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ORGANIZATIONAL MAINTENANCE OF THE EVALUATION AND FORMATING OF BUSINESS ENTITIES FINANCIAL FLEXIBILITY

Chishko I. Organizational support for the evaluation and formation of the financial flexibility of business entities

The organizational support for the evaluation and foundation of business entities financial flexibility are considered. The model of financial flexibility decision-making and the factors that determine its structure are highlighted. The functions of business entities structural units are specified. The concentration function of analysis and forecasting of flexibility in the financial and analytical department that promotes integration of the management current activities and financial flexibility processes are justified.

The article emphasized that the main task at the system of organizational support of financial flexibility is to create a system to ensure the efficiency of information flow.

Keywords: *financial flexibility, organizational support, organizational structure of financial flexibility evaluation and formation, users of information about financial flexibility.*

Чишко І. С. Організаційне забезпечення оцінки та формування фінансової гнучкості суб'єктів господарювання

У статті розглянуто організаційне забезпечення оцінки та формування фінансової гнучкості суб'єкта господарювання. Наведена модель прийняття рішень щодо формування фінансової гнучкості, що охоплює зовнішнє та внутрішнє бізнес-середовище. Враховуючи фактори, що впливають на організацію прийняття рішень, а також особливості організаційних структур вітчизняних суб'єктів господарювання, обґрунтовано доцільність формування організаційного забезпечення фінансової гнучкості з урахуванням принципу функціональної спеціалізації.

Уточнено функції структурних підрозділів щодо їх участі в процесі оцінки та формування фінансової гнучкості. Обґрунтовано доцільність зосередження функцій аналізу та прогнозування рівня гнучкості у фінансово-аналітичному відділі, що сприяє максимальній інтеграції процесів управління поточною діяльністю та фінансовою гнучкістю. Наголошено, що у системі організаційного забезпечення фінансової гнучкості для вирішення поставлених завдань необхідним є створення системи забезпечення ефективності інформаційних потоків.

Ключові слова: *фінансова гнучкість, організаційне забезпечення, організаційна структура оцінки та формування фінансової гнучкості суб'єктів господарювання, користувачів інформації про фінансову гнучкості.*

Чишко І. С. Организационное обеспечение оценки и формирования финансовой гибкости субъектов хозяйствования

В статье рассмотрено организационное обеспечение оценки и формирования финансовой гибкости субъектов хозяйствования. Выделены основные цели формирования организационного обеспечения финансовой гибкости. Приведена модель принятия решений по формированию финансовой гибкости, охватывающая внешнюю и внутреннюю бизнес-среду. Учитывая факторы, влияющие на организацию принятия решений, а также особенности организационных структур отечественных субъектов хозяйствования, обоснована целесообразность формирования организационного обеспечения финансовой гибкости с учетом принципа функциональной специализации.

Уточнены функции структурных подразделений относительно их участия в процессе оценки и формирования финансовой гибкости. Обоснована целесообразность сосредоточения функций анализа и прогнозирования уровня гибкости в финансово-аналитическом отделе, способствующей максимальной интеграции процессов управления текущей деятельностью и финансовой гибкостью. Отмечено, что в системе организационного обеспечения финансовой гибкости для решения поставленных задач необходимо создание системы обеспечения эффективности информационных потоков.

Ключевые слова: *финансовая гибкость, организационное обеспечение, организационная структура оценки и формирования финансовой гибкости субъектов хозяйствования, пользователей информации о финансовой гибкости.*

Introduction. The current economic situation is characterized by increasing dynamic conditions of functioning, high level of uncertainty, a significant complication of business processes. These dynamic characteristics of the economic environment exacerbate the crisis state of business entities and lead to its economic insolvency and bankruptcy. However, the degree of influence of destructive factors on the functioning of business entities depends not only on its susceptibility to these factors, but also on formed capacity to adapt to the consequences of the unfavorable economic situation. At the same time how quickly economic entities may regain its financing determines by the optimal mechanism of its management. This highlights the necessity of management decision-making, the effectiveness of which is determined by the presence of the flexible system of organizational maintenance.

