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THE METHODOLOGICAL FOUNDATIONS OF THE ENTERPRISE CASH FLOW MANAGEMENT

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МЕТОДОЛОГІЧНІ ЗАСАДИ УПРАВЛІННЯ ГРОШОВИМИ ПОТОКАМИ ПІДПРИЄМСТВА

The article is devoted to research of the methodological foundations of the enterprise cash flow management. It is substantiated that management stands as the most significant means of cognition and transformation of this system, and its nature manifests as a set of control cycles that differ in spatial and temporal boundaries, tasks and means of achieving them, yet, at the same time, they are not isolated from each other, but are part of a holistic cycle, that is, they specify it to a certain extent because of their inherent features.

It was empirically proven, that in order to disclose the dynamic nature of the managerial process, account must be taken of the dual essence of its functions, which correctly describes them as the content of management activities and as stages of management action within the corresponding cycle.

The authors proposed their own classification of the enterprise cash flow management functions, which reveals in full the essence of this process, namely: forecasting and planning of cash flows; collection and analysis of received information about cash flows; preparation and adoption of managerial decisions; organization of cash flows; regulation and coordination; stimulation and optimization; monitoring and evaluating the results of cash flow management.

In the continuation of and based on previous research on this issue the author's vision of the enterprise cash flow management algorithm was given.

Статтю присвячено дослідженню методологічних засад управління грошовими потоками підприємства. Обґрунтовано, що управління виступає головним засобом пізнання і перетворення цієї системи, а його природа виявляється у множині взаємопов'язаних циклів управління, що відрізняються просторовими і часовими межами, завданнями і засобами їх досягнення, проте, разом з тим, ці процеси не є ізольованими один від одного, а є частинами цілісного циклу.

Емпірично доведено, що з метою розкриття динамічної природи управлінського процесу, належить враховувати двоїсту сутність його функцій, що характеризує їх, водночас, як зміст управлінської діяльності і як етапи управлінської дії в межах відповідного циклу.

Авторами запропоновано власну класифікацію функцій управління грошовими потоками підприємства, що розкриває повною мірою сутність цього процесу, а саме: прогнозування і планування грошових потоків; збір і аналіз отриманої інформації про грошові потоки; підготовка і прийняття управлінських рішень; організація грошових потоків; регулювання і координація; стимулювання і оптимізація; контроль і оцінка результатів управління грошовими потоками.

У продовження і на основі попередніх досліджень з цієї проблематики подано авторське бачення алгоритму управління грошовими потоками підприємства.

Key words: cash flow, management, management function, system, subject and object of management, management mechanism, management algorithm.

Ключові слова: грошовий потік, управління, функція управління, система, суб'єкт і об'єкт управління, механізм управління, алгоритм управління.

PROBLEM STATEMENT

The enterprise is a complex multidimensional system characterized by dynamism and as the basis for its creation, existence and functioning, the purpose and maintenance of

its process of management serve the cash flows. In its activities it interacts with a plurality of diverse business entities of all forms of ownership at macro and micro levels. As the basis of this interaction as well as the existence of

the enterprise in general serve the cash flows that are manifested in cash available in the company, its movement in accordance with the process of activities and results of the economic cycle of the entity.

Thus, the obvious scale becomes the need in managing the company's cash flows, since the effectiveness of mentioned managing process ensures: the implementation of the company's strategy, as well as a significant reduction in the timing of its pursuit and execution; the reduction of operational, production and financial cycles of economic activity; the reduction of the need for working capital, serving the economic activity of the enterprise; the increased rhythmicity of the operating process; the reduction of the risk of insolvency; the reduction of the need to attract the external sources of financing and debt capital; the possibility of self-financing and self-lending by the enterprise; obtaining the additional revenue by the enterprise while effectively using available cash balances; and at the same time, it contributes to the formation of additional investment resources for the financial investments.

