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Svazek XL mezinárodní kolektivní monografie obsahuje publikace o: utváření a rozvoji teorie a historie veřejné správy; formování regionální správy a místní samosprávy; provádění ústavního a mezinárodního práva; finance, bankovnictví a pojišťovnictví; duševní rozvoj osobnosti; rysy lexikálních výrazových prostředků imperativní sémantiky atd.

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ODDÍL 7. PENÍZE, FINANCE A ÚVĚR

*§7.1 THEORETICAL ASPECT OF DETERMINING THE FINANCIAL MANAGEMENT OF THE ENTERPRISE'S EQUITY CAPITAL (***Achkasova S.,** Simon Kuznets Kharkiv National University of Economics, **Platukhin O.,** Simon Kuznets Kharkiv National University of Economics)

Introduction. The introduction of effective financial management of equity capital into the system of preventive management of the enterprise is one of the key components of the development of enterprises. This question is especially relevant in the context of modern economic conditions, when the activities of enterprises are affected by factors of the unfavorable external environment and changing market conditions.

Financial management of equity capital covers a wide range of tools and criteria, ranging from profit distribution to the formation of reserves to optimize the equity capital structure. These aspects of financial management reflect the complexity and importance of decisions made by the enterprise's management, and determine its financial stability and competitiveness in the market. Ensuring stable development, in particular in matters of bankruptcy prevention and reorganization, is impossible without effective financial management of equity.

Scientists drew attention to the issue of managing one's equity capital, in particular the ratio of equity and borrowed capital. Desai P.H., Borde N., Nagar M., paid attention to the analysis of sources of financing used by micro, small and medium enterprises to support their activities, including equity, debt obligations, etc. The researchers studied how the size of the enterprise, the sector of activity and the stage of development influence the choice of capital structure of micro, small and medium enterprises. Empirical tests are conducted to verify whether there are indeed differences in the capital structure of MSMEs depending on size, sector and stage of development [1].

Holiachuk N., Volot O., Holiachuk S. established that equity is the key to the financial stability of the enterprise, and the organization of accounting is crucial for the effective management of this capital. The definition and components of equity capital, as well as its formation at state-owned forestry enterprises, were studied. The analysis of the efficiency of the use of equity capital made it possible to obtain indicators of financial stability [2].

Otaka S. reevaluates the notion of equity in corporate accounting by examining the source and allocation of business profit. While traditional frameworks like those of the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) equate shareholders' equity with a firm's net assets, this paper proposes a broader perspective. It suggests viewing equity as the stake in the corporate capital itself, encompassing both retained earnings attributable to shareholders and invested capital provided by them [3]. The assumption of shareholders as the sole residual claimants in current accounting practices overlooks implicit contracts in corporate activities, potentially involving other residual claimants besides shareholders. Thus, it calls for a reassessment of the proprietary theory underlying the equivalence of equity and shareholders' equity [3].

Emphasizing the entity theory, the paper highlights the role of various stakeholders in contributing to business profit beyond shareholders' expectations. It advocates for a reexamination of the corporate accounting framework to ensure equitable allocation of profit to all stakeholders involved in its generation, including employees and managers who make firm-specific investments and entrepreneurial contributions [3].

In the scientific work O. O. Yevtushevska and K. I. Chernov determined the essence, formation, functioning and reproduction of entrepreneurial capital, the components of equity capital and the possibility of assessing the influence of the financial structure of capital on the profitability of the enterprise [4]. The grouped structure of equity capital is proposed and the meaning of accounting information about it for internal and external users is revealed, the sources of equity capital formation at the enterprise are investigated and the peculiarities of the formation of its individual components are revealed. Attention is drawn to the nature of equity capital due to the functions it performs at the enterprise, the theoretical principles of the formation of the enterprise's equity financial resources, which ensure its future development [4].

Therefore, the financial management of the enterprise's equity capital, which covers a wide range of tools and criteria, requires the substantiation of the theoretical aspects of the definition. That is why, determining the key aspects of financial management of the enterprise's equity capital will serve as the basis of preventive management.

Presenting main material. Financial management of the enterprise's equity capital involves the management of the enterprise's equity resources, in accordance with the strategic aspects of development. This process can include the rational use of internal resources and the involvement of external sources of financing in order to ensure the efficient functioning of the enterprise and to maximize the market value and capitalization of the enterprise.

Financial management of equity capital includes such aspects as optimal structure of equity capital and capital in general, management of dividend policy, as well as ensuring an adequate level of profitability and liquidity of the enterprise. Effective financial management of equity capital allows the enterprise to maintain competitive advantages, to ensure the stability of the financial position and the growth of the profitability of the activity in the long term, to prevent the impact of risks on the activity.