Literature review. Analysis of the scientific literature revealed different approaches to defining the essence of organizational maintenance. Deserves special attention the definition Bazetskoy G. which considers of organizational maintenance as a set of internal structural services and divisions of a business entity that provide elaboration and management decision making in certain areas of its financial performance and bear responsibility for the results of these decisions [1, p. 22]. Sopelana A. Volberda H. by organizational support are understand the set of structural and dynamic relationships within and beyond the business entities, covering many specific subordinate and coordination, line and functional, as well as other organizational relationships [2,3,4]. Moreover, the authors note that on the level of adequacy of the system changes in the external and internal environment depends the effectiveness of the control system of business entities. Badokina E., Botosh N. Izmetieva O. [5] emphasize the need to create of organizational maintenance adequate to current conditions of enterprises functioning. However, the issues of organizational maintenance formation in relation to the business entities financial flexibility are insufficiently studied. From here purpose of the article is to form the organizational maintenance of a business entity based on clarification the functions of its structural divisions concerning their participation in the evaluation and formation of financial flexibility.

Results. By organizational maintenance of the financial flexibility evaluation and formation will understand a set of methods and tools that regulate the interaction of structural units of business entity that by accumulating information flow facilitate operational processing the relevant groups of financial flexibility indicators and provide evaluation of its flexibility, as well as the rationale the tools of its formatting. Thus organizational maintenance of financial flexibility should provide the ability of management decisions to reduce the business entity financial constraints under conditions of uncertainty (fig. 1).

Shown in Fig. 1 decision-making model relative to the formation of financial flexibility involves the systematic view of managers on the existing need for flexibility.

The implementation of each of the proposed stages requires an analysis of internal and external information about the financial state of a business entity, as well as analysis of macroeconomic dynamics. At the same time on the quality of such information depends the efficiency of the implementation the suggested mechanisms of financial flexibility evaluation and formation.

The organizational maintenance system of financial flexibility is influenced by factors: business entity's organizational structure; the structure of the financial and economic service; the efficiency of data processing and transmission within the subject; the financial policy; evaluation and formation mechanisms of financial flexibility. Considering these factors and formed organizational structure of domestic of business entities, it is appropriate to form the organizational maintenance of financial flexibility with regard to the principle of functional specialization (fig. 2).

The implementation of this principle, as well as the concentration functions of flexibility's analysis and forecasting in the financial and analytical department, promote maximizing the integration of management processes and financial flexibility. It provides simplification of channels of dynamic information reallocation, material and financial resources, simplifying the monitoring and assessment of the financial flexibility level, etc.

Objectives of the financial flexibility evaluation and formation mechanisms determine the structure and content of the management entity's functions. The decision to maintain a certain level of flexibility and implementation tools of its formation is carried out mainly on the two management levels: the decision to change the volume and structure of the financing received by senior management; assessment of its level and operational management are transferred to line managers and staff of the relevant functional departments.

During development of organizational maintenance evaluation and formation of the financial flexibility, arise a need to clearly define the necessary information for the task and creating a system ensuring the effectiveness of information flows within the business entity.

Describing the structure of the user information about financial flexibility, we note that its interpretation of the internal and external contractors are significantly different:

- managers use it in order to increase business entity's financial stability and market value as well as filing a "signal" to foreign investors in conditions of financial markets low informational efficiency and the business environment volatility. Financial flexibility creates opportunities for quick and effective adaptation and business entities repositioning that are positively correlated with its market value. Identification of financial flexibility's different types contributes to the information quality provided about investment abilities of a business entity, the structure of its financing, the effectiveness of financial resources, the corporate governance quality;

- shareholders - to confirm the stability of the business entity whose shares they possess, as well as identifying

potential targets investments;

- internal counterparties (stakeholders) - to certify the effectiveness of the entity and the ability to resist the negative trends of economic environment;
- investors and financial and credit institutions - to make informed decisions about the advisability of investing, assessing its creditworthiness and financial stability, as well as comparisons with similar entities;
- other financial information users.

