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CORPORATE ASPECTS OF FORMING THE FINANCIAL AND INVESTMENT STRATEGY OF AN ENTERPRISE

The article identifies the specifics of financial and investment operations conducted by corporate enterprises in the capital market. It establishes the nature, role, and importance of participants in corporate relations who make financial contributions to the enterprise's activities (shareholders, investors, creditors) in the processes of investment support for corporate development. The key requirements for ensuring adherence to proper corporate governance practices are examined. It is substantiated that improving corporate governance practices will contribute to achieving sustainable competitive advantages, serving as an indicator of investment reliability for investors in the capital market. The factors influencing the enterprise's ability to mobilize financial resources from various sources are generalized. The essence of financial strategy is defined in forming a strategic set for a corporate enterprise, as a comprehensive action program that includes both business goal formation and the description of means to achieve them, aimed at implementing specific long-term development priorities. The sequence of forming a financial and investment strategy for an enterprise is summarized. The components of developing a financial and investment strategy are identified. The specifics of setting long-term and current goals during forming a corporate enterprise's financial and investment strategy are considered. The role and significance of the financial and investment strategy in ensuring balance and harmonizing the interests of corporate stakeholders are revealed. The importance of maintaining informational transparency in corporate governance to support the investment attractiveness of the enterprise in the capital market is substantiated.

Keywords: *corporate governance, corporate enterprise, corporate development, finance, investments, financial strategy, investment strategy, corporate control, joint-stock company, shareholders, investors.*

Fig. 2. Lit. 12.

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КОРПОРАТИВНІ АСПЕКТИ ФОРМУВАННЯ ФІНАНСОВО-ІНВЕСТИЦІЙНОЇ СТРАТЕГІЇ ПІДПРИЄМСТВА

Визначено особливості здійснення фінансово-інвестиційних операцій корпоративних підприємств на ринку капіталу. Встановлено характер ролі та значення учасників корпоративних відносин, що здійснюють фінансовий внесок у діяльність підприємства (власники-акціонери, інвестори, кредитори) в процесах інвестиційного забезпечення корпоративного розвитку. Розглянуто склад ключових вимог щодо забезпечення підтримки належних практик корпоративного управління. Доведено, що поліпшення практики корпоративного управління буде сприяти отриманню стійких конкурентних переваги як індикатору надійності вкладень для інвесторів на ринку капіталу. Узагальнено склад факторів, що надають вплив на можливості мобілізації підприємством фінансових ресурсів із різних джерел фінансування. Визначено сутність фінансової стратегії в контексті формування стратегічного набору корпоративного підприємства як комплексної програми дій, яка містить як формування цілей бізнесу, так і опис засобів їх досягнення, а також яка спрямована на реалізацію конкретних довгострокових пріоритетів розвитку. Узагальнено послідовність формування фінансово-інвестиційної

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стратегії підприємства. Визначено складові процесу формування фінансово-інвестиційної стратегії підприємства. Розглянуто особливості встановлення довгострокових та поточних цілей при формуванні фінансово-інвестиційної стратегії корпоративного підприємства. Виявлено роль та значення фінансово-інвестиційної стратегії при забезпеченні збалансованості та для гармонізації інтересів учасників корпоративних відносин. Доведено значущість вимог щодо підтримки інформаційної прозорості корпоративного управління для підтримки інвестиційної привабливості підприємства на ринку капіталів.

Ключові слова: *корпоративне управління, корпоративне підприємство, корпоративний розвиток, фінанси, інвестиції, фінансова стратегія, інвестиційна стратегія, корпоративний контроль, акціонерне товариство, акціонери, інвестори.*

General statement of the problem and its connection with important scientific or practical tasks. The enterprise's need for financial resources is linked to expenditures on expanded reproduction, fulfillment of financial obligations, economic incentives for employees, and more. The portion of funds involved in the enterprise's economic activities, transforming into various tangible forms and meeting financial obligations, constitutes its financial resources. Each such transformed form of financial resources represents the enterprise's capital.

The decision regarding funding sources for the enterprise's operations significantly affects the structure and how capital is formed. The fundamental concept behind capital formation is the theory of capital structure. Capital structure refers to the ratio of all forms of internal and external financial resources that the enterprise uses in its business operations to finance assets.

