

FORMATION OF STRATEGIC ALTERNATIVES FOR ENSURING THE FINANCIAL SECURITY OF THE ENTERPRISE IN THE CHANGING ENVIRONMENT

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Abstract

The current conditions of financial and economic activity of enterprises are characterized by increased competition, as well as growing uncertainty and dynamic transformation in the external high environment. The article reveals the essence and content of the concept of “strategy for ensuring financial security of an enterprise”. The aim of the work is to generalize the theoretical and methodological approaches to the formation and implementation of a strategy for ensuring the financial security of enterprise. An algorithm for the formation and implementation of a strategy for ensuring the financial security of enterprise has been developed and its main stages have been identified. This algorithm is based on the model of functioning of the information-analytical platform for its provision. An algorithm for the formation and implementation of a strategy for ensuring the financial security of an enterprise is suggested, the main purpose of which is to substantiate strategic alternatives, taking into account the impact of the macro environment.

Keywords: *Alternatives, Financial Security, Enterprise, External Environment, Model, Assessment Indicators, Strategies for Ensuring the Financial Security of an Enterprise.*

JEL Codes: *G30, G32, G28, G39.*

Introduction

In today's volatile environment, it is important to maintain stability and create safe conditions for the operation of enterprises, which are largely determined by a strategic financial policy aimed at providing quality services and products at affordable prices for consumers, and especially at their financial security.

The financial security of an enterprise is characterized by a state that ensures its financial balance, stability, solvency in the short and long term, the need for financial resources for sustainable development, sufficient financial stability and independence from external counterparties, investment attractiveness and protection of the financial interests of the owners of the enterprise. Ensuring the financial security of the enterprise is not only the main factor in the

effective functioning of the enterprises themselves and their development strategy in the financial management system, but also a guarantee of the safe functioning of the regions and the state as a whole (Piletska S. T., 2021).

The purpose of the study is to consider aspects of developing a strategy for ensuring the financial security of enterprises in changing conditions.

To achieve this goal, the following research methods were used: graphical - to visualize the process of developing a strategy for ensuring the economic security of enterprises in the energy sector, to determine strategies depending on the zones of economic security; analysis - to determine the place of the strategy for ensuring economic security in the overall

hierarchy of enterprise strategies; theoretical generalization - to substantiate the list of strategies for ensuring economic security.

Literature review

A significant number of scientific publications by both domestic and foreign authors are devoted to the issues of ensuring the financial security of enterprises. In particular, the essence of the concept of financial security, its features for enterprises, and its main components are widely considered (Apefieva O. V., Kuzenko T. B., 2009); (Fadieieva, H. M., 2012). A significant number of works are concentrated in the field of research of dangers and threats (Melnyk, S., 2020); (Matviichuk, L. O., 2009); (Kartuzov Ye. P., 2012). Other scholars consider the financial security of an enterprise as a systemic formation or characterize the mechanism of its provision. In particular, this issue is addressed in Piletska S. T., 2023; (Slobodyanyuk N.O., Shoker R.I., 2019). Quite often there are publications in which the attention of scientists is focused on certain applied aspects of ensuring the financial security of enterprises (Sudakova, O. I., 2008); (Krutova A., Stavarskaya T., Shevchuk I., 2015).

Despite the numerous works of scholars, this topic remains relevant and requires further methodological solutions to improve the efficiency of forming a strategy for ensuring the financial security of an enterprise under conditions of uncertainty.

In modern conditions, the theoretical and methodological support for the formation of a strategy for ensuring the financial security of an enterprise remains insufficiently substantiated.

The analysis of the basic strategies leads to the conclusion that there are terminological differences in the definition of strategy and different approaches to the features of strategy

classification. All the variety of definitions of strategies can be summarized into three groups: 1) strategy as a means of achieving the enterprise's goals, a plan or model of its actions; 2) strategy as a set of decision-making rules; 3) strategy as a program of the enterprise's functioning in the external environment, i.e. a program of interaction with competitors, satisfaction of customers' needs, realization of the owners' interests, strengthening of the enterprise's competitive position.

The strategy for ensuring the financial security of an enterprise involves determining the goals and objectives, directions of their solution, as well as forms and methods of using appropriate forces and means, the possibility of their regrouping, creating the necessary reserves to neutralize and localize possible threats (Muntiyan V. I., 1999).

