

**MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN**

**AZERBAIJAN STATE ECONOMIC UNIVERSITY**

**INTERNATIONAL MAGISTRATION AND DOCTORATE CENTER**

**“OPERATIONAL, FINANCIAL AND STRATEGIC MANAGEMENT  
FEATURES OF THE FIRM: CASE OF NAR TELECOM”**

**theme**

**MASTER THESIS**

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**THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN  
AZERBAIJAN STATE UNIVERSITY of ECONOMICS  
INTERNATIONAL GRADUATE AND DOCTORATE CENTER**

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## **Elm andı**

Mən, Yusif Qurbanzadə Sədi and içirəm ki, “Operational, Financial and Strategic Management Features of the Firm: Case of Nar Telecom” mövzusunda magistr dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

# “FİRMANIN FƏALİYYƏTLİ, MALİYYƏ VƏ STRATEJİK İDARƏ EDİLMƏSİ XÜSUSİYYƏTLƏRİ: NAR TELEKOM İŞİ”

## XÜLASƏ

**Tədqiqatın aktuallığı:** Müasir şəraitdə iqtisadi fəaliyyətin effektiv həyata keçirilməsi və perspektiv inkişafı təşkilatlardakı strateji idarəetmənin tətbiqindən, missiya və hədəflərin müəyyənləşdirilməsindən, xarici və daxili mühitin araşdırılmasından və dəyişikliklərin araşdırılmasından, alternativin seçilməsindən və həyata keçirilməsindən asılıdır.

**Tədqiqatın məqsədi:** Tədqiqatın məqsədi strateji idarəetmənin əsas prinsiplərinin vacib sahələrini müəyyənləşdirmək, müasir biznes idarəçiliyində istifadə olunan mexanizmləri və texnologiyaları aydınlaşdırmaqdır. Buna görə də dissertasiyada strateji planın hazırlanmasının nəzəri və metodoloji aspektləri öyrənilir, mahiyyəti izah olunur. İşin strategiyası idarəetmə mexanizminin təkmilləşdirilməsi istiqamətləri göstərilir. Həmçinin Nar Telecom strateji idarəetməsindəki mövqelərin təhlili və səlahiyyət bölgüsü izah olunur.

**İstifadə olunmuş tədqiqat metodları:** Firmanın əməliyyat, maliyyə və strateji idarəetmə xüsusiyyətləri metodologiyasını öyrənmək üçün istifadə edilmişdir: nar telekom işi və xüsusi tövsiyələr.

**Tədqiqatın informasiya bazası:** Firma strukturlarının konsepsiya formalaşdırılması sahəsində hazırlanmış metodoloji sənədlər və qaydalar, strateji idarəetmə sistemi qurmuş dünyanın aparıcı firma və şirkətlərinin konsepsiyalarını özündə cəmləşdirən veb saytlar, beynəlxalq səviyyədə tanınmış ayrı fikirlər mütəxəssislər və müəlliflər ədəbiyyat, məqalələr, habelə son statistikalar istifadə edilmişdir.

**Tədqiqatın məhdudiyyətləri:** Hal hazırda yaranan pandemiya ilə bağlı kitabxanaların işləməməsi və mövzu ilə əlaqəli materialları məhdud olmasıdır.

**Tədqiqatın elmi yeniliyi və praktiki nəticələri:** Strateji idarəetmə prinsiplərinin düzgün tətbiqi üçün praktik bir tətbiq modelinin nümayiş etdirilməsi, dünyanın aparıcı global şirkətlərinin inkişaf yolu haqqında məlumatlar və tətbiq etdikləri inkişaf modelləri zəngin bir rol oynamağa təcrübədir.

**Nəticələrin istifadə oluna biləcəyi sahələr:** Strateji idarəetmə prinsiplərinin düzgün tətbiqi üçün praktik bir tətbiq modelinin nümayiş etdirilməsi və tətbiq olunan təkmilləşdirmə modellərinin zəngin bir təcrübə rolu oynamasıdır.

*Açar sözlər: Nar Telecom, strategiya, idarəetmə, maliyyə, möhkəm.*

# **“OPERATIONAL, FINANCIAL AND STRATEGIC MANAGEMENT FEATURES OF THE FIRM: CASE OF NAR TELECOM”**

## **SUMMARY**

**The actuality of the subject:** Effective implementation and perspective development of economic activity in modern conditions depends on the application of strategic management in organizations, the definition of missions and goals, research of external and internal environment and research of changes, selection and implementation of alternative strategies.

**Purpose and tasks of the research:** The purpose of the study is to identify important areas of the basic principles of strategic management, to clarify the mechanisms and technologies used in modern business management.

**Used research methods:** It has been used to study the methodology of operational, financial and strategic management features of the firm: case of nar telecom and to develop specific recommendations.

**The information base of the research:** Methodological documents and regulations developed in the field of concept formation of firm structures, websites embodying the concepts of the world's leading firms and companies that have built a strategic management system, separate opinions of internationally recognized experts and authors literature, articles, as well as the latest statistics.

**Restrictions of research:** Libraries working on the current pandemic can be limited in their work and related materials.

**The novelty and practical results of investigation:** Demonstrating a practical application model for the proper application of strategic management principles.

**Scientific-practical significance of results:** Demonstrating a practical application model for the proper application of strategic management principles, and the improvement models they apply to play a rich role of experience.

*Keywords: Nar Telecom, strategic,management, financial, firm.*

## **LIST OF ACRONYMS**

<b>EOR</b>	The effect of operating leverage,
<b>CVP</b>	Cost-Volume-Profit
<b>EFFR</b>	Effect of operating and financial leverage
<b>EFR</b>	The effect of financial leverage.

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## INTRODUCTION

**The actuality of the subject:** Effective implementation and perspective development of economic activity in modern conditions depends on the application of strategic management in organizations, the definition of missions and goals, research of external and internal environment and research of changes, selection and implementation of alternative strategies.

Strategic management includes all the functions of management as the initial stage of the enterprise management process. Good strategic management directs the enterprise to the future, allows to determine long-term development directions and its position in the business.

The results of strategic management are reflected in the position of the enterprise in the market and the long-term trends of economic and financial indicators.

Strategic management is related to the implementation of the organization's mission, its plans and forecasts, goals, strategies, economic methods, and functions. Strategic management refers to the management decisions directed to the development of specific strategies to achieve the goals of the organization and. Practical the totality of actions is understood.

Strategic management covers a wide range of issues related to the management of the organization at the strategic level. Strategic management is a complex process that is consistently developed in the organization.

**Problem setting and level of learning:** Also, the total value of intangible assets may exceed the value of tangible assets, as intangible assets may be reused. As a result, intangible assets and investments in them have greater significance for the enterprise, leading to diversification of activities, production, and management efficiency.

It should be noted that the methodological and practical features and existing problems in the accounting and analysis of the efficiency of the use of intangible assets were studied by economists and researchers S.M. Sabzaliyev, H.I. Namazaliyev, GA Abbasov, SM Suleymanov, VM Guliyev, TS Zeynalov, NM



Ismayilov, MI Bakanov, VV Kovolyev, V.Q. It is reflected in the works and articles of Artemenko, OV Yefimova, NV Rusak, OV Savitskaya, and others.

This is the basis for choosing a topic for a master's dissertation has been a factor.

**The purpose and objectives of the study:** The purpose of the study is to identify important areas of the basic principles of strategic management, to clarify the mechanisms and technologies used in modern business management.

Therefore, the theoretical and methodological aspects of the development of a strategic plan are studied in the dissertation, the essence is explained. The current state of strategic plan development and application management

The directions for improvement of the mechanism of strategic management of the business are shown. Also, the analysis of positions and the distribution of powers in Nar Telecom strategic management is explained.

**The object and subject of the research:** Modern systems and methods used to form strategic management in modern conditions are the objects of research. The set of principles, mechanisms, and rules that are important in the formation of strategic management is the subject of research.

**Research methods:** has been used to study the methodology of operational, financial and strategic management features of the firm: case of nar telecom and to develop specific recommendations.

**The information base of the study:** The research database includes methodological documents and regulations developed in the field of concept formation of local banking structures, websites embodying the concepts of the world's leading Nar Telecom firms and companies that have established a strategic management system, individual literature and articles by internationally recognized experts and authors. constitute the latest statistics.

**The limitation of the study:** The limitation of the study is the lack of sufficient resources.

**Practical significance of the results and areas of application:** Demonstrating a practical application model for the proper application of strategic management

principles, and the improvement models they apply to play a rich role of experience.

The practical significance of the research. Demonstrating a practical application model for the proper application of strategic management principles, information on the development path of the world's leading global companies, and the improvement models they apply to play a rich role of experience.

# I CHAPTER. CONCEPTUAL BASES OF STRATEGIC MANAGEMENT

## 1.1. The concept of strategy and its essence

“A strategy is a long-term, qualitatively defined direction of an organization's development, concerning the sphere, means and forms of its activity, the system of relationships within the organization, as well as the position of the organization in the environment, leading the organization to its goals”.

“An organization's strategy is a master plan of action that prioritizes strategic objectives, resources and a sequence of steps to achieve strategic goals”.

There are four main types of strategies:

Concentrated growth strategies - a strategy to strengthen market positions, a market development strategy, a product development strategy.

Integrated growth strategies - reverse vertical integration strategy, forward vertical integration strategy.

Diversification Growth Strategies - a centered diversification strategy, a horizontal diversification strategy.

Reduction strategies - eradication strategy, harvest strategy, reduction strategy, cost reduction strategy.

In essence, a strategy is a set of decision-making rules by which an organization is guided in its activities. “It includes general principles based on which the managers of a given organization can make interrelated decisions designed to ensure the coordinated and orderly achievement of goals in the long term.”

There are four different groups of rules:

The rules are used in assessing the performance of the company in the present and the future. The qualitative side of the assessment criteria is usually called the benchmark, and the quantitative content is the task.

The rules by which the relationship of a firm with its external environment is formed, determining what types of products and technologies it will develop, where and to whom to sell its products, how to achieve superiority over competitors. This set of rules is called product-marketing strategy or business strategy.

The rules by which relationships and procedures are established within an organization. They are often referred to as an organizational concept.

The rules by which a firm conducts its day-to-day activities are called basic operating procedures (Beynəlxalq Bankın strateji inkişaf departamentinin əsasnaməsi 2005).

I. Handoff highlighted the main distinctive features of the strategy:

The strategy process does not end with any immediate action. It usually ends with the establishment of general directions, progress along which will ensure the growth and strengthening of the firm's position.

The formulated strategy should be used to develop strategic projects using the search method. The role of strategy in search is, first, to help focus attention on specific sites and opportunities; secondly, to discard all other possibilities as incompatible with the strategy.

The need for a strategy disappears as soon as the real course of development leads the organization to the desired events.

When formulating a strategy, one cannot foresee all the opportunities that will open up when drafting specific measures. Therefore, one has to use highly generalized, incomplete, and inaccurate information about various alternatives.

As soon as the search process reveals specific alternatives, more accurate information appears. However, it can question the validity of the initial strategic choice. Therefore, the successful use of the strategy is impossible without feedback.

Since both strategies and benchmarks are used to select projects, it may seem like the same thing. But these are different things. Benchmark is the goal that the firm seeks to achieve, and strategy is the means to an end. Landmarks are a higher level of decision making. A strategy that is justified with one set of benchmarks will not be so if the organization's benchmarks change.