The primary financing sources include internal sources, borrowed funds (such as loans from banks and other investors), and temporarily attracted funds (commercial credit, short-term bank loans, and other temporary funding). In the capital market, primary attention is given to corporate enterprises, especially joint-stock companies (JSCs), since capital investments in such enterprises take the form of shares, which are in demand and can be sold back into monetary form, often at a higher value. However, when choosing an investment object, beyond ownership structure, the owner of financial resources primarily considers two factors: the degree of risk and the expected future profit.

Analysis of recent research and publications. Various aspects of aligning and balancing the interests of stakeholders in a corporate enterprise have been extensively studied in the works of Burnham T. [1], van Frederikslust R. [2], Gaughan P. [3], Grinblatt M. [4], Knell A. [5], Lampert M. [6], Osterwalder A. [7], Pigneur Y. [7], Sawyer T. [8], Shaw J. [9], Sheridan T. [4], Smith R. [10], Vakkur N. [11], Zhang D. [12], among others. However, specific issues, particularly those related to identifying and accounting for the influence of relationships among participants in corporate governance on the formation of a business's financial and investment strategy, remain insufficiently explored and require deeper examination.

The article's objectives. This study aims to generalize the role and significance of stakeholders in investment support for corporate development and justify approaches to forming the enterprise's financial and investment strategy.

Main part. Reducing risk and increasing profitability depend on many internal and external factors. At the same time, competent company management allows these goals to be achieved even under unfavorable external conditions, shaping the company's investment appeal.

For shareholders, the primary goal, in addition to receiving dividends, is the increase in share value, and the company's management must strive to grow its capitalization. Investors perceive effectively managed companies as friendly and trustworthy, capable of ensuring a proper return on shareholders' investments. Companies that maintain high standards of corporate governance typically have better access to capital than those managed improperly. Such companies attract more investors willing to provide capital at a fair price and are more efficient at connecting capital owners with entrepreneurs needing external financial resources.

Unlike the investments of other participants, financial assets are separated from their owners. Even from the perspective of corporate law, a joint-stock company is a separate legal entity, independent of its shareholders. Therefore, the increase or depreciation in the value of financial investors' contributions to the capital of a joint-stock company significantly depends on the actions of other corporate participants, who may pursue their interests. Active interference by shareholders in the company's management contradicts their interests, as this would turn the joint-stock company from an association of capital into an association of individuals. Consequently, in a corporation where ownership and management functions are separated, the ability to return and grow shareholder investments depends entirely on the quality of corporate governance.

Creditors of the corporation, unlike shareholders, provide borrowed funds to the joint-stock company under repayment conditions, with guaranteed usage periods and fees for the loan. However, the return of borrowed funds largely depends on the good faith of other corporate participants (primarily senior management and staff) and their ability to use them effectively. Thus, creditors, like shareholders, are financial investors, but their interests are much more protected. Therefore, establishing guarantees for the appropriate use and return of their investments is crucial for creditors, and a necessary condition for this is proper corporate governance.

In particular, the key requirements for maintaining appropriate corporate governance practices are:

a favorable legislative environment alone is not enough; company initiative and corporate culture are also essential;

rigid corporate governance procedures can be a limiting factor for growth;

maintaining trust in the company and stimulating stock price growth depend on transparency in governance policies, which should provide market participants with timely updates on the development of corporate governance.

One of the most essential elements of corporate governance is information disclosure. However, a necessary condition is that the information disclosed must accurately reflect the processes occurring within the company. More extensive disclosure requirements may be interpreted as a need for excessive reporting, which would not improve shareholder awareness but confuse them. Therefore, it is not the goal of reporting that matters most, but the company's openness and the presentation of information in a convenient format for shareholders. A comprehensive information disclosure policy is essential, one that both provides timely and objective information to all stakeholders and ensures the protection of confidential and insider information.

Corporate ethics play an important role in preventing managerial abuse. However, it is essential that all corporate participants, especially the company's management, abide by these ethical standards.

At the same time, corporate culture alone is insufficient to establish proper governance. The company's financial strategy and the financial policies of its leadership also play a vital role in ensuring effective governance.

Attention should also be paid to the issue of choosing a behavioral tactic: growth-oriented versus strictly controlled management. On the one hand, strict formalization of corporate governance protects shareholders and investors from managerial abuse; on the other hand, it may reduce flexibility in decision-making and responsiveness to change.