Methodology

The strategy of financial security is a set of decisions taken by the enterprise, significant for it, ensuring the functioning and achievement of a sustainable competitive position in the market. In the process of formation of financial security strategy, a set of groups of both external and internal factors is taken into account.

The process of formation of the strategy of ensuring financial security should take into account the substantive characteristic, which is generally defined by such provisions: detailed and detailed characterization of factors and conditions in which the enterprise functions; a set of external threats and risks by elements of the financial security system; formation of goals and objectives of the strategy, as well as its systemic vision and significance.

The algorithm of formation and implementation of the strategy of financial security of the enterprise is presented in Figure 1.

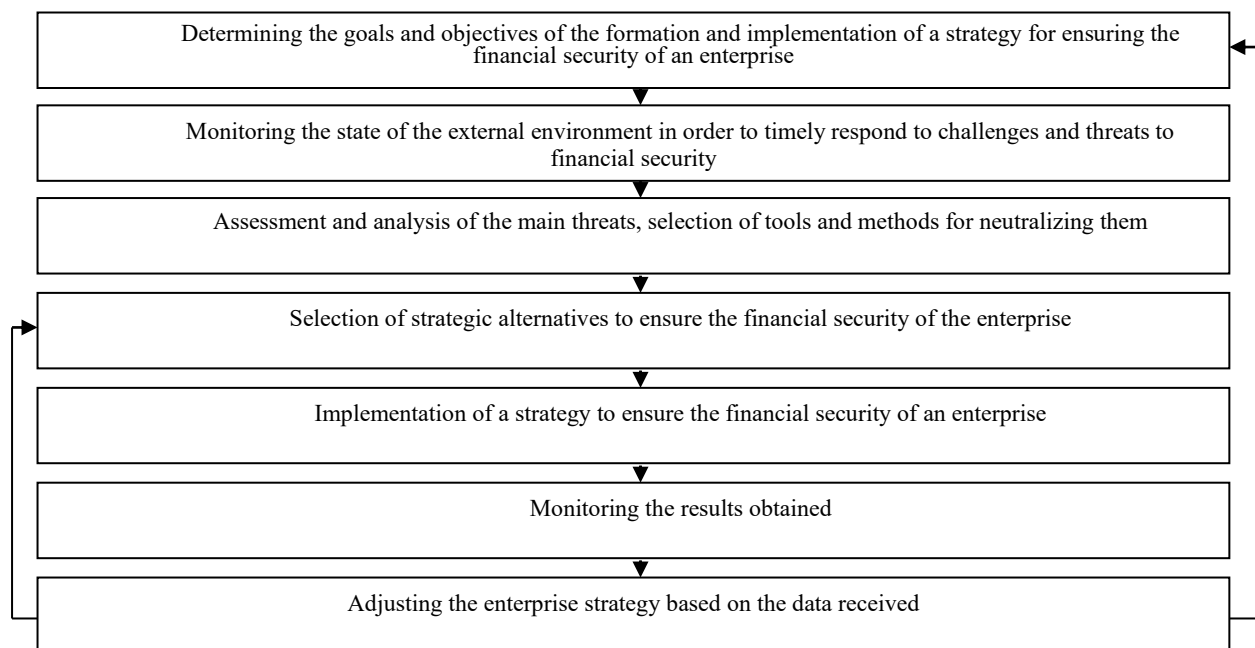


Figure 1. Algorithm of formation and realization of the strategy of ensuring financial security of the enterprise

**Source: developed by the authors.*

The main purpose of formation and implementation of the strategy of ensuring financial security of the enterprise is the justification of strategic alternatives taking into account the influence of the macro environment. In accordance with the main objective, the tasks of strategy formation and selection should include: justification of methods of strategy formation, justification of methods for analyzing strategic alternatives, determination of criteria for selecting strategies from the developed alternatives.

In the process of formation of the information and analytical platform for monitoring the state of the external environment

for the purpose of timely response to the challenges and threats to financial security, not only the information required for making managerial decisions, but also the effective organization of its movement is of fundamental importance. Based on the system of information flows, aggregated databases and information products are formed, on the basis of which strategic plans are developed, risk factors are identified, managerial decisions are made and their implementation is monitored. Thus, the model of information-analytical platform of strategic financial security of the enterprise is presented in Figure 2.