Finally, strategy and benchmarks are interchangeable both at specific times and at different levels of the organization. Some performance parameters (for example, market share) can serve as a guideline for a firm at one point, and become its strategy at another. Further, since the guidelines and strategies are developed within the organization, a typical hierarchy arises: what at the upper levels of management are

elements of strategy, at the lower levels turns into guidelines (Ələkbərov Ə., İbrahimov F. 2018: s.143).

Levels of strategy in the organization:

“The first level - corporate - is present in companies operating in several areas of business.” Here decisions are made on purchases, sales, liquidations, re-profiling of certain business areas, strategic correspondences between individual business areas are calculated, diversification plans are developed, and global financial resources are managed.

The second level - business areas - is the level of top managers of non-diversified organizations, or completely independent ones, who are responsible for the development and implementation of the business area strategy. At this level, a strategy is developed and implemented, based on the corporate strategic plan, the main goal of which is to increase the competitiveness of the organization and its competitive potential.

The third - functional - the level of managers of functional areas: finance, marketing, R&D, production, personnel management, etc.

The fourth - linear - the level of heads of departments of the organization or its geographically distant parts, for example, representative offices, branches.

A non-diversified organization has, respectively, three levels of strategies.

The variety of strategies used in strategic management makes it very difficult to classify them. Among the classification features, the following are the most significant:

- Decision-making level;
- The basic concept of achieving competitive advantages;
- Stage of the life cycle of the industry;
- The relative strength of the organization's industry position;
- The degree of “aggressiveness” of the organization's behavior in the competition.

A complicating factor is that most strategies cannot be unambiguously identified by one of the attributes.

Zabelin P.V. and Moiseeva N.K. propose to classify all strategies according to three criteria:

- Belonging to the five fundamental strategies for achieving competitive advantages (global strategies);

- Belonging to portfolio management strategies of business areas (portfolio strategies);

- Belonging to the strategies used depending on external and internal conditions (functional) (Abbasov A.B., Abbasova R.Ə., Fərruxov A.H. və b. 2017: s.656);

The strategy is a coherent, integrated decision tree. This means that the development of the strategy should be carried out consciously, and the strategy itself should be proactive, i.e. anticipate the influence of the environment. Its development should precede practical actions.

The key point in building an algorithm for assessing an enterprise development strategy is the answer to the question: “What is a strategy?” Since it is impossible to build an algorithm for developing what we do not represent or do not represent well enough. Proceeding from the fact that the essence of the strategy, as a rule, is reflected in its definition, in this work I will present an overview of the most successful, in my opinion, definitions found in the economic literature.

A strategy is a general program of action that identifies priorities for problems and resources to achieve a major goal. It forms the main goals and the main ways to achieve them in such a way that the company receives a single direction of movement.

As a concise, simplified definition, A. Chandler's definition is often cited: “Strategy is the definition of the main long-term goals and objectives of the organization, the adoption of a course of action and the allocation of resources necessary to achieve these goals”.

By definition G.B. Kleiner, the company's strategy is a coordinated set of decisions that have a decisive impact on the activities of an enterprise and have long-term and difficult-to-reverse consequences.

Michael Colenso, a representative of the Japanese School of Management, interprets strategy as “the art of orienting an organization so that it continues to exist and gains superiority over competitors”.

A.A. Thompson, A.J. Strickland argues that “strategy is the total of all the actions of managers that contribute to the achievement of the organization’s goals; the company's current strategy is partly planned and partly responds to changing circumstances”.

According to M. Porter, “the strategy can be viewed as the impact of obstacles to competitive forces or as determining the position in the industry where the company will be least vulnerable to these forces”.

“Strategy is the creation of a unique and advantageous position that provides for a specific set of activities. If there was only one ideal position, there would be no need for a strategy. The task of all companies in this case would be quite obvious - each of them would strive to be the first to find this position and take it. The essence of strategic positioning is the choice of activities that are different from those of competitors”.

Therefore, instead of one definition, several authors consider it correct to consider several definitions of strategy, each of which has the right to exist and reflects a certain functional meaning.

The strategy defines the purpose of the organization, its goals, action plans, and resource allocation. Choosing a strategy means identifying a competitive niche. The strategy for creating a competitive advantage takes into account the strengths and weaknesses of the organization, as well as the opportunities and threats that have arisen in the external environment. The strategy logically justifies the distribution of tasks at the highest middle level of management, which ensures coordination of functions and organizational structure.

Strategic analysis is at the heart of strategy development now and for the foreseeable future, which must be based on a large number of extremely diverse and dynamic factors that are in the process of constant rapid change and the establishment of complex interdependencies. For different objects of management, often operating in different socio-economic conditions and geographic environment, the specific weight of each of them is extremely different, and sometimes makes these factors incomparable. In this regard, we propose to abandon direct copying of models and approaches that are unusual for an organization, and on their basis to develop fundamentally new, our adapted models.

In recent years, the importance of strategic behavior has increased to enable the organization to survive in the competition in the long term. All enterprises in the face of tough competition and a rapidly changing situation should not only focus on the internal state of affairs in the firm itself but also develop a long-term strategy that would allow them to keep pace with the changes taking place in their environment. The emergence of new requests and changes in the consumer's position increased competition for resources, internationalization, and globalization of business. As well as the emergence of new unexpected business opportunities, the development of information networks that make it possible to receive and disseminate information at lightning speed, the wide availability of modern technologies, the changing role of human resources, and some other reasons have led to a sharp increase in the importance of strategic management (Beynəlxalq Bankın strateji inkişaf departamentinin əsasnaməsi, 2005).

However, there is no strategy that is uniform for all firms and organizations, just as there is no single universal strategic management. Each firm is unique in its way, therefore, the process of developing a strategy for each firm is unique, since it depends on the firm's position in the market, the dynamics of its development, its potential, the behavior of competitors, the characteristics of the goods it produces or the services it provides, the state of the economy, the cultural environment and many more factors.



But there are some generalized principles for developing a strategy for the behavior of a firm and the implementation of strategic management.

Strategic management is such organization management that relies on human potential, as the basis of the organization, orients production activities to customer requests, implements flexible regulation and timely changes in the organization that meet the challenge from the environment and allow to achieve competitive advantages, which together and as a result, allows the organization to survive and achieve its goals in the long term.

In essence, a strategy is a comprehensive plan for making managerial decisions that define the boundaries of possible actions of the organization. The main task of the strategy is to transfer the organization from its present state to the future state desired by the management.

An organization's strategy is an interconnected set of long-term measures to enhance the viability and strength of the organization its to competitors. The strategy of an organization's behavior in a market economy must carry the ability to benefit from change and the opportunities it generates.

An organization's strategy is essentially a set of decision-making rules that guide an organization in its activities. Rules establish the boundaries of activities and behavior in the organization, thereby directing the functioning of the organization to implement its strategies.

The economic essence of an organization's strategy is as follows: a strategy is a process that determines the sequence of an organization's actions to develop and implement a strategy. The process of developing a strategy includes an analysis of the external and internal environment of the organization, setting goals, developing a strategy, and does not end with any immediate action (Abbasov A.B., Abbasova R.Ə., Fərruxov A.H. və b. 2017: s.656). It usually ends with the establishment of general directions, progress along which will ensure the growth and strengthening of the firm's position ("Müəsisələr haqqında" Azərbaycan Respublikasının Qanunu 1994). At the next stage, within the framework of strategic analysis, the firm compares the results of the first and second stages and determines the possible options for strategies,

chooses the most preferable option, and formulates its own strategy. When formulating a strategy, one cannot foresee all the opportunities that will open up when drafting specific measures. Therefore, one has to use highly generalized, incomplete, and inaccurate information about various alternatives (Ələkbərov Ə., İbrahimov F. 2018: s.143).

The philosophy of strategy can be presented in the form of several conceptual provisions (Əliyev M.T. 2017: s.318):

- Strategy as a means of achieving long-term goals focuses on forecasting the behavior of the external environment, on analyzing the capabilities of the enterprise:

- The strategy is focused on a long-term perspective, and its goals reflect the general objectives of the enterprise:

- The strategy is adapted to the changes in the external environment:

- The strategy provides for alternative ways of enterprise development based on the use of forecasts, experience, and intuition of specialists:

- The strategy mobilizes the resources of the enterprise and directs them to achieve the set goal.

In this regard, the strategy has the following distinctive features:

- The process of developing a strategy does not end with any immediate action, since it ends with the construction of a goal tree, a set of general directions of activities that ensure the development and strengthening of the company's position;

- The formulated strategy is used to develop strategic “long-term” plans;

- In the process of developing a strategy, due to incomplete information about alternatives, it is impossible to foresee all the opportunities that are identified when drafting specific activities;

- The emergence of alternatives in the process of finding solutions can call into question the validity of the initial strategic choice and cause the need to adjust the adopted strategy;

- Benchmarks (indicators, characteristics, goals) and the strategy are interconnected since the strategy is justified with one set of benchmarks, it will not

be so if the organization's benchmarks change (Kicik və orta sahibkarlıq subyektləri ucun əyani vəsait. Azərbaycan Respublikası);

– The need for a strategy disappears as soon as the real course of development leads the organization to the desired events (İqtisadi İnkişaf Nazirliyi Sahibkarlığa Kömək Milli Fondu, 2002: s.78).

## **1.2. Strategic process and its classification**

The strategic process begins with the formation of the organization's mission.

A mission is a brief and clear statement of an organization's goals and priorities. The mission of an organization is to inspire confidence in both employees and observers and above all potential and current customers. The literal meaning of the word mission is taken from the words “mission” and “mission statement” and means intention.

The mission is a very big goal. These goals create an effort among the members of the organization to achieve something. “Why are we in that organization?” “Why are we doing what we do?”

But in general, the manager's main question in terms of mission and strategy is: “How do we want to see our company, what do we want to do and what do we want to achieve?” he must have a comprehensive picture of his needs in 5-10 years. The manager's “Who are we, what are we doing and where are we going?” The answer to the question determines the future course of activity of the enterprise. What the organization wants to do and how it determines its mission. When defining the mission, the manager determines the future field of activity of the organization and its nature.

The manager's views on the organization's position in the market are considered his strategic vision of the organization...

If the strategic vision determines the future image of the company, the mission is to determine what goods and services the company will produce, who its customers are, technological and business (Beynəlxalq Bankın strateji inkişaf departamentinin əsasnaməsi, 2005).

Most companies include their annual reports in their missions and post them on websites. The mission does not say anything about the company's development direction, future activities, and business plans. Thus, the strategic vision reflects the future of the company, and the mission reflects the current period.

There are no standard approaches to mission formation in the world. Experience shows that the definition of mission is a long and very complex process. This process is closely linked with the formation of corporate culture in organizations, the emergence of customs and traditions, the accumulation of relevant experience. The mission of the enterprise should be expressed in short and clear sentences covering the target group of buyers, the needs met, and the payment technology.

In general, missions should define the role of each unit in achieving the goals of the enterprise. If the enterprise's long-term development plans and mission are not linked to specific measurable tasks and managers do not make progress in fulfilling these tasks, then the arrival of the mission is meaningless.

When defining the mission of the enterprise, the main task of the manager is to identify new opportunities and threats in the business environment promptly and to make changes in the long-term development of the enterprise.

- Forms the views of the top management of the enterprise on long-term development plans;
- Reduces the risk of making unreasonable and short-sighted management decisions;
- Expresses the goals of the enterprise and creates incentives for employees to work better;
- Allows middle-level managers to define the goals and objectives of departments, to coordinate their policies with the overall development policy of the organization;
- Helps prepare the organization for the future;

Evaluate the strategy. Once the mission, objectives, internal and external environment of the strategic process are defined, alternatives are selected, the strategy is developed and implemented, then the stage of its evaluation comes.

