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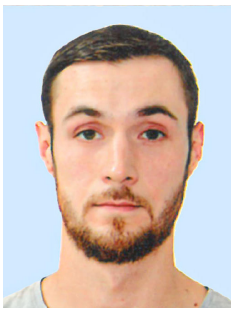

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INCREASING THE EFFICIENCY OF MANAGING THE FINANCIAL RESULTS OF MARKET ACTIVITIES

Abstract. In the modern world with a predominance of a market economy system, financial performance management is a central aspect of the effective operation of an organization. The main goal of sustainable development is to ensure the optimal structure of financial results in the mechanism of a market economy and the development of proposals that ensure its sustainable financial development.

Based on the foregoing, the classification of factors and reserves used to improve the efficiency of the organization's financial results management system allows us to develop comprehensive measures to improve the management system. These circumstances determine the need for theoretical, methodological, and practical developments in the field of improving management systems in organizations. Effective management of financial results is ensured by the implementation of a number of principles, the main of which is systematic construction. Financial results management should be built as a single interconnected set of elements that ensure the effective development and implementation of goals that are guided by the strategic goals of financial development. Management of financial results should be characterized by a high dynamism of response to the adverse impact of factors of the external and internal financial environment and the legality of management decisions.

The main models of financial markets that have emerged to date – the hypothesis of an efficient financial market and the behavioral finance approach – are based on the analysis and comparison of methods and instruments of financing, but a fundamentally new concept of reflection is gradually gaining ground and is a full-fledged alternative to other models.

Keywords: *finance, result, financial resources, management system, profit, efficiency, optimality*

Introduction. Nowadays financial performance management is a central aspect of the effective operation of an organization. The financial condition is provided by the financial resources necessary for their normal management and effective use (Balabanov, 2009). The need for effective management of the financial results of market activities is due to the main activity of commercial organizations – making a profit. The main goal of sustainable development is to ensure the optimal structure of financial results in the mechanism of a market economy and the development of proposals that ensure its sustainable financial development.

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Analysis of recent research and publications. In modern economic literature, a lot of attention is paid to the study of issues related to the definition of financial results, the order of their formation and use (Tirole, 2006). Financial resources are understood as all sources of funds accumulated by an enterprise to form the assets it needs in order to carry out all types of activities. This happens both at the expense of their own income, savings, and capital, and at the expense of various types of income (Romanovsky & Vostroknutova, 2011), which, ultimately, appears to be financial results of organizations. At the same time, a number of issues of the theory and practice of financial resources and financial results management remain controversial and not fully explored in financial science. In the researches related to the content of the organization's financial resources, there is an ambiguity and sometimes contradictory interpretation of concepts (Pavlova, 2015). An unambiguous and well-grounded consideration of the essence of financial resources is of paramount importance not only for theory but also for the practice of their management (Guseinov, 2015).

The purpose of our article is to develop optimal approaches to the selection of criteria for managing the financial results of market activities.

The objectives of the financial results management system are (Guseinov, 2015):

– ensuring the constant growth of the market value of the organization;

– profit maximization;

– increasing the efficiency of personnel participating in the formation, distribution of financial results;

– achieving optimal proportions between profitability and the maximum level of risk.

Formulation of the main material. Based on the foregoing, the classification of factors and reserves used to improve the efficiency of the organization's financial results management system allows us to develop comprehensive measures to improve the management system. These circumstances determine the need for theoretical, methodological, and practical developments in the field of improving management systems in organizations.

Financial results management is a system of principles and methods for the development and implementation of management decisions related to ensuring their effective formation, distribution, and use in the process of market activities. Management efficiency is ensured by solving the following tasks: 1) ensuring the formation of a sufficient amount of financial resources in accordance with the development objectives; 2) optimization of the structure of sources of formation of financial resources; 3) optimization of the distribution of generated financial resources.

Effective management of financial results is ensured by the implementation of a number of principles, the main of which is systematic construction. Financial results management should be built as a single interconnected set of elements that ensure the effective development and implementation of goals that are guided by the strategic goals of financial development. Management of financial results should be characterized by a high dynamism of response to the adverse impact of factors of the external and internal financial environment and the legality of management decisions.

This principle means that the entire system of obtaining the necessary information should be carried out on the basis of the current legislation and not contradict the current regulatory legal acts. Financial results management includes the following stages: 1) planning; 2) operational management; 3) financial control. Management efficiency largely depends on the information used for this purpose. In the process of assessing the quality of the generated information base, its completeness and accuracy are checked for the study of individual sources of formation and directions of use, as well as the reliability of information sources.