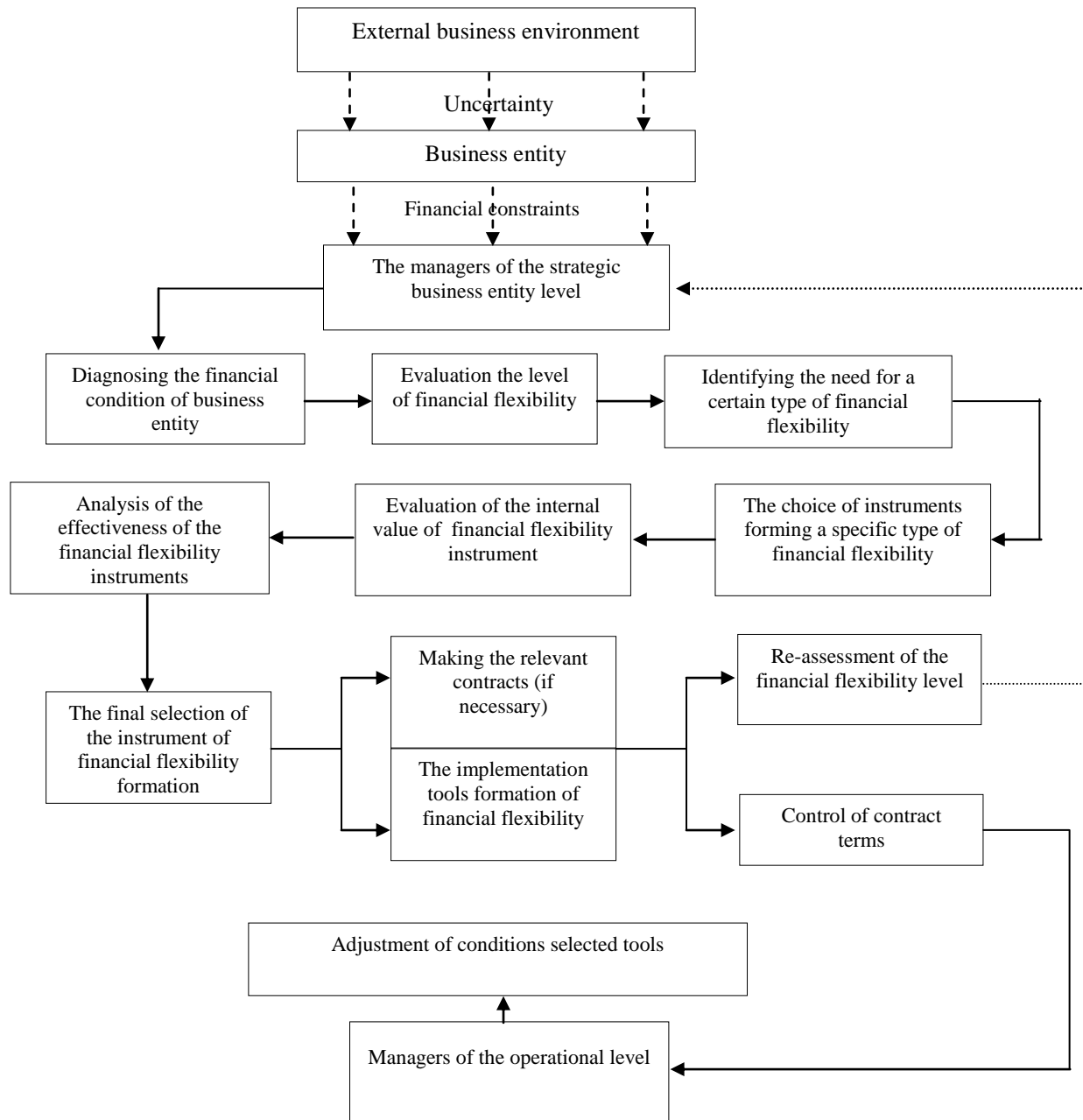


Fig. 1. Decision tree for financial flexibility formation at the level of the business entity

External users are provided with information on the financial position business entity, its creditworthiness, results of operations, most of which is contained in the official financial statements.

