DOI: 10.46299/ISG.2023.MONO.ECON.1.8.4

8.4 Strengthening the financial condition of enterprises of the fuel and energy complex of Ukraine on the basis of management consulting

Ukraine's fuel and energy complex is one of the key branches of the critical domestic infrastructure and, at the same time, one of the most affected areas as a result of the war on the country's territory. The purposeful destruction of fuel and energy infrastructure facilities by point missile strikes has already caused extraordinary damage both to the state as a whole and to private businesses involved in the field of nuclear energy. In this aspect, the issues of ensuring effective management of entities of the fuel and energy complex and, in particular, their financial condition, with the aim of ensuring not only the survival of business in extremely difficult conditions but also the preservation and maximum effective use of available resources in the course of economic activity, become especially relevant.

Management consulting is a process of providing professional assistance to organizations in solving problems, improving the efficiency of operations, and achieving strategic goals. Management consulting is usually performed by external consultants who have extensive experience in business management and can help the company identify and solve problems that prevent it from achieving its goal [382].

Management consulting can include various aspects, such as business strategy development, business process optimization, project and program management, change management, market and competitor analysis, financial and risk management, and others [383].

The main goal of management consulting is to help enterprises achieve their strategic goals and ensure stable and effective functioning in a changing business environment. Management consulting can be useful for any type of organization, from small businesses to large corporations and government agencies [384].

Management consulting can become an important tool for FEC enterprises of Ukraine in strengthening their financial status, providing conditions for improving the efficiency of their activities, reducing costs, and increasing profitability.

The main value of management consulting as an innovative management tool for FEC enterprises of Ukraine is revealed in the following aspects [385, p. 64]:

1. New ideas and approaches. Management consulting allows companies to gain access to new ideas and approaches to business management because consultants provide a fresh perspective on problems and offer new solutions that the company's management needs help finding.

2. Optimization of business processes on the basis of innovation implementation. Management consulting helps enterprises to optimize their business processes, reduce costs and increase efficiency, including with the involvement of innovative solutions.

3. Formation of innovative development strategy. Consultants help enterprises understand their competitive advantages and disadvantages, identify opportunities and threats in the market, and, therefore, develop a strategy of innovative development that will contribute to the achievement of strategic goals.

4. Change management. Management consulting can offer new innovative methods and strategies for changing the company's culture and increasing its adaptability to changes.

5. Education and development of personnel. One of the key directions for supporting the innovative development of the enterprise is the development of an innovative knowledge management system, which is also a field of management consulting.

At the same time, the most clearly manifested advantages of management consulting as an innovative tool for managing enterprises of the PEC of Ukraine are manifested in the possibility of increasing the efficiency of financial management and, in particular, the management of the financial condition of enterprises.

The issue of effective management of the enterprise's financial state has been in the field of view of scientists for centuries [386]. Thus, the theoretical basis of financial management is already laid down in the works of R. Braley, E. Brigham, S. Myers, R. Merton, E. Nickbracht, and others. Among modern researchers of this issue, it is worth highlighting the works of M. Zabedyuk, V. Kapyltsova, S. Kozachenko, V. Verba, and others.

The war on the territory of Ukraine and the large-scale destruction of the objects of critical fuel and energy infrastructure require the search for new ways and means of effective management of the financial situation of economic entities of the fuel and energy complex, which determines the relevance of the research topic.

The starting category of management consulting, which defines the substantive aspects of financial analysis and its functional role in the process of economic activity of the enterprise, is the category "financial condition". Its interpretation lays the foundations for the further determination of content characteristics and justification of methods and approaches of effective management of the company's finances in accordance with the principles of management consulting.

The financial condition of a modern economic entity is a multifaceted, complex, and rather ambiguous concept. In general, the content characteristic of the economic category "financial condition of the enterprise" is presented as the result of the interaction of all elements of financial relations, determined by a set of production and economic factors and characterized by a system of indicators and indicators that reflect the availability, placement, and use of economic resources of the economic entity [387, p. 207].

