Grineva V. M., Zagorodny A.G., Zanga V.B., Ivanova M.I., Kizima O.M., Kovaleve V.V., Klebanova T.S., Krasnokutska N. S., Layko P.A., Lepa L.L., Oparin V.M., Orlova P.A., Ponomarenko V.S., Pushkar O.I., Rudenko L.V., Stoyanova O.S., Trydid O.M., Khudoliy L.M., Shevchenko D.K., Shelegheda B.G. and others.

The monograph presented industrial enterprises, because industrial enterprises occupy one of the most important places in the structure of Ukrainian economy. Therefore, an actual problem is the research, study and implementation of such strategic management of financial potential into practice, the use of which, with the minimization of the existing economic risk, would make it impossible to create a crisis state, lack of financial resources, and would facilitate the future improvement of industrial enterprises.

The monograph includes generalization and the development of theoretical approaches and methodical bases on the financial potential management of industrial enterprises, the provisions and practical principles of financial potential management, as well as recommendations on improving the effectiveness of financial potential management of enterprises with admissible risk that in the future will ensure the balanced use of finance resources. Also, to a certain extent the problem of the optimality of interaction of control system elements of industrial enterprises is substantiated and their practical significance is proved.

In addition, the following acquires practical significance: substantiation and approbation of recommendations on management of financial potential of industrial enterprises with the help of strategic management mechanism using the key strategies of enterprises; research of methods of economic risks determination in management of financial potential of industrial enterprises; determination of the enterprises financial potential level estimation through the technology of its sequence with the further positioning on matrix of key strategies; development of organizational strategies support of financial potential of industrial enterprises through interests of stakeholders and formation of stakeholders pyramid of interests.

Therefore, the problem of managing the financial potential of the enterprise remains very relevant, as it requires constant addition of the constituent elements that determine a mobile and effective response to all changes occurring in the economy of the country, and thus affect the activities of the enterprise itself. Management of financial potential of enterprises under influence of economic risks taking into account economic relations and connections allows to consider conditions of development of the enterprises through a set of financial resources and opportunities of enterprise and to provide a certain strategic direction of enterprise development and balanced use of available resources. The solving of these problems determines the introduction of an effective system of management of financial potential of industrial enterprises on the basis of development of fundamentally new approaches to the definition of the role and position of management of financial potential in the conditions of uncertainty and dynamism of the external economic environment.

CHAPTER 1
THEORETICAL FUNDAMENTALS OF ENTERPRISE FINANCIAL POTENTIAL MANAGEMENT

1.1. The essence and structure of enterprises financial potential.

The term "potential" (from Latin "Potentia" – power) means the ability to perform work (Vedenskii, 1978b). The categories of "potential", as an exponent of integrated properties of objects, quite reasonably assigned an important place in various directions of scientific knowledge.

The concept of "potential" in its etymological sense comes from the Latin word "potentia" and means "hidden possibilities", which in the economic practice through work can become a reality (Vedenskii, 1978b). In modern domestic and foreign economic literature the term "potential" is interpreted as opportunities, resources, available forces and assets that can be used. According to the modern explanatory dictionary of the Ukrainian language, the term "potential" means "hidden abilities, forces of any activity, that may appear under certain conditions".

The concept of "potential" in the Great Encyclopedic Dictionary is considered in two aspects (Vedenskii, 1978b) (Fig.1.1).

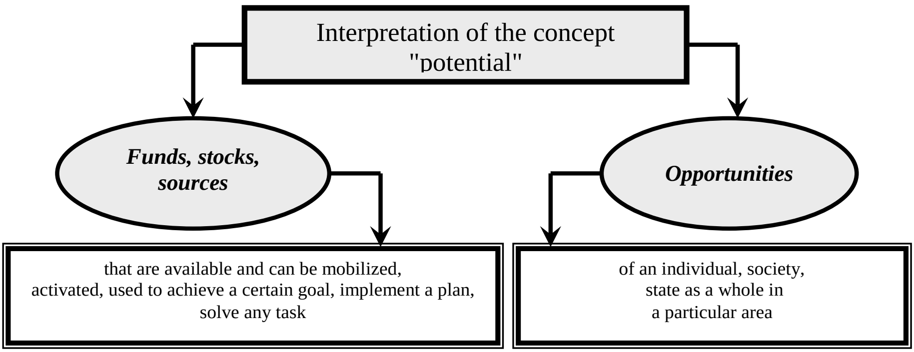


Fig. 1.1. Interpretation of the concept "potential" in a Great Encyclopedic Dictionary

Source: structured by the author on the basis of the (Vedenskii, 1978b).

From the above definitions and concepts, the positions are clearly traced, the potential is not just an indicator that reflects the condition of the object, but also the essence of the methodological fundamentals of real processes and phenomena. Such systematization of concepts allows to reflect adequately not only certain situations or relations, but also processes along with trends of their development. The evolution of scientists' interpretation of the term "potential" in the economy with reference to the authors and the time period of research are presented in *Table 1.1*.

Table 1.1

Evolution of interpretation by scientific thought of term "potential" in economy

Author	Year	Definition
Voblyy K.H.	1924	The potential of production forces is the country's potential opportunity to produce material possessions to meet the needs of the population.
Veyts V.	1927	Potential production forces are not only material elements, but also certain material conditions under which the production process is carried out.
Strumylin S.H	1954	Economic potential is the aggregate of work production force of all able-bodied members of society.
Nemchynov V.S.	1967	Potential of expanded production is the resource potential of the national economy for economic growth.
Anchyshkin O.I.	1973	Production potential is a set of resources that, in the process of production, take the form of production factors.
Abalkin L.I.	1981	Potential is a generalized combined resource characterization attached to place and time.
Arkhangelskiy V.N.	1983	Potential is available funds, stocks, sources and can be mobilized to achieve a specific goal or objective.
Repina I.M.	1998	Entrepreneurial potential is a set of resources (labor, material, technical, financial, innovation, etc.), skills and abbilities of managers, specialists and other categories of personnel in the production of goods, services (works), obtaining maximum income (profit) and ensuring sustainable operation and development of the enterprise.
Oleksyuk O.I.	2001	The potential of the enterprise is the maximum possible set of active and passive, obvious and hidden alternatives (opportunities) of qualitative development of social and economic system of the enterprise in a certain economic environment (situational-market component) taking into account resource, structural-functional, time, socio-cultural and other limitations.

Source: structured by the author based on literary records.

The analysis of interpretations of the term "potential" given in Table 1.1 shows certain dynamics in reflecting the essence and components of this concept. Originally, scientists Voblyy K.H.. and Veyts V. paid more attention to purely material conditions in which the production process is carried out. This approach was determined by the beginning of the industrialization period and the concentration of attention on this very narrow resource The next stage of the economic thought development was the highlighting by Abalkin L.I. and Arkhangelskiy V.N. of the "pure potential" and the expansion of its content to the peculiarities of place, time and a certain purpose of resources use.

With the development of market relationships it became possible to more freely use the human factor in the formation and use of potential, so there is a need to use the "entrepreneurial potential of the enterprise". It can include not only resources and opportunities, but also the management ability to timely react to the needs of the market and quickly form the internal facilities of the enterprise. It is exactly the dynamics of the market environment that made it necessary to consider the potential of the enterprise, or market potential of the enterprise (Krasnokutska, 2005) in tactical and strategic aspects. This can be explained by the limited availability of all types of economic resources, as well as possible rapid changes in demand and supply due to stronger competitors entering the market.

The definition of features of the concept "potential" is important both scientifically and practically, since the definition of this category determines the appropriate technology for its level assessment, measurement and management.

Precisely the multiplicity of the essence of potential manifestation in terms of its evaluation, assessment, complexity, regulation, the presence of internal and external factors for the formation and use of potential requires a multi-level classification of various attributes, which allows more flexibility for its development in the current market conditions.

The general classification of types of potentials by various features is shown in Fig.1.2 [summarized by the author].

In modern changing market conditions, the focus on the advantages of planning on strategic development of enterprise potential is a prerequisite for its viability.

In this regard, according to Ansoff I., the concept of strengths and weaknesses should be redirected to the concept of organizational potentials with an emphasis on the potential of general - corporate management. The researcher considers the following range of potential opportunities: production, marketing, finance and other functional components, scientific research and experimental works and general corporate management skills (management of development, diversification, expansion through acquisition of other companies, staff management, etc.).

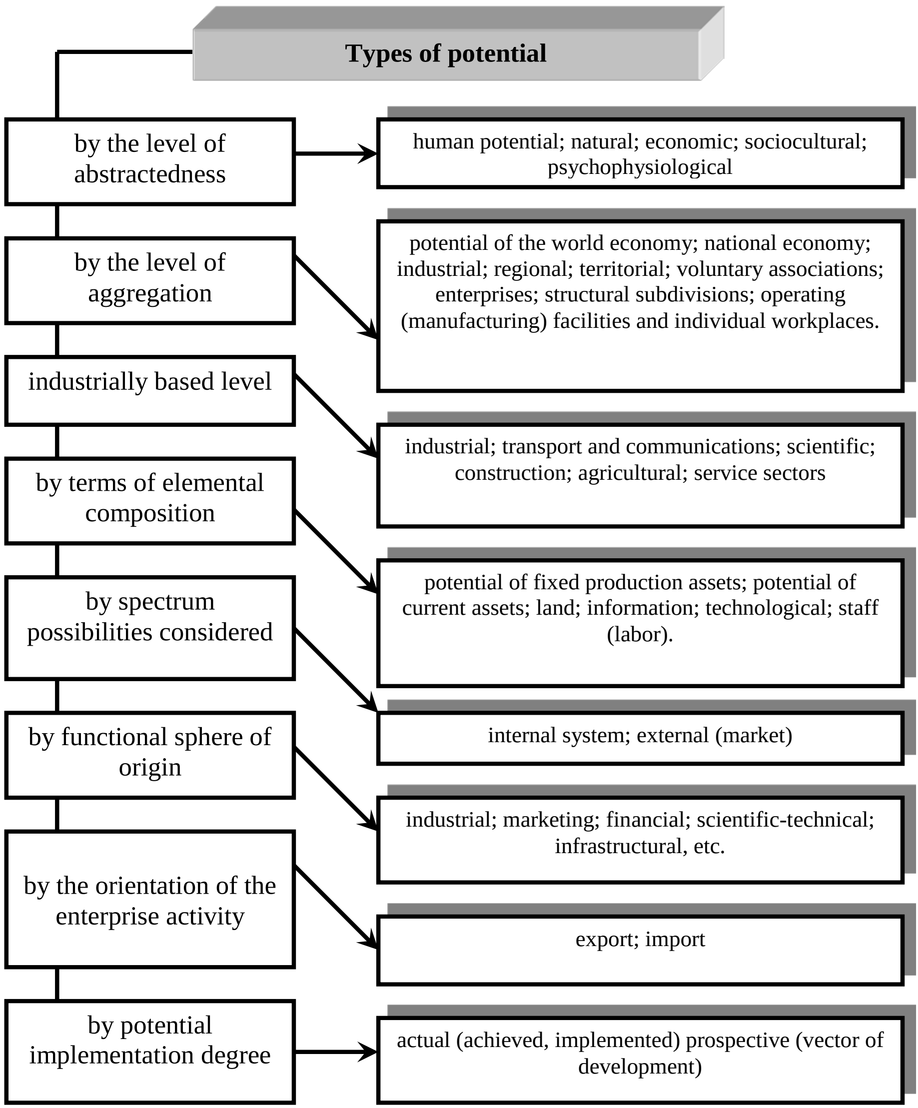


Figure 1.2. General classification of potential types according to different attributes

Source: summarized by the author.

At the same time nowadays, a one sided approach to the economic interpretation of the essence of potential is prevailing - whether as a set of resources, or as the ability of the economic system to produce products, or as the ability of production forces to achieve a certain effect. In this regard, the classification of "potential" features, proposed by Ignatenko N.T. and Rudenko V.P. (Krasnokutska, 2005), which is generally used in the domestic scientific literature is of interest.(Fig. 1.3).

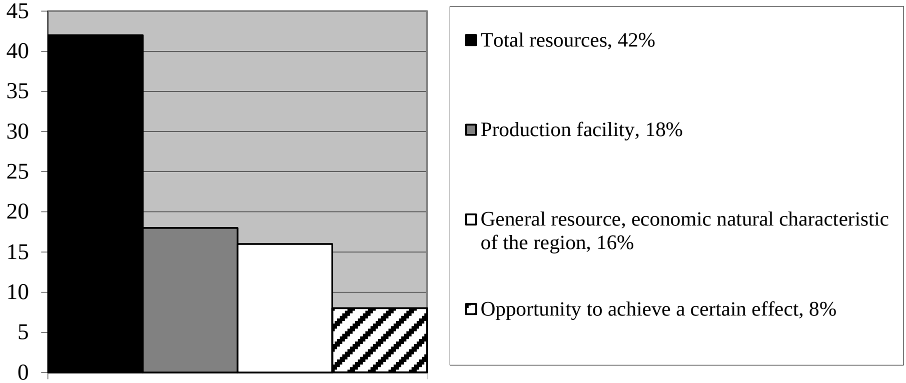


Fig. 1.3. Classification of features of the concept "potential"

Source: structured by the author on the basis of the (Krasnokutska, 2005).

In 42% of cases, the meaning of the term "potential" is associated with the totality of opportunities, natural conditions and resources, funds and reserves value; in 18% - with the production potential (sectors of national economy), funds, resources of the country and region; in 16% -with resource, natural, regional, economic characteristics; in 8% - with the ability of production forces to achieve a certain effect.

It should be noted that the concept of "potential" means the presence of latent opportunities that have not yet been found, or the ability to react and operate in the proactive manner in relevant spheres of activity (Vozniak, 2010, Komaretska, 2006a).

The implementation of production and reproduction processes, the implementation of its own strategy in the market, the development of the enterprise as an integral system that can produce goods and provide services, requires labor, production, information, investment and financial resources. It is in this context the financial resources need becomes especially significant, which is characterized as an objective phenomenon in the conditions of economic growth, as the need for resupply of current assets of enterprises, renewal and modernization of fixed assets, use of new technologies and materials, search for new markets.

The deficit of financial capital of enterprises and not full use of all alternative sources of financing does not allow to ensure sustainable economic development, which adversely affects the overall financial and economic condition of the country (Onyshko, 2003).

Bringing the notion of "financial resources" into the scientific circulation makes it possible to define and substantiate more precisely the forms and methods of finances influence on the process of social development. The distinctive feature of financial resources, as objectively necessary condition for the implementation of the reproduction process at all its stages in comparison with the funds, which is rightly noted by Vasilik A. and Pavliuk K., is the reflection of the financial result of the reproduction process and not the change of ownership forms but the financial result of the reproduction process (Vasylyk, 2000). Sharing this view, it can be added that financial resources determine the available opportunities, but only on the part of the amount and condition of their use, without affecting other categories.

The concept of "financial resources" is the most common to characterize the development of enterprises and requires a clear definition. There is still no consensus in the economic literature on the definition of financial resources, their structure and methods of impact on economic efficiency. Therefore, we have made an attempt to analyze the definition of "financial resources" proposed by scientists of Ukraine and other countries and to submit our own interpretation of this concept, taking into account the views of modern scientists.

The analysis of the essence of financial resources should be initiated with the definition given in the financial and credit dictionary: "Financial resources are funds at the disposal of enterprises, economic organizations and institutions" (Gryaznova, 2002). In this definition, financial resources are equivalent to funds. However funds that are on the current, foreign exchange accounts and cash accounts of the enterprise are impersonal and have no intended purpose. In this case, therefore, financial resources are equated with financial resources, whereas the former is a specific phenomenon.

According to Zagorodniy A.G., "financial resources are the totality of funds at the disposal of the state and economic entities" (Zahorodnii, Vozniuk and Sliuvzhenko, 2002). We consider this definition to be accurate and not complete, as the concept of "financial resources" is reduced to the total mass of funds of the enterprise. In opposite way, financial resources are characterized by cash savings, cash funds, which are formed in the process of distribution of the product created at the enterprise.

This approach to the formulation of financial resources can be seen in the definition of Sychev M.G., who believes that "financial resources are cash savings and cash funds created by enterprises, associations in the process of distribution and redistribution of public product and national income. In this case, some clarification is needed, as not all of the cash funds that are formed in the enterprise are financial resources, for example, the wage fund.

In addition, the definition does not include the purpose of financial resources. Therefore, some of the authors specify the purpose of financial resources in the process of economic activity.

In particular, Rodionova V.M. considers that "financial resources of the enterprise are cash income and savings which are at the disposal of a business entity and are intended for the realization of financial obligations, expenses of expanded reproduction and economic incentives for employees" (Rodionova, 1995). The disadvantage of this definition is that the sources of financial resources formation are not shown.

In determining the concept of financial resources, Senchagov V.K. points to the sources of their formation and believes that "financial resources of the national economy are a set of cash savings, depreciation and other cash resources that are formed in the process of creation, distribution and redistribution of the aggregate public product". However, the above definition does not include the purpose of financial resources.

Pavliuk K.V. examines the category of financial resources in a somewhat different way. The researcher believes that financial resources must meet a number of criteria, that is, the availability of sources of creation, the form of identification and the intended purpose. Considering this, the author gives the following definition: "Financial resources are cash savings and revenues that are generated through the distribution and redistribution of gross domestic product and are concentrated in appropriate funds to ensure continuity of enhanced reproduction and other public needs" (Vasylyk and Pavliuk, 2003).

Korobov M.Y. determined the financial resources of the enterprise as its own and borrowed cash funds of targeted purpose, formed in the process of distribution and redistribution of national wealth, gross domestic product and national income and used in the statutory purposes of the enterprise.

Belolipetskiy V.G. interprets the financial resources of a company (enterprise) as a part of monetary resources in the form of income and external revenues, intended for the realization of financial obligations and expenses for expanded reproduction (Belolipetskiy, 1998). Vasilik O.D. proves that financial resources are cash savings and income generated in the process of distribution and redistribution of gross domestic product and are concentrated in appropriate funds to ensure continuity of expanded reproduction and other social needs (Vasylyk, 2000), (Vasylyk and Pavliuk, 2003). Zyatkovskiy I.V. expresses the following opinion: "As the retrospective analysis of the definitions of financial resources shows, researchers qualify them as a set of cash resources, revenues, deductions or revenue funds that are at the disposal of enterprises" (Ziatkovskyi, 2000). According to Oparin V.M., the financial resources of the enterprise are the sum of funds allocated to the fixed assets and current assets of the enterprise (Oparin, 2000).

From the above definitions, it can be concluded that the authors define financial resources as cash savings, revenue and income, or funds of cash resources.

It should be noted that this definition of financial resources is reduced to the formation of funds of cash resources, which significantly reduces the structure of financial resources, as at the disposal of the enterprise may be funds in the form of non-financial assets. Thus, Nam G.G. consider that "financial resources include all cash funds and the part that is used in the non-financial form". This can be explained by the fact that these funds are formed through the realization of the product created at the enterprise, and, thus, are added to the cost price. However, it should be taken into account that the financial resources are intended to ensure expanded production.

Taking this into account, PetlenkoY.V. considers financial resources as " cash resources attracted into circulation of the enterprise from various sources, formed under the influence of organizational-legal norms of management, intended for covering its own needs" (Petlenko, 2004). The author's opinion is quite remarkable, however, some proposals should be clarified. Firstly, financial resources are only part of the funds, since the concept of "cash" is much wider. Secondly, financial resources are intended to create conditions for expanded reproduction of production, rather than to cover the enterprise's own needs in terms of consumption.

The definition of financial resources of Buryak L.D. deserves attention (Poddierohin, Bilyk, Buriak, Bulhakova and Kulish, 2004), who believes that "financial resources are a part of cash resources of economic entities, is in their disposal and is directed on production, social development and material encouragement". Thus, cash resources can be attributed to financial resources only during the period of their use not for their intended purpose.

So, having analyzed the presented opinions of the authors of various economic schools, we come to the conclusion that the concept of "financial resources" is quite complicated and requires detailed research and continuous improvement. The characterization of any phenomenon or process should reflect its essence and specificities, so that financial resources should also be clearly defined in terms of their form, sources and purpose. In our opinion, financial resources should be considered as that part of assets of the enterprises which is formed as a result of distribution of the industrial product, and is used in industrial activity of the enterprises from different sources and directed on maintenance of the expanded reproduction. However, the concept of "financial resources" has a number of limitations, which consist in insufficient highlighting of different aspects of the enterprise activity (Table 1.2) [supplemented by the author].

Table 1.2

Interpretation of the term "financial resources"

Author	**Interpretation**
Zagorodniy A.G.	Financial resources are the totality of funds at the disposal of the state and economic entities.
Sychev M.G.	Financial resources are cash savings and cash funds created by enterprises, associations in the process of distribution and redistribution of public product and national income.
Rodionova V.M.	Financial resources of the enterprise are cash income and savings which are at the disposal of a business entity and are intended for the realization of financial obligations, expenses of expanded reproduction and economic incentives for employees.
Pavliuk K.V.	Financial resources are cash savings and revenues that are generated through the distribution and redistribution of gross domestic product and are concentrated in appropriate funds to ensure continuity of enhanced reproduction and other public needs.
Korobov M.Y.	Financial resources of the enterprise as its own and borrowed cash funds of targeted purpose, formed in the process of distribution and redistribution of national wealth, gross domestic product and national income and used in the statutory purposes of the enterprise.
Belolipetskiy V.G.	Financial resources of a company (enterprise) as a part of monetary resources in the form of income and external revenues, intended for the realization of financial obligations and expenses for expanded reproduction.
Vasilik O.D.	Financial resources are cash savings and income generated in the process of distribution and redistribution of gross domestic product and are concentrated in appropriate funds to ensure continuity of expanded reproduction and other social needs.
Oparin V.M.,	Financial resources of the enterprise are the sum of funds allocated to the fixed assets and current assets of the enterprise
Nam G.G.	Financial resources include all cash funds and the part that is used in the non-financial form.
PetlenkoY.V.	Financial resources - cash resources attracted into circulation of the enterprise from various sources, formed under the influence of organizational-legal norms of management, intended for covering its own needs.
Buryak L.D.	Financial resources are a part of cash resources of economic entities, is in their disposal and is directed on production, social development and material encouragement.
Author definition	Financial resources are a part of assets of the enterprises which is formed as a result of distribution of the industrial product, and is used in industrial activity of the enterprises from different sources and directed on maintenance of the expanded reproduction.

Source: systematized and supplemented by the author.

This allowed a number of authors to introduce the concept of "financial capital" into economic circulation. Financial capital is a part of the financial resources used by the enterprise in circulation and generates income from this circulation, that is a productive part of financial resources that changes its form and ensures its increase. The flow of funds, its frequency and scale determine the effectiveness of the financial system. According to the cash flow begins and ends the circulation of funds of the business entity, the circulation of the entire capital of the enterprise. Thus, financial capital is less or equal to financial resources (Komaretska, (2004), (Korniichuk, 2016a).

The account receivable for the last time increased significantly regarding its specific weight in the structure of financial resources. This is due to the fact that a significant part of financial resources is withdrawn from circulation and transferred to other business entities, negatively affects the financial condition of the enterprise. Thus, financial resources in the practice of management is the material basis, the financial basis for the formation and functioning of financial capital. Theoretically, it can be considered that financial resources of a particular business entity at any given time may be either more or equal to financial capital. However, in practice, the financial capital should be less than the total financial resources of the enterprise (Plyishevskiy, 1996).

If considering financial resources and financial capital as an element of the financial statements, it is impossible to find differences between them. The financial statements do not reflect financial resources, but their transformed form - financial capital. Thus, according to the financial statements of enterprises, the financial capital can be divided into equity, debt and attracted.

The equity that is permanently in the property and at the disposal of the enterprises is the sum of the initial capital (which in the form of capital assets are invested in its activity) and its own financial resources (which are formed or received by the enterprise in the period of its activity).

Therefore, the company's own financial resources are considered as a source of equity replenishment and consist of internal or external sources of funds, which are invested in the further development of the enterprise indefinitely.

A loaned financial capital is capital that is received for a certain period of time at a certain interest with an obligatory refund. The obtained financial capital is a part of the enterprise's capital assets, which is intended for repayment of its obligations, but temporarily used in economic turnover.

Thus, financial capital is a transformed form of financial resources, it materializes their financial essence in the process of economic circulation of cost.

Improvement and rational use of financial capital forms the fundament of financial activity of business structures.

From the analysis of tendencies of formation and change of financial capital it follows that the volume of financial capital is determined by the norms of capitalization of income flows. The increasing rates of capitalization of revenues in certain sectors of the economy have an impact on financial capital in a growing direction. On the contrary, an increase in loan interest rates as a limit for assessing the efficiency of the national economy as in general, reduces the impact on the volume of financial capital.

So, since financial capital is a capitalized form of an investment commodity, i.e. it has a homogeneous form of material carriers that differ only in terms of profit, it has acquired the features of loan capital and becomes its type. In modern conditions in developed market countries loan capital is increasingly being reborn, gaining financial form. This process cannot occur without the participation of financial reserves, financial potential, as they are the guarantee of availability and strengthening, as well as further activities of the enterprise (Fig.1.4) [supplemented by the author].

One of the elements of financial resources is financial reserves - a special group of funds in which cash is accumulated, is withdrawn from circulation for some time, and is used in cases of violations in the process of social production (Krasnokutska, 2005).

Financial reserves are created in cash and ensure stable and balanced development. The problem of scientific substantiation of the amount of such funds is important. In fact, an unreasonable increase or decrease in financial reserves leads to negative consequences: withdrawal of large amounts of money and slowing down their turnover; lack of funds when it is necessary to finance unforeseen needs.

Financial reserves have all the features inherent in cash funds. Depending on the level at which they are formed, they are divided into two groups: centralized and decentralized. Many years of experience have proved the feasibility of creating financial reserves both at the state and industry levels, as well as at the primary level of management (Komaretska, 2003), (Kurinna, 2014).

The following methods are used in forming financial reserves:

- ✓ budget - provides f the creation of reserves in every budget, one type of which is a circulating cash flow;
- ✓ sectorial - provides for the creation of financial reserves at the level of a certain sector through contributions from enterprises' profits. This method was widely used in the command and administrative system of management, in the market economy of self-accounting - the formation of financial reserves of enterprises, organizations and institutions;
- ✓ insurance - the formation of funds of insurance organizations.

Profit from sales of enterprise products	Company bonds	The ability to quickly mobilize the necessary resources
Long-term loans of the bank and other creditors (except for bonded loans)	Resources received from bond issue	
Amortization charge	Account receivable	Image of enterprise as a payer
Reserve capital	Dividends on enterprise shares	
Attraction of loan funds and additional share payments by participants in the companies.	Resources are mobilized through the issuance and placement of shares in open and closed joint-stock companies	Delay payment deadlines
Accounts payable		
The resources received from the sale of securities		
Insurance premiums		
Funds received from the sale of property		
Profit from financial operations		
company equity		
Financial resources	**Financial capital**	**Opportunities and reserves of the enterprise.**
Financial potential		

Fig.1.4. Harmonization of the concepts of "financial resources", "financial capital" and "financial potential"

*Source: systematized and supplemented by the author***.**

Insurance (reserve) funds are intended for financing work related to liquidation of emergency situations when normal conditions of activity at a certain object are violated. In the absence of decentralized financial reserves, centralized funds are mobilized. One type of budget reserve is the Reserve Fund of the Cabinet of Ministers of Ukraine which is formed for the purpose of financing urgent expenses in the national economy, social and cultural and other activities which could not have been envisaged when the state budget for the corresponding year was approved. This fund is created in the amount of up to two percent of the state budget expenditures and is included in the expenditures of the State Budget of Ukraine.

Financial potential combines spatial and temporal characteristics and at the same time concentrates three levels of connections and relations on the development of the enterprise in the past, present and future (Fig. 1.5) [supplemented by the author].

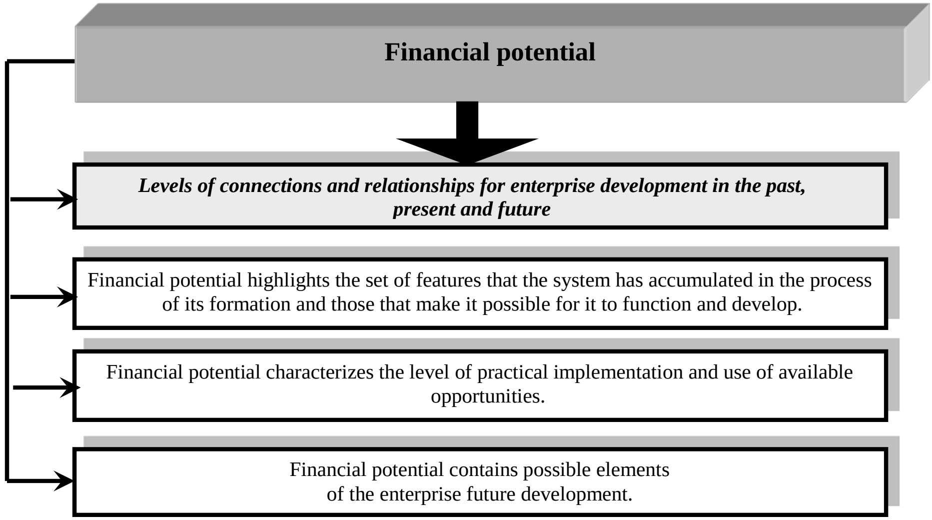


Fig.1.5. Financial capacity that combines spatial and temporal characteristics

Source: supplemented by the author on the basis of (Krasnokutska, 2005).

First, financial capacity reflects the past, that is, the set of properties accumulated by the system during its formation and such properties that make it possible for it to function and develop. In this regard, the concept of "financial potential" practically acquires the characteristics of the concept of "financial resources". Secondly, financial potential characterizes the level of practical application and use of available opportunities. This determines the differentiation between implemented and partially unrealized opportunities of enterprises. According to this statement, "financial capacity" is separately considered equivalent to "financial reserves". Characterizing the structure of the potential on this point, it should be noted that, on the one hand, the structural elements of the potential, which are unrealized, stimulate a decrease in the efficiency of its functioning, and on the other hand - "additional" reserves of forces and abilities of workers provides mobility and flexibility in the development of the system to changing working conditions.

Thirdly, financial potential is development-oriented (for the future). Being a combination of stable and changeable states, financial potential combines elements of future development of the enterprise (Krasnokutska, 2005).

Also, scientists have a profound interest in exploring and defining a multidimensional analysis of potential sources, drivers of development and structure, where other elements of the structure are considered together with the resource element, providing a more complete description of the elemental composition of the potential. The elements of the potential of the enterprise can include everything that is related to the functioning and development of the enterprise. The place of financial potential in the overall potential of the enterprise with the differentiation of its object and subject components is reflected in Fig. 1.6 [supplemented by the author]. The object components are connected with the material and object form of the enterprise potential. They are consumed and reproduced in one or another form in the process of functioning - financial, investment, innovation, etc. (Komaretska, 2006b), (Levchenko, 2012).

The total financial potential of the enterprise takes not the last place, as it includes the amount of equity, loan and debt financial resources of the enterprise, which it can manage for current and future expenses. The main component of the financial potential is investment, that is, the existing and hidden capabilities of the enterprise for simple and expanded reproduction. Innovation potential is the aggregate possibilities of the enterprise to generate, perceive and implement new ideas for its system technical, organizational and managerial renewal (Aref'ieva, Andriienko and Kravchenko, 2018), (Hromova, 2017), (Komaretska, 2005).

Financial potential is part of the overall economic potential of the enterprise. On the one hand, it is associated with production potential, and on the other-with the potential of reproduction. Production potential gains significance because of its components, which have a direct impact on financial potential, that is: potential of the fixed assets of the enterprise - available and hidden opportunities of the fixed assets forming the technical and technological basis of the production potential of the enterprise; current assets potential is a part of the enterprise's production capital in the form of a certain set of labor items (raw materials, fuel, energy, auxiliary materials), which are in production stocks, semi-finished products of own production and future expenses; potential of intangible assets - a set of opportunities for the enterprise to use the rights to new / existing products of intellectual labor in the business process in order to realize the enterprise's corporate interests with the satisfaction of social needs (Krasnokutska, 2005), (Levchenko, 2012).

Without production potential, the production activity of the enterprise is impossible. Production potential must be defined as a set of resources that are rotating and are capable of producing a certain amount of production. Therefore, production potential is a polystructural system.

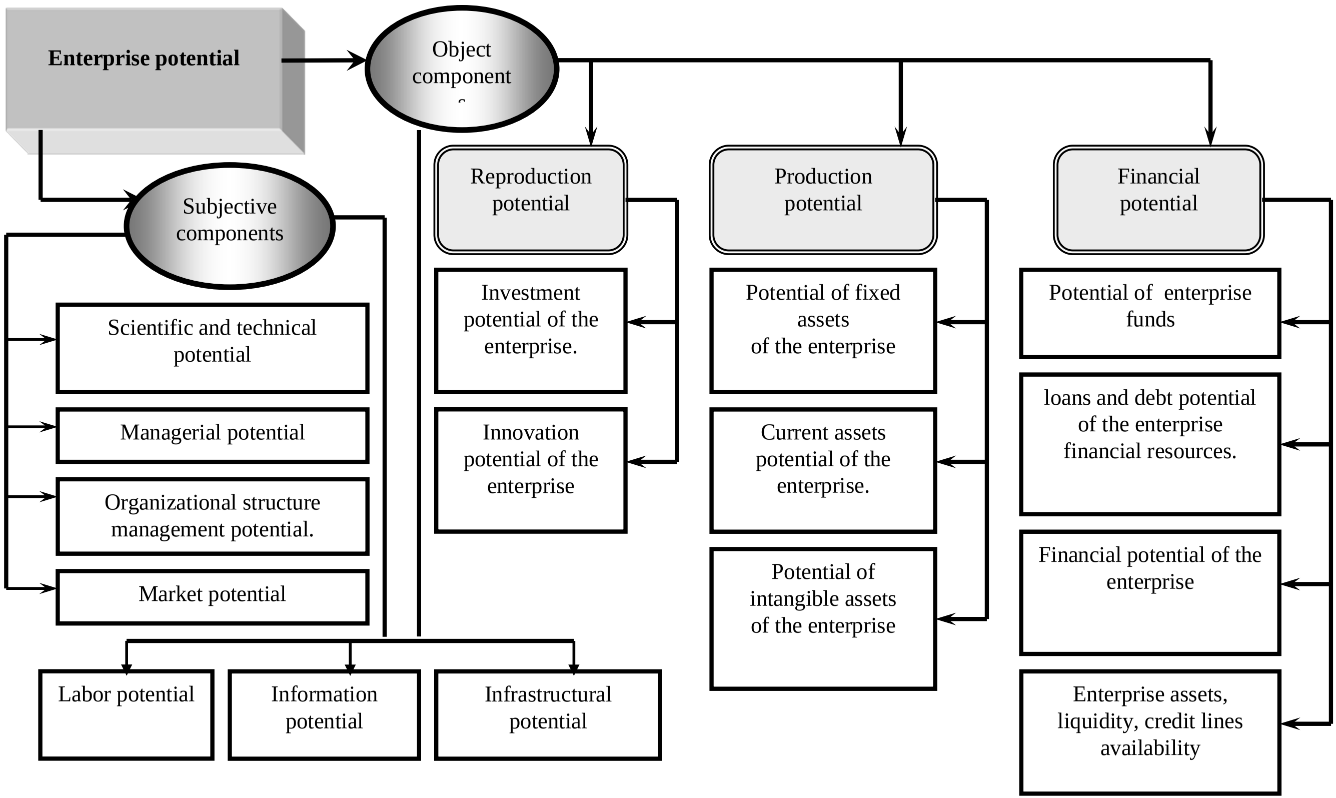


Fig. 1.6. Total potential of the enterprise with differentiation of its object and subject components

Source: supplemented by the author on the basis of (Krasnokutska, 2005).

The financial potential is also connected with the reproduction potential, as for reproduction of financial resources an enterprise needs to attract additional capital, additional funds, know-how, etc. Reproduction of the enterprise potential is characterized by the process of constant, continuous updating of all its components. Simple reproduction of the potential of the enterprise is characterized by the implementation of constant amounts to restore the used factors of production and provide its continuous functioning. For the expanded reproduction of potential of the enterprise it is necessary quantitative and qualitative development of production, factors and other components defining the maximum efficiency of its activity. Reproduction of some partial components of enterprise potential is characterized by time lags and their features, which determine the use of various sources of financial support, on the purposeful formation and reproduction of production capital.

Therefore, the reproduction potential should be understood as the aggregate of material and technical, intangible, financial and other capital resources at the disposal of the enterprise or can be additionally attracted and used for simple or extended reproduction of factors of production and other components of the enterprise potential (Krasnokutska, 2005), (Partyn, Zaderetska and Hratsiian, 2016).

Entity components of the enterprise potential are integral elements of the form of their manifestation. They are not used, but only determine the foundation, general economic and social component of effective consumption of object components. It shows that by influence on development of the basic factors of manufacture and efficiency of functioning of economic systems, in process of complication of the last and conditions of management subjective components of potential of the enterprise get a dominating role. It has been proved that even those enterprises that have almost the same size potential often differ significantly in their activity results. Under such conditions and in the absence of external negative factors, the difference in work results can only be determined with insufficient accuracy of the system's target orientation. That is, all other conditions being equal, the amount of the result will be greater with successful organizational and economic support to achieve the set goals. Scientific support of production and degree of its efficiency also depend on quality of management.

The subjective components of the enterprise potential that directly affect the financial potential include: scientific and technical potential, which is a generalizing characteristic of the level of scientific support of production (science, technology, engineering, production experience, opportunities and resources, including scientific and technical staff available to the enterprise to solve scientific and technical problems); management potential - skills and abilities of managers at all levels of management on the formation and development of the enterprise. In general, the management potential of the integration of functional-structural and intangible elements; the potential of the organizational structure of management, that is, the corporate management (formal and informal) mechanism of the enterprise, which embodies the level of organization of the functional elements of the system and the nature of the relationship between them; marketing potential - the ability of the enterprise to systematize and systematically direct all its functions (definition of needs and demand, organization of production, sale and after-sales service) to meet the needs of consumers and use potential markets. In the structure of marketing potential, the logistics potential is allocated separately (Dmytruk, Furdychko and Hmytruk, 1995).

The work, infrastructure and information potentials deserve special attention in the structure of the enterprise potential. All of them are not subject to the above classification of components of the enterprise potential, so they can be attributed to the subjective and object components, because:

- ✓ work potential - the possible quantity and quality of work, including a set of characteristics that determine a person's ability to work. It is used to assess the level of potential opportunities used and the necessary quality balance when improving the factors of production;
- ✓ infrastructure potential is balanced with the requirements of the production potential of workshops, facilities and services to provide the necessary conditions for the activities of the main divisions of the enterprise and meet the social needs of its staff. With the modern development of infrastructure components of the potential of enterprises are able to perform work or provide certain services to third parties and other market participants;
- ✓ information potential is the unity of organizational, technical and information capabilities that ensure the preparation and adoption of management decisions and affect the nature (specificity) of production through the collection, storage (accumulation), processing and dissemination of information resources. In structure of information potential it is possible to allocate separately information-computer potential to which belongs a complex of technical, program-mathematical, organizational-economic means and the special staff intended for automation of process of performance of tasks of management by the enterprise in various areas of human activity.

In relation to the notion of "financial potential", it should be noted that it is a set of characteristics that can provide a holistic assessment: first, the financial state at the macro or micro levels; second, the factors or conditions for changing this state; third, the perspectives of sustainable economic growth at the macro level or the success of financial and economic activity at the macro level.