In general, the evaluation of a strategy is considered to be the end of its implementation. After the implementation, an “evaluation system” is created. This system is used to assess the compatibility between what is necessary for the effective implementation of the strategy and how the strategy is actually implemented. Assessing dependencies such as strategy and organizational skills, strategy and reward criteria, strategy and domestic policy, strategy and corporate culture is the main task of the system. The existence of compatibility between the organization of work and strategy within the enterprise helps the company to achieve strategic goals. It should act as a complete system. Work on the more effective development of the strategy should be continuous (Ələkbərov Ə., İbrahimov F. 2018: s.143).

Such as evaluation of results, analysis of the situation, and improvement of strategy issues are natural and necessary elements of the strategic management process. Strategic management is a constantly evolving process. Evaluation of performance and improvement of strategy is both the beginning and the end of the strategic management process. Changes in the internal and external environment of the organization necessitate changes in its strategy and the mechanism of implementation of this strategy (Əliyev M.T. 2017: s.118).

The set goals serve the standards used by managers to periodically evaluate their performance. Such periodicity of evaluation also corresponds to the specific timeframe for the completion of certain stages of the work. If the goals are not achieved, it is necessary to develop the necessary measures.

The reasons are analyzed. Usually, as a management tool, it is possible to limit the periodic monitoring of the implementation of the strategy and use it as a method of evaluating the strategy.

The strategic purpose of an enterprise is to determine what types of activities it will be engaged in. With its help, the questions “who are we”, “what are we engaged in” and “what do we want to achieve” are answered. There are ideas and ideas about

long-term development prospects, which is very important for the development of strategic thinking in the top management of the enterprise. A properly substantiated strategic definition of the enterprise is one of the main conditions for effective leadership.

Without a clear strategic vision of the enterprise, a manager can't function effectively as a leader.

Effective strategy development begins with answering the company's questions of what to do and what not to do, and determining where the company is headed.

Each enterprise has a unique and unique strategic purpose. The missions expressed in the provisions common to each enterprise or field are less important for management. The strategic purpose is to determine the individual characteristics, activities, and development paths of the enterprise. differs from economic entities. Some of the enterprises specialize in a small part of one area, others and diversified in all areas or several areas.

In some cases, companies misinterpret their mission in terms of profit. We must not forget that profit is the result of the company's activities. The purpose of making a profit does not reflect in what area we will operate or in which area we will achieve this benefit. Azercell and Nar Mobile operators are engaged in completely different activities, although each of them is aimed at making a profit.

Let's note three main aspects of determining the strategic purpose of the enterprise (David A. 2017: p.318):

- identification of business areas in which the enterprise operates;
- a clear, fluent, and inspiring explanation of the strategic purpose of the enterprise;
- making a timely decision on when to change the strategic course and mission of the enterprise.

Once the strategic purpose of each enterprise is determined, it's main functional (research and experimental work, finance, marketing, production, etc.) and auxiliary (personnel, information support, etc.) units are defined.

Communicating the strategic purpose and mission statement of the enterprise to each manager and employee is as important as defining the purpose itself.

Strategic purpose and mission, expressed in precise terms, allow employees to work better and be more motivated. The adopted strategic purpose and mission may change over time. Thus, qualitative and quantitative changes in customer needs affect the profitability of industry markets.

Reasons such as a decrease and an increase in risk levels are the strategic purpose of the enterprise

and it is time to make changes in its mission. Entrepreneurs, can succeed if they can capture just such moments in time.

The purpose of the strategy is to understand its purpose, why, and in what areas it is used. The areas where the strategy is used are its areas of application.

Strategic application means the application of the strategy to achieve the set goal. It is known that the implementation of this work requires high specialization and skill. Although the implementation of the strategy is a practical issue, it also has administrative tendencies. It mainly consists of the following:

- Create an organization that can successfully implement the strategy;
- Develop a financial plan that can focus all its resources on the success of the strategy;

- Pursue a policy aimed at supporting the strategy;

Play a mobilizing role in achieving goals such as developing such incentives for employees;

- Achieve an optimal division of labor and a successful outcome in the implementation of the strategy, provided that, if necessary, possible shifts between them;

- To create a balance between the achievement of the set goal and the incentive system;

- It is necessary to create a working relationship within the company so that all opportunities are focused on the successful implementation of the strategy;

- Coordination and a joint approach to work within the company should be formed in such a way that each individual contributes to the improvement and implementation of the company's strategy daily (Hosking “Business Studies”, “The HLT Group Ltd” 2000);

- Special attention should be paid to the continuous improvement of work methods and application of practices;

- The implementation of the strategy should be accelerated and the level of application should be increased by instilling a sense of leadership in the implementation of the strategy and among the participants;

### **1.3. Separation of powers in strategic management**

The development of strategic goals and competencies, goal setting, and strategy adoption are key issues in the development process. All this determines the direction of development of the enterprise, ensures the achievement of the ultimate goal by setting its short-term and long-term goals.

Together, they create a strategic plan. Large companies, which are constantly improving their strategies, develop strategic plans for each new year, including formal strategic planning, and this plan is distributed among managers and employees. delivered.

The application function of the strategy is the question of how to apply the strategy to achieve the set goal. It is known that the implementation of this work requires high specialization and skill. Although the application of the strategy is a practical issue, it also has administrative tendencies (Бабин В. 2015: с.365):

- Creating an organization that can successfully implement the strategy;
- Develop a financial plan that directs all resources to the success of the strategy;
- Pursue a policy to support the strategy;
- Develop incentives for employees that are designed to play a mobilizing role in achieving goals;



- Achieve an optimal division of labor and a successful outcome in the implementation of the strategy, provided that possible shifts are made between them, if necessary;

- Creating a balance between achieving the goal and the incentive system;

- Strategize all opportunities to build employee relationships within the company be focused on the successful application;

- Coordination and collaboration within the company should be developed in such a way that each individual contributes to the improvement and implementation of the company's strategy daily;

- Special attention to the continuous improvement of work methods and application of practices

must be specified;

- The implementation of the strategy should always be accelerated and the level of implementation should be raised by instilling a sense of leadership among those involved in the implementation of the strategy.

The administrative issue in this process is to reconcile the level of implementation of the fact with the program of the strategy and the deviations.

be identified and eliminated.

Thus, the application of the strategy is a combination of practical administrative work, organization, financial planning, policy, incentives, and the use of cultural management methods.

The role of enterprise specialists in strategic planning: - It is clear that the leading employees of the governing bodies are engaged in strategic planning in large companies. However, their main support in this work is highly specialized specialists in the relevant field. systematize them and present them to the strategy-defining management.

In organizations that improve the strategy every year, the course of the strategy, its implementation, its implementation status in different sections are studied and given to the people who form the strategy in the form of information. Strategic planning specialists can always assist management in implementing strategic plans.

This assistance involves, first and foremost, explaining to managers at all levels what they will do in their respective fields, and informing them about the implementation of the strategic plan in the individual areas as a whole. However, professionals need to make strategic decisions, develop strategic plans, or make serious proposals (Береп Ф. 2014: с.306).

Because they are unaware of the overall strategic goal of the whole company, and if they try, they can make serious mistakes. Besides, if the strategic plan is kept by experts and supervised by its implementation, it can lead to bad results, and in this case, the culprit is not easy to find.

On the other hand, if the strategic plan is not taken by the leadership, then it will not be able to properly lead the implementation of it and will not be able to express its ideas and

goals will always keep him out of action.

Thus, what is envisaged will not be implemented.

Therefore, the strategic plan should be kept only by the leaders who will implement it, so that it is responsible to the top management and tries to implement it. It is inadmissible for a leader to develop a strategic plan for another field, department, or organization that does not control the implementation. the result fails because no executor submits and the executor is not responsible for the plan.

Approaches to the formation of the strategy: - There are different approaches to the formation of the strategy. The diversity of these approaches depends primarily on the size of the company. If we are talking about a company run by only one entrepreneur, such companies do not need a widely discussed strategy. consists of the strategy formed.

In large companies, on the other hand, strategies are needed that are more carefully thought out, discussed, and approved at meetings attended by those who lead all the stages. In larger and more diversified companies, there is a need for strategies that are written annually and more. There is a need for strategies based on sound research that are discussed and approved at all stages.

Besides, depending on the leader's approach to strategy formation, how the strategy is formed vary. Thus, the leader's participation and key role, or trusting someone in the development of the strategy, forming an attitude to the strategy or collaboration. Depending on the attitude of the sons to this work, the chosen strategy is expressed (Бабин В. 2015: с.365).

Now let's analyze them separately. If the entrepreneur or manager reacts to the issue by acting as an expert on the main strategy, then he or she is a strategist very serious about itself, its sections, and the alternatives available interferes.

However, this does not mean that the leader implements the whole strategy alone. He, as the creative architect of this work, oversees the implementation of all the work and organizes the implementation of the chosen strategy together with the executors.

In the second case, the manager shares his authority with others. These individuals can be a specially created group or a strategic planning department that includes trustees. This trusted group develops the strategy and improves it in consultation with the manager, of course. is taken into account and finally approved by the head with the signature “approved”.

In this case, the leader has some freedom, he retains the power to make some changes when necessary. Besides, the leader, knowing the attitude of lower-level leaders to the issue, prefer the most effective of the various proposals from them.

The disadvantage of this option is that the leader avoids a kind of key leadership function, faces a strategic plan in which he is not more seriously involved, and his responsibility is reduced. On the other hand, in this case, the main strategy instead of pursuing a deeper far-sighted policy it is often a daily or short-term strategy (Тағйев А.Н., Ғарзалиев С.А. 2018: с.418).

The relationship in the third case is a common variant of the two options mentioned above. This option is a cooperation-based approach. In this case, the leader himself a strategy of participating, collaborating with lower-level managers invites to form.

Lower-level leaders are more serious about their work than they are about shaping and implementing this strategy, and no one is thinking of impossible options, everyone is taking the overall issue more seriously (Vəliyev T.S., Babayev Ə.P., Meybullayev M.X. 2015: s.148).

Finally, the fourth approach is the competition method (Vəliyev T.S., Qafarov Ş.S. 2014: s.516). In this case, the manager does not prefer to work hard and closely involved in everything, nor to deviate from everything. This is mainly the case in large diversified companies engaged in various business areas (Kinaki W. 2016: p.70).

The leader encourages the lower management to form stronger strategies. Given that each of them leads a separate business, knows his field better, and the personal intervention of the higher leader will not bring positive results, the following independently formed strategy, the overall successful strategy helps to form (Vəliyev T.S., Qafarov Ş.S. 2014: s.516).

The formation of a common successful strategy and the selection of more successful options are considered at the corporation level, and more active institutions are encouraged and rewarded. As can be seen, each of these four approaches has advantages and disadvantages. It depends on the choice of candidates, who is in charge of this work, and, of course, on the executors. Besides, as mentioned earlier, there is no denying the impact of internal and external factors on successful performance (Hosking “Business Studies”, “The HLT Group Ltd” 2000).

The process of strategic planning begins with the formation of an enterprise mission statement. A mission is a concise, yet a precise statement of an organization's goals and priorities (David A. 2017: p.380).

## **II CHAPTER. THEORETICAL AND METHODOLOGICAL BASES OF FINANCIAL MANAGEMENT**

### **2.1. Theoretical views on financial management**

The theoretical basis of financial management is management, which discloses general approaches, principles, methods, and tools for managing economic resources, including financial resources.

Methodological information support of financial management forms accounting - on its basis, financial managers carry out financial calculations, conduct financial analysis, develop a financial management strategy and evaluate the effectiveness of its implementation.

