

THE MANAGEMENT OF FINANCIAL STABILITY IN THE CONDITIONS OF OVERCOMING THE CRISIS AT AGRICULTURAL ENTERPRISES

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The article is devoted to the development of the approach and adaptation of the existing general methods of financial stability management to the activity of an agricultural enterprise in the conditions of its financial crisis. The peculiarity of the research is to try to consider approaches to making management decisions to restore the financial stability of an enterprise that is in crisis conditions, which causes the development of criteria for maximizing cash flow, saving money, including taking into account the implementation of measures that are not logical from the point of view of conventional management. Nowadays, the Russian agriculture industry continues to be in a very difficult state with a lot of problems accumulated over the past years, even despite the import substitution policy implemented in recent years. The research is aimed at fulfilling the request to fill the knowledge base with new developments and approaches to overcome crisis trends, both in the industry as a whole and on individual farms, which will ensure the preservation and development of commodity producers, rural development, human capital and population consolidation, food security and so on.

Keywords — financial stability, crisis management, cash flows, sources of financing, agricultural enterprise

I. THE ACTUALITY, THE SCIENTIFIC SIGNIFICANCE OF THE QUESTION WITH REVIEW OF LITERATURE

The concept of financial stability of an economic entity in modern research is considered in its majority from the point of view of its correspondence to one of the traditional conventionally distinguished types of sustainability. At the same time, the issues of financial stability management in the context of the crisis financial state of an economic entity are practically not covered. In this case, the economic entity already requires the implementation of methods of crisis management. Thus, it is possible to distinguish a certain transitional boundary between the use of financial stability management methods and methods of crisis management in the critical (pre-bankrupt) state of an economic entity for which the risks of loss of financial stability have actually been realized. Here, in fact, there is a transition from taking managerial decisions based on criteria for ensuring long-term strategic objectives of the enterprise, maximizing profits, etc., to making decisions based on the criteria for maximizing cash

flow, saving money, and implementing measures that are not logical from the standpoint of the ordinary management.

From the point of view of the development of management practices, every owner of the business (asset), even in the event of achieving a critical financial condition of the business entity, has the goal of preventing loss of the asset. Despite the existence of a sufficiently wide range of educational literature, management practice requires the adaptation of basic theoretical methods to the industry specificity of each business entity.

It should be noted that the agriculture industry is now paying close attention to the state and implementing measures of state support [1]. At the same time, taking into account the accumulated systemic problems, their practical solution is precisely in systematizing the best experience in adapting scientific knowledge to the practice of specific enterprises and transferring it to the professional management sphere [2].

The study of scientific publications placed in free access has shown that a lot of academic, scientific and applied research has been devoted to the problems of managing the financial stability of enterprises. The studies of their general content made it possible to note the following topical issues to which these publications are devoted:

- The general theoretical foundations and disclosure of the concept of the financial potential of the enterprise and financial stability, as an element of this concept [3].

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- [1] Borisov A.N. The commentary to the Federal Law No. 260-FZ of 25 July 2011 "On State Support in the Sphere of Agricultural Insurance and on Amending the Federal Law" On the Development of Agriculture "(itemized) // SPS ConsultantPlus. 2011.
 - [2] Salov A. N., Salova L.V. The regional features of the work of agricultural producers of pork in Russia // Fundamental Research, 2015. № 7-1. P. 202-206. URL: <https://fundamental-research.ru/en/article/view?id=38751> (reference date: 22/03/2017).
 - [3] Sheshukova T.G. Accounting-analytical and control problems of management of industrial and financial resources of the enterprise in the conditions of globalization of economic processes // Bulletin of Perm University. Series: The Economy, 2 (29). 2016. c7-31. URL: <https://elibrary.ru/item.asp?id=26374945> (reference date 07.04.2017).

- The methodological tools [4] for conducting analysis [5] and assessing the financial sustainability of the enterprise [6].
- The theoretical and methodological foundations, both in the field of financial stability management of the enterprise as a whole [7], and individual elements of its property complex: assets, receivables and payables, cash and so on to solve the problems [8] of increasing the financial stability of the enterprise.
- The approaches to enterprise risk management [9] including for the purpose of ensuring its financial sustainability [10].