It is worth noting that there are significant differences between "financial resources" and "financial potential" in their essence, structure and sources. While financial resources are limited to the sum of their individual types, financial potential is the basis for the duration of movement, dynamism not only because of available resources, but also because of unused opportunities. So, if financial resources occupy a certain place on the trajectory of movement, the financial potential is the subsequent direction of such movement. The main system-forming and simultaneously distinctive feature of the financial potential is the prevalence of the influence of internal and external, unrealized opportunities for quantitative and qualitative changes (Turchak and Chyzhynska, 2014).

The list of the unused opportunities of the enterprise's financial potential is shown in Fig. 1.7 [supplemented by author].

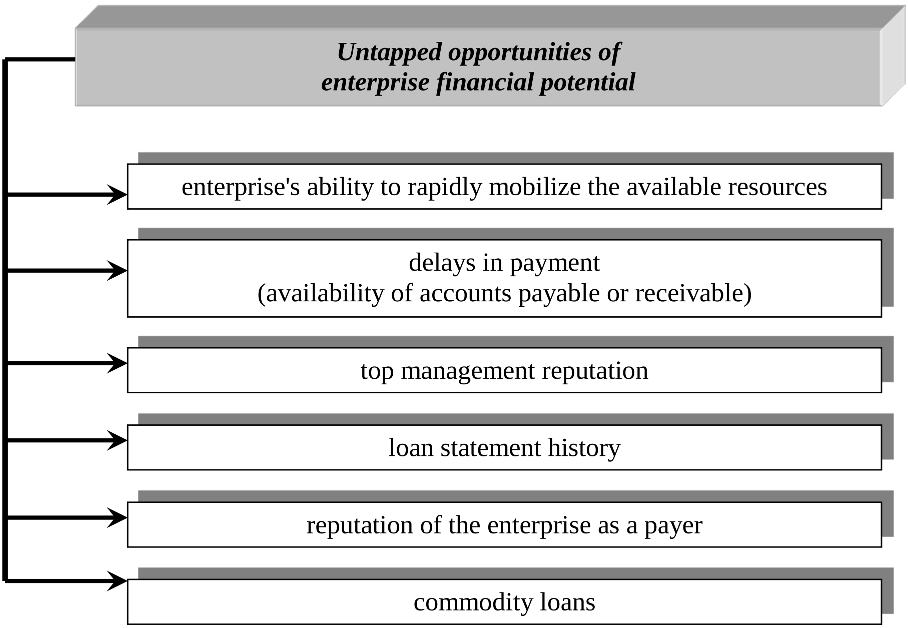


Fig. 1.7. Untapped opportunities of the enterprise's financial potential

Resource: supplemented by author.

The financial potential of the company is a complex, dynamic, multistructural system. This agglomeration has certain regularities of development, the efficiency of the enterprise, its growth rate and quality depend on the ability to use them:

- ✓ financial potential of the enterprise is determined by its real financial capacities in the sphere of financial and economic activity, not only realized, but also unrealized for any reason;
- ✓ the abilities of any enterprise largely depend on the availability of financial

resources and financial reserves not involved in production and operations. Therefore, the financial potential of an enterprise is also characterized by a certain amount of financial resources, both those involved in production and activities, and those prepared for use;

- ✓ the financial potential of an enterprise is determined not only by the available financial resources, but also by the skills of various categories of the staff to use them for the production of products, services (works), to obtain maximum income (profit) and to ensure effective functioning and sustainable development of the enterprise;
- ✓ the level and results of realization of the financial potential of the enterprise (the volume of produced goods or received income (profit) is also determined by the form of entrepreneurship and its inherent organizational structure.

It is these regularities of development that make it possible to distinguish the financial potential as a polystructural system, which is defined:

- ✓ with the amount and quality of financial resources available to it;
- ✓ financial management opportunities of the enterprise to optimize the available resources of educational, qualification, psychophysiological and motivational potential;
- ✓ opportunities of the enterprise to transform information resources for exploitation in commercial, production and management activities;
- ✓ possibilities of the enterprise on development of innovations and updating of technical and technological base of production, modernization on new competitive production by means of use of modern methods and forms of management of economic processes;
- ✓ financial possibilities with the purpose of attraction of funds in which the enterprise lacks, i.e., internal and external indebtedness solvency.

To find out in detail the essence of the financial potential of a company is possible through its structural construction. Under the structure of the system, which is the financial potential of the enterprise, define significant, stable (invariant) relationships between elements. According to Ovchinnikov M.F., structure is an "invariant" aspect of the system (Ovchinnikov, 1997). Kremyansky V.I. also notes that the structure does not reflect the totality of relationships, but only essential relationships of the object "Structure is a detailed expression of the essence".

In its essence, the financial potential of the enterprise is characterized by a combination of financial resources and opportunities of the enterprise and their organic combination. The amount of financial potential encourages financial strength, the ability of a society or an individual entity to participate in the provision of goods and services. They are characterized by a certain amount of funds, resources, sources and stocks or financial facilities that are available and can be used to achieve a specific goal and objectives. Thus, from a methodological point of view, financial potential is independent and defining category. The financial potential of the enterprise cannot exist in isolation from the micro and macro levels. They are in a state of relative condition, consistency, need and availability of resources, the possible speed of their mobilization in the financial market. Different levels of financial potential have different rates of accumulation and circulation, different sources of funding and directions for use (Radchenko, 2019), (Shabatura and Lahodiienko, 2015).

There are two types of structure: macro and microstructure. The macrostructure reflects the stable (invariant) relations of the system, while the microstructure reflects the variables (probabilistic). The combination of macro and microstructure of an object or process, i.e. the combination of all relations, forms their content. Financial potential can be considered from the perspective of micro and macro levels. At each level financial potential includes the necessary constituent elements (Fig.1.8) [supplemented by the author].

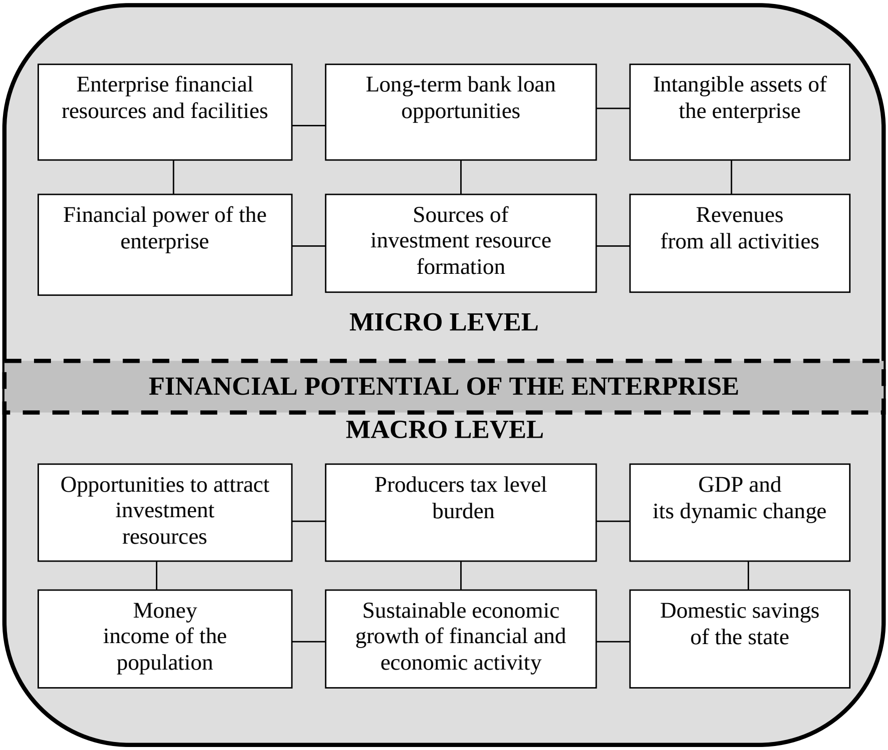


Fig. 1.8. Position of financial potential in the economic system

Resource: supplemented by author.

Thus, in the economic literature we have revealed various approaches to the definition of the enterprise financial potential structure. The majority of researchers consider resource structure of financial potential, though taking into account the different quantity of its components. There are also broader concepts of the of the enterprise potential structure, supplemented by descriptions of systems of collection, processing and attraction of information, management experience, used energy and the like. It should be noted that even at convergence of views on the structure of the financial potential of the enterprise resource approach does not give an exhaustive characteristic of this period.

Based on the statement that financial potential reflects the interaction of existing resources and untapped opportunities, which form its essence, the issue of finding solutions to develop a mechanism of opening up financial potential becomes extremely important.

The methodological approach of opening up sources of financial potential determines the substantiation of the mechanism for mobilization and transformation of these sources into financial resources. The main ways of this action are completely obvious in stimulation of restoration of sources of creation of financial resources at a microlevel, decrease in tax burden on production, improvement of policy of revenues on attraction to innovative-investment processes of economic entities, external investors, renewal of long-term commercial crediting. The dynamics of change in financial resources directly result in the dynamic essence of financial potential, both for the enterprise and for the country as a whole, so attention should be paid to identifying all opportunities to use financial resources effectively. The amount of financial resources depends on the domestic structure and dynamics of GDP components. These indicators are also determinant for the formation of the financial potential for innovative development (Onyshko, 2003).

The financial potential of the company is mainly influenced by its internal savings. Experts have come to the opinion that a considerable part of financial resources of the enterprises is withdrawn from the industrial sphere by various ways and is directed to the current consumption or accumulated in the accounts of the state. It is sufficient to compare the profit indicators of the main national industries with the total cash income of the population, funds from entrepreneurial activity, real purchasing power. They are characterized by the opposite dynamics instead of moving in one direction. This makes it possible to conclude that internal financial capacity is not lost, which demonstrates the need to create an effective mechanism capable of channeling these funds to the demands of production, preventing them from overflowing from production to own consumption and speculative turnover (Ovchinnikov, 1997).

In general, it should be noted that currently there is no consensus on a clear definition of the concepts of "financial potential", "financial resources" and "financial capital", so, in our opinion, the main content of the concept of "financial potential of an enterprise" is an integral mapping (assessment) of current and future financial capabilities of the enterprise to transform input resources through its inherent entrepreneurial skills in economic and financial benefits, thus satisfying to the maximum its ability.

1.2 Main factors of formation and development of enterprises financial potential.

Formation of the financial potential of the enterprise is a complex dynamic process, focused on maximum interaction with the external environment and ensuring high quality of implementation, so it is important to determine what factors determine the development of its elements and affect their balance and efficiency of the use.

As it is necessary to classify the existing factors of external and internal in relation to the formation and development of financial potential, the system of these factors should be based on the principle of influence on the elements of financial potential, which will contribute to a better use of financial potential and the formation of the need for financing the necessary direction of activity (Fig. 1.9) [supplemented by the author].

External factors include economic, social, political and juridical conditions, the impact of which is determined by restrictive or incentive measures from governmental bodies, banks, investment companies, social groups, political forces i.e. Such measures, as a rule, are tax, loan interest, legislative, ethical, social norms, and political forces' pressure.

In addition, an important external factor is also the market conditions for entry (competition conditions in the resource markets) and exit (competition conditions directly in the industry). The first factor relates to the cost of providing each element of financial potential with resources that constitute an alternative value of those resources, i.e., the value of those alternative financial opportunities that have been abandoned because of the allocation of resources to a certain element of financial potential in order to maximize the achievement of objectives. The second factor means that to win strong market positions the financial potential of the enterprise should correspond to necessary competitive properties of production (price, quality, technical characteristics, servicing and guarantees) (Komaretska, (2005), (Levchenko, 2012).

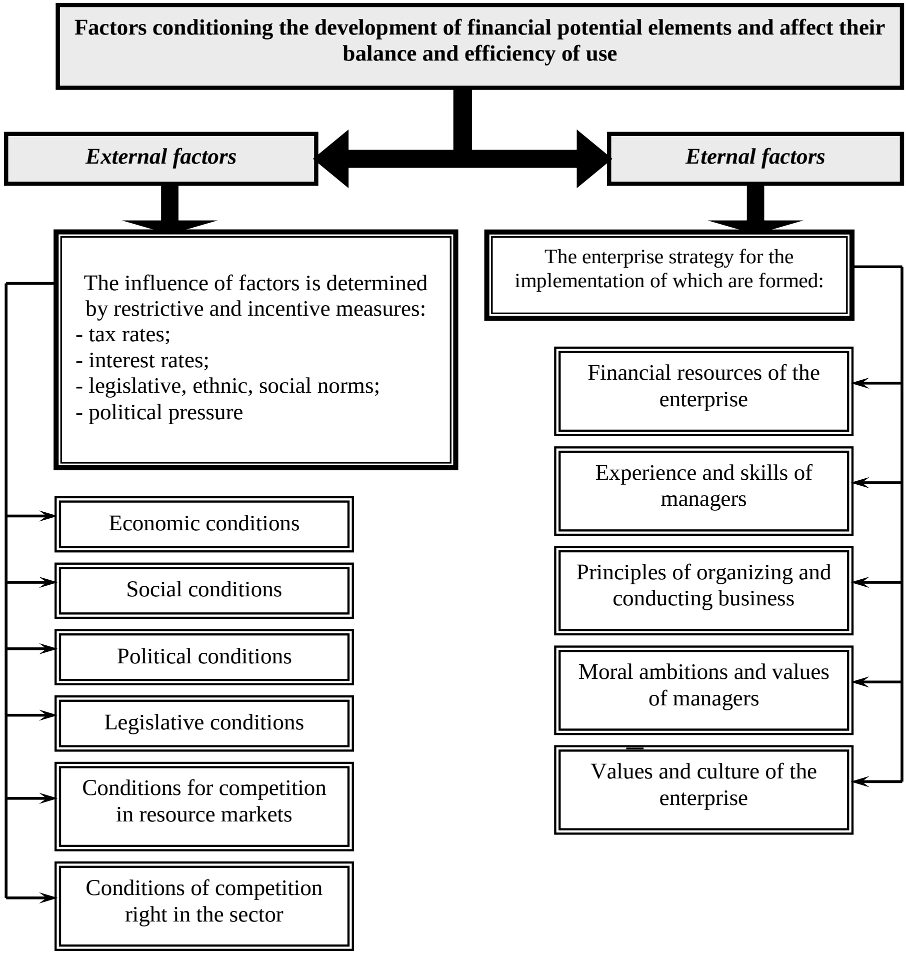


Fig. 1.9. Factors conditioning the development of financial potential elements

Resource: supplemented by the author.

Accordingly, in the conditions of strengthening competition the enterprise should concentrate the efforts on maximum realization of available financial potential and creation of new one at the expense of timely revealing of weak positions of competitors. As a rule, innovations on the part of competitors require a mobile response by creating and implementing new financial opportunities. Internal factors include, first of all, the strategy of the enterprise, for implementation of which the financial potential, experience and skills of managers are formed, necessary for implementation of the plans, principles of organization and business conducting, which the enterprise follows, moral values and ambitions of managers, as well as generally accepted values and culture inside the enterprise (Krasnokutska, 2005).

The process of decision making that characterizes the formation of financial potential should be forward-looking and based on previous conditions for the development of relevant factors. The special significance in this case are preconditions, characterized by the needs of clients and have an impact on the quality of "exit ", the priority of which in the decision-making process on the formation of potential has been defined above. Moreover, the reasons connected with competitors are important, as the resource potential of the enterprise loses its value under their pressure. Also, the internal factors connected with the generally accepted attitudes inside the enterprise have to be taken into account.

The process of forming the financial potential of the enterprise is one of the directions of its financial strategy and provides for the creation and organization of the system of resources and competences in such a way that the result of their interaction is to be a success factor in achieving strategic, tactical and operational goals of the enterprise. At formation of the financial potential, the enterprises can apply the main scientific methods (Dolzhanskyi, Zahorna, Udalykh, Herasymenko and Rashchupkina, 2006), (Krasnokutska, 2005).

The system approach is one of the basic in the process of formation of financial potential of the enterprise as at its application at first parameters of an exit of production are made out: what to do, with which indicators of quality, with which expenses, for whom, in what terms and under what price. The exit parameters should be competitive. Then the "entry" parameters should be selected: which financial resources and information are needed to implement the internal processes. The need for information resources is determined after studying the requirements for organizational and technical potential of the enterprise (level of technology, production organization, labor and management) and the parameters of the external environment (political, economic, technological, socio-demographic, cultural environment of the country and infrastructure of the given region). Feedback communication between suppliers (entrance), clients (exit), external environment and financial potential of the enterprise is necessary for adaptation of potential as system on change of requirements of clients to production, parameters of the market, occurrence of organization-technical innovations. To ensure high quality of the final result of the realization of the financial potential (system exit), first of all it is necessary to ensure high quality of financial resources and information at the entry, and then high quality of the process realization and interaction with the external environment (Partyn, Zaderetska and Hratsiian, 2016), (Turchak and Chyzhynska, 2014).

The marketing approach provides orientation of formation of possibilities of the enterprise to the consumer. It means that formation of any element of potential should be based on the analysis and forecasting of market requirements, competitiveness and competitive advantages. When using the marketing approach, the priorities of the choice of criteria for the formation of the potential of the enterprise are:

- ✓ improvement of the quality of the final result of potential realization (system exit) in accordance with the demands of consumers;
- ✓ saving resources for consumers by improving all elements of potential and, as a result, improving the quality of the final product or service.

The functional approach involves finding completely new, original technical solutions to meet existing and the potential requirements. The requirement in this case is considered as a set of functions to be performed to meet it. After defining the functions (e.g. marketing, scientific research, supply, production, financing, etc.), several options are identified to create the financial potential to perform them and the one that ensures maximum efficiency in total costs is selected. Application of the given approach, unlike orientation to "yesterday's" world standards, allows completely satisfy new requirements, on the one hand, and to provide steady competitive advantage on the other hand.

The reproduction approach is oriented to the constant renewal of the production of products with less resource consumption and high quality compared to similar products in this market to meet the demands of customers. This means that the main element of this approach is the mandatory application of a comparison base (the best performance of similar products at the moment, which is corrected before the start of the development of new products) in the planning of the reproduction process.

The innovation approach is oriented at enhancing innovation activities, the means of which should be production factors and investments.

The standard approach consists in an establishment for the major elements of potential of standards: quality and resource capacity of production, loading of technical objects, market parameters and so on; efficiency of use of resource potential on development and acceptance of administrative decisions.

It should be noted that the established norms should comply with the requirements of validity, comprehensiveness, efficiency and perspective application.

The integrated approach assumes the requirement to take into account technical, environmental, economic, organizational, social, psychological and other aspects of the enterprise. If even one aspect is left unattended, the problem will not be completely solved.

The integration approach in the process of formation of the enterprise potential is aimed at research of strengthening of interrelations, association and manifestation of the highest degree of interaction between its separate elements.

The dynamic approach is characterized by the need to determine the potential in dialectical development, to assess the cause-and-effect relations of cooperation on the basis of a retrospective analysis of the behavior of similar systems at a certain period of time.

The optimization approach is carried out by means of definition of quantitative estimations and revealing of dependence between partial elements of potential by means of economic-mathematical, statistical methods of information processing.

The administrative approach provides for the regulation of functions, rights, obligations, quality standards, costs associated with the implementation of potential elements in regulations through coercive methods.

The behavioral approach is based on improving the effectiveness of the aggregate potential through the high efficiency of its human resources component.

The situational approach is based on the alternative of achieving the goals and providing maximum adaptation to the conditions of a particular situation in the process of the financial potential formation of the enterprise.

The structural approach in the process of potential formation is based on its structuring, identification of significance and priorities among the elements of potential in order to establish rationality of correlation and increase the validity of resource allocation between them.

With the use of the listed properties, approaches, factors and preconditions multilevel structural model of the formation of the aggregate financial potential of the enterprise, proposed in (Krasnokutska, 2005) and reflected in Fig 1.10 [summarized by the author].

Let's highlight the main factors that determine the formation of a multi-level structural model of the formation of aggregate financial potential. The material basis of the financial potential of the enterprise are the financial resources reflected in its balance sheet, and the size of the aggregate financial potential is the result of joint efforts to implement its elements, which, depending on the interests of the owners, can be expressed by potential profit remaining at the disposal of the enterprise, or by its cost.

Optimization of the structure of the value of the aggregate financial potential involves the allocation of intermediate levels of generalization of the potential of the enterprise. The lower level is the production potential, which is formed as a result of using and interaction of technical and technological, information, infrastructural, organizational, staff elements, and the result of its implementation is the actual and potential amount of production (Komaretska, 2005), (Komaretska, 2006c).

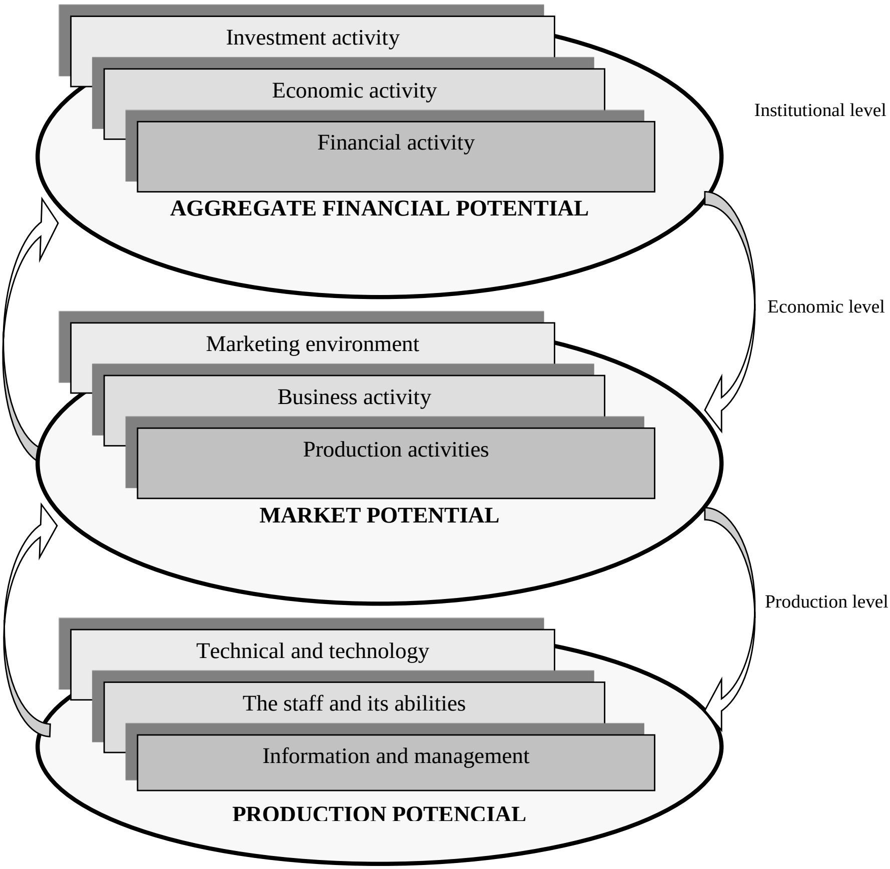


Fig. 1.10. Multilevel structural model of formation of aggregate financial potential of an enterprise

Resource: supplemented by the author.

The connection between the lower production and general institutional levels is the market potential, which is formed as a result of expression of production competences and activity of the enterprise, necessary for fulfilling the market needs in a certain amount of production under the existing marketing environment. The result of market potential realization is actual and potential sales volumes.

Thus, the structural model of formation of financial potential of the enterprise shows that the potential of any level arises as a result of the interaction of resources that provide it and of competence.

In production activities the enterprise deals with many contractors (creditors, debtors). Therefore, to take its place in the market and successfully conduct activities, it must take into account a number of factors that influence its activities, plan and predict their actions. An important role is given to the professional work of the marketing service of the enterprise, because in modern conditions of development, the management of the financial system becomes increasingly important, as financial resources are the basic resource without which it is impossible to operate and develop an enterprise (Dolzhanskyi, Zahorna, Udalykh, Herasymenko and Rashchupkina, 2006).

The flow of funds, its rate and scope determine the performance of the financial system of any enterprise. With the flow of funds begins and ends the cash turnover of the enterprise, the turnover of all capital. That is why the flow of funds, cash turnover at an enterprise is the main link in the process of capital turnover (Fig. 1.11) [supplemented by the author].

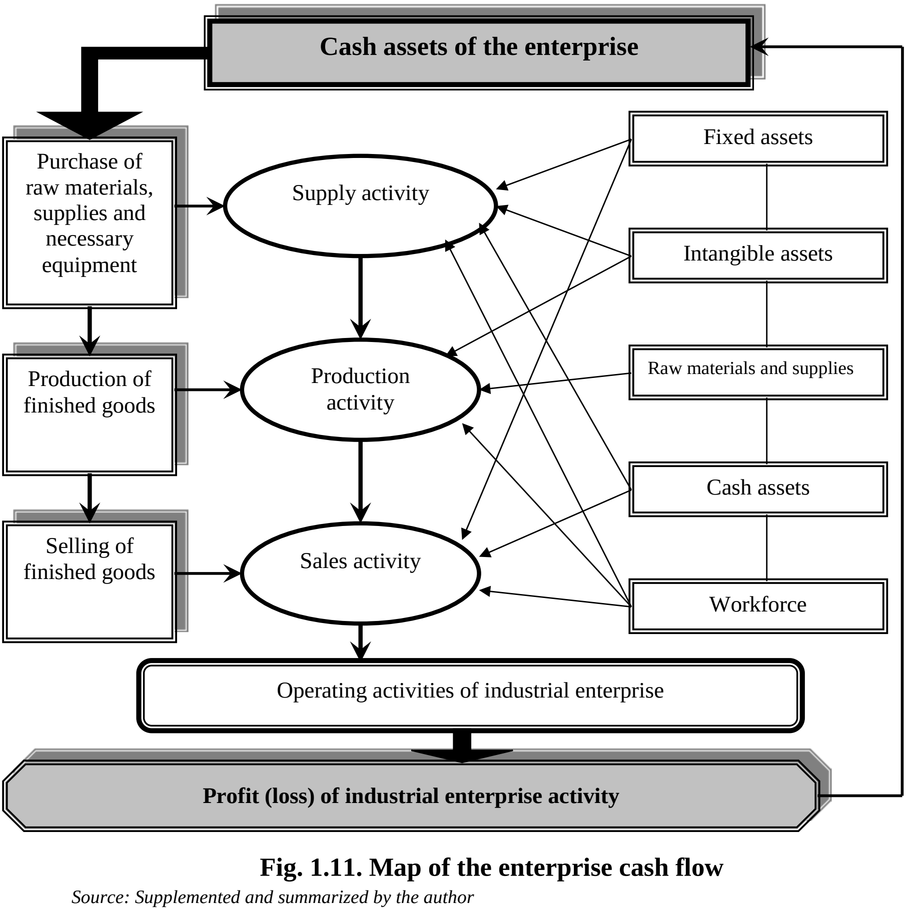


Fig. 1.11. Map of the enterprise cash flow

Source: Supplemented and summarized by the author

Financial resources are formed even before the beginning of the enterprise activity in the process of formation of the share capital. Further these funds are invested into maintenance of industrial and economic activity, expansion and development of production. In this way the enterprise gets possibility to be engaged in production and trade of products, to receive incomes. Cash resources of the enterprises are kept in the cash desk, and also on current, currency and other accounts in the bank establishments (Khachaturian, 2003), (Shabatura and Lahodiienko, 2015).

However, the enterprise does not control all the funds that it receives. Thus, as part of the revenues from the realization of products the company receives the amounts of excise tax, value added tax, customs duties to be paid to the budget.

A part of cash revenues remaining after deductions to the budget (income taxes), excise tax, value added tax, customs duties shall be used to replace funds advanced to current and fixed assets, to fulfill financial obligations to the budget, non-budgetary funds, banks, insurance organizations and other business entities.

In the process of sales of products, works, services, the accounts of enterprises constantly receive funds as proceeds from sales. Cash funds also come from financial and investment activities of enterprises: from shares, bonds and other types of securities; from investing funds into deposit accounts; from leasing out property.

An important peculiarity of the financial system of the enterprise is the formation and use of various cash funds. Cash funds are a part of the funds that have a target direction. They are used to provide economic activity with necessary cash resources, as well as expanded production: financing of scientific and technical progress; introduction of new equipment; economic stimulation; settlements with the budget, banks (Rodionova, 1995), (Turchak and Chyzhynska, 2014). Such funds include: capital budget funds, labor budget fund, depreciation fund (at state enterprises), production development, social purposes, incentives, reserve fund and the like. When the enterprise is organized, it should have an authorized capital or a share capital, which forms the fixed assets and circulating assets.

Formation of the authorized capital, its effective use, management is one of the main tasks of the financial service of the enterprise. The authorized capital amount of the joint stock company reflects the amount of shares issued by it, and the state and municipal enterprise, as a rule, the amount of available fixed assets. The authorized capital is changed by the enterprise according to the results of work for the year after making changes in the founding documents. The increase (decrease) of the authorized capital can be achieved by the issuance of additional shares (or withdrawal from circulation of a certain number of them), as well as by increasing (decreasing) the nominal amount of already issued shares.

The element of financial resources of the enterprise as "additional capital" includes:

- ✓ revaluation of fixed assets, i.e. their revaluation;
- ✓ share premium of the joint stock company (income from sale of shares, more from their nominal value);
- ✓ free cash and tangible assets received for production purposes;
- ✓ budget allocations to finance capital investments;
- ✓ allocations for current assets replenishment.

The reserve fund is a cash fund of the enterprise, created from contributions from profits (Rodionova, 1995). It is used to cover losses, and in joint-stock companies it is also used to repay liabilities on registered shares and bonds of the company.

In joint-stock companies the definition of "share capital" means the sum of the company's assets less its debts. Thus, the share capital is practically the amount of the joint-stock company's equity and includes all the above funds (except for investment funds), as well as some others.

The consumption fund is created by deductions from net profit and is used to pay dividends (in joint stock companies), onetime incentives, material assistance, additional holidays, meals, fares on transport, etc. (Rodionova, 1995).

In addition to the fixed cash funds discussed above, enterprises periodically establish operating cash funds. Twice or once a month the company creates a labor payment fund, the basis of which is the labor budget. In order to ensure timely payment of salaries, the enterprises solve a number of tasks. For this purpose, the necessary funds are accumulated in the account, and in their absence the enterprise applies to the bank for a loan for the payment of salaries. It is important to determine the optimal terms of salary payment and the number of days needed for this.

Usually a fund should be established once a year to pay out dividends on shares to shareholders. Also, a number of other cash funds are formed at the enterprise: to repay bank loans, to master new equipment, to conduct research and development work, to make contributions to the organization to which it reports.

Enterprises use funds not only in the form of stock. In order to fulfill their financial obligations to the budget and extrabudgetary funds, including banks, insurance companies, the use of funds by the enterprise is carried out in the non-fund form. In this form enterprises also receive donations and subsidies and sponsor contributions. Thus, the financial resources of the enterprise exist in both funds forms, and being the funds of the enterprise, with or without a specifically targeted focus.

As for the concept of funds and their relation to financial resources, A. D. Vasilik noted "... not all cash resources are financial resources. The concept of "cash resources" is much broader, but financial resources are always in cash form. Cash resources become financial resources when they are concentrated in the appropriate funds, for which the procedure for creation and use is established" (Vasylyk, 2000). This statement may be accepted in relation to the state, but under current conditions it is very difficult to apply it to modern enterprises.

No other enterprise will initially raise funds, and then turn them into financial resources for further use. This happens because: first of all, the funds do not come to the enterprises for nothing. It is obligatory that each unit of money involved by the enterprise is either goods or liabilities of the enterprise in the form of securities; secondly, the enterprise tries to attract funds for the previously predicted direction of development. In modern conditions, an enterprise cannot keep the attracted funds in its current account for a quite long time in order to create special funds from them, and then to invest in real fixed and current assets, because the sooner an enterprise attracts funds into circulation, the more income and profit it can get in the future. Otherwise, the failure to use the funds may result in undesirable losses for the enterprise or a loss of profit (Partyn, Zaderetska and Hratsiian, 2016), (Puzyrova, 2010c), (Turchak and Chyzhynska, 2014).

Therefore, first the process of development forecasting takes place, and then appropriate funds are attracted for practical realization of this forecast. Such process at the enterprise first turns each attracted hryvnia into a financial resource, and then - through the purchase of fixed and current assets - into capital. Only the state has the right to withdraw funds, and the enterprise can only attract them, moreover, it is reasonable if it intends to achieve success.

At the modern stage, the definition of "funds" is seen as an organizational form of movement of funds, begins to disappear from use in the activities of the enterprise. For this purpose, it is enough to take a look at the new form of balance, in which funds are never mentioned and old funds have been replaced by the notion of "capital" (Poida-Nosyk and Harbachuk, 2003). Concerning the funds, for example, Kovalev V.V. made the following statement: "Generally, one should not interpret any fund as a source of funds for the acquisition of assets literally (this error is especially common among those who are not accountants) - assets are most often created when a company has sufficient free cash resources, and not because a certain fund is created. It is no accidental that many companies are no longer in a hurry to create various funds, but accumulate them in the form of the retained profit, by the way, this practice is common in most economically developed countries" (Kovalev, 1997).

In order to define the place of funds in determining financial resources, lets analyse the opinion of Belolipetskiy V. Expanding the idea of the abovementioned author, he states in particular, that "in the conditions of market economy financiers operate more often with the notion of" capital ", which is a real object for the financier-practitioner, on which he can constantly influence in order to obtain new income of the company. As a result, capital is an objective factor of production for the financier. Thus, capital is a part of the financial resources put into circulation by the firm and generating revenues from this circulation. In this sense, capital is a transformed form of financial resources (Belolipetskiy, 1998).

Therefore, the concept of "capital" is used instead of funds. Moreover, this author takes another step forward - he puts financial resources in the context of time: "... In this interpretation, the fundamental difference between financial resources and capital of a firm is that at any given moment financial resources are more or equal to the firm's capital. This equality means that the firm does not have any financial obligations and all available financial resources are in circulation" (Kovalev, 1997).

However, in order to clarify which financial obligations are mentioned, we will give the following statement of the author: "In real life, there is no equality of financial resources and capital in the firm that operates. Financial statements throughout the world are constructed in such a way that the difference between financial resources and capital cannot be detected. The fact is that the standard statements do not show financial resources as they are, but their converted forms - liabilities and equity" (Gorbunov, 1986). In fact, the author speaks about equity and debt capital, referring to the latter obligations of the enterprise. Or, in other words, he considers the result of the balance sheet as a set of financial resources, and refers only to the equity capital of the enterprise, i.e., the result of the liability minus all obligations not to the shareholders of the enterprise.

This interpretation of financial resources loses the essence of modern enterprises. Under current conditions, ownership and management of an enterprise are clearly differentiated. This means that an enterprise, as a legal entity, must treat all the earned funds as liabilities to those who have made a contribution to it earlier. The only difference is the form of this contribution: funds can be contributed to the enterprise as its owner (shareholder) or as its creditor. The difference between these two types of financing of an enterprise lies only in certain aspects when calculating taxable profit (interest on a loan is usually calculated before tax, unlike dividends), in the bankruptcy of the enterprise (creditors' claims are satisfied before shareholders' claims) and in some other minor differences.

If we examine the subject of obligations in more detail, we can see that managers have an additional responsibility for shareholders, not creditors: they (managers) have to manage the company in such a way as to maximize the welfare of its owners (i.e. shareholders). This interpretation is associated with the latest trends in financial management, when the goal of the enterprise - to obtain maximum profit with minimal risk was replaced by a new one - to maximize the welfare of owners (shareholders) due to the growth of the market price of shares. It means that even the retained earnings remaining at the disposal of the company continue to be the property of the shareholders, they simply allow the management to reinvest them in the enterprise, because a successful reinvestment rotates by increasing the market price of shares, thus increasing the welfare of the owners. Therefore, an enterprise as a legal entity always has obligations to its shareholders and creditors and its entire liability reflects the structure of these obligations. Or, as writes about it Kovalev V.V.: "The balance sheet liability is the amount of the organization's liabilities" (Kovalev, 1997).

It should be noted that the opposite point of view as compared with Belolipetskiy B. G., Zyatkovskiy I. V. considers that "The view of scientists who believe that all cash funds, including borrowed funds, should be considered as financial resources of an enterprise is hardly quite convincing" (Ziatkovskyi, 2000). There are a lot of questions about the statement of OparinV.M.: "... There are reasons to assert that the concept" capital "and" financial resources "- are close in content" ... Together, there are significant differences between capital and financial resources. On the one hand, the entire amount of capital performs the functions of financial resources related to ensuring the production process. On the other hand, not all financial resources obtain the signs of capital" (Oparin, 2000).

This uncertainty in both financial resources and capital requires consideration of a capital theory that has functioned in the world for over two hundred years (as late as the time of Adam Smith) and has barely changed significantly. Modern economic theory recognizes only four factors of production or types of economic resources (it should be noted that among them there are no financial resources) capital, land, labor and entrepreneurial ability. As for the former, western scientific thought has developed this concept of capital.

Capital (financial) is an aggregate term for goods and money, from the use of which future income can be obtained (Vedenskii, 1978c). It is generally accepted to think that consumer goods and money for current needs and personal pleasure are not part of capital. Thus, a business considers its own property land, buildings, facilities, equipment and raw materials along with shares, bonds and bank accounts as capital. Houses, furniture, cars and other goods that are consumed for personal pleasure (or money exchanged for those goods) are not considered capital in the traditional sense (Blank, 2002).

In practical use (e.g. for accounting purposes) capital is defined as property owned by individuals or legal entities at a given time and is clearly separated from income received from that property over a certain period. Accordingly, each company's capital account (often referred to as a balance sheet), which reflects the company's assets on a given date and an income account (referred to as a profit and loss account) summarizing the flow of goods and receivables over a given period (usually a year) (Blank, 2002).

For economists of the XIX century the term "capital" referred only to that segment of wealth, which was the product of production. Wealth that was not produced, such as land or mineral deposits, was removed as defined of capital. Income from capital (defined in this way) was called profit or interest, while income from natural resources was defined as rent. Modern economists, for whom capital means the totality of goods and money used to create even more goods and money, do not distinguish in such a way (Hrynova and Koiuda, 2004).

The approach to capital described above demonstrates that all capital at the enterprise's disposal is reflected in the balance sheet, and only in the left part (asset), i.e. fixed and current assets. The passive reflects the sources of financing of this capital, i.e., what and to whom the enterprise owes now for tangible capital (fixed and current assets), which it is disposing of. All these obligations are clearly defined by corporate securities (in the form of shares, bonds), accounts payable (in the form of bills), obligations to banks (in the form of signed loan agreements), obligations on settlements with the budget (in the form of appropriate tax returns), obligations to pay (in the form of signed labor contracts), etc. And the fact that section 1 of the liability is called "Equity capital" does not mean that this capital belongs to the enterprise, thus reducing the amount of its obligations. The capital is called equity only because it belongs to entities which, by their involvement in the enterprise, are authorized to be called owners of the enterprise. Very often (in the context of corporations) it is termed as share capital (Poida-Nosyk and Harbachuk, 2003).

Therefore, neither revenues nor income as values related to a certain period of time are classified as financial resources. The only part of the income which belongs to these resources is retained earnings. But this happens only because this profit is capitalized. Instead of repaying all profits as dividends to shareholders and then encouraging them to invest again in the enterprise, the mechanism of accumulation of retained earnings makes it possible to avoid such a path and directly invest part of the profits again in the enterprise. Such reinvestment ultimately increases the share capital, and therefore the size of each shareholder's share in it.

