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## **ROLE AND IMPORTANCE OF FINANCIAL PLANNING IN MARKET CONDITIONS**

**Abstract.** The article investigates the theoretical and practical aspects of financial planning businesses and its role in balancing financial resources, relations arising in the process of formation, storage, distribution and use in market conditions.

**Keywords:** business, financial planning, financial management, financial management system in the company.

**JEL Classification:** O 20, M 21, G 30.

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## **РОЛЬ ТА ВАЖЛИВІСТЬ ФІНАНСОВОГО ПЛАНУВАННЯ В РИНКОВИХ УМОВАХ**

**Анотація.** Стаття присвячена дослідженню теоретичних і практичних аспектів фінансового планування підприємств та його ролі в збалансуванні фінансових ресурсів, відносин, що виникають в процесі їх формування, акумулювання, розподілу та використання в ринкових умовах господарювання.

**Ключові слова:** підприємство, фінансове планування, управління фінансами, система управління фінансами на підприємстві.

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## **РОЛЬ И ВАЖНОСТЬ ФИНАНСОВОГО ПЛАНИРОВАНИЯ В РЫНОЧНЫХ УСЛОВИЯХ**

**Аннотация.** Статья посвящена исследованию теоретических и практических аспектов финансового планирования предприятий и его роли в сбалансировании финансовых ресурсов, отношений, возникающих в процессе их формирования, накопления, распределения и использования в рыночных условиях хозяйствования.

**Ключевые слова:** предприятие, финансовое планирование, управление финансами, система управления финансами на предприятии.

**Introduction.** Under the market economy faces new challenges every aspect of financial planning. The most difficult is the fact that nowadays there is little to learn from the mechanisms of financial planning that was carried out in a socialist economy. And it requires a transition from well-defined mechanisms of planning that had prescriptive for socialism, to determining the multivariate forecasts, plans and financial security and financial results of economic development based on market principles, ie production and consumption are determined by supply and demand, and the demand is determined by the level of material welfare, development of international economic relations, competitiveness and technological excellence of products, as well as work performed, and services provided.

**Analysis of recent research.** The issue of financial planning devoted to works of domestic and foreign scholars L.N. Pavlova, A. Poddyerohin, O.S. Filimonenkov, I.T. Balabanov, S.M. Onys'ko et al.

**The purpose of the study.** The analysis of the literature suggests that financial planning firms considered separately in the context of strategic management or types of short-term farm planning and models that describe the individual components of financial management. Most of the known methodological approaches to the calculation of the financial plan based on the use of a projected inflation excluding other indicative parameters that affects the quality of the plan and its perervnosti during the plan period.

**The main material.** Financial planning is an essential element of economic management. Without financial planning can not achieve the level of economic management , providing enterprise efficiency , success in the market , expansion of facilities, the successful resolution of social issues and material incentives for workers. For financial management professionals should not only focus on the internal situation of the enterprise , but also be informed about the situation in the country and worldwide , because the globalization of financial processes observed in relation to our country. In the face of uncertainty due to the global financial crisis financial planning process can not remain the same as under the condition of stability: should change planning horizon, plans should be more flexible, it is necessary to choose new targets . You can absolutely say that the role of planning in times of crisis is not reduced, but the process of financial planning is much more complicated.

With its economic essence recognized financial planning financial planning resources, such as the sources of their formation and areas of use. These methodological and procedural inconsistencies and relationship insecurity indicators of enterprises plan projections indicative indicators to development programs do not create a proper framework for effective financial regulation.

The task of financial planning is to determine the possible amount of financial resources, the sources of their formation and uses of by analyzing the trends of regular volume and production costs, as well as the dynamics and mass of profit based on impact factors. The resulting indicator of financial planning in the enterprise is increasing positive financial performance dynamics. Therefore, given the generally accepted principles and the main purpose of financial planning - it should be noted that the current methodology of financial planning is not perfect because it does not take into account such important factors as efficiency. Indeed, the existence of financial plans of the company does not automatically mean the effectiveness and there fore the main objective of financial planning - will be achieved only on paper [3].

