

FINANCIAL STRATEGY AS A COMPONENT OF THE GENERAL STRATEGY OF THE ENTERPRISE

Iulia SUVOROVA, PhD

Email: iukos69@mail.ru

Academy of Economic Studies of Moldova,
MD-2005, Chişinău, R. Moldova, str. Bănulescu-Bodoni 61,
Telefon: (+373) 22 402 772, www.ase.md

Abstract. *The article is devoted to the study of the role and significance of the financial strategy in the formation of the overall strategy of the enterprise. The principles and factors of the financial strategy of the enterprise are revealed. The financial strategy provides for the definition of long-term goals of financial activity and the choice of the most effective ways to achieve them. It is with the help of the optimally chosen financial strategy, the company gets the opportunity to successfully operate in the market and adapt to market conditions.*

Thus, the need to develop a financial strategy is that it includes methods and practices of formation of financial resources, their planning and ensuring the stabilization and financial stability of the enterprise in the competitive market conditions of functioning. The success of financial strategy of the enterprise is guaranteed when strategic financial goals meet the real economic and financial capabilities of the enterprise, when financial management is clearly centralized, and management tools are flexible and adequate to changes in the real financial - economic situation. Implementation of financial strategy as an information product of management in the form of decisions, plans, programs is not the main goal of functioning of an enterprise.

Keywords: *Financial strategy, financial resources, financial activity, economic development, strategic management, efficiency.*

JEL Classification: G30

1. Introduction

At the present stage, most enterprises are aware of the need for conscious promising management of financial activities on the basis of the scientific methodology of the foresight of its directions and forms, adaptation to the general goals of the development of the enterprise and the changing conditions of the external financial environment. [6]

The financial activity of the enterprise consists not only in satisfying the financial needs determined by the need to manage certain types of current assets, the replacement of long-term assets or their current growth in connection with the ongoing changes in the volume of economic activity. An effective tool for the promising management of the financial activities of the enterprise, subordinate to the implementation of the goals of its general development in the conditions of the ongoing significant changes in macroeconomic indicators, the system of state regulation of market processes, the conjuncture of the financial market and the associated uncertainty, is the financial strategy. [1]

The financial strategy of any enterprise is determined by the strategic goals facing the enterprise, as well as the goals of financial management itself. As you know, the main goal of financial management is to ensure the growth of the well-being of owners, maximizing the market value of the company. Consequently, the financial strategy of the enterprise is the general plan of

actions to secure the enterprise with financial resources (cash) and on their effective use for the purpose of capitalization of the company. [4]

The lack of a developed financial strategy may lead to the fact that the financial decisions of individual structural units of the enterprise will be multidirectional in nature, leading to contradictions and a decrease in the effectiveness of financial activity as a whole. On the contrary, the financial strategy developed allows us to adapt the company's financial activity to the upcoming radical changes in the possibilities of its economic development. [5]

To achieve the main strategic goal in accordance with the requirements of the market and the capabilities of the enterprise, the enterprise's general financial strategy is being developed. The financial strategy in accordance with the main strategic goal provides: [9]

1. The formation of financial resources and a centralized strategic leadership of them;
2. Identification of decisive directions and concentration of efforts on their implementation, maneuverability in the use of reserves with the financial handling of the enterprise;
3. Ranging and phased achievement of tasks;
4. Correspondence of financial actions to the economic condition and the material capabilities of the enterprise;
5. Objective accounting of the financial and economic situation and the real financial situation of the enterprise during the year, quarter, month;
6. Creation and preparation of strategic reserves;
7. Accounting for the economic and financial capabilities of the enterprise and its competitors;
8. Definition of the main threat from competitors, mobilizing forces to eliminate it and skillful choice of areas of financial actions;
9. Manifesting and the struggle for the initiative to achieve decisive superiority over competitors [3].

