

THEORETICAL FUNDAMENTALS OF FUNCTIONING OF FINANCIAL RECOVERY AND BANKRUPTCY OF ENTERPRISES IN UKRAINE

ТЕОРЕТИЧНІ ОСНОВИ ФУНКЦІОНУВАННЯ ФІНАНСОВОЇ САНАЦІЇ ТА БАНКРУТСТВА ПІДПРИЄМСТВ В УКРАЇНІ

The article reveals the essence of financial rehabilitation and elucidates its main characteristic features. A characteristic feature of the development of the institution of insolvency is the approval of humanistic principles in the process of settling property disputes between counterparties of economic relations. In the process of formation of this institution, there is a continuous progressive development of legal mechanisms aimed at preventing bankruptcy and liquidation of the debtor as a subject of economic relations. It is proposed to determine the essence of rehabilitation by content, form of manifestation, as well as the role of rehabilitation in the system of ensuring the financial and economic security of the enterprise. With the help of scientific methods of analysis, synthesis and logical generalization, a proper definition of the concept of "sanitation" is proposed. The goals, ways and functions of the rehabilitation implementation process are outlined. The problem of insolvency of business entities is characterized. The dynamics of bankruptcy of Ukrainian enterprises is analyzed.

Key words: financial rehabilitation, bankruptcy of enterprises, financial and economic security, enterprise, rehabilitation, strategy, risks, debtor.

У статті розкрито сутність фінансової санації та з'ясовано основні її характерні ознаки. Характерною рисою розвитку інституту неспроможності є затвердження гуманістичних принципів у процесі врегулювання майнових спорів між контрагентами господарських відносин. У процесі становлення цього інституту відбувається безупинний поступальний розвиток правових механізмів, спрямованих на запобігання банкрутству і ліквідації боржника як суб'єкта господарських відносин. Запропоновано визначати сутність санації за змістом, формою прояву, а також, роль санації в системі забезпечення фінансово-економічної безпеки підприємства. За допомогою наукових методів аналізу, синтезу і логічного узагальнення запропоновано власне визначення поняття "санація". Окреслено цілі, шляхи та функції процесу реалізації санації. Охарактеризовано проблему неплатоспроможності суб'єктів господарювання. Проаналізовано динаміку банкрутства підприємств України. Розглянуто сутність організаційно-економічного механізму управління санацією підприємства, охарактеризовано його складові. Визначено основні інструменти організаційно-економічного механізму, що забезпечують ефективне управління санацією підприємства на основі формування санаційної стратегії. На сьогоднішній день дослідження фінансової санації найбільш актуальні, оскільки частка підприємств, які мають проблеми з платоспроможністю та фінансовою стійкістю, зростає. Таким чином, важливість подальшої розробки дієвого та ефективного інструмента антикризового управління стає необхідністю. В складній економічній ситуації, що склалася в Україні за сучасних умов, окремим питанням удосконалення та виходу з економічно нестабільного положення суб'єктів господарювання є вжиття санаційних заходів. Варто зауважити, що антикризове управління розглядає санацію як один з важливих засобів запобігання банкрутству підприємств, тому вжиття ефективних заходів санаційного процесу є необхідною умовою виходу з кризового стану та подальшого функціонування суб'єктів підприємницької діяльності.

Ключові слова: фінансова санація, банкрутство підприємств, фінансово-економічна безпека, підприємство, санація, стратегія, ризики, боржник.

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Statement of the problem. Financial rehabilitation is necessary when a person is insolvent and his property is subsequently confiscated. Thus, financial rehabilitation is a process (whether automatic or court-ordered) to remove a person from insolvency status. Resumption of bankruptcy procedures is the only correct decision in the event that the debtor cannot transfer his obligations to creditors due to the financial insolvency of the enterprise, commercial organizations. No procedures of liquidation enterprises require participation and financial analysis of bankruptcy. This is done by the arbitration administrator. Insolvency occurs at two levels. Actual insolvency occurs when your liabilities exceed your assets. Commercial insolvency occurs when your cash flow is insufficient to pay your debts when they fall due. The difference between these two

forms of insolvency is that in the latter your assets may exceed your liabilities.