How does scientific knowledge of financial planning methodology (Figure 1). Determines the general direction of , the principles and methods of action for the task.

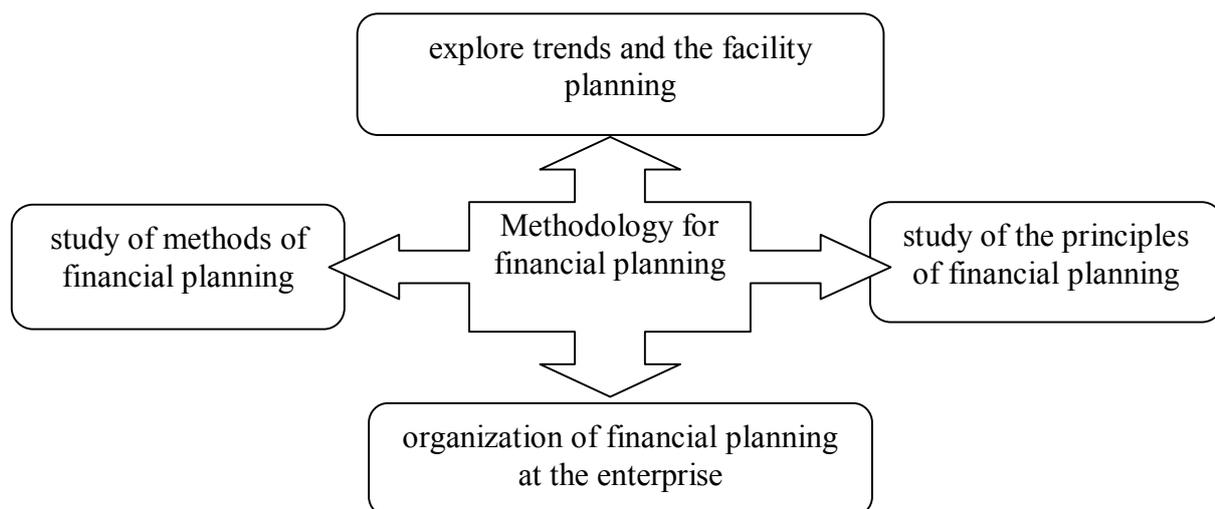


Figure. 1. Methodology for financial planning

The main principles of financial planning is necessary to distinguish such as scientific, objective-oriented, systematic planning, continuity and flexibility, coordination, matching funding their goals, providing liquidity and financial stability [1].

The scientific - reflects the state of development of the financial demands of science and improve the methods of developing financial plans. On this basis, the possible steady increase in the quality of financial plans and their role in the effective management of financial institutions. A more complete account of the actual economic conditions of the objective laws of market economy , the strength of their impact in specific situations leads to a number of new schemes and financial planning models that take into account the specificity of different financial sectors and even individual businesses.

Task orientation - is one of the main principles of financial management yourself. Target orientation changes at each stage of the life cycle of an organization. The systemic nature of planning is that financial planning is a set of interrelated elements to achieve the strategic goals of the organization. Coordination, which is the financial plans of all departments are interrelated and interdependent.

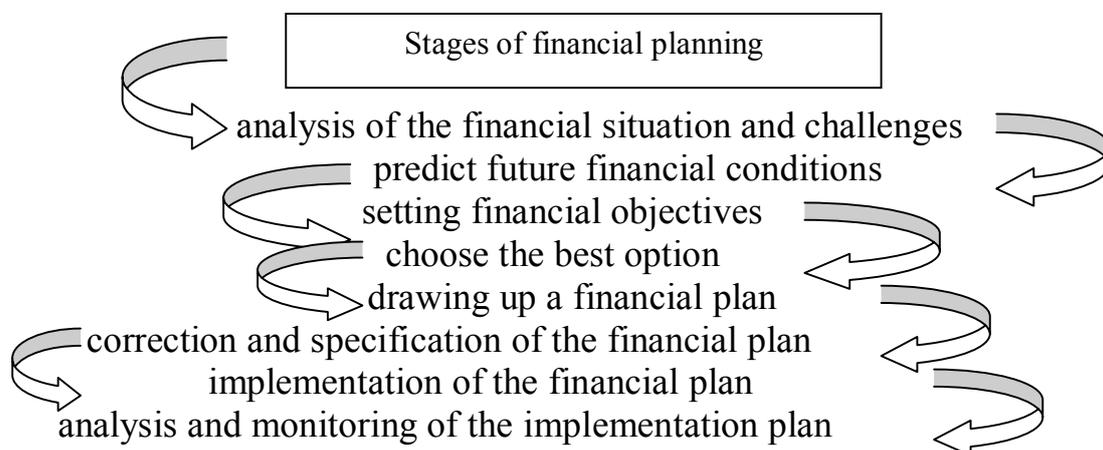
Continuity and flexibility of the process of financial planning, which are essential prerequisites for effective financial management and provide systematic work on drafting and revision of all interdependent plans of the organization.