THE ANALYSIS OF RECENT RESEARCH AND PUBLICATIONS

An important role in theoretical and empirical studies methodological problems of cash flow management belongs to such domestic and foreign scientists as L. Bernstein, I. Blank, E. Brigham, A. Gropelli, A. Halchynskiy, L. Harris, J. Hicks, J. Van Horne, J. M. Keynes, T. Kovalchuk, I. Kreydych, J. Mill, E. Nikbakht, V. Nusinov, S. Onyshko, A. Podderohin, R. Pustoviit, V. Savchuk, M. Savluk, O. Tereshchenko, A. Chukhno, G. Yalovoi and others.

However, emphasizing the importance of scientific work in the field of cash flow management, a certain range of issues remains unexplored, in particular, insufficient attention is devoted to the development of universal approaches to compliance with standard procedures for integrated regulation, coordination, monitoring and evaluation of the results of managerial impact on the formation of cash flows in the operating activities of the enterprise, insufficiently developed methodological approaches to solving the problems of modelling the choice of the optimal variant of the formation of cash receipts in the conditions of modern transformation processes.

The purpose of this work is to study the essence and the nature of the enterprise cash flow management as well as cognition of its foundations, patterns and properties.

PRESENTATION OF THE MAIN RESEARCH MATERIAL

Management is an inherent feature of any self-regulating system, but only such, which is fully capable of retaining its basic property in an environment that undergoes a constant change. The nature and scope of management inherent in this system are manifested in the behaviour of combinations that form the chain in which this system, in fact, acts, and reveal such common elements as subjects and objects, as well as the relations that arise between them. It is they who determine the dynamism of a functioning system, that is, the constant change in its hypostases and a continuous transition from one state to another during any period of time. At the same time, the subject, object and interrelations between them distribute the system into parts: the management and the one that is subject to management (controlled). The presence of a correlative connection between the subject and the object, respectively, determines the coherent and indivisible existence of them, in violation of which loses meaning, in fact, the process of management as an objectively existing phenomenon, the laws of which are manifested in a certain mechanism of its noesis and use.

The concept of subjects and objects of the cash flow management is characterized by the lack of unambiguousness — the structure of subjects and objects is such that each of them individually acts as a hierarchically

complex system whose elements are in a dynamic ratio. Moreover, each of the systems acts simultaneously as an element of a more complex system and, at the same time, its elements are less complex systems (subsystems). As a result, we have a complicated complex system whose elements act functioning subsystems, each of which form less complicated systems.

V. Afanasyev writes that not every conscious influence is indeed the scientific management, but he does not specify whether any human knowledge of objective laws serves as the basis for the management and whether any human influence on the process is actually the action of control [1]. To management inherent is, in fact, the influence through a certain system with its subjects and objects. It must eliminate the disorganization and bring the system to a new state, taking into account the trends in its development and the changing environment. It is in this that the general property of management — the ordering influence — manifests itself.

However, in order to preserve the system in its own qualitative certainty, the impact on it should be limited to a certain extent — such a sufficient form of influence is inherent in information, which contains data about the state of the system, its elements, the environment and, at the same time, has a controlling property. The structure of the relationships and the nature of information that moves to one of the elements of the system, determine at any time the correspondence of the actual state of this element to the planned one. The information has a signalling nature that causes the system to be transformed in a given direction. The feedback system provides the information on the effect of advances in the management through managerial impact of controlling entity on the object.

In the management of cash flows, the streamlining of information flows of the system becomes significant: development of the organizational scheme of direct links and feedback, distribution of authority over the responsible units of the enterprise (depending on its organizational structure) in relation to the transmission and perception of information, the formation of linear and functional relationships between these units, determining the queue and the degree of mandatory response to information, monitoring its transmission. The necessity of constructing such a scheme is conditioned by the need of the enterprise to timely receive qualitative, informative data on the state of its cash flows and the development of a cash flow management system through a set of direct and reverse flows of information. The scheme of information flows of the cash flow management mechanism is shown in Fig. 1

The management process acts as an organic combination of direct and reciprocal links, combining into a single integral control part and controlled one — the one that is managed. Having determined the nature of the cash flow management, we can understand its content in the aspect of the managing process, revealing its structure and mechanism. Cash flow management is a continuous cyclical process — it can not be a set of episodic actions, be characterized by the presence of time, structural or functional gaps in the process of implementation or have a partially closed nature. Only under such conditions it is possible to ensure the reproduction, consistency and continuity, and the accumulation of the potential necessary for managerial influence.

