

Artykuł przeglądowy
Review Article

Data wpływu/Received: 30.10.2018

Data recenzji/Accepted: 28.11.2018/5.12.2018

Data publikacji/Published: 31.03.2019

Źródła finansowania publikacji: środki własne

DOI: 10.5604/01.3001.0013.2419

Authors' Contribution:

(A) Study Design (projekt badania)

(B) Data Collection (zbieranie danych)

(C) Statistical Analysis (analiza statystyczna)

(D) Data Interpretation (interpretacja danych)

(E) Manuscript Preparation (redagowanie opracowania)

(F) Literature Search (badania literaturowe)

Iryna Hryhoruk, Ph.D. ^{A B F}

Vinnytsia University of Finance and Economics (Ukraine)

Olena Moskvichova, Ph.D. ^{D E F}

Vinnytsia University of Finance and Economics (Ukraine)

**FEATURES OF FINANCIAL STRATEGY
OF THE ENTERPRISE IN CONDITIONS OF ECONOMIC
INSTABILITY**

**OSOBLIWOŚĆ STRATEGII FINANSOWEJ
PRZEDSIĘBIORSTWA W WARUNKACH
NIESTABILNOŚCI GOSPODARCZEJ**

Abstract: This article defines and systematizes the main factors that generate the instability of the external financial environment of the enterprise. In particular, an independent group of global factors of the external financial environment of the company, which are generated by the development of the global economy as a whole, is singled out. Among the factors of this group are primarily considered those that determine the cyclical nature of financial crises. The main principles of estimation and forecasting of certain parameters of the instability of the external financial environment of the enterprise are considered, namely the standard deviation indicator, coefficient of variation, risk value, instability coefficient. The main forms of taking into account the influence of the instability of the external financial environment on the individual processes of developing the financial strategy of the enterprise are determined. Phases of the overall process of financial strategy development: diagnosis of strategic opportunities of financial development of the enterprise; development of a complex of strategic financial decisions of the enterprise; realization of the developed financial strategy of the enterprise.

Keywords: enterprise, financial strategy, economic instability, external financial environment, strategic management, risk management, coefficient of variation, risk value, instability coefficient.

Streszczenie: W artykule przedstawiono temat głównych czynników regenerujących niestabilność zewnętrznego środowiska finansowego przedsiębiorstwa. W szczególności wyróżnia się niezależną grupę globalnych czynników zewnętrznego otoczenia finansowego przedsiębiorstwa, które generuje rozwój globalnej gospodarki jako całości. Wśród czynników tej grupy są przede wszystkim te, które określają cykliczny charakter kryzysów finansowych. Uwzględniono podstawowe zasady oceny i prognozowania niektórych parametrów niestabilności zewnętrznego otoczenia finansowego przedsiębiorstwa, a mianowicie odchylenie standardowe, współczynnik zmienności, wartość ryzyka, współczynnik niestabilności. Wyznaczono główne formy uwzględnienia wpływu niestabilności zewnętrznego otoczenia finansowego na poszczególne procesy kształtowania strategii finansowej przedsiębiorstwa oraz fazy procesu opracowywania strategii finansowej. Są nimi: diagnoza strategiczna; możliwości rozwoju finansowego przedsiębiorstwa; opracowanie zespołu strategicznych decyzji finansowych przedsiębiorstwa; realizacja opracowanej strategii finansowej przedsiębiorstwa.

Słowa kluczowe: przedsiębiorstwo, strategia finansowa, niestabilność ekonomiczna, zewnętrzne otoczenie finansowe, zarządzanie strategiczne, zarządzanie ryzykiem, współczynnik zmienności, wartość ryzyka, współczynnik niestabilności

Introduction

Traditionally, the developers of the financial strategy of the company clearly predict the factors of its future financial development and, on this basis, formulate recommendations as to the main parameters of the strategy and directions of its implementation. But the modern economy is characterized by high probability of instability; therefore it is almost impossible to provide reliable and complete forecasting of factors of financial development of an enterprise in such conditions. This situation, an increase in the level

of instability of the economic environment, necessitates research on the development of a financial strategy of the enterprise under the conditions of this factor. The problem of taking into account economic instability in the strategic process of the enterprise is mandatory and relatively new – its active research began with the birth of the theoretical foundations of strategic management.