One of the sources of financial potential of an enterprise can be considered real investment. In modern conditions at the majority of enterprises real investment is the only direction of investment activity as it is. It defines a high role of real investment management in the system of investment activity of the enterprise. Real investment is characterized by a number of features, the main of which are:

1) real investment is the main form of implementation of the enterprise's economic development strategy;

2) real investment is in close relationship with the operational activities of the enterprise;

3) real investments provide, as a rule, a higher level of profitability in comparison with financial investments;

4) real investments, which are realized, provide the enterprise with a stable net cash flow;

5) real investments are subject to a high level of risk of moral senescence;

6) real investments have a high level of anti-inflationary protection;

7) real investments are the least available liquid investments.

Real investments are made at enterprises in various forms, the main of which are shown in Figure 1.12 (Blank, 2002).

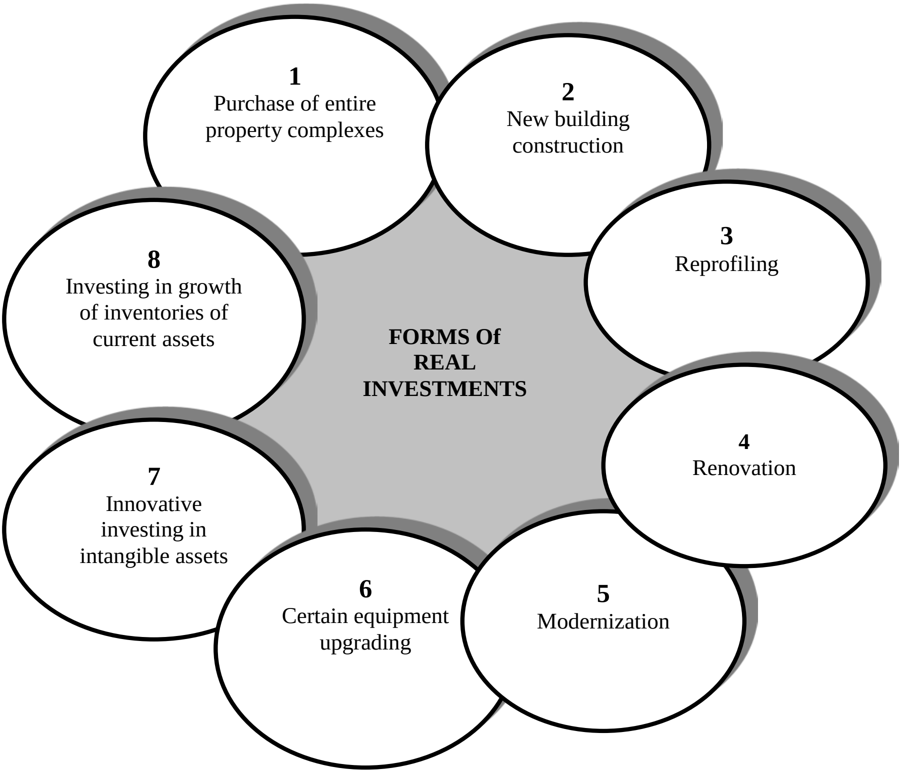


Fig. 1.12. Main forms of real investments

Source: Supplemented by the author on the bases (Blank, 2002).

All the above listed forms of real investment can be summarized into three main directions: capital investment or capital inputs (the first six forms) innovative investment (the seventh form) and investment of growth of current assets (the eighth form).

The choice of concrete forms of real investment of an enterprise is determined by the tasks of industrial, marketable and regional diversification of its activity (aimed at expansion of the volume of operating income), possibilities of attraction of new resource and labor efficient technologies (aimed at reduction of the level of operational expenses), and also by the potential of formation of investment resources (capital in cash and other forms attracted on realization of investments in objects of real investment) (Perar, 1999).

Market conditions of management, multivariant models of decision-making provide many opportunities for the functioning of enterprises. If in conditions of the centralized planned system the purpose of work of the enterprises was performance of the regulated tasks reflected in natural indicators, and for this purpose the potential (power) of the enterprise was formed, then in market economy the enterprise can independently define both output volumes, and the nomenclature of production and suppliers. Exactly independence requires from the management first to define goals, strategy, and then to form the corresponding financial potential (Onyshchuk, 2003).

Various factors - external and internal, production and non-production - influence the realization of the set of goals of the enterprise in the market conditions. Factors that influence the formation of financial potential, have a close dialectical relationship. Among the main external factors are such factors as globalization of economy, scientific and technological progress, competition, development of information technologies and others. (Figure 1.13) [supplemented by the author].

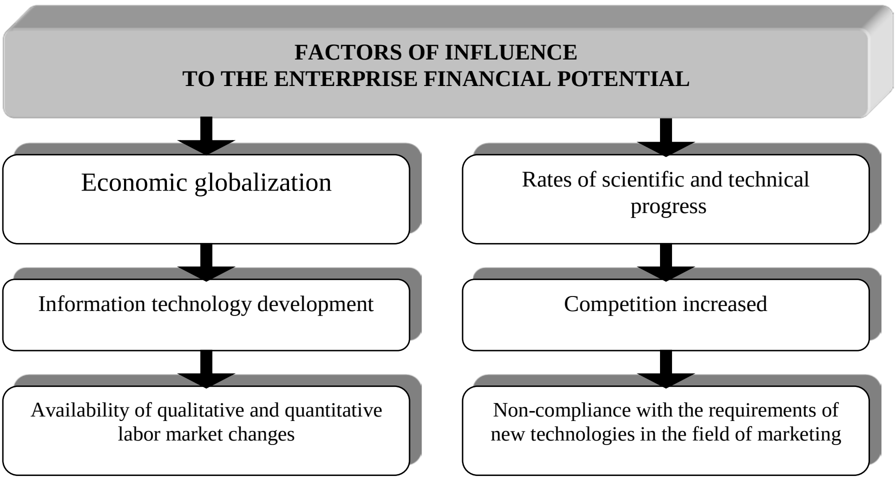


Fig. 1.13. Factors of influence to the enterprise financial potential

Source: supplemented and summarized by the author.

All of them define new requirements to the level of financial potential of the enterprise. A separate component that can influence on the formation of the financial potential of enterprises is the system of relations between the enterprise and the economic sector, carried out through the dynamics of expenditures, the level of employment, price level, the aggregate tax rate, interest rate and currency exchange rates. The elements of the system make it possible to define more clearly their influence on the financial potential of an enterprise, that is, the initial conditions of functioning of enterprises; conditions of realizations of the finished product and conditions of cash circulation; conditions of formation of financial resources of an enterprise (Onyshchuk, 2003).

In a market environment, the main driver of financial potential is the availability of consumers and suppliers. The chain of long-term contracts provides constancy of work of the enterprises, their cooperation and creates necessary base for perspective and current planning. Economic services of the enterprise should react on change of the marketing environment, first of all because of fluctuations of demand and supply. Change in demand causes necessity of adjustment of the industrial program, revision of a portfolio of orders, changes in financial policy and accordingly the financial potential (Onyshko, 2003), (Partyn, Zaderetska and Hratsiian, 2016).

An important element influencing the financial potential is the choice and formation of the development strategy of the enterprise. Wrongly defined strategy, the inconsistency of its existing potential can lead to imbalance of the enterprise (Onyshko, 2003). Therefore, it can be affirmed that through the strategy it is possible to calculate the changes in the constituent elements of the financial potential of an enterprise by taking into account the development conditions and by searching for new factors of influence to compensate for the negative conditions and to use the positive ones as fully as possible. Factors and conditions for the development of financial potential are shown in Figure 1.14 [supplemented by the author].

The influence of the factors listed in Fig. 1.14 is quite significant. So, in case of a change of suppliers, the enterprise forms a new financial potential due to quality materials and components, lower costs for raw materials, high level of service and the like. Existing financial potential realization due to a change of suppliers is possible, when existing traditional suppliers hinder the development of the whole enterprise beyond the low level of service, violation of the delivery schedule, increase of purchase prices etc., i.e. there is also a mutual conditioning of the financial potential components.

The emergence of completely new opportunities for reinvestment of income, as well as the achievement of maximum savings through the introduction of new technologies, contributes to the increase and improvement of the existing financial potential and, perhaps, the formation of a fundamentally new nature of financial potential.

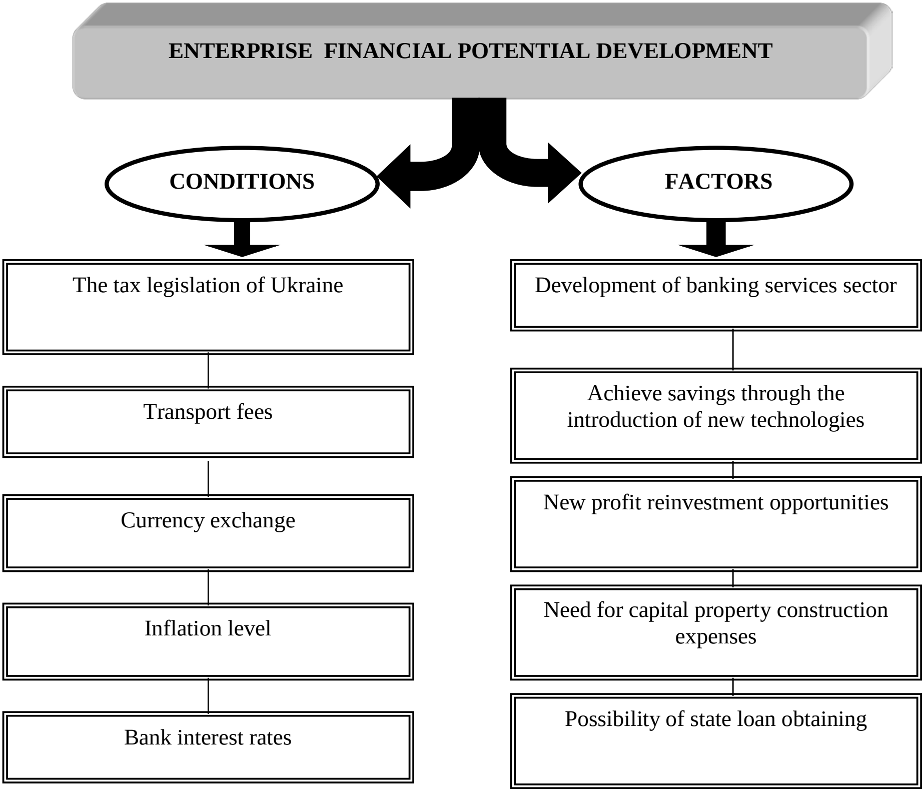


Fig. 1.14. Factors and conditions for development of the financial potential of the enterprise

Source: supplemented and summarized by the author

In addition, the first factor is the reason for the increase of the production potential of the enterprise (manifestation of mutual potentials exchange), because new technologies contribute to the expansion of opportunities for reinvestment of profits, and therefore - increase the financial potential of the enterprise. At the same time, the need for expenditure on capital property construction, in connection with the introduction of new technologies, leads to a reduction in the existing potential for the current period of time, although it suggests an increase in financial potential in the long term.

It is also necessary to pay attention to the components of the financial potential of the enterprise, represented by two parts: internal and external (Fig. 1.15) [supplemented by the author].

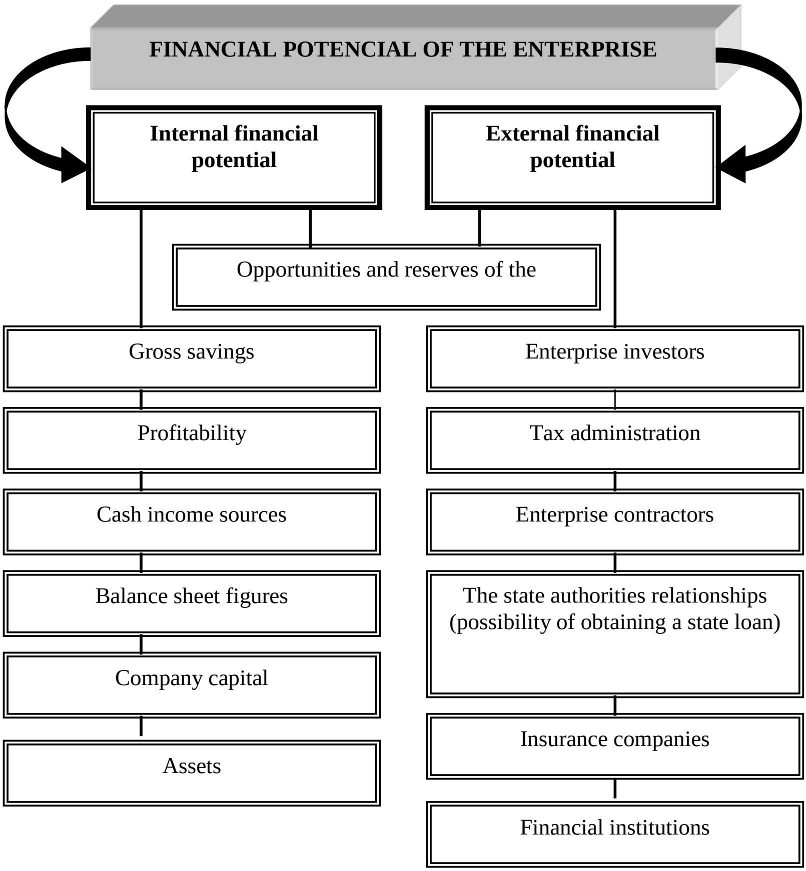


Fig. 1.15. Financial potential of the enterprise depending on its internal and external dividing

Source: supplemented and summarized by the author

Accordingly, internal and external financial potentials differ both in terms of their internal nature and the impact they have on the ever-changing financial potential of an enterprise. Taking into account the micro and macro environmental conditions, as well as the impact of external factors on the financial potential of the enterprise, it is possible not only to predict possible potential fluctuations, but also to develop the necessary measures to adjust this impact and achieve the goals set for the enterprise (Komaretska, 2005), (Levchenko, 2012).

Therefore, the problematics of financial potential, first of all its components, factors of influence and conditions of development, is actual and requires the further detailed highlighting, as the factors, conditions of creation and realization of financial potential of enterprises are rather various. The development and increase, i.e. the strengthening of financial potential is also affected by such factors as the amount of own financial resources, the availability of additional funds and financial management, where the effectiveness and efficiency of financial flow management is assessed.

1.3 Theoretical foundations for managing the financial potential of enterprises under the influence of economic risks.

The industrial enterprises, their competitive activity in the market and reception of profit are characterized by: objective necessity for occurrence of requirement for management of financial potential of the enterprises; consideration of influence on it of economic risk which gives the chance to the enterprises to reveal and estimate shortfalls of reception of profit; the maintenance of a share of the market and prevention of losses.

Such situation is possible under condition of the implementation of the effective risk management system, which is conditioned by adaptation of domestic enterprises to international business conditions. Considering it, revealing of typical forms of the organization of service of financial management and an estimation of level and uncertainty of economic risks in activity of the industrial enterprises becomes actual (Puzyrova, 2008a), (Puzyrova, 2008b).

Uncertainty is a situation in which the probability of obtaining the results of a decision is unknown, in some cases unknown and the spectrum of consequences of such a decision (Vitlinskyi and Verchenko, 2000). To make decisions in a situation of uncertainty is not only unprofitable for the entrepreneur, but also threatening, because the main requirement is to convert uncertainty into risk. Risk is a situation when the result of a certain process is not known, but its possible alternative consequences are known, and there is enough information to assess the probability of these consequences (Vitlinskyi and Velykoivanenko, 2004).

The scientific approach to the problem of risk was formed only in the early twentieth century. The consideration of this issue was carried out by stages: In 1920-1930, economists Marshall and Pigou had developed the foundations of the neoclassical theory of economic risk. This theory had the following main points: the enterprise was working in conditions of uncertainty, with its profit being the amount of a random one, also the enterprise was guided by two criteria in its activity - the amount of expected profit, the amount of possible fluctuations of this profit. According to this concept, the entrepreneur's behavior is conditioned by its ultimate usefulness, i.e. if it is necessary to choose one among two investment options, preference should be given to the option for which the fluctuation of income will be less (provided that the values of expected profits are equal) the second stage has supplemented the classical theory with the risk pleasure factor. This proposed the implementation of such a postulate: for the purpose of larger expected profits the enterprise can take great risks. At the same time, it was proved that investments of the most risky nature should also have a high return rate. This principle was the stimulus for the development of a specific area of entrepreneurial activity - venture entrepreneurship. Scientists provide different interpretations for the concept of "risk" (Fig1.3).

Figure 1.3

Interpretation of the concept “risk”

Author	Concept definition
Terri E.	Risk is the level of uncertainty associated with a project or investment.
Webster L.D.	Risk is defined as a danger, possibility of loss or damage.
Raisber B.A.	Risk is the threat or danger of damaging in the most general sense of the term.
Bobrov V.A.	Risk is the possible loss or shortfall of income in relation to the version of the foreseen project, program, plan or forecast.
Vitlinsky B.B. Nakonechny Y.S.	Risk is the value of a probable event, which may result in losses, due to deviation of actual data from estimated current state and future development of the system.
Graboviy P.G.	Risk is the possibility of loss of some resources by the enterprise, revenue shortfall or losses as a result of certain production, financial or other activities.
Author definition	Risk are possible losses and threats arising in the activity of enterprises and connected with underproduction of a share of profit, prevention of possible damage at the enterprise, maintenance by the enterprise of the positions in the market and achievement of competitive positions in the market.

Source: supplemented by author.

The nature of risk is most comprehensively described in the following definition: economic risk is the activity of business entities associated with overcoming uncertainty in a situation of necessary choice, in the process of which they are able to assess the probability of achieving the desired result, failure and deviation from the goal (Vitlinskyi and Verchenko, 2000). We consider economic risk to be an objective and subjective category.

The main characteristics of risk are its elements: objects; subjects; sources of risk. The risk object is an economic system, the efficiency and functioning conditions of which are not known in advance. The risk subject is a person (individual or a collective), is interested in the result of managing the risk object and is competent to make decisions on the risk objects. The sources of risk are factors (phenomena or processes) that cause uncertainty or conflict of results.

The presence of all risk elements is a prerequisite for the existence of risk. To ensure rationality of decision making in risk conditions, the necessary condition is its evaluation and justification (Puzyrova, 2019b).

So, the algorithm of economic risk assessment is as follows:

1. Identification of all risk opportunities of a certain type of activity by comparing favorable and negative consequences of such activity;
2. Assessment of each type of risk:
   - ✓ quantitative;
   - ✓ qualitative;
   - ✓ integral.

Selection and substantiation of risk minimization measures. Determination of the effectiveness of these measures.

The main principles of risk management are extent and minimization principles. The essence of the first principle is that a business entity should strive for the most complete coverage of possible areas of risk occurrence. The main method, which allows identifying these areas of risk, is the cause-and-effect method. The method allows considering a business solution simultaneously in several dimensions, searching for "weak spots" with the potential for negative consequences.

The purpose of any manager's activity is to constantly adapt to the circumstances, to try to modify or change the circumstances, or to delay a decision for a while in order to reduce risk. Depending on the personal risk aptitude and other psychological characteristics, the manager can adapt to the risk in two ways. A distinction is made between external and internal risk adaptations.

External adaptation to risk or extroversion is a set of ways and methods by which a risk subject attempts to actively influence on the environment. Internal adaptation or introversion is typical for persons with low risk who are convinced that no direct impact on the environment is possible. Their main tools are to collect additional information, gain time, deepen, justify solution variants and generate new alternative solutions (Puzyrova, 2010d), (Puzyrova, 2019a).

Economic risk is an important economic category that requires management and minimization. The degree of risk can be:

- ✓ the probability of losses or revenue shortfalls compared to the forecast option;
- ✓ probability of undesirable situations occurrence;
- ✓ failure to make payment settlements;
- ✓ mathematical expectation of a corresponding random value;
- ✓ oriented loss amount;
- ✓ a relatively dimensionless characteristic is the coefficient of variation.

Special methods of risk assessment are its assessment on the basis of analysis of the financial condition of the enterprise and feasibility of expenses. The generalized method of the analysis of the impact of economic risks is the correlation-regression analysis, which allows to analyze large volumes of information in order to study the possible relationship of two or more variables.

Risk management activities in the enterprise should be carried out with the help of a specially developed risk management program. To develop such a program and monitor its implementation, a special unit headed by a risk manager should be formed. The risk manager's duties should include all issues related to the implementation of the risk management program and the development of a regulation on enterprise risk management. The regulation should reflect the risk management philosophy of the enterprise and outline the boundaries between structural units (Puzyrova, 2009a), (Puzyrova, 2009b).

The modern world economic tendencies differ intensive development of the horizontally integrated systems of management of the finance at the enterprises, about which it is told in works of Brigham Y. (Brighem and Gapenski, 1998), Horn J.V. (Van Horn, 2000), Ross S. (Ross, 1999), Perar J. (Perar, 1999). At the same time traditions of financial activity of domestic enterprises stipulate active introduction of vertical and administrative systems of finance management, about which Borinets S. Y. (Borynets, 1999), Fedosov V.M., Sutormina V.M., Ryazanova N.S. mention (Sutormina, Fedorov and Riazanova, 1993).

Modern privatization processes have led not only to changes in property relations, but also to a review of approaches to the organization of finance at the enterprise. Thus, unstable conditions of economic development of enterprises have caused the necessity of diversification of entrepreneurial risks and promoted the unification of industrial and banking capital. This led to the establishment of various corporations, holdings, concerns, etc. Taking this into account, an important contribution to the development of the national financial school is the study of theoretical aspects of the organization of financial management service at the enterprise.

The organization of the financial management service in the enterprise, as well as the role of each of its divisions depend on the size of the enterprise and the type of its activity. The structure of the financial management service unit combines all services or all employees involved in the management of the financial potential of the enterprise, and those between whom the functional responsibilities associated with the performance of the main financial tasks are distributed. Therefore, the financial management service should be organized in such a way as to provide not only the implementation of the main goals and objectives set for the enterprise, but also to control the timeliness of their implementation, economic feasibility and probability of risks at the enterprise.

The efficiency of the financial management organization at the enterprise provides for such a construction, in which the best results are achieved in conditions of minimization of labor and financial resources costs.

It is only possible to organize the financial management service in a rational way at an enterprise if a number of prerequisites are taken into account in the construction of its organizational structure, that is:

- ✓ peculiarities of production activity of the enterprise;
- ✓ the determination of the nature and scope of its activities;
- ✓ regulatory compliance of the financial management and law enforcement service in the implementation of the functions entrusted to it
- ✓ distribution of functional responsibilities among financial employees (managers) of different levels;
- ✓ to identify economic risks in a timely manner and to determine the probability of occurrence of losses.

The operation of a well-organized risk management system at industrial enterprises is an integral part of financial management for managing the financial potential of industrial enterprises. Moreover, the main goal for the shareholders of the enterprise and investors here is to provide an optimal balance between maximization of profit and long-term stability, development of financial potential. To achieve this goal, the principles of comprehensiveness, continuity and integration should form the basis of the risk management system. The consideration of features of industrial activity of the enterprises promotes the organization of financial management according to character of the organization of the enterprises, requirements of governing bodies and owners. The structure of enterprises and the technology of their production activities determine the methodology for obtaining the necessary management information, organization of the system of operational monitoring, follow-up control and analysis of the results of economic and financial activities. The strategic plan for enterprise development stipulates a system of current and accountable financial figures, the achievement of which depends on the organization of operative, timely and qualitative work of the financial management service in close cooperation with structural subdivisions of risk management services (Brighem Gapenski,1998).

Determining the character and scope of enterprises is important for the correct organizational structure of their financial management services. Owners and bodies of enterprises require timely, complete and reliable information describing the state and efficiency of economic and financial processes at enterprises. Thus, the efficiency of management will depend on the nature and scale of enterprises.

Traditionally, there are three main forms of enterprises: small, medium and large (financial and industrial groups or holdings). To the basic types of organizational structure of the mixed delegated management of the finance at the enterprise the following departments belong: administrative and financial; financial and economic; financial and information; financial and legal.

Independent from the organizational structure of financial management, the responsibility of specific employees for the completeness and timeliness of the planned tasks is established. Large enterprises are characterized by a complex system of organization of the financial management service, which is explained by the increase in the number of specialized departments and financial opportunities. The head of the financial management service is the financial director or vice president for finance.

The specific features of managing the financial potential of large industrial enterprises are that, along with production and financial activities, they participate in the formation of the authorized capital of other joint stock companies.

In the structure of the financial management service (Figure 1.16) it is necessary to clearly distinguish between information, management, risk and control bodies ((Petlenko, 2004) and supplemented by the author).

Information bodies include departments responsible for collection, legality, reliability and comprehensiveness of financial information - accounting, legal and financial departments. In spite of this, in the process of organization of an information department, they are guided not only by the selection of highly qualified specialists, but also by the selection of responsible employees who are able to work in a team and are collectively responsible for the results of their work.

Operational management bodies develop planned indicators of the company's development, determine sources, volume and terms of mobilization of financial resources, probability of losses, minimize risks, and make up the budget of capital investments. The structural subdivisions of this body are the treasury department, planning department and investment department.

An important link in the effective management of the enterprise finance is the control over the implementation of goals and objectives established for the enterprise, its structural units and subsidiaries. Its data are used to adjust current activities in case of revealing the facts of deviation from the established planned indicators. Another area of control is preservation and optimization of owners' property. Therefore, controlling bodies should consist of the department of control over the enterprise activity, audit and risk management department.

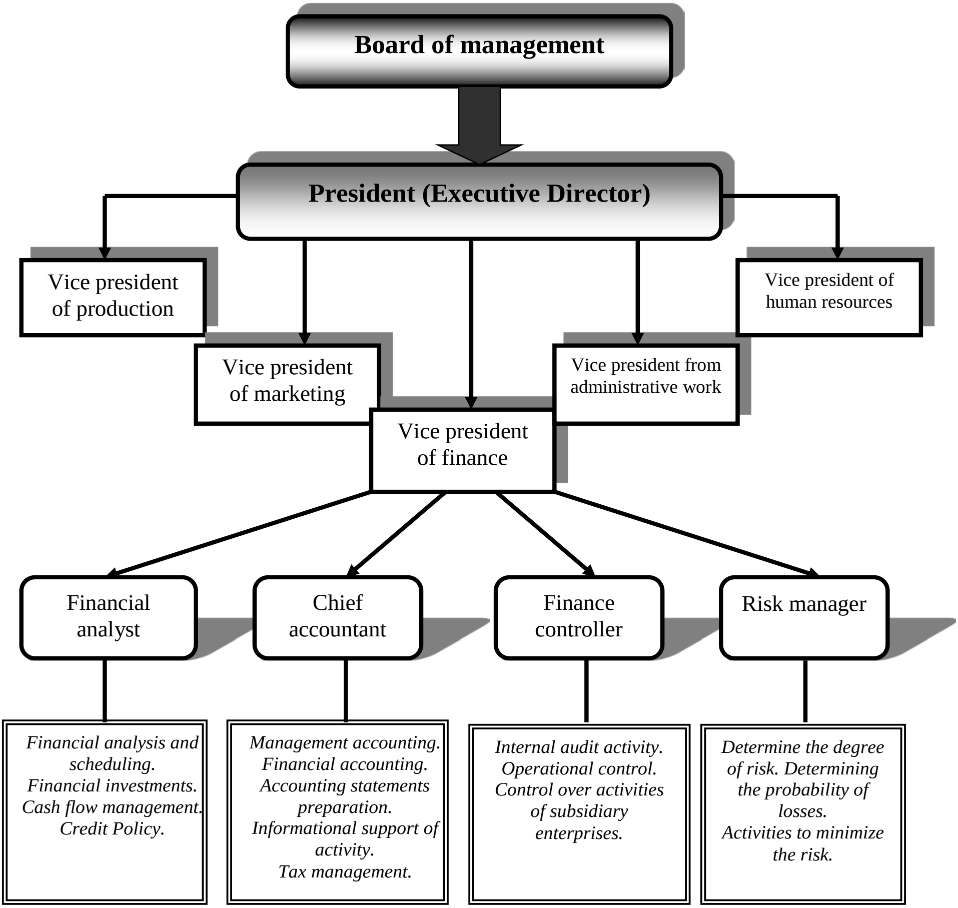


Figure 1.16. Organizational structure of a large enterprise financial management

Source: supplemented by author on the bases (Petlenko, 2004).

To characterize the organizational structure of the financial management service of financial and industrial groups or holdings, it is necessary to note one of their essential features - the low rate of decentralization. This peculiarity is caused by centralization of financial management at the central office level and the need to preserve the authority to make strategic decisions at the top level. At the same time, there is an opportunity to achieve savings due to the size of the organization. Savings are achieved through the ability to mobilize financial resources at lower costs, risk reduction through diversification, minimization of administrative costs of management, a high level of coordinated cash flow and financial planning.

Financial management of financial industrial groups or holdings is carried out by the apparatus of financial managers, whose activities are coordinated by the financial director. The financial management service apparatus is an independent structural subdivision and often it is a separate enterprise with the status of a legal entity. The following functions are assigned to it:

- ✓ participation in the development of financial strategy of financial and industrial groups or holdings, as well as the definition of current and operational tasks;
- ✓ assessment of economic feasibility and efficiency of investment projects of financial and industrial groups or holdings;
- ✓ development of a financial security mechanism on the national and international levels;
- ✓ the providing of consulting services to structural units of financial and industrial groups or holdings.

This range of functions is implemented by the financial management service in conjunction with accounting and risk management services. For example, it develops unified internal accounting and reporting forms, the procedure for forming pricing policies, rules of accounting between enterprises, measures to minimize risks included in financial and industrial groups or holdings.

The activity of the financial management service of financial and industrial groups or holdings is determined by the tasks that are delegated to branches and subsidiaries to develop investment financing plans. Then the plans developed by the branches and subsidiaries are analyzed and approved, on the basis of which the investment financing plan is developed and control is exercised for its coordinated implementation. The organization of the financial management service of financial and industrial groups or holdings varies depending on the content of the financial work. In financial-industrial groups, the financial management service is divided into subdivisions or groups, which are delegated to perform current financial tasks (Fig. 1.17)((Petlenko, 2004) and supplemented by the author).

Insurance of risks at industrial enterprises requires special attention, as it is risks that do not allow to get the maximum effect from the intended. Also at enterprises as a means of risk minimization it is possible to create reserves of cash assets for the purpose of covering casual expenses, thus two kinds of reserves are allocated: the general reserve of cash assets for covering of any changes in the estimate caused by influence of factors of risk; the special reserve consisting of surcharges of uncovering growth of prices and various expenses on certain positions. Creation of stocks and reserves at the enterprise is a rather effective way to protect against risk, but also relatively "value", as it requires the withdrawal of funds from the economic turnover (Puzyrova, 2019c), (Puzyrova, 2019d).

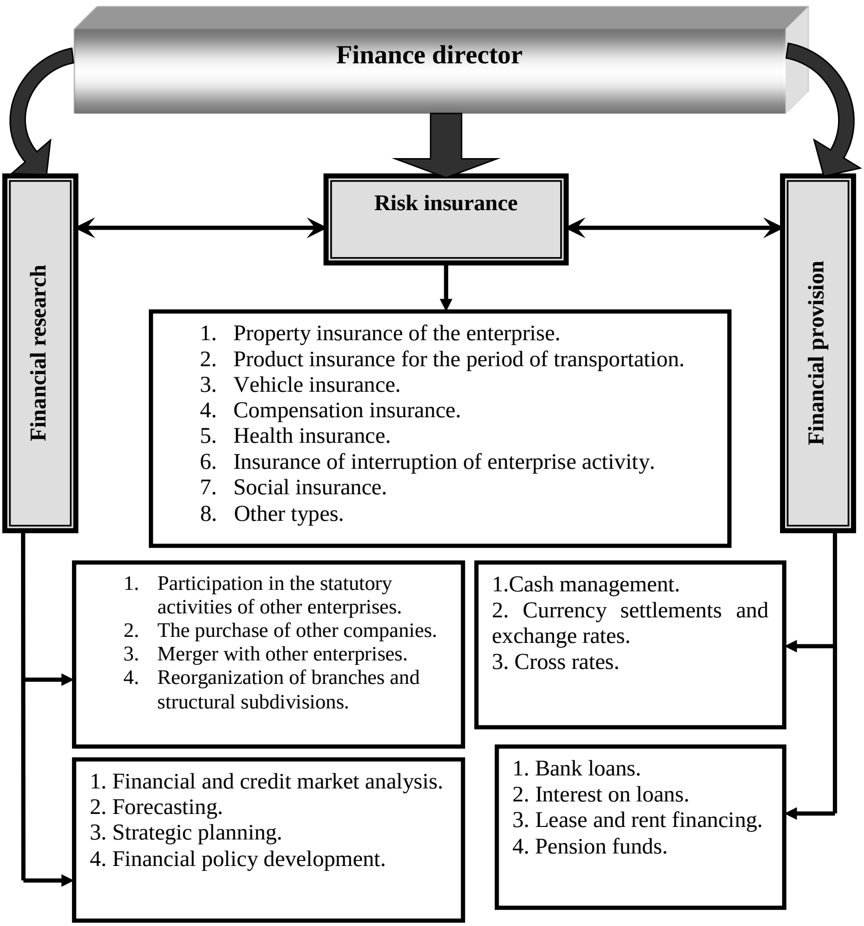


Fig. 1.17. Financial management service organization

Source: supplemented by author on the bases (Petlenko, 2004).

Such factors as scale, field of activity, market position of the enterprise and efficiency of its interaction with internal and external environment, strategic goals and current tasks, provision of sources of financial resources, etc. influence the formation of organizational structure of financial management at the enterprise.

The main task of managing the financial potential of an enterprise at risk impact is to optimize risk and financial flows in order to maximize the positive financial result. For this purpose, the enterprise should define ways to minimize and insure risk, have a properly prepared financial plan of its activities, which in turn requires the definition of a strategy to manage the financial potential of the enterprise and assess the probability of losses.

The content of each element of the strategy for managing the financial potential of the enterprise depends primarily on the economic situation, which is constantly changing in Ukraine. As a matter of fact, the elements of the strategy of financial potential management are specific directions of the general strategy of enterprise development (Polishchuk, 2000), (Turchak and Chyzhynska, 2014), (Radchenko, 2019).

The first steps in managing an enterprise's financial potential and determining its risk is its assessment, which is divided into a number of separate levels, the key of which is financial analysis and risk determination. Financial analysis is a way of accumulating, transforming and using information of a financial nature, which is necessary in order to:

- ✓ to assess the current and future financial condition of the enterprise;
- ✓ analyze possible and reasonable rates of development of the enterprise from the point of view of their financial support;
- ✓ identify available sources of funds and assess the possibility and feasibility of their mobilization;
- ✓ to evaluate the probability of losses;
- ✓ to predict the position of the enterprise on the capitals market.

In determining the degree of risk impact on the management of financial potential of enterprises it is necessary to identify the main stages of risk. Thus, the first stage of economic risk assessment is to identify sources of information for risk analysis (Vasylyk, 2000). They can be:

1) information about the enterprise published by special publishing houses, unions of entrepreneurs, chambers of commerce;

2) information about the company (trademark, address, main brand, industry branch, private and financial relations, biographical references);

3) information published by the enterprises themselves (annual activity records, balance statements, prospectuses of enterprises, exhibition and fair catalogues);

4) periodical press, publishes specialized information about enterprises;

5) information about enterprises, provided by specialized organizations and institutions, credit reference offices, consulting firms;

6) information on enterprises provided at the request of government agencies, unions of enterprises, chamber of commerce;

7) rosters (dossiers) for enterprises, formed in international economic organizations of the UNO system, EU.

In the process of collecting information it is necessary to observe several basic rules: firstly, do not make early conclusions: it may happen that the first obtained facts are the exception rather than the rule, and characterize the situation only on the one hand; secondly, do not be late with conclusions: for unpleasant facts there is always a willingness to get more proof, but sometimes it is better to do it already in the process of changes thirdly, never ask why certain activities will not be held: questions generate expectations that come back with resistance when voiced problems are ignored.

The next stage of economic risk assessment in managing the financial potential of industrial enterprises is the fixation of risks. When assessing the activity of an enterprise it is reasonable to make a fixation of risks, i.e. to limit the number of existing risks in accordance with the principle of "reasonable sufficiency". This principle is based on attraction of the most significant and widespread risks for assessment of financial and economic activity of the enterprise.

After fixing the risk, it is necessary to make an algorithm of the decision made. This stage in the assessment of the impact of economic risks on the activity of the enterprise is aimed at a phased separation of the planned decision into a certain number of smaller and simpler ones. Such an action is called making an algorithm of decision.

The next step is a qualitative and quantitative assessment of risks. Qualitative risk assessment involves:

- ✓ to identify the risks inherent in the implementation of the proposed solution;
- ✓ quantifying the risk structure;
- ✓ identification of the most risky fields in the developed algorithm of the decision made.

The main purpose of this stage of assessment is to identify the main types of risks affecting the activities of the enterprise and the process of managing the financial potential of industrial enterprises. The advantage of such approach is that already at the initial stage of analysis the head of the enterprise can visually estimate the degree of riskiness by the quantitative structure of risks and already at the early stage to reject the practical implementation of the decision. In a basis of a quantitative assessment of economic risks on management of financial potential of the industrial enterprises it is reasonable to put a methods which are used at carrying out of audits, that is an assessment of risks on economic activity of the enterprise. Use of the given method, as well as the result of the analysis, allows to carry out a complex estimation of risks of financial and economic activities of the enterprises.

The economic conditions in which enterprises operate have changed fundamentally, which has led to the formulation of targets. On the one hand, enterprises are given economic independence, they resolve the issues of purchase and sale of products, determination of production amounts and attraction of sources of funds supply. From the other hand, these enterprises are characterized by a high degree of depreciation of the active part of fixed production assets, low levels of labor productivity and product quality, and, as a result with a small financial potential (Poida-Nosyk and Harbachuk, 2003), (Shabatura and Lahodiienko, 2015).

The basis for the normal workability of any enterprise is the availability of sufficient financial resources to ensure the ability to meet the needs of the enterprise for ongoing activities and further development. Financial potential is characterized as a set of primary cash income received on the territory of the entity, including the profit of business entities and labor remuneration engaged in economic activity.

Financial potential determines the possibilities of production and non-production accumulation, as well as the achievement of a certain level of personal consumption by the population (Rodionova, 1995).

Financial potential should also include financial resources that are actually at the disposal of the enterprise and are used for the development of production and infrastructure (including the implementation of investment programs). The financial potential of the enterprise is determined primarily by its financial condition, the main component of which is the availability of receivables.

The surplus of an enterprise's accounts receivable over its accounts payable means that the financial potential of the enterprise is actually higher than it appears from the profit and loss statements, and in case of settlement of the non-payment problem it will increase by an amount proportional to the overdue debt balance.

Surpassing the total overdue accounts payable over accounts receivable accordingly reduces the financial potential. Also, large amounts of labor remuneration arrears lead to an underestimation of the financial potential by the corresponding amount.

The main task in the process of managing the financial potential of the enterprise is to harmonize its cash flows. For this purpose, each enterprise implements the financial plan of its activity, determines the needs for sources of external financing for the development of measures to manage the input and output flows and predicts possible future actions (Fig. 1.18) [supplemented by the author].

