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PROCEDURE FOR DEVELOPMENT OF ENTERPRISE FINANCIAL STRATEGY

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ABSTRACT

In the current economic situation in Uzbekistan, a large number of enterprises need the most effective financial activities based on the scientific methodology of planning their main directions and forms, as well as the development of financial activities. At the same time, the most important tool for the implementation of long-term management of the financial activities of the organization is the formation of a more effective financial strategy.

KEYWORDS: *Financial Strategy, Goals And Objectives, Elements, Sequence, Component Strategies.*

INTRODUCTION

The financial strategy of the enterprise is a general action plan to provide it with the necessary amount of funds. This type of enterprise strategy includes issues that are an integral part of the formation of finance, their planning and implementation of measures to address the problems that ensure a high level of financial stability of the enterprise in modern conditions.

Theoretical aspects of the formation of financial strategy describe the objective laws of doing business, the survival of the enterprise in a constantly changing environment, develop the basic forms and methods of preparation and implementation of strategic financial transactions.

It should be noted that today it is an important resource factor in business, such as investment and innovation policy, which can be identified in terms of existing opportunities of enterprises in modern conditions and the introduction of goods (services) to a highly competitive market.

Covering the entire total activities of the enterprise, the financial strategy of the enterprise forms measures for the optimization of fixed and working capital, more efficient management of capital, optimization of taxation, development of more efficient directions of profit distribution and use. These areas of the company's financial activities are the objects of its financial strategy.

The objects of development and implementation of the financial strategy of the enterprise are the total revenues and receipts of funds, expenditures and payments of funds, relations with tax authorities, budgetary and extra-budgetary funds, relations in the field of lending (Figure 1).

Taking into account the financial capacity of the enterprise, an objective assessment of the external and internal factors of the enterprise, the financial strategy allows to ensure the effective adaptation of the economic and financial capabilities of the enterprise to current conditions. If these factors are not taken into account in the formation of the financial strategy, the enterprise may go bankrupt.