In today's tough competitive conditions, a significant percentage of entrepreneurial activity in Ukraine suffers losses. This is caused by a variety of factors, starting from internal ones that depend on the actions of the enterprise itself, and continuing with external ones, such as significant competition, unreliable suppliers, political, legislative, technical and technological, economic and natural influences. However, some enterprises can overcome the impact of these factors and restore the efficient operation of their business, while others become bankrupt and are forced to liquidate their own business. Sanitation itself is an important and integral component on the way to improving the company's financial condition [4]. During any entrepreneurial activity, it is expedient

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to take corrective measures in a timely manner, which will be aimed at active actions to resist the pressure of creditors, the ability to identify the reserves of one's enterprise and take advantage of the opportunities provided by the external environment. Therefore, the study of the essence and significance of financial rehabilitation as a way of preventing the bankruptcy of enterprises becomes especially relevant

As a result of the impact of crisis phenomena in the world economy, some competitive enterprises experience difficulties in making payments to their creditors, servicing bank loans, and this creates risks of bankruptcy, failure to fulfill obligations to investors and counterparties, failure to fulfill tax obligations, which negatively affects the economy and financial system of the country as a whole. The ineffectiveness of the existing approaches to rehabilitation at enterprises in general do not allow to sufficiently reduce the critical mass of non-viable enterprises. An actual aspect of this problem is the weak practical development of effective methods of financial rehabilitation of enterprises.

Analysis of the latest studies and publications.

At the same time, highlight the unresolved parts of the general problem investigated in the article. Analysis of the economic literature shows that financial rehabilitation as a tool of anti-crisis management is being fruitfully developed. There are different approaches and scientific schools to solving problems related to the return of health functions intrinsic to it, the use of effective forms and methods of restoring the solvency of enterprises, preventive reduction of the risk of bankruptcy and anti-crisis management of companies.

The problems of comprehensive evaluation of rehabilitation potential, the need, possibility and effectiveness of rehabilitation of enterprises in crisis were studied by prominent foreign and domestic scientists, including K. V. Bagatska, T. M. Bilokon, I. A. Blank, R. I. Greshko, L. O. Ligonenko, O. V. Manoilenko and others. The issue of determining the rehabilitation capacity of the enterprise is covered in detail in the works of such scientists as T. V. Bulovych, T. V. Donchenko, O. V. Kurinna, K. L. Larionova, O. A. Lisnichuk, K. O. Solomyanova-Kyrylchuk, S. O. Perederyeva, O. O. Tereshchenko and others. However, the analysis of existing approaches to determining the essence of financial rehabilitation in the system of ensuring the financial and economic security of an enterprise and increasing the rehabilitation potential of an enterprise in a crisis situation confirms that there is no universal way to solve the problem under investigation. The fact that research on financial rehabilitation is very relevant today, because Ukraine is in conditions where there is a transition from a centralized system to market relations of management, which means that not all enterprises have been able to adapt to these

conditions, which in turn led to the emergence of insolvent and financially unstable enterprises.

Formulation of the goals of the article.

The purpose of the article is to study the theoretical problems of the process of financial rehabilitation of enterprises as the main tool for overcoming crisis phenomena at the enterprise.

Presentation of the main material. The transition of the economy of Ukraine to market conditions of management provided the opportunity for enterprises to independently carry out various types of activities: production, investment, financial and other types of economic activity. Enterprises began to independently plan their future financial and economic activities, choose business partners, and look for market niches [10]. However, having received such freedom, the business entities faced many new problems for them. Among the latter, such as independent choice of development strategy, search for financing sources, reconstruction and expansion of production, etc. can be distinguished.

Thus, market independence pushed many business entities into financial failure and a crisis of their own management system. Sanitation, according to the Law of Ukraine "On restoring the debtor's solvency or declaring him bankrupt", means a system of measures carried out during bankruptcy proceedings with the aim of preventing the debtor from being declared bankrupt and liquidating him, aimed at improving the financial and economic situation of the debtor, and as well as satisfaction in full or in part of creditors' demands by restructuring the enterprise, debts and capital and (or) changing the organizational, legal and production structure of the debtor. This process is administrative, it is stretched in time and space, it requires significant costs for its implementation and settlements with creditors [8]. It also includes multi-vector and multifaceted relations with various participants, including the state, so this process acts as an object of management. Sanitation is one of the most important links of the economic policy of the primary sector of the economy, with the help of which the crisis can be overcome, economic growth is ensured and the life of an individual enterprise is balanced. Therefore, if there is reason to believe that the economic situation of the enterprise is not completely hopeless and the implementation of certain measures will allow to achieve a sufficient level of financial stability for the continuation of activities, then such measures should be implemented [3]. This will provide the debtor with the opportunity for self-preservation, the creditors with the chance to repay the loans in full, preserve the national economic relations in the economy, the state will not lose the taxpayer, and the workers will not lose their jobs.