The object and subject of financial management research is formed by the neoclassical theory of finance, within which the organization is viewed as an open socio-economic system that actively interacts with the external environment, which is characterized by increasing uncertainty and risk. The object of research in financial management is financial resources and financial relations. The main element of the entity is the staff of financial services.

There are many definitions that reveal the essence of financial management. Financial management can be understood as:

- 1) the system of relations regarding the attraction and use of financial resources;
- 2) the process of managing cash flow, the formation and use of the company's financial resources;
- 3) a system of forms, methods, tools, and techniques with the help of which the management of money turnover and financial resources is carried out;
- 4) a system of actions to optimize the company's financial model;
- 5) a system of actions to optimize the company's balance sheet.

Considering that the balance sheet is the best financial model for a company, the latter definition seems to be the most accurate and realistic. From the point of view of practice, the fifth interpretation of financial management is also the most

acceptable, which makes it possible to clearly highlight all the objects of close attention of a financial manager.

The most detailed role of financial management in the company's management system is revealed through the study of its functions; the latter can be presented based on the analysis of the main sections of the balance sheet.

The first function is investment management, within which the financial manager must solve key tasks, such as:

- assessment of the size and composition of the resources required for the implementation of the financial and economic activities of the enterprise;
- search for potential investment projects and investors;
- assessment of the feasibility and effectiveness of the implementation of investment projects;
- formation and implementation of the capital investment budget.

The second function - capital structure management - characterizes the combination of borrowed and own sources of financing. The implementation of this function assumes:

- an assessment of the amount of required financial resources;
- an assessment of the value of individual sources and total capital;
- analysis of the risk of using this source of funding;
- optimization of the capital structure, etc.

The third function, working capital management, involves analyzing and evaluating the use of mobile assets. As part of the implementation of this function, the financial manager is called upon to:

- to estimate the volume of required current assets at the enterprise to ensure its uninterrupted functioning;
- to optimize the structure of current assets;
- to ensure that certain types of circulating assets correspond to the sources of their formation to maintain the liquidity and solvency of the company;
- provide and maintain the required amount of own circulating assets in the company;

- to develop a credit policy in accordance with the goals and objectives of the company's development.

Financial management belongs to the block of administrative sciences and has a great practical focus since its tools, techniques, and methods are actively used in the practical activities of enterprises of various organizational and legal forms, spheres, and industries (Дуброва Т.А., Архипова М.Ю., Стрелкова П.М. 2016: p.67).

## **2.2. Conceptual bases of financial management**

Financial management is the management of financial resources and financial activities of an economic entity, aimed at the implementation of strategic goals and tactical objectives.

Financial management as a science is based on fundamental concepts that serve as its methodological basis.

A concept is a certain way of understanding, interpreting any phenomena that express the key idea for their coverage. It is customary to refer to the fundamental (basic) concepts of financial management:

Cash flow concept. An entity is a collection of alternating cash inflows and outflows. This concept is based on the premise that any financial transaction can be represented as a cash flow.

Temporary value concept. According to this concept, the monetary unit available today and the monetary unit expected to be received after a certain time is not equal. Inequality is determined by three main factors: inflation (depreciation of money - a currency received later, has a lower purchasing power), the risk of not receiving the expected amount, turnover (compared to the amount received in the future, the same amount of money available in this moment in time, can be invested and will bring additional income).

The concept of a compromise between risk and return. Earning an income is most often associated with risk, and the relationship between income and risk is directly proportional. When assessing the results of economic activity, it is necessary to analyze in detail the risks associated with its implementation, as well as develop

adequate measures to minimize them. In any case, within the framework of financial management, it is always necessary to strive to achieve a reasonable compromise between profitability and risk.

Capital cost concept. There are practically no free sources of financing, and the cost of mobilizing and maintaining one or another source of financial resources is not the same for the company.

Capital market efficiency concept. In a market economy, most companies are more or less associated with the capital market (Дуброва Т.А., Павлов Д.Э. Осипова Н.П., 2015: с.62).

**Figure 1: The efficiency of the capital market is associated with the following statements**

1) the level of saturation of the market with relevant information is a significant factor in pricing in this market;

2) the capital market as the main source of additional financing for the company in terms of information is not effective.

**Source:** Нетыкша О. Стратегия корпоративного управления: финансовые аспекты, <https://gaap.ru/articles/Strategiya-corporativnogo-upravleniya/>, 2020

Information asymmetry concept. Certain categories of persons may possess information that is not available to all market participants.

The concept of agency relations. To any company, it is always possible to isolate groups of persons interested in its activities, but whose interests, as a rule, do not coincide, which leads to a conflict of interest.

Most large organizations have a gap between the ownership function and the management function. In cases where a certain person (a group of persons) hires another person to perform some work and gives them certain powers, a so-called agency relationship arises. However, the interests of owners and managers do not always coincide. The owners of the enterprise try to limit the possibility of undesirable actions of managers and at the same time incur certain costs, which are called agency costs.

Opportunity Cost Concept. The adoption of any managerial decision is almost always associated with the rejection of some alternative option that could bring a



certain income. Opportunity cost, also called the price of lost opportunity, is the income that a company could receive if it chose a different use of its resources.

The concept of temporary unlimited functioning of an economic entity. The company, once established, will exist indefinitely, it has no intention of suddenly curtailing its work.

As a result of studying the material of the chapter, the student must:

- Theoretical essence, functions and basic principles of organization of financial management, its information support;
- Modern legislation, regulations, and methodological materials regulating the financial activities of economic entities:
  - The main stages of the evolution of management thought;
  - Use the basic values of financial management and the willingness to rely on them in their personal and professional development;
  - Use normative legal documents in their activities;
  - Culture of thinking, the ability to perceive, generalize and analyze information, set goals and choose ways to achieve it;
  - The ability to effectively organize group work based on knowledge of the basic principles of financial management.

Financial management and its role in the company management system

The theoretical basis for the development of financial science was the scientific substantiation of centralized finance. In the development of the theory of finance, a special role belongs to the German scientists I. Justi and J. Sonnenfeld of the middle of the 18th century. It was these scientists who were among the first to describe in detail the theory and practice of the functioning of public finance, developed new approaches, methods of replenishing the state treasury. Thanks to their invaluable contribution, the classical theory of finance arose and began to actively develop.

Thus, in the second half of the XVIII century. Scientists-economists mainly dealt with the functioning of public or, as it is now customary to call, public finance. This position was justified since corporate finance did not play a significant role in the social life of the country and occupied a small share in financial flows.

However, during the XIX century. the processes associated with the formation of large companies were actively taking place, joint-stock companies began to appear, the owners of the companies were faced with the issues of effective management of financial flows, which acquired significant proportions. At the end of the XIX century. and especially at the beginning of the XX century.

In this regard, the relevance of the theoretical substantiation and practical implementation of the corporate finance management system, the development of proposals for their effective functioning has increased. It was the requirements of practice that prompted financial scholars to form the neoclassical theory of finance, which considered the issues of financial support of private finance and, above all, large corporations. Within the framework of this theory, methods of managing large financial flows in the capital market, attracting investments, and their effective use were developed, generalized, and systematized.

### **2.3. Functions and organization of corporate financial management**

A financial manager is a person who directly manages the finances of an organization.

Moreover, depending on the hierarchical level, the functions of the financial manager may include the following activities:

- Development and adjustment of the financial policy of the organization;
- Participation in the formation of the tax policy of the organization, tax planning and optimization of taxation, improvement of accounting policy;
- Development of a financial structure and organization of financial activities;
- Formation of long-term and current financial plans and budgets with bringing the indicators included into them to the divisions of the organization, as well as ensuring control over their implementation;
- Development of an information system for financial management in accordance with the requirements of accounting, tax, statistical and management accounting, control over the accuracy and confidentiality of information;

- Development and implementation of measures to form a rational structure of the organization's capital and ensure its financial stability;
- Development of proposals to increase profits and profitability of the business, as well as reduce costs;
- Organization of work to analyze and evaluate the financial results of the organization and the development of measures to improve the efficiency of financial management;
- Analysis and assessment of financial risks, development of measures to reduce them;
- Analysis and assessment of investment attractiveness and risks of projects and investment feasibility;
- Control over the observance of financial discipline, timely and complete fulfillment of contractual obligations and the receipt of funds;
- Control over the procedure for registration of financial and business transactions with suppliers, customers, credit institutions, as well as operations of foreign economic activity;
- Control over the state, movement and targeted use of financial resources, the fulfillment of tax obligations and ensuring the solvency of the organization;
- Interaction with credit institutions on issues of placing temporarily free funds and obtaining loans;
- Participation in the preparation and conduct of the issue of securities;
- Carrying out transactions with securities with subsequent evaluation of the results;
- Ensuring that the necessary financial information is provided to internal and external users;
- Organization of internal audit;
- As well as the implementation of other specific functions related to the management of the financial activities of the organization.

In his professional activity, a financial manager must have knowledge in the following areas:

- Legislative and other normative legal acts governing the financial, economic and production and economic activities of the organization;
- Regulatory and methodological documents of the organization of accounting and financial management;
- Fundamentals of civil law, financial, tax and business legislation;
- Industry specificity of the organization of financial activities in the company;
- Methods for analyzing and evaluating the effectiveness of the organization's financial activities, analyzing financial markets, calculating and minimizing financial risks;
- The procedure for the conclusion and execution of business and financial contracts;
- Organization of the financial planning and budgeting system;
- Methods and procedure for planning financial indicators;
- The procedure for financing from the state budget, including by supplying products, performing works and rendering services for state and municipal needs;
- Procedure and methods of long-term and short-term lending, attracting investments and borrowed funds;
- Procedure and methods of using own funds, issuing and purchasing securities;
- The procedure and methods for the distribution of financial resources, tax calculation;
- The procedure for organizing and conducting audits;
- The procedure for conducting accounting, tax, statistical and management accounting;
- Modern reference and information systems in the field of accounting and financial management;
- Rules for the formation and storage of financial documents and information protection;
- As well as other specific knowledge related to the financial and economic activities of the organization.

**Table 1: A financial manager should be able to**

• read and analyze the accounting (financial) statements of the organization;
• understand financial information, including foreign, published in the press;
• understand the procedure for conducting accounting (financial) and management accounting;
• analyze the results of financial and economic activities of the organization;
• analyze and evaluate the economic efficiency of capital investment measures;
• predict the results of capital investment;
• evaluate and make financial decisions;
• evaluate and make financial decisions;
• develop plans and programs for attracting and using financial resources;
• prepare budgets and operational financial plans;
• prepare a report on the use of financial resources and the implementation of the financial plan indicators;
• prepare documents on financial issues to submit them to the bank, tax service and other financial institutions;
• to monitor the implementation of indicators of the financial plan, financial programs, efficient use of financial resources, fixed assets, intangible assets, working capital.

**Source:** Нетыкша О. Стратегия корпоративного управления: финансовые аспекты, <https://gaap.ru/articles/Strategiya-corporativnogo-upravleniya/>, 2020

As a part of industrial relations, the finances of organizations refer to the economic basis of society. The specific content and purpose of finance are manifested in their functions. But one should not confuse the function of the economic category as a form of manifestation of its purpose with the role of the category as a result of its practical use. The essence of finance of organizations is most clearly manifested in the following functions:

1. Formation of funds (capital and income).

As a result the use of financial relations ensures the development, compliance with its financial stability, and the interests of owners (including shareholders), investors, and creditors. With the help of finance, the following economic processes take place:

- Accumulation of cash funds formed as part of sales proceeds goods (for example, in the form of depreciation charges);

- Formation of gross and retained earnings;
- Attracting targeted and non-targeted funding;
- Formation of authorized and reserve capital;
- Raising funds on the stock market for development purposes;
- Mobilization of funds for credits, loans, and other types of debt financing;
- Accounting and control over the formation of cash, capital, and income.