Features of the financial strategy determine its role in ensuring the effective functioning and development of the company. This role:

- allows you to really assess the financial capabilities of the organization;
- makes it possible to active maneuvering with financial resources;
- ensures the rapid implementation of promising investment capabilities;
- reflects the comparative advantages of the enterprise in financial activity in comparison with its competitors;
- ensures a clear relationship of strategic, current and operational management of financial activities of the enterprise;
- is one of the basic prerequisites for the strategic changes in the general organizational structure of management and culture of the organization;
- ensures the implementation of the corresponding mentality of financial behavior in the most important strategic financial decisions of the enterprise and forms the importance of the main criteria assessments of the choice of the most important financial management decisions [1]

2. Principles for developing the financial strategy of an enterprise

The development of the enterprise’s financial strategy is based on the principles that ensure the preparation and adoption of strategic financial decisions in the process of developing the financial strategy of the enterprise. (Figure 1)

Particular attention is paid to the development of a financial strategy:

- identification of cash income;
- mobilization of internal resources;
- maximum decrease in the cost of production;
- proper distribution and use of profit;
- determining the need for working capital;
- rational use of the capital of the enterprise [2].

The financial strategy includes the methods and practice of the formation of financial resources, their planning and ensuring the financial resistance of the enterprise. Comprehensively taking into account the financial capabilities of enterprises, objectively evaluating the nature of external and internal factors, the financial strategy ensures the compliance of the financial and economic capabilities of the enterprise with the conditions for the market, and provides for the determination of the long-term goals of financial activities, the choice of the most effective ways to achieve them.

The goals of the financial strategy should obey the overall strategy of economic development and go to maximize the profit and the market stage of the enterprise [6].

