neutralized by the adverse effects of others, particularly those with greater weight or significance.

During operations, every enterprise must not only maintain its stability but also align its internal capabilities with external environmental influences. This alignment enables the organization to achieve a new qualitative state, thereby fostering sustainable development.

Analyzing the financial stability of an enterprise facilitates an assessment of its adaptability to external environmental conditions and provides insights into the degree of independence from external financing sources.

References:

1. Parris, T. M., & Kates, R. W. (2003). Characterizing and measuring sustainable development. Annual Review of environment and resources, 28(1), 559-586.

2. Makki, M. A. M., Lodhi, S. A., & Iqbal, M. J. (2012). A Cybernetic Framework to Deal with Global Financial Crisis: An application of viable system model. Pakistan Journal of Social Sciences, 32(1), 113-121.

3. Schinasi, G. J. (2004). Defining financial stability.

4. Allen, W. A., & Wood, G. (2006). Defining and achieving financial stability. Journal of financial stability, 2(2), 152-172.

5. Rosengren, E. S. (2011, June). Defining financial stability, and some policy implications of applying the definition. In Keynote remarks at the Stanford finance forum (Vol. 28). Graduate School of Business, Stanford University.

6. Goodhart, C. A. E., & Goodhart, C. A. E. (2004). Some new directions for financial stability? (Vol. 27). Bank for International Settlements.

7. Freedman, C., & Goodlet, C. (2007). Financial stability: what it is and why it matters. CommentaryCD Howe Institute, (256), 0_1.

8. Taylor, A. M. (2015). Credit, financial stability, and the macroeconomy. Annu. Rev. Econ., 7(1), 309339.

9. Davis, E. P., & Stone, M. R. (2004). Corporate financial structure and financial stability. Journal of Financial Stability, 1(1), 65-91.

Бібліографія: Wang Xiaofei, Strokov I. Definition and essence of financial stability of an enterprise / ***Wang Xiaofei, I. Strokov*** // Результати наукових конференцій Навчально-наукового інституту економіки, менеджменту та міжнародного бізнесу НТУ «ХПІ» за 2024 рік в 2 т. – Харків : НТУ «ХПІ», 2024. Т. 1 : Труди XXI-ої Міжнародної науково-практичної конференції «Дослідження та оптимізація економічних процесів «Оптимум-2024» 10-11 грудня 2024 р. – 2024. С. 142-145

ZHOU FANGHUI, student, NTU «KhPI»

STROKOV I., NTU «KhPI»

THE ESSENCE OF FINANCIAL STABILITY OF AN ENTERPRISE

Modern operating conditions of enterprises are characterized by systemic dependence of some entities on others, increasing dynamism of the national and global market environment, changes in legislation, rapid development of scientific and technological progress, shifts in economic activity, instability of the economic situation, and risks of military aggression, among other factors.

Under such conditions, no enterprise is protected from crisis situations, which, in the case of poor management, can be fatal for the business. Therefore, ensuring financial stability under the negative influence of external factors, the ability to quickly counter threats, and adapting to conditions that positively affect the enterprise's activities by leveraging its capabilities are crucial issues.

In economic literature, there are various interpretations of an enterprise's financial stability. Some authors define financial sustainability as the state of an enterprise in which its assets are sufficient to repay its liabilities, i.e., the enterprise is solvent [1].

Others consider financial sustainability as the result of generating sufficient profits for the development of the enterprise, which is a defining feature of its economic independence [2].

There is an approach where financial stability is understood as reliably guaranteed solvency, balance between own and borrowed funds, independence from market and partner uncertainty, trust of creditors and investors and the level of dependence on them, as well as a profit margin sufficient to ensure self-financing" [4].

Blank I.A. defines the core essence of financial stability as a characteristic of the stability of the enterprise's financial position, provided by a high share of equity in the total financial resources used [5].

At the same time, some authors characterize this category as a dynamic integral characteristic of the system's ability to effectively (with maximum efficiency and minimum risk) transform resources and risks, performing its functions under the influence of internal and external factors [3].

There is also an opinion on financial sustainability as a stable financial condition of an enterprise. To determine the degree of financial stability of an enterprise, it is necessary to analyze all indicators of its financial condition [6].

