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FORMATION OF FINANCIAL RESOURCES UNDER THE CONDITIONS OF DEVELOPMENT OF ECONOMIC ACTIVITY ENTITIES

Abstract. *The article presents a comprehensive study of theoretical approaches to the interpretation of financial resources and financing mechanisms for business entities. It is established that modern scientific thought is characterized by multi-vectored regarding the form of use of financial resources – stock and non-stock. Classification approaches to structuring sources of financing are analyzed, in particular within the framework of the «five-element system», which includes self-financing, direct financing through the capital market, bank lending, budget and mutual financing. Particular attention is paid to the specifics of the functioning of financial resources in modern conditions, where the leading role of liquidity as a destabilizing factor in the cash flow of enterprises is substantiated. It is proposed to assess the effectiveness of financing from the standpoint of financial relevance – the correspondence between resource needs and actually attracted financing. It is established that excessive concentration of financial resources without their active inclusion in circulation leads to the loss of solvency and competitive positions of the business entity. The results of the study can be used to improve the financial policy of agricultural enterprises, form liquidity management strategies, and select sources of financing in conditions of economic instability.*

Keywords: *resources, financing, business entity, liquidity, self-financing, sources of financing, enterprise development.*

Problem statement. Financial resources as an economic category are a basic component of ensuring the activities of business entities in modern conditions. However, the current state of the theoretical and methodological substantiation of the concept of «financial resources» is characterized by ambiguity regarding their structure, forms of functioning and areas of use. In particular, in the scientific literature, unity has not been achieved regarding the classification of financial resources into fund and non-fund forms, which complicates the formation of systemic approaches to their management.

Some studies focus on monetary funds as a target element of financial resources used to ensure production activities, while others treat financial resources exclusively as the result of the redistribution of revenue and profit within the processes of expanded reproduction. Such limitations of approaches do not allow for the formation of a comprehensive vision of the nature of financial resources and their functional load in the conditions of the modern economy.

In addition, the existing concepts of financing for the most part do not take into account the specifics of the sectoral structure of the economy. Changes in the global economic environment, the activation of transnational capital, increased competition in the markets of financial resources and the complication of access to budget financing require the formation of adaptive mechanisms to ensure the financial stability of enterprises. However, the mechanisms for selecting sources of financing, assessing their liquidity, riskiness and compliance with strategic goals remain insufficiently developed in the applied dimension. In this context, there is a need to clarify the definitional apparatus of financial concepts, deepen the theoretical understanding of the financing system and develop practical recommendations for increasing the efficiency of the use of financial resources, taking into account their structure, sources of formation and adaptability to internal and external operating conditions.

Analysis of recent research and publications. The classical school of political economy, in particular in the works of A. Smith and D. Ricardo, formed the idea of financing as a secondary function that serves the process of capital accumulation for investment. The further development of economic thought, reflected in the theories of the neoclassical direction (F. Modigliani, M. Miller, G. Markowitz), shifted the emphasis to the relationship between risk, profitability and cost of capital. In particular, the concepts of CAPM, the irrelevance theorem and the theory of arbitrage pricing laid the methodological foundation for the modern understanding of financing in the conditions of the capital market.

Within the framework of neo-institutionalism, financing is considered as a multi-stage process that requires the participation of financial intermediaries and taking into account the institutional context of the functioning of the market. This was reflected in the works of O. Williamson, D. North and others, who focused on information asymmetry, transaction costs and the role of the legal environment in ensuring the efficiency of financial decisions.

Among modern approaches, the vision of financing as a structured system consisting of five interrelated elements is relevant: self-financing, market financing, bank lending, budget support and mutual financing between economic entities. This approach allows combining instruments with different levels of capital cost, risk and flexibility.

However, despite significant theoretical achievements, a number of debatable issues remain regarding the forms of classification of financial resources (fund or non-fund), criteria for their effectiveness, relationship with asset liquidity and adaptability to the specifics of the agricultural sector. It is these aspects that determine the need for further research aimed at clarifying the definitional apparatus and developing effective models of financial support for enterprises in a dynamic economic environment.

