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MECHANISM OF STATE REGULATION OF FINANCIAL SECURITY OF AN INDUSTRIAL ENTERPRISE

This article studies the mechanism of state regulation of the financial security of an industrial enterprise. The essence and structure of the financial security of an economic entity shall be determined, taking into account the totality of its financial relations at all economic levels. As a methodological support of the mechanism for diagnosing the state of financial security of an enterprise, the author proposes a comprehensive methodological approach to assessing, analyzing and predicting the level of financial security, taking into account the formed margin of safety in the face of threats to the internal and external environment of the functioning of an economic entity. The expediency of introducing a mechanism for diagnosing its state into the financial security management system of an enterprise has been substantiated and its main components have been formed: purpose, principles, functions, types, levels and methods.

Keywords: mechanism of state regulation, financial security, evolutionary-institutional approach, industrial enterprises, external and internal factors, system of state regulation.

Problem statement. The increasing relevance of the public administration of the financial security of an enterprise every year shall be closely related to the problems of the world economy. The article deals with the problems of financial security. The concept of financial stability of an enterprise shall be introduced, which shall be

directly related to its safety. A structural diagram of the factors influencing the financial stability of the enterprise shall be drawn up.

Analysis of recent research and publications. The topic of scientific work has been sufficiently well studied in the domestic normative and scientific literature, such foreign and domestic authors as L. Albakin, V. Afanasyev, V. Bakumenko, K. Goryacheva, O. Poberezhets, Yu. Safonova, N. Reverchuk, F. Taylor, K. Hudson.

The purpose of the article is to analyze the mechanisms of state regulation of the processes of the necessary approaches to ensure the financial security of an enterprise.

Presentation of the main material. The problems of ensuring financial security (hereinafter - FS) are currently attracting special attention. Instability of energy prices, constant changes in the exchange rate, difficult political situation in the world. In such difficult market conditions, enterprises need to find and create new approaches to ensure financial stability.

The relevance of the research topic lies in the possibility of intensive development of production in conditions of unstable world market relations and also in ensuring economic self-sufficiency in an environment of changing external factors.

In this regard, the object of the study is industrial enterprises, and the subject is the problems of their financial security. Based on this, we can say that the purpose of the study is to formulate the necessary approaches that an enterprise must adhere to to ensure its FS. In the scientific work, the following research methods were used: methods of evolutionary-institutional theory, econometric modeling and analytical assessment. The scientific problem shall be considered to be the need for financial stability of industrial enterprises for their uninterrupted operation in the context of complex world relations.

The stable development of any enterprise depends on being immune to the effects of external and internal threats. The consequences of global economic crises, instability of prices for consumed resources, variability of current legislation and many other negative factors negatively affect the financial condition and, in the absence of

developed protective measures at the enterprise, can lead to irreversible consequences, up to bankruptcy. The term "financial security of an enterprise" appeared in the domestic economic literature relatively recently.

For a long time, there were two main points of view on the methods of maintaining the sustainable financial performance of the enterprise. The first point of view was shared by many authors who traditionally consider financial security as an element of the economic security of an enterprise. Another point of view was the proposal to develop a complex of anti-crisis measures in the organization. In both cases, it was not about the formation of an integrated approach to the creation of financial security, which makes it possible to ensure the protection of the financial interests of the enterprise in the process of its development.

The practice of recent years shows that the likelihood of a deterioration in the current financial condition of the enterprise, which resulted in the emergence of a crisis or bankruptcy of the organization, was caused by the lack of an effective financial security management system. What is the essence and features of the concept of financial security? According to I.A. Form "the financial security of an enterprise is a quantitatively and qualitatively determined level of its financial condition, which ensures stable protection of its priority balanced financial interests from identified real and potential threats of external and internal nature, the parameters of which are determined on the basis of its financial philosophy and create the necessary prerequisites for financial support of its sustainable growth in the current and future period" [5].

R.S. Papekhin defines the financial security of an enterprise as "a complex concept that reflects the state of finances in which the enterprise is able to develop steadily, while maintaining its financial security in the face of additional risk." [4]. The essence of financial security is the ability of an enterprise in an uncertain external environment: - independently develop and implement a financial strategy that meets the goals of the overall strategy of the enterprise; - within the framework of the developed financial strategy, carry out tactical planning of financial security, based on

an operational assessment and response to changes in the values of the approved indicators. Financial security can be ensured only on the basis of sustainable financial development of the enterprise, in which conditions have been created for the implementation of a financial mechanism capable of adapting to the changing conditions of the internal and external environment.