2. Use of funds (capital and income). The use of funds, capital, and income for the purposes provided for in the financial plan (budget) of the organization constitute the economic content of the finance function. With the help of finance, the following processes are carried out:

- Optimization of capital investment (equity and debt) in fixed and current assets);
- Investment of free funds in the most liquid assets;
- Use of funds and income for consumption and accumulation;
- Ensuring the payment of tax payments and deductions to budgets and contributions to state budgetary and extra-budgetary funds;
- Accounting and control over the use of monetary funds, capital, and income.

As a result, the profit and cost (price) of the organization is maximized.

3. Control function. In this function, finance is used to monitor the observance of cost and material proportions in the formation and expenditure of income of organizations and the state. This function is based on the movement of financial resources, for example, when paying taxes and fees to the budget system. It also provides an opportunity for the state to influence the final financial results of organizations. Financial control is carried out by:

- Financial and accounting services of organizations - when paying suppliers' bills for material values, works and services, for production and circulation costs and product shipment, for collecting accounts receivable, etc .;
- Banks and credit organizations - in the process of lending to their clients;
- Tax authorities - when legal entities and individuals pay taxes, fees and duties to the budget system, etc.

The control function is due to the presence of two other functions in finance and is closely interrelated with them.

Based on the above functions, the role of finance in the activities of organizations is to:

- servicing the individual circulation of funds, that is, changing forms cost. In the process of such a circulation, the monetary form of value is transformed into a commodity, and after the completion of production and the sale of the finished product, it appears in the original monetary form (in the form of expulsion from the sale of the finished product).

- distribution of proceeds from the sale of goods (works, services) after payment indirect taxes to the fund for reimbursement of material costs (including amortization deductions), the wages fund (including contributions to state extra-budgetary funds in the form of insurance contributions) and net income, acting in the form of profit;

- redistribution of net income in the following areas: for payments to the budget (profit tax) and profit left at the disposal of the organization for production, scientific and technical, and social development;

- use of the profit left at the disposal of the organization (net profit, retained earnings) for accumulation funds, consumption funds, reserve funds, and for other purposes provided for by the financial plan (budget);

- monitoring compliance with the correspondence between the movement of material and monetary resources in the process of individual circulation of funds, i.e. for the state of solvency, liquidity, and financial independence of the organization from external sources of financing.

In modern conditions, enterprises and corporations have complete independence in production and commercial activities. The rights and responsibilities of business entities are regulated by legislative and regulatory acts of representative and executive authorities and, above all, by the Civil and Tax Codes of the Russian Federation. The principles of organizing finance include:

- Self-regulation of economic activity;
- Self-sufficiency;
- Self-financing;
- Division of sources of formation of working capital into own and borrowed;
- Availability of financial reserves;
- Planning.

The principle of self-regulation is to give the organization full priority in making and implementing decisions on production and scientific and technical development, based on the available material, labor, and financial resources. An enterprise (corporation) directly plans its activities and determines development prospects based on the demand for products (services).

#### **2.4. Principles and methods of developing the operational and financial strategy of the enterprise**

The main principles that ensure the preparation and adoption of strategic financial decisions in the development of the financial strategy of the enterprise are as follows.

1. Consideration of an enterprise (firm) as an open socio-economic system capable of self-organization. This principle of strategic management lies in the fact that when developing a financial strategy, an enterprise is considered as a certain system, completely open for active interaction with environmental factors. In the process of such interaction, an enterprise has the property of acquiring an appropriate spatial, temporal or functional structure without specific external influence in a market economy, which is considered as its ability to self-organize. The openness of an enterprise as a socio-economic system and its ability to self-organize make it possible to provide a qualitatively new level of formation of its financial strategy.

2. Taking into account the basic strategies of the operating activities of the enterprise. As part of the general strategy of economic development of the enterprise, which primarily ensures the development of operating activities, the financial strategy in relation to it is subordinate. Therefore, it must be consistent with the



strategic goals and directions of the enterprise's operations. Here, the financial strategy is considered as one of the factors for ensuring the effective development of the enterprise in accordance with the chosen corporate strategy.

The financial strategy itself has a significant impact on the formation of the strategic development of the company's operating activities, since the main goals of the operating strategy are to ensure high rates of product sales, and the growth of operating profit and an increase in the company's competitive position are associated with development trends of the corresponding product market (consumer or production factors). If the trends in the development of the commodity and financial markets (in the segments where the company operates) do not coincide, a situation may arise when the strategic development goals of the company's operating activities cannot be realized due to financial constraints. In this case, the operating strategy of the enterprise is adjusted accordingly.

3. Focusing primarily on the entrepreneurial style of strategic financial management. Strategic financial enterprise management is characterized by an incremental or entrepreneurial style.

The basis of the incremental style of strategic financial management is the setting of strategic goals of the achieved level of financial activity with minimization of the alternatives of strategic financial decisions. Fundamental changes in the directions and forms of financial activities are carried out in accordance with changes in the operating strategy of the enterprise. This style of strategic financial management is usually typical for enterprises that have reached the stage of maturity in their life cycle. The entrepreneurial style of strategic financial management is based on an active search for effective management decisions in all areas and forms of financial activity. This style of financial management is associated with the constant transformation of directions, forms, and methods of carrying out financial activities all the way to achieving the set strategic goals, taking into account changes in environmental factors.

In the economics literature, the incremental style of strategic financial management is seen as conservative, while the entrepreneurial style is seen as

aggressive, focused on accelerated growth. Most economists come to the conclusion that the entrepreneurial style of strategic financial management is more in line with the new management paradigm - strategic management.

4. Allocation of dominant areas of a strategic financial enterprise. This principle makes it possible to ensure the identification of the priority directions of the financial activity of the enterprise, ensuring the successful implementation of its main target function - the increase in the market value of the enterprise in the long term. Dominant spheres (directions) of the development of financial activity are distinguished.

Strategy for the formation of financial resources. The goals, objectives and main strategic decisions of this direction of the financial strategy should be aimed at financial support for the implementation of the corporate strategy of the enterprise and, accordingly, are subordinate to it.

Investment strategy. The parameters of the strategic set of this direction should be aimed at providing investment support for the development of individual strategic economic zones and strategic business units of the enterprise. In general, they should form the financial basis for the formation of the most important areas of the company's investment activities in the strategic perspective.

Strategy for ensuring financial security. The goals, objectives and the most important strategic decisions of this direction of the financial strategy should be aimed at the formation and support of the main parameters of the financial balance of the enterprise in the process of its strategic development (Дуброва Т.А., Павлов Д.Э. 2017: p.370).

Strategy for improving the quality of financial management. The parameters of the strategic set of this direction of the financial strategy are developed by financial services and are included as an independent unit in the corporate and individual functional strategies of the enterprise.

5. Providing flexibility in the financial strategy. The future development of the financial activity of an enterprise is always characterized by significant uncertainty, and therefore it is practically impossible to keep the developed financial strategy of

the enterprise unchanged at all stages of the process of its implementation. The basis for alternative strategic actions of financial managers in such conditions is the high level of flexibility of the developed financial strategy.

**Table 2: Description of the directions of the strategic financial development of the enterprise**

Direction of the general financial strategy of the enterprise	The main task of developing strategic decisions	The range of strategic problems to be solved
1. Strategy for the formation of financial resources	Building the potential for the formation of financial resources of the enterprise, adequate to the needs of its strategic development	<ul style="list-style-type: none"> <li>• 1. Ensuring an increase in the potential for the formation of the company's financial resources from internal sources</li> </ul>
2. Investment strategy	Optimization of the distribution of financial resources of the enterprise by areas and forms of investment, depending on the criterion of efficiency	<ul style="list-style-type: none"> <li>• 2. Ensuring the necessary “financial flexibility” of the enterprise (sufficient access to external sources of funding)</li> </ul>
3. Financial security strategy	Ensuring the financial balance of the enterprise in the process of its strategic development	<ul style="list-style-type: none"> <li>• 1. Ensuring permanent solvency</li> </ul>
4. Strategy for improving the quality of financial management	Formation of a system of conditions for improving the quality of financial management of an enterprise in a strategic perspective	<ul style="list-style-type: none"> <li>• 2. Ensuring sufficient financial stability</li> </ul>
The direction of the general financial strategy of the enterprise	The main task of developing strategic decisions	The range of strategic problems to be solved
		financial management, advanced financial technologies and instruments

**Source:** Нетыкша О. Стратегия корпоративного управления: финансовые аспекты, <https://gaap.ru/articles/Strategiya-corporativnogo-upravleniya/>, 2020

Strategic agility is the potential for an enterprise to quickly adjust or develop new strategic financial decisions in response to a changing external or internal financial environment. It is achieved with such intra-organizational coordination, in

which financial resources can be easily transferred from one strategic economic zones or economic units to others.

6. Providing alternatives to strategic financial choices. Strategic financial decisions should be based on an active search for alternative options for directions, forms, and methods of carrying out financial activities, choosing the best ones, building on this basis a general financial strategy, and creating mechanisms for its effective implementation. An alternative is the most important distinguishing feature of the entire system of strategic enterprise management, it is associated with all the main elements of the strategic financial set - financial goals, financial policy on certain aspects of financial activity, sources of formation of financial resources, style, and mentality of financial management.

7. Ensuring the continuous use of the results of technological progress in financial activities. When forming a financial strategy, it should be borne in mind that financial activity for an enterprise is the main mechanism for ensuring the introduction of technological innovations that ensure the growth of the enterprise's competitive position in the market. Therefore, the implementation of the general goals of its strategic development largely depends on the extent to which its financial strategy reflects the achieved results of technological progress and is adapted to the rapid use of its new results.

8. Taking into account the level of financial risk in the process of making strategic financial decisions. Almost all major financial decisions made in the process of forming a financial strategy change the level of financial risk. This is primarily due to the choice of directions and forms of financial activities, the formation of financial resources, the introduction of new organizational structures for financial management. The level of financial risk increases especially strongly during periods of interest rate fluctuations and inflation growth. Due to the different mentality of financial managers in relation to the level of acceptable financial risk at each enterprise, in the process of developing a financial strategy, this parameter should be set differentially (Есипов В.Е., Лapidус М.К. 2013: с.236).

9. Focus on the professional apparatus of financial managers in the process of implementing the financial strategy. These managers should be familiar with the basic principles of strategic management, the mechanism for managing certain aspects of financial activities, and master the methods of strategic financial controlling.

10. Providing the developed financial strategy of the enterprise with an appropriate organizational structure for managing financial activities and organizational culture. The most important condition for the effective implementation of the financial strategy is the corresponding changes in the organizational structure of management and organizational culture. The envisaged strategic changes in this area should be an integral part of the parameters of the financial strategy, ensuring its feasibility.

## **2.5. Application and management of financial strategy in joint stock companies**

When developing a corporate governance strategy, it is important to establish relationships with shareholders in terms of their ability to participate in the management and receive dividends.

The financial aspects of corporate governance relate primarily to the problem of the contradiction between the development of production and the satisfaction of the interests of small shareholders in receiving dividends, the problem of participation of small shareholders in general meetings and their role in them, the possibility of repurchasing their own shares, and access to information. The complexity and versatility of these problems require a thorough study, but for Ukraine, the most significant issue is the formation of the distribution of its own financial resources in general and the payment of dividends in particular.

