
Importance Of Financial Stability In Business Activity

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Abstract: The article examines the activities of enterprises as the main link in the economy, describes the theoretical aspects of ensuring the financial stability of enterprises. The article presents the essence of financial stability, analysis of the factors influencing it, principles of organization, and also gives recommendations for ensuring the financial stability of enterprises.

Key words: enterprise, sustainability, financial sustainability, business activity, principle.

Introduction

In recent years, special attention has been paid to ensuring the financial stability of enterprises. The current pandemic has had a significant impact on the economic stability of many countries, especially the financial performance of enterprises. Exactly, business crises are occurring in several countries

In less developed countries, some manufacturing enterprises are inactive. Although businesses are attracting investment, they face serious challenges due to global economic instability. Insufficient experience of some countries in the context of a pandemic also threatens a crisis.

Enterprise sustainability is not only a hallmark of their viability in a competitive environment, but also a strategy for the development of enterprises. Of course, in the current situation, it is expedient for enterprises to develop their own strategies for 2020-2030.

2. Literature Review

To begin with, the term "stability" is not a new concept. There are many different indicators and factors that determine "stability". In revealing its essence, there is a need to analyze two objects. First of all, there is the concept of "stability" as a primary, and then the concept of "enterprise" and they should be discussed deeply otherwise, the analysis becomes abstract and loses accuracy.

On a methodological basis, it is difficult to view sustainability as a variable state. One knew the state of change of objects and events even when one's consciousness was now being formed. Throughout the history of philosophy, there has been no knowledge of spontaneous "action." Aristotle says that motion represents not only disruption, but also growth, decrease, qualitative change, and also the movement of the body from place to place. Stability is also manifested as a certain form of movement. In practice, sustainability also describes interrelated stable financial relationships.

According to V. Dahl, "stability" means "to endure, to resist, to stand firm, to stand firm against force, not to allow to be in crisis" [1].

The category “stability” is used to describe complex dynamic systems that are affected by a number of factors, including random factors. Since the enterprise is a complex dynamic system operating in a changing market economy, it should be considered in terms of a systemic approach.

In the minds of several economists, there are words about the concepts of "stability" as well as "stability", "equality". The issue of stability and resilience is also reflected in the foreign scientific literature. In the French edition it is interpreted as "always the same condition", in English sources as "equality of a certain object, return to its previous state as a result of a certain exchange", and in the German edition as "a state of immobility". These concepts, i.e., stability and resilience, no matter how close to each other, they differ in content. The concept of "stability" in many cases means movement, development.

GG Fetisov puts forward the idea that "... stability is the acceptance of various processes in activity, change with progress" [2]. O.I. Lavrushin, on the other hand, considers stability to be a dynamic state, a broader concept than stability; states that stability can be achieved on the basis of sustainability [3]. However, stability and resilience are not considered to be mutually competing concepts, but they emerge as descriptions of a single view.

Excessive simplification of financial stability is reflected in the book "Economics" by K. McConnell and S. Brue. It is in this work that the quantitative approach to financial stability factors is clearly expressed. In particular, it provides the following definition, although in fact financial stability is not sufficiently substantiated: "When it comes to the theory of economic growth, its main problem is formulated as following"; "How can we increase production capacity or gross national product under full employment?" [4].

3. Methodology

Enterprises, regardless of the type of activity, are part of a single economic organism, one of the most important integral systems of the economy. The financial condition of enterprises and the economy as a whole is two interconnected veins. How things work in each of them will depend not only on their development, but also on the development of the relations of the whole society.

It is known that the effective development of enterprises also affects investment activity and economic growth as a whole.

On the other hand, the efficiency of enterprises depends in many respects on the state of the economy.

Not to mention that the collapse of a giant enterprise will have a significant impact on the rest of the small businesses, not to mention a significant impact on the economies of the countries. The central banking system, which directly represents the economic relations of all business entities. It has a huge potential to determine the socio-economic situation, which is characterized by sustainable development of enterprises.

