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VALUE-BASED APPROACH TO MANAGING CURRENT ASSETS OF CORPORATE CONSTRUCTION COMPANIES

In modern conditions of management, the value of an enterprise becomes the main indicator, which is learned not only by scientists, but also by owners of enterprise and potential investors. Current assets take a very important place among the factors that affect the value of an enterprise, so management of current assets becomes more acute from the point of their impact on enterprise value. The purpose of the paper is to develop a system of value-based management of corporate construction companies’ current assets. The main tasks are: the study of current assets impact on the value of corporate construction companies, the definition of value-based approach to managing current assets of corporate enterprises and development of value-based management system of corporate construction companies’ current assets by elements. General scientific and special research methods were used while writing the work. Value-based management of current assets involves value-based management of the elements of current assets. The value-based inventory management includes the following stages of management: the assessment of reliability and choice of supplier according to the criterion of cash flow maximization, the classification of stocks in management accounting according to the rhythm of supply and the establishment of periodicity of supplies in accordance with the needs of the construction process. The value-based management of accounts receivable includes the following stages of management: assessment of the efficiency of investment of working capital into accounts receivable, the assessment of customers' loyalty and the definition of credit conditions and monitoring of receivables by construction and debt instruments. Value-based cash management involves determining the required level of cash to ensure the continuity of the construction process, assessing the effectiveness of cash use according to the criterion of maximizing cash flow, as well as budget formation and control of cash flow. Value-based management of current assets of corporate construction companies is the development of targeted actions to optimize inventories, accounts receivable and cash, in order to ensure cash flow generation, and, accordingly, increase the value of the enterprise, which will ensure the growth of the welfare of owners. Applying a value-based approach to the management of current assets of corporate enterprises in the construction industry will allow reducing costs and net working capital of the enterprise by optimizing the size of inventories and receivables, which will lead to an increase in cash flow and value of enterprises.

Keywords: current assets, value-based management, corporate construction companies, cash flows, net working capital, inventories, accounts receivable, cash.

Introduction

The cost of an enterprise in the modern conditions of management becomes the main indicator, which interested not only scientists, but also owners of the enterprise and potential investors. Profit, which characterizes the efficiency of the enterprise at the stage of management, goes to the background, because, unlike the cost, it does not show the prospects of business development, that is, the company’s ability to generate cash flows in the future.

Among the factors that affect the value of an enterprise, a significant place has the value of current assets, because the share of current assets in the structure of assets of most Ukrainian enterprises is quite significant. Therefore, the management of current assets from the standpoint of the impact of its effectiveness on the value of the enterprise becomes especially relevant.

Analysis of literary sources and problem statement

The problems of managing the value of the enterprise and assessing the business are considered in the writings of many economists, in particular, the study of the main methodological approaches to assessing the value of the enterprise is devoted the works of Gryaznova A. [1] and Shcherbakova V. [2]; Momot T. [3] which reveals the possibility of applying the international approaches to valuation under the conditions of Ukrainian enterprises; the algorithm of complex estimation of the enterprise value by the income approach was developed in the work of Milinchuk O. [4]; Kalina O. [5] proves the expediency of using a profit approach in assessing the value of an enterprise and analyzes the advantages and disadvantages of the main methods of this approach; cost-oriented inventory management model developed by the Polish economist Mikhalsky G.[6]

Despite a large number of studies on cost-oriented management, a rather large range of issues remains unresolved. In particular, it concerns the management of current assets in the system of value-oriented enterprise management.

The purpose and objectives of the study

The purpose of the work is to develop a system of value-oriented management of working assets of corporate construction companies. The main tasks are: the study of the impact of current assets on the value of corporate construction companies, the definition of value-oriented approach to managing the current assets of corporate enterprises and the development of a system of value-oriented management of working capital assets of corporate construction companies by elements.

Materials and methods of research

When writing the work, general scientific and special principles and methods of research were used, in particular: theoretical generalization, comparative analysis, graphic, analysis and synthesis.