The successful implementation of the developed strategy for the formation of own financial resources is associated with the solution of the following tasks:

Maximizing the formation of profits taking into account the acceptable level of financial risk.

Formation of an effective policy of distribution of profits - dividend policy.

An additional issue of shares or raising additional capital.

Let's consider each of the tasks separately (Елисеева И.И., Юзбашев М.М. 2016: p.367).

Sustainable business development is determined by the availability of net profit remaining at the disposal of the enterprise. The basis of gross profit is operating profit, the management mechanism of which is built taking into account the close relationship of this indicator with the volume of sales of products, income, and costs. The system of such a relationship is a CVP analysis, which is based on dividing the total costs of production and sales of products, into variables and fixed ones, and allows you to show how changes in the volume of production will affect the level of profitability in the short term. This cost sharing also allows for a mechanism to manage operating profit known as operating leverage.

A detailed analysis of the operation of this mechanism is another matter, we will focus here only on the consideration of the influence of its strength on the entrepreneurial risk of the company. Thus, if the risk of a company's activities is considered as an entrepreneurial risk, then the following relationship between the action of the operating leverage and the degree of entrepreneurial risk can be traced: with a high level of fixed costs and the absence of their decrease during a period of falling demand for products, entrepreneurial risk increases. The risk of the company's activities is associated with another source: the instability of the financial conditions of lending, the uncertainty of the shareholders in receiving dividends. That is, a financial risk arises, which is determined by the action of financial leverage, the effect of which reflects the level of additionally generated profit on equity with different proportions of borrowed funds. Knowledge and understanding of the mechanism of financial leverage on the level of profitability of equity capital and the level of financial risk allow you to purposefully manage both the value and the structure of capital. The level of aggregate risk, which is called the coupled effect of operating and financial leverage (EFFR), can be determined as follows (Жвакоджж Ю.В. 2016: с.192).

$$\text{EOFR} = \text{EOR} \times \text{EFR},$$

Where:

EOR - the effect of operating leverage,

EFR - the effect of financial leverage.

For joint-stock companies, this indicator shows how much the percentage change in net earnings per share when the revenue from sales changes by 1%. Financial management in a joint-stock company identifies funding reserves that ensure an increase in production and sales of products, cost reduction, profit, and increased financial stability. When improving the company's financial condition, the main attention should be paid to ensuring exactly the following: financial stability, liquidity, the profitability of using assets.

Since the fund for the payment of dividends is of particular importance in the economic development of the company, the company's management needs to develop a sound and long-term dividend policy, having previously determined its type, and also taking into account the following features of the company's functioning: the field of activity, the duration of the circulation of funds, fluctuations in income and other factors.

The net profit is distributed in the joint-stock company to the Consumption Fund and the Accumulation Fund. Distribution of the Consumption Fund to the Dividend Payment Fund and other consumption funds that remain outside the owners' funds and form the income of managers, employees, executives, is of great importance for the investment attractiveness of the Company. Accordingly, the dividend policy is an important tool for regulating corporate relations and determines the proportions of the distribution of profits of a joint-stock company between the income of owners and other participants, as well as the proportion of distribution of income of owners between reinvestment and consumption (Дуброва Т.А., Павлов Д.Э. 2017: p.370).

Dividend policy means determining the proportion of the profits usually paid to shareholders. The two main issues that are considered regarding dividend policy are:

Let's consider another, opposite option - payment of dividends on a residual basis. If external financing is so expensive that it is not possible with all the desire, the only source of financing for additional investment is profit. In this case, dividends should only be paid when the company has funded all of its projects with a positive net present value (NPV). Once the company has committed funds to finance all of its projects, which more than cover the minimum required income, the balance must be paid to investors. However, the relationship between investment opportunities and dividend payout policies is far from ideal. There are a number of factors that motivate managers to choose a particular policy (Голосов В.В. 2016: с.56-66).

Let's consider each of them separately.

1. The “type” effect of the shareholder. Two groups can be distinguished here:

A) shareholders who need a stable income, for example, retirees living on the income from their private investments.

B) shareholders who are not interested in receiving high dividends in the near future.

They prefer to invest in companies with good growth potential that pay low dividends, but use retained earnings to invest in their domestic projects with positive NPVs. The rationale behind this approach is that capital gains (rising stock prices) will be their main source of profit.

Thus, taking into account this effect, stability and consistency are necessary to attract shareholders of a certain type, while under the policy of paying dividends on the residual principle, dividends depend on the possibilities of reinvestment, the volume of which can change from year to year and, accordingly, leads to fluctuations in the amount of retained earnings and dividends.

The shareholder type effect is often amplified by another important factor - taxation.

A condition for maintaining effective economic development is the ability of an enterprise to adapt to changes in the internal and external environment, while not losing financial stability. At the same time, the enterprise needs to own the optimal



structure of financial resources and, if necessary, attract borrowed funds. One of the sources of financing for an enterprise in the course of its economic activities is the possibility of an additional issue of shares, which actually means raising borrowed funds and increasing the share capital. It should be noted that the additional issue of shares is a complex and expensive process. Therefore, the objectives of the issue should be sufficiently weighty from the standpoint of the strategic development of the enterprise and the possibilities of increasing its market value in the coming period. For example, such goals can be real investment associated with sectoral and regional diversification, the need to significantly improve the structure of capital used, the planned takeover of other enterprises in order to obtain synergy, as well as other goals that require the rapid accumulation of a significant amount of equity capital.

Thus, to ensure financial stability and effective implementation of the corporate governance strategy, it is necessary to achieve high financial results at the lowest costs, ensure the continuous operation of the company and optimal redistribution of financial resources that are at its disposal: directing funds to the economic development of the enterprise and to the dividend payout fund (Дуброва Т.А., Павлов Д.Э. 2017: p.370).

### **III CHAPTER. THE MAIN DIRECTIONS OF DEVELOPMENT OF FINANCIAL AND STRATEGIC MANAGEMENT IN NAR TELECOM**

#### **3.1. Nar telecom: quality of financial activity increase**

The objective necessity of performing a sectoral analysis of financial and economic activity is determined by the specifics of various industries. Due to the different nature of labor, any branch of social production has its characteristics, as well as its specificity and characteristic economic ties. The need to study the specifics of various industries has led to the need to improve the methods of analysis of economic activity, taking into account the exclusivity and provisions of any industry. Telecommunication services are considered a necessary part of our life. Today the telecommunications market is developing rapidly. This is due to the emergence of new companies that are involved in the provision of telecommunications services. In turn, the development of this market is influenced by the significant impact of the emergence of new services. Any company that is trying to achieve great success in the market must analyze the closest competitors in the market, the profitability of the business, and the quality of the services offered. In the context of tough competition in the market, the question of the competitiveness of the company and its services begins to be relevant in management. The word “Telecommunications” means the transmission of information (signals, data, text, transmitted symbols, sound, image) at a distance among the endpoints of a telecommunications network with the support of technical means. In a narrow sense, telecommunications is a way of exchanging data with support for electronics, electrical engineering, and other current technologies. Telecommunication services enable the public to acquire additional channels for the exchange of information. Sustainable development has led to changes in the social and political sphere of life: voting, calculating votes in elections via the Internet, interactive television. In the field of education, due to the informatization of society, it became possible to study remotely. The formation of telecommunications also entailed a transformation of the labor market: it became possible to work remotely

via the Internet. Such professions, for example, as a programmer, translator, tutor, designer, stockbroker, manager, journalist, are currently easily accessible to the general population. It can be noted that the current position of the telecommunications market is approaching saturation because the level of intrusion of cellular communications approaches 100%. According to experts, the number of active subscribers has remained constant over the past years, and the growth of the subscriber base is since people buy a second or even a third NAr card, using it on other gadgets (for example, a TV or tablet), or then when planning any event (placing an advertisement for the sale of a phone or a car, as well as a vacation trip). The formation of the market is permissible in the field of providing access to digital television and the Internet, the most promising are video calls (they become possible with an increase in the speed of Internet traffic), the development of 5G networks, the market for M2M devices, the development of financial services, as well as identification services with support for a cell phone. At present, this trend is less pronounced, it is assumed that the share of the city of Moscow will decrease by 2022, by at least one more point.

The corporate segment can be fully characterized: most of the sub-segments of the services market for legal entities have reached the saturation level, a significant part of new customers are companies that have changed their provider due to relocation or other circumstances; large customers, in the main priority - federal state organizations, within 16 tenders try to acquire new discounts from operators, or increase the volume of purchases precisely due to complex projects that include not only communication services, but also IT solutions and services; revenues continue to decline in the segments of fixed cellular communication and lease of physical channels, which together form more than 30% of the corporate market. The market for inter-operator services decreased by 7% in 2017 (Cowley D. 2015: p.90). The increase in revenues from cellular communications was determined by several reasons: - the removal of operators from price competition; - removal from unlimited tariffs; - increased dynamics of income from additional services in the segment of corporate clients. Figure 6 shows the dynamics of the telecom market segments

themselves. Despite the increased popularity of converged services, which “dilute” profits between services of Internet access, pay TV, telephony and cellular communications. ARPU in 2017 showed an increase of 0.7%. This is mainly due to the increase in revenues of Rostelecom and other players due to the movement of subscribers to expensive tariffs, since they are high-speed. The broadband market showed slightly better dynamics in 2017 than a year earlier, and increased by 3.8% against 3.2% last year. The pay TV market is showing a slowdown in subscriber base growth: growth in 2017 was 3.4% versus 4.1% in 2016. ARPU rose 6.5%, which explained the 10.5% increase in Pay TV revenue in 2017. The high growth rates are due to several reasons: - continued growth of tariffs; - increased demand for additional television services: deferred viewing, VoD, multiroom and others; - the flow of customers from small KTV operators to larger multiservice providers, which expand their coverage and offer the best sets of services at a high price; - promotion of television services in the highly profitable B2B segment. In 2017, 2.7 million subscribers abandoned fixed-line cellular communications, thus, services fell by 4 pp. up to 38%. Due to the movement of subscribers to mobile communications and OTT services, both intra-zone and local, international and long-distance telephone traffic decreases.

Revenues from fixed telephony decreased by 9.0% over the year. The same dynamics will continue in the coming years. 19 The formation of communication services in subsequent years is determined by several factors, the main ones are: - the willingness of mobile operators not to allow price competition, entering the struggle for the subscriber in an attempt to change the forces in the market - the fragile balance established in the market can be destroyed by the actions of each of the operators, regardless of on the general interest in continuing the “peaceful” policy of 2017; - practical implementation of the program for the formation of the digital economy of the Azerbaijan in the development of telecommunications infrastructure; - development of a fundamentally new market within the framework of the formation of the “Internet of Things” ecosystem with the emergence in Azerbaijan of commercial networks that are important according to the scale, based

on 5G and other technologies in 2021-2022. Taking into account these conditions, the positive dynamics of the communications market in the next 5 years will remain at the level of at least 1% per year. The development of adjacent markets will also remain the main source of increasing the operator's business, where they will play the role of universal suppliers of a complex of ICT solutions and provide services based on OTT both in partnership and independently.