Based on the study of tools for analyzing financial sustainability, given in the educational publications of such well-known Russian authors as L.T. Gilyarovskaya, A.V. Endovitskaya, G.V. Savitskaya, A.D. Sheremet and another, we can distinguish the following basic methods:

- 1) The coefficient method.
- 2) The analysis of the size and structure of the enterprise's capital.
- 3) The method of rating evaluation.
- 4) The cash flow analysis.

The study of the first three methods is devoted to a lot of research and educational publications; it is possible to note the widespread rating models of foreign researchers: Altman, Beaver, Tuffler, Fulmer, Springate, etc. In essence, these methods are basic in the existing methodology and practice of financial management.

[4] Matvienko M.V. The goals, objectives and basic approaches to managing the financial stability of the enterprise // Management and communications: analysis of trends and development prospects. Sat. scientific articles. Publisher: Chuvash State Pedagogical University. (Cheboksary) - 2016.. URL: <https://elibrary.ru/item.asp?id=26263393> (reference date 07.04.2017).

[5] Ermolenko, I.I. The factors of stability of the integrated corporate system [Electronic resource] / I.I. Ermolenko, G.S. Merzlikina // Bulletin of Volgograd State University. Series 3: The Economy. Ecology. - 2008. - No. 2. URL: <http://cyberleninka.ru/article/n/factory-ustoychivosti-integrirovannoy-korporativnoy-sistemy> (reference date: 29.05.2017)

[6] Kapanadze G.D. The evaluation of financial sustainability: methods and problems of their application // Journal of Russian Entrepreneurship. - 2013. - Volume 14. - No. 4. - P. 52-58. URL: <https://creativeconomy.ru/lib/8002> (reference date: 29.05.2017)

[7] Sevastyanov A.V. The estimation of economic stability of the enterprise URL: <http://www.mte.ru/w6.nsf> (reference date 30.11.2017).

[8] Burtsev A.L. The analysis of financial stability of the organization: theory and scope / AL Burtsev // Vestnik ASTU, series: Economics. - 2010. - No. 1. - P. 254-257. URL: <http://cyberleninka.ru/article/n/analiz-finansovoy-ustoychivosti-organizatsii-teoriya-i-sfera-primeneniya> (reference date 01.12.2017)

[9] Salov A.N. Risk management on the basis of effective insurance business protection. // Successes of modern natural science. 2015. №1. Pp499-502. URL: <https://natural-sciences.ru/ru/article/view?id=34925> (reference date: 12.05.2017).

[10] Bekreneva, VA Financial Stability of Organizations. Problems of analysis and diagnosis: a scientific publication / VA Bekreneva. - M.: Publishing and Trading Corporation "Dashkov & Co", 2012.

In this use of the analysis of cash flows allocated not so much research. The complexity of this method lies in the fact that the basic methods are based on the financial statements of the company, which in most cases is subject to disclosure (public companies disclose mandatory reporting), and disclosure of cash flow information is not mandatory. Cash is the most important and most limited resource. Their sufficiency in the required period of time makes it possible not to allow cash breaks, in case of insufficient cash resources, the enterprise is forced to raise borrowed funds, which is reflected in the change in the structure of sources of financing of the property complex, and, therefore, characterizes the level of financial stability of the enterprise. Nowadays, the company's financial stability can be estimated on the basis of a direct and indirect method of analyzing cash flows, which provides information on the potential for reducing the share of borrowed funds in the sources of financing the property complex [11].

The study of scientific publications on the management of financial sustainability [12] and crisis management [13] in agriculture [14] has shown that their number is extremely limited, while the agricultural sector continues to be in a very difficult state [15], with a lot of problems accumulated over the past years, even despite of the policy of import substitution in recent years. This forms a request for the continuation of the work on filling the knowledge base with new developments and approaches to overcoming crisis trends, both in the industry as a whole and on individual farms, as this is directly related to the preservation and development of local agricultural producers, human capital, population consolidation and development village, food security [16] and so on.

II. THE FORMATION OF THE OBJECTIVES OF THE ARTICLE

The purpose of the article is to develop the approach and adaptation of existing general methods for managing financial sustainability to the activities of an agricultural enterprise in the context of its financial crisis.

[11] Malykh, D. Direct or indirect: which method of forming a BDDS to choose? URL: <http://cfocafe.co/method-bdds> (reference date 19.03.2017)/

[12] Maramokhina E.V. The anticrisis management in agriculture in the conditions of market mechanism // Aeconomika, 2014. №4 (4). URL: <http://aeconomy.ru/science/economy/antikrizisnoeupravlenievselokom/> (reference date 19.04.2017).

