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The financial planning and its tasks in modern models of enterprise management

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***Abstract* — The article deals with issues of financial planning and its tasks in modern models of enterprise management. The financial planning acquires relevance in modern conditions and is implemented by determining the most important indicators, proportions and rates of expanded reproduction. It is also the main form of enterprise's goal realization. This research shows various approaches of regional and foreign authors to the interpretation of financial planning concept. The object of financial planning is the financial activities, aimed to implement the functions of the enterprise's finances. The subject is the financial resources that are planned for economic activity and financial relations arising in the process of financial planning. They are regulated on the basis of methodological and organizational support. The authors proved that in order to define the term "financial planning" and the procedure for calculating financial plan indicators, it is advisable to take into account the mechanism of minimizing risks and balancing the level of profitability with them. The authors explored various models of strategic management in the financial planning system and proposed to consider the stage of concretization and coordination of financial policy for the planning period, since it determines the methods for calculating planned indicators and financial planning procedures in accordance with the conceptual approach. In order to choose a management model, one should take into account the industry affiliation, production and socio-economic potential of an enterprise and the stage of its life cycle. The article also clarified the list of the main tasks and new directions of financial planning in the context of dynamically changing market conditions.**

Keywords: financial planning, financial plan, strategic management, financial forecast, financial resources

I. INTRODUCTION

The relevance of financial planning became important due to the process of new and gradual changes in the former economic and social relations, which affects the creation of the financial system and the corresponding methods of financial management. The financial planning is the important component in financial system mechanism and one of the functions of enterprise management. It acquires relevance in modern conditions and is implemented by determining the most important indicators, proportions and rates of expanded reproduction. Moreover, it is considered as the main form of enterprise's goal realization.

The problem of understanding the financial planning lies in the works of such scientists as P. Doyle, N.M. Garashchenko, G.Shrayeg [1-3] and others.

The most important contribution to the study of financial planning in the enterprise was made by S.V. Klimchuk, O.A. Filippova, O.A. Shotguns, A.L. Dobrovolsky, OM Zhitkova, O.N. Alekseeva [4-8].

At the same time, the modern business conditions require further research to improve the efficiency of financial planning in enterprises.

The methodology and organization of financial planning has been changed during the historical periods of planning formation depending on the level of development of economic relations. Science and practice contain various concepts of financial planning. They are based on the methods of accounting, including the influence of external and internal factors. The inability to fully describe the current economic conditions has affected the increase in the number of judgments about financial planning, interpretations of its types and systems.

II. Materials and Methods (Model)

The research is based on the scientific methods, including dialectical method of knowledge and the objective laws of economic development.

The scholars underline such main general scientific methods as induction and deduction, the logical approach to the study of economic categories and practical aspects of financial planning in the enterprise.

The financial planning's methodology creates a complex set of scientific ideas about its subject and method, the logical structure and interconnection of problems to be solved. It is also enriched and improved with the development of society.

III. Results and Discussion

The definition of financial planning was also improved throughout the entire period of its formation in accordance with the change in conceptual approaches. The study of modern approaches to the definition of "financial planning" showed that the authors reveal its essence in the context of strategic management or types of short-term internal planning, as well as models that describe the individual components of the financial management system. The most foreign authors consider the term "financial planning" as planning the financial resources of investment and financial activities. The objects of planning are determined by the formation of financial investments, the attraction of borrowed capital, the issue of own securities, the attraction of non-current tangible assets under the financial leasing.

The term "financial planning" may be interpreted as:

• the process of developing a system of financial plans (organizational aspect);

• the formation of planned indicators to provide the company with the necessary financial resources and improve the efficiency of its activities in the future period (methodological aspect - the definition of target indicators);

• a set of methods and means of determining the sources of obtaining financial resources and the directions of their use to ensure economic activities (methodological aspect - the definition of calculation methods).

The object of financial planning is financial activities aimed at the implementation of the functions of enterprise finance; the subject is financial resources that are planned for economic activity and financial relations arising in the process of financial planning and regulated on the basis of methodological and organizational support.

The effectiveness of financial resources' formation and their use affects the increase in profits and the achievement of certain goals. Getting the maximum possible profit with a minimum of risk is one of the tasks of financial management, in particular financial planning. The risk minimization can be achieved in the conditions of maintaining the financial balance of the functioning of business entities with respect to the development of the economy as a whole. The losses from external market changes, including non-use of market opportunities resulting from changes in the external environment, affect the decrease in profitability or the occurrence of losses from the enterprise's activities.

In order to define the term "financial planning" and the procedure for calculating financial plan indicators, one must take into account the mechanism of minimizing risks and balancing the level of profitability. The risk minimization mechanism, which provides for assessing the impact on the enterprise's profitability and balancing it with the amount of profit, should be introduced at all levels of the financial planning system, namely financial forecasting, strategic and tactical financial planning, as well as for assessing the quality of plans and testing (preliminary internal control) their validity, calculations of the standard plan.

The implementation of the current internal control over the financial plan fulfillment includes evaluation plan's analysis and the choice of risk and profitability level.

Thus, the introduction of a risk minimization mechanism in the financial planning system influences the reduction of losses from market changes. So the approach with the use of balancing the level of profitability with the level of financial risk of activities improves the performance of financial and economic activities in the planning period.

The purpose of financial planning should be provided by the current and future activities with financial resources to achieve the strategic and tactical goals of the enterprise, including their efficient formation and use.