It should be noted that a proper corporate governance system is particularly essential for joint-stock companies with a large number of shareholders operating in high-growth industries and seeking to mobilize external financial resources on the capital market. However, its usefulness is equally undeniable for JSCs with few shareholders, private (closed) joint-stock companies, limited liability companies, and companies operating in industries with medium or low growth rates. Implementing such a system enables companies to optimize internal business processes and prevent conflicts by establishing appropriate relationships with owners, creditors, potential investors, suppliers, consumers, employees, representatives of public authorities, and civil society organizations.

Moreover, any company aiming to increase its market share inevitably faces the need for external financial resources due to the limitations of internal funding and the impossibility of indefinitely expanding accounts payable without increasing the share of equity in liabilities.

Therefore, improving corporate governance practices will contribute to gaining competitive advantages, which in turn will serve as a positive signal for investors on the capital market and reduce the cost of capital for joint-stock companies.

The ability of a company to mobilize financial resources from various funding sources depends on many factors. These include the company's industry, the cost of financial resources on the capital market, the political and financial stability of the country, the level of the company's competitiveness, the overall amount of financial resources required, the intended uses of those funds, and other considerations. One of the most influential internal factors is the quality of general enterprise management, which is reflected in the company's development strategy.

The enterprise's development strategy serves as a benchmark for capital investment decisions by investors and creditors. The accuracy of strategic choices determines not only the company's position in the long term, but also its ability to mobilize financial resources at the initial stages of its activity. For example, vague or poorly defined business objectives may reduce the company's investment appeal to strategic investors or lead to a decline in the share price over a specific period.

Thus, the definition of business goals is the starting point of strategic enterprise management. It is necessary to clarify the essence of strategy to understand the process of formulating the general plan and its financial component.

The strategy formulation issue arises after the enterprise's goals, scope, area of activity, and tasks have been defined. Strategy is understood not as a set of detailed plans, but as the general approaches to organizing and carrying out the enterprise's activities.

Accordingly, strategy represents a general comprehensive action program that defines the company's priority issues, mission, key objectives, and resource allocation needed to achieve them. By enterprise strategy, we also mean an integrated program that includes both the definition of objectives and the description of means to reach them, and is aimed at attaining specific long-term goals of the business.

The financial strategy is part of the enterprise's overall strategy. Theoretically, it is a functional strategy (like pricing, innovation, marketing strategies, etc.) and serves as the basis for choosing alternatives that determine the nature and direction of organizing financial relations.

The financial strategy addresses secondary tasks subordinated to the financial support of general objectives defined in the strategic plan. Within the scope of a company's financial activity, two main tasks stand out: attracting resources to support economic activity and distributing those resources. These tasks are closely interrelated: achieving specific company goals depends on the availability of financial resources. At the same time, the direction of resource usage affects the availability and timeliness of mobilizing funds from the most attractive sources of financing within a set period.

Exploiting the current state and internal constraints into the future is insufficient to form an effective financial strategy. Instead, viewing current enterprise resources through the lens of future needs is crucial. The formation of a financial strategy for an enterprise can be broken down into specific stages (see Fig. 1).