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Financial control is carried out on the basis of continuous monitoring of the results of management decisions taken. Based on the monitoring results, if necessary, adjustments are made to previously adopted management decisions aimed at achieving the envisaged goals. A special role belongs to the internal control over the formation and use of financial results. It is an organized process of checking the execution and implementation of all management decisions in the field of formation and use of financial results in order to implement the developed strategy and indicators of operational and current financial plans.

The ultimate goal of effective management of financial results can be considered the achievement of financial stability of the organization, i.e. the state of the structure of resources and factors, which allows the organization to achieve the most effective results of activity and provides an opportunity to move to the next stage of the life cycle (Muth, 1961). A special role in this regard is assigned to the functioning of the financial market and forecasting possible changes in activities.

Currently, there are three theoretical approaches to building models of the financial market: efficient financial market, behavioral finance, and the concept of reflexivity. All three approaches study the mechanisms of formation of equilibrium in the financial market, and the resulting features of the pricing of a financial asset.

The theory of an efficient financial market is based on the postulate of the rationality of market participants' expectations:

1) their expectations (forecasts) are adequate to future processes (Friedman & Savage, 1948);

2) as payment for uncertainty, they require a risk premium described by the expected utility of wealth (Friedman & Savage, 1948).

The behavioral finance approach is based on the facts of the deviation of the behavior of decision-makers from the postulate of rationality. Key work in this area is devoted to the psychological characteristics of decision-making under conditions of uncertainty (Kahneman & Tversky, 1978). Using the survey method, D. Kahneman & A. Tversky showed that there are stable effects influencing both the occurrence of subjectivity in assessing probabilistic outcomes and the subject's propensity to take risks, which are not taken into account by the hypothesis of rational expectations. They took these effects into account when creating their Prospect Theory. From the perspective of Prospect Theory, the value of the prospective outcomes for the subject depends on the connection point, i.e. for the subject, the value function is defined not for the absolute value of his wealth, but for its change, i.e. for wins and losses.

The third approach to creating models of the financial market – the concept of reflexivity was first proposed for consideration by J. Soros (1999) in the book «Alchemy of Finance». Soros moves from considering equilibrium processes in financial markets to analyzing dynamic ones. For this, he introduces the concept of reflexive interaction, in which two variables participate, each of which is both a factor attribute and an effective one for another variable. Based on this concept, J. Soros proceeds to describe the cyclical, two-way, reflexive interaction between the expectations (preferences) of financial market participants, and the fundamental indicators of the organization, in which expectations depend on the fundamental indicators and influence them. J. Soros was the first to emphasize that financial markets in practical reality function in conditions when independent and objective expectations are not only not available to financial market participants but are simply absent. This statement is very important since it already clearly demonstrates the key difference between the two theoretical approaches described above and the concept of reflexivity. The concept of reflexivity states that there are no objective probabilities and values of future outcomes independent of the researcher's activity.

The presence of various models of market functioning is determined, first of all, by those who play a dominant role in investing in the real sector of the economy –

the banking system through lending or the capital market through the issue and circulation of securities. None of the models can be considered theoretically the best or optimal since the supervision model of any country must correspond to the financial structure of that country, be effective and efficient.

So, for example, Yu. Ichkitidze and I. Ryzhkov (2021) described a model in which they showed that under certain conditions the fair price of a share, ie the price calculated by discounting the expected future cash flows from a share is a function of its market price. Based on this model, the process of forming reliable expectations among financial market participants is considered. It is shown that under the conditions of this model, financial market participants do not have the opportunity to form their expectations, which are independent of their own behavior. Their expectations, to be reliable, must be based not only on the expectations of the organization's performance but also include the expectations of the actions of the participants in the financial market. From this, many different valid expectations arise in the model. Any of them may turn out to be reliable in the future, but to do this, it must be confirmed by the occurrence of a certain trajectory of the market price on the stock market.

Thus, considering various models of the functioning of the financial market, its participants must identify all possible trajectories of equilibrium between the market and fair prices of shares and make sure that any of them, prior to the experiment, has every right to comply with the reliability criterion. However, only the course of the experiment itself, which in this case is the market trading of a share, will be able to name to the participants of the financial market anyone, specific, equilibrium trajectory implemented in this experiment.

Another experiment, representing the following equilibrium trajectory, can be chosen directly by the financial market participants. This choice is not limited anyhow, so it will be the way the participants of the financial market want to see it. In contrast to the implementation of the approach based on the hypothesis of rational expectations, in this setting the investor makes a decision, realizing that any chosen equilibrium trajectory can be both confirmed by the course of the experiment and refuted. Therefore, before the start of the experiment, the investor does not know which of the equilibrium trajectories will be reliable in the future.