The issues of the essence of financial resources and mechanisms for financing economic activity have long been in the field of view of scientists, which is due to constant transformations of the financial and economic environment. In the works of Ukrainian and foreign researchers, there is a significant variability of approaches to the interpretation of the category of "financial resources" [1–7]. Fundamental aspects of the formation of financial resources were considered in the works of V.M. Oparin, who focused on the relationship between the circulation of financial resources and the stability of the enterprise's functioning. He substantiates the feasibility of optimizing the structure of financing sources in order to ensure continuous cash flow and increase the efficiency of economic activity.

The purpose of the article is to provide a comprehensive theoretical justification of approaches to the interpretation of financial resources and financing mechanisms for economic entities in modern economic conditions, as well as to form methodological principles for assessing the effectiveness of financing from the perspective of financial relevance.

Presentation of the main material. Modern scientific approaches to the interpretation of financial resources are characterized by the lack of a single position on their form of use – stock or non-stock. The scientific literature emphasizes that monetary fund's constitute only a part of financial resources that have a specific purpose and serve to ensure economic activity and meet production needs [1-4]. Such funds, as a rule, include statutory, reserve, payroll fund, social fund, etc. In contrast, the non-stock form of financial resources involves their use by business entities mainly to fulfill financial obligations to external counterparties, such as the budget, banking institutions, insurance companies and other institutions. In this form, enterprises receive subsidies, grants, sponsorship and other types of targeted financing.

Some researchers suggest considering financial resources in an inextricable link with the processes of expanded reproduction. According to this approach, financial resources are the result of the redistribution of cash receipts in the form of revenue and profit, accumulated in target sources with subsequent transformation into material form or aimed at financing expenses within the framework of a continuous reproduction cycle. At the same time, such an interpretation has limitations, since it focuses exclusively on profitable sources, which does not allow to fully reveal the economic essence of financial resources [1, 2, 5, 8].

The actualization of the concept of «financing» requires its in-depth theoretical understanding, taking into account the transformations of the economic system and the evolution of economic thought. Representatives of the classical school of political economy interpreted financing as a derivative function of the formation of financial resources, assigning it a supporting role associated with providing enterprises with capital for the implementation of investment projects.

Neoclassical theories focused on the market environment of perfect competition. In this context, financing did not depend on the organizational and legal form of the enterprise, and the value of financial instruments was determined by their riskiness and profitability. The theoretical basis of neoclassicism is based on four conceptual models: the irrelevance theorem, the theory of investment portfolio choice, the capital asset pricing model, and the theory of arbitrage pricing.

From the standpoint of the institutional approach, in particular neoinstitutionalism, financing is considered as a process that requires the presence of financial intermediaries for effective management of cash flows, taking into account the institutional environment and structural features of the economy.

In modern discourse [6, 8, 9], the concept of a "five-element financing system" is gaining popularity, which structures the main channels of financial provision in a market economy, namely: self-financing, direct financing through capital market mechanisms, bank lending, budget financing, mutual financing between business entities.

Thus, the theoretical understanding of the categories of "financial resources" and "financing" requires a comprehensive approach that takes into account the evolutionary dynamics of economic science, the multifaceted nature of financing sources and their interaction with institutional factors. The use of such approaches is especially relevant in conditions of economic instability, when effective management of financial resources becomes a critical factor in ensuring the sustainable development of enterprises.