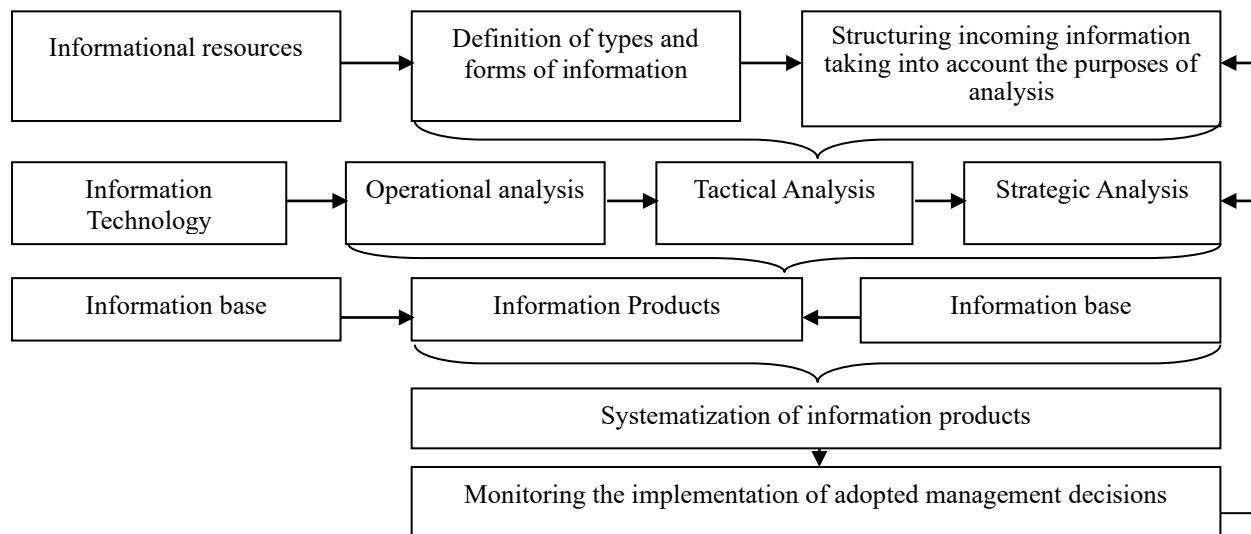


Figure 2. Model of functioning of the information-analytical platform for ensuring financial security of the enterprise

**Source: developed by the authors.*

The suggested model allows us to identify the logical structure of functional blocks of the information and analytical platform. This is an information block in which information resources are transformed into information ready for analytical procedures. The result of the analytical block is the formation of an information database and the development of information products necessary for making managerial decisions and monitoring their implementation.

Monitoring of the external environment is based on strategic analysis, which makes it possible to analyze it in order to develop strategies. In conditions of high uncertainty of the external environment, operational analysis is necessary, which monitors the changes occurring inside and outside the enterprise. Thus, the changes occurring in the external environment of the enterprise, affect not only the formation of financial security strategy, but also its implementation and timely adjustment caused by newly created opportunities or emerging threats. In this regard, the mechanism of analyzing the

external environment of the enterprise should be formed due to the features of all types of economic analysis at all time stages of the enterprise functioning.

The analysis of the external environment is the central issue of scientific discussion in the sphere of strategic management today. Diagnosis of the environment in corporate strategy (Dyson, 2000); (Carton, & Hofer, 2006); (Chenhall, & Langfield-Smith, 2007); (Friedl, & Biloslavo, 2009); (Efendioglu, Karabulut, 2010); diagnostic tools and their applicability in specific contexts (Ittner, Larcker, 1998); (Aldehayyat, & Anchor, 2008) are common objects of such analysis. What is joint in these studies is the focus of the main attention on analyzing the macro-environment. The micro-environment is considered in them in the context of interaction with the macro-environment.

Based on the analysis of existing opinions regarding the formation of strategic alternatives and the choice of strategies at the enterprise, the corresponding algorithm presented in Figure 3 is suggested.

