FINANCIAL STABILITY INDICATORS USE FOR STRATEGIC PLANNING

Zharikova N. M., Nemtsova A. A.
National University of Pharmacy, Kharkiv, Ukraine
Zharikova1998@mail.ua

Introduction. The major problem of firm operating is to ensure the further development. Strategic planning allows to consider all alternatives and choose the best one. Strategic plan should be based on reliable financial indicators.

Aim. The paper investigates financial stability indicators' influence on firm's development and strategic plan preparation.

Materials and methods. Strategic management makes it possible rationally to use human potential, to take into account consumer demand, to provide flexible control and to achieve competitive advantage. The strategic management includes: analysis of conditions in which the firm operates; formation of goals; choice of optimal strategy; strategy implementation and assessment of results. Each firm should build its own development strategy. The main types of strategies are presented in Table 1.

Table 1

Strategies types

	Criteria depending on:	Strategies types
	development scale	✓ general strategy; ✓ supporting strategies;
	activities	✓ marketing; ✓ operating; ✓ financial; ✓ investment; ✓ strategy of other activities;
	resources' type	✓ manpower use strategy; ✓ core strategy and logistics; ✓ strategy of equity capital; ✓ strategies to attract debt capital;
	growth rates	✓ accelerated growth strategy; ✓ limited growth strategy; ✓ strategy of status conservation; ✓ reduction strategy.
	ways to ensure development	✓ concentrated development strategy; ✓ diversified development strategy; ✓ integrated development strategy.

Results and discussions. Financial stability is one of main characteristics of firm. It depends on operational results, firm's active and effective response to changing internal and external factors. There are the following types of economic stability: internal, external, hereditary, general and financial. The main components of financial stability are presented bellow.

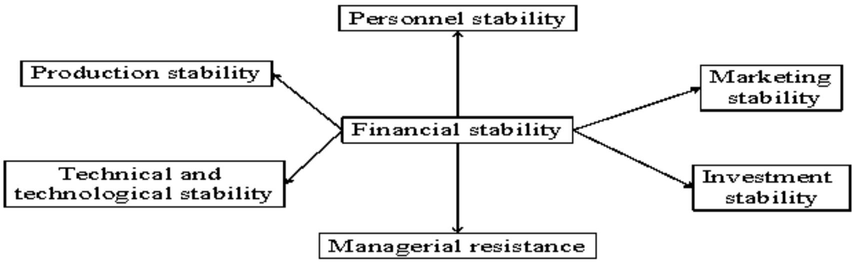

Fig. 1. *Financial stability influence on firm's economic viability*

Analysis of financial stability is based on a combination of analytical methods and rules of business research. It helps to get the most complete assessment of financial stability and profitability. Financial stability analysis of the company's activities is implemented through the calculation and assessment of such factors: financial autonomy coefficient, financial dependence coefficient, financial risk coefficient, maneuverability equity ratio, factor structure covering long-term investments, long-term fundraising ratio, and financial independence capitalized sources coefficient. The company may have different financial stability, which is divided into four types (Table 2).

Table 2

Financial stability types

Financial stability type	Solvency
Absolute stability	High: the firm don′t lack loans
Normal stability	Normal: efficient use of borrowed funds
Unstable state	Violation: necessary to attract additional sources
Crisis	Insolvency – bankruptcy stage

Effective management strategies development is possible as a result external and internal environment analysis. Only factors management, that ensure the financial stability of the company, provide an opportunity to build a strategy aimed at sustainable development and reduces risks. If the company is financially stable, it has an advantage over other companies of the same profile and investments in obtaining loans, selecting suppliers and selection of qualified personnel. Stable financial position is the result of competent, skilled strategic management of business enterprises.

Conclusions. Using indicators of financial condition is crucial in assessing the internal environment, and the definition of enterprise financial stability directly affects the development of strategic management. Only management factors that ensure the financial stability of the company provide an opportunity to build a strategy aimed at sustainable development and reduces risk.