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APPROACHES TO ANALYSIS OF FINANCIAL SECURITY AT THE ENTERPRISE

Yu. I. Efremova (a)*
*Corresponding author

(a) Samara State University of Economics, Soviet Army Str., 141, Samara, Russia, yul-efrem@yandex.ru

Abstract

The processes of globalization, structural changes in the economy, increasing competition, and a high level of uncertainty in the macro environment make it increasingly important to ensure the economic security of both the state as whole and individual enterprises. One of the key components of economic security is financial security. The problem of its provision is currently relevant. To effectively manage financial stability, it is necessary to create a system for its adequate assessment. Indicator methods for assessing financial stability involve calculating a number of financial indicators, in particular, such as the coverage ratio, the autonomy coefficient, return on assets, and return on equity. The calculation results are compared with the threshold values. A large number of indicators that often change in different directions create certain difficulties in drawing conclusions about the scale of financial stability. The problem of interpreting and comparing the results is relevant, since the threshold levels and significance of individual indicators of financial security cannot be the same for enterprises in different industries. There are also qualitative characteristics, non-financial indicators, the impact of which is significant. They should be considered to assess the overall degree of financial security. The article assesses the financial security of a particular business entity, as well as considers methods for improving its financial security.

Keywords: Enterprise, evaluation method, financial security, liquidity, threats and risks

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1. Introduction

Achieving financial security of the company is the most important task of management of any production enterprise. The problem of ensuring financial security is particularly relevant at the present stage, due to the growth of various threats to the national economy, both external and internal. External threats include: the global economic crisis, mutual interstate economic sanctions, and fluctuations in the national currency, outflow of foreign capital, etc. Internal threats are: reduced effective demand or goods, works, services, inflation, reduced sales, reduced financial results, etc. The regulatory documents of the Russian legislation on the security system clearly indicate the hierarchical relationship and subordination of the categories of national, economic and financial security. However, there is no definition of the essence of the financial stability category in these documents. The economic literature provides various interpretations of the concept of financial stability. Some authors focus on the protection of the financial position of the organization from external and internal threats, others-on the ability of the organization to provide a stable financial condition for current and future activities, and others-reduce the concept of financial security to financial stability. Such interpretations, in our opinion, are not contradictory, but only complement and specify the essence of the category sparingly (Belyakova & Pyrkina, 2021; Belyakova et al., 2020). Without claiming that the wording is infallible, it seems to us that financial security is the financial condition of an organization characterized by its stability and resistance to external and internal threats, the ability to provide financial resources for current, investment and innovation activities, and constantly be ready to maintain its independence and financial independence (Liang & Dong, 2019). The development of a system for ensuring financial security of an enterprise should be based on a comprehensive analysis of its financial and economic indicators and be focused on the optimal ratio between attracting and placing financial resources while minimizing economic and financial risks.

2. Problem Statement

A lot of works by both domestic and foreign authors have been published on issues related to the company's financial stability. The focus in the works of Desyatnichenko et al. (2018), Gureeva (2019), Kravchuk and Ushakov (2016), Grin (2015) and etc. is paid to issues of definition, criteria and boundaries of financial stability. The works of foreign authors, such as Kim et al. (2020), Kubás et al. (2017), Le et al. (2018) cover the issues of financial resource management, financial security in the financial management system of the enterprise. Theoretical and methodological issues have been discussed in their scientific articles. The problem is the lack of adequate universal methods for assessing its level. Of course, company managers are aware of threats to the security of the organization, and in making decisions are guided by the need to prevent these threats or mitigate their impact. But in most cases, this information is only in the heads of managers, which causes the risk of missing significant threats from view. In practice, the process of assessing and managing financial security was more effective when it was possible to measure its level by calculating a single comprehensive indicator. But to date, there is no universal method that allows you to calculate an aggregate indicator that corresponds to the goals of the organization. At the moment, attention is paid to ensuring economic and, in particular, financial stability by large organizations. At the same time, when ensuring economic security, concepts are often substituted and attention is skewed towards one of the functional components – power security. Most small businesses do not pay enough attention to ensuring economic and financial security. The functions of assessing and maintaining the necessary scale of financial stability lie with the head of the enterprise and the heads of financial services. Often, the assessment of financial security is replaced by an assessment of financial stability, which is not true in principle, since these concepts are not identical.