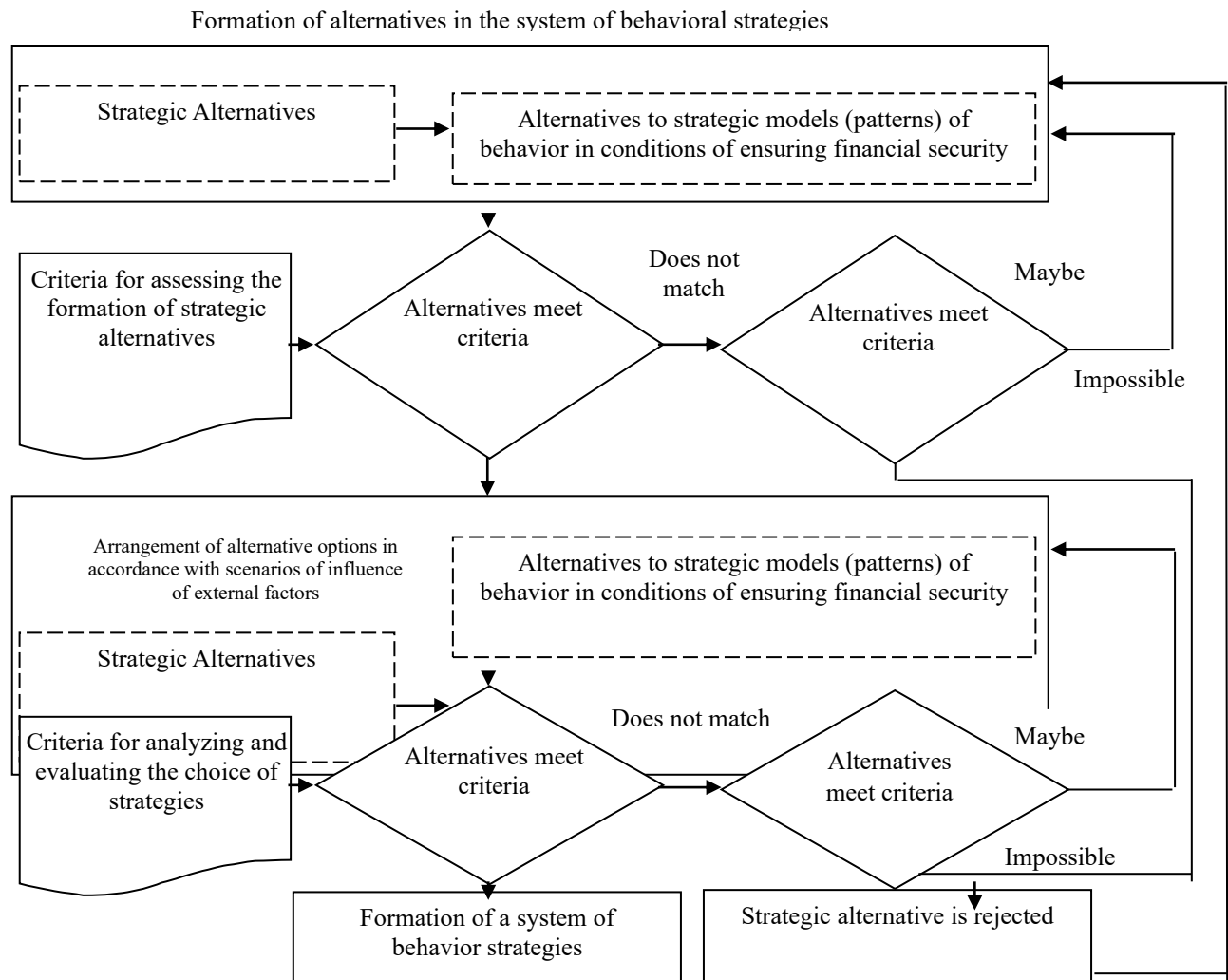


Figure 3. Algorithm of formation of strategic alternatives to ensure financial security of the enterprise

**Source: developed by the authors.*

As can be seen from Figure 3, the formulated alternatives in the system of strategies to ensure the financial security of the enterprise should be checked for compliance with the formation criteria and reject those that do not meet the strategic guidelines. At the same time, it is necessary to assess the possibility of adjusting the rejected strategic alternatives and, in case of complete non-compliance with the established criteria after finalization, finally reject them.

Corporate strategy is a multifaceted plan that covers all aspects of enterprise development and its long-term functioning. It includes many tools, methods and approaches, which makes its development a complex task.

Business strategy is a generalized model of the actions required to achieve objectives by coordinating and allocating the resources of an enterprise. It focuses on actions and approaches that are related to management aimed at ensuring successful operations in one specific area of business.

Functional strategy involves the development of a set of activities for individual functional areas of the enterprise, on which depends on ensuring the practical implementation of the main strategy.

Offensive corporate strategy is designed to meet high financial growth needs and support the corporate strategy of “accelerated growth”.

The conciliatory corporate strategy is

characterized by a conciliatory corporate strategy, the implementation of which is possible through the use of factors of the external financial environment. The strategy of financial security corresponds with the corporate strategy of “accelerated” or “limited growth”.