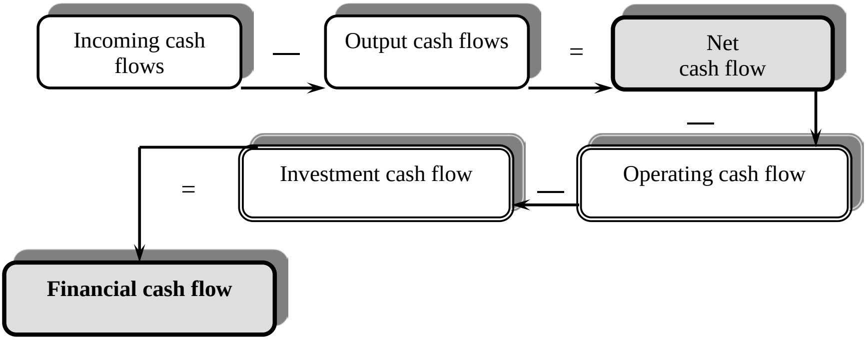


Fig. 1.18. The place of financial cash flow of the enterprise depending on the type of activity and sources of formation

Resource: supplemented by the author.

The financial cash flow should be considered as a mechanism, adjusting the formation of financial support of the enterprise's need for capital to finance operational and investment activities. That is, this financial activity is aimed at quantitative and qualitative change of the enterprise's liabilities in order to cover its capital needs (Fig.1.19) ((Gryaznova, 2002), (Stoyanova, 2001) and supplemented by the author).

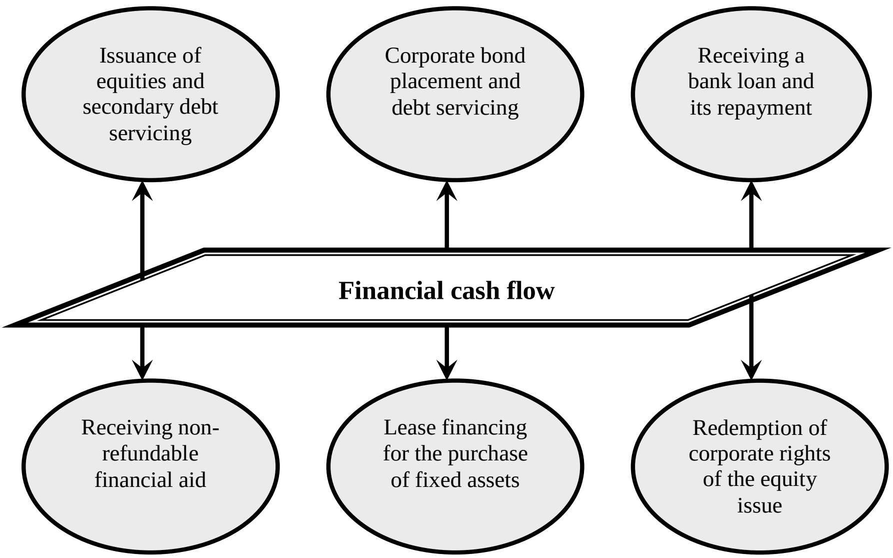


Fig. 1.19. Financial cash flow and directions of its use

Resource: supplemented by the author based on ((Gryaznova, 2002), (Stoyanova, 2001) and supplemented by the author).

The formation of financial cash flow is usually not characterized by stability. Permanence of formation of a positive financial cash flow indicates a stable dependence of the enterprise external financing.

When the external source of financing is loan capital, the question arises about the financial solvency of the enterprise to ensure the formation in the future of the necessary absolute value of the operating cash flow to service the obligations by providing a source of interest payment service and repayment of principal.

The absolute value of the financial cash flow and its distribution over time define current and future cash flow claims of owners and creditors of the company. Financial cash flow management is associated with peculiarities, which are manifested in the ratio of financial activity tasks to the needs of operating and investment activities. (fig. 1.20) (Blank, 2002):

1. Input financial flows of the enterprise is a corrective mechanism for balancing the value of Free Cash Flow.

2. The adoption of management financial decision-making, their implementation result forms the composition and structure of the input financial cash flows of the enterprise, depends mainly on the following factors:

✓ the enterprise's policy on the capital structure (when choosing between financing from equity or debt capital);

✓ specificity of sources of cash deficit formation: mobilization of short-term borrowed capital to cover outgoing cash flows from operating activities and mobilization of long-term loan or equity capital to cover outgoing cash flows from investing activities;

✓ temporary maintenance of the enterprise liquidity reserve from short-term liabilities (input financial cash flows).

1. The absolute amount of outgoing cash flows is determined by the level of incoming cash flows for previous periods (repayment of principal) and, partially, by the enterprise's dividend policy (within the limits of payment of cash dividends, buyback of shares of own issue).

3. Coverage of outgoing cash flows of the enterprise should be carried out mainly at the expense of operational cash flow and only in some cases due to the financial activities of the enterprise (debt restructuring or debt repayment through the formation of a new one).

4. One of the main tasks in managing the financial potential of the enterprise with minimization of economic risks is also its forecasting. Forecasting the financial potential of an enterprise is the formation of a system of financial possibilities and the choice of the most effective ways of their optimization. Within the framework of financial forecasting, the general concept of financial development and financial policy of the enterprise on certain aspects of activity are developed.

Financial forecasting cannot be carried out with great accuracy, as due to many factors in the forecast period there will be a mismatch between the actual reality and the forecast. However, the possibility of an error should not be the reason for rejection of the forecast.

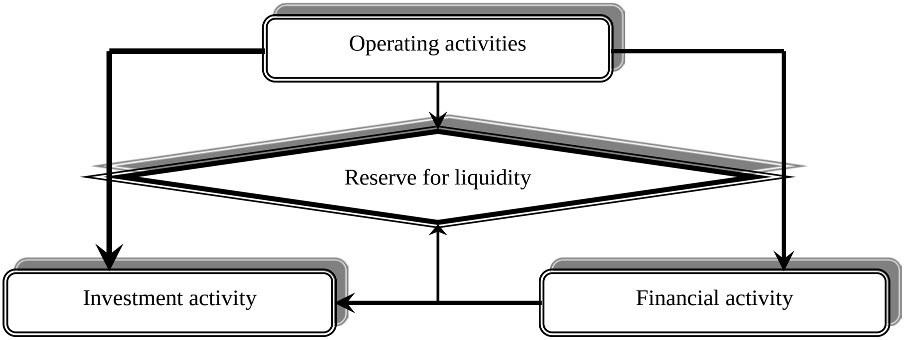


Fig. 1.20. Formation of incoming and outgoing financial cash flows coverage

Resource: supplemented by the author based on (Blank, 2002).

***Note**. The absolute value of cash flows generated within a particular activity of the enterprise corresponds to the thickness of the corresponding arrow, which reflects the cash flow.*

To ensure the reliability of forecasting financial potential, it is necessary to use information that is sufficiently complete in volume, content, structure and with a high degree of reliability to be able to compare information over time on quantitative and qualitative indicators.

The process of forecasting financial potential begins with forecasting production and sales amounts, followed by forecasting financial results, cash flows, reporting and the probability of losses. The process of forecasting financial potential begins with forecasting production and sales amounts, followed by forecasting financial results, cash flows, reporting and the probability of losses. The definition of the future production and sales amount is an input necessary element in the determination of the relationship between the development opportunities of the enterprise, investment needs and financial resources. Implementation of any strategic forecast requires, first of all, timely financing, which provides for both mobilization of internal financial potential of the enterprise, ways to minimize economic risks, and attraction of external resources. The main strategic directions of the enterprise development (innovation, marketing, organizational, sales) are formed taking into account specific financial opportunities and financial prospects with forecasting of possible probable losses of the enterprise financial activity. An integral part of management strategy formation is the development of financial potential forecasting by minimizing economic risks. The mechanism of formation of the management strategy of an enterprise's financial potential with the consideration of risk can be divided into a number of stages (Fig. 1.21) [developed by the author].

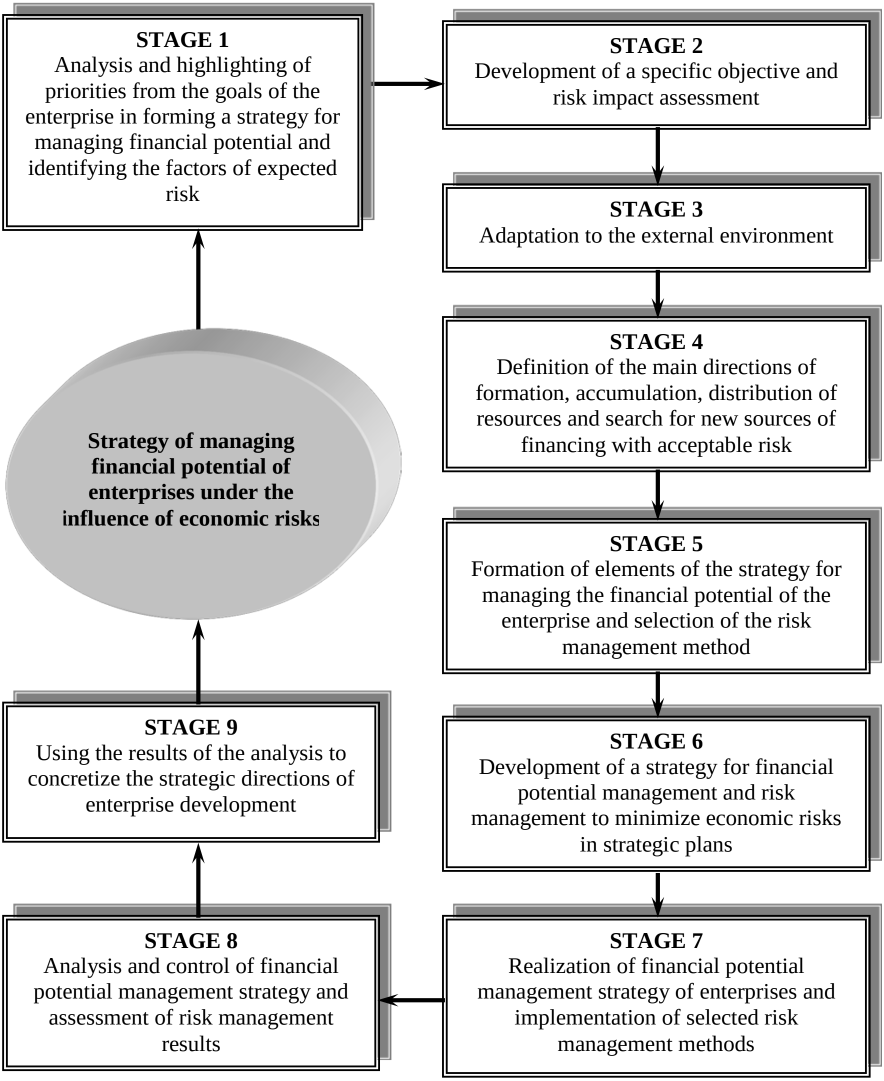


Fig. 1.21. Stages of forming a strategy for managing an enterprise's financial potential while considering economic risk

Resource: supplemented by the author.

The problem of managing the financial potential of an enterprise remains very actual, as it requires constant updating of the constituent elements that determine a mobile and effective response to all changes occurring in the economy of the country, and therefore affect the activities of the enterprise itself (Puzyrova, 2019c), (Puzyrova, 2019d).

The development of a particular enterprise goal is based on:

- ✓ analysis and forecast of the financial and economic state of the external environment;
- ✓ analysis of the internal environment of the enterprise;
- ✓ identification of strengths and weaknesses, in particular, stable growth in sales and profitability, additional cash flow, weaknesses - reduced profitability, negative cash flow of opportunities - an improved cost structure;
- ✓ the threat of losing capital invested in subsidiaries.

In the process of studying scientific literature on financial issues, there is no comprehensive concept of financial potential and the necessary measures to effectively manage the financial potential of the enterprise.

Therefore, it can be concluded that the financial potential of the enterprise is the relationship that arises in the enterprise with regard to achieving the maximum possible financial result under the following conditions:

- ✓ availability of equity capital sufficient to meet the conditions of liquidity and financial stability;
- ✓ ability to attract capital to the extent necessary to implement effective investment projects;
- ✓ profitability of the invested capital;
- ✓ availability of effective financial management system ensuring transparency of current and future financial condition.

The strategy of managing the financial potential of the enterprise under the influence of economic risks should be considered as a system of goals and actions for the future, which is based on financial management, assessment and minimization of economic risks, management of financial resources of the enterprise, i.e. financial management. This is a system of plans to receive, accumulate and distribute financial resources. The initial position in development of management of financial potential of the enterprise is effective use of the financial market which main function is maintenance of cash flows from some owners to others (Onyshko, 2003), (Partyn, Zaderetska and Hratsiian, 2016).

From the above list of financial tools, each company can develop its own strategy for managing financial potential. However, it should be taken into account that all financial market tools are dynamic and constantly developing, that is why all enterprises face one of the most important tasks - timely monitoring of financial market development trends and demonstration of economically beneficial strategies.

At formation of strategy of management of financial potential and enterprise development it is necessary to apply both quantitative and qualitative approaches and methods. The need to combine quantitative and qualitative methods generates the problem of their limited combination in the process of forming the strategy, not ignoring neither quantitative (the profit rate, interest rates on loans, etc.), nor qualitative (the level and criteria of the financial condition, resources, etc.).

Special attention should be paid to dividend policy and methods of payment when forming the strategy of financial potential management, as they are the evidence of financial potential and strategic development of the enterprise (Petlenko, 2004).

The dividend policy is implemented in accordance with the enterprise charter and strategic objectives for a certain period.

A number of the following factors influence on the dividend policy:

- ✓ various credit and financial constraints;
- ✓ differential tax rates on dividends and capital gains;
- ✓ advantageous forms of investment in certain periods;
- ✓ the desire of the owners and shareholders to receive income in the current period and not in the future (or the opposite).

Together, these and other factors determine the optimal dividend policy. Achieving this optimum is a rather difficult task, as it is impossible to develop an ideal model of a dividend policy, but it is possible to identify the main points that should be taken into account when developing such a policy.

In decision-making on dividend policy, an enterprise should consider (Blank, 2002):

- ✓ cash sufficiency for dividend payments;
- ✓ indebtedness under previously issued bonds and other liabilities;
- ✓ payment of dividends on preference shares, which precedes payment on ordinary shares;
- ✓ tax regulations.

In modern conditions there is a dividend policy conducted, it is called residual policy. The word "residual" means "residual more" (postponed), and therefore the residual policy is that the dividends are paid when the opportunities for profitable domestic investment to expand production are exhausted. There are three main methods of dividend payout.

1. Method of sustainable dividend increase per share is a method - the company sets a certain rate of dividend increase, e.g. 5% per year, and tries to increase dividends by this amount annually. Sometimes this policy may contradict the residual

dividend policy, so in some years, companies may set a permanent annual dividend per share and increase it only if it is guaranteed that sufficient profit will be received for this amount.

In this case the main rule is to avoid reduction of annual dividends. One of the important conditions of this method is a regular payment of dividends. Not complying with this requirement will have a negative impact on the enterprise's operations. Firstly, fluctuations in dividend payments may lead to fluctuations in the share price. Secondly, shareholders often use dividends for current consumption, so an irregular payment will reduce the share price. Thirdly, a dividend policy stand is necessary for the listing and admission of shares to official sale on the stock exchange. And fourthly, dividends are sometimes more important to a company than some investment programs.

2. The constant rate method is to obtain a certain constant percentage of profit. Since the value of profit fluctuates from year to year, the absolute value of dividends will also fluctuate.

The policy of constant rate in profits (constant dividend payout ratio) is based on a fixed dividend payout ratio, which determines the share of each hryvnia of profits distributed to shareholders in the form of cash dividends. In order to obtain the calculated payout ratio, it is necessary to split the total dividend into net profit of the enterprise. The essence of this policy is to keep the dividend payout rate constant, but not enough attention has been paid to the absolute value of dividends. Fluctuations in the amount of profit cause fluctuations in the amount of dividends. A significant disadvantage of this policy is the instability and sometimes decline in the market rate of ordinary shares (Blank, 2002).

This type of policy is more in the interests of the enterprise than those of its shareholders (stakeholders). Therefore, such a policy is pursued by enterprises that have been recently established or are in a rapid growth phase.

3. The method of paying low regular dividends plus additional payments (dividend bonus policy) is a compromise between the two methods described earlier. This policy provides flexibility to the enterprise, and investors can expect to receive at least a minimum dividend.

So, if the income received by the enterprise is not a constant value, the method of payment of a low regular dividend plus additional payments should be considered optimal. The enterprise management establishes such a low level of dividends, which can be paid in unfavorable years, and makes additional payments to it when there are surplus funds.

The right decision-making on the payment of dividends on a specific point in a business project is a very important issue. The greatest influence on decision-making on payment of dividends is the comparison of financial motives of the enterprise with market environment factors, as well as set terms of dividend payments.

Actually, dividends are accrued from retained earnings of the enterprise, being the amount of past and current income not paid as dividends, and the balance to finance the business activities. Of course, any cash intended for payments should be withdrawn from the available resources of the enterprise, since the redistributed profit is not real assets, it is an indicator from the accounting statement (Blank, 2002).

At the same time, with the assessment of current and undistributed profits, it is important to predict the prospect of its growth, because it is very likely that there may be a need for its financial support at the expense of current profits. It is necessary to make sure that cash resources are sufficient both for the payment of dividends and for the implementation of investment needs to increase profits. In addition, it should take into account possible legal and contractual limitations associated with the need to enter into loan agreements where an agreement can be reached on the amount of possible dividends. After assessing the internal state of the enterprise, the market shall be studied. In the market, dividends do not have much value. Current-income oriented investors are attracted by enterprises that pay high dividends. Failure to meet these expectations can have devastating consequences for the market. If the decision to pay the dividend is made, there are several important deadlines for payment. Three dates are particularly important for shareholders: the date of registration, the date when dividends for the current period cease to be accrued and the date of payment (Blank, 2002).

Dividends may be paid by an enterprise in its cash, by shares (capitalized dividends), or by shares of other (often subsidiary) enterprises (reorganization dividends).

Taking into account the above mentioned one of the main tasks of the financial department of the enterprise is effective management of the process of formation, use and forecasting of the need in internal sources of financial resources, which directly influence the state and volumes of the financial potential of the enterprise and the choice of dividend policy. Thus, the strategy of management of financial potential of the enterprise in modern conditions in many aspects influence both the choice of direction of management of financial potential, and forecasting.

It is also important to pay attention to risk minimization, for which it is advisable to apply a method of risk control, namely, its image as diversification. Diversification implies expansion of the enterprise's spheres of activity on the markets of new goods, production of which is not connected with the main production. It consists in distribution of efforts and capital investments between different types of activities. However, diversification should not be considered as the only way to minimize risks. It is possible to use the method of comparative assessment of insurance and self-insurance efficiency, which is named the Houston method. Based on the Houston method analysis, it is possible to draw conclusions about the impact of different conditions on the efficiency of insurance use in an enterprise. The more effective method of risk financing is its transfer to third parties, but not all risks can be insured; the larger the size of the risk fund is formed by the enterprise, the less effective is self-insurance; the efficiency of self-insurance decreases with increasing profitability of the enterprise and increases with increasing profitability of liquid highly reliable investments.

Thus, management of financial potential of the enterprises under the influence of economic risks taking into account economic relations and relations allows to consider conditions of development of the enterprises on aggregate of financial resources and possibilities of the enterprise and to provide a certain strategic direction of development of the enterprises and balanced use of available resources.

CONCLUSIONS TO THE SECTION

When studying and supplementing the theoretical bases of management of financial potential of enterprises it is necessary to notice that essence and the basic scientific approaches to structure, the maintenance, factors of formation and development of financial potential of the enterprise taking into account influence of economic risk are a basis for research, an estimation and definition of level of financial potential of the industrial enterprises. The general study of the essence of the concept of "financial potential of the enterprise" is an integral mapping (evaluation) of current and future financial potential of the enterprise to transform the input resources through the inherent entrepreneurial ability of the enterprise in economic and financial benefits, while maximally satisfying their interests.

It has been established that the main factors for the formation and development of financial potential are external factors (economic, social, political, legal conditions), the impact of which is determined by restrictive or stimulating measures on the part of government agencies, banks, investment companies, social groups, political forces and internal factors (the strategy of the enterprise, for the implementation of which the financial potential is formed, the experience and skills of managers, necessary for the implementation of the plans, the principles of organization and conduct of the plans).

It is proved that the essence of management system of potential of the industrial enterprise is characterized as accumulation of means, methods of directed influence on dominants of the enterprise which are in constant movement under the influence of external and internal conditions with orientation on rational use of financial resources, possibilities and maintenance of necessary proportions of functioning of the enterprise.

Construction of management system of the financial potential of the industrial enterprise under the influence of economic risks is characterized by taking into account economic connections and relations and allows to consider conditions of development of the enterprises on aggregate of financial resources and possibilities of the enterprise and to provide a certain strategic direction of development of the enterprises, balanced use of available resources.

CHAPTER 2
THE STUDY OF FINANCIAL POTENTIAL ON THE EXAMPLE OF INDUSTRIAL ENTERPRISES

2.1. Analysis of financial and economic activities of industrial enterprises.

In the Ukrainian industry enterprises of mechanical engineering occupy one of the leading places. The available financial potential of the industrial enterprises, on the one hand, is provided by structurally stable system of rational use of corresponding resources, and with another by existing level of solvency and liquidity of the enterprise as a whole. This is explained by the growth rates of production and sales volumes.

The basis of process of formation of financial potential is definition of an existing position of financial and economic activity of the enterprises of mechanical engineering. Thus, the analysis of financial-economic activity is the first and the basic step in an assessment of the financial potential of this group of enterprises.

For the analysis of financial and economic activity of industrial enterprises in the process of research five public and private joint stock companies in Ukraine were chosen:

1. PJSC "Odessa plant of agricultural Machinery";
2. PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash";
3. PJSC "Ukrainian scientific-research institute of agricultural Machinery";
4. 4.PrJSC "Uman Agricultural Machinery plant";
5. PJSC "Sumy plant of agricultural machinery".

The preliminary analysis (semantic analysis) made it possible to distinguish five groups of factors determining the main aspects of the activity, obstacles and stimulating moments about the activity of enterprises:

- ✓ political - frequent changes in Ukrainian legislation are possible;
- ✓ financial and economic - taxation (state fiscal policy). Lack of financial resources at the main consumer;
- ✓ production-technological - quality of the finished goods;
- ✓ social - low level of financial standing;
- ✓ ecological - availability of foundry production.

For further analysis it is necessary to systematize the degree of influence of the main factors on the activity of the above mentioned enterprises (Table. 2.1.).

Table 2.1

Main factors of influence on the activity of industrial enterprises

Group of factors	The essence of problems	The degree of influence on the activities of industrial enterprises			The changes that are forecasted and how they should affect the enterprise
		insignificant	secondary	values	
1	2	3	4	5	6
Political	Frequent changes in legislation		*		Stability of laws
Financial and economic	Taxation - fiscal policy of the state. Lack of financial resources of main consumer			*	Phased reduction of taxation level
Production and Technology	Product quality			*	Improvement of technological process
Social	Low financial position			*	Restructuring of enterprise divisions
Environmental	Foundry availability			*	Plant gasification

Resource: supplemented by the author.

The analysis of financial and economic activity of the industrial enterprises is carried out during seven years (for the purpose of the commercial information preservation of the year it is conditionally replaced by 1, 2, 3, 4, 5, 6, 7 - year) and on all basic economic indicators, that is property status; liquidity; solvency (financial stability) of business activity; profitability. The choice of these economic indicators is conditioned by the fact that at this stage, according to scientists - economists Blank I.A., Krainina, Stoyanov and whose opinion we share, these very groups of indicators best reflect the state of financial and economic activity in the classical form. The results of the estimated property status indicators (fixed assets depreciation ratios, fixed assets renewal ratios, fixed assets retirement ratios) for the period under study of the selected industrial enterprises are presented in summary Table 2.2.

Table 2.2

Indicators of industrial enterprises assets condition

Industrial enterprise (PJSC, PrJSC)	Years	Fixed asset depreciation ratios	Fixed asset renewal ratios	Fixed asset disposal ratios
"Odessa plant of agricultural machinery"	1st year	0,56	0,200	0,230
	2nd year	0,59	0,190	0,210
	3rd year	0,60	0,180	0,197
	4th year	0,60	0,159	0,168
	5th year	0,61	0,154	0,159
	6th year	0,60	0,153	0,157
	7th year	0,61	0,151	0,154
"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	1st year	0,62	0,041	0,032
	2nd year	0,60	0,044	0,036
	3rd year	0,55	0,048	0,039
	4th year	0,52	0,049	0,041
	5th year	0,35	0,050	0,044
	6th year	0,33	0,051	0,047
	7th year	0,31	0,050	0,048
"Ukrainian scientific-research institute of agricultural machinery"	1st year	0,44	0,200	0,016
	2nd year	0,44	0,170	0,012
	3rd year	0,46	0,150	0,011
	4th year	0,49	0,140	0,010
	5th year	0,49	0,130	0,009
	6th year	0,50	0,132	0,008
	7th year	0,51	0,131	0,006
"Uman plant of agricultural machinery"	1st year	0,64	0,250	0,017
	2nd year	0,63	0,260	0,018
	3rd year	0,60	0,260	0,020
	4th year	0,59	0,280	0,022
	5th year	0,58	0,290	0,024
	6th year	0,57	0,295	0,027
	7th year	0,58	0,298	0,028
"Sumy plant of agricultural machinery"	1st year	0,57	0,219	0,159
	2nd year	0,55	0,220	0,158
	3rd year	0,52	0,360	0,216
	4th year	0,52	0,387	0,219
	5th year	0,51	0,390	0,280
	6th year	0,51	0,391	0,286
	7th year	0,50	0,394	0,289

Source: estimated by the author based on enterprise documentation.

According to the table 2.2. it can be concluded that the indicators of the PJSC "Odessa agricultural machinery plant" and the PJSC "Ukrainian scientific-research institute of agricultural machinery" show the unsatisfactory property status. At the PJSC "Odessa agricultural machinery plant" the depreciation ratio of fixed assets has increased from 0.56 to 0.61, the renewal of fixed assets ratio has decreased from 0.200 to 0.151, the disposal of fixed assets ratio has also decreased from 0.230 to 0.154, which is a negative tendency.

The similar situation is present at the analysis of PJSC "Ukrainian scientific-research institute of agricultural machinery" financial condition: fixed assets depreciation ratio has increased by 0.07; fixed assets renewal ratio has decreased by 0.069, and fixed assets retirement ratio decreased by 0.01 that is also a negative tendency for the enterprise.

In PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash", PrJSC "Uman aagricultural machinery plant" and PJSC "Sumy agricultural machinery plant" the situation is opposite - for the last seven years the enterprises have reached high level, showed themselves as viable and competitive, as indicated by the Table 2.2.

As for PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash" fixed assets depreciation ratio decreased by 0.31, fixed assets replacement ratio increased by 0.0009, and fixed assets retirement ratio is less than fixed assets replacement ratio that is a positive trend for the enterprise.

The PrJSC "Uman agricultural machinery plant" the fixed assets depreciation rate decreased by 0.06, the fixed assets renewal ratio increased by 0.048 and the disposal of fixed assets ratio is also lower than the fixed assets renewal ratio. For the last seven years PJSC "Sumy agricultural machinery plant" has ensured the decrease of fixed assets depreciation ratio by 0.07, increase of fixed assets renewal ratio by 0.0175, and the fixed assets disposal ratio has increased by 0.013 and there is less fixed assets renewal ratio, being a beneficial trend for the enterprise. Estimated indices of liquidity (ratio of coverage, ratio of quick liquidity, ratio of absolute liquidity; net working capital, UAH) for the period under study the selected industrial enterprises are presented in Table 2.3. According to the results of the estimation given in Table 2.3, it is obvious that the PJSC “Odessa agricultural machinery plant” and the PJSC "Ukrainian scientific-research institute of agricultural machinery" are in unsatisfactory condition, as evidenced by the coverage ratio, quick liquidity ratio and net working capital. Enterprises like PJSC Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash", PrJSC" Uman agricultural machinery plant", PJSC "Sumy agricultural machinery building" increased their net working capital for the analyzed period for 13875 ths. UAH, 16130 ths. UAH, 17313 ths. UAH and have positive tendency of growth.

Table 2.3

Indices of liquidity of industrial enterprises

Industrial enterprise (PJSC, PrJSC)	Years	Ratio of coverage	Ratio of quick liquidity	Ratio of absolute liquidity	Net working capital, UAH ths.
"Odessa plant of agricultural machinery"	1st year	0,30	0,498	0,023	13734
	2nd year	0,92	0,574	0,093	15305
	3rd year	1,11	0,643	0,017	17950
	4th year	0,78	0,510	0,006	16309
	5th year	0,90	0,580	0,009	14589
	6th year	0,91	0,582	0,007	15345
	7th year	0,93	0,586	0,009	14980
"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	1st year	2,48	0,65	0,078	13978
	2nd year	3,19	0,67	0,080	15689
	3rd year	3,84	0,70	0,081	16848
	4th year	3,95	0,79	0,094	17977
	5th year	4,11	0,80	0,095	20458
	6th year	4,16	0,82	0,96	22569
	7th year	4,21	0,87	0,99	27853
"Ukrainian scientific-research institute of agricultural machinery"	1st year	0,87	0,25	0,015	11025
	2nd year	0,90	0,28	0,014	10058
	3rd year	0,90	0,34	0,013	9548
	4th year	0,95	0,47	0,015	7532
	5th year	0,90	0,44	0,020	6587
	6th year	0,87	0,41	0,21	6501
	7th year	0,90	0,44	0,20	6390
"Uman plant of agricultural machinery"	1st year	1,58	0,61	0,058	22560
	2nd year	1,67	0,63	0,078	22825
	3rd year	1,92	0,65	0,094	24695
	4th year	2,06	0,76	0,102	25698
	5th year	2,09	0,79	0,134	28312
	6th year	2,10	0,81	0,142	31570
	7th year	2,12	0,80	0,147	38690
"Sumy plant of agricultural machinery"	1st year	1,86	0,62	0,072	25061
	2nd year	1,85	0,66	0,082	27389
	3rd year	1,92	0,65	0,084	29695
	4th year	1,90	0,71	0,108	34006
	5th year	1,92	0,74	0,114	37256
	6th year	1,91	0,76	0,113	39531
	7th year	1,92	0,75	0,114	42374

Source: estimated by the author based on company documentation.

Estimated indicators of solvency (financial stability) - the ratio of solvency (autonomy) - the ratio of financing; the ratio of working capital assets provision; the coefficient of equity capital maneuverability over the studied period of selected industrial enterprises are presented in Table 2.4.

Table 2.4

Solvency (financial stability) indicators of industrial enterprises

Industrial enterprise (PJSC, PrJSC)	Years	The ratio of solvency (autonomy)	The ratio of financing	Working capital assets provision ratio	The coefficient of equity capital maneuverability
1	2	3	4	5	6
"Odessa agricultural machinery plant"	1st year	0,46	1,182	0,03	-0,150
	2nd year	0,40	1,238	0,06	-0,143
	3rd year	0,39	1,250	0,05	-0,136
	4th year	0,29	1,264	0,08	-0,124
	5th year	0,28	1,257	0,09	-0,119
	6th year	0,27	1,256	0,08	-0,117
	7th year	0,26	1,258	0,07	-0,118
Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	1st year	0,51	0,289	0,11	0,258
	2nd year	0,68	0,218	0,14	0,321
	3rd year	0,80	0,184	0,18	0,346
	4th year	0,89	0,119	0,18	0,399
	5th year	0,92	0,102	0,19	0,401
	6th year	0,94	0,101	0,20	0,409
	7th year	0,95	0,101	0,21	0,411
"Ukrainian scientific-research institute of agricultural machinery"	1st year	0,25	1,110	0,05	-0,253
	2nd year	0,29	1,109	0,06	-0,108
	3rd year	0,47	1,338	0,08	-0,034
	4th year	0,39	1,352	0,09	-0,017
	5th year	0,28	1,259	0,06	-0,008
	6th year	0,27	1,311	0,07	-0,007
	7th year	0,28	1,301	0,06	-0,008
"Uman agricultural machinery plant"	1st year	0,62	0,651	0,35	0,365
	2nd year	0,64	0,559	0,42	0,389
	3rd year	0,70	0,405	0,51	0,397
	4th year	0,77	0,325	0,56	0,415
	5th year	0,84	0,122	0,60	0,450
	6th year	0,88	0,120	0,61	0,453
	7th year	0,87	0,121	0,60	0,456

Continuation of Table 2.4

1	2	3	4	5	6
"Sumy agricultural machinery plant"	1st year	0,678	0,474	0,85	0,407
	2nd year	0,772	0,318	0,53	0,571
	3rd year	0,794	0,311	0,92	0,687
	4th year	0,821	0,261	0,94	0,695
	5th year	0,901	0,200	0,94	0,716
	6th year	0,905	0,198	0,96	0,719
	7th year	0,912	0,199	0,95	0,718

Source: estimated by the author based on company documentation.

According to Table 2.4, it is obvious that the situation has not changed: the enterprises like PJSC "Odesa agricultural machinery plant" and PJSC "Ukrainian scientific-research institute of agricultural machinery" have not improved their financial stability for years.

As to PJSC Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash", PrJSC "Uman agricultural machinery plant", and PJSC "Sumy agricultural machinery", the situation is opposite, because they have not only improved their solvency and financing ratio, but also maintained a stable development tendency.

The results of assessment of business activity indicators (asset turnover ratio, accounts payable turnover ratio, accounts receivable turnover ratio, inventory turnover ratio; stock transfer rate, equity turnover ratio) for the period under study of selected industrial enterprises are given in the Table 2.5. The assets turnover ratio, the payables turnover ratio, the receivables turnover ratio, the inventory turnover ratio, the capital repayment and the equity turnover ratio become particularly important.

Table 2.5

Business activity indicators of the studied industrial enterprises

Industrial enterprise (PJSC, PrJSC)	Years	The assets turnover ratio,	The payables turnover ratio	The receivables turnover ratio	The inventory turnover ratio	The capital repayment	The equity turnover ratio
1	2	3	4	5	6	7	8
"Odessa agricultural machinery plant"	1st year	0,382	3,868	74,28	51,25	0,245	0,442
	2nd year	0,328	3,721	89,61	49,08	0,200	0,399
	3rd year	0,306	3,099	54,25	37,06	0,196	0,354
	4th year	0,217	2,580	32,96	24,61	0,144	0,263

Continuation of Table 2.5

1	2	3	4	5	6	7	8
	5th year	0,167	1,742	10,24	18,19	0,112	0,204
	6th year	0,164	1,739	10,01	17,98	0,111	0,202
	7th year	0,163	1,740	9,89	17,23	0,098	0,200
Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	1st year	0,501	5,025	10,00	69,52	0,450	0,750
	2nd year	0,580	5,041	10,23	76,00	0,491	0,798
	3rd year	0,699	6,962	12,55	81,72	0,543	0,826
	4th year	0,735	6,938	28,87	92,86	0,570	0,867
	5th year	0,823	7,110	32,56	96,50	0,620	0,890
	6th year	0,826	7,231	32,98	96,85	0,654	0,896
	7th year	0,857	7,350	33,68	96,98	0,668	0,899
"Ukrainian scientific-research institute of agricultural machinery"	1st year	0,432	2,589	4,85	1,46	0,310	0,652
	2nd year	0,390	1,980	4,21	1,25	0,280	0,510
	3rd year	0,350	1,393	3,50	1,20	0,241	0,471
	4th year	0,218	0,832	3,31	0,70	0,150	0,294
	5th year	0,200	0,654	2,90	0,65	0,123	0,125
	6th year	0,198	0,612	2,54	0,63	0,122	0,123
	7th year	0,196	0,601	2,14	0,61	0,120	0,121
"Uman agricultural machinery plant"	1st year	0,765	1,540	7,56	51,40	1,025	1,087
	2nd year	0,789	1,995	8,41	60,24	1,075	1,141
	3rd year	0,856	2,650	10,82	68,59	1,120	1,250
	4th year	0,891	3,001	15,24	71,05	1,150	1,294
	5th year	0,912	3,241	19,03	79,26	1,500	1,465
	6th year	0,943	3,546	20,32	80,12	1,521	1,490
	7th year	0,968	3,670	22,35	82,07	1,589	1,513
"Sumy agricultural machinery plant"	1st year	0,668	2,080	14,70	14,24	1,008	1,161
	2nd year	0,718	2,356	18,41	16,77	1,084	1,248
	3rd year	0,859	2,650	20,82	17,32	1,104	1,304
	4th year	0,983	2,837	21,25	18,31	1,498	1,493
	5th year	0,990	3,150	29,52	25,60	1,528	1,561
	6th year	0,993	3,178	30,24	26,71	1,590	1,562
	7th year	0,997	3,240	32,51	26,90	1,603	1,583

Source: estimated by the author based on company documentation.

The analysis of the table 2.5 show that the enterprises of PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash", PrJSC "Uman agricultural machinery plant", PJSC "Sumy plant of agricultural machinery" have considerably improved their business activity, and are supported by the calculated indicators, as: assets turnover ratio has accordingly increased by 0.356, 0.202 and 0.329, and the equity turnover ratio - by 0.149, 0.426 and 0.422.

The enterprises like PJSC "Odessa agricultural machinery plant" and PJSC "Ukrainian scientific-research institute of agricultural machinery", have a clear tendency to worsening of the financial situation, as evidenced by the decrease in business activity for the period under study.

Results of the calculated profitability indicators (the return of assets ratio, the equity return ratio, the return of activities ratio, the return of production rate) of selected industrial enterprises are presented in Table 2.6.

Table 2.6

The profitability indicators of industrial enterprises

Industrial enterprise (PJSC, PrJSC)	Years	The ratio of assets return	The ratio of equity return	The ratio of activity return	The ratio of production return
1	2	3	4	5	6
"Odessa agricultural machinery plant"	1st year	0,054	0,070	0,240	0,165
	2nd year	0,056	0,067	0,238	0,141
	3rd year	0,038	0,065	0,126	0,138
	4th year	0,022	0,026	0,059	0,123
	5th year	0,018	0,021	0,058	0,052
	6th year	0,016	0,020	0,058	0,051
	7th year	0,015	0,019	0,057	0,050
"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	1st year	0,045	0,073	0,061	0,024
	2nd year	0,049	0,120	0,069	0,040
	3rd year	0,053	0,133	0,075	0,090
	4th year	0,069	0,158	0,081	0,125
	5th year	0,080	0,215	0,092	0,164
	6th year	0,081	0,216	0,093	0,165
	7th year	0,082	0,215	0,095	0,167
"Ukrainian scientific-research institute of agricultural machinery"	1st year	0,024	0,032	0,068	0,063
	2nd year	0,022	0,032	0,065	0,061
	3rd year	0,023	0,029	0,064	0,060
	4th year	0,021	0,022	0,067	0,062
	5th year	0,020	0,019	0,065	0,061
	6th year	0,023	0,019	0,066	0,060
	7th year	0,020	0,018	0,065	0,061
"Uman agricultural machinery plant"	1st year	0,034	0,044	0,041	0,054
	2nd year	0,048	0,050	0,044	0,061
	3rd year	0,056	0,058	0,052	0,069
	4th year	0,061	0,067	0,059	0,072
	5th year	0,068	0,084	0,064	0,082
	6th year	0,069	0,087	0,068	0,086
	7th year	0,071	0,089	0,069	0,088

Continuation of Table 2.6

1	2	3	4	5	6
"Sumy plant of agricultural machinery"	1st year	0,057	0,012	0,051	0,069
	2nd year	0,062	0,055	0,044	0,081
	3rd year	0,067	0,061	0,049	0,154
	4th year	0,128	0,195	0,130	0,263
	5th year	0,135	0,210	0,146	0,290
	6th year	0,139	0,216	0,148	0,294
	7th year	0,141	0,217	0,149	0,298

Source: estimated by the author based on company documentation.