Internal users, in addition to the above information, use the information, which is a commercial secret, as well as indicators calculated on the external sources that are included in the information security evaluation and formation of the financial flexibility.

The basic element of the organizational maintenance the financial flexibility evaluation and formation is the availability of the report information about the business entity's activities or in other words, the information base. The latter should ensure the right choice of raw data and indicators to assess the level of financial flexibility and validation of specific tools of its formation (table. 1).

The financial statements, formed on the basis of accounting data is a key element of flexibility information maintenance. It is a unified data system on the property and financial position of business entities, results of operations and ability to generate cash flow.

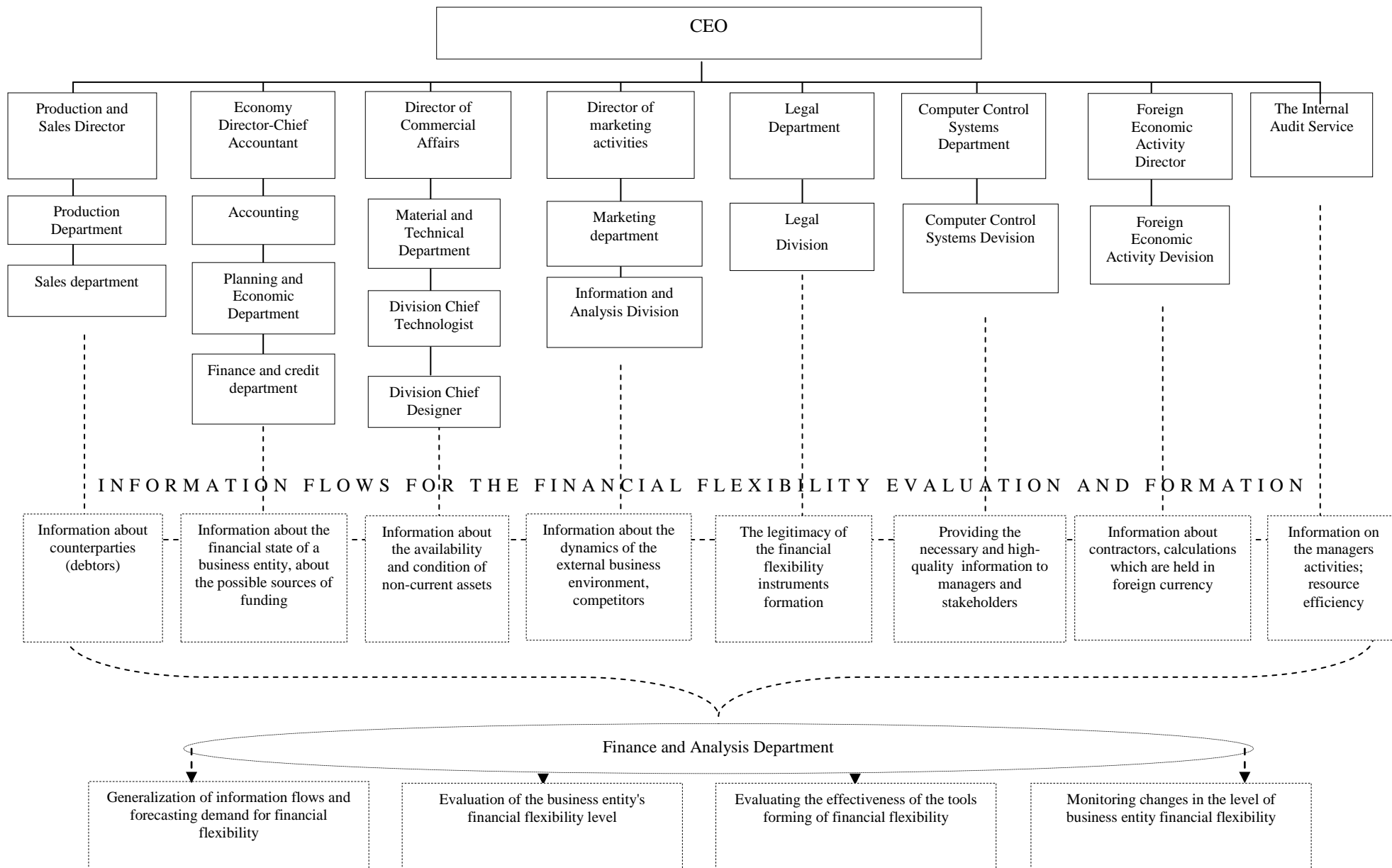


Fig. 2. The organizational structure of the evaluation and preparation of financial flexibility

However, the information base of evaluation and formation of financial flexibility should not be confined to financial reporting data, as it is the only restriction narrows the possibilities and effectiveness of its management, as it does not take into account factors associated with the condition the external environment and those who might consider only using the administrative account. Restrictions caused by insufficient level of methodical and methodological development of financial flexibility's evaluation and formation has a direct influence on the analytical capabilities of the software products.

Table 1

Directions of using financial statements in evaluating of the economic entities flexibility

Information sections	Possibilities of information base	The use in evaluation the financial flexibility measurement	Indicators of financial flexibility
1. Resource information of a business entity	Evaluation of the ability to carry out the current activities	Analysis of the assets structure, investments	profitability of assets; Current assets to equity ratio; Investment coverage ratio
2. Information on the structure of assets, receivables, liabilities structure	Evaluation of ability to carry out the obligations within the prescribed period	Analysis of solvency and liquidity, creditworthiness, financial stability indicators	Cash ratio, Current ratio, Quick ratio, interest coverage ratio, the share of liquid assets; coefficient of long-term credits