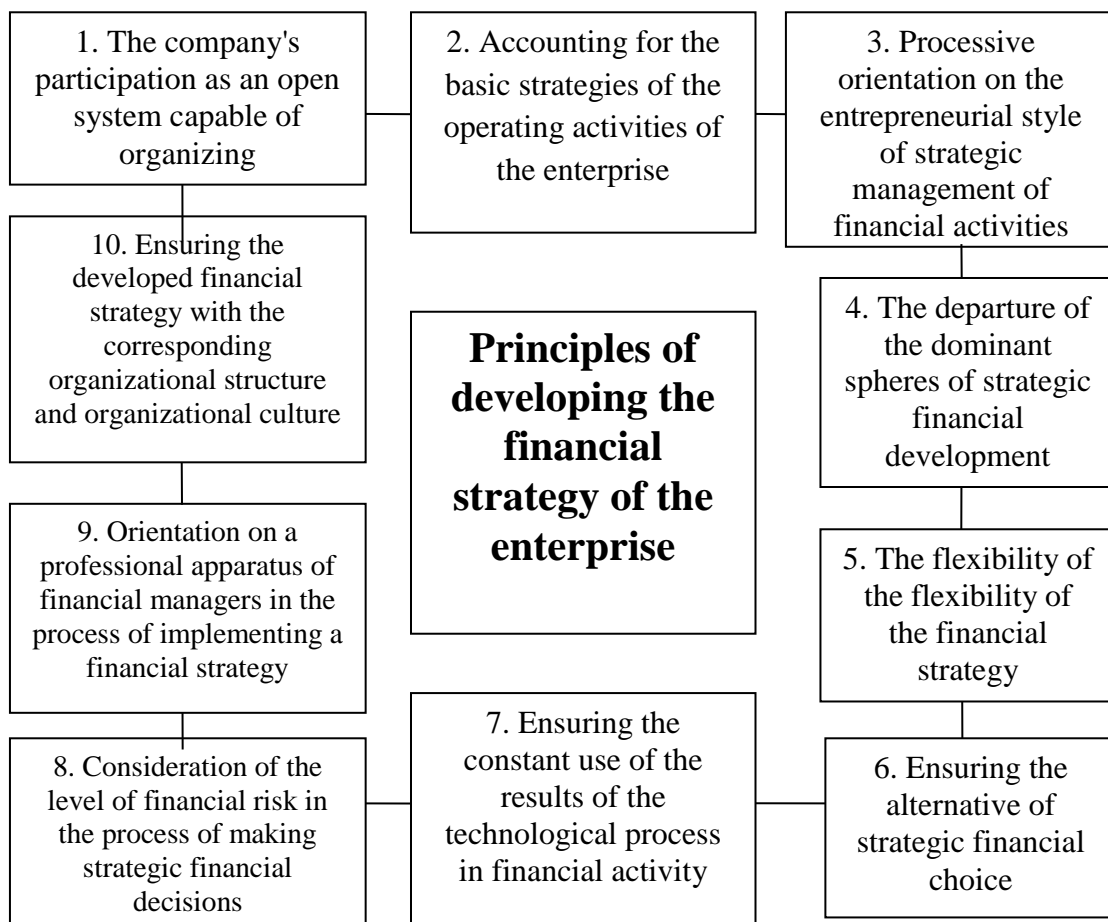


Figure 1. The basic principles of developing the financial strategy of the enterprise.

Source: [2]

Considering the financial strategy as part of the strategic management of the enterprise, it is necessary to take into account that the financial strategy itself is a product of analysis of financial indicators of past years and analyzing changes in the external and internal environment. Of particular importance for the formation of a financial strategy is the analysis of the impact of factors of the external and internal environment, since on its basis the goals and objectives are determined, alternative development options are developed and the ways to achieve the goals are considered. [7]

3. Factors influencing the formation of financial strategy

The whole set of internal and external factors affecting the forming of a financial strategy (Figure 2) can be divided into four main groups:

1. Factors affecting the social component of the financial strategy (for example, the predicted development of the country's economy and changing the conjuncture of the financial market in the context of its individual segments);
2. Factors affecting the environmental component of the financial strategy;