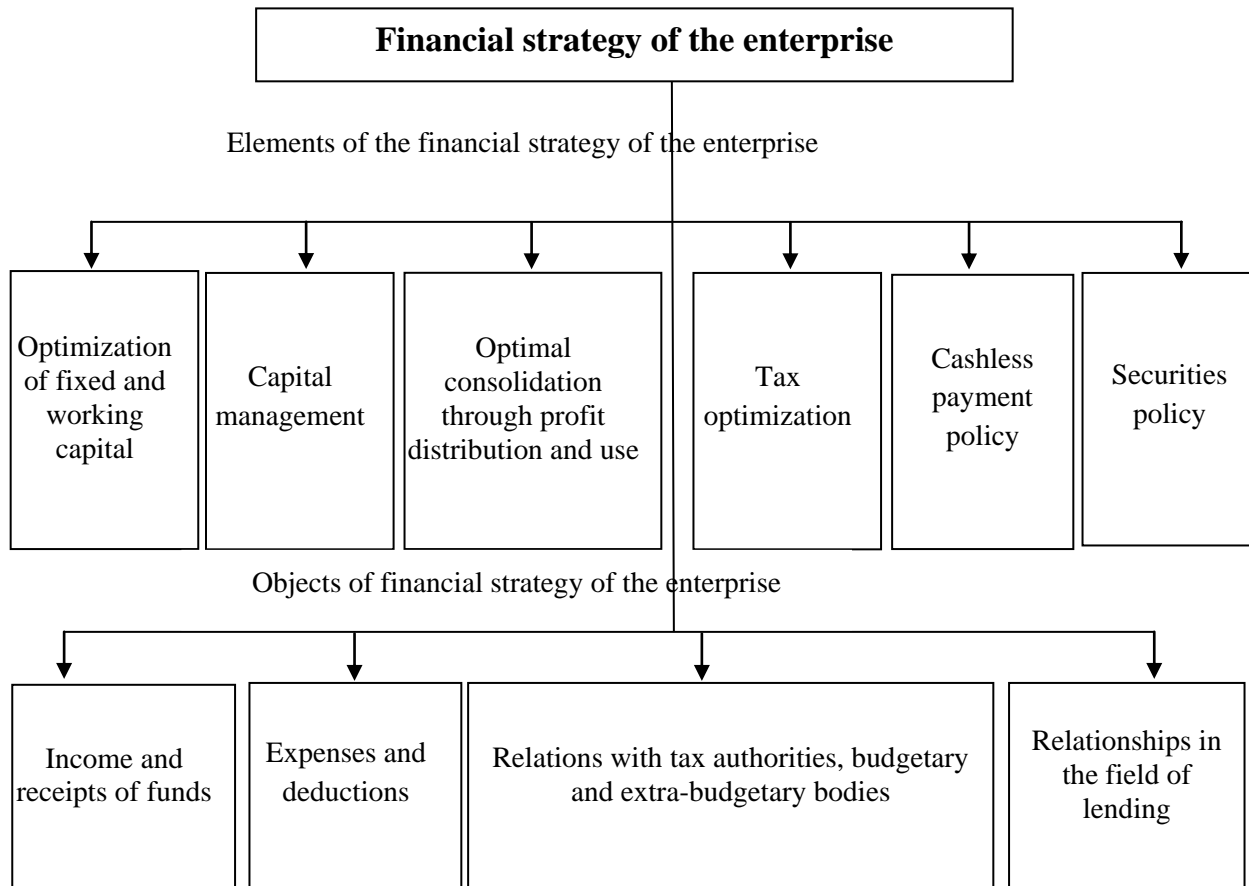


Figure-1. Elements and objects of the financial strategy of the enterprise

Source: developed by authors

Enterprises can formulate the following types of financial strategies: a strategy for achieving general, operational and individual strategic goals (a strategy for achieving specific goals).

The overall financial strategy determines the direction of the enterprise over a much longer but predictable period of time, such as a year. This strategy includes relationships with budgets at all levels, the creation and use of enterprise revenues, determines the level of need for financial resources and finds the necessary sources for their formation.

The operational financial strategy of the enterprise defines the overall overall financial strategy in a short period of time and implements a separate part of the main objectives set out in the

overall strategy. This type of financial strategy can be developed for a month or a quarter, while it creates a strategy for the current maneuvering of financial resources. The operational financial strategy is aimed at controlling the expenditure of funds and the development of possible internal reserves, which is an even more urgent goal in the context of the stagnation of the modern economy.

Operational financial strategy includes total income and cash receipts (accounts with customers for products sold, proceeds from lending to the organization, income from securities transactions) and total expenses (payments to suppliers, payment of wages, liabilities to credit institutions) regulates. This allows for all planned turnovers to receive and spend funds. The operational financial strategy is created within the framework of the overall financial strategy, however, it describes it in detail over a period of time.

Although the strategy for achieving individual strategic goals (strategy for achieving specific goals) is limited to solving a specific or a single strategic task or goal, there are no restrictions on the amount of time that planning can cover. This type of strategy is the effective implementation of financial transactions aimed at ensuring the implementation of measures to achieve the main strategic goal. Thus, in a certain way, the strategy of achieving personal goals is “put on top” of the overall or operational financial strategy and does not conflict with the goals set in them.

The main purpose of the formation of the financial strategy of the enterprise is to provide it with sufficient and necessary financial resources. Thus, the company's financial strategy provides:

- formation of the necessary level of financial resources and their strategic management;
- identification of important areas of the enterprise and focus on their implementation, the use of reserves at the level of financial management of the enterprise;
- gradual achievement of certain tasks;
- the adequacy of the financial activities of the enterprise to its economic situation and capabilities;
- implementation of objective accounting of the financial and economic condition of the enterprise for the current month, quarter, year;
- formation of necessary strategic reserves;
- taking into account the economic and financial capabilities of the enterprise and its main competitors;
- to find the main threat from competitors, to mobilize the necessary efforts to eliminate it and to choose directions more wisely for financial measures;
- the struggle for initiative to gain a significant advantage over competitors.

In accordance with the existing market requirements and the capabilities of this organization, the main strategic goal is to develop and implement the financial strategy of the enterprise, where the main tasks and main activities of financial management are formed through the executors.