It should also be borne in mind that banks are liquidity centers. At the same time, banks are not only liquidity centers, but also financial service centers for enterprises to ensure their sustainable development. They do significant work on redistribution of capital, management of property and funds in the interests of enterprises. The decline in the activity of banks will lead to a reduction in loans to enterprises, limiting the ability of enterprises to produce material wealth. Therefore, the

stability, soundness and reliability of commercial banks will inevitably need to pay attention to the development, the development of enterprises that seek to increase the efficiency of their activities.

The analysis shows that stability is characterized by the following cases:

stability is a dynamic process, not a static state;

sustainability is a shift towards a positive direction, at least a little towards development;

sustainability is a complex description of development, covering its internal and external relations in all its aspects;

stability describes the process of extended reproduction.

The main principles of enterprise sustainability are:

structural principle. In this case, the compliance of the enterprise with all the requirements, their compliance with the essence;

principle of legality. In this principle, the legislation on enterprises is determined by the existence of an alternative legal provision of regulatory documents;

principle of balance. This principle means that the activities of enterprises are balanced and adaptable to socio-economic changes, the distribution between borrowers and creditors according to the terms and amount of financial resources is well established;

principle of informatization. This includes the openness and accessibility of enterprise information, the level of data transparency, etc.

Financial stability of business entities is characterized by:

financial independence from external debt sources;

ability of business entities to freely and effectively use financial resources;

stable availability of the amounts of own funds required for the maintenance of economic activity in business entities [5].

The methodological stability of the enterprise should be considered in conjunction with the following areas:

the country is integrated with economic stability. The method of ensuring the stability of the banking system in many developed countries shows that, first of all, we can talk about the stability of the banking system only in countries that have ensured the stability of the country's economy. This shows that the country's GDP is related to the dynamics of change, balance of payments, inflation rate, state budget, exchange rate, interest rates on loans and deposits;

Ensuring the sustainability of a separate enterprise depends on the growth and interaction of financial relations of enterprises. If the existing separate enterprises in the system are sustainable, the enterprise will have the character of sustainable development. Sustainability is a macroeconomic description of an enterprise and the individual enterprise derived from it.

In general, sustainability also depends on the methods an enterprise uses in a competitive environment. Internal stability is achieved through the existence of an organizational structure that provides management resources in terms of material resources and the interaction of different

functional units in order to ensure a stable and high profitability of different departments to achieve profitability. Internal stability allows for a rapid response to the appearance of subtle negative signs in the activities of the enterprise.

External stability is determined by the macroeconomic regulation of the enterprise and, to some extent, the long-standing response to changes in the stability of the external environment [6].

In assessing the sustainability of the enterprise, it is advisable to consider it at the macro and micro levels.

At the macro level, stability implies the efficient operation of a separate enterprise or other elements of an integral system.

According to the macro and microeconomic situation, sustainability is not the same. Depending on the macroeconomic situation, the system will continue to evolve. Most enterprises can go from a state of development to a state of bankruptcy, but this does not worsen the stability of the economy, the growth trend is maintained.

4. Conclusion

In conclusion, the issue of enterprise sustainability is not a concept that has emerged today due to the impact of negative crisis factors. Perhaps the criterion for evaluation is a concept that has changed and improved over the centuries. In addition, the fact that a single indicator for assessing the sustainability of the enterprise has not yet been developed, and all countries are evaluating the performance of enterprises through independent indicators of enterprises shows that a lot of urgent work needs to be done in this regard.

Financial stability is the financial stability of an enterprise, which provides a sufficient share of its own funds in the structure of funding sources. Adequate contribution of own funds means that the sources of funding used will be used to ensure full and timely repayment. In terms of short-term liabilities, they should not exceed current assets. In this case, current assets - not all current assets can be included, they are funds that can be quickly converted into money without losses.

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