Research results

In international practice, there are four approaches to assessing the value of a business: income, expense, market
and option. All of them are completely different and each has both advantages and disadvantages that need to be taken into account when choosing an approach to assessing the value of an enterprise.

In Ukraine, the assessment of an enterprise value is regulated at the legislative level. The analysis of advantages and disadvantages of available approaches to assessing the value of an enterprise was carried out on the basis of the study of literature sources on value-based management and business assessment; the results are shown in Table 1.

| Approaches to value assessment | Features | Advantages | Disadvantages |
|-------------------------------|----------|------------|---------------|
| Income                        | Determining the expected income from the object of assessment | 1) takes into account future income and risks linked with its gaining; 2) can be used for assessing all existing enterprises (except for unprofitable and new ones); 3) in most cases gives the most accurate results. | 1) assessing unprofitable and new enterprises is restricted; 2) determining the risks of business operation, the price of capital and the growth of cash during the post-forecast period is difficult; 3) calculations are labour intensive and time-consuming. |
| Cost                          | Determining costs necessary to replace the object of assessment taking into account its deterioration | 1) enables assessing an enterprise as a whole (considering facilities and resources especially while closing down); 2) irreplaceable for assessing a new enterprise and when there is no information about compatible enterprises. | 1) the results of assessment greatly depend on the reliability of financial reports; 2) further prospects of development are not taken into account. |
| Market                        | Comparing the object of assessment with similar objects | 1) easy to apply (the cost is actually determined by the market); 2) actually reflects the supply and demand for the investment object | 1) the prospects for development are not taken into account; 2) the use is limited due to the lack of developed financial market and, accordingly, information about compatible companies; 3) the remaining book value is difficult to correct (there are no identical companies, therefore, financial indicators are different). |
| Optional                      | Modelling and assessing the cost of the most complex financial and economic objects | 1) enables considering high market volatility as a positive factor; 2) can be used to assess new companies. | the use is limited when there is no a developed market of options. |

The conducted analysis of advantages and disadvantages of the approaches to assessing business value enables making the conclusion that in order to meet the needs of owners and potential investors, the most justifiable approach is to apply a profit-oriented approach to assessing the value of business for corporate enterprises in the construction industry, which takes into account potential development opportunities and allows assessing the future benefits of ownership by ownership of the enterprise.

The income approach allows you to determine the present value of future cash flows that will be generated by the enterprise.

In income models, valuing companies by using the method of discounting cash flows most experts often use cash flows for own and invested capital.

Cash flow on equity is a residual cash flow after the company satisfies all financial needs. [3]. Negative cash flow on equity indicates the need to attract additional capital.

When evaluating a company using a return-based approach, namely, the method of discounting cash flows, it is necessary to accurately calculate the value of its own working capital, which is one of the elements of the cash flow.

We agree with the viewpoint of most economists [7, 8, 9, 10], according to which own working capital is the difference between current assets and current liabilities.

Since the value of current assets and current liabilities depends on the revenue (the higher the revenue, the greater the amount of own working capital is needed for the normal functioning of the enterprise), then the dynamics of its working capital can be predicted depending on the proceeds or on the basis of a separate forecast of changes in current assets and liabilities.

Own working capital is determined on the basis of the model [3]:

$$WCN = CA – CL = AAR + AIN + C – AAP, \tag{1}$$

where $WCN$ – own working capital; $CA$ – current assets; $CL$ – current liabilities; $AAR$ – receivables; $AIN$ – stocks; $C$ - cash and cash equivalents; $AAP$ – current liabilities.

From the above formula, we see that the change in the value of current assets (accounts receivable, inventories and cash) affects the size of the company’s cash flows, and accordingly - its value.
Thus, under the value-oriented management of the circulating assets of corporate construction companies should be understood the development of targeted actions for the optimization of stocks, accounts receivable and cash, in order to ensure the generation of cash flows, and accordingly - increase in the value of the enterprise, which will ensure the growth of the welfare of owners.

From the scheme of value-oriented management of working assets of construction enterprises, shown in Fig. 1, it is evident that value-oriented management of working assets involves cost-oriented management of the assets of current assets.