Methodology for analyzing financial and economic activities Financial and economic analysis consists of two blocks, this is an economic analysis of the company's activities and a financial analysis of this activity. The initial subsection of economic analysis is considered to be a set of problems that are associated with the current state of services and production of goods. The second subsection is the difficulties of a promising nature, they are associated with the formation of the company and its investment activity. The study of the current activities of the company includes, first of all, the analysis and assessment of value and natural indicators of production, and the provision of services and goods. At this stage of the analysis, the impact of 20 price conditions on the volume of implementation in monetary terms, the impact of assortment shifts in production and sales, the degree of fulfillment of obligations to supply to customers, the ability to generate additional income with an increase in the quality and grade of products, the degree of development of different markets and sales are revealed. Directly this level of completeness of the analysis makes it possible to fully speak about the presence of the company's current reserves, which provide an increase in income from the sale of services and products. The second stage of the analysis is to assess the level of use of different resources in the production of services and goods. In the course of considering labor costs as the main type of resources, an assessment of the company's staffing is carried out, a study of the forms, dynamics, and reasons for staff turnover, labor productivity, and the impact on increasing production and sales of products. It is also considered important to analyze the structure of the wage fund in the company, dynamics, composition, and the level of efficiency of the use of working time (Cowley D. 2015: p.67). The second important resource of the company

is its production assets, first of all, fixed assets. In this part, the analysis must guarantee an assessment of the structure and composition of fixed assets, movement, and technical condition, this will make it possible to assess the level of intensity of renewal of the company's production base, as well as the stage of the effectiveness of the depreciation policy. The main element of the analysis is the calculation of indicators of intensive and extensive use of fixed assets and its impact on the increment in the size of sales of products and production. The final result of the analysis is the discovery of reserves for the growth of the efficiency of the use of fixed assets. The third important type of company resources is materials (auxiliary and basic) and energy resources. The effectiveness of their application depends on many factors, and each should be analyzed. Its subject must be an assessment of the volume, the complexity of supplies; in this regard, the study of factors of default by suppliers (these are external requirements for providing the company with material resources) plays an important role. It is also important to analyze the use of materials and raw materials in production, the degree of compliance with consumption rates, the establishment in this regard of the main directions for saving resources, and an analysis of the impact of the intensity and extensiveness of the use of resources on the growth of the output of services and products. The resource point of the analysis ends with an assessment of the company's intangible assets, the significance of which in the current circumstances of accelerating scientific and technological progress is constantly increasing. A separate block of analysis is the study of the cost and costs of the company's products and services. This section analyzes the relationship between costs and sales of products and also prices for products.

Also, factor analysis of the cost of production makes it possible to detect and analyze the reserves of the decline in the cost of production. The study of profit and profitability of the company's production activity contains an assessment of the dynamics, degree, and structure of income, as well as economic factors that affect the amount of income. Factor analysis of sales revenues, profit before tax, and profitability make it possible to find the reserves for increasing profits and increasing profitability. At this stage, the analysis of the economic results of the current

activities of the company can be completed. The study of the company's promising investment activities is based on investment planning, the selection of investment project options should be based on an analysis of the technical and organizational degrees of production. This study of indicators of the scientific and technical degree of production, the organization of labor and production in the company, the analysis of the impact of the technical and organizational degree of production on the efficiency of the use of production resources make it possible to identify certain trends in promising investment investments. Along with this, the study of the degree of implementation of plans for the scientific and technical dynamics of the company and the analysis of investment programs aimed at this dynamics make it possible to eventually acquire the necessary estimates of the effectiveness of financial investments and capital investments (investment analysis). Although in the process of these studies, various cost indicators that characterize the company's activities are constantly revealed, the analysis here does not yet go beyond the boundaries of its economy. Company finances are considered a separate, relatively separate area of this activity. Their position is more dependent on the economy of the company, but also exerts a strong influence on it. For this reason, finance research assumes an independent point of analysis of the financial and economic activities of a company. At the same time, the sources and composition of the company's capital development should be studied, and an estimate of its price should be provided. The property position of the company is largely dependent on the location of the structure, dynamics, and capital of non-current assets and current assets. To assess the efficiency of using the company's capital, an analysis of profitability and capital turnover is performed with the allocation of these indicators for debt and equity capital. In connection with the latter, an analysis of the effectiveness of financial leverage is applied. This section ends with an analysis of the company's financial stability, creditworthiness, and solvency. A more generalizing sign of financial stability is considered to be the lack or surplus of funds for the formation of costs and stocks received in the form of differences in the size of sources of funds and the number of costs and stocks. The liquidity of a firm is the firm's ability to convert its

assets into money to recover all required payments. All assets, depending on the speed of their transformation into finance, can be divided into the following categories.

1. Mostly liquid assets (A1) - amounts by items of cash and short-term financial investments.
2. Quick-selling assets (A2) - short-term receivables and other current assets.
3. Slowly traded assets (A3) - stocks, value-added tax on acquired valuables, accounts receivable with a maturity of more than 12 months, long-term financial investments;
4. hard-to-sell assets (A4) - non-current assets without long-term financial investments.

The balance sheet liability for assessing the company's liquidity is grouped by the level of increase in the maturity of obligations. By the data, the following categories are distinguished.

1. Time liabilities (P1) - accounts payable, dividend payments, other short-term liabilities, loans not repaid on time.
2. Short-term liabilities (P2) - short-term loans and borrowings.
3. Long-term liabilities (P2) - long-term loans and borrowings.
4. Permanent liabilities (P4) - equity.

To establish the liquidity of the balance sheet, it is necessary to compare the results for each group of assets and liabilities. The balance is liquid if the condition is met, which can be represented by the formula (Бабин В. 2015: с.67).  $A1 \geq P1$   $A2 \geq P2$   $A3 \geq P3$ .  $A4 \leq P4$  (1) The implementation of such a complex management function as the analysis of financial and economic activities will require a specific methodology.

At the same time, there is a need to classify factors that are decisive in the formation of the final results and factors of essential properties. Factor analysis is capable of varying degrees of depth. Its first degree is to detect the significance of factors that directly affect the result. However, any of these factors can be influenced by factors of a lower degree, and they will be influenced by any other factors (this is shown schematically in Figure 3. The limits of the analysis, its depth is determined



depending on the nature of a particular management problem, the level of accuracy in assessing the impact of factors, depending on the degree of management for which the analysis is needed, and sometimes on the degree of urgency of obtaining its conclusions. Factor relationships can be very difficult. Moreover, depending on the mission of the analysis, their importance may change, factors of low degree can take the place of factors of high degree. For example, the expediency of the cost of basic materials in monetary terms for the production program of the company is being investigated. The result of this analysis should be the estimated volume of basic materials spent on the company's program, which may differ from the actual consumption in one direction or the other. The result obtained in this way already gives a fairly large amount of information for making conclusions about the streamlining of the processes of using materials, improving technology, and their consumption. 26 Along with this, it may appear that when saving in natural units, there is an overrun of materials against the plan in monetary terms, or, on the contrary, a saving of materials in monetary terms when they are overspending in natural units. In the study, in this case, an analysis of the factors of the following order should be introduced: prices of materials and transport and procurement uses for their receipt and delivery to the company's warehouse. By comparing these values with data from previous periods, the impact of the price factor on the use of materials is calculated. The degree of transport and procurement costs, in its turn, may depend on the distance of transportation of materials (this is factor E), and the distance shows the choice of vehicles and the method of delivery of materials (factor F) (David A. 2017: p.78). One of the main goals of the analysis of financial and economic activity is the detection and assessment of the dynamics of the development of the analyzed system. In this case, in most cases, it is necessary to assess to what extent the actual trajectory of the system's movement deviates from its previously established parameters. The analysis of financial and economic activities in the company is manifested using different methods. Thus, when conducting financial analysis, the key methods of financial statements are used (shown in Figure 9) (Kicik və orta sahibkarlıq subyektləri ucun əyani vəsait. Azərbaycan

Respublikası). Figure 9 - Methods of researching financial and economic activities 27

Horizontal analysis - involves a comparison of each position in the financial statements with a similar position in the previous stage. At the same time, it makes it possible to show the tendencies of changes in any phenomenon in a specific period (Cowley D. 2015: p.110). Vertical analysis - involves the expression of the impact of each reporting item on the total. At the same time, it implies the definition of the structure of the final financial indicators. And it is used not only in financial analysis but also in the analysis of various economic objects, for which data are given for several years (for example, an analysis of assets, liabilities, financial results, product range, cost price). Comparative analysis - involves comparing the aggregate reporting indicator of the studied company with similar indicators of competitors, industry companies, and structural divisions of companies. Factor analysis - assumes options for analytical studies, make it possible to identify the impact of individual factors on an effective indicator, using specific or random research techniques. Directly, it is used not only in financial analysis but also in the analysis of other performance indicators. Along with this, the economic analysis expresses the factor analysis of costs, sales, and production, material costs, profitability, labor productivity. Analysis of relative indicators - is used based on information from one or different stages. This implies the calculation of the relationship between the individual items of financial statements, to establish the relationship of indicators (Ələkbərov Ə., İbrahimov F. 2018: s.130). Based on this, it can be distinguished that the essence of the analysis of financial and economic activities is mostly determined by who is considered the users of information, and what is the sphere of economic interests in assessing various aspects and aspects of the financial activities of an enterprise. The content and the main goal of diagnostics of the financial condition is the assessment of the financial condition and identification of the possibility of increasing the efficiency of the functioning of an economic entity with the help of a rational financial policy. Financial analysis pursues a key goal - to assess the financial condition of the company and find opportunities that will improve the efficiency of the enterprise if you trust a rational financial policy. When analyzing

the financial condition of an enterprise, the analyst faces several important goals. In the course of the research it is necessary to (Kinaki W. 2016: p.87):

- consider the indicators of financial condition and see the changes that have occurred in them;
- to identify the factors that influence the investigated financial condition;
- assess the quantitative and qualitative changes in the financial condition;
- determine the financial position of the company on a specific date;
- to characterize the trends traced in changes in financial condition.

When performing financial analysis, it is necessary to solve the leading task - to timely identify the shortcomings of the current financial activities, make it possible to eliminate these shortcomings, and also find reserves that will improve the financial condition and solvency of the organization. A comprehensive analysis of the state of the enterprise involves the consideration of its financial statements. In the process of analyzing financial statements, they identify the state of affairs in the past and present, and also evaluate the results of the financial and economic activities of the company - all this can be called the main goal of this part of the analysis. The results obtained in the analysis of financial statements open up many opportunities (Tağıyev A.H., Fərzəliyev S.A. 2018: s.67-76):

- firstly, they allow to identify problematic points in the management of the production and commercial activities of the company;
- secondly, they help to choose where to invest capital;
- thirdly, they make it possible to objectively evaluate the work of the management;
- fourthly, they become the basis for making forecasts concerning both individual indicators and the entire financial activity of the enterprise.

It should be noted that it is based on the analysis of the financial condition that the financial policy of the company is developed and the direction of this policy is chosen. Thus, the relevance of the topic of analyzing the financial condition of enterprises has high theoretical and practical significance, since the formation of a modern and effective system for supporting the financial stability of enterprises is

of paramount importance for the functioning of the economy as a whole. In modern economics, according to the position of Western experts, it is customary to distinguish five approaches to financial analysis, each of which can be considered relatively independent. The first one operates according to the principles of the “school of empirical pragmatists”: considering the creditworthiness of an enterprise, the theorists of this school calculated the corresponding relative indicators. The second approach is based on the views of the “school of static financial analysis”, which are considered in the work of A. Wall, which was published in 1919. To compare the calculated values of the analytical coefficients of interest with the criteria of creditworthiness proposed by the author. According to the third approach, following in the footsteps of the school of “multivariate analysts”, where the conceptual foundations of financial analysis are built, analysts take into account the idea that partial ratios reflecting the financial condition of a company and the effectiveness of its current work are undoubtedly associated with generalizing indicators of its financial and economic activities ... The fourth approach is the result of the activities of the “school of analysts engaged in predicting the possible bankruptcy of companies” (Distress Predictors School). Its representatives offered to analyze the financial stability of the enterprise (they were interested in the strategic aspect) and in their analytical studies, they preferred to analyze in a forward-looking way (as opposed to a retrospective view) (Tağıyev A.H., Fərzəliyev S.A. 2018: s.87). The fifth approach is represented by the Capital Marketers School. It developed in the 60s of the last century, had a predominantly theoretical basis, and did not find a worthy application in the practice of financial analysis. Modern theory and practice in the field of finance and economics put at the disposal of analysts a large number of methods to assess the financial condition of companies. One of the common methods is called the external reporting method. Its principle: to investigate the absolute values of indicators transmitted outside (Vəliyev T.S., Qafarov Ş.S. 2014: s.56).