The five-element financing system is presented in Fig. 1

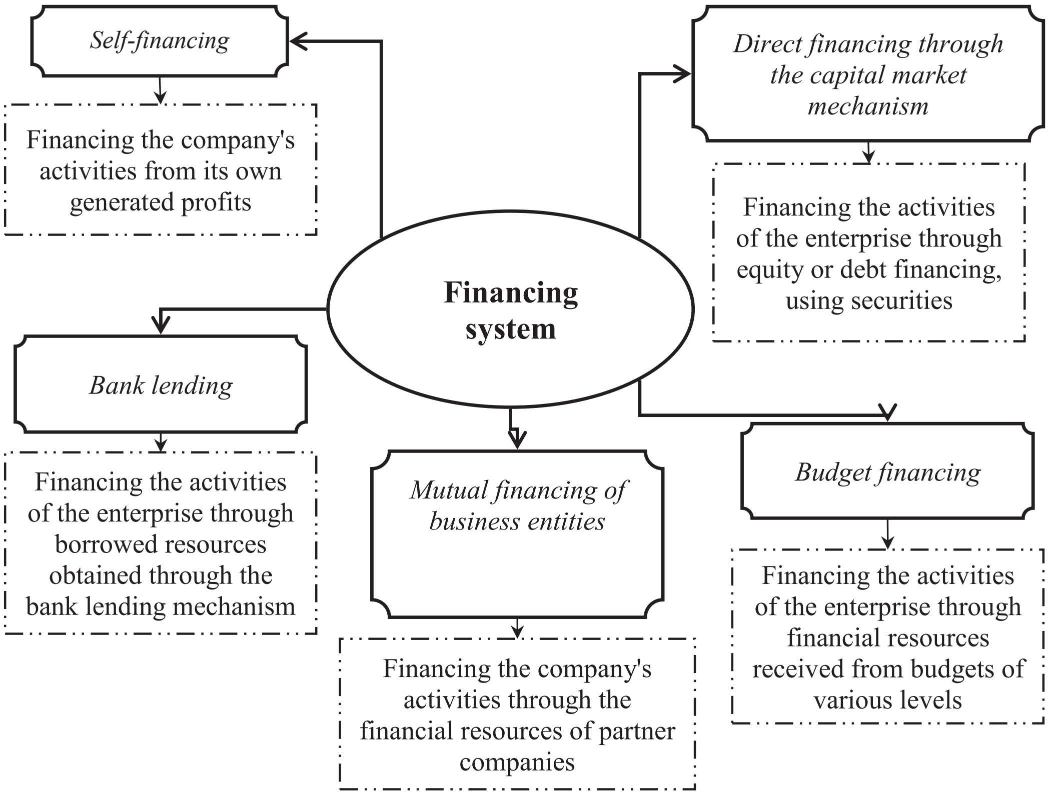

Figure 1 – Five-element financing system [4–7]

A key component of the modern system of financing business entities is self-financing, which involves ensuring entrepreneurial activity at the expense of its own profit generated in the process of functioning. The owners of the enterprise, accordingly, make a choice between three alternative profit distribution strategies:

1. Full withdrawal of profit for the purpose of its consumption or reinvestment in other projects.
2. Full reinvestment of profit in the internal activities of the enterprise.
3. A combined approach, which involves partial consumption in the form of dividends and reinvestment of the balance.

The use of direct financing through capital market instruments allows us to identify two basic mechanisms for mobilizing financial resources: equity and debt. In the case of equity financing, the enterprise attracts capital by issuing shares, increasing the number of owners or receiving additional contributions from existing shareholders. Instead, debt financing is implemented through the placement of term debt securities (bonds), which record the company's obligations to return capital and pay interest income on the basis specified in the emission parameters.

In the context of economic globalization and the expansion of foreign economic relations, the importance of bank lending is increasing, which is implemented both through domestic banking institutions and through foreign financial institutions, in particular in the case of the creation of joint ventures with the involvement of foreign capital.

Budget financing occupies a separate place in the system of financial support for enterprises, since it involves attracting relatively cheap resources from state or local budgets through relevant programs and funds. Its attractiveness is explained by the potential irrevocability of the funds provided, minimal control over the efficiency of their use and availability under certain conditions. At the same time, political instability, chronic budget deficits and changes in the priorities of state financial policy limit enterprises' access to budget appropriations.

In general, financing of entrepreneurial activity serves as a tool for ensuring the sustainable functioning and development of a business entity. The main tasks of effective financing include:

- achieving an optimal level of profitability;
- maintaining a financial balance between income and expenses;
- flexible response to external and internal challenges through operational reinvestment;
- balancing the capital structure taking into account profitability and the level of attracted financing;
- formation of reserve funds to prevent crisis situations;
- ensuring continuity and fullness of cash turnover;
- minimizing the cost of production through optimizing the structure of financing sources;
- timely fulfillment of obligations to counterparties;
- maintaining a stable cash flow in accordance with the strategic goal of the enterprise.
- In conditions of economic instability, failure to comply with the principles of rational financing – in particular, its timeliness, completeness and feasibility – leads to a decrease in the economic efficiency of the enterprise.