In this context, it should first be noted that etymologically, the appearance of this category in domestic scientific opinion is explained by an unreliable translation of the English phrase "financial statement analysis", often used by the classics of financial management. In general, this English-language term is translated as "analysis of financial reporting indicators". However, over many decades of incorrect interpretation in domestic scientific opinion, the term "financial condition of the enterprise" has become so entrenched that it has even been enshrined in regulatory documents (Fig. 1).

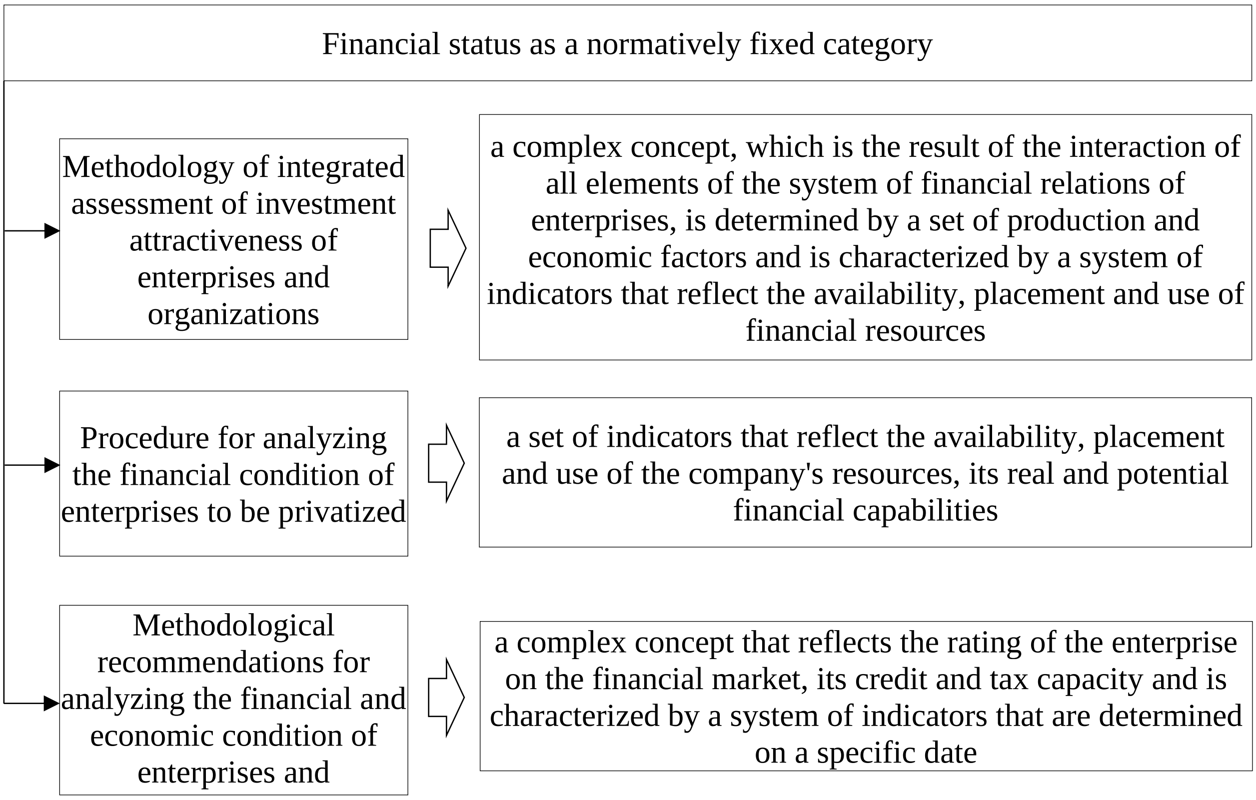

Figure 1. Normative interpretation of the category "financial condition" of the enterprise *

* built by the authors based on [388, 389, 390]

However, during the last decade, in the context of the activation of the European integration aspirations of the Ukrainian state, the study of European practices, including the normative and methodological foundations of financial analysis, led to the need to adjust part of the norms, as a result of which specific essential definitions of the financial state were removed from the normative field.

Instead, in scientific thought, the term "financial condition" has come into use so much that removing it is no longer possible. At the same time, a large number of authors offer their own interpretations of the studied category (Fig. 2), considering the financial condition of the enterprise not only as a certain comprehensive generalizing indicator, rating, or set of indicators but also as a complex, integrated characteristic, a measure of financial resources, real and potential financial capacity, etc.