The purpose of value-oriented management of receivable accounts and cash is to develop strategic directions for making managerial decisions on the criterion of maximizing cash flows to ensure the growth of enterprise value in a strategic perspective. At the same time, the value-oriented management of receivable accounts includes the following main stages of management, such as: assessment of the efficiency of diversion of working capital into receivable accounts, assessing customers’ loyalty and determining the terms of lending and monitoring of receivables by construction objects and debtors.

Cost-oriented cash management involves determining the required level of cash to ensure the continuity of the construction process, assessing the effectiveness of the use of cash on the criterion of maximizing cash flow, as well as budget formation and control of cash flow.
Conclusion

In today's conditions of management for corporate building enterprises the strategic goals become the priority - ensuring the full exit of enterprises from the crisis and their further growth, and for owners of enterprises the main criterion for assessing the activities of enterprises is the increase in their value. Therefore, the management of the enterprise as a whole and its separate elements, in particular current assets, should be based on the principles of value-oriented management.

To meet the needs of owners and potential investors, the most justifiable approach is to apply a profit-based approach to assessing the value of business for corporate enterprises in the construction industry, which takes into account potential development opportunities and allows assessing the future benefits of ownership by the enterprise.

The cost-oriented management of working assets of construction companies is proposed to be considered as the development of targeted actions for the optimization of stocks, receivables and cash, in order to ensure the generation of cash flows, and, accordingly, increase the value of the enterprise, which will increase the welfare of owners.

Applying a value-oriented approach to managing current assets of corporate enterprises in the construction industry will allow, by optimizing the size of stocks and receivables, to reduce costs and net working capital of the enterprise, which will ensure growth of cash flow and the cost of enterprises.

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СТОИМОСТНО-ОРИЕНТИРОВАННЫЙ ПОДХОД К УПРАВЛЕНИЮ ОБОРОТНЫМИ АКТИВАМИ КОРПОРАТИВНЫХ СТРОИТЕЛЬНЫХ ПРЕДПРИЯТИЙ

Стоимость предприятия в современных условиях хозяйствования становится основным показателем, который интересует не только ученых, но и собственников предприятия и потенциальных инвесторов. Среди факторов, влияющих на стоимость предприятия, достаточно важное место занимает величина оборотных активов, поэтому особую актуальность приобретает управление оборотными активами с позиции влияния его эффективности на стоимость предприятия. **Цель работы является разработка системы стоимостно-ориентированного управления оборотными активами корпоративных строительных предприятий. Основными задачами являются:** исследования влияния оборотных активов на стоимость корпоративных строительных предприятий, определение стоимостно-ориентированного подхода к управлению оборотными активами корпоративных строительных предприятий и разработка системы стоимостно-ориентированного управления оборотными активами корпоративных строительных предприятий по элементам. При написании работы использовались общенаучные и специальные методы исследования. Стоимостно-ориентированное управление оборотными активами предполагает стоимостно-ориентированное управление оборотными активами. Стоимостно-ориентированное управление запасами ТМЦ включает следующие этапы управления: оценку надежности и выбор поставщика по критерию максимизации денежного потока, классификацию запасов в управленческом учете по ритмичности поставки и установка периодичности поставок в соответствии с потребностями строительного процесса. Стоимостно-ориентированное управление дебиторской задолженностью включает следующие этапы управления: оценка эффективности отвлечения оборотного капитала в дебиторскую задолженность, оценка лояльности покупателей и определение условий кредитования и мониторинг дебиторской задолженности, оценка лояльности покупателей и определение условий кредитования и мониторинг дебиторской задолженности за обьектами строительства и субъектами задолженности. Стоимостно-ориентированное управление гроchовыми коштами предлагает: разработка цели оценки максимизации денежного потока, а также формирование бюджетов и контроль за движением денежных средств.

**Ключевые слова:** оборотные активы, стоимостно-ориентированное управление, корпоративные строительные предприятия, денежные потоки, чистый оборотный капитал, запасы, дебиторская задолженность, денежные средства.

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