

THE ROLE OF FINANCIAL MANAGEMENT IN THE ENTERPRISE SUCCESSFUL FUNCTIONING

Вінницький національний технічний університет

Анотація

У статті розглядаються визначення фінансового менеджменту як одної із головних складових успішної діяльності суб'єкта господарювання.

Ключові слова: менеджмент, фінансовий менеджмент, суб'єкт господарювання, підприємство.

Abstract

The article considers the notion of financial management as one of the main components of the successful business entity's activity.

Key words: management, financial management, business entity, enterprise.

Nowadays, the financial administration of the enterprise is of primary importance, since companies with an effective financial management system can maximize their market efforts and offer the market services and obtain for their implementation the maximum possible price to fully pay for all the costs. Financial management is the heart of successful business running. It affects every aspect, from managing cash flow and tracking business performance to developing plans that ensure business owners make the most of opportunities.

In Latin the term "*administration*" is translated as management, administration (administratio - manage), i.e. administration is management [1, 2, 3, 4, 5]. In English-language publications, the term "administration" is predominantly treated as the management of affairs not only of the state but also of the business structures [6, 7]. They consider financial administration as:

- 1) activities at the stage of formation and initial development of economic entities, which stipulates the mandatory observance of the norms of the current legislation regarding the formation of financial resources;
- 2) activities related to the management of the financial resources of a particular entity in order to ensure the purpose of the operation;
- 3) activities related to the implementation of financial policy, which is determined by the management of the entity;
- 4) activities related to the conduct of financial affairs of economic entities, which involves the preparation and implementation of financial plans at all stages of financial planning, etc.

Financial management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise.

Financial management starts with recording all the money the business earns and spends. Accountants then prepare reports that help owners understand the financial health of their business. These documents include profit and loss statements, balance sheets, cash flow statements and budgets. The financial management is generally concerned with procurement, allocation and control of financial resources of a business.

Successful financial management will help organization to make effective and efficient use of resources; achieve objectives and fulfill commitments to shareholders; become more accountable to donors and other shareholders; gain the respect and confidence of funding agencies, partners and beneficiaries; gain advantage in competition for increasingly scarce resources; prepare for long-term financial sustainability.

In order to succeed in domestic business one should analyze the financial situation at Ukrainian enterprises. The current problems of the development of the financial management system can be considered as follows:

1. Short-term orientation of financial management;

2. Uneven development of financial management at different enterprises (more successful large companies use American or European approaches to financial management);
3. Insufficient efficiency of principles and models of financial support of sustainable growth of the enterprise;
4. The lack of a clear separation of approaches to financial management in enterprises that are different in the form of business organization and activities;
5. lack of a single method for determining the financial state (through the borrowing of different approaches of world experience);
6. Contradictory and imperfect legislative and normative basis;
7. The lack of reliable accounting, open and complete reporting, which leads to the formation of subjective information and increases the likelihood of ignoring some external risks [8].

To conclude, financial management and administration play a leading role in the successful and profitable activity of the business entity. Indeed, the coordinated work of the financial managers team depends on the implementation of the financial strategy and policy of the subjects of management, the achievement of certain goals and the solution of the above tasks. In modern conditions of economic development, financial management becomes one of the most complex and priority tasks facing the management personnel of any domestic enterprise, regardless of the scope and scope of its activities.

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Подольнчук Катерина Василівна – студентка групи МОФ-15(б) факультету Менеджменту та Інформаційної Безпеки Вінницького національного технічного університету, м. Вінниця, e-mail: fm2mo15.podolianchuk@gmail.com

Науковий керівник: Рудницька Тетяна Григорівна – старший викладач кафедри іноземних мов, email: rudnytska5@ukr.net

Podolianchuk Kateryna Vasylivna – student of Management and Information Security Faculty of Vinnytsia National Technical University, e-mail: fm2mo15.podolianchuk@gmail.com

The scientific supervisor: Rudnytska Tetiana Hryhorivna - a senior lecturer of Foreign Languages Department, email: rudnytska5@ukr.net