3. Research Questions

The problem of analyzing the financial security of the state, region, and enterprise has recently become particularly relevant. However, despite the great interest of domestic and foreign economists, it is worth recognizing that the existing developments are devoted to various aspects of national and regional security and to a much lesser extent to the financial security of the enterprise. Summarizing the opinion of many authors, among the issues of financial security of the enterprise that require urgent solutions, we can distinguish the following: lack of certainty in the choice of components of economic security of the enterprise, lack of methods for assessing the degree of financial security. Based on the above conclusions, this study addresses the following issues: What is the degree of knowledge of theoretical approaches to the concept of financial stability of the enterprise? How to improve the company's financial situation? Are there any methods for this part? What should you focus on when solving this issue? How do you analyze the financial stability of an enterprise? What initial data is needed for financial stability analysis? What tools should be used to increase the level of strategic financial security of an enterprise?

4. Purpose of the Study

When studying scientific papers on the financial security of an enterprise written by Russian and foreign economists, the following were revealed. Some authors analyze in detail the indicators necessary to characterize financial security. Others determine the criteria for financial security of the enterprise and assess the financial risks of enterprises. However, there is still no single methodology for ensuring financial stability that is applicable to different companies. The practical and theoretical significance of the problem determined the purpose of this paper. The purpose of the research is to conceptually generalize theoretical ideas about the concept of financial security of an enterprise, improve methods for determining its level, and design a financial security system for a specific Corporation. However, there is still no single financial security mechanism that provides a high level of financial security for enterprises.

5. Research Methods

The methodological basis of the research is the works and developments of domestic and foreign scientists-economists. The results of applied research on the problems of financial security in the financial management system of the enterprise were analyzed. In the context of the study of the issues of assessing the strategic financial security of an enterprise, the basis was the work devoted to ensuring individual components, including factors of the external and internal situation. The regularities and features of the relationship of all parts of the financial system in ensuring financial security are considered. In the process of research, various methods and methods of scientific knowledge were used: analysis and synthesis, identification of cause-and-effect relationships, modeling of economic processes and systems. Economic and mathematical methods of analysis, comparison, and sampling were used for summarizing and analyzing statistical data. Microsoft Excel spreadsheets were used to process statistical information.

6. Findings

The economic security of an enterprise, first of all its financial stability, is the core of its overall stability. It is characterized by an optimal structure of sources of asset financing and efficient use of these resources, which strengthens the financial independence of the enterprise. Financial stability largely depends on the efficient production and sale of products (goods), expressed in a stable profit. The most accessible source of information for analysis is the financial statements of the company. However, in the reality of Russian business, this source of information may not be reliable enough (unreliable), which can be confirmed, for example, by numerous reviews of licenses from banks, including those that previously received an audit report on the reliability (Rozhkova & Goloveckij, 2019).

Practice shows that the analysis of the financial stability of an enterprise is based on management accounting data. For example, in order to make a decision on financing an enterprise or granting a loan, banks request and analyze management accounting data, not just accounting data. To get a general idea of the company's financial stability, it is sufficient to analyze the data of its accounting statements. As practice shows, this is done in more than 90 % of cases when analyzing the financial stability of potential counterparties (Lupu, 2015).

For example, you have decided to launch a new product type and are looking for a packaging supplier for the next 5 years. An analysis of the financial stability of a potential partner will allow you to determine whether it will be able to fulfil its obligations, and whether it will not become bankrupt in six months. Working with an unreliable supplier may result in disruption of deliveries, non-return of advances, or a decrease in the quality of packaging due to a reduction in the supplier's cost. After a detailed review of the asset structure and sources of financing, you can determine the strategy (model) of behavior (decisions) of the supplier's management. Management accounting data, due to its inaccessibility to third parties, is used for internal purposes of the company. The financial service of the enterprise, conducting such an analysis systematically, can, if necessary, promptly make decisions on correcting the actions of management or owners in order to prevent bankruptcy. Timely decisions to strengthen the collection of receivables and increase sales will help minimize or completely eliminate the risk of insolvency of the company (see more about effective management of receivables).