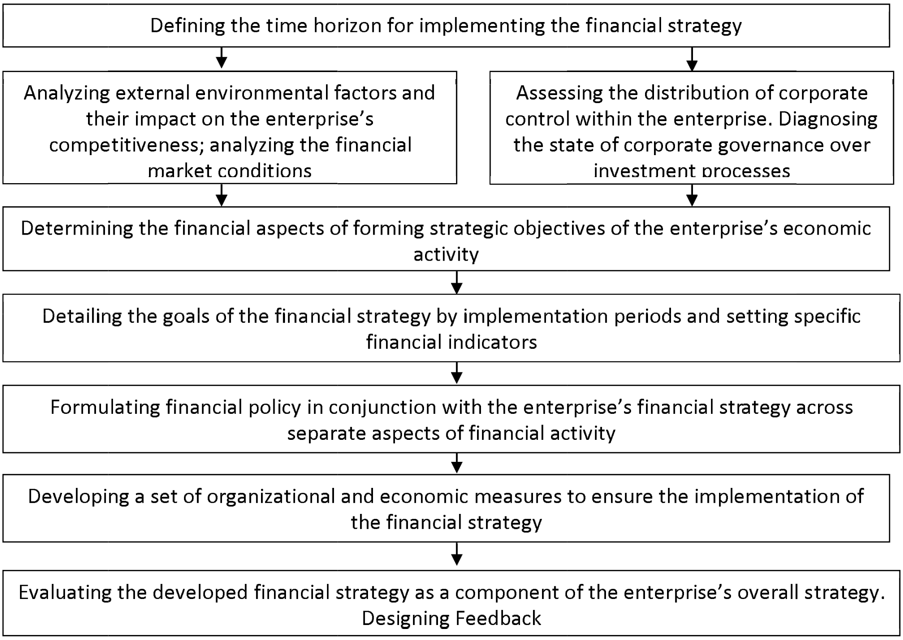

Fig. 1. **Sequence of financial strategy formation of a corporate enterprise**

Like any strategy, a financial strategy should be focused on the long-term outcomes of the enterprise's activities, enabling it to remain competitive over time. However, this does not mean that short-term priorities can be ignored, as neglecting them may adversely affect long-term goals. Defining the timeframe of the financial strategy allows management to assess its results and effectiveness, enabling timely adjustments to the original strategy. Depending on various factors, the time limitations of a financial strategy are unique to each enterprise.

Since a financial strategy is long-term and one of its tasks is to select funding sources for the enterprise's overall strategy, it can be divided into investment and credit strategies (see Fig. 2).

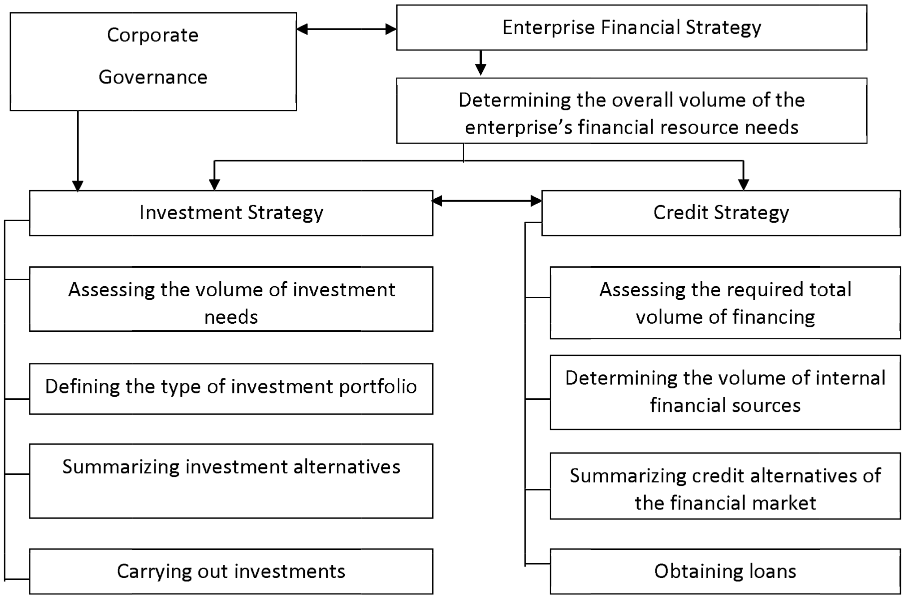

Fig. 2. **Components of the process of forming a financial and investment strategy for a corporate enterprise**

The result of elaborating the financial strategy is the definition of the enterprise’s tactical financial objectives: increasing the speed of cash inflows, reducing the speed of cash outflows, and ensuring the maximum return on funds invested in the company’s activities.

Financial strategy and tactics influence the financial operations of the enterprise through financial forecasting and planning. Financial forecasting and planning define the financial outlook for the company’s development, as well as tactical steps to support day-to-day operations and mitigate the adverse effects of changes in the external and internal environment.

Conclusions from this study and prospects for further research in this area. The key requirements for ensuring adherence to proper corporate governance practices include: the quality of corporate governance depends on business initiatives in this area and on the corporate culture of the enterprise; rigid corporate governance procedures can act as a constraint on growth; maintaining trust in the company and stimulating share price growth depend on transparency in governance policy, which must ensure that the market is informed about the steps being taken to develop corporate governance.

The enterprise's development strategy guides investors and creditors to invest capital in the enterprise's activities. Forming a financial strategy involves anticipating the future and determining how to achieve a specific corporate development goal. The result of detailing the financial strategy is the identification of the enterprise's tactical financial objectives (namely: increasing the speed of cash inflows, reducing the speed of cash outflows, and ensuring maximum returns on investment in activities), which define the nature of relationships among corporate stakeholders.

Future research in this area will be aimed at developing methodological approaches for scenario planning of options for selecting optimal financial and investment decisions.

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