The main stages of ensuring the financial security of the company are as follows:

- identification of threats affecting the financial and production activities of the enterprise with their subsequent formalization; - development of mechanisms and measures to identify threats to the financial security of the enterprise; - building a system of restrictions based on the use of indicators of the level of threat to the financial security of an enterprise; - the formation of mechanisms and measures to ensure the financial security of the enterprise, neutralizing or mitigating the impact of external and internal threats. External threats do not depend on the activities of the enterprise, they refer to environmental risk factors. The enterprise does not have the ability to eliminate the threat, but it can and should develop protective mechanisms to minimize the negative consequences. Internal threats shall be associated with the activities of the enterprise itself and are much more subject to adjustment and prevention than external ones. Internal threats are caused by deliberate or accidental management errors in the area of enterprise financial management [1].

The FS problem arises at various stages of the development cycle of enterprises, depending on internal and external factors affecting their activities. Based on the study of articles and scientific research, a qualitative analysis was carried out.

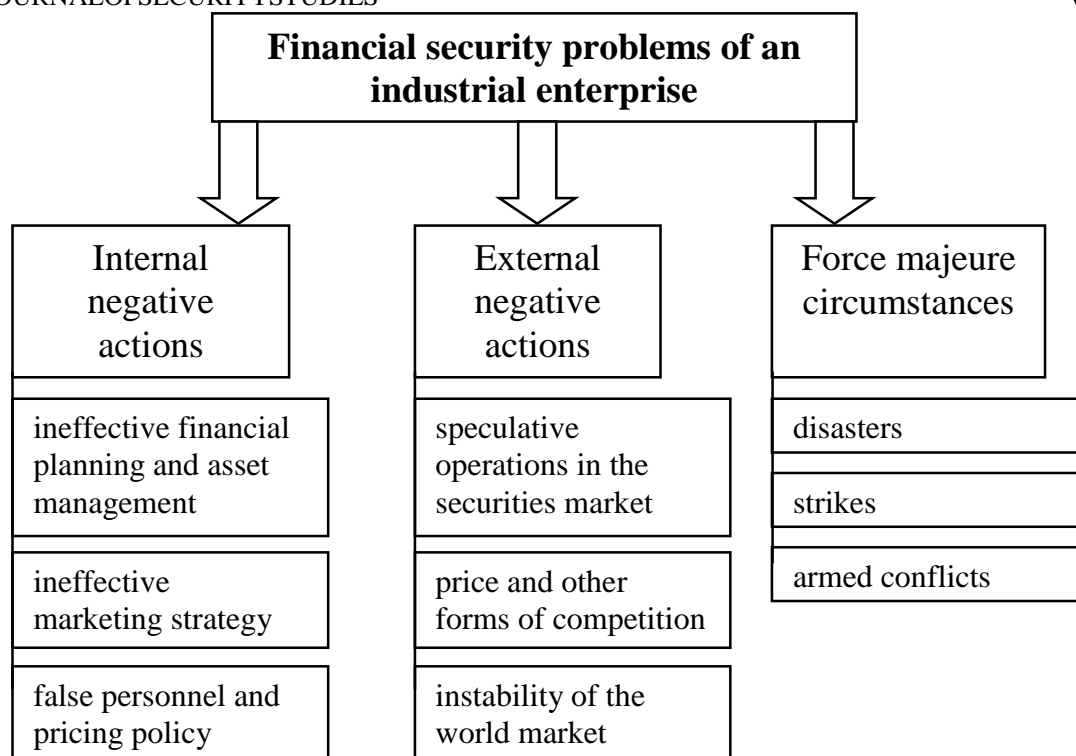


Figure 1. Types of FS problems of an enterprise

The totality of FB problems can have a serious impact on the stable and sustainable operation of an enterprise. These problems can affect different directions of production development. Therefore, to study ways to solve enterprise security problems, it is necessary to introduce the definition of financial sustainability. The financial sustainability of an enterprise (hereinafter - FSE) is a complex concept that determines the state of the FB, sufficient for stable development in a difficult world situation and risks. The connection of the FSE with various concepts that define it can be represented in the form of a diagram (see Figure 2).

Based on the above information, it is possible to form a framework that an enterprise must adhere to for smooth, stable and sustainable production. Ensuring and improving the financial security of enterprises is possible if the following conditions are met:

1. Safety of business facilities:
 - ensuring the potential of the enterprise with the help of factors of

production (means of labor, objects of labor) to maintain and increase the boundaries of the functioning of the enterprise;

- providing a guarantee of solvency in order to fulfill monetary obligations, to maintain the financial stability of the enterprise.