In general, the cash flow management process can be represented as a set of control cycles that differ in spatial and temporal boundaries, tasks and means of achieving them, significance, etc. Yet, at the same time, they are not isolated from each other, but are part of a holistic cycle, that is, they specify it to a certain extent because of their inherent features.

Cash flow management stands as the most significant means of cognition and transformation of this system — the subject of control guided by dialectics recognises the patterns of cash flows, consciously sets goals, produces

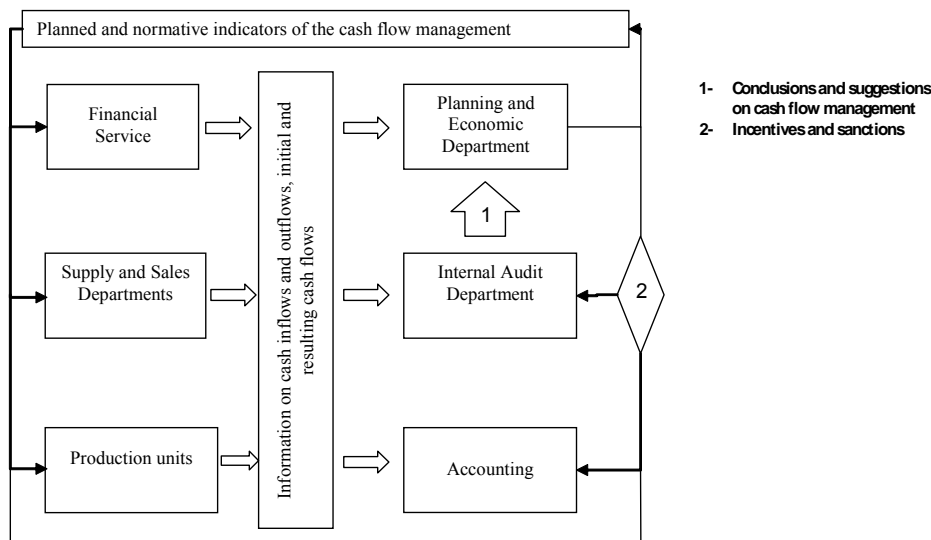


Figure 1. The structure of the information flows that provide enterprise management process

means to achieve them and builds its own activities in accordance with the tasks set earlier. Therefore, the management always tries to bring the object into a desired or achievable, under certain conditions, state. Accordingly, setting goals and objectives is an essential feature of the cash flow management and is manifested in its properties, such as purposefulness.

The enterprise cash flow management's property of purposefulness reveals it as a definite sequence of actions, which, in turn, serve as parts of a managerial process consisting of a plurality of relatively independent and, at the same time, inextricably linked operations. Thus, the management process is characterized by systemicity and interdependent variety of managerial actions and decisions, and therefore, is a continuous process. It is these actions that reveal the content of management, the essence of its structure and mechanism. In previous studies, we have substantiated that the mechanism of cash flow management of an enterprise includes: goals and tasks of management; management criteria — quantitative aspect of goals; management factors — elements of the object and their interrelationships, which are exposed to managerial influence, in order to achieve the set goals; management principles, specifics and features of management, management tools, management functions, as well as management resources — material, financial resources, organizational, intellectual and social potential. It should be based on the principles of consistency, integrity, accuracy, agility, compliance with the objectives of the company, reach, efficiency, multivariateness, etc. The structure of the cash flow management mechanism, previously developed by us, is presented in Fig. 2 [2].

Today, several concepts of disclosure of the essence and content of management are known, which is primarily due to the diversity of approaches to the interpretation of the concept of "management function". In some cases, management functions are understood as the implementation of operations that are consistent with the stages of the management cycle, carried out without regard to specific tasks, subjects and objects of management.