3. Information on the financial performance of a business entity	Evaluation of performance indicators	Assessment of financial stability, the analysis of financial results, profitability	return on equity, return on assets, return on invested capital; the level of operating costs
4. Information on cash flows	Evaluation of the ability to generate cash flows; determining the direction of spending funds	Cash flow analysis	net cash flow from operating activities; free cash flow; free cash flow to equity
5. Information on the equity and debt structure	Assess the need for borrowed funds, capital adequacy	Analysis of capital structure, financial risk, assessment of financial stability	debt-to-equity ratio, net debt-to-equity ratio, the capital growth rate
6. Information on non-current assets	Analysis of the feasibility of the fixed assets as collateral	Analysis of non-current assets, net assets	the average age of fixed assets; coefficient of validity of fixed assets

Conclusion. In order to further improve the organizational support of the financial flexibility evaluation and formation at the business entities level it is expedient to use the information, which includes the data of accounting, financial reporting, statistical and other external information. This allows:

- to combine information flows of management various levels and business entity structural units that associated with the financial flexibility assessment;
- to provide data processing and storage of received indicators to assess financial flexibility;
- to provide an analysis and forecasting tool for developing financial flexibility;
- to use external information to assess the macroeconomic dynamics impact on the business entity activities;
- to ensure the efficiency and relevance of the financial flexibility evaluation and formation.

Taking into account these features, at the level of a business entity it is expedient to create a coordinating center for the analysis of financial flexibility within the existing institutional framework, namely in the framework of financial and analytical department. It is possible because of adjustments and additions to the functional responsibilities of this department. On the one hand, it does not entail a complication of the organizational structure, and on the other - to provide efficiency to make financial decisions.

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