In scientific research, one can also find the view that financial sustainability is a condition that ensures stable financial activity, constant excess of income over expenses, free cash flow, effective management of financial resources, uninterrupted production and sales, expansion and modernization of production. This definition covers the analysis of all areas of the enterprise's activity, thus integrating the concept of “financial stability” [2].

Thus, the analysis allows us to assert that there are currently several conceptual approaches to interpreting the concept of "financial stability":

- First approach: Financial stability ensures the enterprise’s financial security and its financial independence from external funding sources.
- Second approach: Financial stability reflects the financial system’s ability to maintain cash flow despite external and internal influencing factors.
- Third approach: Financial stability is formed through the enterprise’s operational, financial, and investment activities and is the result of the interaction of all elements of the financial relations system, making it the main component of the enterprise’s overall economic stability.
- Fourth approach: Financial stability is the ability to conduct business activities under conditions of entrepreneurial risk and a changing business environment to strengthen the organization’s competitive advantages, taking into account the interests of society and the state and maximizing the welfare of its owners.
- Fifth approach: Financial stability in the long term is characterized by the ratio of borrowed and own funds. Its essence lies in the efficient formation, allocation, and use of financial resources [7].

After examining this category, the authors of [8] conclude that financial stability is a state in which an economic entity ensures a sufficient share of equity in the composition of the enterprise’s financing sources. In other words, it is the entity’s ability to function stably and develop efficiently, maintaining a balance between assets and liabilities in changing internal and external environments.

A large number of factors, often classified into external and internal, influence an enterprise's financial stability.

Thus, given the diversity of problems addressed within the framework of strengthening and maintaining enterprises' economic stability, it can be defined using a comprehensive subsystem framework, highlighting its structural components: internal, external, and "inherited." Each of these is a complex system with its own parametric assessments. Any impulse from the external environment can significantly alter the stability of one system while not affecting another.

The concept of financial stability is multifaceted. It is characterized by financial independence, the ability to maneuver one's own funds, adequate financial provision for activities, and the condition of the production process. The essence of financial stability is determined by the effective formation, distribution, and use of financial resources during management. Financial stability is a criterion for the reliability of a partner. Its assessment serves as a basis for external stakeholders to determine the enterprise's financial capabilities over the long term.

At the current stage, economic literature lacks a unified approach to interpreting the essence of the concept of "financial stability." Instead, many approaches exist, often complementing or duplicating each other. This situation is driven by the development of economic science and changing economic relations, which give rise to new concepts and terms.

References:

1. Gadanecz, B., & Jayaram, K. (2008). Measures of financial stability-a review. Irving Fisher Committee
Bulletin, 31(1), 365-383

2. Schinasi, G. J. (2004). Defining financial stability

3. Ozili, P. K., & Iorember, P. T. (2024). Financial stability and sustainable development. International Journal of Finance & Economics, 29(3), 2620-2646

4. Goodhart, C. A. E., & Goodhart, C. A. E. (2004). Some new directions for financial stability? (Vol. 27). Bank for International Settlements.

5. Allen, F., & Gale, D. (2004). Competition and financial stability. Journal of money, credit and banking,
453-480

6. Rees, B. (1995). Financial analysis. Hertfordshire: Prentice Hall.

7. Palepu, K. G., Healy, P. M., Wright, S., Bradbury, M., & Coulton, J. (2020). Business analysis and valuation: Using financial statements. Cengage AU.

8. Benninga, S. (2014). Financial modeling. MIT press

Бібліографія: Zhou Fanghui, Strokov I. The essence of financial stability of an enterprise / ***Zhou Fanghui, I. Strokov*** // Результати наукових конференцій Навчально-наукового інституту економіки, менеджменту та міжнародного бізнесу НТУ «ХПІ» за 2024 рік в 2 т. – Харків : НТУ «ХПІ», 2024. Т. 1 : Труди XXI-ої Міжнародної науково-практичної конференції «Дослідження та оптимізація економічних процесів «Оптимум-2024» 10-11
грудня 2024 р. – 2024. С. 146-149