

## The organization approaches peculiarities of an industrial enterprises financial management

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**Abstract.** The actuality of a given research consists in a fact that a production plants financial management, under unstable and turbulently changing environment is exposed to transformation determining new peculiarities and specificity appearing. The aim of a given research is to find the financial management organization approaches in industrial production plants which are large corporate structures. Within the made research the following basic conclusions were made: - industrial plants financial relationships are characterized by multiplicity and multidimensionality of outer and inner connections which considerably increase the financial management risks. At the same time for financial and strategic development planning and modeling the new strategic development perspective development opens up on the basis of the current and potential risks; - an industrial plants financial management is a systematic process which has a strategic target setting and planning, organization, control, motivation, adaptation, coordination, prediction which are implemented by means of the basic management functions. Coordination, adaptation and prediction functions have the most important sense while possibilities and threatens connected with them are to be found. These functions determine further direction structuring of a plant evolving taking into account newly environment circumstances being opened; - the industrial plant financial management should be aimed at a stable intensive economic growth providing. Thereby, an industrial plants financial management is determined by total management efforts in operational and investing activity; - an industrial plants financial management should be based on an integrative-functional approach which allows to maximize economic profits and optimize loses. It provides an economic value forming as a result of a given market participant activity.

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### Introduction

An industrial production is a strategic basis of a stable national economic development [1]. Any industrial production enterprise regardless of organizational, economical functioning specificity, kinds and activity directions, directly included in financial macroeconomic and microeconomic levels relationships [2] whereas it accomplish an interaction with a definite quantity of economic subject as well as with non-profit (non-commercial) organizations and public authorities. As a result of such an interaction a financial mechanism is formed [3] in which all the above listed factors are included. A financial mechanism in terms of which industrial plants development and functioning occur may be determined as an integration of forms, methods, instruments financial resources funds lever usage with the aim of the different state needs providing as well as market participants and population [4]. The industrial plants financial management is a bidimensional process [5] which is directed to outside financial relationships forming on one the hand and inside financial relationships forming on the other hand. I the first instance interaction and cooperation

is implemented towards gross domestic product forming and in the second instance towards production facilities accumulation recovery and consumption forming [6].

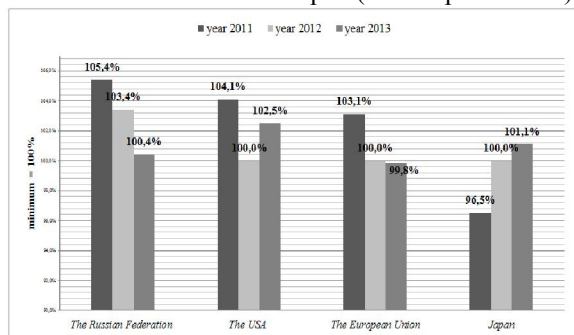
### Methods

The research methods in this article are based on theoretical and practical sources content-analysis as well as on financial and economical statistical analysis of modern industrial (functioning in the Russian economy) plants activity

### Results

The Russian industrial production activity is a locomotive of a stable national socioeconomic development. However deferred world financial and economic crisis negative effects as well as an inner recession led to a fact that during the last three years a key indicator which shows the state industrial production sector development stability (industrial production index ) indicated lowering for 4.5% (in 2013 to the level of 2011). A the same time it is necessary to take into account that the industrial production fall tendency is a global. In particular

during 2011-2013 industrial production index showed a considerable fall in the European Union countries as well as in the USA and Japan (see the picture №1).



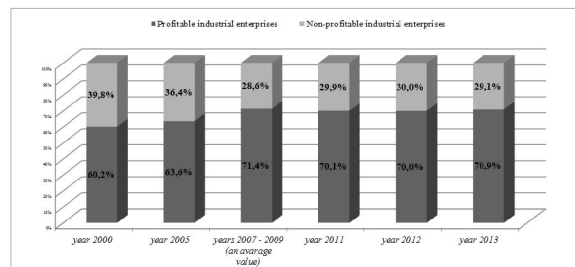
**Picture 1. The industrial production index changing dynamics in The Russian Federation and in other countries during years 2011-2013 [7, 8].**

If we calculate the average value of an industrial production total growth pace during the period under review in the Russian Federation and other developed countries we can mark that in 2011-2013 production totals are:

- in the Russian production showed an average growth of 3% yearly;
- in the European industry showed an average growth of 1% yearly;
- in the USA industry showed an average growth of 2% yearly;
- in the Japanese industry a fall is kept to be of 1% yearly.

It is obvious that a safety factor which includes the financial ones as well accumulated by the Russian Federation economics as a whole and in particular by the industrial production sector during the pre-crisis years allowed to provide an industrial production total increase even on the back of a global economic recession. The presence of the industrial plants financial potential and safety factor of the Russian economics is confirmed by the fact that beginning from the year 2000 (from the moment of an active market relationships development) and till now (year 2013) profitable plants percentage is permanently increasing (see the picture 2).

Taking into account that a financial management plays a key role in an industrial plants economic growth stability providing we may say that an intensification and keeping of an economic growth of industrial production market participants straightly connected with a financial management efficiency and quality.