The financial stability of an enterprise is calculated from the ratio of different types of funding sources. Financial stability can be considered in terms of relative and absolute indicators. Absolute values characterize the degree of security of assets with sources of their formation (absolute, normal, unstable financial condition, crisis financial condition).The analysis is performed by calculating the following indicators.

1. The ratio of inventory working capital:

COSS = Capital and reserves - non-Current assets-Reserves

2. The ratio of inventories of own and borrowed sources.

3. The coefficient of supply of reserves by the total value of the main sources:

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1 = Own and long-term debt sources + short-Term loans and borrowings-non-Current assets

The situation when all three indicators are greater than zero reflects the absolute financial stability of the enterprise, i.e. all reserves are covered by its own working capital and no external borrowing is required.

If the first two indicators are less than zero, and the third is greater than zero, we can talk about the unstable financial condition of the enterprise, characterized by a violation of solvency. Companies will have to turn to additional sources of inventory and cost coverage (external borrowing or accelerating the turnover of their own assets, such as accounts receivable). Negative values of all indicators reflect the crisis financial condition of the enterprise, which requires urgent financial recovery.

Relative indicators allow you to determine the impact of various factors on changes in the company's financial security. There are no universal "standard" projects for the financial security system, since it is not available to external users and cannot be used for other businesses. Therefore, each company independently identifies threats to financial security and develops strategies for its impact. At the stage of planning the financial security system, the company needs to identify the customer's expectations regarding the results of the project implementation. The customer needs to determine what tasks it should solve, what advantages it will create in the management and operation of the enterprise as a whole. This requires regular interaction between the customer and the system developers. The owner of the enterprise must define a set of rules according to which the enterprise will operate. Therefore, when designing a financial security system, it is important not only to develop a mechanism for assessing the level of financial stability, identifying threats and determining their likely impact on cash flow management within the enterprise, but also to provide a mechanism or rapid information and response. The list of works in the design of the financial security system should cover the following areas:

1. Formation of the methodological base-financial security regulations.
2. Selection and training of employees of the financial security service.
3. Purchase and commissioning of the necessary equipment.
4. Development and implementation of the software.
5. Organization of access to the market and company analysis system.
6. Linking the current regulations with the new financial security regulations.
7. Coordination of communications and document management.

Special attention should be paid to including information in the decision-making process. Integration of the financial security system into the company's management system is not possible solely by regulating formal procedures. We see the solution to this problem in training decision makers. In addition, it is necessary to include the minimum acceptable level of financial security in the list of strategic indicators of the enterprise, which implies its regular monitoring at the highest level of management.

The most significant threats to financial stability are:

1. Violation of the terms of repayment of accounts receivable by buyers (significant damage, high probability of occurrence).

2. Unilateral change by the supplier of the terms of cooperation, revision of its pricing policy, refusal to defer payment to us, as well as a discount that ensures the profitability of our activities (the probability is average, the damage is significant).

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3. Competitors' Pricing policy, dumping, luring our customers, which resulted in a decrease in sales revenue (average probability, significant damage).

4. Unintentional damage to the financial interests of the company as a result of actions or omissions of employees due to incompetence, negligence or erroneous judgment (average probability, average damage).

5. Excessive creditworthiness, which may result in significant expenses on interest on loans, and in a negative scenario-the withdrawal of collateral, loss of control over the company by the current owners and bankruptcy (the probability is average, the damage is average).

Therefore, to assess the level of financial security, it is necessary to create a list of indicators that reflect the impact of these threats on the company's activities. As a result, we offer the following financial security indicators:

1. Indicator turnover of receivables.
2. The current ratio.
3. Ratio of net profit and revenue growth rates.
4. Qualitative performance indicator of the financial service.
5. The coefficient of financial stability.

Separately, we should consider the formation of a qualitative indicator of the effectiveness of the financial service. To calculate this indicator, we suggest using diagnostic maps. As a rule, they are filled in based on the results of the past month. This card is filled as employee financial services – financial analyst and CFO, as CEO and Director of sales in order to increase the objectivity of the evaluation. The financial security model must be dynamic in order to predict and evaluate it. In our opinion, the use of the cognitive modeling method can help to solve this problem. You can use it to conduct a structural and dynamic analysis of the situation and anticipate the course of its development.