2. Ensuring the potential of the enterprise:

- safety of production technology and technical equipment - by updating production and its compliance with modern innovative standards to achieve the competitiveness of product;

- environmental safety - release of a product that can be easily processed and cause minimal harm to the environment;

- economic security - implies minimizing costs per unit of production, achieving the maximum possible profit, ensuring financial stability, which is achieved with the help of:

- a) reducing variable costs in the cost of a product by increasing the useful use of resources;

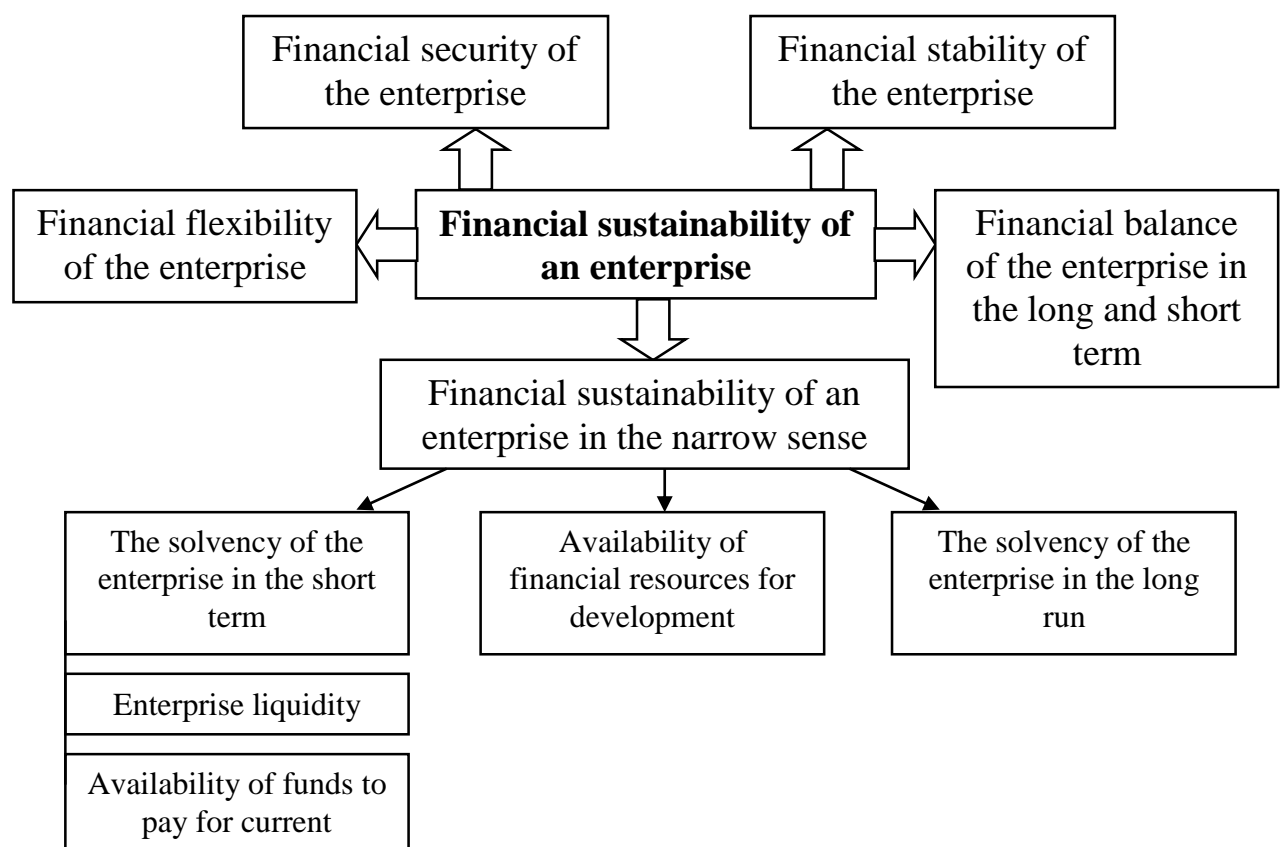


Figure 2. Block diagram of FSE

b) reducing costs associated with the payment of fines for non-compliance with environmental regulations;

c) increasing the profitability of production by reducing costs and increasing sales;

d) the conclusion of certain contracts with consumers.