The importance of bankruptcy in the modern economy is evidenced by the scale and dynamics of

this phenomenon and the fact that the efficiency of bankruptcy proceedings is taken into account in the assessment of the efficiency of national economies. Therefore, the authors believe that in the future it would be appropriate to conduct a study of the effectiveness of the bankruptcy system from the point of view of formulating answers to the following questions:

- a comparative analysis of the bankruptcy system with special attention to the duration of bankruptcy proceedings, the cost of bankruptcy and the rate of return on collected receivables;
- analysis of the impact of macroeconomic and microeconomic factors on scale and dynamics of enterprise bankruptcies;
- analysis of changes in legislative provisions regarding proceedings in bankruptcy cases with the aim of increasing the efficiency of bankruptcy procedures.

Despite the fact that bankruptcies are not a mass phenomenon, they happen quite often, it cannot be considered irrelevant.

Bankruptcy is a crisis situation and its overcoming requires special management methods. The market economy has developed a large system of financial methods for diagnosing bankruptcy and the methodology for making managerial decisions under the threat of bankruptcy [12]. This technique is intended for all enterprises operating in market conditions, since its features are such that it allows to identify at an early stage and eliminate negative factors of the enterprise's development, to outline ways to eliminate them. Under normal business conditions, shareholders and creditors expect a reward, the level of which depends on the degree of profitability of the firm. One of the first signs of a move towards bankruptcy is a decline in the company's profitability below the value of its capital.

The reasons for the bankruptcy of enterprises (organizations) can be very diverse. Generally speaking, they can be divided into two groups:

- 1) external, which are practically very difficult (sometimes impossible) to take into account;
- 2) internal, which directly depend on the forms, methods and organization of work at the enterprise itself. The result of the simultaneous influence of all factors is the onset of bankruptcy.

External factors are the most dangerous due to the fact that the possibilities of influencing them are minimal, and the consequences of their implementation can be devastating.

Internal bankruptcy risk factors caused by erroneous management actions, as shown by the practice of countries with developed market economies, are the causes of up to 80 percent of cases of economic failure of companies. As a rule, one or even several reasons do not lead the subject of entrepreneurial activity to bankruptcy

spontaneously. Usually, economic failure occurs as a result of a gradual, rather long process of their interaction in the absence or insufficient attention of the top management to the threats of the external environment and the weaknesses of the company's activities [8].

In dynamic and competitive market conditions, every business faces a higher or lower risk. No enterprise is guaranteed that its activity is going to continue forever, that its services will always be in demand, and that due to fluctuations in demand there will be no need to change volume of activity, dismiss employees, have additional costs, etc. Quite often enterprises' managers – in order to achieve higher profits – undertake riskier activities and those unwilling to risk and having accepted the current situation are usually floundering or are forced to leave the market after they have failed to compete. The most serious outcome of underestimating the risk is the bankruptcy, which results in negative consequences not only for the company but also for its employees, other companies and institutions, state and society. The bankruptcy of enterprises became one of the mostly studied issues by scientists. Economic, financial and legal questions regarding the bankruptcy have been studied rather thoroughly in the scientific literature. In recent years, more and more attention has been paid to managerial, cultural, ethical, psychological and even philosophical aspects of bankruptcy. Probably the most attention has been paid to the bankruptcy forecasting issue [1].

There are several types of remedial measures that are advisable to use at enterprises for the correct and effective choice of strategy and direction of improvement of life activities:

- financial and economic (mobilization and use of internal and external financial sources for improving the enterprise);
- organizational and legal (improvement of the organizational structure of the enterprise, preservation of organizational and legal forms of business);
- production and technical (modernization and renewal of production facilities, improvement of quality and improvement of product range);
- social (creating and financing a search or retraining system) [4; 5].

Conclusions from this study and further prospects in this direction. As a result of the conducted research, it was established that rehabilitation plays an important role in entrepreneurial activity, as it is the most effective way for the financial recovery of an insolvent enterprise. In Ukraine, due to the influence of both internal and external factors, a significant number of enterprises of various sizes suffer losses every year. With the aim of financial rehabilitation of an insolvent enterprise, it is advisable to carry out rehabilitation, which will ensure its effective functioning and increase in profitability [2].

In the difficult economic situation that has developed in Ukraine under modern conditions, a separate issue of improvement and getting out of the economically unstable situation of business entities is the adoption of remedial measures. It is worth noting that the anti-crisis management considers rehabilitation as one of the important means of preventing the bankruptcy of enterprises, therefore, taking effective measures of the rehabilitation process is a necessary condition for exiting the crisis state and further functioning of business entities.

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