In order to maintain financial security or at least to mitigate the conditions of the financial crisis, an action plan should be developed aimed at neutralizing the crisis. The list of these measures includes: insurance of financial risks of the enterprise; sale of excess or unused assets of the enterprise; taking measures to recover accounts receivable; reducing the volume of financial transactions in the most risky areas of financial activity of the enterprise; saving investment resources by suspending the implementation of individual real investment projects; saving current costs associated with the economic activity of the enterprise; assessment of capacity utilization; conservation of expensive environmental measures; transfer of non-production facilities to the balance of city authorities and reducing the cost of their maintenance, etc. (Roumani et al., 2020).

Often, an effectively functioning enterprise is subject to bankruptcy proceedings, external management, which may result in a change of ownership. A law on corporate dispute resolution should be adopted at the legislative level. Among the functional links of economic security, financial is considered the most basic and significant, since in a market economy, Finance is the "engine" of any economic system. In any organization, regardless of industry affiliation, there is a need to address issues related to financial security. Financial security problems may even arise during a period of economic stability. Prevention of a financial crisis of an enterprise is the control and observance of the balance of income and expenses of the

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economic system. In order to maintain a high level of financial security, the organization must monitor the functioning of the main components of the financial security system.

Each business entity develops its own planned indicators, norms, standards, tariffs and limits, as well as a system for evaluating and regulating financial activities. This information is its trade secret Financial analysis usually begins with a general introduction to the financial condition of the organization. Signs of a good structure of the analyzed balance sheet can be considered: sufficient amount of funds on the accounts, sufficient security of own working capital, growth of equity, no sharp changes in the balance sheet items, accounts receivable are in balance with accounts payable.

The algorithm of traditional conventional financial analysis includes three stages:

- collecting the necessary information;
- the reliability of;
- processing and summarizing information.

The main tools that make it possible to objectively assess the financial condition of an organization are:

- balance sheet;
- report on financial results.

Monthly and quarterly financial statements are interim. When analyzing the balance sheet, you must first answer the question: "Why did the balance sheet item change, and how did this change affect or may affect the financial condition of the analyzed organization?" It is useful to start analyzing the balance sheet by changing the amount of equity. This will allow you to immediately see the trend for the reporting period. If it does not coincide with the logic of business development for the period, the reporting may be unreliable. To conduct a qualitative analysis, it is necessary to focus on general accounting issues.

The plan that is used to evaluate the organization's performance usually represents the following sequence of results:

1. Established indicators of the financial position.
2. Identified changes in the company's financial condition in the spatial and temporal context.
3. Conclusions and forecast on the main trends in the company's financial condition.

The correct and competent construction of the work on analyzing the organization's activities and obtaining certain results obtained as a result of evaluating its financial condition shows an objective picture of the current situation, and also helps to identify all the strengths and weaknesses. The obtained data become a necessary basis for making further management decisions: changing the organization's activities, optimizing expenses, increasing revenue due to additional enterprise capabilities, etc.

7. Conclusion

The analysis of modern enterprises shows that they lack their own financial resources, do not have formed strategies to ensure financial security, which leads to a deterioration of the financial situation and instability of development. In the current economic environment, small and medium-sized businesses need to manage their financial security in a systematic way, as they concentrate on their business risks. However, the majority of business entities that are not representatives of large businesses do not pay due attention to ensuring the necessary scale of financial stability, jeopardizing not only the effectiveness of individual transactions, but the activity of the enterprise as a whole. The paper considers the essence of financial security of an enterprise as an object of management in terms of protection from external and internal threats, as well as analyzes existing methods for assessing its level. To date, the most practical method for assessing the scale of financial stability is the indicator method. But a large set of multidirectional changing indicators makes it difficult to interpret and formulate a brief and informative conclusion that affects the financial stability of the enterprise. As a result of solving the tasks set, the goal of the work, which consists in a conceptual generalization of theoretical ideas about the concept of financial security of an enterprise, improving methods for identifying its level and designing a financial stability system for a specific enterprise, has been achieved.

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