This, in turn, leads to an increase in the cost of production, loss of competitiveness and weakening of the market position of the economic entity. It is worth emphasizing that the proposed list is not complete, and therefore we consider it necessary to finance the activities of enterprises based on the specified principles (Fig. 2), the essence of which is to maintain the ratio of the volume of necessary (rational) financing to the volume of financing provided.

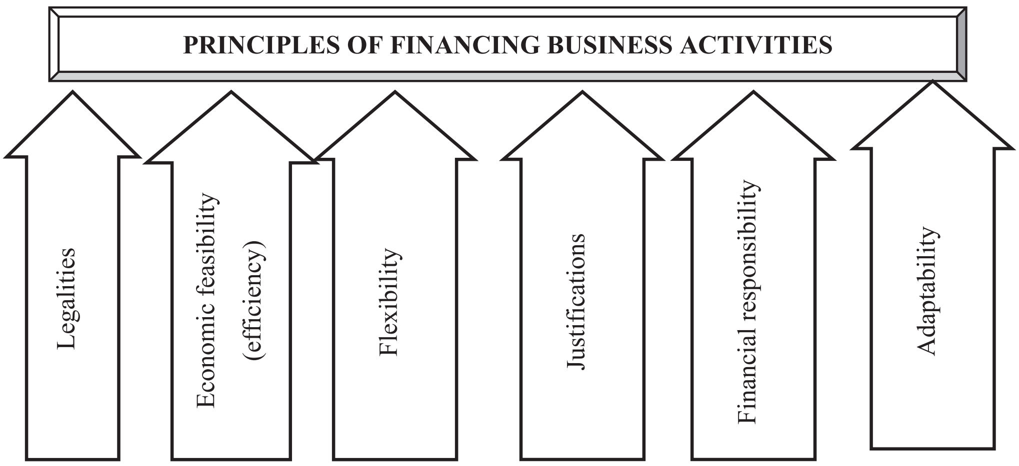

Figure 2 – Principles of financing the activities of enterprises based on [3, 8–10]

The formed principles and tasks of financing the activities of enterprises have created conditions for rethinking the five-element financing system, significantly expanding its boundaries in accordance with modern market conditions, and therefore the methods of financing the activities of enterprises are: self-financing, lending, budget financing, leasing and selling, venture financing, project financing, equity financing, financing through gratuitous and charitable contributions, mixed financing and others. The formation of the principles and tasks of financing enterprises in the context of economic transformation and increased volatility of the market environment creates an objective need to rethink the classical five-element financing system. The traditional model, which includes self-financing, bank lending, direct market financing, budget financing and mutual financing, in modern conditions is not flexible enough to ensure financial stability and investment activity of enterprises.

Taking into account changes in the institutional structure of the market, the emergence of new financial instruments and sources of capital, an expanded approach to the classification of financing methods is proposed, which includes: self-financing (through internally generated profit and depreciation deductions), bank lending (both short-term and long-term financing of activities), budget financing (concessional funds from state and local development funds), leasing and selling (financing with elements of property lease or resale), venture financing (raising funds for innovative and high-risk projects), project financing (targeted investment within the limited financial environment of the project), equity financing (raising equity capital through the issuance of shares), financing through gratuitous and charitable contributions (subsidies, grants, sponsorship), mixed financing (combinations of different sources depending on the specifics of needs), other innovative forms of financing (crowdfunding, financial leasing with extended liability, asset tokenization).

In order to theoretically systematize the process of forming financial resources of an enterprise, it is advisable to present it in the form of an analytical model:

$$FR=SF+K+BF+L+VF+PF+AF+GF+MF+OF, \quad (1)$$

where: FR – total amount of financial resources of the enterprise; SF – amount of self-financing; K – amount of bank loans; BF – budget financing; L – financial receipts through leasing and selling; VF – venture financing; PF – project financing; AF – equity financing; GF – grants, charitable and gratuitous contributions; MF – mixed financing; OF – other instruments of financing.

The proposed model allows to cover the full range of sources of capital mobilization, which is especially important for adapting enterprises to the challenges of a dynamic market environment. This approach creates an analytical basis for the formation of flexible financial management strategies and increasing the economic sustainability of business entities.

Methods of financing the activities of enterprises are shown in Fig. 3.