13 A.Pushkova. The financial improvement of the agricultural organizations: the dissertation ... A Cand.Econ.Sci.: 08.00.10 / Apushova Tatyana Sanalovna; [Place of protection: Volgograd. state. un-t] .- Elista, 2008.- 195 with.

14 L.A. Melikhova The financial improvement of the agricultural organizations in Russia: the dissertation ... A Cand.Econ.Sci.: 08.00.10 / Melikhova Larisa Aleksandrovna; [Place of defense: Sarat. state. social-econom. un-t] .- Volgograd, 2009. - 185 with.

15 A.A. Bochkov The financial improvement of agricultural organizations as a condition for modernization of the agroindustrial complex (on the example of the Krasnodar Territory) // Regional economy: theory and practice. 2008. № 30 (90). Pp. 42-49.

16 The decree of the President of the Russian Federation of January 30, 2010 N 120 "The Doctrine of Food Security of the Russian Federation". "The Russian Newspaper", No. 21.03.02.2010.

The article is prepared on the materials of a pig breeding complex located in the Khabarovsk Territory of the Russian Federation, where a full production cycle is carried out from the rearing of animals to the production and sale of meat products.

The pig breeding complex considered in the study corresponds to the 1st level of the compartment (RU-027 / UM00043) [17].

III. THE STATEMENT OF THE BASIC RESEARCH MATERIAL WITH THE FULL JUSTIFICATION OF RECEIVED RESEARCH RESULTS

Consider the process of preparation and content of the information base for the disclosure and justification of the criteria for making managerial decisions in the process of managing the financial stability of an enterprise that is in a financial crisis.

To analyze the financial state, the study used accounting (financial) reporting, management reporting, accounting data, production documents, etc. To diagnose the risks inherent in the agricultural enterprise, it is necessary to study the production program that provides information for estimating the planned and actual number of livestock, (planned and normative) capacity of the complex, veterinary status and measures taken to maintain and improve it, technology maintenance regulations, technical regulations for processing products, etc.

The production program is formed on the basis of the production capacity of the pig-breeding complex, its loading for the production of pigs, taking into account the forecasted demand for meat products. In the production program, the main indicators for the movement of livestock in the context of groups of animals, slaughter and marketing, etc.

The pig breeding complex considered as a base for the research is characterized by the following indicators: the number of livestock - 40.7 thousand heads (according to the results of 2016), the production capacity - 45 thousand heads. According to the results of 2016, the considering pig-breeding complex, as an economic entity, has the following indicators: the proceeds from the sale of products - 600 million rubles, the financial result (loss) - 275 million rubles, the value of net assets has a negative value (-) 30 million rubles.

Based on the results of an assessment of the risks inherent in the pig complex, it was found that the enterprise, due to a reduction in demand due to a decrease in the purchasing power of consumers, lost a significant part of the market share, the competitiveness of the products decreased due to non-observance of a balanced diet, which resulted in a reduction in weight gain and a decrease in meat quality. Progressive growth in production costs due to a significant rise in the cost of feed has had a significant impact on obtaining losses, and as a result, a shortage of funds and the emergence of cash gaps.

At the end of 2016, the owners of the block of shares faced a real threat of losing the asset [18] with an authorized capital of 330 million rubles.

Let's consider what methods offered in the educational and scientific literature on financial stability management could be realized (and what were implemented) and the appropriateness of their application in conditions when the enterprise is in a crisis state.

A. *The coefficient method*

Using the coefficient method, which involves calculating liquidity and solvency ratios, the profitability and creditworthiness, showed that the obtained values of the indicators also confirmed the obvious critical financial condition. With loss and shortage of funds, basically all indicators tend to have negative values, and, accordingly, their calculation only confirms the technical possibility of using this method, but does not provide answers to questions of current functioning and deficit coverage.

B. *The method of analyzing the size and structure of capital*

Using the analysis of the size and structure of capital, it was possible to evaluate the property complex and the sources of its financing. It is obvious that when the size of own capital has a negative value, then the activity of the business entity is financed mainly through the replacement of funds.

For the company under investigation, the significant risk was that the already existing loan portfolio for previously concluded loan agreements did not allow attracting new loans. Moreover, in the same period, the risk was realized, expressed in the fact that credit institutions refused to establish a credit limit for the company due to unprofitable activity and high level of liabilities.