According to the Table 2.6 it is possible to draw a conclusion that during the studied period at PJSC "Odessa agricultural machine building plant" the ratio of assets return has decreased almost in four times - from 0.054 to 0.015; the equity return ratio - from 0.070 to 0.019; the return of activity ratio and production accordingly - from 0.240 to 0.057 and from 0.165 to 0.050. The activity of PJSC "Ukrainian scientific-research institute of agricultural machinery", is also characterized by a significant deterioration of profitability indicators due to inefficient use of enterprise assets.

The tendency to increase the profitability and improve the activity in the overall preserve the following enterprises: PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash", PrJSC "Uman agricultural machinery plant" and PJSC "Sumy agricultural machinery plant". These enterprises ensured high efficiency of their economic activities and fundraising, which increased the investment attractiveness of these industrial enterprises.

So, according to the results of the conducted research of the condition and dynamics of the basic financial indicators characterizing financial and economic activity of the chosen group of enterprises, it is possible to assert that two of them, PJSC "Odessa agricultural machinery plant" and PJSC "Ukrainian scientific-research institute of agricultural machinery" are in rather threatening position as they have not sufficiently high indicators of financial condition.

This condition of the studied enterprises has the following reasons:

✓ Insufficient availability of resources to repay current liabilities of enterprises;

✓ too low payment potential of enterprises to pay current liabilities on condition of timely settlements with debtors;

✓ the minimum part of debts that can be paid immediately;

✓ low share of equity in the total amount of funds advanced into its activities;

✓ high dependence on attracted funds and low provision of the enterprise with own working capital;

- ✓ inefficient use of available resources without any consideration of the attracted sources;
- ✓ insufficient speed of circulation of accounts receivable and accounts payable and sale of inventory of the enterprise;
- ✓ low efficiency of fixed assets use of the enterprise, assets and very low return on invested capital;
- ✓ insufficient level of profitability from the main activity, which does not allow to perform the increased reproduction.

Other enterprises, such as PJSC "Kyiv Pilot - Experimental Plant of Agricultural Machinery "Kyiv-Silmash ", PrJSC" Uman Agricultural Machinery Plant "and PJSC" Sumy Agricultural Machinery Plant "during the analyzed period significantly improved their performance, as demonstrated by the effective use of fixed assets and assets, profit from the main activity and strengthening the trends of their development among heavy industry enterprises in the field of mechanical engineering, as well as agricultural machinery.

Therefore, the estimation of financial and economic activity of industrial enterprises is used as a base (initial data) for formation of the methodical approach to estimation of level of financial potential.

2.2. Assessment of the financial potential level of industrial enterprises.

The financial potential of the industrial enterprise is considered as the relations which arise at the enterprise concerning the achievement of the maximum possible financial result under the following conditions:

- ✓ availability of equity capital sufficient to meet the conditions of liquidity, financial stability and the ability to attract capital in the amount necessary to implement effective investment projects;
- ✓ profitability of the invested capital and availability of an effective financial management system ensuring transparency of the current and future financial situation.

The level of financial potential of the industrial enterprise should be determined by a certain technology, which provides for the implementation of the following stages (Fig. 2.1). The first step according to the technology in Fig. 2.1 is to define and characterize the levels of financial potential of the enterprise, as well as to assess the financial potential of the enterprise with its financial indicators. For the process of managing the financial potential of an enterprise, as well as for making relevant decisions, it is necessary to have information on what is the level of financial potential of the enterprise.

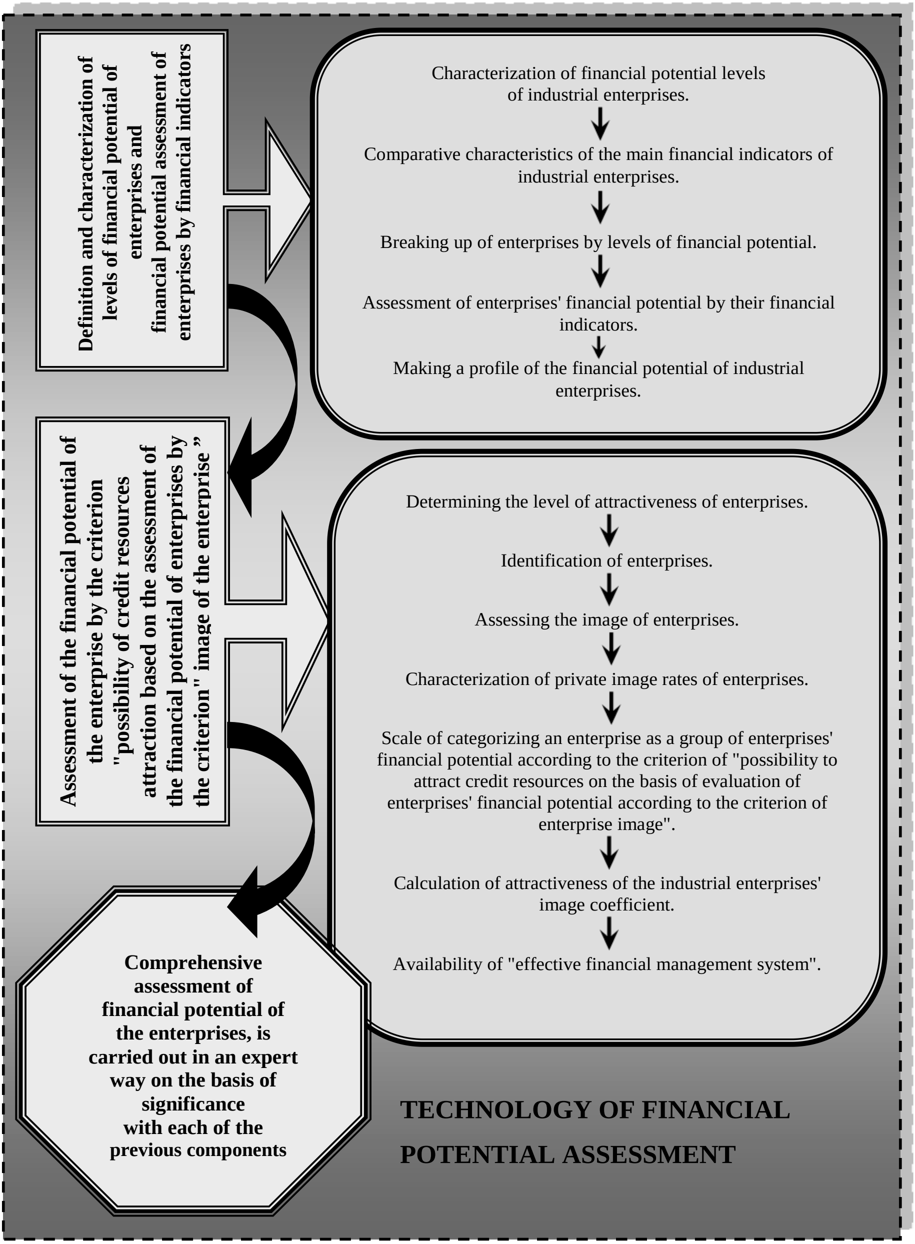


Fig. 2.1. Technology of financial potential assessment of industrial enterprise

Resource: supplemented by the author.

Three levels of financial potential have been defined: high, medium and low. The high level of financial potential of the industrial enterprise is characterized by the presence of stable financial state and high profitable activity, as such enterprise can meet its obligations to its creditors, has sufficient funds and is financially independent.

The medium level of financial potential for industrial enterprises is characterized by profitable activity and financial stability of operations, depends on external and internal environment, which is able to influence both the financial state of the enterprise and its activity as a whole.

The low financial potential of an industrial enterprise is determined by its financial instability and too low indicators of its production activity. Such enterprise cannot meet its obligations, has a low level of profitability and solvency rate.

A general description of the levels of financial potential of industrial enterprises is given in Table 2.7.

Table 2.7

Characterization of financial potential levels of an industrial enterprise

The level of the enterprise financial potential	Brief description
High	The enterprise's business is profitable. Financial condition is stable.
Middle	The activity of the enterprise is profitable, however financial stability to a considerable extent depends on changes both in internal and external environment.
Low	The enterprise is financially unstable.

Resource: supplemented by the author.

Therefore, the industrial enterprises examined in sub-chapter 2.1 have different levels of financial capacity.

According to the conducted analysis of financial and economic activities, the enterprises like PJSC "Odessa agricultural machinery plant" and PJSC "Ukrainian scientific research institute of agricultural machinery " can be referred to the group of enterprises that are financially unstable:

- ✓ coverage ratio is less than 1;
- ✓ quick liquidity ratio does not correspond to the normative value of 0.6-0.8;
- ✓ solvency ratio is less than the normative value - 0.5;
- ✓ funding ratio is above 1 and has a tendency to increase;
- ✓ the asset turnover ratio is rapidly decreasing;
- ✓ fund outflow also does not correspond to the normative value and has a tendency to decrease.

Thus, it can be affirmed that the listed enterprises have a low level of financial potential.

The enterprises of PJSC "Kyiv-Silmash", PrJSC "Uman Agricultural Machinery Plant" and PJSC "Sumy Agricultural Machinery Plant" are characterized as financially stable because of the fact that they make profit with a tendency to increase it; the financial indicators correspond to the normative values, and enterprises can be competitive in the market of heavy industry, in particular, agricultural machinery.

However, attention should be paid to the fact that some enterprises have a higher stable level compared to others.

To determine the significance of financial stability of PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash", PrJSC "Uman agricultural machinery plant", PJSC "Sumy agricultural machinery plant" and PJSC "Ukrainian scientific - research institute of agricultural machinery", PJSC "Odessa plant of agricultural machinery" will conduct additional comparative analysis of the main financial indicators that were obtained (tabl. 2.8).

As the Table 2.8 shows, the enterprise PJSC 'Sumy agricultural machinery plant' has the highest positive financial results and the most rapid tendency to growth and improvement of its activity. Therefore, it can be referred to the group of enterprises with high financial potential, which provide profitable activity and stable financial position.

Enterprises like PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash", PrJSC "Uman agricultural machinery plant" by seven years of work can be referred to enterprises with an medium level of financial potential, whose activities are profitable, but financial stability largely depends on changes in both the internal and external environment

Table 2.8

Comparative characteristics of the main financial indicators of the investigated industrial enterprises of agricultural machinery

Industrial enterprises (PJSC, PrJSC)	Period	Fixed assets depreciation ratio	Fixed assets renewal ratio	Fixed assets retirement ratio	The coverage ratio	Ratio of quick liquidity	Ratio of absolute liquidity	Net working capital, UAH ths.	The ratio of solvency (autonomy)	The ratio of financing	Working capital assets provision ratio	Coefficient of equity capital maneuverability	The assets turnover ratio	The payables turnover ratio	The receivables turnover ratio	The inventory turnover ratio	The equity turnover ratio	The capital repayment	The ratio of assets return	The ratio of equity return	Operating profitability ratio	The product profitability ratio
PJSC "Kyiv-Silmash"	start	0,62	0,041	0,032	2,48	0,65	0,078	13978	0,51	0,289	0,11	0,258	0,501	5,025	10,00	69,52	0,450	0,750	0,045	0,073	0,061	0,024
	end	0,31	0,050	0,048	4,21	0,87	0,99	27853	0,95	0,101	0,21	0,411	0,857	7,350	33,68	96,98	0,668	0,899	0,082	0,215	0,095	0,167
	deviation.	+0,31	+0,009	+0,016	+1,73	+0,22	+0,912	+13875	+0,44	-0,188	+0,10	+0,153	+0,356	+2,325	+23,68	+27,46	+0,218	+0,149	+0,37	+0,142	+0,034	+0,143
PrSC "Uman agricultural machinery plant"	start	0,64	0,250	0,017	1,58	0,61	0,058	22560	0,62	0,651	0,35	0,365	0,765	1,540	7,56	51,40	1,025	1,087	0,034	0,044	0,041	0,054
	end	0,58	0,298	0,028	2,12	0,80	0,147	38690	0,87	0,121	0,60	0,456	0,968	3,670	22,35	82,07	1,589	1,513	0,071	0,089	0,069	0,088
	deviation.	-0,06	+0,048	+0,011	+0,54	+0,19	+0,089	+16130	+0,25	-0,53	+0,25	+0,091	+0,203	+2,13	+14,79	+30,67	+0,564	+0,426	+0,037	+0,045	+0,028	+0,034
PJSC "Sumy agricultural machinery plant"	start	0,57	0,219	0,159	1,86	0,62	0,072	25061	0,678	0,474	0,85	0,407	0,668	2,080	14,70	14,24	1,008	1,161	0,057	0,012	0,051	0,069
	end	0,50	0,394	0,289	1,92	0,75	0,114	42374	0,912	0,199	0,95	0,718	0,997	3,240	32,51	26,90	1,603	1,583	0,141	0,217	0,149	0,298
	deviation	-0,07	+0,175	+0,139	+0,06	+0,13	+0,042	+17313	+0,23	-0,275	+0,10	+0,311	+0,329	+1,160	+17,81	+12,66	+0,595	+0,422	+0,084	+0,205	+0,098	+0,229
PJSC "Odessa agricultural machinery plant"	start	0,55	0,218	0,157	1,85	0,61	0,070	25060	0,677	0,473	0,85	0,406	0,666	2,081	14,71	14,23	1,006	1,160	0,055	0,011	0,050	0,068
	end	0,61	0,151	0,154	0,93	0,586	0,009	14980	0,26	1,258	0,07	-0,118	0,163	1,740	9,89	17,23	0,098	0,200	0,015	0,019	0,057	0,050
	deviation.	+0,06	-0,067	-0,003	-0,92	-0,024	-0,061	-10080	-0,417	+0,785	-0,78	-0,524	-0,503	-0,341	-4,82	+3,00	-0,908	-0,960	-0,040	+0,008	+0,007	-0,018
PJSC "Ukrainian scientific-research institute of agricultural machinery"	start	0,58	0,220	0,160	1,82	0,65	0,072	22061	0,675	0,470	0,85	0,400	0,666	2,085	14,75	14,20	1,006	1,160	0,055	0,010	0,055	0,070
	end	0,51	0,131	0,006	0,90	0,44	0,20	6390	0,28	1,301	0,06	-0,008	0,196	0,601	2,14	0,61	0,120	0,121	0,020	0,018	0,065	0,061
	deviation.	-0,07	-0,089	-0,154	-0,92	-0,21	+0,128	-15671	-0,395	+0,831	-0,79	-0,408	-0,47	-1,484	-12,61	-13,59	-0,886	-1,039	-0,035	+0,008	+0,010	-0,009

Source: estimated by the author.

According to the Tables 2.7 and 2.8 we have made the summary Table 2.9 on the determination of the level of financial potential for the investigated industrial enterprises.

Table 2.9

Division of agricultural machinery enterprises by financial potential level

The level of enterprises financial potential	High	Middle	Low
Industrial enterprises (PJSC, PrJSC)	PJSC "Sumy agricultural machinery plant"	"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash" PrSC "Uman agricultural machinery plant "	PJSC "Odessa agricultural machinery plant" PJSC "Ukrainian scientific-research institute of agricultural machinery"

Source: supplemented by the author.

In order to determine the level of financial potential, it is necessary to assess the financial potential of industrial enterprises in more detail and in a more thorough manner according to their financial indicators. It would be advisable to conduct a comparative analysis of the main indicators characterizing the liquidity, solvency and financial sustainability of enterprises. Taking into account the variety of financial processes, a large number of financial indicators, inconsistency of levels of critical assessments reflecting the degree of their deviation from actual values, as well as taking into account the difficulties that arise in assessing the financial stability of industrial enterprises, it is recommended to conduct an integral rating assessment of the financial potential of the enterprise. This type of assessment provides for two stages: preparatory and estimation stages.

The preparatory stage includes the development of a system of financial indicators for which the assessment will be made, as well as the definition of limit values of indicators in order to attribute them to a certain level of financial potential of the enterprise. It is also necessary to emphasize the selection of the values of the ratios of high and low levels of financial potential, because only with the help of high or low values of the ratios of levels of financial potential is possible to further characterize the company and forecast the prospects of its activities.

Thus, the limit values of the indicators are as follows: the ratio of coverage is from> 1.5 to <1.0; the ratio of absolute liquidity is from> 0.1 to <0.05; the ratio of quick liquidity is from 0.7 to 0.8 to <0.6; the ratio of solvency is from> 0.5 to <0.3; the ratio of financing is from <0.5 to> 1.0; the ratio of net working capital is from> 0.5 to <0.01; the coefficient of equity capital maneuverability is from> 0.5 to <0; the ratio of asset turnover is from> 0.7 to 0.1 to 0.5; the ratio of capital turnover is from> 1.1 to 0.3; the ratio of assets profitability is from> 0.1 to <0.05; the ratio of operating profitability is from> 0.1 to <0.05.

The middle level of the values of the financial potential ratios is equal to the normative value of the corresponding ratios adjusted for the enterprises of this sector. Therefore, the ratio of coverage is 1,0-1,5; the ratios of absolute liquidity is 0,05-0,1; the ratio of quick liquidity is 0,6-0,7; the ratio of solvency is 0,3-0,5; the ratio of financing is 0,5-1,0; the ratio of net working capital is 0,01-0,5; the coefficient of equity capital maneuverability is 0,0-0,5; the ratio of asset turnover is 0,5-0,7; the ratio of capital turnover is 0,3-1,1; the ratio of assets profitability is 0,05-0,1; the ratio of operating profitability is 0,05-0,1. The preparatory stage of the assessment is presented in the table. 2.10.

Table 2.10

Assessment of financial potential of industrial enterprises by financial indicators

Level	High level of financial potential of the enterprise	Middle level of financial potential of the enterprise	Low level of financial potential of the enterprise
The ratio of coverage	>1,5	1,0-1,5	<1,0
The ratio of absolute liquidity	>0,1	0,05-0,1	<0,05
The ratio of quick liquidity	0,7-0,8	0,6-0,7	<0,6
The ratio of solvency	>0,5	0,3-0,5	<0,3
The ratio of financing	<0,5	0,5-1,0	>1,0
The ratio of net working capital	>0,5	0,01-0,5	<0,01
The coefficient of equity capital maneuverability	>0,5	0,0-0,5	<0
The ratio of asset turnover	>0,7	0,5-0,7	0,1-0,5
The ratio of capital repayment	>1,1	0,3-1,1	0,0-0,3
The ratio of assets profitability return	>0,1	0,05-0,1	<0,05
The ratio of operating profitability	>0,1	0,05-0,1	<0,05

Source: estimated by the author.

The estimated stage includes:

✓ the estimation of values of financial indicators of industrial enterprises characterizing the level of financial potential;

✓ making a profile of the enterprises financial potential based on financial indicators and determining the level of financial potential of enterprises.

There is no need to calculate financial indicators characterizing the level of financial potential of enterprises, since the main financial indicators for industrial enterprises for the period under study are shown in Table 2.8.

At the present stage, in order to profile the financial potential of each industrial enterprise by financial indicators and determine the level of financial potential, the obtained values of financial coefficients are compared with the scale characterizing the level of financial potential of the enterprise by financial ratios and are reflected in Table 2.11.

If we connect certain positions with the line, we will get a profile of the financial potential of the enterprise according to financial indicators. As it is known from the Table 2.11, for the investigated period the PJSC "Odessa agricultural machinery plant" has not improved its financial potential, to which the given profile testifies, the PJSC "Kyiv-Silmash" has improved its financial condition on certain indicators, but the level of financial potential remains average, to which its profile testifies.

During the study period, PJSC "Ukrainian scientific- research institute of agricultural machinery" decreased its financial position in terms of financial indicators of the equity return, has a low level of financial potential, as is testified by its profile.

PrJSC "Uman agricultural machinery plant" has improved its activity and financial condition, has middle level of financial potential, PJSC "Sumy agricultural machinery plant" has improved its activity on several main indicators and it can be stated that the enterprise has a high level of financial potential, as with the calculated indicators of solvency and financial stability it is at a high enough level.

The next step in determining the level of financial potential of industrial enterprises (Fig. 2.2) is its assessment in accordance with the criterion "the possibility of attracting credit resources based on the assessment of the financial potential of the enterprise by the criterion" the image of the enterprise". The ability to ensure the implementation of effective credit resources (equity), aimed at expanding the financial potential of the enterprise, depends on its investment attractiveness, which is a system of economic relations between business entities on providing effective business development and support of competitiveness through internal and external investment sources.

Therefore, the level of financial potential of industrial enterprises according to the criterion "possibility to attract credit resources based on the assessment of the financial potential of the enterprise according to the criterion" the image of the enterprise "will also be determined by the degree of attractiveness of the enterprise for the creditor. The scheme of assessment of identification of the industrial enterprise for potential creditors is presented in Fig. 2.2 [supplemented by the author].

Table 2.11

Actual profiles of financial potential of the enterprise (FPE) by financial indicators

Indicator	PJSC "Odessa agricultural machinery plant"						"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"						PJSC "Ukrainian scientific-research institute of agricultural machinery"						PrSC "Uman agricultural machinery plant"						PJSC "Sumy agricultural machinery plant"					
	starting			ending			starting			ending			starting			ending			starting			ending			starting			ending		
	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE	High level FPE	Middle level FPE	Low level FPE
The ratio of coverage			*			*	*			*					*			*	*			*			*			*		
The ratio of absolute liquidity			*			*		*			*				*			*			*			*		*		*		
The ratio of quick liquidity			*			*		*		*					*			*		*		*				*		*		
The ratio of solvency		*				*	*			*					*			*	*			*			*			*		
The ratio of financing	*					*	*				*				*			*		*		*			*			*		
The ratio of net working capital			*		*			*			*			*			*			*		*				*			*	
The coefficient of equity capital maneuverability			*			*		*				*			*			*		*			*			*		*		
The ratio of asset turnover			*			*		*		*					*			*	*			*				*		*		
The ratio of capital repayment			*			*		*			*			*				*		*		*				*		*		
The ratio of assets profitability return		*				*			*		*				*			*			*		*			*		*		
The ratio of operating profitability			*		*			*			*			*			*				*		*			*		*		

Source: supplemented by the author.

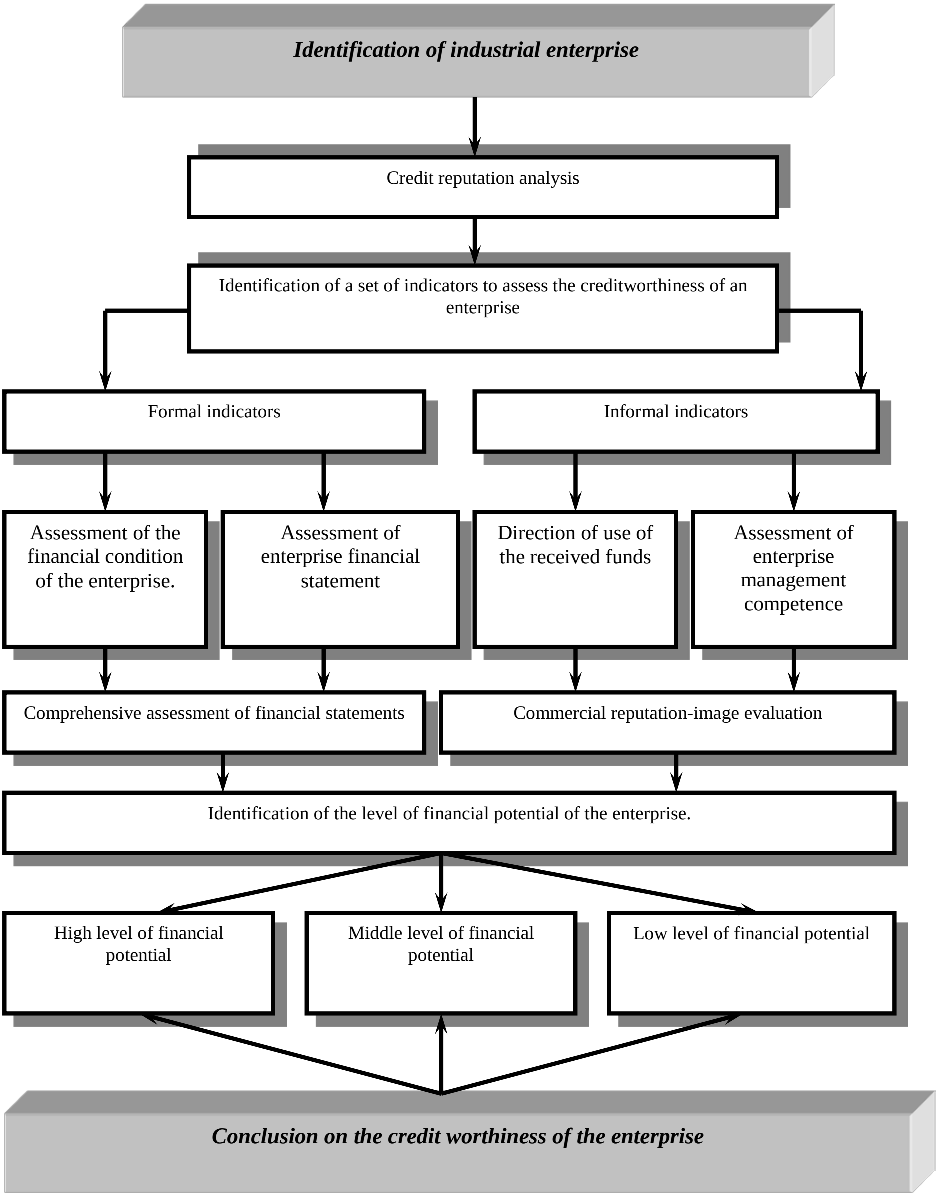


Fig. 2.2. Scheme of identification of industrial enterprise for potential creditors

Source: supplemented by the author.

On the first stage, despite the nature of the future credit transaction, the enterprise is identified. Identification makes it possible to clearly define the nature of the enterprise's activity and to define an approximate set of indicators for assessing investment attractiveness for future creditors.

On the second stage, the credit history of the enterprise and its commercial reputation - image is evaluated.

Formal indicators are evaluated on the basis of the financial statements of the enterprise. Informal indicators can be evaluated only by experts, they do not have formulas for calculation and a clear set of initial data.

Integrated evaluation of financial statements is a structural analysis of the activities of the enterprise.

Image evaluation is a comprehensive expert opinion, which is a kind of recommendation to continue cooperation with the enterprise.

Thus, after identification of the enterprise and determination of a set of formal and informal indicators, the creditor goes to the direct estimation and obtaining the expert opinion.

It can be seen from the above identification scheme that formal indicators can be evaluated using the following methods of assessing financial potential of an enterprise by financial indicators.

Thus, the determination of investment attractiveness of an enterprise for assessing its financial potential is reduced to evaluation of its image. This type of assessment also provides for the preparatory and calculation stages.

At the preparatory stage, it is necessary to develop a system for evaluating the coefficient of enterprise image (Cim) which is a complex indicator of the functional relationship between aspects and the direction of management activities, determined by expert way.

The enterprise image coefficient can be calculated using a formula:

$$Kim = \sum_{i=1}^{n} Kim_{pr} , \qquad (2.1)$$

Where the Kim_{pr} – private coefficient of the image of the enterprise; n – the number of considered private image coefficients of the enterprise.

The main private image coefficients and criteria for their evaluation are given in the table 2.12.

Table 2.12

Characteristic of the enterprise private image coefficient

The coefficient	Characterization of the enterprise image coefficient	The system of assessment of enterprise image coefficient
1	**2**	**3**
Philosophical aspect	Orientation on long-term development, satisfaction of consumers' demand by conducting surveys	The presence of short-term or long-term development plans in the enterprise
	Evaluation of corporate culture formation	The number of employees of the enterprise, that accept the priority tasks of the enterprise.
	Management ethics	The degree and existence of conflicts at various levels, the effectiveness of their resolution, the existence of traditions, codes and norms of behaviour.
Accompanying aspect	Display of information about the enterprise in the most important publications for its success	The number of channels through which information about the enterprise is received, its volume.
Information aspect	Targeting of advertising at a particular group of consumers, product advertising, advertising campaign, means and volume	Advertising campaign budget, impact of advertising expenses
	Formation of the enterprise image, popularization of the organization policy	Number of publications, presentations and conferences aimed at improving public opinion and survey results
	Cooperation with members of legislative bodies and government officials. Lobbying.	Number of legislative acts adopted that contribute to the success of the enterprise
	Quality and frequency of market studies	Probability and quantity of information for a certain period by market situation assessment
	Availability of operational databases and quality of decisions made on their basis.	There may be existing databases about customers, competitors, regulatory frameworks, the cost of creating and maintaining databases, the results of their use.
Operation principle aspect	Presence of the complex-system analysis of activity of the enterprises	Quantity of used methods of the analysis of activity of the enterprises
Differentiation aspect	Selection and positioning, segmentation at the enterprise	Number of organizational decisions to implement the IPS
	Search and development of new market niches	Number of market newly developed niches over a certain period of time.
Organizational aspect	Level of decentralization and flexibility of enterprise management	Number of management decisions taken at the lowest level of management and their importance
	Know-how in enterprise decision making.	Number of innovations for the reporting period, with positive economic effect

Continuation of Table 2.12

1	2	3
Social aspect	Environmental safety of the enterprise.	Compliance with norms and standards by the enterprise
	Social security of enterprise employees	Amount of insurance costs for incentives and benefits
	Ecological safety of production	Compliance with norms and standards
Aspect of enterprise staff management	Level of competence of the company employees	Number of specialists, level of education, skills and experience, relevance to positions
	Availability of effective integrated human resources policy	It is possible to delegate authority to the staff of the HR department
	Employee bonuses, sensitivity to their work achievements	Evaluation of management orders
Aspect of enterprise management head individual	Quality, level of education, experience, connections, risk preparedness, training, self-development of personality	Collection and verification of actual data on these characteristics

Source: systematized and supplemented by the author.

According to the above method, each private image indicator of the enterprise is evaluated from 1 to 10 points by expert method (Table 2.13).

Table 2.13

Questionnaire for evaluation of enterprise image indicators (example)

Dear expert, arrange each private image indicator by the level of their importance for the enterprise and evaluate it from 1 to 10 points. (1 point - minimal importance, 10 points - maximum importance).	
Coefficient	**Level of importance of private image coefficient of the enterprise (from 1 to 10 points)**
Philosophical aspect	
Accompanying aspect	
Information aspect	
Operation principle aspect	
Differentiation aspect	
Organizational aspect	
Social aspect	
Aspect of enterprise staff management	
Aspect of enterprise management head individual	
Overall amount	
THANK YOU FOR PARTICIPATING!!!	

Source: systematized and supplemented by the author.

Thus, the maximum Kim value stands at 90 points and the minimum is at 9 points. The following scale of assigning an enterprise to this or that group of financial potential of the enterprise according to the criterion of "possibility to attract credit resources based on the evaluation of the financial potential of the enterprise according to the criterion of "image of the enterprise" is proposed next.(Table 2.14).

Table 2.14

Scale of attributing enterprises to the group of financial potential of the enterprise according to the criterion "possibility to attract credit resources on the basis of evaluation of the financial potential of the enterprise according to the criterion "image of the enterprise"

The value of the Kim points	Level of financial potential of the enterprise by financial indicators	High level of financial potential of the enterprise - possibility to attract capital in the amount necessary for implementation of any effective investment projects	Middle level of financial potential - the possibility of attracting capital in the amount required to replenish working capital	Low level of financial potential - no possibility to attract additional capital
80 – 90	***High***	**X**		
80 – 90	***Middle***	**X**		
80 – 90	***Low***		**X**	
50 – 79	***High***	**X**		
50 – 79	***Middle***		**X**	
50 – 79	***Low***			**X**
1 – 49	***High***		**X**	
1 – 49	***Middle***		**X**	
1 – 49	***Low***			**X**

Source: developed by the author.

The next step for definition of "possibility of attraction of credit resources on the basis of evaluation of financial potential of the enterprise on criterion" image of the enterprise "is definition of level of financial potential of the enterprise on criterion" presence of effective system of management of finances". The effective finance management system is understood as the technology of drawing up a coordinated plan of work of the enterprise based on the complex analysis of forecasts of changes in external and internal parameters, obtained by means of calculation of economic and financial indicators of enterprise activity, as well as mechanisms of operative-tactical management, providing the solution of problems of current achievement of set goals (production volumes, profits, investments) with minimum deviations (not more than 20%).

This type of evaluation is carried out by experts and implies that the enterprise is assigned to a certain level of financial potential of the enterprise according to the following principles:

1) high level of financial potential of the enterprise - availability of budget planning system;
2) middle level of financial potential of an enterprise - a system of regular statements availability.
3) low level of financial potential of the enterprise - availability of planning system by coefficient method.

So, evaluation of financial potential of industrial enterprises is a necessary stage of strategic analysis and management. Sequential calculations cover all main intra-firm processes in various functional structures of enterprises. As a result the system analysis of enterprise activity is provided, gives the chance to reveal its strong and weak sides, and also to develop on this basis the complex plan of perspective development.

2.3 Methodological approach to the economic risk research in managing the financial potential of enterprises.

The methodological approach is aimed at bilateral study of risks both external and internal environment of industrial enterprises, which is combined in a single approach, as it is an important aspect of the activities of enterprises. It allows to define, analyze and minimize or insure risks for effective functioning and maintenance of competitive positions of the enterprise on the market, to estimate probability of underproduction, to prevent damage and to help to keep a share of consumers of its production. For the analysis of risks affecting the level of financial potential of industrial enterprises, it is necessary to apply qualitative and quantitative methods of assessment.

The object of economic risk at industrial enterprises is activity on management of financial potential of the enterprises and their components, efficiency and conditions of functioning of which are precisely unknown beforehand. The carriers of this risk are the industrial enterprises, which are interested in the results of management of their financial potential and are competent to make decisions on the object of risk.

Economic risk is caused by both the activity and passivity of industrial enterprises, and the more this activity (passivity), the risk and the probability of losses are higher. In terms of potential risk, there are the following main strategies for the behavior of enterprises:

✓ conservative - supposes saving, preserving what has already been created, refusing to expand its activities, whatever the market expansion may be;

✓ moderately aggressive - defines the combination of savings with the desire to capture market share, increase profits, while using legal means to combat competitors;

✓ aggressive - concentration on market share capture, rapid increase of assets and capital, including using semi-legal methods.

The main task at definition of risk degree is systematization and working out of the complex approach to its definition that affects management of financial potential of the enterprise as a whole and components in particular.

The algorithm of evaluation of economic risks of industrial enterprises is considered in Fig. 2.3 ((Vitlinskyi and Velykoivanenko, 2004) and supplemented by the author).

When assessing economic risk, especially for industrial enterprises, reliable (qualitative) information should be attracted, which is characterized by the following features (Vitlinskyi and Verchenko, 2000):

✓ probability (correctness) - a measure of closeness of information to primary sources and accuracy of information transmission;

✓ objectivity - a measure of displaying information in reality, in unambiguousness;

✓ order - number of intermediate links between the primary source and the end user of information;

✓ completeness - reflection of exhaustive nature of conformity of received data to the purposes of collection;

✓ relevance - the degree of approaching the information to the essence of the question or the degree of compliance of information with the set task;

✓ actuality - importance of information for risk evaluation, price of information.

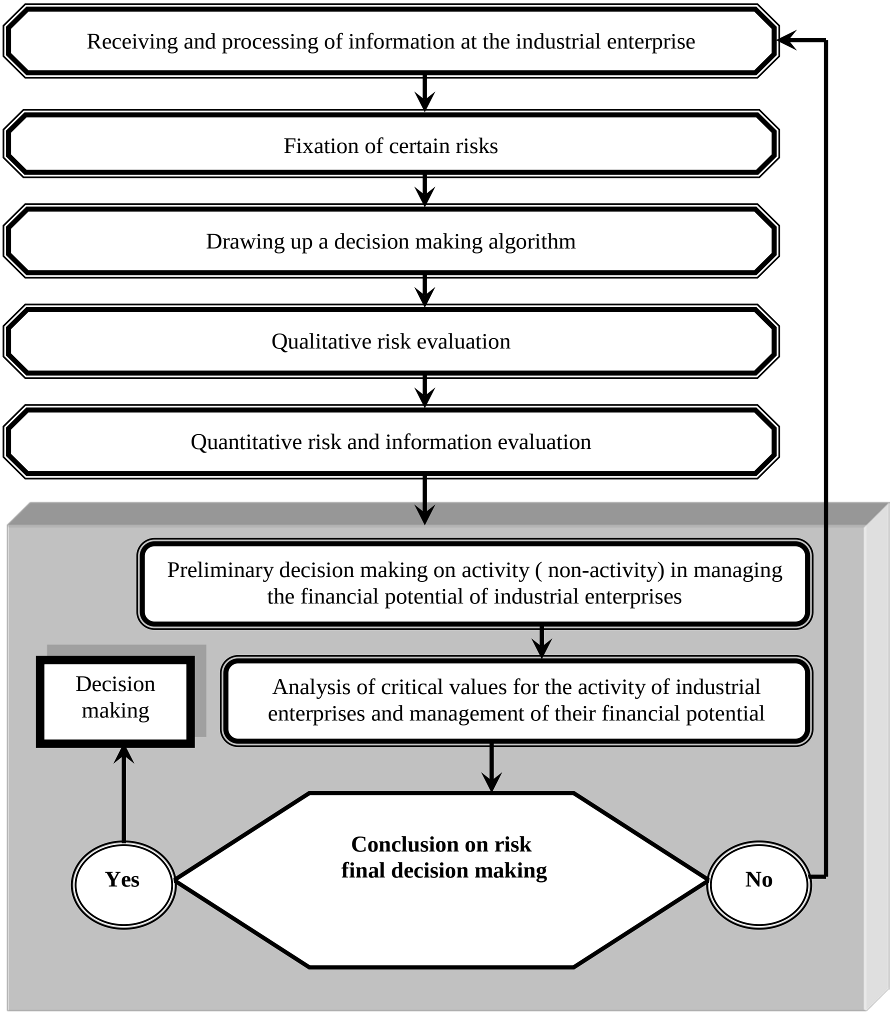


Fig. 2.3. Block diagram of economic risks complex evaluation at industrial enterprises

Source: supplemented by the author on the basis of (Vitlinskyi and Velykoivanenko, 2004).

The tendency of dependence of the value of risk and the volume (quality) of information at industrial enterprises is reflected in Figure 2.4, according to which the combination of logic and types of dependence of the probability of making a poor decision that will lead to losses and the volume (quality) of information can be minimized, and the high probability of risk corresponds to the minimum of poor quality information.

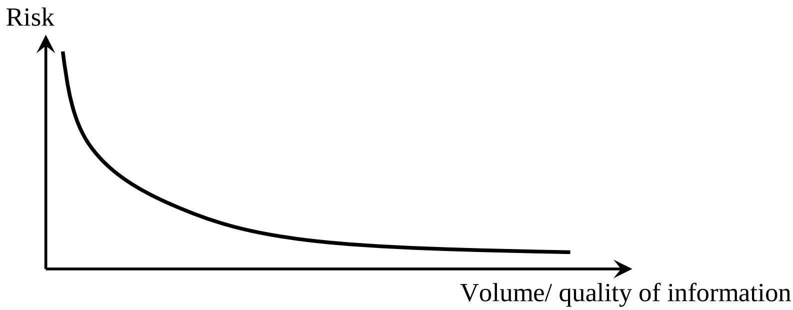


Fig. 2.4. Dependence of risk on information

Source: supplemented by the author on the basis of (Vitlinskyi and Verchenko, 2000).