**Picture 2. The profitable industrial plants percentage changing dynamics in a whole quantity of the Russian Federation industrial market participants [9].**

## Discussion

An industrial plants financial management has its own key peculiarities. But before passing straightly to these aspects regarding it is necessary to determine an essential content of the “a financial management” notion. The general management theory is based on the fact that management activity is a systematic process which is aimed at a basic management functions implementation (organization, planning, motivation, control) an optimal realization of which allows to achieve the assigned strategic and tactical aims. An industrial plants financial management peculiarity is so, that there are functions of coordination, adaptation and prediction are added to the listed key management functions [10]. In this particular case coordination is a financial development direction of an industrial plant which is coherent to a strategic development and helps to keep an economic stability growth within which an interest balance of owners, top management and work members of a given enterprise is provided. Adaptation, within the financial management of the industrial plants is interrelated with the prediction function. That means that a financial management adaptiveness should be supplied by the enterprise management proactive actions, which help to eliminate financial threatens within keeping a stable and intensive economic growth. Thereby, a prediction allows not only to set aims but to form new purposeful and simultaneously really achievable marks of an economic growth which can be set with compliance with possibilities being opened in an outside environment.

It is necessary to take into account the fact that a modern common business space complication during the last several years is preconditioned by two main factors – that is different forms market participants’ integration and globalization of social and economic space.

An appearing of the new integrating forms of business organization and conduct when within one industrial enterprise several juridical persons are

united we may say that modern industrial plants are large corporate structures integrated vertically or horizontally which act on national or international level. Consequently a complexity of a strategic and financial (functional) management in such structures increase considerably. That is why the questions of stability providing and industrial enterprises economic growth intensification become the most challenge. A conception of a stable growth within a financial aspect allows to predict a future state of industrial production enterprises, to test a reliability degree relatively to their growth and to find the most significant determinants of an economic value creation [11, 12].

At the same time an understanding of a determinants essence which create an economical value as a result of functioning and an industrial enterprise development which is based on an effective and rational financial management seems far from being ambiguous. In particular some of the researchers point out that:

- basic determinants of a stable economic growth and economical value creation within the industrial enterprises activities as a corporate structures are preconditioned by a social constituent. In a given case it means that the quantity and quality of the work resources determines a financial productivity (yield and profitability) of an industrial enterprise activity for one or several periods [13].

- basic determinants of a stable economic growth of industrial enterprises may be expressed not only directly through a social constituent, but through a particularly financial constituent. In a given case it is said about the fact that an ability of an enterprise to produce and realize competitive goods and maximize a profit is regarded as a basic source which provides a current functioning and perspective development needs [14].

- by a basic determinant of a stable economic growth of industrial enterprises as corporate structures which create a strategic and economical value it is needed to consider investment and innovation a financial management constituent. In a given case it is said about the fact that an effective financial management allows an enterprise to conduct researches and elaborations as well as to enlarge a material and technological base which serves not only as a marketability guarantee but also a guarantee of a quality and total goods procurement increase, that is to say to provide a yield and profitability maximization [15].

In our opinion each of the approaches regarded above only one the most important side of microeconomic level financial relationships is singled out. These basic determinants which constitute

peculiarities and financial management of industrial plants which are large corporate structures. That is why it is necessary to agree with the researches which show that industrial plants stable economic growth determinants are a management efforts total of operational, investing and financial activity [16]. It is obvious that on the one hand an industrial production plants financial management is one of the most functional sphere but on the other hand a given field is not separated but on the contrary directly interacted with other functional fields of management. That is why we have said above that a financial management must coordinate all the enterprises subsystems efforts for the set strategic aims achieving as well as to predict possible outside environment changes for timely and operative renewal and renovating of an inside enterprise sphere. In general such an approach allows to keep leading positions in a branch (in an activity market) as well as to keep and to intensify an industrial enterprise stable economic growth. We may consider it as a strategic competitive ability of a given market participant.

### Conclusions

Modern enterprises including some of them which implement their activity in an industrial production sector are the most important and fully legitimate participant of microeconomic and macroeconomic financial relationships.

Outside and inside industrial enterprises financial relationships form a financial activity management process which from the point of the financial management aims and tasks should be aimed at economical profits maximization by means of flow optimization of financial resources and their effective transformation to the financial results. An industrial production enterprises financial state destabilization can affect negatively not only on a market participant functioning effectiveness but on an activity of other economical subjects as well and it may make an impact on a socioeconomic region development and the country as a whole. That is why the basic strategic task of the financial management is an industrial production enterprise stable economic growth and its intensification development by means of determinants total usage which determine specificity and directions of a long term corporate development. Modern industrial production plans is a sophisticated nonlinear dynamic systems a growth and development of which are accompanied by permanent changes and inside and outside sphere transformations. Transformations is an inseparable constituent of quality and efficiency increase of functioning strategic management and an industrial enterprises development including financial

management spheres of the given market participants. A financial management in industrial enterprises under modern conditions of a global economic instability is necessary to regard from the triunique position point of view which provides an effectiveness, results rating and productivity of financial resources flows administration. Consequently a financial management tactics in industrial production enterprises will consist in engaging, mobilization, using and redistribution of financial resources for the set strategic aims achieving.

The limits of this paper consist in the fact that received conclusions and results have a practical appliance in a financial management (financial relationships management) of the real economic sector market participants (mainly in a sphere of an industrial science-based production).

Within the frames of this paper in terms of the research volume limitation the industrial enterprises financial management methods were not stated. These methods are aimed at an economic growth stability achieving and at its intensification providing. It is planned that this direction will become a theme of further scientific and practical researches.

Received research results can be used as a theoretical basis which develops conceptual aspects of a financial management in a part of organization and optimization of a functional field that is a financial management. As a whole this facilitates a financial management evolving as a science.

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