Matching funding aims to attract them. The tool should fit the purpose. For example, for the modernization of fixed assets should involve long-term sources of funding , and to purchase additional working capital - short-term.

Providing liquidity and financial stability of the organization for the financial planning of its activities. The implementation of this principle should provide the excess of current assets over the organization of short-term debt [4].

Summary of financial planning is that it's multifaceted work that consists of a series of interrelated stages ( Figure 2).

Analysis of the situation and problems is to examine the actual data for the previous period. This makes it possible to evaluate financial performance over time and identify problems. The focus is on metrics such as sales , costs, size of the profit.



*Figure. 2. Stages of financial planning*

The prediction of future conditions necessary to determine the external and internal environment, which will take place the company. Based on advanced calculations industrial enterprise and marketing forecasts, market research, demand and other factors, projected future potential income.

Statement of financial problems is to define parameters for the planning period of income, profits, expenditure limits and the main uses of funds.

Choosing the best option. Based on the analysis of trends and current financial position of

the provisions considered several options, which may be the best options for business and financial development of the company.

Making a financial plan. Consists financial plan company in the form of balance of revenues and expenditures.

Adjustments to the financial plan and specification consisting comparing indicators of the financial plan of the industrial, commercial, investment, construction and other plans and programs that are installed on specific dates for achieving them. Agreed indicators of the financial plan submitted to the relevant business units and individual performers.

Implementation of financial plan. This ongoing process of industrial, commercial and financial activity that affects his final statement.

Analysis and control of the implementation of the plan is to determine the actual final financial results of the company, compared to targets, identifying the causes and consequences of deviations from targets in the preparation of measures to eliminate negative phenomena [3].

The effectiveness of the formation and use of financial resources depends on the organization and methods of financial planning. Financial plan as part of the overall planning system financial and economic activities should be consistent with its strategy of economic development, contribute to the achievement of business objectives. Mistakenly identified purpose and objectives of financial activity, ignoring the characteristics and actual conditions of industrial and economic activities and unskilled development of financial plans can cause deterioration of the financial position and financial performance of the company.

As it turns out , in practice , companies which employ a method of financial planning, are able to effectively organize their production and business and economic activities , as financial planning - a real saving money and time, so the place has a great financial strategy of the enterprise.

Today planning company - is a problem that is caused by several reasons:

- lack of understanding of the goals and objectives of the company;
- the complexity of determining resource needs of the enterprise;
- instability of fiscal policy;
- lack of experience in self- goal setting , action planning and fundraising in the market;
- shortcomings of the existing system of management accounting;
- lack of qualified personnel knowledgeable in modern methods of planning;
- insufficient development of information technology.

However, the experience of many companies in developed industrial countries shows that in today's market, with its stiff competition, planning, financial and business activities are essential to their survival, growth and prosperity. That is, it enables optimal link available opportunities enterprises on production of demand and supply, prevailing in the market.

**Conclusions.** Financial planning is an essential element of economic management as well as finance covering all aspects of the business, the financial planning expresses them in the relevant financial indicators used in managing the economy. Without financial planning can not achieve the level of economic management, providing enterprise efficiency, success in the market, expansion of facilities, the successful resolution of social issues and material incentives for workers.

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*Received 23.09.2013*