In practice, there are two approaches to the evaluation of the economic risk of industrial enterprises - qualitative and quantitative, which allow industrial enterprises to evaluate the probability of underproduction, to prevent possible losses, to hold a market share, as well as to be competitive and manage their financial potential (Krasnokutska, 2005). The task of a qualitative risk evaluation is to determine possible types of risk and possible losses from the adoption of an inadequate management decision, to assess the principal degree of danger, and to identify factors influencing the risk level. Quantitative evaluation of economic risk consists in providing risk with a numerical value, which is determined for mechanical engineering enterprises:

- ✓ type of activity under consideration (operating, financial, investment);
- ✓ problem statement (strategic and tactical);
- ✓ the benefits of the decision maker (degree of responsibility and scope of functions);
- ✓ attitude of the decision maker of the risk (optimistic, pessimistic, distrust, moderate degree);
- ✓ accessibility and consistency of risk information (adequacy, timeliness);
- ✓ the amount of time allocated for decision-making and the training of the decision maker, as well as for the factors that create the risk.

So, a qualitative evaluation of economic risks and factors affecting their occurrence for industrial enterprises such as PJSC "Odessa agricultural machinery plant", PJSC "Kyiv-Silmash", "Ukrainian scientific- research institute of agricultural machinery", PrJSC "Uman agricultural machinery plant", PJSC "Sumy plant of agricultural machinery" provides two stages.

For the enterprises functioning within the limits of external and internal environment, characterized by dynamics of conditions, change of priorities of components, and consequently, by change of reasons of occurrence of economic risks because of presence of threats and weaknesses, it is expedient to use SWOT - analysis. Its results show that there is a certain set of threats for industrial enterprises, as well as strengths and weaknesses. It is known that industrial enterprises produce a product oriented to the end consumer, and therefore they should compete in the market. This is what determines the presence of environmental factors, which influence the emergence of economic risks in the management of financial potential and is an important stage, diagnostics of which is an integral process of sustainable activities of industrial enterprises. The most suitable method, which will allow estimating the probability of risk occurrence at the functioning of industrial enterprises, has determined by the results of questionnaire processing and calculation of coefficients based on them (Table 2.15).

Table 2.15

Scale of risk and profit probability factors for industrial enterprises

Indicator boundaries	Identification	Characteristics
0,0 – 0,20	min	Safe to stay in existence
0,20 – 0,40	med	Acceptable value
0,40 – 0,80	max	Critical value, close to bankruptcy

Source: systematized by the author based on (Vitlinskyi and Velykoivanenko, 2004), (Vitlinskyi and Verchenko, 2000).

Using the scale based on the results of expert evaluations, it is possible to find out the probability of risk occurrence at industrial enterprises and numerical values of environmental factors that contribute to the risk occurrence (Table 2.16).

The next stage of the common risk study is the ranking of industrial enterprises by the degree of reliability and level of significance of the risk for the industrial enterprises under consideration. The factors of the external environment of the industrial enterprises refer to the factors that affect the functioning of these enterprises and the specific results of the activities that constitute them, that is: the industry and the competitive environment; consumers (buyers) suppliers; partners of the enterprise; trade unions; local authorities.

Table 2.16

Qualitative assessment of external factors affecting the emergence of economic risks for industrial enterprises

Possible risks					
Increase in number of competitors	Foreign currency appreciation	Technological breakthrough in the field	Termination of partnership with raw material suppliers	Deterioration of the economic situation in the country	Changes in current legislation, actions of regulatory authorities
Manifestation result					
Decrease in sales; financial expenses	Decrease in economic efficiency of the enterprise; current assets deficit	Uncompetitive ability to manufacture products	Stopping a part of the production; failure to meet delivery deadlines; financial losses	Decrease in the overall profitability of the enterprise	Change in the import duty; ban on performing certain activities; decrease in overall profits..
Probability of occurrence					
PJSC "Odessa agricultural machinery plant"					
med	max	max	max	med	med
"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"					
med	med	med	med	med	med
PJSC "Ukrainian scientific-research institute of agricultural machinery"					
max	med	max	max	med	med
PrJSC "Uman agricultural machinery plant"					
med	med	min	med	med	med
PJSC "Sumy plant of agricultural machinery"					
min	min	min	min	med	med

Position of enterprises in relation to the occurrence of risk when assessing external factors from 1 (min. risk) to 5 (max. risk)				
Position №1	**Position №2**	**Position №3**	**Position №4**	**Position №5**
PJSC "Sumy plant of agricultural machinery"	PrJSC "Uman agricultural machinery plant"	"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	PJSC "Ukrainian scientific-research institute of agricultural machinery"	PJSC "Odessa agricultural machinery plant"

Source: systematized by the author.

So, according to the results of Table 2.16, the most risky are the enterprises the PJSC "Odessa agricultural machinery plant" and the PJSC "Ukrainian scientific research institute of agricultural machinery", because the probability of risks occurrence in them is very high. The enterprises like PrJSC "Uman agricultural machine plant" and PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash" have been assigned to the medium risk group, as possible risks, the results of their manifestation and the probability of economic risks are within the zone of average values on the scale of risk and profit factors, developed for industrial enterprises (Table 2.16). The enterprise of PJSC "Sumy agricultural machinery plant" found itself in the zone of minimum risk on the scale of coefficients, which characterizes it as a stable and competitive industrial enterprise.

However, only a thorough analysis of the internal environment of the enterprises under research will make it possible to determine their strengths and weaknesses in managing the financial potential, will make it possible to implement the chosen path of development and prevent the emergence of economic risks. For its implementation in the process of diagnosis of the enterprise the following main components were highlighted, which should be considered for the identification of the most risky: tasks and strategy (in general) includes the research of tasks, strategies, policies and plans of entrepreneurial activity of the enterprises, strategic planning; financial resources; system of sale of products; production activity; system of management of the organization.

The study of financial resources and indicators of industrial enterprises' activity allows to draw a certain conclusion about the general efficiency of their functioning, to assess how effective such activity is, and to determine possible and necessary ways to improve the management of financial potential in the future development of enterprises to avoid or reduce their risk.

Factors of an internal environment define potential possibilities of the enterprises: increase in volume of financial resources; expansion of industrial activity; reception of the raised profit; some shares in the external market; expansion of assortment; decrease in expenses for manufacture, etc., after all they are closely connected with occurrence of preconditions of economic risks at management of financial potential of the enterprises and use of other resources which lead to shortfall of profit at the expense of default of planned indicators. Identifying the strengths and weaknesses of the internal environment allows the enterprise to position itself in the relevant markets, focus on the capabilities of enterprises and prevent threats that are the sources of risks for them.

For the greater degree of adequacy of response to negative phenomena in the internal and external environment of enterprises and on the basis of SWOT - analysis it is reasonable to implement a certain approach, described for the previous stage of the methodological approach of industrial enterprises, which are the basis for making decisions on the risk assessment.

Thus, for the factors of the internal environment at the industrial enterprises, which contribute to the emergence of risks in their activities, the expert assessment of their importance was also conducted. At high significance of the factor the value was given to "3", at moderate - "2", at weak - "1". The level of importance and significance of the result of manifestation for further evaluation of economic risks in managing the financial potential of the industrial enterprises under consideration can be determined by their product (Table 2.17).

Table 2.17

Qualitative assessment of internal factors affecting the emergence of economic risks for industrial enterprises

Possible risks			
Enterprise manufacturing cost of production	Insurance expenditures	Revenue from sales of products	Currency balance sheet
Result of risk manifestation			
Getting a smaller share of the profits. Increase in production and sales costs. Loss of competitive positions in the market.	Stopping a part of production and financial losses. Decrease in economic efficiency and production activities. Possibility of the enterprise to go bankrupt	Decrease in sales by regions and in general. Failure to receive the amount of planned funds. Increase in accounts payable	Decrease in financial stability, turnover of funds, profitability. Deterioration of financial potential of the enterprise. Impossibility to carry out activities in the future.
Probability of risk occurrence for enterprises (in expert method points).			
PJSC "Odessa agricultural machinery plant"			
1	1	2	1
"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"			
1	2	2	2
PJSC "Ukrainian scientific-research institute of agricultural machinery			
1	1	2	2
PrJSC "Uman agricultural machinery plant"			
2	3	2	3
PJSC "Sumy plant of agricultural machinery"			
3	3	3	2

Position of enterprises in relation to the occurrence of risk when assessing external factors from 1 (min. risk) to 3 (max. risk)				
№1 (11 points)	**№2 (10 points)**	**№3 (7 points)**	**№4 (6 points)**	**№5 (5 points)**
PJSC "Sumy plant of agricultural machinery"	PrJSC "Uman agricultural machinery plant"	"Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	PJSC "Ukrainian scientific-research institute of agricultural machinery"	PJSC "Odessa agricultural machinery plant"

Source: developed by the author.

So, according to the results of Table 2.17, the following conclusions can be drawn:

PJSC "Sumy plant of agricultural machinery" has the largest number of risks, as it pursues an active and diversified policy, reflecting the highest probability of risks, which in their turn require management and minimization, as evidenced by its qualitative assessment of internal factors influencing the emergence of economic risks - 11 points;

PrJSC "Uman agricultural machinery plant" and "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash" - 10 and 7 points, accordingly that characteristics them as enterprises with an medium level of risk occurrence probability;

PJSC "Ukrainian scientific-research institute of agricultural machinery" and PJSC "Odessa agricultural machinery plant" are the enterprises with increased probability of risk occurrence based on the results of their manifestation that proves to the received points - 6 and 5 accordingly.

All the above factors influence the overall economic risk of industrial enterprises. The biggest threat to the external environment for the enterprise is the probability of the intensification of the competition in the branch, worsening of the general economic situation in the country, currency exchange appreciation. The factors of the internal environment, which determine the occurrence of economic risks at the enterprises, include: the cost of products of the enterprise; the amount of expenses for insurance; income from sales and currency balance. Thus, as a whole the basic kinds of economic risks which can arise in activity of the industrial enterprises, are: reception of a smaller share of profit; Increase in industrial expenses and sales; loss of competitive positions in the market; stopping of a part of manufacture and financial losses; decrease in economic efficiency and industrial activity; possibility of bankruptcy of the enterprise; decrease in sales in regions and in general; absence of incomes of the planned resources; increase in the payable accounts; decrease of the financial situation at the enterprises and inability of future business management.

Another step of the methodological approach is the assessment of the influence of certain indicators of industrial enterprises on the main, determining the indicators at the previous stages, the main of which is the profit. For this purpose, the economic and mathematical modeling should be used so that for each particular industrial enterprise an individual set of indicators is established, which, in their turn, are the bearers of certain risks.

The main economic risk of entrepreneurial activity is the lack of profit, so it is desirable to use quantitative methods for its calculation. In absolute terms, the risk is measured by these values, so take into account the frequency and size of possible cash losses, which are typical for the studied industrial enterprises.

The next substage of risk probabilities is the calculation of the probability of losses and profits at each enterprise and their determination on a scale developed to analyze these rates (Table 2.18).

Table 2.18

Probability of losses and profits occurrence at each enterprise

Enterprise	Probability of losses occurrence	Probability of profit occurrence
PJSC "Odessa agricultural machinery plant"	Plos. = 4/7 = 0,59	Pprof. = 1-Рзб = 0,43
PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	Plos. = 3/7 = 0,32	Pprof. = 1-Рзб = 0,58
PJSC "Ukrainian scientific-research institute of agricultural machinery	Plos. = 5/7= 0,72	Pprof. = 1-Рзб = 0,29
PrJSC "Uman agricultural machinery plant"	Plos. = 2/7= 0,21	Pprof. = 1-Рзб = 0,72
PJSC "Sumy plant of agricultural machinery"	Plos. = 1/7= 0,14	Pprof. = 1-Рзб = 0,86

Source: developed by the author.

According to the table. 2.18 the enterprise of PJSC "Sumy plant of agricultural machinery" is in the zone of minimum probability of losses occurrence (0.14), the enterprises of PrJSC "Uman agricultural machinery plant" and PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"- (0), 21 and 0,32 accordingly) are at medium-risk zone, and the enterprises PJSC "Ukrainian scientific-research institute of agricultural machinery and PJSC "Odessa agricultural machinery plant" are in the zone of high risk (0,72 and 0,59 accordingly) with a minimum probability of revenue generation.

Let's consider business risk in relative rate for industrial enterprises (Table 2.19). Let's use the following risk coefficients:

$$K_1 = \frac{\max Vpl}{Cr + Ar}, \tag{2.2}$$

Where the maxVpl – maximum possible loss value, ths. of UHA.; Cr + Ar – cash resources available and accounts receivable, ths. of UHA.

$$K_2 = \frac{\max Vpl * Lp}{Cr + Ar} \tag{2.3}$$

Lp – loss probability.

Table 2.19

Business risk analysis in comparative terms for industrial enterprises

Enterprise	Risk coefficient K_1	Risk coefficient K_2
PJSC "Odessa agricultural machinery plant"	0,61	0,63
PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	0,20	0,21
PJSC "Ukrainian scientific-research institute of agricultural machinery	0,47	0,45
PrJSC "Uman agricultural machinery plant"	0,17	0,19
PJSC "Sumy plant of agricultural machinery"	0,13	0,16

Source: systematized by author.

Detailed analysis of two risk coefficients (K1 and K2) demonstrated that the enterprises PJSC "Sumy plant of agricultural machinery" and PrJSC "Uman agricultural machinery plant" are in the minimum risk zones, which is acceptable for further competitive activities.

The enterprise PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash" is in the zone of medium risk compatible with the enterprise activity, and the enterprises PJSC "Ukrainian scientific-research institute of agricultural machinery" and PJSC "Odessa agricultural machinery plant" are in the zone of maximum loss probability value, in its turn requires increased attention, monitoring, control and risk management.

The next stage of research of an evaluation of economic risks and the factors influencing activity of the industrial enterprises is development and optimization of regression model to define economic risks on each of the factors influencing management of financial potential of the industrial enterprises. For this purpose it is expedient to apply methods of the correlation-regression analysis.

The system approach to an estimation of economic risks is based on complex use of effective and diagnostic approaches. The essence of the developed methodical approach can be illustrated in Fig. 2.5.

In case of the effective analysis of the influence of the factors on the economic risk of the studied industrial enterprises it is reasonable to use quantitative methods.

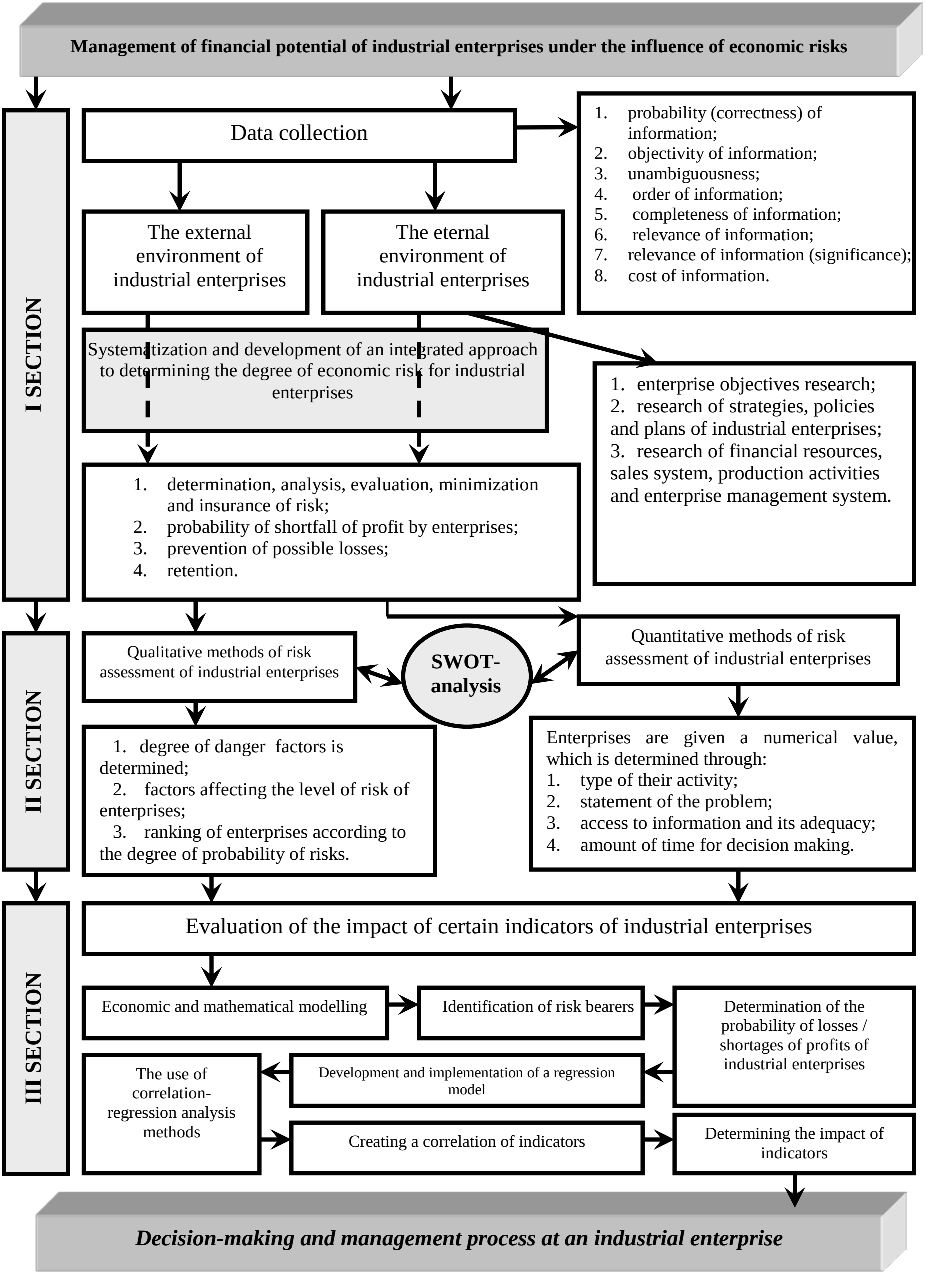


Fig. 2.5. Methodological approach to assessment of economic risks of industrial enterprises

Source: compiled by the author.

This group is composed of general financial indicators characterizing the profitability of these enterprises, that is: revenue (income) from sales, net profit, cost of goods sold and the currency of the balance sheet of the enterprise, as these indicators are effective and mainly affect the emergence of economic risks in the activities of industrial enterprises.

Besides, for definition of a role of insurance and minimization of risks in calculation of correlative communications it is necessary to include also expenses for it. For the economic risk, the variable will be the net profit or loss, which is the main indicator of success and riskiness of industrial enterprises in managing their financial potential. Among the independent variables we will include revenues from sales, production cost, insurance expenses, balance sheet total (currency).

Therefore, in the process of correlation-regression analysis of five selected industrial enterprises, assuming a linear relationship between the indicator Y (net profit) and factors X1 (production cost), X2 (insurance expenses), X3 (proceeds from sales) and X4 (balance currency), we will obtain such a multifactor regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E, \qquad (2.4)$$

where the β_0, β_1, β_2, β_3, β_4 – model with parameters to be evaluated; E - a random value characterizing the influence of all unaccounted factors.

Further, lets analyze the interdependence between net profit and economic factors, and it is influenced by building a correlation matrix for the given industrial enterprises (Table 2.20).

Table 2.20

Correlation matrix for industrial enterprises

PrJSC "Uman agricultural machinery plant"					
1	2	3	4	5	6
	Y	X_1	X_2	X_3	X_4
Y	1	0,93	0,95	0,99	0,98
X_1		1	0,94	0,81	0,76
X_2			1	0,61	0,71
X_3				1	0,74
X_4					1
PJSC "Sumy plant of agricultural machinery"					
	Y	X_1	X_2	X_3	X_4
Y	1	0,96	0,96	0,85	0,99
X_1		1	0,21	0,81	0,78
X_2			1	0,79	0,85
X_3				1	0,91
X_4					1

Continuation of Table 2.20

1	2	3	4	5	6
PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"					
	Y	X_1	X_2	X_3	X_4
Y	1	0,98	0,83	0,97	0,94
X_1		1	0,99	0,87	0,88
X_2			1	0,84	0,92
X_3				1	0,95
X_4					1
PJSC "Ukrainian scientific-research institute of agricultural machinery"					
	Y	X_1	X_2	X_3	X_4
Y	1	0,97	0,87	0,91	0,99
X_1		1	0,93	0,87	0,88
X_2			1	0,89	0,83
X_3				1	0,99
X_4					1
PJSC "Odessa agricultural machinery plant"					
	Y	X_1	X_2	X_3	X_4
Y	1	0,99	0,97	0,95	0,98
X_1		1	0,98	0,83	0,76
X_2			1	0,85	0,87
X_3				1	0,91
X_4					1

Source: developed by the author.

Correlation matrices for all industrial enterprises show that there is a significant correlation between net profit Y and economic indicators X1 (cost of production), X2 (insurance costs), X3 (revenues from sales) and X4 (balance currency), as the corresponding VYX coefficients ≥ 0.83. So, the model specification (1) is chosen correctly. But, on the other hand, VXiXj paired correlation coefficients for all enterprises except PJSC "Sumy plant of agricultural machinery" for variables X1 and X2 are close to one.

Thus, between the calculated indicators: cost of production; insurance costs; revenue from sales; balance currency there is a multi-collinearity between the Chi variables, and = 1,2,3,4. This does not allow for the formation of multifactor models, as some risks are the cause of others, as a result of which they multiply and increase, so they need to be distinguished.

Statistical analysis of model data (1) for four enterprises shows that the value t - statistics for model coefficients is insignificant at the same time F - the test shows the significance of the model as a whole. So, there is multicollinearity in the models, so it is reasonable to consider the influence of each factor Chi (cost of production, insurance costs; sales revenue; balance currency) on the net profit Y.

Besides, for PJSC "Sumy plant of agricultural machinery" it is expedient to analyze two-factor regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2, \tag{2.5}$$

That is $V_{12} = 0{,}21$ (табл.2.20) there is a slight correlation between X_1 і X_2.

The results of the calculations are given in Table 2.21.

Table 2.21

Results of the calculation of the regression equations of industrial enterprises

Enterprise	Regression equations	Standard error	Determination coefficient
PJSC "Odessa agricultural machinery plant"	$Y = 1267{,}3 – 0{,}21X_1$	58,2	0,81
	$Y = 241 – 39{,}7X_2$	75,1	0,68
	$Y = -341 + 0{,}24X_3$	124,7	0,14
	$Y = 292{,}3 – 0{,}009X_4$	65,3	0,76
PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash"	$Y = -363{,}4 + 0{,}16X_1$	69,3	0,88
	$Y = -436{,}5 + 138X_2$	50,3	0,94
	$Y = -355{,}5 + 0{,}2X_3$	77,8	0,85
	$Y = -813{,}6 + 0{,}02X_4$	78,1	0,85
PJSC "Ukrainian scientific-research institute of agricultural machinery"	$Y = 1141{,}1 – 0{,}11X_1$	61,2	0,83
	$Y = 341 – 15{,}1X_2$	74,1	0,78
	$Y = -251 + 0{,}13X_3$	113,5	0,77
	$Y = 243 – 0{,}05X_4$	61,2	0,84
PrJSC "Uman agricultural machinery plant"	$Y = -119{,}4 + 0{,}1X_1$	116,7	0,76
	$Y = -887{,}7 + 112X_2$	68,5	0,91
	$Y = -302{,}4 + 0{,}16X_3$	107,01	0,79
	$Y = -980 + 0{,}02X_4$	38,3	0,97
PJSC "Sumy plant of agricultural machinery"	$Y = -773{,}8 + 0{,}22X_1$	128,8	0,93
	$Y = -2449 + 261X_2$	126,1	0,93
	$Y = 36{,}2 + 0{,}21X_3$	245,6	0,73
	$Y = -1430 + 0{,}03X_4$	35,4	0,99
	$Y = -1760 + 0{,}11X_1 + 140{,}8X_2$	57,8	0,98

Source: developed by the author

From the table 2.21 it can be seen that insurance expenses have the greatest impact on the reduction of economic risks for the non-loss-making enterprises: for PJSC "Sumy plant of agricultural machinery" the increase of production insurance expenses by UAH 1 th. will result in the increase of profit by UAH 261 th. (B2 = 261) for PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash" and PrJSC "Uman agricultural machinery plant" this indicator accordingly makes 138 thousand UAH and 112 thousand UAH.

As a result of the conducted regression-correlation analysis it was established that the net profit of all the investigated industrial enterprises depends mainly on the expenses for insurance and proceeds from the sale of the products. Since the net profit of these enterprises is directly connected with economic risks, it is the factors determined by means of regression that have the greatest influence, and their change can directly lead to a reduction or increase in the probability of economic risks.

Thus, the developed methodical approach of research of economic risks at management of financial potential of the enterprises has shown that to estimate influence of economic risks in the course of management of financial potential of the industrial enterprises it is possible by means of bilateral research of risks both external, and internal environment of the enterprises which is combined in the uniform tri-block approach, is displayed in the course of acceptance and management by decisions at the industrial enterprises.

CONCLUSIONS TO THE SECTION

The results of the conducted analysis of the state and dynamics of the main financial indicators characterizing the financial and economic activity of the selected group of industrial enterprises state that two of the three enterprises, namely OJSC "Odessa Plant of Agricultural Machine Building" and OJSC "Ukrainian Research Institute of Agricultural Machine Building" are in a rather shaky financial situation, as they have too low indicators of the financial state.

Three levels of financial potential have been defined: high, medium and low, a profile of the financial potential of each industrial enterprise has been drawn up by financial indicators and the level of financial potential has been determined, which is compared with the obtained values of financial coefficients on a scale characterizing the level of financial potential of the enterprise by means of financial coefficients.

It is established that the assessment of financial potential of industrial enterprises is a necessary stage of strategic analysis and management. Sequential calculations cover the main intra-company processes taking place in various functional spheres of the enterprise environment. As a result, a system of monitoring of enterprises is provided, which will allow to reveal all strengths and weaknesses, as well as to work out on this basis a complex plan of perspective development.

It is defined that object of economic risk at the industrial enterprises is activity on management of financial potential of the enterprises and its components, which efficiency and conditions of functioning are in advance precisely unknown, and the carriers of the given risk are the industrial enterprises which are interested in results of management of the financial potential and competent to make the decision on risk object.

Two approaches to assessing the economic risk of industrial enterprises - qualitative and quantitative - have been singled out, which in turn enable industrial enterprises to assess the probability of receiving less profit, prevent possible losses, hold a market share, as well as be competitive and manage their financial potential.

Strengths and weaknesses of the internal and external environment have been identified, which have allowed industrial enterprises to position themselves in their respective markets, focus on the capabilities of enterprises and prevent threats that are sources of risks for them. Factors affecting the general economic risk of industrial enterprises' activities were identified, and it was established that the biggest threat to the external environment for enterprises is the probability of aggravation of competition in the industry, deterioration of the general economic situation in the country, and fluctuations in foreign currency rates.

At research of an estimation of economic risks and the factors influencing activity of the industrial enterprises, the regression model of definition of economic risks on each factor which influence management of financial potential of the industrial enterprises, with use of methods of the correlation-regression analysis is developed and optimized.

The methodical approach of research of economic risks at management of financial potential of the enterprises according to which to evaluate influence of economic risks in the course of management of financial potential of the industrial enterprises probably by means of bilateral research of risks (external and internal environment of the enterprises) is developed, it is combined in the uniform tri-block approach, and which is displayed in the course of acceptance and management by decisions at the industrial enterprises.

CHAPTER 3
DIRECTIONS TO IMPROVE THE MANAGEMENT OF FINANCIAL POTENTIAL OF ENTERPRISES

3.1. Mechanism of strategic management of financial potential of enterprises taking into account the economic risks.

The activities of each enterprise or organization are aimed at achieving certain desired results, including financial ones, taking into account risk conditions. However, some enterprises work quite efficiently and achieve the set goal, others - not always. The efficiency of activity and the effectiveness of an enterprise is determined by the initial conditions (availability of material, financial, human and information resources, probability of shortfall of profit, reduction of losses) and rational management orientation for their management (Komaretska, 2006c), (Komaretska, 2007).

The mechanism of financial potential management while taking into account economic risks is a stage-by-stage process of influence on financial potential with minimization of possible losses, prevention of possibilities of shortfall of profit, taking into account the degree of risk influence on the maintenance of competitive positions in the market in order to preserve its stability or transition from one state to another in accordance with the goals and objectives of the enterprise. The level of financial potential of an enterprise is determined by the volume and quality of accumulated financial resources (state of assets, liquidity level, opportunities and volumes of attracting credits).

Potential abilities of an enterprise with effective use of financial resources taking into account possible economic risks determine strategic potential of the enterprise, depends on a number of factors (Table 3.1).

The level of mastering the financial possibilities of the enterprise determines its competitive financial status, financial possibilities of the enterprise and preconditions for achieving its financial competitive advantages. Competitive financial status shows resource availability and readiness of the enterprise for realization of strategic goals and tasks, the level of mastering of potential financial possibilities by the enterprise, characterizes the favorability of external environment conditions for creation and maintenance of financial advantages taking into account economic risk factors at the enterprise.

Considering the financial potential of an enterprise as a system, the constituent elements of forming its lower level potential will be: intellectual, investment, managerial, innovative, entrepreneurial. Each of these potentials is characterized by a separate value and quality composition of the types of financial resources corresponding to it.

Table 3.1

Factors affecting the strategic potential of an enterprise

№ п/п	Factors
1	The composition and condition of the system of financial resources, availability of economic risks existing at the enterprise
2	Degree of compliance of financial potential with strategic goals and objectives of the enterprise and assessment of possible risks
3	Ability of financial potential to ensure the stability of the enterprise to the influence of economic risks of the external environment, as well as its internal adaptation
4	Ability to conduct risk management and macroeconomic analysis of the situation in the sphere of enterprise activity
5	Ability to forecast changes, will lead to a shortfall in profit, in the volume and structure of consumer demand
6	Ability to develop and implement competitive ideas in the field of financing, investment, lending, organization of financial processes and insurance of economic risks
7	The ability to ensure the stability of the enterprise in the conditions of changes in environmental factors, which adversely affect its activities, through the development and implementation of effective protective strategies
8	Ability to ensure internal adaptation of the enterprise by conducting an active financial-investment and innovation policy, taking into account factors of influence on risk
9	Ability to use competitive advantages in market struggle
10	Ability to effectively use investment opportunities to develop the financial potential of the enterprise with minimization of economic risks
11	Level of adaptation of the strategy and tactics of the enterprise in the changing business environment taking into account the risk level

Source: systematized and supplemented by the author.

Strategic management of the financial potential of the enterprise while taking into account economic risks it is a complex dynamic, hierarchical, interrelated system. When selecting a hierarchical level as a classification sign, financial potentials are singled out and displayed in the figure. 3.1 [supplemented by the author].

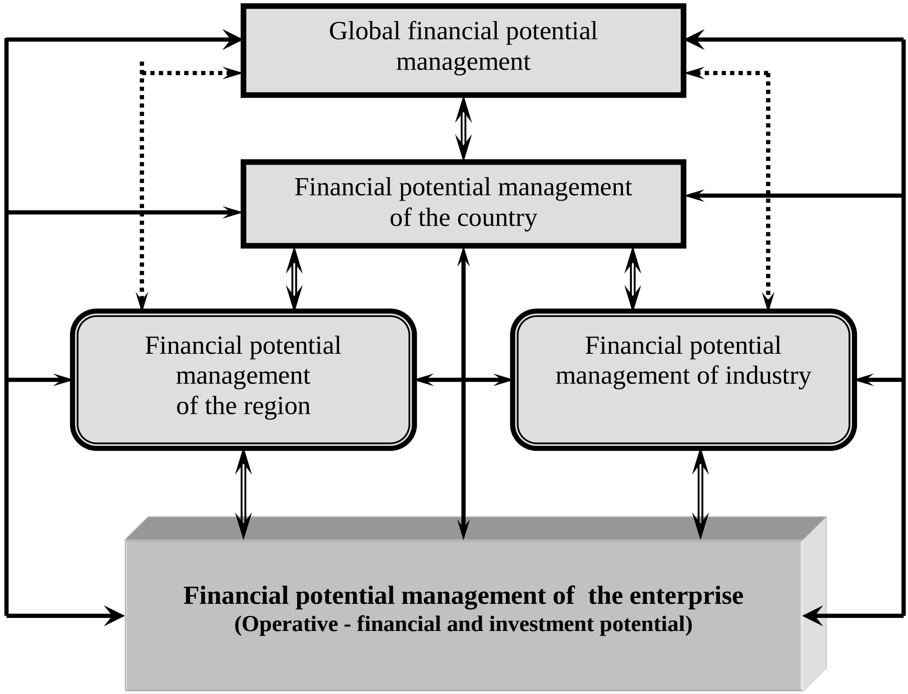


Fig. 3.1. Correlation and interaction of management of financial potentials at different levels of the hierarchy

Source: systematized and supplemented by the author.

The management of higher-level financial potential cannot be considered as the sum of lower-level potential, which is related to the synergy properties of complex systems. Management of the financial potential of a territory (region) or an area is higher than management of all the financial potential of certain enterprises that are located in this territory or are part of this industry. There is also a feedback - the importance of managing the financial potential of an enterprise is largely determined by the size and quality structure of the components of the management of financial potential of the region in which the enterprise is located (Komaretska, 2006c), (Puzyrova, 2010c).

In the context of research of objective regularities of functioning of the mechanism of enterprise's financial potential the key in the given definition is, in our opinion, the provisions on the aggregate (integral) possibility. On the one hand, this provision indicates the necessity and is the basis for the study of the structure and contents of the enterprise's financial potential, and on the other hand, it is the basis for the study of the mechanism of interaction of its individual structural elements. At the same time, it should be noted that the study of the mechanism of interaction of individual structural elements of the financial potential of an enterprise is not an objective.

The mechanism of interaction of separate structural elements of financial potential of an enterprise is based mainly on objective economic laws. It allows to determine the optimal proportions of expenses of the enterprise on formation, maintenance and development of separate structural elements of the financial potential taking into account the risk factor. The cost proportions should be established on the basis of the analysis of elasticity coefficients showing the possibility of each structural element of financial potential to influence the final indicators of enterprises' activity, as well as to prevent the damage, loss of profit, maintenance of their positions in the market and their share of consumers.

Realization of the mechanism defines management of financial potential of the enterprise at consideration of economic risks as strategic management of financial potential of the enterprise at consideration of economic risks. Its action also depends on external factors, influencing the level of risk: the current state of external economic environment, definition of the degree of danger of factors, influencing financial potential, state macroeconomic policy and normative-legal base.

At formation of the strategic mechanism of management of the financial potential of the enterprise taking into account economic risks, it is necessary to consider the process of strategic planning of the financial potential as the management activity of the top management by definition, formation and revealing of prospects of the further development of financial resources and possibilities of the enterprise, insurance and management of economic risks, and also the main goals of the enterprise, with the help of which the set tasks will be achieved (fig. 3.2).

In the process of determining the criteria base and developing a system of indicators to assess the financial potential of the enterprise it is necessary to take into account two components of the mechanisms of its functioning, which, in fact, are the opposite sides of the whole and are in close interconnection and interdependence. On the basis of the results of the study, as well as practical experience of industrial enterprises, we offer a set of goals in the formation of the financial potential of industrial enterprises, taking into account economic risks.

Within the fact that the essence of strategic management of financial potential consists, on the one hand, a complex strategy of development formation at the enterprise, and on the other hand, the structure of management is established in such a way, that to achieve the set financial goals, the creation of the mechanism of realization of the strategy of management of financial potential of the enterprise at the estimation of economic risks and factors of influence on the enterprise is conditioned. One of the final results of the strategic management of the financial potential of the enterprise is its competitive financial potential, which provides for sustainable development and further prospects of activity and prevention of bankruptcy.

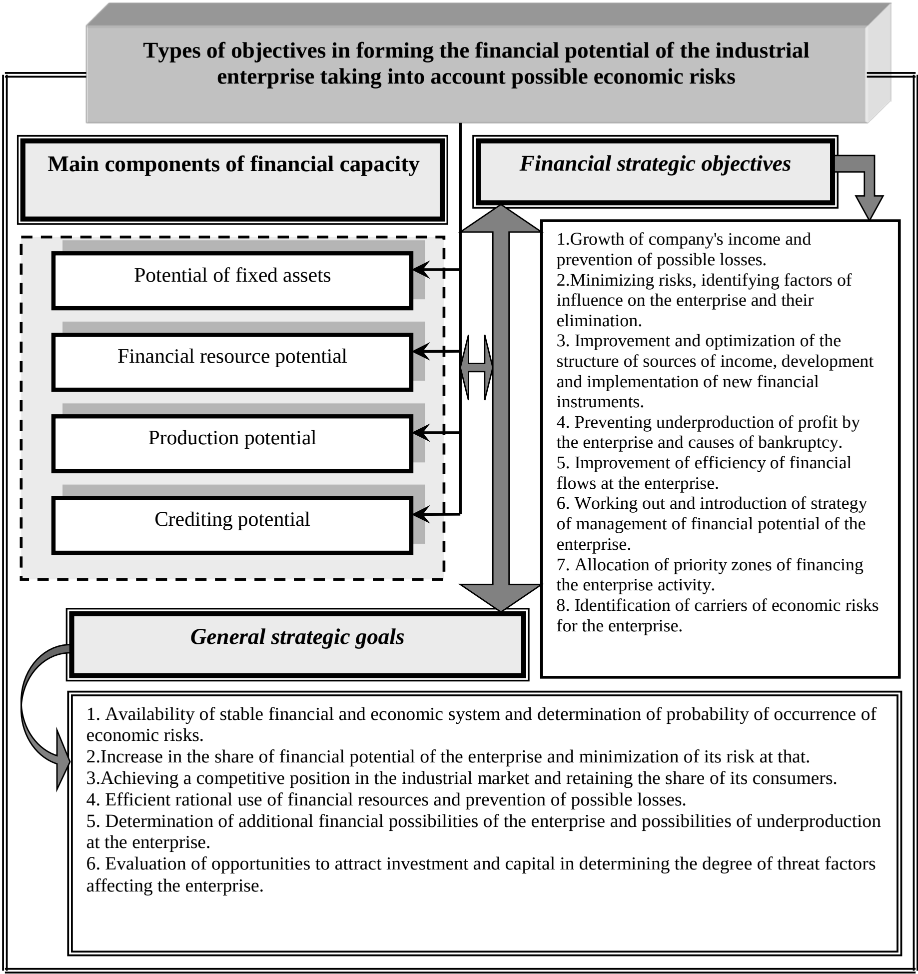


Fig. 3.2. Main types of objectives in the formation of the financial potential of the industrial enterprise

Source: developed by the author

The system of strategic management of financial potential of the enterprise with consideration of economic risks is the complex interconnected structure of management directed on development of the general and long-term strategic financial tasks of the enterprise, measures on prevention of risk, programs of actions focused on future, within the framework of which realization of the main goal of the enterprise is reached that is maintenance of strong financial potential of the enterprise and concentration of its steady positions in the competitive environment.