The purpose of this article is to study the impact of the instability of the economic environment on the modeling process of developing a financial strategy of the enterprise. At the same time, the main focus is on the study of the instability of factors of the external financial environment, which has the greatest influence on the process of formation and implementation of the financial strategy of the enterprise.

Depending on the subject and purpose of the study, in the writings of many economists on management, various interpretations of the definition of the essence of the category of «instability» are encountered. We believe that the instability of the external financial environment of the enterprise which we are considering, is one of the elements of general economic instability, which characterizes the unplanned change in external factors of influence on the financial performance of an enterprise that is not controlled by the enterprise and can not be identified in advance with one hundred percent reliability¹.

1. The systematization of the main factors of economic instability

Describing the impact of the instability of the external financial environment on the process of developing a financial strategy of the enterprise, it is necessary to identify and systematize the main factors generating this instability.

In modern literature on strategic management these factors of instability of the enterprise environment are considered, as a rule, without division into separate groups. Only some authors systematize such factors in two main groups – factors of the external environment of direct action (i.e., factors generated by economic ties with the direct partners of the enterprise on economic activity) and external factors of indirect action (which include all other external factors of influence on development of the enterprise)². If the identification of the first group of factors can be accepted, then the second group of these factors, in our opinion, is too generalized and needs further elaboration.

The specifics of financial activity of enterprises, and, accordingly, factors of the external financial environment require the allocation of an independent group of global factors of this environment, which are generated by the development of the global economy as a whole. Among the factors of this group, first of all, those that determine the cyclical nature of financial crises should be considered - in recent years this cycle has gained high dynamics³.

¹ Ya. Kashuba, *Ensuring of entrepreneurial activity in conditions of economic instability*, "Naukovy visnyk Mukachivskoho derzhavnoho universytetu. Seriya Ekonomika" 2015, No. 2(4), p. 12-17.

² I. Ansoff, *Strategic Management*, Publishing house Economics, Moscow 1990, p. 15.

³ O. Moskvichova, *The state regulation of credit services in the banking crisis*, Publishing house "Nilan LTD", Vinnytsia 2016, p. 17-21.

The factors of this group should include those generated by the latest technologies of the implementation of world financial transactions, in particular based on new types of securities, and also built on the introduction of their world electronic commerce⁴. Finally, the peculiarities of the financial activity of the enterprise, the development of which is carried out under the influence of factors of this group, should include the increasing penetration of the domestic consumer market of foreign companies, which significantly change the forms and volumes of enterprises' financing.

In addition, in the system of the second group of external financial factors, it is necessary to distinguish those generated at the macroeconomic level of the state. First of all, it concerns factors that determine fluctuations in the size of inflation - one of the main factors taken into account in the process of developing a financial strategy of enterprises. As well as changes in the tax policy of the state, the regulation of forms and methods of financial activity of enterprises (formation of their statutory and reserve capital, regulation of depreciation policy, etc.).

Finally, in the system of the second group of external financial factors, one should highlight those generated by the instability of certain types and segments of the financial market of the country. Among these factors, first of all, should be considered those that lead to changes in interest rates of banks, exchange rates and some other market factors.

Taking into account these proposals, the system of major groups of factors generating the instability of the external financial environment of enterprises can be presented in the form of a table 1.

Table 1. The system of the main groups of factors generating the instability of the external financial environment of enterprises

Tabela 1. System głównych grup czynników generujących niestabilność zewnętrznego otoczenia finansowego przedsiębiorstw

The main factors generating the instability of the external financial environment of enterprises			
<i>Global world factors</i>	<i>Macroeconomic factors in the country</i>	<i>Factors of the dynamics of the financial market</i>	<i>Factors of the financial environment of direct action</i>
1. Factors that determine the cyclicity of world financial crises	1. Factors that are caused by fluctuations in the size of inflation	1. Factors that determine the change in interest rates, exchange rates, insurance rates	1. Factors that determine the change in relations with banks
2. Factors generated by the development of technologies for the implementation of world financial transactions	2. Factors generated by changes in the state tax policy	2. Factors that determine the change in the value of separate financial instruments	2. Factors that change the financial relationship of the enterprise with the suppliers

⁴ I. Hryhoruk, O. Petruk, O. Novak, *Development of the system of mortgage lending of agricultural enterprises*, Publishing house "Ruta", Zhytomyr 2015, p. 30-35.