In the context of transformational changes in the economy and increasing requirements for effective resource management, the need for a comprehensive understanding of the methods of financing the activities of business entities is becoming more urgent. According to the results of scientific research, the main sources of financial support for enterprises are self-financing, budget financing and lending. These methods form the core of the modern financial system, providing basic support for the functioning of enterprises in market conditions.

In addition, in the structure of methods of financing the economy, such forms are distinguished as: state financing (including through subsidies, grants, development programs); investment (direct, portfolio, strategic); credit provision (bank and commercial loans); progressive (innovative) financing, in particular: venture, project, crowdfunding, tokenization of assets, etc.

The financial support of an enterprise can include both its own funds and resources attracted from various sources: the public sector, credit institutions, institutional and private investors. In general, the structure of the sources of financing of an enterprise can be presented in the form of the following formula:

$$FZ=SF+DF+CR+I+IF, \quad (2)$$

where: FZ – the total amount of financial support of the enterprise; SF – self-financing; DF – state financing (including budget allocations); CR – credit resources; I – investments; IF – innovative (progressive) forms of finance

The choice of a financing method is multifactorial and depends on a number of parameters, including: the strategic goal of financing, the size of the enterprise, the stage of its life cycle, the amount of annual cash turnover and the availability of relevant sources. In real practice, a combined model is most often used, which combines several instruments, taking into account their economic feasibility and level of risk. Self-financing remains a priority for the implementation of small and medium-sized projects for which it is difficult to predict the payback period or exact profitability. This method is a source of internal stability of the enterprise, since it does not create external debt obligations. Lending, on the contrary, is advisable to use when implementing short- and medium-term initiatives with a high level of expected profitability, which allows to ensure timely debt servicing.

Budget financing plays a special role, especially in conditions of inflationary pressure and price parity gap, which arises as a result of the increase in the cost of production. Under such conditions, budget support allows to equalize the financial burden on enterprises and compensate for losses associated with price instability.

Financing of the enterprise's activities is directly related to the formation and circulation of financial resources. The stability of cash flow and the adequacy of financial flows are key factors in ensuring the sustainability of the enterprise's functioning. In this context, rational management of the volume and structure of financial resources is advisable. Excessive concentration of funds without their active use in economic turnover is ineffective, as it reduces liquidity and solvency, and also limits the potential for maximizing the present value of financial flows.

Thus, the effectiveness of enterprise financing is determined not only by the amount of resources involved, but also by the quality of management decisions regarding their sources, structure, and participation in economic circulation.

Conclusions. The study found that effective management of financial resources of business entities requires a flexible approach to the choice of financing mechanisms and a deep understanding of their structure. Systematization of financing sources according to the “five-element system” allows for a comprehensive assessment of the financial stability of the enterprise. It is substantiated that liquidity plays a key role in ensuring solvency, but its excess in the absence of circulation can cause financial