Approach to interpretation	Authors (sources)	Content of financial condition
Comprehensive characteristic	M. Korobov [391]	a complex, integrated, complex characteristic of the enterprise's activity, which demonstrates the degree of its provision of the necessary financial resources and the rationality of their allocation
Level of balanced balance sheet	I. Blank [392]	the level of balance of individual structural elements of assets and capital of the enterprise, as well as the level of efficiency of their use
Synthetic index	I. Makarchuk [393]	a synthetic indicator of the company's operational, investment and financial activities, as well as an economic category that reflects the financial relations of market subjects and their ability to self-finance their activities
Ability to finance activities	V. Borisova [394]	the ability of the enterprise to finance its activities, which consists in providing the financial resources necessary for the normal functioning of the enterprise, their appropriate placement and effective use, financial relationships with other economic entities
Result	A. Podderyogin et al. [395]	the result of the interaction of all elements of the system of financial relations of enterprises, which is determined by a set of production and economic factors and is characterized by a system of indicators characterizing the availability and use of financial resources
State of capital	H. Savytska [396]	an economic category that reflects the state of capital in the process of its circulation and the subject's ability to self-develop at a fixed point in time
Financial capacity	M. Chumachenko and others. [397]	indicator of financial competitiveness, i.e. creditworthiness, solvency, fulfillment of obligations to the state and other creditors
	M. Bilyk [398]	реальна (фіксована на момент часу) і потенційна фінансова спроможність підприємства забезпечити певний рівень фінансування поточної діяльності, саморозвитку та погашення зобов’язань перед державою та кредиторами

Figure 2. Characteristics of approaches to the interpretation of the essence of the financial state of the enterprise*

* built by the authors

The generalization of the given number of approaches to the interpretation of the financial state is the definition given in the financial dictionary reference, according to which this concept is understood as "a complex concept that reflects the qualitative side of the production and financial activity of the enterprise and is the result of all elements of its external and internal financial relations. It is characterized by a system of indicators that reflect the state of capital in the process of its circulation, the ability to settle its obligations and ensure effective financing of its production activities at a certain point in time" [399].

Based on the study of scientific sources, we can note the main substantive aspects of the financial state of the enterprise:

- determined only by the results of the analysis;
- is based on financial reporting indicators and therefore can be determined only on the date of its preparation (end of the quarter, year);
- characterizes the structure of the enterprise's capital, the level of efficiency of its use, and the ability to generate the necessary amount of its own financial resources in the future;
- is assessed for the future - to understand the financial capacity of the enterprise in future periods, that is, it requires a subjective assessment in terms of forecasting the enterprise's ability to generate equity capital.

Based on the given substantive characteristics, we can offer a definition according to which the financial condition of the enterprise of the fuel and energy complex of Ukraine is its analytically calculated and subjectively assessed ability to effectively carry out economic activities and settle its obligations in future periods and at the same time a characteristic of quality and the effectiveness of financial management and management consulting in the reporting period.

That is, the enterprise's financial condition is such a comprehensive characteristic that allows evaluating both the effectiveness and efficiency of financial management and management consulting of past periods, as well as the financial ability to generate equity and pay off obligations in future periods.

Thus, since the enterprise's financial condition is a complex concept, it is determined by separate components. The analysis of scientific sources proves that the authors mostly prefer to distinguish the components of the financial state according to the directions of analysis or based on the goals of the assessment.

Thus, according to one statement, the indicators of the assessment of the financial condition reflect the availability, placement, and use of financial resources, the competitiveness of the enterprise, its potential in business cooperation, the degree of guaranteeing the economic interests of the enterprise and its partners in financial and other economic relations [400].

According to another, the financial condition characterizes the financial competitiveness of the enterprise (its solvency and creditworthiness), the use of financial resources and capital, and the fulfillment of obligations to the state and other business entities [401].

There is also an approach according to which the following elements determine the financial condition of the enterprise: profitability; optimality of profit distribution; availability of own financial resources above the minimum necessary level; rational placement of fixed and working capital; solvency and liquidity [387].