3. Factors generated by the growth of world financial expansion into the state	3. Factors generated by the change of state regulation of financial activity of enterprises		3. Factors that determine the change in financial relations with customers
4. Other global factors	4. Other macroeconomic factors	4. Other market factors	4. Factors that determine the change in the financial relationship of an enterprise with other business partners

Source: Ya. Kashuba, *Ensuring of entrepreneurial activity in conditions of economic instability*, "Naukovyj visnyk Mukachivs'koho derzhavnoho universytetu. Seriya Ekonomika" 2015, No. 2(4), p. 12-17.

In addition to identifying and systematizing the main factors that generate economic instability for the development of a company's financial strategy, it is important assessment of the level of this instability.

2. The assessment of the level of economic instability

Taking into account the instability of the external financial environment in the process of developing a financial strategy of an enterprise requires an appropriate assessment of the level of this instability.

In modern literature, the coefficient of variation is a traditional indicator used to assess the instability of any economic phenomenon. It shows exactly to what extent the value of a particular factor in the period under consideration varies in relation to the average (or predicted) of its value. Practically all the scientists who are investigating the problems of managing the instability of the economic environment of the enterprise consider this indicator to be fundamental in determining the level of this instability.

Also, for estimating the instability of the economic environment of the enterprises are recommended to use a standard deviation indicator. This indicator allows you to associate with each other both the absolute size of the variation of a particular indicator, and its relative size, which makes it possible to compare the level of deviations by the individual factors of the environment and to appropriately rank them by the level of instability.

In the system of risk management of financial instruments, the «value at risk» indicator [Value at Risk, VaR] is becoming increasingly common. It is defined by scientists as follows: «VaR is the estimated value in the monetary units of the expected loss over a certain period with a given probability»⁵. As can be seen from this definition, this indicator measures not only the level of instability of the considered indicator, but

⁵ A. Lobanov, A. Chugunov, *Encyclopedia of Financial Risk Management*, Publishing house Alpina Business Books, Moscow 2005, p. 285.

also the size of possible losses caused by this instability. Under such conditions, the VaR is better used in managing the company's economic security than in determining the instability of the factors of the external financial environment.

An interesting indicator of assessing the level of instability of the economic environment in the system of strategic management is proposed by I. Ansoff. At his suggestion, this level should be determined by the coefficient of instability, the value of which can range from 1 to 5.

The specific value of this coefficient is determined by matrix proposed by him (Fig. 1).

As can be seen from Fig. 1, for the level of instability ("coefficient of instability") I. Ansoff uses its two main characteristics: character of the occurrence of the event and the degree of the possibility of their determination. This combination of instability characteristics in general is correct, but not sufficient to determine its level - we have previously determined that such characteristics are much greater. In addition, according to this matrix, the nature of the occurrence of the event has only 4 degrees of gradation (with the fact that the scale of instability involves 5 such gradations) and when establishing the values of the coefficients of the boundaries of each gradation by this characteristic is clearly not determined. Finally, it should be noted that the lack of quantitative definitions of the two characteristics under consideration leads to a high level of subjectivity of the evaluation carried out by managers with different levels of qualification, strategic vision, awareness, etc.

Figure 1. A matrix for estimating the instability coefficient, proposed by I. Ansoff

Rysunek 1. Macierz do szacowania współczynnika niestabilności zaproponowana przez I. Ansoffa

Characteristic occurrence of the event	Familiar ↔ Extrapolated ↔ Familiar Interrupted ↔ New Interrupted
Upcoming events	Repetitive events ↔ Forecasting events ↔ Defined events ↔ Partially determined events ↔ Events that can not be determined
Instability scale (coefficient value)	1 ↔ 2 ↔ 3 ↔ 4 ↔ 5

Source: I. Ansoff, *Strategic Management*, Publishing house Economics, Moscow 1990, p. 17.

The main indicator of estimating the level of instability of the external financial environment (both in terms of its individual factors and in general) in the process of developing a financial strategy of the enterprise should be a standard deviation. This indicator allows not only to quantify the level of instability of the external financial environment by individual factors, but also to compare it with different factors (and, if necessary, with different areas of development of financial activity).