The problem of covering the deficit of current assets was solved by attracting loans from friendly companies. In this way (through borrowing) during the first half of 2017, about 200 million rubles were replaced (more than 70% of the loan portfolio) with unconditional fulfillment of obligations to cancel previously attracted loans, which prevented the risk of default. Also, within the framework of the method corporate procedures were launched to issue additional shares in favor of the existing owner in the amount of 140 million rubles, which will eventually improve the structure of the sources of financing. Due to a chronic shortage of funds, at the beginning of 2017 the enterprise faced a number of difficulties in working with creditors - feed suppliers, as well as resource-supplying organizations (water, gas, heat, electricity). The way out was partly found in the work on debt restructuring, which in the end somehow balanced the monthly cash flow.

Nevertheless, the creditors, including fiscal authorities, actively pursued debt recovery in the course of 2016 and early 2017, which was reflected in the periodic blocking of the settlement account, writing off funds from the account for payment of execution orders and the execution of the card file.

17 Th federal Service for Veterinary and Phytosanitary Surveillance URL: <http://www.fsvps.ru/fsvps/usefulinf/compartment.html> (reference date 01.06.17).

18 The federal Law No. 127-FZ of October 26, 2002 (as amended on December 29, 2017) On Insolvency (Bankruptcy) / Rossiyskaya Gazeta, No. 209-210, November 02, 2002.

Due to the accumulated tax arrears and contributions, in 2016 the enterprise lost the right to receive government subsidies [19] to compensate for the costs of paying interest, to pay insurance premiums, to support livestock, which in monetary terms can be estimated at 30 million rubles

In order to eliminate production risks, a whole range of measures for production, the operational and commercial activities was launched from the end of 2016 (audit of the main pig complex and breeding farm, vaccination, examination of manufactured fodder and products, inventory of fixed assets and reserves, pricing analysis, optimization of numbers and costs, expansion of sales markets, etc.). Taking into account the fact that the production cycle in pig production is 7-8 months, then for a crisis it is necessary to pass at least 2-3 cycles, that not less than 2 years.

Thus, the application of the method of analyzing the size and structure of capital has made it possible to form the main part of the information base for the preparation and justification of management decisions.

C. The method of rating assessments

The method of rating evaluations involves assigning a financial stability rating, or creditworthiness, to the enterprise under study [20]. At the same time, in the condition of a crisis financial condition, this method allows only to technically perform the calculation of such a rating, but the answer received on the basis of its calculation is so obvious. This is indirectly confirmed by the fact that all credit institutions as a result refused to establish a credit limit for the company under study, include based on the calculation of such a rating and evaluation of the credit risk of a potential borrower.

D. The cash flow analysis method

The cash flow analysis, as a method of cash flow management and payment discipline, showed its realization in the course of carrying out the rehabilitation measures of the enterprise under investigation. To improve the payment discipline, a system for planning and monitoring cash inflows and payments was implemented, taking into account the priority of payments. For this purpose, a monthly payment calendar is developed and daily monitoring of its execution is carried out, financial responsibility centers (CFOs) are identified, which are responsible for revenue and expenditure items of the budget.

IV. THE CONCLUSIONS OF THE RESEARCH AND PROSPECTS OF FURTHER SEARCHING FOR THIS DIRECTION

The conducted research showed that the existing methods of managing financial stability, taking into account their

- 19 The federal Law No. 260-FZ (as amended on June 23, 2016) "On State Support in the Field of Agricultural Insurance and on Amendments to the Federal Law" On the Development of Agriculture "of July 25, 2011. / Rossiyskaya Gazeta, No. 162, 07.27.2011.
- 20 Salova L.V, Degterenko K.N. The management of factors of investment attractiveness of companies // Journal of Russian Entrepreneurship. - 2013. -No.1(223). - c. 110-111URL: <https://creativeconomy.ru/lib/7941> (reference date 01.12.2017)

implementation in the conditions of a crisis enterprise, are in part only technical (coefficient method, rating evaluation method), other methods (capital structures, cash flow analysis) required adaptation to the specifics of the agricultural enterprise, the effect from the adopted decisions it will be possible to estimate not less than 2 years.

This study on the improvement of the financial stability management tools in the conditions of overcoming the crisis will be continued taking into account the analysis of the intermediate results obtained and clarification of the further measures for the rehabilitation of the agricultural enterprise in question.