In any case, that is, no matter what complex components of the financial state is singled out by this or that author or author team, all analytical procedures within the framework of management consulting will be reduced to working with two categories (groups) of data (reporting indicators):

1. Assets - Liabilities.
2. Income - Expenses.

The modern practice of effective management of the financial state of the enterprise was formed over many decades, which allowed to accumulation a significant number of theoretical and practical approaches to management consulting in this area (Table 1).

Table 1

The theoretical basis of strengthening the financial condition of enterprises of the fuel and energy complex of Ukraine on the basis of management consulting *

Concepts, methods, mechanisms and tools of management consulting	Characteristic	Communication with the management of financial resources
System approach (concept)	It is based on the general theory of systems; indicates the specificity, the essence of the management object as a system and all relationships with other economic systems	Allows to consider the process of managing the company's financial resources as a system of interconnected elements based on taking into account the properties of the system, its components and synergistic effect
Strategic management (concept)	Management based on the goals of the formation and implementation of strategies aimed at achieving the set goals	Contributes to the implementation of the strategy of managing financial resources in market conditions
The concept of financial security	Contains a set of theoretical provisions, strategies, elements that ensure the financial security of the economic system	Ensures long-term stability of the company's financial relations, achieving financial security of operation
Reliability management (method)	Management based on the identification of the reasons for the violation of the reliability of the enterprise's work	Contributes to increasing financial security, identifying specific risks to the reliability of the enterprise
Budgeting and internal audit (mechanisms)	Budgeting is a mechanism for managing the company's financial resources based on the budget of certain departments. Internal audit – assessment and improvement of the effectiveness of risk management procedures, internal financial control and management processes	Contribute to the implementation of anti-crisis management functions aimed at the financial stability of the enterprise
Risk management (toolkit)	Management based on the identification, monitoring and minimization of risks	It allows identifying and leveling the risks inherent in the process of managing financial resources

* built on the basis of [398, 400, 402]

The main concepts, methods, mechanisms, and tools of management consulting can also be grouped according to the algorithm of management consulting at FEC enterprises of Ukraine:

1. Analysis of the enterprise's business strategy.

2. SWOT analysis, which helps to determine the strengths and weaknesses of the enterprise, as well as opportunities and threats in the market.

3. Analysis of financial indicators and determination of the efficiency of financial activity.

4. Development and implementation of a cost reduction strategy at the enterprise.

5. Development and implementation of a strategy to increase profitability at the enterprise.

6. Audit and optimization of business processes.

7. Development and implementation of a business development strategy at the enterprise.

8. Consultations on project and program management.

9. Consultations on risk management at the enterprise.

10. Consultations on change management at the enterprise.

The existence of a significant number of approaches and ways to optimize the management of financial resources used in global practice requires a more detailed consideration of the methodological foundations of effective management consulting accumulated by leading practitioners.

In particular, under the management of the financial condition of enterprises in the most general interpretation, it is accepted to understand the process of preparation, adoption, and implementation of management decisions from all aspects of the formation, distribution, and use of their financial resources [392, p. 75].

According to another statement, the management of the financial situation is considered as the management of the company's finances, aimed at achieving its development with the help of certain methods that ensure the implementation of the company's financial policy measures: forecasting, planning, regulation, control [394].

The opinion that financial management is a system of tools, methods, forms of development and implementation of management decisions related to the processes of formation, distribution and use of financial resources to achieve a stable financial condition and effective functioning has also become widespread [395].

There are also more complex interpretations of this term, in which the understanding of financial management is proposed as a complex process that requires the constant influence of subjects on the object of management with the help of a certain system of methods and technical means with the use of special technology in order to achieve the provision of the enterprise with financial resources. Necessary for its normal financial and economic activity, expediency and efficiency of placement and use of financial resources, financial relations with counterparties, solvency, and financial stability in order to increase the efficiency of functioning, as well as determining the directions of its development in the short and long term [394].

The formation of overly complex formulations is explained by the author's desire to include in the definition all possible aspects and tasks of managing the financial condition of the enterprise. However, from our point of view, this approach only complicates the interpretation of the studied category.