Certain operations, reflecting the cyclical nature of the management process, occur at each of its stages, which successively change each other. Moreover, each of these stages is characterized by a degree of autonomy, and each preceding stage acts as a prerequisite for the next. Such "procedural" understanding of management functions is rather widespread, because it really reveals the most typical, stable and repetitive manifestations of

the managerial process. Within this approach usually differs only a list and sequence of functions, that is, stages and operations of the management process. However, we have to meet, especially in publications on philosophy and cybernetics, with such statements, in which there is an artificial exaggeration of the importance of one of the parties in the management process (for example, analysis or managerial decision making). Such a hypertrophied vision inevitably leads to a significant narrowing of the content of the managerial process and, to a large extent, contributes to its formalization. According to another approach, there is the concept of "control elements", which cover, firstly: the problems of organization and structure of bodies, personnel, process of management without isolation of the decision; and secondly: subjects and objects, goals, principles, methods of management [3; 4]. The third concept treats the functions of management as a task or direction of activity, while emphasizing the material, substantive side of the activities of entities in one direction or another. These concepts differ in the list of functions that are allocated according to different criteria, the similarity is manifested in the inaccurate delimitation of production and technical and managerial functions [5; 6].

In our view, in the study of management functions, it is necessary to take full account of their dual nature, which correctly describes them as the content of management activities and as stages of management action within the corresponding cycle, that is, identifies different aspects of the concept of "management functions". At the same time, it is necessary to take into account the cross-cutting nature of the functions in general, "penetrating" from the top to the bottom of the activities of subjects and objects, and those that are inherent in their own specifics. Disclosure of the dynamic nature of the management process is largely achieved by means of functions classification covering the most important, typical and stable management actions at certain stages of the management process. In addition, it is important to pay attention to the fact that in the process of economic development and changes in scientific approaches to the definition of the essence of management should occur not only the modification of existing, but also the emergence of its new functions, as well as the general dialectic of the development of managerial relations and the principle of their historicism. The current level of economic development, its informational character, as well as the emergence of new approaches to the essence of the management process, are the basis for the search and substantiation of new management functions.