The defensive corporate strategy determines the possibility of applying moderate actions, assuming a balanced approach to the allocation of enterprise resources, in accordance with the financial security strategy of “limited growth”.

The offensive business strategy allows to make a choice between offensive behavior and business strategy, the implementation of which is possible by overcoming the negative factors of the external business environment at the expense of a high level of financial security of the enterprise. Compatibility with such basic business strategies as “accelerated” or “limited growth” is observed.

The coordinating business strategy is characterized by the possibility of choosing the financial security strategy depending on the influence of internal and external threats. It is possible to reduce production volumes, it is necessary to achieve a stable position in the formation and distribution of financial resources.

The defensive business strategy involves the selection of a defensive financial security strategy aimed at recovering from the crisis,

compatible with the “downsizing” strategy.

The offensive functional strategy is designed to meet the high growth needs of resources aimed at functionally supporting the financial security strategy.

The conciliatory functional strategy is characterized by a conciliatory functional strategy, the implementation of which is possible through the use of factors of the external environment of the enterprise functioning. The conciliatory functional strategy corresponds with the strategy of ensuring financial security

Defensive functional strategy determines the possibility of application of moderate actions, assuming a balanced approach to the solution of functional problems corresponding to the strategy of financial security of the enterprise.

Taking into account the peculiarities of each type of behavior and the goals corresponding to it, strategic alternatives can be formulated as follows (Table 1).

Depending on the chosen strategic goal, different basic strategies are chosen. Thus, the enterprise may have several goals at the same time, for example, increasing the market value of the enterprise or preventing bankruptcy. In this regard, the strategy of financial security of the enterprise will be developed, which has its own varieties.

Table 1. Strategic alternatives for ensuring financial security, taking into account the types of behavior of enterprises

Types of behavior	Types of strategies	Enabling Strategies	Strategic Alternatives
Offensive	Corporate strategy	Market share growth strategy; Strategy for strengthening connections; Strategy for the implementation of preventive anti-crisis measures;	– management of financial resources; – increasing competitive advantages
	Business strategy	Strategy for increasing production volumes; Intensive growth strategy; Business development strategy; Strategy for creating competitive advantages	– development of new types of innovative products; – transition to a new industry
	Functional strategy	Production process strategy; Investment strategy	– orientation of financial resources to the creation of new industries; – reduction of production costs
Conciliatory	Corporate strategy	Strategy for maintaining competitive advantages; Strategy for enhancing interaction with consumers; Range expansion strategy	– maintaining market share; – strengthening competitive positions
	Business	Differentiated growth strategy;	– cost reduction;

	strategy	Production reorientation strategy	– minimizing the influence of environmental factors
	Functional strategy	Defensive innovation strategy; Organizational change strategy	– development of innovative products; – improvement of staffing
Defensive	Corporate strategy	Price stabilization strategy; Strategy for minimizing the consequences of crisis phenomena; Strategy for diagnosing crisis phenomena	– minimizing prices; – reduction in growth, centralization of management
	Business strategy	Business reduction strategy; Strategy for generating funds; Strategy for protecting your market position	– increasing production performance indicators; – improvement of financial condition
	Functional strategy	Marketing strategy related to improving the product range; Production strategy related to logistics	– development of a marketing strategy; – reduction of production costs

*Source: developed by the authors.

The financial security strategy of the enterprise should ensure that the capabilities of the enterprise are in line with the market conditions in which it operates. Every enterprise in market conditions seeks to maximize profits, so the successful implementation of strategic objectives should lead to the planned increase in profits. The strategy of financial security of the enterprise must also take into account the macroeconomic state of the economy, which will allow the enterprise to reduce the impact of external threats.

Conclusions

The results obtained in the system of strategic management of financial security are one of the ways to improve this system, which will lead to an increase in the efficiency of long-

term management of the financial security of the enterprise, as well as to improve the management system of the enterprise as a whole. The carried out research allows us to conclude that the suggested methodological approach can be used to solve the problems of choosing strategic alternatives to ensure the financial security of an enterprise.

The formation of a financial strategy will allow controlling dangers and threats, as well as effectively realizing the company's own financial interests to achieve security, competitiveness and ensure stable development. It is advisable to formulate a financial strategy in accordance with the proposed stages, which gives a better understanding of the key points to be considered when setting financial goals.

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