For the industrial enterprises researched by us it is necessary to reveal the interrelation between financial and strategic goals of the enterprises with minimization of economic risks on their activity, prevention of possible bankruptcy and shortfall of profit part. Enterprises should work toward the general strengthening of their financial potential because of the growth of constituent elements of financial potential to assess the impact of risk factors on them - the potential of fixed assets, the potential of financial resources, production potential and the potential of credit opportunities. The definition of the four sections of industrial financial potential in the study is what ensures that the required level of financial potential is achieved. The integral component at formation of effective system of the strategic mechanism of management of financial potential of the enterprise is objectively and process oriented approaches of the strategic analysis of financial abilities, risk-management and area of functioning of the enterprise. The role of financial resources is fundamentally important at the management of the financial potential of the enterprise, as without them the subject will not achieve the required strategic goal. In this aspect, the financial resources make up the basis of the enterprise's financial potential, as their strategic importance consists, firstly, of the possibilities, which lie in them for the development of the strategy optimal for the subject (the source of formation), secondly, in the principally possible influence on the external environment of the enterprise (the nature of use), thirdly, in the specifics of strategic setting of the subject's goals (directions of actions) (Puzyrova, 2019a), (Puzyrova, 2019c), (Puzyrova and Dovbush, 2020).

The mechanism of strategic management of the financial potential of the enterprise, taking into account economic risks, is connected with setting goals of the enterprise (see Fig. 3.2) and maintaining relations with the environment, which allows it to achieve its financial goals, minimize economic risk and correspond to its internal financial abilities.

Therefore, the financial potential of an enterprise consists of financial resources, financial capacity and sources of their replenishment that the enterprise has, its relations, position and organizational system as a whole. The financial potential of the enterprise is actually the source of formation of competitive advantage of the enterprise and that is why it demands constant development, improvement, management and insurance of economic risk. It is a strategic resource of the enterprise, which provides its stability in force majeure of macro environment and allows to avoid negative influence of external factors.

As a separate element of both resource and potential of the enterprise, it is necessary to define a complex of functions, which give an opportunity to form and use financial potential and organizational provision of this element, which is reflected in the organizational structure, and also provides implementation of the mechanism of strategic management of financial potential of industrial enterprises. The line-type and functional structures of the majority of enterprises overload the management of the enterprise with the solution of current tasks, not allowing it to concentrate on the strategic financial problems of the enterprise to the whole extent. Transition to divisional structures will ensure flexibility and adaptability of the enterprise and will improve the opportunities for the management to concentrate its attention on strategic issues, at the same time, it will create separate obstacles in terms of strategic combination of separate units. The structure of the enterprise should not be more complex than it is necessary according to its size, nature of activity, technologies and territorial location, therefore, most enterprises operate within simple organizational structures.

Coordination of activities in adapting to changing environment can be the basis for long-term and successful existence of the enterprise with lower risks. However, strategy means not so much compliance with changes in the environment and the implementation of strategic changes within the enterprise, as active interaction with the internal environment. A strategically active enterprise should influence the environment purposefully, changing and putting it in line with the strategy, creating conditions for achieving strategic goals with minimal risk. If strategy development is primarily an entrepreneurial activity, then its implementation is an internal management effective qualified activity.

The components of such activity depend on the specific situation arising in the enterprise, but there are main tasks of this process, which are repeated and define the system of strategic management. Strategic management of the financial potential of the enterprise, taking into account economic risks, should provide, first of all, enterprise management and risk management, which are able to implement the strategy and pay attention to the development of internal organizational structure, based on the needs of the strategy; creation of defining advantages, on which the strategy is based; selection of employees for key positions.

In the process of strategic management of the financial potential of the enterprise under the influence of economic risks the management should perform a number of actions (Table 3.2) [supplemented by the author].

At strategic management of financial potential of the enterprise the mechanism of management of its financial potential at consideration of economic risks on enterprise activity is an integral element.

Table 3.2.

Management actions and their brief characteristic on realization of strategic management of financial potential of the enterprise under condition of influence of economic risks

Management actions	Characteristic of action
Creation of favorable conditions for the company's activity	Enable the implementation of the strategy, development of the strategic management style, development of measures to minimize possible economic risks
Corporate culture creation	Helps to implement the strategy, availability of funds to ensure implementation of the strategy and assess the impact of risk factors on the enterprise
Availability of information and control systems	Motivation is connected with the implementation of the strategy for managing the financial potential of the enterprise and minimizing the probability of risks occurrence

Source: systematized and supplemented by the author.

The mechanism of enterprise financial potential management under the influence of economic risks is a set of certain strategies, methods and techniques, goals and means, which are used in relation to the management of enterprise financial potential with minimization of its risks (fig. 3.3) [developed by the author]. When considering the mechanism of management of the financial potential of the enterprise taking into account economic risks as a system of interrelated elements, each of which is inherent in certain properties, it is necessary to pay attention to the organizational support of this mechanism, which consists of two main parts - management and executive.

The management part of this mechanism collects and analyzes information regarding the attraction of all additional financial resources and capabilities of the enterprise from the external environment, which may lead to undesirable risk situations in case of underproduction. Based on the results obtained, the managing part of the mechanism for managing the financial potential of the enterprise starts to perform its work. At first, it defines specific real (qualitative and quantitative) values of the results of managing the financial potential of the enterprise, i.e. it forms the main goal of the work and ways to achieve it. Then the executive part starts to act on the realization of specific tasks on managing the enterprise's financial potential and minimizing economic risks.

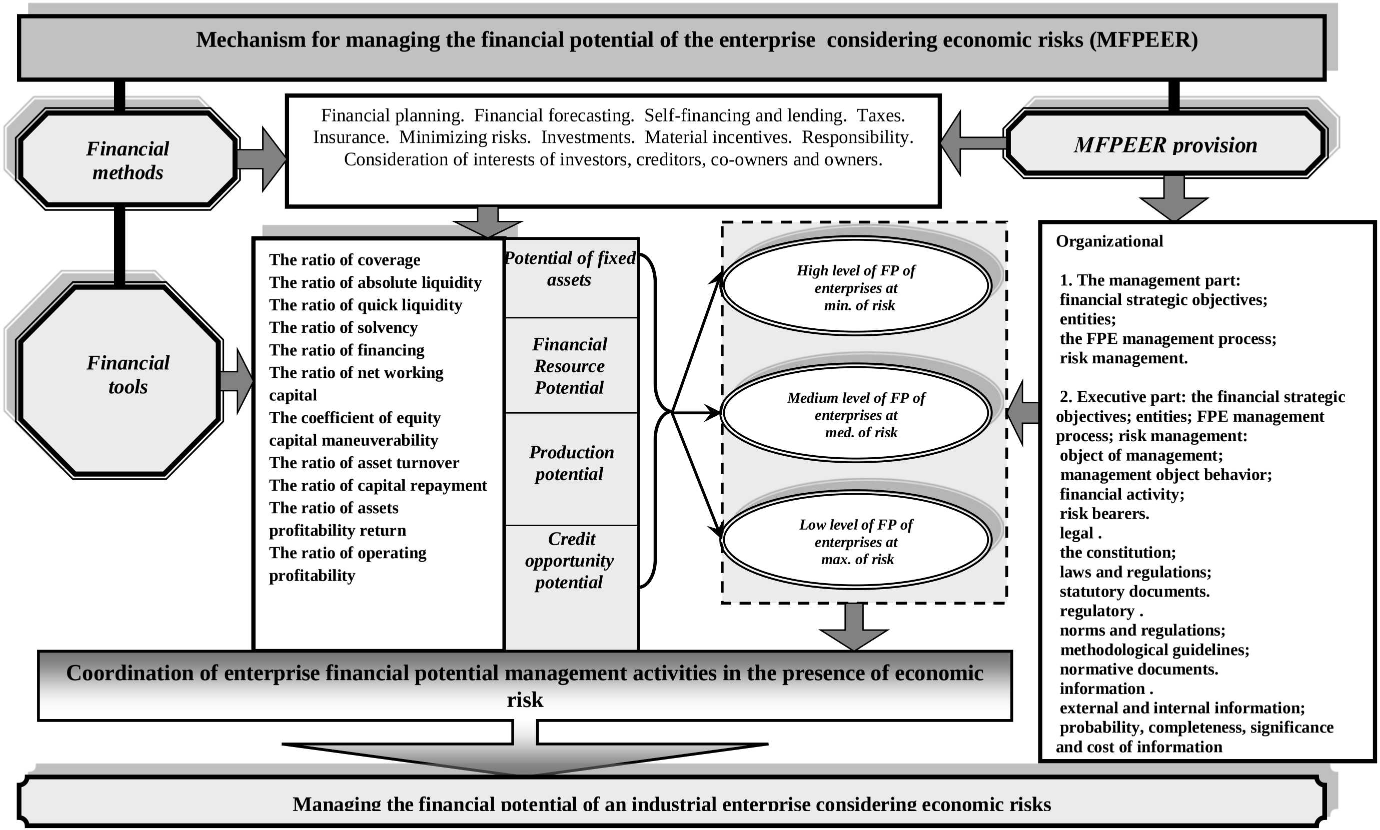


Fig. 3.3. Mechanism of enterprise financial potential management taking considering economic risks

Source: developed by the author

At this stage, the object of management of the financial potential of the enterprise is defined and specified, the behavior of this object is traced and financial and economic activity on realization of management of the financial potential of the enterprise is carried out. The results of management's work concerning the management of the financial potential of the enterprise testify to the condition and volumes of the financial potential and possibility of prevention of losses of the enterprise through insurance of economic risks.

Any management decision is the result of feedback from the market and other elements of the external environment, i.e., it is a component of the general financial and economic policy of the enterprise aimed at the maximum realization of its financial potential. In its turn, development of the financial and economic policy envisages determination of the goals of the enterprise's activity, development strategy for the nearest and distant prospects, taking into account potential financial possibilities of the enterprise and provision of it with the corresponding financial resources. In developing strategic financial positions, enterprises usually use certain indicators, both qualitative (reference points - more distant goal, and quantitative (tasks).

A necessary prerequisite for defining strategic management is the research of available internal financial reserves for the use of external financial opportunities and identification of weaknesses that can complicate the problems associated with external threats, economic risks, i.e., conducting a management analysis of the situation. This analysis is a general assessment of the potential financial potential of the enterprise and a methodical assessment of its functional areas to identify strategic strengths and weaknesses.

In our opinion, the analysis should focus on such functions and components as risk management, marketing, accounting, financial operations, human resources, corporate and industrial culture, and the image of the enterprise.

Risk management work at an enterprise should be carried out with the help of a specially developed risk management program. To develop such a program and monitor its implementation, a special unit should be established, headed by a risk manager, whose duties should include all issues related to the implementation of the risk management program and the development of appropriate regulations on enterprise risk management. The regulation should reflect the risk management philosophy of the enterprise, differentiating it between different structural units. At the same time, the main purpose of risk management of the enterprise is to ensure an optimal balance for shareholders and investors between maximizing profits and long-term stability of the enterprise. To achieve this goal, the risk management system should be based on the principles of comprehensiveness, continuity and integration.

While studying the marketing function, it is necessary to highlight the following areas of analysis and planning: competitiveness of financial potential and desired share in the market of industrial enterprises as a percentage of its total volume is an important goal of the enterprise; availability and quality of financial resources, which are constantly monitored and evaluated by the top management; effective sales, advertising and promotion of products; enterprise profit.

The analysis of the financial state can reveal already existing potential financial internal weaknesses of the enterprise in comparison with its competitors. Continuous analysis of management and production planning is very important for realizing the potential financial abilities of an industrial enterprise. In the course of studying the strengths and weaknesses of the function of production management, it is worth paying attention to the following questions: whether the enterprise can sell products at a lower price than its competitors; access to new financial resources, materials and goods it has; what level of equipment at the enterprise; whether purchases are planned to reduce the size of inventories and time of implementation the order; whether there are adequate mechanisms to control the financial resources and abilities of the enterprise; whether it can be a subject of the markets in which it is impossible for the enterprise to sell its products. Having ensured that the internal resources of the enterprise and its weaknesses are in line with external hazards, risks and financial opportunities, management chooses an appropriate strategic alternative aimed at realizing its potential financial opportunities.

As noted above, the financial potential of an enterprise represents the maximum possible combination of financial resources available and potential financial abilities, with the effective use of all financial reserves and funds at its disposal. The phrase "as much as possible" should be understood in this context: in the achieved level of financial resources, technology and techniques, in the optimal use of financial resources, in modern forms of production organization and labour incentives. The financial potential is characterized by an optimal level of financial and economic stability under the given conditions and the use of all financial resources of the enterprise. According to such interpretation, the problem of formation, implementation and strategic management of the enterprise's financial potential is rather complicated. It is even more difficult to estimate the result of realization of strategic management of the financial potential of the enterprise (Puzyrova, Grechyshkin and Yershova, 2020), (Tkachenko, V., Kwilinski, Korystin, Svyrydiuk and Tkachenko, I., 2019).

Taking this into account, in the present conditions one of the main strategic tasks of management at the enterprise is the work connected with the increase of its financial potential and prevention, minimization and insurance of possible risks. In our opinion, there are two main directions for increasing financial potential. The first is an external direction, implementation of which is possible on the basis of attracting resources (investments, credits, innovations, etc.). The second is a promising direction, i.e. search for internal unused financial reserves.

However, the investment opportunities of the enterprise are extremely limited due to the long-term withdrawal of income to the budget, including depreciation. The implementation of modern, even relatively simple projects involves the use of large amounts of financial resources. Therefore, in the course of planning investment activities, as a means of increasing the financial potential of the enterprise, it is first necessary to justify the main directions of investment.

In the process of formation and enhancement of the financial potential of the enterprise the tasks of analysis of identification of potential financial opportunities and reserves may be different. In particular, the following relate to them:

- ✓ identification of internal financial potentials and reserves, as well as ways to use them with minimal risk;
- ✓ compilation of best practices, the dissemination of which can ensure rapid development of financial potential, and be a source of financial reserves in the enterprise.

Opportunities for growth of financial potential are also connected with the use of modern equipment in the enterprise and achievements of scientific and technical progress.

Consequently, at working out of the mechanism of management of financial potential of the industrial enterprises taking into account economic risk it is defined that on management of financial potential itself it is influenced by uncertainty and degree of influence of factors of economic risk which are divided on a minimum, middle and high level in the course of an estimation of level of financial potential of the industrial enterprises. The managing and executive part of maintenance of management of financial potential of the industrial enterprises, where the considerable attention is given to risk-management, which should develop the program of management and control over economic risks by means of specially created division, headed by the risk-manager, acquires special value.

3.2. Key strategies for managing the financial potential of enterprises.

The transition of the economy to market relations has complicated the activities of each enterprise regardless of ownership, industry, legal status and suchlike. With the complication of the external environment, changes in the technologies applied at the enterprises, and the appearance of new goals, the necessity of defining the ideology of strategic management comes to the foreground.

Since the mechanism of management of the financial potential of the industrial enterprises, the system of mutually conditioned strategic goals and goals of formation of the financial potential is developed, and the types of the potential, which are estimated on the basis of the full-fledged strategic management, are defined, there is a necessity in formulation of the key strategies for management of the financial potential of the industrial enterprises.

The formation of strategic management is appreciably influenced by the peculiarities and obstacles of the internal environment of economic entities. In spite of the fact that strategic management is a means of successful survival in crisis conditions, in practice, the strategy of behavior of the majority of economic entities is absent, significantly worsens their position. This can be explained, first of all, by the attempt of managers to quickly achieve financial results, inertness of decision making of the management staff, which was formed behind the administrative-planned economy, lack of experience in strategic management application, as well as ignorance and misunderstanding of its essence, principles, methods and techniques.

According to the opinion of the classic of strategic planning Chandler A., strategy is "the definition of the main long-term goals and objectives of the enterprise, the adoption of the course of action and allocation of resources necessary to achieve the goals". On the one hand, this interpretation of the strategy is based on the traditional approach to its definition as a special method of resource allocation between current and future activities (Chandler notes that "the strategic alternative should be based on a comparison of capabilities and resources of corporations, taking into account the accepted level of risk"). On the other hand, this definition is focused on achieving objectives.

This approach is consistent with the following definition: "A strategy is an overall, comprehensive plan for achieving objectives. The identification of strategy and plan follows from game theory, where strategy is a plan of action in a particular situation, depends on the actions of the opponent. Thompson A., a well-known specialist in strategic management, combines the planned basis of strategy with the behavioral aspects of the organization.

A strategy is a specific management plan of actions aimed at achieving the set goals. It defines how the enterprise will function and develop, as well as what entrepreneurial, competitive and functional measures and actions will be taken to ensure that it reaches the desired state. The lack of strategy usually manifests itself in two forms (Blank, 2002).

Firstly, business entities plan their activities based on the permanence of external conditions. Secondly, at non-strategic management development of program actions is based only on the analysis of internal possibilities and potential of the enterprise. Introduction of strategic management requires a certain infrastructure, namely, a modern computer network and an automated information system created on its basis, which would enable monitoring of changes in the external and internal environment of the enterprise.

For financial potential, key strategies acquire special importance, as they help to direct the activities of enterprises to achieve the planned financial and strategic goals. The choice of key strategies for managing the financial potential of the industrial enterprise is influenced by the factors of environment - the influence of external and internal environment: goals of the enterprise; scale of the enterprise; investment attractiveness; strategies of competitors; existing (real) financial potential of the enterprise; peculiarities of the branch; expenses for production and sale; financial possibilities of the enterprise. For any enterprise the external environment is, first of all, the sphere, which is almost not subject to its influence. Therefore, except for individual cases of formation of the external environment under the influence of a particular enterprise, the main condition for achieving the goals is adaptation to the environment. As soon as concrete alternatives appear in the process of choosing a strategic decision, there is also more reliable information that would doubt the validity of the original choice.

Thus, strategic management is inextricably linked to changes in circumstances and conditions, and determines the application of a situational approach. In our opinion, the situational approach deserves special attention, as it is based on a concept that can be applied to all economic entities. It is important that, defining the sequence of procedures in the process of strategic management, the situational approach takes into account both specific features at a fixed point in time and dynamics of changes in a certain time interval. Application of the situational approach to strategic management is expedient also from the point of view that due to it is possible to expand the knowledge base of managers for making strategic decisions by creative transportation of positive management experience by the method of analogy. The use of principles and methods of the situational approach at the stage of strategic analysis of external and internal environment and at decision-making on the choice of strategy and their implementation is schematically shown in Fig. 3.4.

In the conditions of market relations, independence, responsibility of the enterprises by results of the activity arises objective necessity of definition of tendencies of financial potential, orientation and financial possibilities and perspective estimation of a financial condition of other economic subjects. The enterprises are interested in revealing and perfection of financial strategy - the general plan of actions on maintenance of the enterprise with money resources (available and possible). The strategy takes into account questions of the theory and practice of formation of financial potential and solves problems which provide financial stability of the enterprise in market conditions of management.

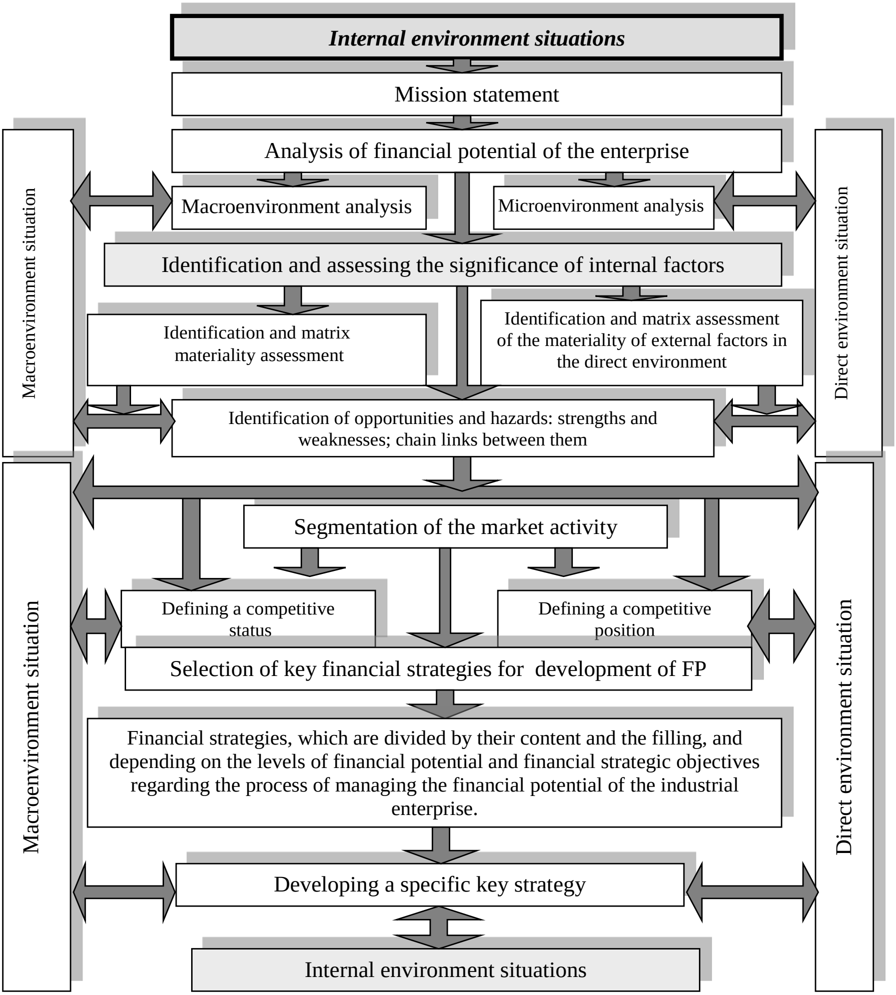


Fig. 3.4. Conceptual framework of the situational approach to key strategies

Source: developed by the author

The financial strategy of the enterprise according to the strategic target provides: formation and effective use of financial potential; revealing of the most effective directions of investment and concentration of financial resources on them;

conformity of financial actions to economic condition and material possibilities of the enterprise; definition of the main threat from competitors, a correct choice of directions of financial actions and maneuvering for achievement of the decisive superiority over them; creation and adjustment of the enterprise.

The financial strategy of the enterprise includes: analysis of the financial condition; optimization of the fixed and working assets; profit distribution. Schemes of financial strategy implementation are shown in Fig. 3.5 [supplemented by the author].

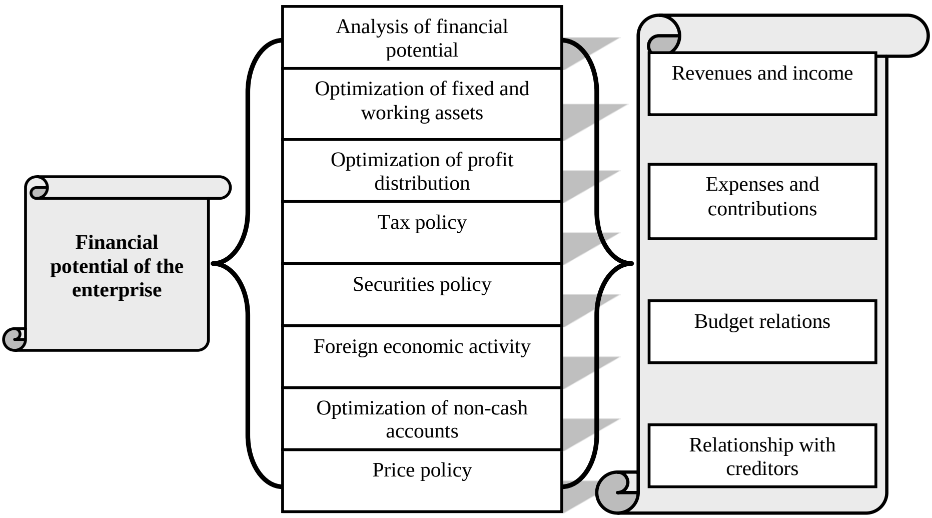


Fig. 3.5. The scheme of financial strategy of the enterprise

Source: supplemented by the author.

Thus, the successful maintenance of the enterprise with cash is guaranteed under mutually coordinated theories and practices of financial strategy, compliance of strategic goals with financial capabilities, provided that a strict centralized financial strategy is implemented.

The problem of choosing the financial strategy of an enterprise is actualized by the need to make decisions in market conditions. Here the main attention is paid to the assessment of the current state of economic entities. Priority in this direction of research, is primarily a reasonable forecast of the directions of development of the enterprise, the development of specific recommendations to prevent possible errors and miscalculations and only then the state of the actual condition. Proceeding from this, it is reasonable to determine the model of financial strategy selection for this purpose.

First of all, it is necessary to define the financial strategy of an enterprise as a reasonable change of its financial and economic condition in the long term, taking into account quantitative characteristics of the actual financial and economic condition in the current and future periods, i.e.:

$$FS(t) = f(a(t), a^{onm}(t), a(t+1), \qquad (3.1)$$

Where the FS(t) – financial strategy of the enterprise at a time t;

a(t) – current condition of the enterprise at a time t;

a^{onm}(t) – optimized condition of the enterprise at a time t;

a(t+1) – forcasted condition of the enterprise at a time t+1.

In the formula (3.1) the value a (t) can be represented as follows:

$$a(t) = \sum_{j=1}^{m} c_j \sum_{i=1}^{n} (p_i x_i(t)) + \sum_{d=1}^{s} [k_d (\sum_{j=1}^{m} c_j \sum_{i=1}^{n} (p_i x_i(t-d)))], \qquad (3.2)$$

Where the C_j – compound ratio for general factors (j=1,m);

$x_i(t)$ – quantitative characteristics of the i-th factor of financial and economic activity of the enterprise (i = 1, n) at the time t (t = t, t-s) ;

the estimated factor for the i-th enterprise factor (i = 1, n) ;

a factor that takes into account the reduction of the influence value of the factor at the time (t-d) (d = 1, s), if d is close to s and:

$$\text{Lim}\, k_d = 0 \ (d=1,s). \qquad (3.3)$$

The coefficients that take into account general factors (c_i , (j=1,m)) include: macroeconomic conditions in the industry in which the enterprise operates, the presence of government orders and government support, the competence of the management of the enterprise, and the like.

The value indicates the optimal levels achieved by the i factor of financial and economic activity. For further analysis it is necessary to calculate a (t + 1), a^{onm} (t):

$$a(t+1) = \sum_{j=1}^{m} c_j \sum_{i=1}^{n} x_i^{onm}(t+1) + \sum_{d=0}^{s} [k_d (\sum_{j=1}^{m} c_j \sum_{i=1}^{n} (p_i x_i(t-d)))], \qquad (3.4)$$

where (t + 1) is the optimum quantitative characteristic of the i-th factor of activity of the enterprise at the moment of time t + 1, determined on the basis of characteristics of the given factor at the moment of time $t(x_i(t))$,

$$a^{onm}(t) = \sum_{j=1}^{m} c_j \sum_{i=1}^{n} x_i^{onm}(t) + \sum_{d=0}^{s} [k_d (\sum_{j=1}^{m} c_j \sum_{i=1}^{n} (p_i x_i(t-d)))]. \qquad (3.5)$$

When choosing a financial strategy, it is advisable to use the financial strategy matrix, which makes it possible to decide on the prospective direction of changes in the financial and economic condition of the enterprise on the basis of the calculated above values.

For further decision it is necessary to record the value a (t) as the sum of results of financial and economic activity:

$$a(t) = Y_1(t) + Y_2(t) , \tag{3.6}$$

де $Y_1(t)$ – the financial result of the enterprise at the time t;

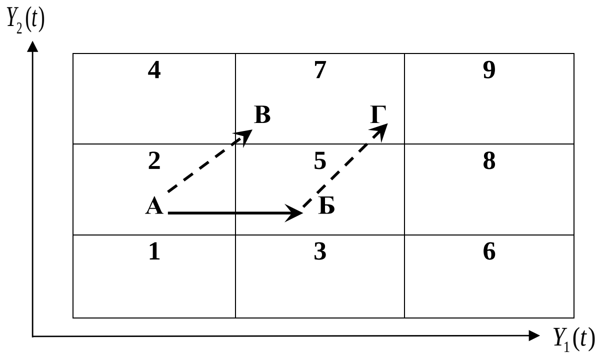
- the result of economic activity of the enterprise at the time t.

in the same manner as for $a^{опт}(t), a(t+1)$:

$$a^{опт}(t) = Y_1^{опт}(t) + Y_2^{опт}(t),$$

$$a^{опт}(t+1) = Y_1\ (t+1) + Y_2\ (t+2),$$

The financial strategy matrix will take the form (Figure 3.6) [supplemented by the author].



A continuous arrow shows the factual movement of the enterprise across the matrix squares, dotted arrow shows the optimal boundaries of development.

Fig. 3.6. Matrix of financial strategy of the enterprise

Source: supplemented by the author.

The matrix has nine squares, each of which defines a characteristic of the position of the enterprise. The conclusion about the square, in which the enterprise gets (or will get), is possible according to the results of calculation of indicators of economic and financial activity of industrial enterprises:

A – a position that corresponds to the actual state of the enterprise at the time t-1: (Y1 (t-1), Y2 (t-1)) ;

B - a position that corresponds to the actual state of the enterprise at the time t: (Y1 (t), Y2 (t));

C - the position that corresponds to the optimal state of the enterprise at the time (t-1): (Y1 (t), Y2 (t));

D - the position that represents the potential boundary of the enterprise development at time point t + 1: (Y1 (t + 1), Y2 (t + 1)).

Selection of recommendations for optimal financial strategies is carried out using the data in Table 3.3.

Table 3.3

Financial strategy for industrial enterprises

№ Fin. strategy	Determination of the financial and economic condition (FEC) of an industrial enterprise	The essence of a specific financial strategy for managing the financial potential of an industrial enterprise
1	**Unsatisfactory FEC** fluctuating tendency to decrease	The enterprise is in a state of crisis, for the improvement of which a complex system of financial and economic recovery is needed. It is necessary to achieve an increase in the results of financial and economic activities.
2	**Satisfactory FEC** fluctuating tendency to decrease	Getting old enterprise. It is necessary to prevent a continuous deterioration of operations, reaching a steadily growing trend of development. It is advisable to try to enter new market segments and develop technical innovations.
3	**Good FEC** fluctuating tendency to decrease	The enterprise has reached the limits of development. Orientation of the enterprise to new markets, conducting of marketing policy which can prevent worsening of the condition can be perspective.
4	**Unsatisfactory FEC ФГС** fluctuating tendency of development	Ensuring the stability of financial potential development will improve the condition of the enterprise. The higher the growth rate, the faster will be the improvement.
5	**Satisfactory FEC** fluctuating tendency of development	Unstable financial situation. The company balances with the risk of deterioration and low financial potential
6	**Good FEC** fluctuating tendency of development	A satisfactory financial position, equally affected by an unstable state of financial potential development. Elimination of the causes of instability of development allows maintaining the position in the matrix.
7	**Unsatisfactory FEC** fluctuating tendency to improve	The company is coming out of crisis. While ensuring positive trends in the financial and economic situation in the future, there is a real opportunity to improve management of financial potential.
8	**Satisfactory FEC**з fluctuating tendency to improve	Quite successful activity. However, not all opportunities to develop financial potential are involved. Stable and dynamic activity will provide the opportunity to achieve maximum effect.
9	**Good FEC** fluctuating tendency to improve	Successful activity with real opportunities for further development of financial potential. It is only necessary to hold on to the achieved state

Source: systematized by the author.

It is possible to assessment the activities of industrial enterprises on the basis of the analysis of the characteristics of their condition and the square of the financial strategy matrix using Table 3.4 [supplemented by the author]. It should be noted that "+1" corresponds to a good assessment, "0" - to a satisfactory evaluation, "1" - to an unsatisfactory evaluation.

Table 3.4

Assessments of the industrial enterprise and the quadrature of the financial strategy matrix

enterprise condition char-tic	*Rate*	*№ matrix square of fin. strategy*	*rate*
$a(t)<a(t-1)$ $a(t)<a^{\text{опт}}(t)$ $a(t+1)<a^{\text{опт}}(t)$			
$a(t)\geq a(t-1)$ $a(t)<a^{\text{опт}}(t)$ $a(t+1)<a^{\text{опт}}(t)$	-1	1	-1
$a(t)\geq a(t-1)$ $a(t)\geq a^{\text{опт}}(t)$ $a(t+1)<a^{\text{опт}}(t)$	0	2	-1
$a(t)\geq a(t-1)$ $a(t)\geq a^{\text{опт}}(t)$ $a(t+1)>a^{\text{опт}}(t)$	+1	3	-1
$a(t)< a(t-1)$ $a(t)\geq a^{\text{опт}}(t)$ $a(t+1)<a^{\text{опт}}(t)$	-1	4	0
$a(t)< a(t-1)$ $a(t)\geq a^{\text{опт}}(t)$ $a(t+1)\geq a^{\text{опт}}(t)$ $a(t)\geq a(t-1)$ $a(t)< a^{\text{опт}}(t)$ $a(t+1)\geq a^{\text{опт}}(t)$	0	5	0
$a(t)< a(t-1)$ $a(t)< a^{\text{опт}}(t)$ $a(t+1)\geq a^{\text{опт}}(t)$	+1	6	0
$a(t)<a(t-1)$ $a(t)<a^{\text{опт}}(t)$ $a(t+1)<a^{\text{опт}}(t)$ $a(t)\geq a(t-1)$ $a(t)<a^{\text{опт}}(t)$ $a(t+1)<a^{\text{опт}}(t)$	-1	7	+1
$a(t)< a(t-1)$ $a(t)\geq a^{\text{опт}}(t)$ $a(t+1)\geq a^{\text{опт}}(t)$ $a(t)\geq a(t-1)$ $a(t)< a^{\text{опт}}(t)$ $a(t+1)\geq a^{\text{опт}}(t)$	0	8	+1
$a(t)\geq a(t-1)$ $a(t)\geq a^{\text{опт}}(t)$ $a(t+1)>a^{\text{опт}}(t)$	+1	9	+1

Source: supplemented by the author.

Assessment of the characteristics of the company's condition is carried out on the basis of the analysis of relationships:

$a(t), a(t-1)$ (additional measure $a(t) \geq a(t-1)$);

$a(t), a^{onm}(t)$ (additional measure $a(t) \geq a^{onm}(t)$);

$a(t+1), a^{onm}(t)$ (additional measure $a(t+1) \geq a^{onm}(t)$);

The presence of three positive ratios in the characteristic of the enterprise's condition can be assessed as "good", two - "satisfactory", one or none - "unsatisfactory". To determine the number of the financial strategy, it is recommended to use the data in Table 3.5.

Table 3.5

Identifying the financial strategy number

Assessment of enterprise condition characteristics	***Assessment of the square of the financial strategy matrix***	***Number of financial strategy***
1	2	3
-1	-1	1
-1	0	2
-1	+1	3
0	-1	4
0	0	5
0	+1	6
+1	-1	7
+1	0	8
+1	+1	9

Source: supplemented by the author.

The selection of key financial strategies in the management of the financial potential of industrial enterprises provides for a comprehensive study of a set of economic indicators that take into account all aspects of financial and economic activity and determine the level of financial potential of industrial enterprises (Komaretska, 2006c), (Tkachenko, V., Kwilinski, Kaminska, Tkachenko, I. Puzyrova, 2019), (Tkachenko, V., Tkachenko, I., Puzyrova and Klochko, 2019).

Since the financial potential predetermines the development prospects of the enterprise and ensures the implementation of the general financial strategy, we have identified the relationship between strategic objectives and financial strategic goals, which has led to the development of the author's approach to the combination of the formulated key financial strategies, which are different in their composition, and the matrix, which is based on certain levels of the financial potential of enterprises and strategic financial goals, due to which it is possible to position the enterprise according to this matrix(Table 3.6).

Table 3.6

Matrix of key financial strategies

Strategig financial goals / Financial potential levels	Enterprise revenue growth	Improving and optimizing the structure of revenue sources, development and implementation of new financial instruments	Identifying priority areas for financing the enterprise activity
High	The enterprise is coming out of crisis. With positive trends in the financial and economic situation in the future, there will be a real opportunity to improve management of financial potential.	Quite successful activity. However, not all opportunities to develop financial potential are involved. Stable and dynamic activity will provide the opportunity to achieve maximum effect.	Successful activity with real opportunities for further development of financial potential. It is only necessary to hold on to the achieved state
Medium	Ensuring stability of financial potential development will allow the enterprise to improve its condition. The higher the growth rate, the faster will be the improvement.	Unstable financial situation. The company balances the risk of being in a deteriorating financial position with low financial potential.	Satisfactory financial position, equally affected by the unstable state of financial potential development. Addressing the causes of instability in development helps to preserve the situation in the matrix.
Low	The enterprise is in crisis. To improve the situation, a comprehensive system of financial and economic recovery is needed. It is necessary to achieve an increase in the results of financial and economic activities.	A getting old company. It is necessary to prevent a continuous deterioration, reaching a steadily growing trend of development. It is advisable to try to enter new market segments and develop technical innovations.	The enterprise has reached the limits of development. The orientation of production, entering new markets, conducting of marketing policy, which can prevent the deterioration of the situation, can be considered as perspective.

Source: supplemented by the author.

It should be noted that a number of factors influence the final definition and choice of a key financial strategy for managing the financial potential of an enterprise:

- ✓ risk - what is the risk and what level of risk to consider acceptable;

✓ knowledge of past strategies - often the conscious or unconscious management of an enterprise is influenced by past and strategic alternatives chosen by the enterprise;

✓ responsiveness to owners - mainly owners of shares are limited by management's flexibility in choosing specific strategies. For example, if a permanent group of investors buys up shares of an enterprise, they will force the enterprise to change its strategy or buy back shares at a higher price;

✓ time factor - can contribute to success or failure, because the realization of even a good idea at a bad moment can lead to losses or even liquidation of the enterprise. The ultimate goal of this stage is to choose a single strategy.

Practical realization of the proposed approach allowed to distribute the investigated enterprises in certain matrix planes with the choice of the most adequate financial strategy for the level of their financial potential, possibility of its formation, use and strategic vision (Table 3.7) [developed by the author].

Table 3.7

Positioning of industrial enterprises on the matrix of key financial strategies in financial potential management

Strategic financia goals / Financial potential level	Enterprise revenue growth	Improving and optimizing the structure of revenue sources, developing and implementing new financial instruments and methods	Identifying priority areas for financing the enterprise activity
High	—	—	**PJSC" Sumy plant of agricultural machinery " (559170,1 ths. UAH.)**
Medium	—	**PJSC "Kyiv pilot - experimental plant of agricultural machinery "Kyiv-Silmash" (394801,2 thsc. UAH.)**	**PrJSC "Uman agricultural machinery plant" (351862,4 ths. UAH.)**
Low	**PJSC "Ukrainian scientific-research institute of agricultural machinery» (97821,9 ths. UAH.)**	**PJSC "Odessa agricultural machinery plant" (120445,1 ths. UAH.)**	—

Source: developed by the author.

Thus, the choice of key financial strategies for managing the financial potential of industrial enterprises is made in the context of combining the achieved level of financial potential with the strategic financial goals of enterprises, provided that the factors of influence on them are taken into account. Strategic management of the financial potential of enterprises also concerns the financial strategic goals and their means. In terms of goals, strategic management emphasizes the general contours of the future for the enterprise and, as a means, shows which goal should be achieved. The need for strategic financial potential management is explained by the fact that enterprises need to adapt to both external opportunities and threats, identify appropriate options and ensure effective adaptation of strategy to the environment (Tkachenko, V., Tkachenko, I. Puzyrova, 2019).