A certain advantage of choosing this indicator is that it is relatively simple and does not need the high level of qualification of financial managers working in trade enterprises to be calculated. All other indicators of assessing the level of instability of the external financial environment of the enterprise discussed above can only be used as auxiliary.

Certain consideration also needs a system of methods for determining the level of instability of the external financial environment (in the first place - the projected standard deviation indicator in the strategic perspective). Specific of these methods are considered by many scholars. The review of these works allows us to recommend the following basic methods for predicting the level of instability of the factors of the external financial environment of the enterprise:

- method of analogies;
- economic-statistical method (method of historical approach);
- method of scenario analysis;
- simulation method (Monte Carlo method);
- expert method.

The nature of the application of these methods of forecasting is discussed in detail in modern literature.

At the final stage of considering the features of developing a financial strategy of an enterprise in the conditions of the instability of the external financial environment, we will define the main directions and approaches of taking into account the separate processes of formation and implementation of this strategy. To this purpose, it is necessary, firstly, to clearly identify the composition of such stages of the strategic process (the results of which is significantly affected by instability), and, secondly, to systematize, at each of these stages, concrete forms and methods of responding to financial instability.

3. Determining the stages of the strategic process

The basis for determining the stages of the strategic process, the results of which the instability of the external financial environment of the company has a significant impact, is the process of developing a financial strategy of the enterprise. Among the processes of the first phase of this model with the need to take into account the factors of the instability of the external financial environment, two of them are connected.

The first - "diagnosing the external financial environment of the enterprise" implies not only determining the composition and dynamics of factors, but also assessing the possible level of instability. The second one - "identification of possible key factors for the success of development of financial activity of the enterprise" in the process of identifying such factors should be based on the assessment of possible threats, which is the economic instability carries to the external financial environment of the enterprise.

Among the processes of the second phase of the model under consideration, it is necessary to take into account the factors of the instability of the external financial environment due to:

- the choice of the kind of financial strategy, which requires the consideration of instability in identifying the choice in the direction of the dynamics of strategic development of the enterprise (mainly based on the internal financial potential or favorable external factors of financial development);
- development of strategic goals and target strategic standards of financial development of the enterprise, which requires consideration of the instability of factors of the external financial environment in determining a number of standards;
- substantiation of the ways of realization of the chosen type of financial strategy, which requires substantiation of the system of measures to overcome the negative consequences of the predicted instability of the factors of the external financial environment in terms of individual stages of the strategic period.

Among the processes of the third phase of the model under consideration, it is necessary to take into account the instability of the external financial environment, namely, “the realization of the expected results of the financial development of the enterprise in real time.” It is during this process that the level of instability of the external financial environment of an enterprise passes from the category predicted to the actual category and needs a real reaction to achieve the defined strategic goal.

Thus, from the foreseen processes, a model for developing a financial strategy of an enterprise: 11 are the main processes; at least 6 of them must be carried out with the mandatory consideration of the instability of its external financial environment.

4. The definition of the nature of the impact of the economic instability of developing a financial strategy of the company

A generalized definition of the nature of the impact of the instability of the external financial environment on the progress of individual processes of developing a financial strategy of the company is given in Table 2.

Determining the nature of the impact of the instability of the external financial environment on the progress of individual processes of developing a financial strategy of enterprises can formulate the main forms of responding enterprises to this instability.

Table 2. The nature of the impact of the instability of the external financial environment on the progress of individual processes of developing a financial strategy of the enterprise

Tabela 2. Charakter wpływu niestabilności zewnętrznego otoczenia finansowego na postęp poszczególnych procesów tworzenia strategii finansowej przedsiębiorstwa