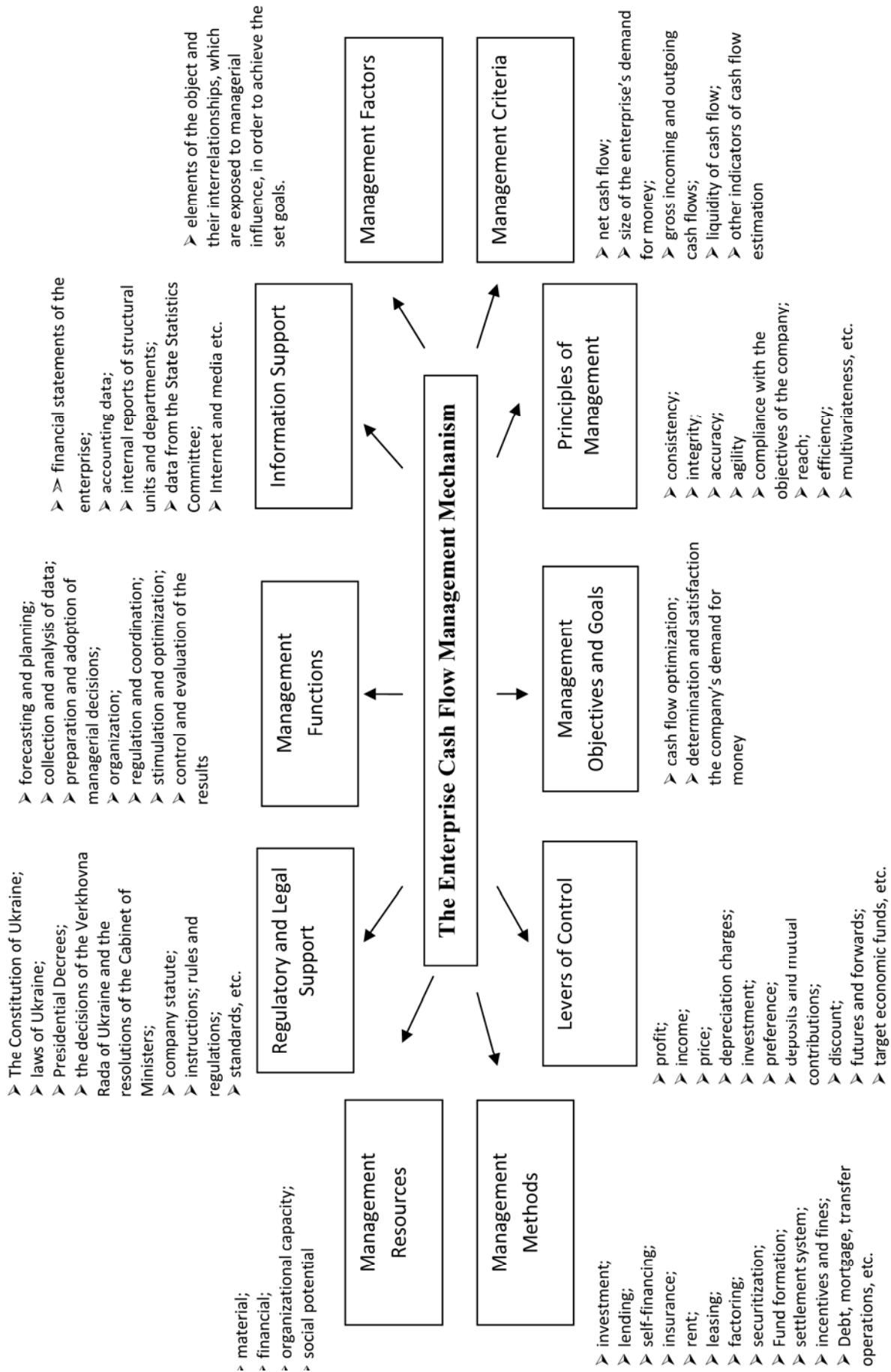


Figure 2. The structure of the enterprise cash flow management mechanism [2]