3. Reaching of economic security of the enterprise:

- conclusion of profitable agreements with creditors and debtors;
- development of the enterprise in the direction of innovative developments, mastering new technologies, improving the professional qualifications of employees;
- maintaining or increasing market share by creating and realizing certain advantages in relation to competitive products.

The article deals with the conceptual model of the mechanism of state management of the financial security of an enterprise. It allows you to assess the impact of external and internal threats on the formation of a crisis financial situation and also to develop a set of management actions aimed at their localization or prevention of losses associated with their impact.

The proposed scheme for assessing the level of financial security of an enterprise includes a number of stages. At the first stage, the information field of the financial security indicators of the enterprise was formed. To study the system of indicators of the financial security of an enterprise, an analysis of the activities of enterprises was carried out, both in the industry and in time. At the second stage, the formed features were reduced and the most significant indicators of the financial security of the enterprise were identified. To form the modes of operation (stage 3), one of the cluster analysis methods, the k-means method, can be used. The proposed models for identifying the operating modes of enterprises, which are the content of the fourth stage, will make it possible to analyze the existing values of the indicators and calculate the forecast of financial security indicators of the possible operating mode. At the final 5th stage, an assessment of the financial security of the enterprise should be carried out [4].

In order to assess the state of financial security of an enterprise, it is necessary and very important to make an adequate choice of the methodology for its assessment and the system of indicators, which would most fully and objectively reflect all aspects of the financial and economic activities of the enterprise - efficiency, profitability, security and creditworthiness, business activity, etc.

Depending on the goal, frequency of financial analysis, the object of financial security of the enterprise and the results, scientists have developed whole complexes of analytical and evaluative indicators, in particular indicators for assessing the property status of a business entity, profitability, liquidity, solvency, creditworthiness, financial stability, stability, business activity, share capital. So, you should choose indicators that would comprehensively assess the financial condition of the enterprise, both in terms of risks and efficiency. Particular attention should be paid to the indicators of the financial stability of the enterprise, since it is they that are decisive in determining the level of financial security. Based on the research of the main indicators for assessing the financial security of an enterprise, the following list of coefficients can be proposed, which are key when conducting an express analysis of the state of the financial security of an enterprise.

The management of the financial security of the enterprise should include: - the process of managing the totality of material, financial, informational and human resources, aimed at making management decisions in this area. - a set of decisions of the owners and employees of the management personnel of the enterprise, ensuring a high rate of development and the development of several development scenarios, depending on the current financial situation [3].

To ensure financial security at the enterprise, it is necessary to define a system of quantitative and qualitative indicators that make it possible to assess the current and future level of the financial condition of the enterprise. Each type of the financial condition of the enterprise will correspond to normal limits on the values of

quantitative indicators and a set of qualitative indicators, ensuring stable protection of financial interests from identified real and potential threats of an external and internal nature.

It is more expedient to present quantitative indicators in the form of indicators that meet the characteristics of the object under study and allow diagnostics and analysis of the financial security of the enterprise. Analysis of the identified deviations and the factors influencing them will allow us to assess the degree of influence on the final results of the financial activity of the enterprise. Based on the results of the analysis, the level of financial security of the enterprise and the proximity of the obtained values to the crisis financial state will be ascertained [6].

The maximum degree of financial security shall be achieved if all indicators are within acceptable limits and the normal values of one indicator shall not be achieved due to the deterioration of another indicator. The company builds an algorithm of actions aimed at maintaining financial security and ensuring it takes such measures and steps that will not allow the emergence of a financial crisis. Financial security planning shall be carried out based on the development of several alternative scenarios for the development of the situation and choice, based on the calculations of the best option [7].

Financial security management is divided into two time areas: a possible set of solutions to respond to current problems and the development of a financial security strategy with a planning horizon of three to five years. Constant observance of the conditions of financial security will allow the company to function stably and achieve its business goals.

Conclusions. This scheme of ensuring the financial security of an enterprise can be applied to any production. It is highly likely to increase the FSE, its stability and resilience to global economic problems and crises. On the basis of this scheme, it is possible to develop a strategy for the development of an industrial enterprise aimed at

reducing the risks associated with internal and external problems of FS. At the same time, the enterprise will ensure high competitiveness of products, quality and reasonable prices.

Based on the study carried out, it is possible to make a fairly reliable forecast that, subject to the conditions given above, an industrial enterprise will be able to function stably in conditions of high competition, difficult world political situations.

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