It is also worth quoting the interpretation according to which management of the financial condition is proposed to be understood as the deliberate direction of the company's financial indicators to achieve standards, a stable level of balance, stable functioning, and increase or maintenance of the set goals throughout the entire economic activity [401]. That is, it is proposed to understand the content of managing the financial state of the enterprise as effective, continuous monitoring and achievement of operational, tactical and strategic goals planned by the enterprise for the current and future period.

Suppose we proceed from the essential meaning of the term "management" itself, which in the scientific literature mainly refers to purposeful actions or influence. In that case, financial management should be understood precisely as a purposeful influence on the financial condition of the enterprise, that is, on its ability to effectively carry out economic activities and calculate its obligations in future periods.

Management of the financial state of the enterprise is reproduced with the help of various methods, principles, and methods of analysis, which in the complex give an effective result and effective management [400]. The process of implementing the main goal and tasks of management consulting to strengthen the financial condition of Ukrainian FEC enterprises is carried out sequentially in a number of stages (Fig. 3).

Stages of management consulting to strengthen the financial condition of FEC enterprises of Ukraine

- formation of the management information base
- analysis of the state, formation, distribution and use of financial resources in the previous period
- research and evaluation of factors that determine the possibilities of formation and use of financial resources in the future period
- determination of the necessary amount of financial resources that will ensure the determined rates of economic development of the enterprise in the future period
- support for the formation of the optimal structure of financial resources, which will ensure the minimization of the cost of their involvement and the necessary level of financial stability of the enterprise in the process of its economic development
- planning the distribution of financial resources according to the main areas of economic activity
- planning the distribution of financial resources according to the main forms of consumption
- planning the distribution of financial resources according to the main forms of investment
- support for effective use of financial resources in the process of real investment
- support for effective use of financial resources in the process of financial investment
- assessment and neutralization of risks of formation and use of financial resources
- control of the implementation of management decisions regarding the formation, distribution and use of financial resources

Figure 3. Key stages of management consulting to strengthen the financial condition of enterprises of FEC of Ukraine *

* built on the basis of [386, 393, 399, 402]

Although management consulting is an effective, innovative tool for strengthening the financial condition of enterprises in the fuel and energy complex of Ukraine, it has certain limitations that may affect its application [403]. The main limitations of using management consulting in the management of PEK enterprises in Ukraine are reduced to the following:

1. High costs – consulting can be quite expensive, challenging some businesses, especially those with difficult financial conditions. In addition, sometimes, there are difficulties in comparing the cost and expected results from consulting services.

2. Inability to implement recommendations - although effective recommendations for strengthening the enterprise's financial condition may be formed due to consultants' work, their implementation may be difficult or impossible due to budget limitations, insufficient qualifications of personnel, and resistance to changes, etc.

3. Inconsistency of the context - the recommendations provided in the management consulting framework can be useful only in a certain context and cannot always be applied in other situations [404, p. 113]. In addition, managers should make sure that the recommendations given to them take into account the specifics of the situation and the needs of the enterprise.

4. Ignorance of the local market/business culture – consultants, especially foreign ones who provide management consulting services, may not have sufficient knowledge of local customs, market, and regulatory policies, which may become an obstacle to the application of their recommendations in a specific case of supporting fuel and energy enterprises complex of Ukraine.

As a result of the conducted research, we reached the following conclusions. Ensuring a stable financial condition is one of the important tasks of financial management, the solution of which is significantly simplified if management consulting services are used. It is management consulting that is the tool that allows the timely elimination of shortcomings and identification of reserves for improving the financial condition, as well as creating prerequisites for choosing the best, from a financial point of view, option for the development of the enterprise and its adaptation to the changing conditions of the external environment.

The practical importance of management consulting is that it allows businesses to get professional help and expertise from external consultants with extensive business management experience. This allows enterprises to find new ideas and approaches to solving problems, optimize their business processes, increase the efficiency of financial management, and ensure stability and success in a changing business environment based on the implementation of management, marketing, production and accompanying innovations.

Management consulting is an important tool for strengthening the financial condition of enterprises of the fuel and energy complex of Ukraine on the basis of innovation-oriented strategic management. However, like any tool, it has its limitations. Managers of enterprises considering the possibility of using management consulting should consider all the advantages and limitations of this approach and make decisions based on their needs and capabilities.