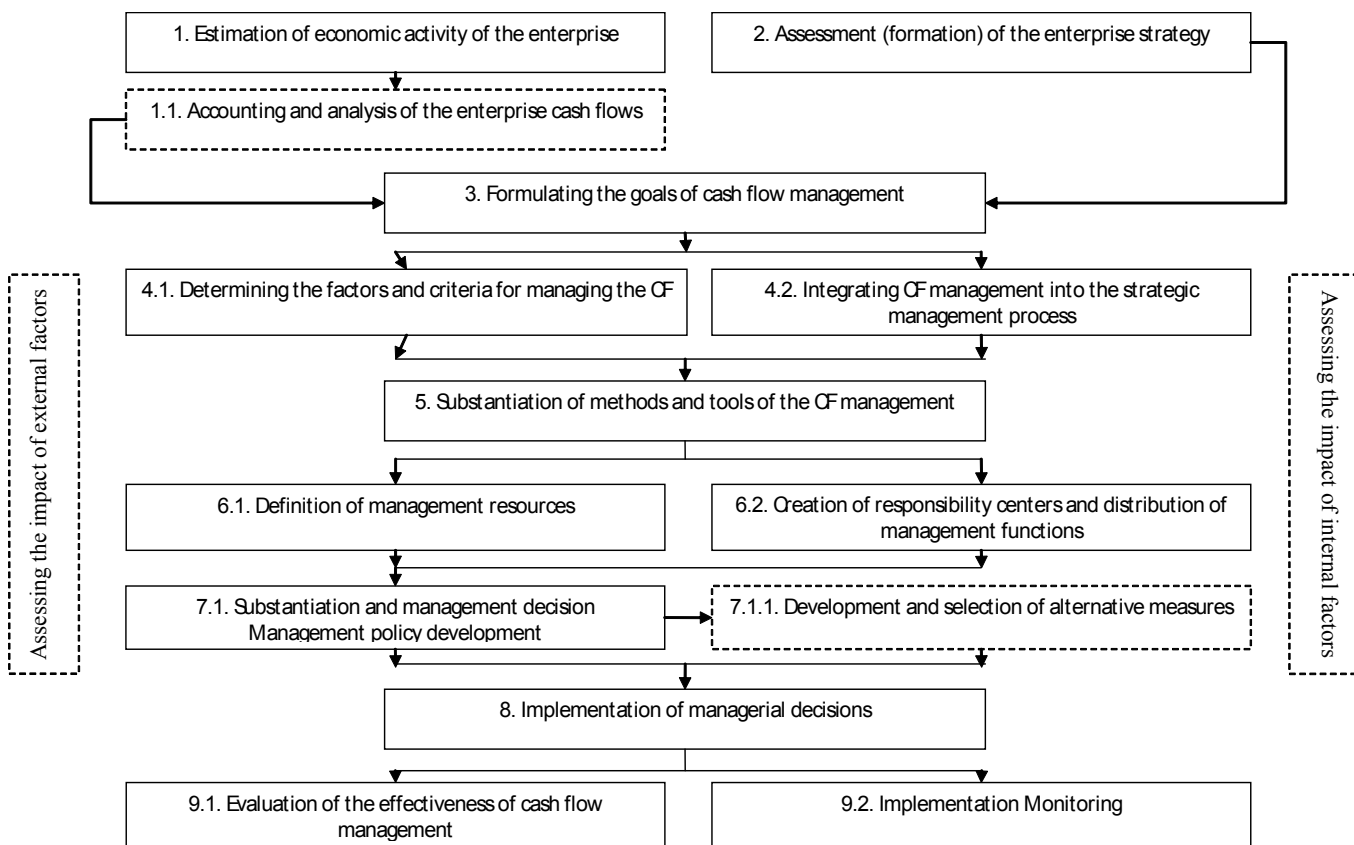


Figure 3. The enterprise cash flow management algorithm

In our view, cash flow management functions should be classified as follows:

1) forecasting and planning of cash flows; 2) collection and analysis of received information about cash flows; 3) preparation and adoption of managerial decisions; 4) organization of cash flows; 5) regulation and coordination; 6) stimulation and optimization; 7) monitoring and evaluating the results of cash flow management.

The essence of enterprise cash flow management is manifested in its functions, whereby all management functions are in unity and complement each other.

In accordance with the previously built structure of the mechanism and the definite order of its formation we can develop the algorithm of cash flow management of the enterprise, which will be provided with resources, tools, will have specific goals, defined factors and criteria, use the functions of management, its methods and levers and will be constructed in accordance with the above-mentioned principles.

In our opinion, such particular management system is effective for a production enterprise and will provide a sustainable effect from managing its cash flows, aimed at achieving and ensuring the sustainability of economic growth. The algorithm of the enterprise cash flow management, in accordance with the previously developed management mechanism is presented in Fig. 3 [7].

CONCLUSIONS

From the above, we can draw a conclusion on the essence of the enterprise cash flow management as a dynamic system, consisting of subsystems of subjects and objects of management, whose elements are in constant interconnection and development. At the same time, the system must undergo a limited to some extent impact in order to preserve its inherent properties.

The process of enterprise cash flow management by its nature is inherently a plurality of management cycles, which

are characterized by a certain time and space boundaries, and is manifested in management functions, acting simultaneously in the stages of the administrative impact and content management activities. We believe that at the present stage of scientific thought, it is expedient to improve the existing system of the enterprise cash flow management functions.

The enterprise cash flow management, first of all, should have an orderly effect on the system of objects in order to ensure constant development of the enterprise and to meet the main goal of its activities.

The results of the research can be used in the process of managerial influence on cash flows by Ukrainian industrial enterprises, in particular, in order to achieve sustainable economic development.

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