Approaches to financial management of the enterprise's equity capital are given in table 1.

Table 1

Approaches to financial management of the enterprise's equity capital

The authors / resources	Approach
1	2
Markova T., Volodina O., Mytrofanov O., Chehlatonieva A. (2019) [5]	Equity capital is a diverse concept, covering intellectual, natural, and social capital, and its proper calculation is crucial for financial competitiveness, stability, and solvency in modern market systems.
Popp J., Oláh J., Machová V. Jachowicz A. (2018) [6]	Private equity is a medium to long-term financing source for small and medium-sized enterprises in V4 countries, with accessibility and preferences influenced by factors such as country attractiveness for private equity investors.
Nobes C. (2015) [7]	The concept of capital has evolved over time, with various meanings and implications for accounting, economics, and tax, but there is still no clear definition of equity capital in accounting practice.
Otaka S. (2020) [3]	Equity in corporate accounting should be redefined to include not only shareholders but also other stakeholders who contribute to business profit generation.
Grzywacz J. (2021) [8]	Capital structure significantly impacts a company's functioning, development, and results, with its essence being to provide income for its owners regardless of the form in which it occurs.
Dempsey M. (1996) [9]	The paper develops a consistent definition of the cost of equity capital at the corporate and investor levels, allowing for a rational expectations model with personal taxation.
Chun-yue P. (2006) [10]	Equity interests in Chinese joint-stock enterprises are shaped by the definition, forming, modality, attributes, and movements, creating a unique theory for understanding equity capital in Chinese joint-stock enterprises.

Continuation of the table 1

1	2
Huang R., Ritter J. (2009) [11]	Firms adjust to target leverage at a moderate speed, with a half-life of 3.7 years for book leverage, even after controlling for traditional determinants of capital structure and firm fixed effects.
Alberts W., Archer S. (1973) [12]	The cost-of-equity capital is higher for small industrial corporations than for large industrial corporations, with the effect being more pronounced in the case of smaller companies.
Kane E. (1992) [13]	Hunt's measure of trading on the equity is inappropriate, as it attempts to measure an effect rather than the act being defined.
Sezgin F., Atakan T. (2015) [14]	The Calderon-Rossell model reveals that real economic growth, turnover ratio, gross domestic savings, and foreign direct investment positively influence equity capital market development in fragile five countries.
Yu G. (2004) [15]	Equity capital is crucial for high-technology enterprises, but they must address issues like time definition, measures, and disclosure to effectively utilize this capital.
Sandberg J., Rönnegard D. (2020) [16]	Investigated the influence of various criteria on the process of making financial decisions, in particular the mobilization of financial capital for sustainable development

As can be seen from the table 1, the concept of equity capital, as delineated in the extant literature, exhibits a broad spectrum of interpretations and applications across various domains of finance and accounting, reflecting its intrinsic complexity and pivotal role in the financial architecture of enterprises.

Markova et al. (2019) extend the definition of equity capital beyond mere financial constructs to include intellectual, natural, and social capitals, underscoring its significance in fostering financial competitiveness, stability, and solvency within contemporary market systems. Concurrently, Popp et al. (2018) identify private equity as a vital source of financing for SMEs in the Visegrad Group, with its accessibility and attractiveness contingent upon myriad factors, including geopolitical considerations.

The evolution of the capital concept, as discussed by Nobes (2015), alongside Otaka's (2020) proposition for an expanded equity definition that encompasses all stakeholders contributing to business profit, illustrates the dynamic nature of equity capital discourse. The literature further explores the implications of equity capital on corporate functioning, development outcomes (Grzywacz, 2021), its cost at different organizational levels (Dempsey, 1996), and unique aspects within specific contexts such as Chinese joint-stock enterprises (Chun-yue, 2006). Moreover, empirical studies on capital structure adjustments (Huang & Ritter, 2009), the impact of company size on equity capital costs (Alberts & Archer, 1973), and the theoretical frameworks for analyzing equity capital markets (Sezgin & Atakan, 2015) contribute to a nuanced understanding of equity capital's role in achieving financial stability and growth.

This comprehensive examination reveals the multifaceted nature of equity capital, highlighting its critical importance in strategic financial planning and risk management across diverse economic landscapes.

In the scientific work of O. O. Yevtushevska and K. I. Chernov the equity capital is [4]: resources of the enterprise, accumulated by its owners in the form of contributions to the registered statutory and other capital, as well as property acquired during economic activity [4]; the total value of funds belonging to the enterprise on property rights, which it uses for the purpose of forming its assets [4]; resources belonging to the enterprise, invested by the founders (participants) or left by them at the enterprise from taxable profit without determining the return period [4].