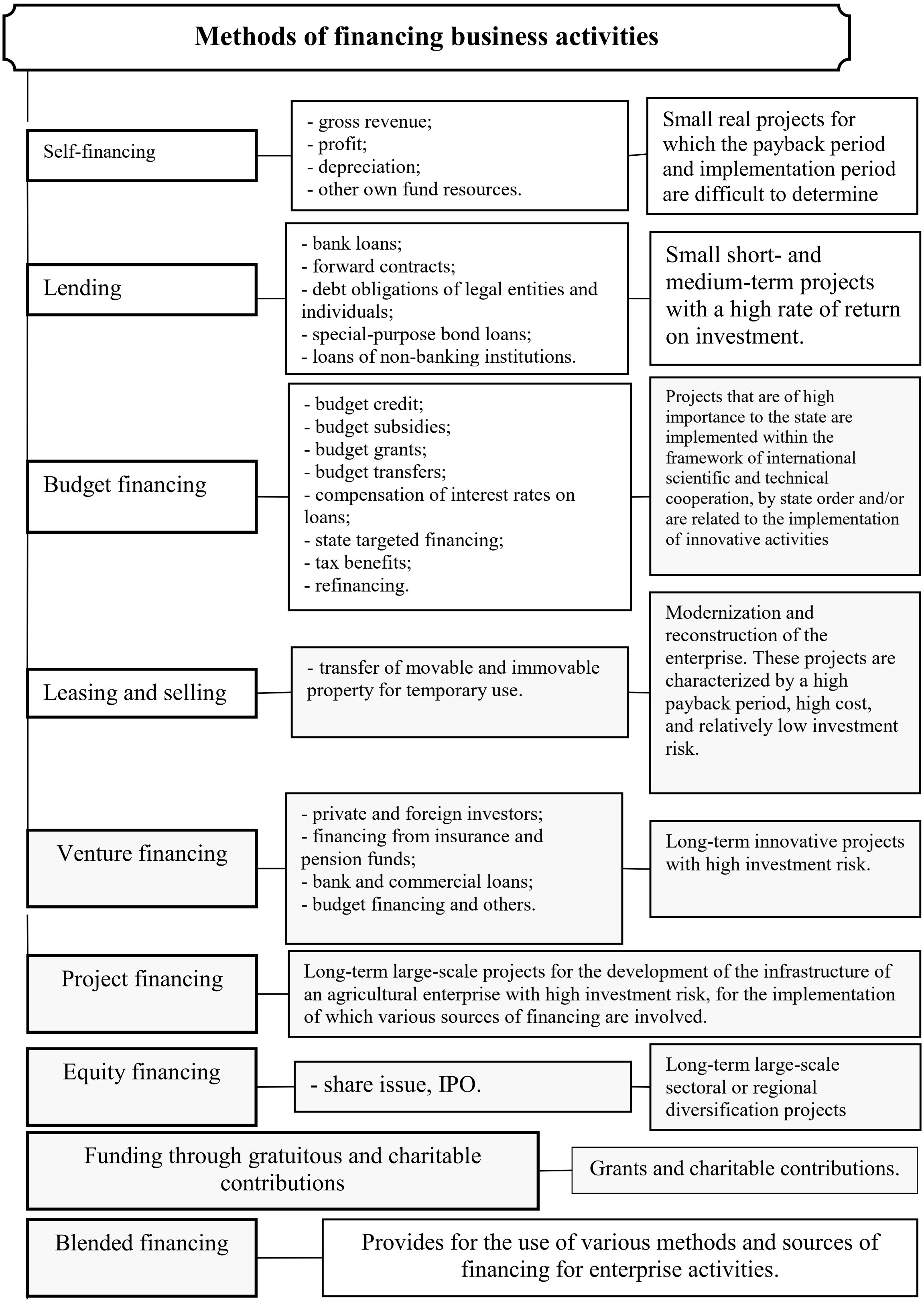

Figure 3 – Methods of financing the activities of enterprises [4–8]

destabilization. The proposed concept of financial relevance provides new approaches to assessing the effectiveness of financing and is a relevant tool for making management decisions in conditions of economic uncertainty. The results obtained can serve as a practical basis for optimizing the financial policy of enterprises and strengthening their competitiveness.

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ФОРМУВАННЯ ФІНАНСОВИХ РЕСУРСІВ В УМОВАХ РОЗВИТКУ ЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ ПІДПРИЄМСТВ

Анотація. *У статті представлено комплексне дослідження теоретичних підходів до тлумачення фінансових ресурсів та механізмів фінансування суб'єктів господарювання. Встановлено, що сучасна наукова думка характеризується багатовекторністю щодо форми використання фінансових ресурсів – запасової та незапасової. Аналізуються підходи до класифікації джерел фінансування, зокрема в рамках «п'ятиелементної системи», що включає самофінансування, пряме фінансування через ринок капіталу, банківське кредитування, бюджетне та взаємне фінансування. Особлива увага приділяється специфіці функціонування фінансових ресурсів у сучасних умовах, де обґрунтовується провідна роль ліквідності як дестабілізуючого чинника в грошових потоках підприємств. Пропонується оцінювати ефективність фінансування з точки зору фінансової доцільності – відповідності потреб у ресурсах фактично залученому фінансуванню. Встановлено, що надмірна концентрація фінансових ресурсів без їх активного включення в обіг призводить до втрати платоспроможності та конкурентних позицій суб'єкта господарювання. Результати дослідження можуть бути використані для вдосконалення фінансової політики сільськогосподарських підприємств, формування стратегій управління ліквідністю та вибору джерел фінансування в умовах економічної нестабільності.*

Ключові слова: *ресурси, фінансування, суб'єкт господарювання, ліквідність, самофінансування, джерела фінансування, розвиток підприємства.*