The approach proposed by the concept of reflexivity to solve this problem is as follows:

– the investor makes decisions under the conditions of an experiment, based not on the expectations of the probabilities of realizing one or another equilibrium trajectory, but on the concept of choice;

– each investor realizes the equality of implementation in the course of the experiment of one or another trajectory;

– each investor makes a subjective preference in favor of one of the trajectories;

– for each investor, the criterion for the economic optimality of market behavior is the choice in favor of the trajectory that is chosen by other investors;

– for each investor, it is desirable that other investors join this choice a little later than he did himself.

The main models of financial markets that have emerged to date – the hypothesis of an efficient financial market and the behavioral finance approach – are based on the analysis and comparison of methods and instruments of financing, but a fundamentally new concept of reflection is gradually gaining ground and is a full-fledged alternative to other models.

Conclusions. 1. The main goal of sustainable development of the organization is to ensure the optimal structure of financial results in the mechanism of a market economy and the development of proposals that ensure its sustainable financial development.

2. To improve the efficiency of the organization's financial results

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management system, it is necessary to develop comprehensive measures for improving the management system.

3. The efficiency of managing the financial results of market activities necessitate the theoretical, methodological and practical developments in the field of improving management systems in organizations.

4. The presence of different models of market functioning is due to the presence of different approaches to investing in the real sector of the economy – the banking system through lending or the capital market through the issue and circulation of securities.

5. The proposed approach of the concept of reflexivity is gradually gaining ground in the global market economy and is a full-fledged alternative to other models, in particular, the hypothesis of an efficient financial market and the behavioral finance approach.

Conflict of Interest and other Ethics Statements
The authors declare no conflict of interest.

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ПІДВИЩЕННЯ ЕФЕКТИВНОСТІ УПРАВЛІННЯ ФІНАНСОВИМИ РЕЗУЛЬТАТАМИ РИНКОВОЇ ДІЯЛЬНОСТІ

Анотація. Розглянуто існуючі в теперішній час теоретичні підходи до побудови моделей фінансового ринку: ефективного фінансового ринку, поведінкових фінансів та концепції рефлективності. Фінансовий стан організації визначається забезпеченістю фінансовими ресурсами, необхідними для нормального функціонування, доцільним управлінням ними і ефективним використанням. Завдання системи управління фінансовими результатами полягають у наступному: забезпечення постійного зростання ринкової вартості організації; максимізація прибутку; підвищення ефективності участі персоналу у формуванні, розподілі фінансових результатів; досягнення оптимальних пропорцій між прибутковістю і граничним рівнем ризику. Класифікація факторів і резервів, які використовуються для підвищення ефективності системи управління фінансовими результатами організації, дозволяє розробити комплексні заходи щодо вдосконалення системи управління, досягти найбільш ефективних результатів діяльності організації та надає можливість перейти на наступний етап життєвого циклу. Наявність різних моделей функціонування ринку обумовлюється, перш за все, тим,

кому належить домінуюча роль в інвестуванні реального сектора економіки – банківській системі шляхом кредитування або ринку капіталу через емісію та обіг цінних паперів. Жодна з моделей не може розглядатися як теоретично найкраща або оптимальна, оскільки модель нагляду будь-якої країни повинна відповідати фінансовій структурі цієї країни, бути ефективною і дієвою. Сформовані до теперішнього часу основні моделі фінансових ринків – гіпотеза ефективного фінансового ринку і підхід поведінкових фінансів будуються на основі аналізу і зіставлення методів та інструментів фінансування, проте принципово нова концепція рефлексії поступово завойовує позиції і є повноцінною альтернативою іншим моделям. Пропонований концепцією рефлексивності підхід для вирішення цієї проблеми наступний: інвестор приймає рішення в умовах експерименту, спираючись не на сформовані ним очікуваннях ймовірностей реалізації тієї чи іншої траєкторії рівноваги, а на понятті вибору; кожен інвестор усвідомлює рівноправність реалізації в ході експерименту тій чи іншій траєкторії; кожен інвестор робить суб'єктивну перевагу на користь однієї з траєкторій; для кожного інвестора критерієм економічної оптимальності поведінки на ринку є вибір на користь траєкторії, що обрана ще іншими інвесторами.

Практична значимість розробок за темою досліджень обумовлена тим, що ефективна система управління фінансовими результатами – один з ключових факторів, які визначають перспективи розвитку організації, її інвестиційну привабливість, кредитоспроможність та ринкову вартість. Дано обґрунтування застосування рефлективності на практиці при виборі інвестором критерію економічної оптимальності поведінки.

Ключові слова: *фінанси організації, фінансовий результат, фінансові ресурси, раціональні очікування, система управління фінансовими результатами, прибуток, ефективність, поведінкові фінанси, рефлективність, оптимальність*

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