Property, assets are formed at the expense of equity capital invested in them and are characterized as net assets of the enterprise, although this category should be taken as a certain convention for several reasons [4]: in practice, it is very difficult to separate which assets were purchased with the enterprise’s equity funds (which are net assets) and which were acquired at the expense of involved sources (which do not belong to such) [4];

liabilities always have priority in the return of capital, equity sources (symbolizing net assets) are returned according to the residual principle [4];

net assets cannot reflect the current market value of the enterprise's property, as it is only the difference between the accounting valuation of assets and payables [4].

Raised capital is resources received from outside and temporarily used in the turnover of the enterprise. Such resources characterize the enterprise's capital in the form of liabilities [4].

Establishing the boundary between owners' capital and liabilities in the form of accounts payable, it should be remembered that [4]:

equity is the main risk capital, property of the business entity [4];

equity does not provide a guaranteed profit for the owners [4];

there is no clear timetable for the return to the founders, investors [4];

no mandatory demands for the payment of dividends may be made to the equity capital [4];

equity capital can be replenished due to the results of the enterprise, in the form of profit reinvestment, revaluation of assets and other sources [4];

equity capital can act as a source for making risky investments in other entities. In addition, partial or complete loss of invested capital does not lead to legal liability to the owners [4].

Therefore, summarizing the above, it is advisable to highlight that the enterprise’s equity capital should also be considered as a source for covering the negative impact of risks due to the resources accumulated by the owners of the company, including contributions to the authorized and other capital, as well as property.

In the system of financial management of equity capital, approaches to the analysis of indicators characterizing the state of equity capital are an important diagnostic tool.

Thus, the calculation of equity concentration ratios, financial dependence, financial stability, equity ratio, and leveraged funds are only part of the analytical indicators that can be used in equity analysis. The analysis of financial stability indicators showed that in order to manage enterprises, it is necessary to monitor timely management decisions and the state of financial stability and creditworthiness, as well as to pay attention to the structure of equity and borrowed funds [2].

Therefore, during the financial management of equity capital, the analysis of indicators characterizing equity capital is an important tool for diagnosis and management decision-making at the enterprise.

Conclusions. Summarizing the above, we can conclude that in modern economic thought, the issue of financial management of the enterprise's equity capital develops existing approaches to preventive management of the company. Various approaches to the financial management of the enterprise's equity capital are analyzed. Installed but that some authors pay attention to the variety of concepts of equity capital and its definition, others investigate the influence of the capital structure on the functioning of the enterprise and its results. Some studies focus on reforming approaches to the cost of equity account to include the various stakeholders that contribute to business profits. Others focus on the impact of various factors on the availability and preference for private capital for SMEs.

In order to control the consequences of the occurrence of risks, their impact on the performance of the enterprise, it is important to carry out effective financial management of equity capital.

In order to reduce the impact of the occurrence of risks, it is advisable to focus on the choice of the method of financial management of the enterprise's equity capital.

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*§7.2 THE FINANCIAL COMPONENT OF SOCIAL PROTECTION IN THE EUROPEAN UNION MEMBER COUNTRIES (***Kozarezenko L.**, State University of Trade and Economics)

Introduction. According to Article 3 of the Treaty on European Union, the EU aims to develop a highly competitive social market policy aimed at full employment and social progress. To achieve this goal, the EU develops policies that improve working conditions, increase the mobility of employees, combat social exclusion and discrimination, promote social justice, equality between women and men, solidarity between generations and the protection of children's rights [1]. The preamble to the Treaty on the Functioning of the European Union declares that the EU seeks to improve the living and working conditions of all those living in the territory of the EU [2].

Presenting main material. In general, the General principles of regulation in the field of social policy and employment are set out in Article 3 of the Treaty on the European Union and in the Treaty on the Functioning of the European Union in Articles 9, 10, 19, 45–48 and in Chapters IX – on employment (Articles 145–150), X – on social policy (Articles 151–161), as well as in the provision on the European Social Fund+ (Articles 162–164). Article 151 of the TFEU establishes that the EU considers fundamental social rights from the European Social Charter and the Community Charter on the Fundamental Social Rights of Workers. According to it, the EU aims to promote employment, improve living and working conditions, ensure adequate social protection, dialogue between administration and workers, develop human resources for long-term high employment, and fight against social exclusion. The European Commission must report annually on the progress in achieving the objectives of this article (Article 159 of the TFEU).

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