Key strategies include the development of sound measures and plans to achieve the intended objectives, which should take into account the financial potential of the enterprise and its value added capabilities. Considering this, it seems expedient to study methods and techniques of developing enterprise strategies on the basis of assessments of the external socio-economic environment and available financial potential.

Besides the key financial strategies, at present there is quite a wide range of strategies that are successfully used by different enterprises depending on their goals and mission: competitive strategy; productive market strategy; marketing strategy; strategy for managing a range of industries; innovation strategy; strategy of orientation to the expansion of export activities; foreign investment strategy; capital investment strategy; development strategy; absorption strategy; strategy of foreign economic expansion; combined strategy;

Thus, the essence of modern strategic management consists in clear orientation of the developed plan on market needs and consideration of market presence as the main factor of external environment, on which the future of the enterprise depends. Strategic management can be defined as management of the enterprise which is based on human potential as a basis of the organization, directs industrial activity to inquiries of consumers, carries out flexible regulation and timely changes in the organization and allows the enterprise to survive in the long term.

Therefore, the strategic aspect in the management of the development of the financial potential of the enterprise may include: the objective need for a special strategic analysis as a specialized analysis of changes in the external environment of the enterprise, as well as a special mechanism for making and implementing adequate managerial decisions through the organizational support of the management of the financial potential of enterprises.

The results of industrial enterprises' activities directly depend on the effectiveness of the measures taken and the choice or non-adoption of certain strategies (Table 3.8).

Table 3.8

Matrix of results obtained according to the type of actions and strategies

Types of actions	A certain strategy	Uncertain strategy
Effective managerial action	Identified strategy and effective actions have resulted in success in the past and will ensure success in the future.	Uncertain strategy, but effective action has led to success in the past, but future success is in doubt.
Inffective managerial action	A certain strategy, but ineffective actions have been effective sometimes, in the past, but increased competition is expected in the future	Uncertain strategy and ineffective actions have led to failure in the past, and the same is expected in the future.

Source: systematized by the author.

Now, the strategic definition of directions of activity of the enterprise is not connected with its organizational structure in all possible variants. Allocation of strategic directions of activity is based on perspective vision of dynamics and streams of resources and products which will provide in middle - and long-term periods of growth of the enterprise. As at the present stage the object of any strategic analysis is a certain combination "product - market", the enterprise activity, its structuring and organizational ordering should also obey this logic. The strategic analysis assumes obligatory estimation of conditions, at which the enterprise activity will take place, and attractiveness of existing and possible markets. Strategic analysis obliges all enterprises to evaluate their position in the markets in relation to all competitors more precisely.

3.3. Organizational support for strategic management of financial potential of industrial enterprises through the interests of stakeholders.

The implementation of development strategies largely concerns the implementation of functional and resource strategies, as reflected in changes of management systems, structures and processes that provide and define certain actions that contribute to the achievement of specific general and general- competitive strategies in managing the financial potential of the enterprise. An enterprise that does not improve and develop cannot be expected to succeed. This is the essential difference between the mechanisms of enterprise functioning, which provide for the use of strategic planning and strategic management concepts: in the first case, the decision concerns changes in the "product - market" system, in the second case, enterprises change themselves and the environment in which they operate.

The definition of problems determines the formation of organizational support, its components and functional focus. We consider organizational support as a set of subdivisions of enterprises and functions, which are carried out. In our opinion, strategic management of financial potential is not limited to the problem of relations between owners and stakeholders (Aref’ieva and Komaretska, 2008).

Stakeholders are a market subject, show interest to the enterprise or in some areas of its activity, but this interest is not based on the desire to get a net income. Stakeholders can be suppliers of material and technical resources, such as working team (managers and staff) and sales or recycling companies, customers, banks and other creditors, competitors, local, regional or central authorities, etc.

The division of shareholders into stakeholders and non-stakeholders is wider and at the same time more important than the widespread division into "internal" and "external" owners. Thus, "internal" owners are a special type of stakeholders holding shares, while "external" owners may or may not be stakeholders. Outside owners - stakeholders are of special importance for the transition economy. They can be firms that before privatization were subdivisions of one state-owned enterprise together with the corporation, or banks created with the single purpose of meeting the company's financial needs. Stakeholders who own shares may try to use their influence to impose policies on an enterprise that is in their interests, but is contrary to maximizing financial potential (increasing the share of its main elements: the potential of fixed assets, financial resources, credit rating capacity and production capacity), and therefore disadvantage other shareholders. Newbould and Luffman divide stakeholders into four main categories:

- ✓ groups of influence that finance the enterprise (e.g. shareholders) ;
- ✓ the managers who run the company;

✓ employees who work in the enterprise (at least the part of them who are interested in achieving the goal of the enterprise);

✓ economic partners.

The final category includes both buyers and suppliers as well as other economic entities. Each of these groups has different parameters of activity measurement, influencing the level of tasks set by them. When highlighting the influence of specifics of strategic management of the financial potential of an industrial enterprise, it should be taken into account that "group action" of stakeholders does not require any special direct or indirect agreement between them, because in the main issues (for example, salary increase or dividend payments) it is the dominant strategy for each group member. At the heart of this strategic management problem should be considered the hypothesis of non-monotonous interrelationship between the enterprise's operating results and the size of stakes held by stakeholders (Fig. 3.7).

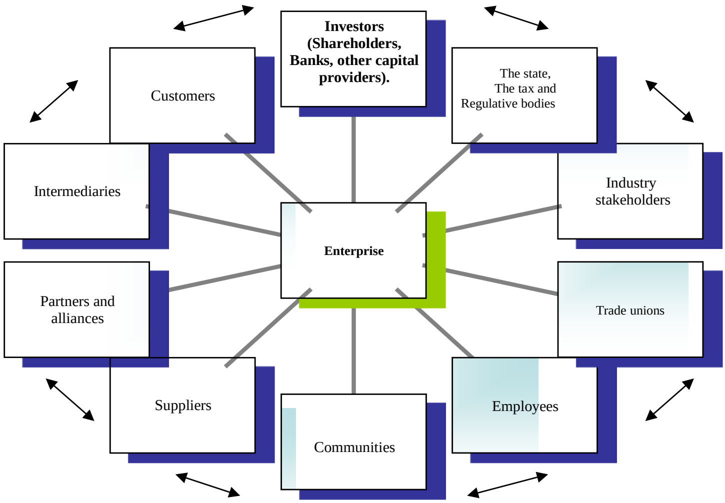


Fig. 3.7. Stakeholders in the structure of strategic management of financial potential of the enterprise

Source: systematized by the author.

However, at realization of strategic management of financial potential of industrial enterprises there are problems not as a result of separation of functions of administrative control from the owner, but connected with the form of ownership of the enterprise, system of financial support and its development. Conflicts may arise at industrial enterprises regarding ownership (control rights and rights to net profit), which is distributed among several persons with different preferences on non-financial results or terms of profit payment. Such conflicts destabilize the enterprise, so it is important that the common intentions of co-owners of enterprises coincide. Joint stock companies (closed or open type), which emerged in Ukraine as a result of privatization of medium and large enterprises, are characterized by the influence of a group of stakeholders on the implementation of management's common strategic and financial goals.

The ownership structure of the majority of such joint-stock companies is heterogeneous, so they are characterized by two areas of strategic management of financial potential: ensuring control of stakeholders by the freedom of action of management; resolution of conflicts of interests arising from the existence of stakeholders among shareholders (Fig. 3.8) [developed by the author].

Conflicts in strategic management of the first type relate to the type of relations between the owner and manager, while the second type concerns the problems of relations between owners. Of course, not all conflicts of interests between different groups of shareholders cause contradictions in strategic management, which adversely affect performance of the industrial enterprise. One type of conflicts is explained by imperfection of capitals market, which is sharply expressed in countries with transitional economy. Such conflict arises between strategic large shareholders, who have defined long-term goals of maximizing financial potential, and small private shareholders, who are more interested in current dividend payment. The situation is completely different in the case of stakeholders who own shares.

Therefore, a significant number of important strategic decisions depend not on ownership concentration, but on the size of the share of "voting" shares owned by the group of shareholders. Therefore, when such shareholders (stakeholders) realize that they do not have enough power to impose their own profit distribution scheme on other owners, they direct all efforts at maximizing the financial potential of the enterprise. So, if the shareholding is more or less evenly distributed among the shareholders, then one subgroup is unlikely to be able to exercise control over the others. Therefore, it will have to unite with other subgroups in order to fully exercise its potential property rights. Much effort needs to be made to ensure a functioning scheme that gives each subgroup of shareholders an incentive to vote.

The same concerns stakeholders - shareholders, who can endeavour to increase the number of coalition partners, which are necessary for a controlling position in the management of the enterprise and increase its financial potential. For "outside" stakeholders, the solution scenario is as follows. Increasing their share in the equity capital will not necessarily lead to interest in strengthening policies, maximizing the financial potential of the enterprise. In this case stakeholders try to secretly agree with the management of the enterprise on possible general strategic actions to maximize their interests taking into account the financial potential of the enterprise.

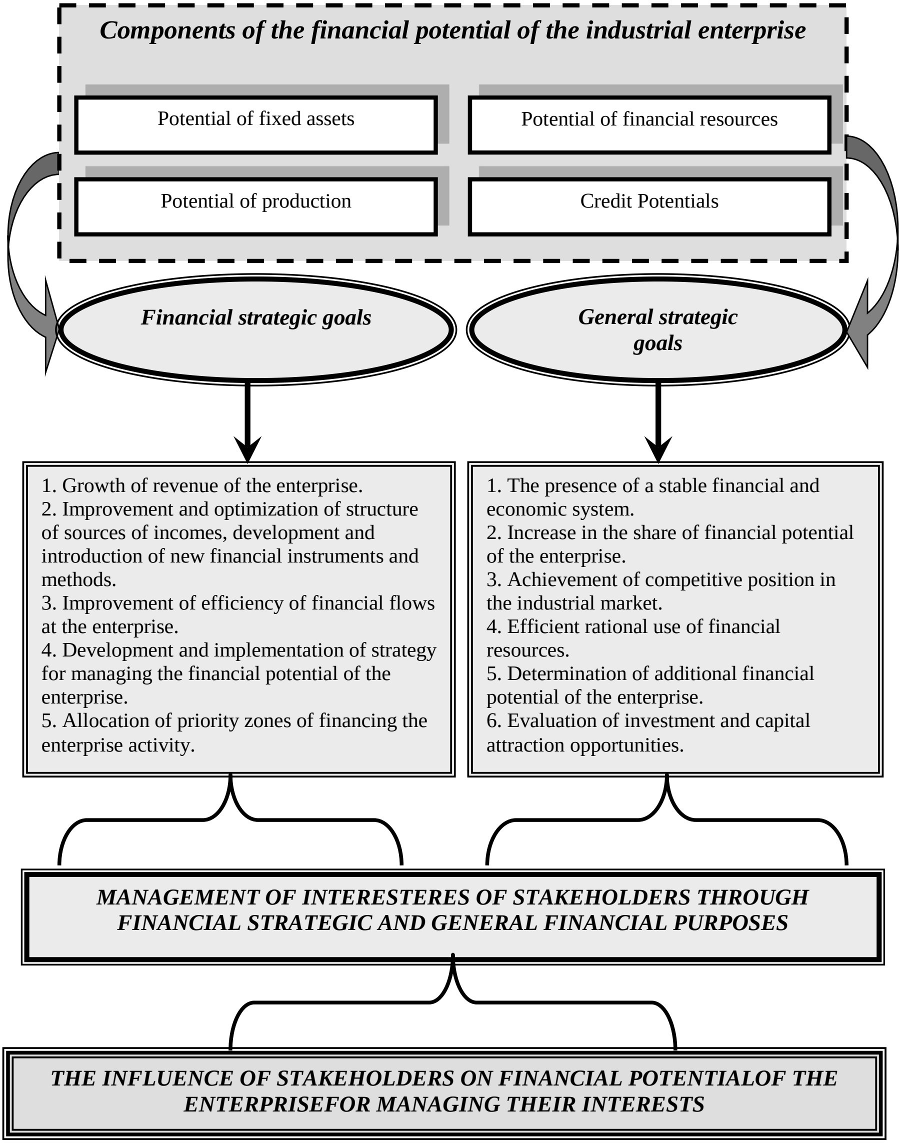


Fig. 3.8. The influence of stakeholders on financial potential of the enterprise

Source: developed by the author.

Effective management of relations with stakeholders is one of the main goals of strategic management of financial potential and the most difficult task of strategic management.

Stakeholder analysis for industrial enterprises taking into account the aspect of strategic management of financial potential of industrial enterprises includes identification and classification of main stakeholders, evaluation of their goals, collection of information about them, use of this data in the process of strategic management of financial potential and application of the adopted financial strategy.

Stakeholders are managed through communication, negotiation, contacts and relations with them, motivation of their behavior in order to determine the greatest financial benefit (financial potential) for the enterprise. In contrast to stakeholder analysis to better adapt to the organizational environment, stakeholder management is a direct action on stakeholders.

Stakeholder behavior is determined by their interests, which are relatively stable over time, and various stakeholders are ready to make various efforts to pressure the enterprise to adjust the process of maximizing the constituent elements of financial potential - the potential of fixed assets, financial resources, credit and production potential, as well as organizational behavior in accordance with these interests (Fig. 3.9). Owners exercise full control and make all important decisions based on fundamental knowledge, unlimited experience and ability.

Therefore, at each level of the pyramid, stakeholders have their interest in the financial potential of the enterprise. Thus, the top management has the notion that not the owners, but the top management has the greatest weight in the strategic management of the quality level of the financial potential of the enterprise. The study shows that the owners do not attend the annual general meetings and senior management has some freedom in achieving their interests.

Therefore, top managers can independently perform the following important actions: receive high wages, payments in the form of various bonuses; change the structure of the enterprise in accordance with their own interests; implement projects accepted by them; benefit from various activities.

Senior management can pursue their interests through the company's task of maximizing financial potential.

The argument in the realization of these interests is that increasing financial potential means greater prestige, higher salaries, an advantageous position in operations with financial institutions and easier to manage personnel (Puzyrova, 2010a). Buyers expect products or services from the company that are good for their money. They have an interest in the products (services) they receive improving their standard of living in proportion to the price paid, i.e. they seek to increase their production potential.

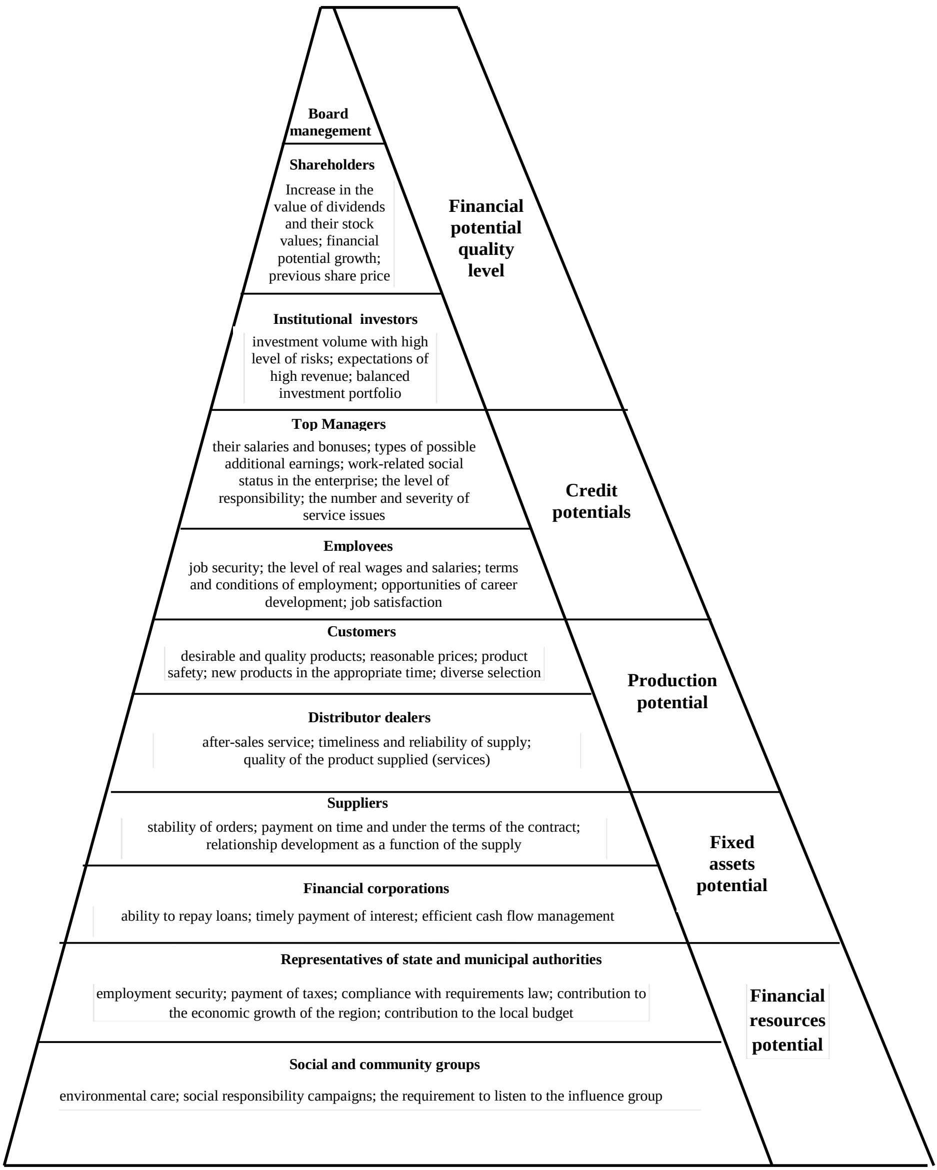


Fig. 3.8. The pyramid of stakeholders' interests in the context of the elements of the financial potential of the industrial enterprise

Source: developed by the author.

The problem of "enterprise - supplier" relationships is not sufficiently theoretically developed. However, Porter M. (Porter, 1993) notes that suppliers are concerned about their influence on the organization. They consider a level of replacement of products of different suppliers, their concentration, expenses on change of suppliers and formation of relations of dependence (the expenses connected with transition from one supplier to another) - increase in potential of fixed assets, causes force of their influence and possibility of tracing of the interests.

Prioritization of different stakeholder groups in the development of organizational support components makes it possible to determine:

- ✓ what level of attention should be paid to them in the formation of the strategic management plan of the financial potential of the enterprise;
- ✓ the level of development of strategies and realization of intentions and adaptation of organizational support.

Distribution of functions in the process of formation of organizational support requires the determination of priorities among stakeholders, which generates the choice of types of financial strategies that are most suitable for their management. At the same time, it is necessary to take into account that high priority stakeholders have greater economic and political influence on the enterprise through the formation of appropriate functions. These stakeholders should receive the main priority in a certain context also in the functional content of strategic planning, as they have a greater influence on the uncertainty of the business environment in which the enterprise operates.

To determine the system of relations and organizational support with external stakeholders, the enterprises under study use two main methods as an element of realization of interests of these stakeholder groups.

The first method implies the establishment of partnership relations with stakeholders, the actualization of which consists in the use of this method with increasing frequency when performing the corresponding functions of realization of interests. The second method is an attempt to protect the enterprise from environmental uncertainty through the use of methods designed to stabilize and predict the impact on the environment and actually to expand its boundaries. They include methods of stakeholder management, such as marketing research, creation of special departments controlling separate segments of environment, efforts to provide conciliation procedures, advertising and public relations of the enterprise.

The choice of such methods is sufficient and due to the processing and efficiency of the management of the financial potential of industrial enterprises. The use of these methods, where appropriate, allows for a shift in emphasis in the management of intermediaries to protect the enterprise from unexpected actions by stakeholders and to consider them as "almost members" of the enterprise itself.

The hierarchy of organizational support for the management of the enterprises under study determines the appropriate structure of internal stakeholders, namely: managers, employees, owners and board of directors or board of governors, in which managers and owners are represented. One of the most influential internal stakeholders is a top-ranking manager.

According to this, the main responsibility of the top management is to determine the strategic direction of development of the financial potential of the enterprise. However, other managers are also required to demonstrate the features of the manager and actively participate in the strategic actions of the administration to increase the quality level of the financial potential of the enterprise, as they also create a rational basis for creating a hierarchy of value of external stakeholders for the enterprise and the sequence of actions to respond to their requirements, mainly put forward simultaneously.

The active component can be defined as stakeholder behavior based on certain ethical principles when it is decided to ignore the incentives of the external environment or not to change the previous decision when new incentives appear. Stakeholder value systems affect the dynamics of problem solving. A manager can, on the one hand, focus on the financial aspect of the problem and see it as a way to avoid possible legal liability for financial omissions. This definition of the problem requires the use of a thorough financial analysis. On the other hand, the manager may find that spending the funds of the enterprise on such purposes is irrational, because the attempt to evade responsibility according to the law for the committed violations does not meet the standards of ethical business conduct.

Also, the manager can see in the actions of a colleague violations of organizational obligations in accordance with one of the stakeholder groups, which will complicate the situation regarding its decision. Therefore, the cultivation of certain ethical principles at the enterprise has, among other things, a purely practical meaning: it allows synchronizing the behavior of managers in relation to certain internal or external stakeholders in specific situations. As a necessary step in decision-making, ethics can provide, conventionally speaking, a filter for incentives coming from different stakeholders, helping managers to determine what information should be considered.

Of particular importance is the organizational provision of management of stakeholders' interests to increase the quality level of financial potential, manifested through business ethics. The definition of functions is based on the personal values of the manager and has a significant impact on the decisions he makes. However, if a manager takes into account the values of key stakeholders, his decision is more likely to be perceived as ethical by these stakeholders. Although most managers are effective in various positions, the greatest responsibility of managers, especially top managers, manifests itself in the strategic management of financial potential in general and its elements in particular.

A traditional understanding of the qualities of an enterprise leader is that they set the direction, make important decisions and bring their followers (usually employees) together for joint action. According to Seng P., these traditional notions are particularly common in the West. In the traditional leadership model, the senior manager decides the course of action and then, through combination, persuasion and orders, guides others in the course of their activities.

The real role of the leader in increasing the financial potential is to use the creative potential of the person for continuous improvement and development of the enterprise, enrichment of its leading positions and competitiveness in the market (financial potential, production potential, marketing potential, personnel, etc.). From this point of view, the manager has four main responsibilities (Figure 3.9).

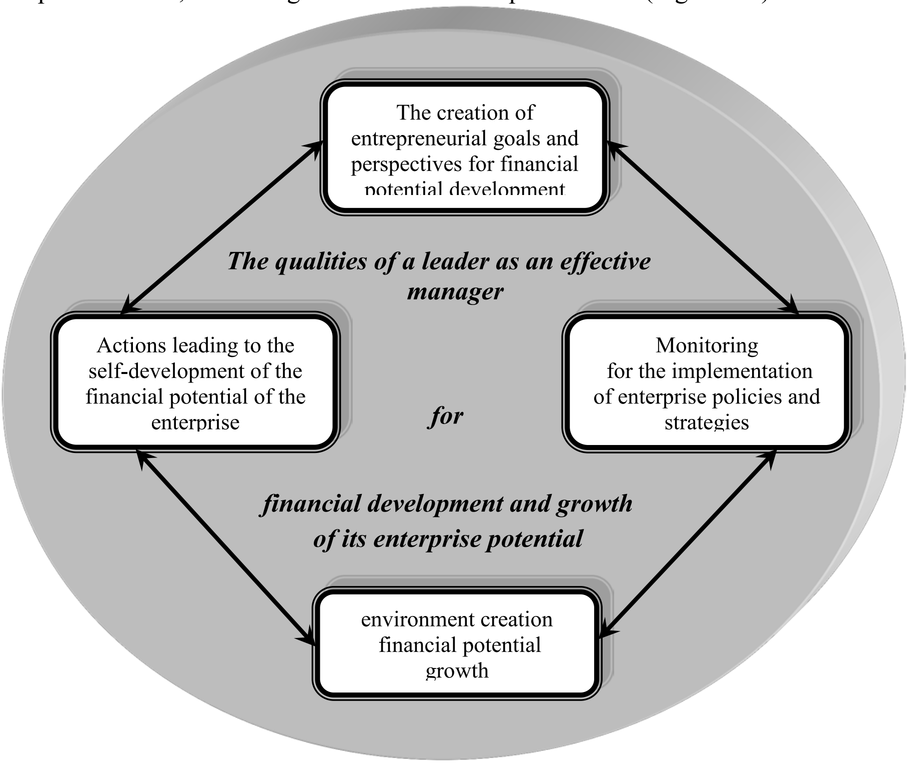


Fig. 3.9. Management actions concerning the growth of the financial potential of the industrial enterprise in the organizational support system

Source: developed by the author..

First, the leader has to create or design entrepreneurial goals, vision and basic values of financial potential development (its quantitative and qualitative components). Secondly, he or she must monitor the implementation of policies, strategies and structures, information transfer, vision and core values through business decisions that will increase the elements of financial potential in general. These first two responsibilities are compatible with what is normally expected of all managers: they set direction and purpose, then establish management systems that coordinate the decisions and actions of subordinates in developing financial potential and the enterprise as a whole. It is with these two responsibilities that another role of the manager is associated, which distinguishes them from the simple well-performing manager: the leader must create an environment for the growth and competitiveness of the financial potential of his enterprise. This is achieved through the interests of stakeholders as well as through organizational self-learning.

If the process of organizational self-study develops successfully, employees of the enterprise begin to understand that the enterprise is an interconnected network of people and actions. Leaders play a major role in creating an environment for increasing financial potential, where stakeholders can ask their questions, understand the relationship, see the strategic importance of their actions and perform self-management (Table 3.9) [supplemented by the author].

Table 3.9

Harmonization of stakeholder interests and functions in shaping organizational support

Interest	Goals	Functions	Tasks
1	2	3	4
Board of management	Strategic growth of the enterprise and growth of its competitive ability	Hiring, dismissing, monitoring, shareholder and senior management communications.	Development of new specialization in business; mergers of enterprises; international markets entry
Shareholders	Increasing financial potential, its quantitative and qualitative level	Management, motivation, control	Supervising the implementation of policies, strategies and structures to increase the elementary components of the FP
Investors	Getting high profits	Control over the use of invested funds and high risk investments	Balance of the investment portfolio; maximization of annual dividends; increase in FP components

Continuation of Table 3.9

1	2	3	4
Top-managers	Opportunity to generate additional income	Responsibility for staff, bonuses and salaries size	Adherence to business ethics in personnel management; growth of enterprise welfare
Employees	Salary growth; promotion; job security	Production process organization	Ensuring continuity of production activities
Customors	Obtaining the desired quality products	Quality control of consumed products and price control	Creation of demand for the enterprise products; introduction of new requirements for the quality of products
Distributor dealers	Timely and reliable delivery of orders to customers	Ensuring the quality of products supplied	After-sales service and maintenance
Suppliers	Formation of supply relationship	Control of incoming and outgoing cash flows	Ensuring stability of orders; payment on time and under the terms of the contract
Financial corporation	Cash Flow Management	Ability to repay loans	Timely payment of interest
Representatives of state and municipal authorities	Contribution to the economic growth of the region; contributions to the local budget	Compliance with legal requirements	Employment security; payment of taxes
Social and community groups	Environmental protection	Support for local community activities	Conducting social responsibility campaigns; taking influence groups into account

Source: supplemented by the author.

Shareholders are foremost interested in obtaining stable and growing revenues. The shareholding they have is also important, as shareholders expect dividends in the future. If the enterprise does not pay dividends, but share prices rise, the shareholder can make a profit by selling its shares. The trusted manager must determine the direction of the company and ensure that the shareholders receive the maximum profit possible.

The shareholders' interests are protected by the board of management, which is elected by such shareholders entitled to vote. In most businesses, each shareholder has one vote in these elections. The board of management is responsible for hiring, firing, observing, reporting and representing senior managers outside the enterprise. The board usually reserves the right to make or not make major strategic decisions, such as developing a new business specialization, merging companies or entering international markets. The strategic importance of workers in increasing and developing financial potential and its elemental structure in particular has become apparent when the shortage of skilled workers, especially in industrial, technical areas, exacerbates competition for human resources. In addition, this process is expected to intensify. Given this trend, strategic planning should pay much greater attention to the human resources issue. The prospects for strategic success are largely determined by the ability to manage the human resources of an enterprise and can be an important source of competitive advantage (Puzyrova, 2010b), (Puzyrova and Dovbush, 2020).

Studies have shown that thorough human resource planning, recruitment and selection strategies are associated with increased productivity, especially in capital-intensive enterprises with high financial potential. If environmental conditions are complex and uncertain, stakeholders create networks of interdependencies. This process is sometimes called bridging or strategic partnership. It may take various forms such as joint business with regular customers, various forms of cooperation with competitors, joint ventures in different types of international strategies, alliances for industry-level lobbying and other actions to encourage the enterprise to become closer to the essential stakeholders.

Studies have shown that strategic partnerships are a means of reducing both the uncertainty arising from unpredictable situation requirements and the pressure for high levels of interdependence between enterprises. Partnership techniques allow enterprises to "build bridges" (to bridge) with stakeholders, with shared goals of increasing and managing financial capacity, while traditional tactics (damping or mitigating environmental impacts) only reduce the level of unintended consequences and help meet their needs or demands. A partnership can result in timely and complete information about stakeholders, increased trust and improved reputation of the enterprise.

Conflicts are caused by differences in the corporate cultures of brigade participants and weaken cooperation between businesses and hinder the emergence of partnerships. Strong relationships with one stakeholder force a business to remove or limit relationships with another stakeholder to avoid conflicts of interest, breach of business ethics or loss of confidential information. Moreover, joint decision making takes much longer and must result in a very large number of compromises. In general, the advantages of bridging outweigh its disadvantages and dangers if the partnership tactics are applied correctly.

Variety and intersection of interests of stakeholders creates conditions for conflict of interests in the context of limited financial resources. The long-term goal of increasing financial potential may conflict with short-term goals of achieving project efficiency, salary level and cash flow. The desire of the enterprise to extend its activity to mass markets may contradict the desire of other participants of the enterprise for high-quality products.

So, we can conclude that there is a possibility of many conflicts, where the main task of the enterprise in managing its financial potential through the interests of various groups of stakeholders is to understand the expectations of different groups of influence and to obtain certain estimates of their replacement from the point of view of the authority.

In order to reach an agreement between the stakeholders, it is advisable to follow I. Mintroff's recommendations:

1) Change the decision of the influence group at the expense of:

✓ convincing the members of the influence group by appealing to reason;

✓ forming the requirements of the influence group;

✓ participation of the members of the influence group in discussion and reaching agreement on the main issues;

✓ achieving mutual understanding through economic exchange.

2) Fight the influence group at the expense of:

✓ the task of losing to the influence group;

✓ forming coalitions with other influence groups.

3) Change the points of the influence group's demands through cooperation.

Other methods include avoiding the influence group, surrendering to it, pacifying the members of the influence group by fulfilling some of their requirements or forming special relationships with them. Individual stakeholders have a set of tools that they can use to influence the enterprise. Usually stakeholders have three options at their disposal:

Stay in business and, as they are expected, contribute to cope with strategic change:

✓ may leave the enterprise if they feel they are unable to make a significant impact on strategic change;

✓ can stay in and try to change the system by using their powerful influence to achieve the strategic change they need.

The extent to which stakeholders influence strategic changes depends on the combination:

✓ the power they demonstrate;

✓ stakeholders' desire to be heard and to achieve specific goals;

✓ political skill, is manifested by a group of stakeholders in presenting a significant problem to decision-makers.

Usually, strategic changes in the management of an enterprise's financial potential have a significant impact on stakeholders. Owners, bankers, top managers, employees and buyers may be affected by strategic changes and their relative power may be important.

Thus, organizational support of strategic management of the financial potential of industrial enterprises assumes the use of interests of stakeholders, which can influence or be influenced by the enterprise about the process of its financial potential management. Thus, the success of the strategic management of the financial potential of the industrial enterprises depends on the power relations at the enterprise. The following sources of power available to internal stakeholders are singled out: bargaining power, position in the organization, personal qualities and influence, power of persons having access to decision making, possibility to encourage and reward, perceived power, border management, control over strategic resources. Sources of power available to internal stakeholders have been identified, such as: creation of dependency relations, special knowledge and skills, links with internal stakeholders, concentration of external support groups, involvement in the strategy implementation process.

The use of power in strategic decision making involves a number of strategic techniques: inducement (the ability to control the situation and bring its benefits to others) coercion (threat of dismissal, termination of career development or cancellation of benefits and privileges) persuasion (promise of rewards, promotion, greater job security, greater authority and responsibility); commitment (encouraging employees to support change based on previous commitments).

CONCLUSIONS TO THE SECTION

As a result of processing of the mechanism of enterprises' financial potential management, substantiation of the key strategy in financial potential management and determination of organizational support of strategic management of industrial enterprises' financial potential, the following conclusions can be formulated:

A mechanism for managing the financial potential of enterprises has been developed and proposed for practical use, which provides for the availability of financial methods, financial instruments and organizational support, the combination of which ensures coordination of actions to effectively manage the financial potential of enterprises. Financial instruments include indicators that are aggregated into certain elements of financial potential. The organizational component of support is divided into two parts of a single system. It is proposed to identify the interrelationships between strategic goals and financial strategic goals, which, in turn, is a strategic source for the formation of elements of financial potential, since the financial potential determines the prospects for development of the enterprise and ensures the implementation of the overall strategy. Distribution of the investigated industrial enterprises in certain planes of the matrix allowed choosing the most adequate financial strategy in accordance with the level of its financial potential, the possibility of formation, use and strategic vision.

There was developed organizational support, which, unlike the existing ones, is based not on financial functions, but on identification and satisfaction of common and local interests of stakeholder groups. Thus, organizational support of strategic management of the financial potential of industrial enterprises assumes the use of interests of stakeholders, which can influence or be influenced by the enterprise about the process of management of the financial potential of the enterprise. A pyramid of stakeholders' interests has been established, which corresponds to certain functions of the organizational support components and is designed for the level of financial potential of industrial enterprises.

The success of strategic management of the financial potential of industrial enterprises is influenced by the power relations in the enterprise. The sources of power available to internal stakeholders are singled out: bargaining power, position in organization, personal qualities and influence, power of persons having access to decision making, possibility to encourage and reward, perceived power, border management, control over strategic resources.

CONCLUSIONS

In modern conditions of management, which is determined by the unstable development of market economy, the shift in the processes of globalization and general competition, industrial enterprises of agricultural engineering should carry out their activities as efficiently as possible, using all their resources and capabilities, thus using their financial potential in the future.

In the presented monograph the scientific substantiation of theoretical positions, development of methodical approaches and practical bases on management of financial potential of industrial enterprises in the modern conditions of the external environment are carried out. Also the sequence of estimation of level of financial potential is developed, which allowed to allocate its three levels (high, middle, low) and the mechanism of management of financial potential of the industrial enterprises is offered. In the course of the study, the authors have solved scientific problems on practical use of the described mechanism of managing the financial potential of enterprises.

The essence of the concept of "financial potential of an enterprise" is studied, which consists in integral mapping (evaluation) of current and future financial capabilities of the enterprise to transform the input resources with the help of inherent entrepreneurial skills in the economic and financial benefits, while maximally satisfying their interests. It is proved that the main factors of formation and development of financial potential are external factors, the impact of which is determined by restrictive or stimulating measures by government bodies, banks, investment companies, social groups, political forces and internal factors.

It is established that the structure of the system of management of the financial potential of the industrial enterprise under the influence of economic risks is characterized by the consideration of economic relations and connections and allows to consider conditions of development of the enterprises on the totality of financial resources and possibilities of the enterprise and to provide the certain strategic direction of development of the enterprises, balanced use of available resources. It is established that assessment of financial potential of industrial enterprises is a necessary stage of strategic analysis and management. Sequential calculations cover the main intra-company processes taking place in various functional spheres of the enterprise environment. As a result, a systematic monitoring of enterprises is provided, which will allow to reveal all strengths and weaknesses, as well as to develop on this basis a comprehensive plan for future development.

Three levels of financial potential have been defined: high, medium and low, a profile of the financial potential of each industrial enterprise has been drawn up by financial indicators and the level of financial potential has been defined, which is compared with the obtained values of financial coefficients on a scale characterizing the level of financial potential of the enterprise by means of financial coefficients.

It is proved that the object of economic risk at the industrial enterprises is the activity on management of financial potential of the enterprises and its components, efficiency and conditions of which functioning are precisely unknown in advance, and the carriers of the given risk are the industrial enterprises which are interested in results of management of the financial potential and competent to make the decision on object of risk. Two approaches to the evaluation of the economic risk of industrial enterprises have been singled out - qualitative and quantitative, which, in their turn, enable industrial enterprises to evaluate the probability of underproduction, to prevent possible losses, to hold a share in the market, as well as to be competitive and manage their financial potential.

The strengths and weaknesses of the internal and external environment have been identified, which have allowed industrial enterprises to position themselves in their respective markets, focus on the abilities of enterprises and prevent hazards that are sources of risk to them, as well as identify factors that affect the overall economic risk of industrial enterprises. It is established that the most serious hazard for the external environment for the enterprises is the probability of the intensification of the competition in the branch, worsening of the general economic situation in the country, changes in the rates of foreign currencies.

In the course of studying of an estimation of economic risks and the factors influencing activity of the industrial enterprises, the regression model of definition of economic risks on each factor which influence management of financial potential of the industrial enterprises, with use of methods of the correlation-regression analysis is developed and optimised. The methodical approach of research of economic risks at management of financial potential of the enterprises according to which to estimate influence of economic risks in the course of management of financial potential of the industrial enterprises probably by means of bilateral research of risks both external, and internal environment of the enterprises which is combined in the uniform triangle approach, is displayed in the course of acceptance and management by decisions at the industrial enterprises is offered.

A mechanism for managing the financial potential of enterprises, which provides for the availability of financial methods, financial instruments and organizational support, which combine to coordinate actions for the effective management of the financial potential of enterprises, has been developed for practical use. Financial instruments include indicators aggregated into certain elements of financial potential, where the organizational component of support is divided into two parts of a single system.

Interrelationships between strategic objectives and financial strategic goals have been revealed, which in turn is a strategic source for the formation of elements of financial potential, as the financial potential determines the prospects for development of the enterprise and ensures the implementation of the overall strategy. The distribution of the investigated industrial enterprises in certain matrix areas was carried out, which allowed to choose the most adequate financial strategy in accordance with the level of financial potential of the enterprise, the possibilities of formation, use and strategic vision.

The organization support has been developed and supplemented, which, unlike the existing ones, is based not on financial functions, but on identification and satisfaction of general and local interests of stakeholder groups, which are implemented by: the management board, employees, creditors, potential investors in accordance with the general strategy of the enterprise and its key financial strategy. Thus, organizational support of strategic management of industrial enterprises' financial potential implies the use of stakeholders' interests, which can influence or be influenced by the enterprise about the process of managing the enterprise's financial potential.

A pyramid of stakeholders' interests has been established, which corresponds to certain functions of organizational support components and to the calculated level of financial potential of industrial enterprises. It is proved that the success of the strategic management of the financial potential of industrial enterprises is influenced by the power relations at the enterprise, which have been distributed according to the sources of power, available for the internal stakeholders: exchange power, position in the organization, personal qualities and influence, power of persons having access to decision-making, possibility to encourage and reward, perceived power, border management, control over the strategic resources.

Recommendations on managing the financial potential of an industrial enterprise are of practical nature and can be used in the production activities of industrial enterprises.

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