Phase of the overall process of developing a financial strategy	Content of a particular process of developing a financial strategy	The nature of the impact of the instability of the external financial environment on the process of developing a financial strategy
Diagnosis of strategic opportunities of financial development of the enterprise	Diagnosis of the external financial environment of the enterprise	The need for identification and forecasting of certain types of instability of the external financial environment of the enterprise
	Identification of possible key factors for the success of the company's financial activity.	The need to identify possible threats, which causes instability of individual factors of the external financial environment of the enterprise.
Development of a complex of strategic financial decisions of the enterprise	The choice of the type of financial strategy of the enterprise	The need to take into account the results of assessing the instability of the external financial environment when comparing alternative types of financial strategy by the vector of the dynamics of strategic development of the enterprise
	Development of strategic goals and target strategic norms of financial development of the enterprise	The need to take into account the predicted level and instability of the external financial environment when calculating certain types of target strategic standards and financial development of the enterprise
	Substantiation of the ways of realization of the chosen type of financial strategy of the enterprise.	The need to develop preventive measures to counteract the negative consequences of projected instability of the external financial environment of the enterprise.
Realization of the developed financial strategy of the enterprise	Realization of the predicted results of financial development of the enterprise in real time	The need for timely diagnosis of unforeseen changes in the factors of the external financial environment of the enterprise and the development of adequate measures to overcome their negative consequences

Source: own study on the basis of conducted research.

In modern literature on strategic management, such forms of enterprise response to the manifestation of the instability of individual factors of the economic environment is given considerable attention. An overview of the proposals of scientists and the definition of their application for the development of a company's financial strategy allows us to formulate in the most generalized aspect the forms of response in terms of individual processes (Table 3).

Table 3. The main forms of responding to the instability of the external financial environment for the development of a financial strategy

Tabela 3. Główne formy reagowania na niestabilność zewnętrznego otoczenia finansowego dla opracowania strategii finansowej

Phase of the overall process of developing a financial strategy	Content of a particular process of developing a financial strategy	Form of response to the instability of the external financial environment in a particular process of developing a financial strategy
Diagnosing of strategic possibilities of financial development of the enterprise	Diagnosing the external financial environment of the enterprise	Formation of the necessary information base and choice of models of forecasting of certain types of instability of the external financial environment of the enterprise
	Identification of possible key factors for the success of an enterprise's financial activity	Examination of identified external key success factors for the possibility of threats generated by their instability
Development of a complex of strategic financial decisions of the enterprise	Selection of the type of financial strategy of the enterprise	Objective comparison of the advantages and threats of certain types of financial strategy in the direction of the dynamics of strategic development of financial activity in the conditions of projected instability of the external financial environment
	Development of strategic goals and target strategic standards of financial development of the enterprise	Ensuring compulsory consideration of the predicted instability of the external financial environment in calculations of the corresponding target strategic norms
	Justification of the ways of realization of the chosen kind of financial strategy of the enterprise	Provision of preventive measures and development of criteria for making managerial decisions in conditions of instability of the external financial environment

Realization of the developed financial strategy of the enterprise	Realization of the foreseen results of financial development of the enterprise in real time	Application of the system of situational control of counteraction to the negative consequences of unforeseen actual changes of individual factors of the external financial environment
-------------------------------------------------------------------	---------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Source: I. Blank, *Financial strategy of the enterprise*, Publishing house Elga, Nika-Center, Kyiv 2004; R. Kaplan, D. Norton, *Balanced indicator system*, Publishing house "Olympus-Business", Moscow 2005; A. Thompson, A. Strickland, *Strategic Management: Concepts and Situations for Analysis*, Publishing House "Williams", Moscow 2008.

Such forms of enterprise response to the manifestation of the instability of individual factors of the economic environment is given considerable attention, because it is precisely in such an operational response to the change of individual economic conditions is the main difference of this scientific direction from strategic planning.

Conclusions

Thus, we can conclude that the main indicator of assessing the level of instability of the external financial environment (both in terms of its individual factors and in general) in the process of developing a financial strategy of the enterprise should be a standard deviation. This indicator allows not only to quantify the level of instability of the external financial environment by individual factors, but also to compare it with different factors (and, if necessary, for different areas of development of financial activity).

It is revealed that the instability of the external financial environment directly influences the following main processes of developing a financial strategy of the enterprise: diagnosing the external financial environment; identification of possible key factors for the success of financial activity development; choice of kind of financial strategy; development of strategic goals and target strategic standards of financial development; substantiation of ways of realization of the chosen kind of financial strategy, realization of the predicted results of financial development of the enterprise in real time. According to the results of the research, the specific nature of the impact of the instability of the external financial environment on each of these processes has been identified and the main forms of responding to this instability in the process of developing the financial strategy of the enterprise are formulated.