Therefore, financial planning of enterprises is a type of on-farm planning and can be recognized as the process of developing a system of planned indicators, the achievement of which will ensure efficient formation and use of financial resources. It will create conditions for profitable activities and development with minimal risks. In order to introduce such a process in the financial planning system, it was proposed to consider the stage of concretization and coordination of financial policy for the planning period. In accordance with the conceptual approach, it defines the methods for calculating planned indicators and financial planning procedures. The procedures are closely related to the tasks of financial planning. Considering that financial planning is one of the functions of management, the interpretation of tasks is carried out in accordance with the basic models of strategic management.

The scientific literature identifies various models of strategic management. For example, G. Schreieg identifies the following models:

• classic model (based on strategic planning);

• model focused on individual control functions

• research model of strategic processes [1].

N.M. Garashchenko investigated the changes in the strategic management models of scientific trends (institutionalism, economic industrialization of the organization (industry), behaviorism, cognitivism), which changed in the process of becoming a theory of strategy [2].

The study of financial planning showed that the application of a certain model of strategic management in different historical periods depended on individual management functions that were recognized as prevailing. For example, in 1900-1930 the control function was recognized as prevailing, and the rest of the management functions as subsidiary (accounting management and controlling); in 1930-1950 - planning function (long-term with the use of the target management model); in 1950-1970 - planning function (strategic); in the 70s of the twentieth century. - functions of motivation and organization; in the 80s of the twentieth century. - planning (strategic) and control functions; in the 90s of the twentieth century. - functions of organization and control. So, almost all the functions of strategic management are combined in pairs.

P. Doyle noted that the evolution of strategy and management methods is determined from financial planning, forward-looking and strategic planning to strategic market management [3].

The scientific literature, shows the models of strategic management without the peculiarities of their application in the practical activities of enterprises, the state of the environment of their functioning and industry. Therefore, the most of the models under certain conditions do not give the expected result [4-5].

For example, some enterprises of a technological type, for the most part, cannot constantly react to changes in the sales market, and reducing their planned work only to planning operations in the short term will lead to significant losses. Such enterprises should build a development strategy and the gradual introduction of the latest developments that can give them a competitive advantage in the sales market, which requires the construction of a financial strategy and tactics. For such enterprises, it is advisable to introduce a model of strategic management with the prevalence of strategic financial planning.

The research models of strategic processes that are oriented to the decision-making process can be applied by “conjuncture-type” enterprises that do not use special equipment and can in a short time with minimal expenses reorient themselves to other types of products in order to satisfy rapidly changing market demands.

Therefore, with this model, most of the stages of the decision-making process are carried out through the introduction of business project planning, management cost accounting, management accounting of an enterprise and controlling [6].

With this model, financial planning is reduced to "management planning" and reengineering; business planning to budgeting; financial policy to fiscal accounting policies.

Therefore, the task of financial planning on this model is the operational planning of financial resources movement, including cash.

It should be noted that when choosing a management model, one should take into account the industry affiliation, production and socio-economic potential of an enterprise and the stage of its life cycle. If commercial enterprises, enterprises of the service sector and other industries with insignificant material and energy intensity, short operating cycle can apply the model of strategic management - the study of strategic processes, then for industrial enterprises, high-tech and other enterprises with high material and energy intensity this model can lead to bankruptcy. This is explained by the fact that such enterprises for their main activities require a significant concentration of non-current tangible assets associated with technology and capital investment [7].

The modern realities are characterized by uncertainty and rapid changes in the conditions of enterprises, requiring the study of the system management model with the introduction of all its functions, and not individual management functions. Such an approach will create conditions for determining macroeconomic trends and forecasting the changes associated with them. This will allow the company to find ways to identify and record not only known and possible accidents, but also those that can only occur in the future and can be associated with economic or environmental, resource safety activities. The use of one or another model of strategic management should be effective, namely, the expected results should be correlated with the possible costs of its use [8].

IV. Conclusion

The analysis of financial management task, including various strategic management models (classical strategic planning model, function management model, strategic process model) showed that the financial planning is endowed with relevant tasks for developing financial strategies, financial strategic and tactical plans (for the first model) and to ensure the operational planning of financial resources, including cash (for the two others).

The strategic management models should be selected taking into account the "adaptive" capabilities of the enterprise, namely, the speed of response to changes in the demand and supply of raw materials, technologies, finished products, the prevalence in the property structure of absolutely liquid assets of the enterprise and industry.

According to the classical strategic planning model, it is important to introduce a financial planning system, including forecasting, the analysis of external and internal state of the enterprise information, financial and business activities analysis, drawing up a financial strategy, strategic and tactical financial plans, quality assessment (compliance of the tactical plan’s indicators with strategic financial ratios - modeled standard plan), organization and internal control. The introduction of this model will require appropriate organization of communication and motivation, as well as the formation of information for making management decisions. With this model, the process of financial planning for the calculation of planned indicators requires reliable information on the current state of the economic environment and forecast trends.

Thus, the amended list of the main tasks of financial planning can be represented as follows:

• ensuring effective directions for the formation and use of financial resources for balanced activity and development;

• identification of reserves for increasing revenues and reducing costs;

• formation of economic relations with other business entities, owners or subjects of state property management;

• evaluation of the activities of managers of responsibility centers, specialists directly involved in the financial planning process as an element of employee motivation;

• assessment of the financial plans' quality;

• introduction of internal control over the preparation of financial plans (checking the conformity of the standard plan as a plan, the fulfillment of which achieves the established indicators, identifies goals and ensures balanced development of the enterprise) and their implementation.

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