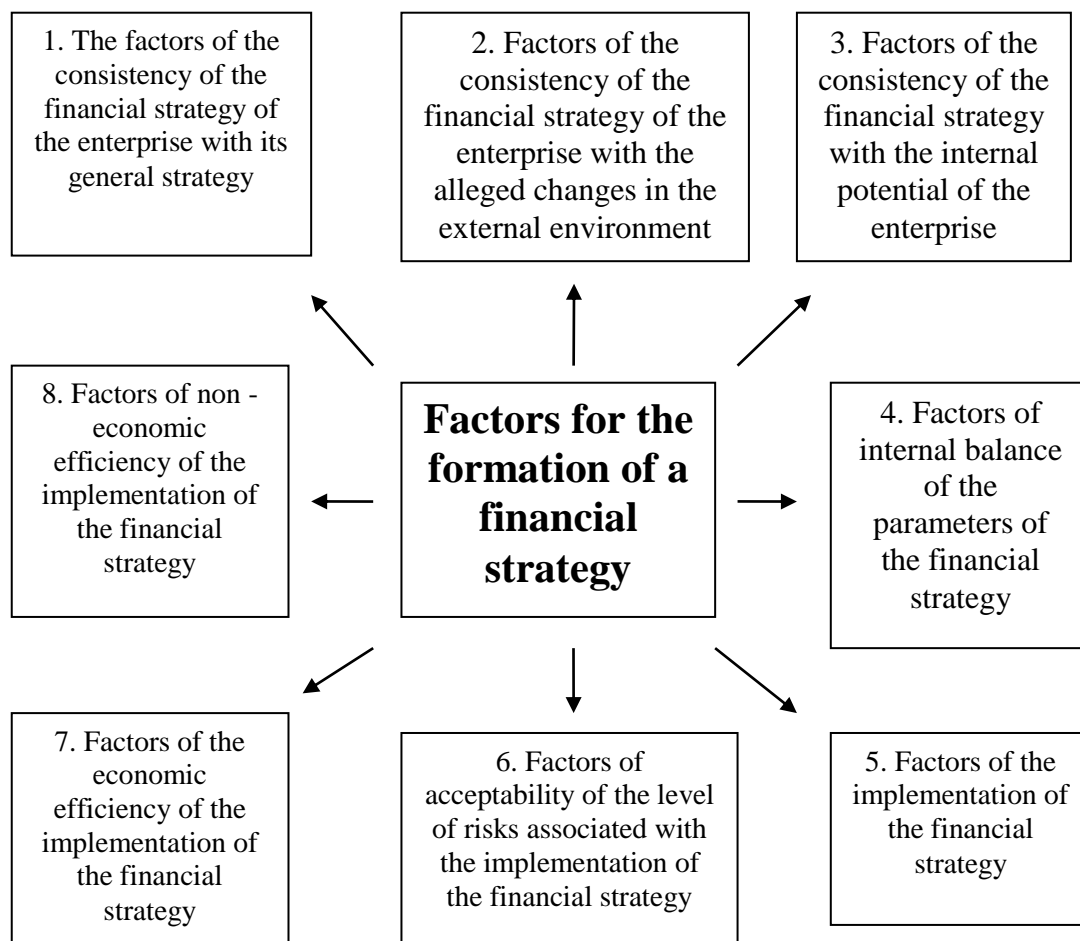


Figure 2. Factors affecting the formation of the financial strategy of the enterprise.

Source: [5]

3. Factors affecting the financial and economic component of the financial strategy (for example, the manufacturability of elected investment projects elected for the implementation of investment projects; a list of financial instruments that moise the formation of an effective investment portfolio, a lesson of risks for financial activities);

4. Factors affecting the institutional component of the financial strategy (for example, the business reputation of the enterprise, the level of controlled financial activities of structural units, the level of material and social satisfaction of financial managers) [5].

4. Conclusions

Currently, the need for such management of enterprises has been formed that would ensure their effective adaptation to a rapidly changing environment. Due to the high degree of instrument instration, the management process, based on the prediction of the future by extrapolation of historically established trends, is inferior to the priorities of strategic management, the main function of which is the development of a strategy. As part of this problem, it is important to formulate a clear idea of the company's strategy, it is necessary to establish the principles, components and levels of its implementation. An analysis of its component such as a financial strategy is especially important. The lack of a developed financial strategy may lead to the fact that the financial decisions of individual structural units of the enterprise will be multidirectional in nature, leading to contradictions and a decrease in the effectiveness of financial activity as a whole. On the contrary, the financial strategy developed allows us to adapt the company's financial activity to the upcoming radical changes in the possibilities of its economic development.

Thus, the need to develop a financial strategy is that it includes the methods and practice of the formation of financial resources, their planning and ensuring the stabilization and financial resistance of the enterprise in market competitive operating conditions. The success of the financial strategy of the enterprise is guaranteed when strategic financial goals meet the real economic and financial abilities of the enterprise, when finances management are clearly centralized, and the management funds are flexible and adequate changes in the real financial and economic situation. The implementation of the financial strategy as an information management product in the form of solutions, plans, programs is not the main goal of the functioning of the enterprise.

REFERENCES

1. Blank I.A. *Finansovyi menedzhment*. Kiev: Elga, Nika-Tsentr, 2017. – 556 s.
2. Naumov V.N. *Strategicheskii marketing*. M.: INFRA-M, 2014. – 272 s.
3. Kuznetsov B.T. *Strategicheskii menedzhment*. M.: YuNITI, 2015. – 623 c.
4. Levchaev P.A. *Finansovye resursy predpriyatiya: teoriya i metodologiya sistemnogo podkhoda*. Saransk: Izd-vo Mordov. un-ta, 2002. – 104 s.
5. Polyushko Yu.N. The role and significance of the financial strategy in the general strategy of the organization // *Accounting and control*. - 2020. — No. 5 (55). -S. 66-72.
6. Belashev V. *Kak razrabotat finansovuyu strategiyu*. – Elektr. resurs. – Rezhim dostupa: <https://www.fd.ru/articles/24458-kak-razrabotat-finansovuyu-strategiyu>.
7. Korpan A. S. *Finansovaya strategiya korporatsii: printsipy formirovaniya i osobennosti realizatsii*. Ivanovsk : Plai, 2018. — № 1. — S. 143-161.
8. Gradov A. P. *Ekonomicheskaya strategiya firmy / A. P. Gradov; pod red. A. P. Gradova*. — SPb. : Spets. literatura, 2015. — 589 s.
9. Aranchii V. I. *Finansovaya strategiya v sisteme upravleniya finansami*. *Vestnik Poltavskoi gosudarstvennoi agrarnoi akademii*. — 2017. — № 2. — S. 156-159.