The objectives of the financial strategy of the enterprise are:

- study the basic laws and essence of financial management in the enterprise;

- development of various options for the formation of financial resources of the organization in the context of crisis or unstable financial situation and the basic conditions for the preparation of financial management activities;
- forming financial relationships with major buyers and suppliers, credit institutions, tax authorities or budgets;
- identification of reserves and formation of enterprise resources for more rational use of available capacities, fixed and working capital;
- providing the organization with the necessary financial resources;
- implementation of measures for effective investment of temporarily vacant funds of the enterprise to obtain the maximum possible level of profit;
- finding ways to implement an effective financial strategy for the use of financial resources, the development of new types of goods and comprehensive training of employees of the organization;
- formation and implementation of measures to ensure the necessary level of financial stability, the formation of financial strategic vision of potential competitors, their financial, production and economic potential;
- to identify ways out of the current crisis situation, to use the methods of managing the employees of the enterprise in low financial condition and to mobilize the capabilities of the whole team to overcome it.

In developing a financial strategy, the most important attention should be paid to the completeness of the definition of cash income, the mobilization of internal resources of the enterprise, minimizing the cost of production, efficient distribution and use of net profit, determining the required level. The financial strategy has been developed taking into account the risk of non-payment, rising inflation and other force majeure. This strategy must be fully consistent with the production objectives, as it needs to be corrected and modified. Monitoring the implementation of the financial strategy examines the required amount of revenue, their rational and economical use. Proper financial control allows you to identify internal reserves, increase the level of profitability of the enterprise, increase cash flow.

The most important component of the financial strategy is the formation of internal standards, which are used, for example, the main methods of distribution of profits of the enterprise, the limits of liquidity ratios, the marginal value of the ratios. The value of equity and debt capital, the level of accounts payable and receivable, which is used in practice in Russian and foreign enterprises.

The effectiveness of the financial strategy of the organization is manifested by balancing the theory and practice of applying the financial strategy, fully coordinating the financial strategic goals with the availability of real economic and financial capabilities of the enterprise in a clearly centralized manner. Financial strategic management relies on changes in the financial and economic situation in market enterprises operating simultaneously with the flexibility of its application.

The financial strategy is the planning of the most important indicators of the financial condition of the enterprise - the level of liquidity, creditworthiness, the probability of bankruptcy, as well as the ratio of financial results. In order to achieve maximum efficiency in formulating a financial strategy, it is necessary to follow a certain sequence of actions. The sequence of formulating the financial strategy is shown in Figure 2.