Bibliography

Ansoff I., *Stratehicheskoe upravlenie* [Strategic Management], Publishing house Economics, Moscow 1990.

Blank I., *Finansovaya strategiya predpriyatiya* [Financial strategy of the enterprise], Publishing house Elga, Nika-Center, Kyiv 2004.

Hryhoruk I., Petruk O., Novak O., *Development of the system of mortgage lending of agricultural enterprises*, Publishing house "Ruta", Zhytomyr 2015.

Kaplan R., Norton D., *Sbalansirovannaya sistema pokazatelej* [Balanced indicator system], Publishing house "Olympus-Business", Moscow 2005.

Kashuba Ya., *Ensuring of entrepreneurial activity in conditions of economic instability*, *Naukovyj visnyk Mukachivs'koho derzhavnoho universytetu. Seria Ekonomika*, 2015, No. 2 (4).

Lobanov A., Chugunov A., *Encyclopedia of Financial Risk Management*, Publishing house Alpina Business Books, Moscow 2005.

Moskvichova O., *The state regulation of credit services in the banking crisis*, Publishing house "Nilan LTD", Vinnytsia 2016.

Thompson A., Strickland A. *Strategicheskij menedzhment: koncepcii i situacii dlya analiza* [Strategic Management: Concepts and Situations for Analysis], 12th ed., Publishing House "Williams", Moscow 2008.

Authors' resume:

Irina Hryhoruk – Ph.D. in economics from the specialty "Money, Finance and Credit", National Science Center "Institute of Agrarian Economics" (Kyiv, Ukraine). Works as an assistant professor at the Department of Finance of the Vinnitsa Finance and Economics University (Vinnytsia, Ukraine). Her scientific interests are focused on financing of enterprises, in particular mortgage lending to agribusiness enterprises. She is the author of numerous publications in this field. Recently, her field of research interests - is the development of financial strategy of the enterprise.

Olena Moskvichova – Ph.D. in economics from the specialty "Economics and Management of National Economy", Ivan Franko Lviv National University (Lviv, Ukraine). Works as an assistant professor at the Department of management of the Vinnitsa Financial and Economic University (Vinnytsia, Ukraine). Her research and scientific interests focus on issues connected with public administration of various spheres of the national economy in a crisis. She is the author of numerous publications in this field. Recently the scope of her research interests is management of enterprises in conditions of economic instability.

Nota o Autorze:

Iryna Hryhoruk – doktor nauk ekonomicznych ze specjalności „Pieniądże, finanse i kredyty”, Narodowe Centrum Nauki „Instytut Ekonomiki Rolnictwa” (Kijów, Ukraina). Pracuje jako adiunkt w Katedrze Finansów Uniwersytetu Finansów i Ekonomii w Winnicy (Ukraina). Jej zainteresowania badawcze i naukowe skupiają się na problemach finansowaniu przedsiębiorstw,

w szczególności kredytów hipotecznych dla przedsiębiorstw agrobiznesu. Autorka licznych publikacji z tego zakresu. Ostatnio jej dziedziną zainteresowań badawczych jest rozwój strategii finansowej przedsiębiorstwa.

Olena Moskvichova – doktor nauk ze specjalności “Ekonomia i zarządzanie gospodarką narodową”, Iwan Franko Lwowski National University (Lwów, Ukraina). Docent w Katedrze Zarządzania Winnickiego Uniwersytetu Finansowo-Ekonomicznego (Winnica, Ukraina). Jej zainteresowania badawcze i naukowe koncentrują się na zagadnieniach związanych z administracją publiczną różnych sfer gospodarki narodowej w dobie kryzysu. Autorka licznych publikacji w danej dziedzinie. W ostatnim czasie obiektem jej zainteresowań stało się zarządzanie przedsiębiorstwami w warunkach niestabilności gospodarczej.

Contact/Kontakt:

Ph.D. Irina Hryhoruk

e-mail: irrada150582@gmail.com

Ph.D. Olena Moskvichova

e-mail: devenezia@gmail.com

The contribution of particular co-authors to preparation of the paper:

Wkład poszczególnych autorów w przygotowanie publikacji:

Irina Hryhoruk – 50%, Olena Moskvichova – 50%.