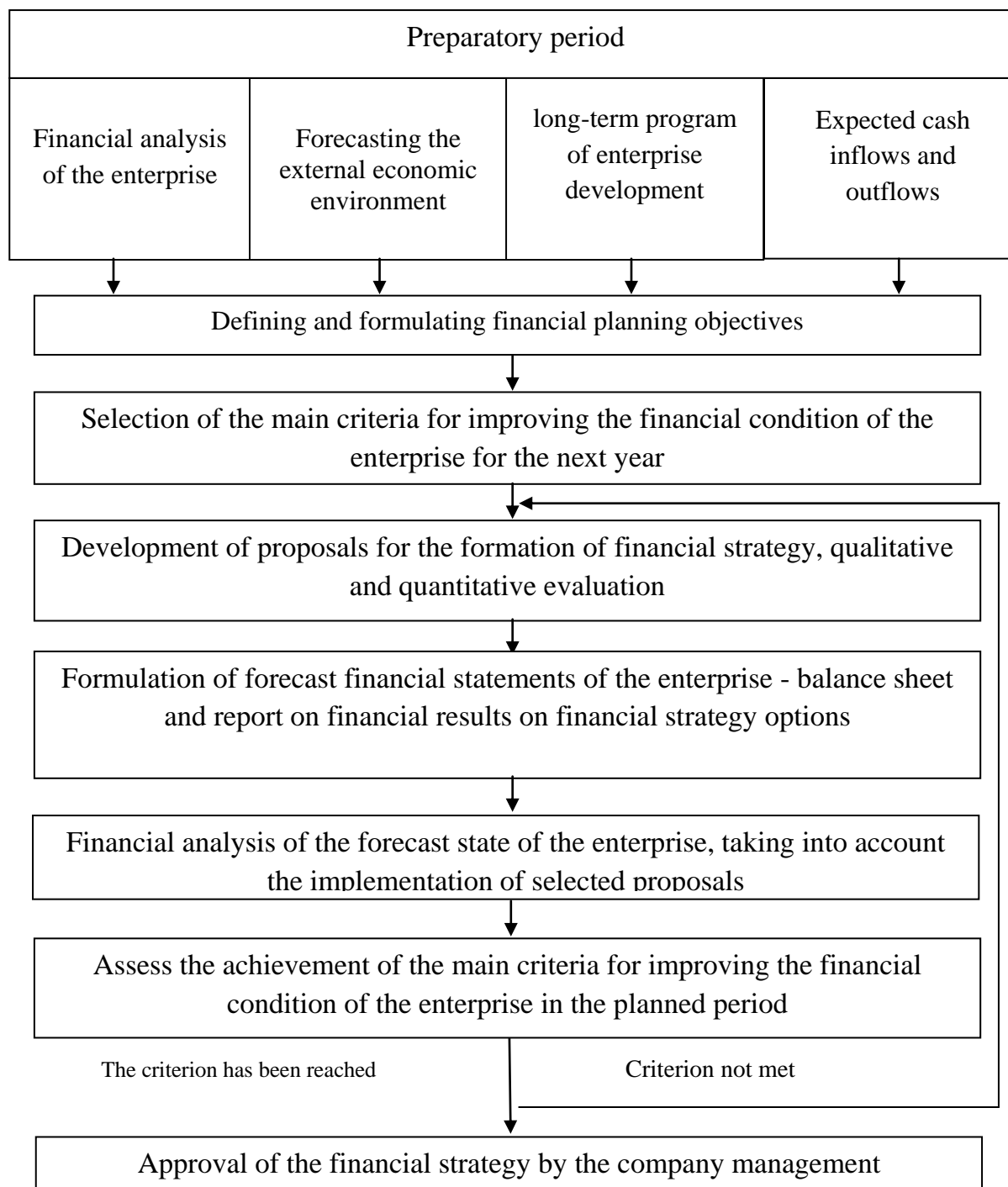


Figure 2. Sequence of formation of the financial strategy of the enterprise

Source: developed by authors

As shown in Figure 2, the process of developing an organization's financial strategy begins with the preparatory phase, in which the organization's financial analysis, forecasting and formation of the external economic environment is a long-term program of business development, taking into account the expected revenues and expenditures of financial resources. According to the results of financial analysis of activities during the reporting period, the necessary level of financial resources, financial planning goal is created based on the assessment of the existing financial situation in the enterprise, taking into account possible changes in the external environment.

Proposals for the formation of the financial strategy of the organization are developed on the basis of conclusions drawn from the results of financial analysis. Proposals can be formed by objects and in several versions can form the overall financial strategy of the enterprise, which is characterized by a mandatory quantitative assessment of proposals and an assessment of the financial results of the degree of impact of proposals on the balance sheet and report. For each option of creating a financial strategy, a forecast balance sheet and a report on financial results are prepared, taking into account the quantitative and qualitative evaluation of the proposals included in the financial strategy.

Depending on the availability of external conditions, the implementation of a particular option of forming an overall financial strategy, an operational financial strategy is formed on a quarterly basis, taking into account the financial performance achieved in the previous period. If an enterprise needs to address a specific overdue financial problem, a strategy to achieve personal goals for a month, quarter, year is formed.

Then, the main criteria for improving the financial condition of the enterprise for the planned period are formed, several options of proposals for the formation of the financial strategy of the enterprise are created, their quantitative and qualitative evaluation in the future. proposals will be implemented, resulting in the selection of key proposals that meet the key criteria for improving the financial condition of these organizations.

Thus, in the formation of financial strategy, special attention should be paid to the justification of the volume of financial resources, the composition of their formation and the direction of expenditure, which defines the tasks and objectives associated with forecasting changes in financial resources. The financial strategy allows to predict the growth of production volume in order to achieve high economic efficiency. The creation of a rational financial strategy should be based on the assessment of real needs, the ability to raise capital, as well as the attraction of debt sources.

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