Domestic authors Savitskaya G.V., Kovalev V.V., considering financial analysis, especially emphasize the need to calculate such parameters as the threshold

of profitability and the margin of financial stability. The threshold of profitability is understood as such an intermediate value of revenue when the company no longer incurs losses, but still does not make a profit. Although the theory of financial analysis offers many different techniques, the analysis of financial conditions is mainly based on the coefficient method. According to it, certain indicators are calculated (acting as a kind of financial indicators) that show the correct and objective situation of the financial condition of the company, as well as the real financial performance based on the results of the activity of a particular enterprise. When it is necessary to assess the financial and economic condition of an enterprise, the most rational method in the current environment can be considered a method that involves financial ratios and other indicators that can reveal various aspects of the company's financial condition. As a result, the following conclusions can be drawn:

- most of the methods for assessing the financial condition do not provide a clear division of the analysis of solvency and liquidity;
- in financial and economic theory and practice, there is still no generally accepted system of indicators of financial condition;
- the indicators considered in the course of the study are usually not differentiated into generalizing (necessary for an express assessment) and private (allow a detailed assessment of the financial condition of the enterprise);
- analysis of solvency is performed within one of three approaches. According to the first, the solvency of the company is considered and assessed based on the indicators of its liquidity, according to the second - focusing on the ratios that convey the degree of financial stability, and the third way of analysis does not affect solvency at all. Note that some authors advise analyzing this category on the basis of a number of indicators, which also include liquidity and financial stability;
- traditionally when examining indicators of financial condition, they are compared in dynamics;
- normative values are fixed only for some indicators, and they do not take into account the general characteristics of the industry and the individual characteristics

of a particular company, and there are very few formulas that allow calculating the standards;

- different methods, assessing the main directions of the financial condition of the enterprise, offer indicators of a different quantity (it is not uncommon for a situation when for a successful analysis it becomes much more important not to calculate as many coefficients as possible, but to consider the qualitative content of indicators, to determine to what extent they can disclose the level and dynamics of financial condition).

There are Azerbaijan recommendations regarding the assessment of investment attractiveness and the conduct of financial and economic analysis, they have advantages over foreign methods and technologies in the same area.

Conclusions on the first section Analysis of the financial activities of a company is a concept that demonstrates a system of indicators that reflect the use of financial resources, their presence, and location, this is an assessment of its competitiveness, the fulfillment of obligations to business entities and the state. The financial condition shows all aspects of the activity since the movement of any goods and labor resources is accompanied by the expenditure and formation of finance and resources. The work of any enterprise is constantly, albeit with different intensity, performed in two directions. The first direction is the constant production of services and goods, which is focused on the market condition associated with the constant consumption of resources, which provides the enterprise with the acquisition of income that covers the costs of these resources. The second direction manifests itself in ensuring the formation of an enterprise, implies its dynamism in the field of investment, and is associated with the solution of promising long-term problems. These problems must find their place in the analysis of the company's activities. The results of efforts in both directions are reflected in the state of the company's finances, the study of which makes it possible to assess the failures and successes of this stage of activity and the ability of its expansion or contraction in the future (Бочаров В.В., Попова Р.Г. 2013: с.56). Telecommunication services enable the public to acquire additional channels for the exchange of information. Sustainable

development has led to changes in the social and political sphere of life: voting, calculating votes in elections via the Internet, interactive television. The current position of the telecommunications market is approaching saturation due to the fact that the level of intrusion of cellular communications is approaching 100%. According to experts, the number of active subscribers has remained continuous over the past years, and the growth of the subscriber base is due to the fact that people buy a second or even a third Nar card, using it on other gadgets, or when they are planning an event. The financial and economic analysis consists of two blocks, this is the economic analysis of the company's activities and the financial analysis of this activity. The initial subsection of economic analysis is considered to be a set of problems that are associated with the current state of services and production of goods. The second subsection is the difficulties of a promising nature, they are associated with the formation of the company and its investment activity. The study of the current activities of the company includes, first of all, the analysis and assessment of value and natural indicators of production, and the provision of services and goods. A comprehensive analysis of the state of the enterprise involves the consideration of its financial statements. In the process of analyzing financial statements, they identify the state of affairs in the past and present, as well as evaluate the results of the financial and economic activities of the company - all this can easily be called the main purpose of the analysis (David A. 2017: p.76).

### **3.2. Organization of strategic management in Nar telecom assessment of the current situation**

#### Nar Telecom Strategic management

To ensure that the company is moving “correctly” in the “right” direction, it is necessary to clearly understand “where you are going.” Georg Newman also said, “If you don't know where you're going, how can you lead?” To ensure “correct” action, a business strategy must be developed, and if we look at the history of the word strategy, “Strategos” - translated from the Greek - must define the art of generals, respectively, “generals”. The action plan for the company and the range of this plan in telecommunications companies can be on the horizon from three to ten years.

Thus, a business strategy is a management plan aimed at strengthening the position of an organization, meeting the needs of its customers, and achieving certain performance results. Also, any mistake in the strategic planning process can lead to lost profits or losses that could lead to the collapse of the company. For this reason, strategic planning attracts attention both in terms of choosing the direction of development and in terms of creating mechanisms to ensure that the strategy works at the decision-making operational level.

First of all, a strategy is a way to achieve certain parameters that are developed and regulated following the changing conditions of the external environment. To understand the basics of strategic management, it is necessary to define the following concepts:

- a. Vision-specific parameters of future work;
- b. Mission in the narrow sense - a presentation of the company's purpose for society;
- c. Mission in the broadest sense - the highest goal of the company as a competitive structure that briefly represents the company's development philosophy and principles;
- d. Strategy - a way to realize market opportunities through the company's internal potential. It is presented as a set of goals or functional strategies.



The business strategy, which is the main result of the strategic planning process, is the basic document that defines and regulates the main directions of the company's strategic management development and prioritizes development projects. This document should answer the following questions:

- e. What goals should the company achieve?
- f. How to balance work goals with each other?
- g. How is the rate of achievement of goals assessed?
  - What parameters can be used to manage the activities of that company?
  - Which processes are most important in terms of improvement?

To turn a strategy from an official document into an effective strategic management tool, it is necessary to use BSC (Balanced Scorecard) technology, which allows you to “digitize” and communicate the strategy to all employees of the company. its application should become a daily task for everyone. Balanced Scorecard is a strategic management tool aimed at achieving the organization's goals by implementing the organization's work processes and projects, which allows you to set balanced quantitative measures of goals, adjust the process of implementation quickly and efficiently. strategy. This approach allows the level of strategic decision-making to be linked to the company's operational management.

The advantage of the BSC / BSC application for a telecommunications company is that management receives a “rating system” to organize its operations following the strategy and the ability to monitor the implementation of the strategy through key performance indicators (KPIs) in the future. . Management through key performance indicators is used intuitively by many managers, but to ensure the effectiveness and legitimacy of this mechanism, all key indicators must be considered as a whole about the company. However, in the case of a comprehensive review of several indicators, the question of balancing them relative to each other, which can be solved only with the help of the BSC, arises, because

Also, based on the established target tree, a strategic level map of the company is created, which should include the goals, resulting in an unconditional achievement of the company's vision. A strategic map of a company is a way to present a set of

goals of a company manager, which are classified into four or more perspectives and are interrelated with cause-and-effect relationships.

At the same time, perspective is understood as a sign of the classification of goals about the factors that create the company's competitive advantage, and the relationship (quantity and quality) indicating the direction and strength of influence under cause-and-effect relationships is the fact of achieving one goal or another.

The CEO directly or indirectly oversees all of the company's goals through his deputies.

As a rule, a company is characterized by four perspectives presented - this is the universality of the BSC methodology, but depending on the characteristics of the company's activities, the perspectives may differ from those given. It is possible to add the "Technology" perspective, which will focus on the development of the technological base for telecommunications companies.

The construction of the DSM covers not only the definition of perspectives but also the rules of placement on strategic maps. Determining the order of perspectives reveals the causal relationships between perspectives. As a rule, the availability of infrastructure (qualified personnel, information systems) that meets the established requirements for this ensures the effective implementation of the company's processes and projects. Well-coordinated and aligned with the company's strategic business processes and projects, it will help achieve goals in relations with all designated external stakeholders. Achieving the goals in the relations with the selected foreign groups, in turn, will lead to the achievement of the company's goals set by the company's shareholders (owners).

Thus, the perspectives on the strategic map are generally arranged in the following sequence from bottom to top: training and development perspective, process, the client (external environment), finance.

To measure the achievement of goals, it is necessary to identify key performance indicators that can be monitored to see if the goal has been achieved. There are several requirements for CRCs when defining/developing them (Şahbazov K.A., Məmmədov M.H., Həsənov H.S. 2016: s.78):

- Availability - the employee responsible for calculating CRC values must have all the information required for this and a mechanism for calculating CRC, or be able to obtain this information from external sources;

- in time - the source of the KPI value must allow calculating this value at the right time according to the period chosen to determine the KPI value;

- reliability - the information used to calculate the CRC value should be as objective and complete as possible (for example, when choosing a CRC called “Number of incoming calls from customers” should be a mechanism for recording all calls, not random) (part of them);

- Verifiability - it must be possible to verify the calculated result, especially if the person responsible for calculating the KPI is also responsible for the value of that KPI. Otherwise, the vision of achieving the goal will not be objective.

When determining a CRC, you should take into account the indicators available in the pre-existing planning and accounting system and the strategic planning system. To do this, you need to analyze the company's existing strategic, investment plans, business plans, annual analytical records, and information in information systems. In the absence of an indicator of achievement in the existing strategic planning system, budgeting system, and management accounting system, reference models should be used as other sources. When developing a “new” indicator, it is recommended to use the ones that are already available in the company's planning and accounting system and therefore can be calculated as soon as possible.

### **3.3. The company's strategy to achieve stability in operation**

Nar Telecom companies are constantly faced with the problem of rationality in the use of certain communication elements. The development of this market in many foreign countries shows that this market has become a natural monopoly as a result of technical progress and a significant increase in demand for communication services. A similar situation is typical for the modern telecommunications services market in the Azerbaijan. An analysis of the work of traditional telecom operators in recent years has revealed an increase in negative trends in the activities of individual companies and, above all, a decrease in their competitiveness and investment attractiveness. This highlights the need for firms to make appropriate decisions to further expand their market share of telecommunications services (Бочаров В.В., Попова Р.Г. 2013: с.56). The main segments of the market are telephone, mobile, international communication, and data transmission (Internet) services. The Internet is the fastest-growing service in terms of subscriber base growth and infrastructure development (multiservice corporate data transmission networks, network security solutions, IP interconnection system, Tamoshina GI, Bavykina TS, 2012). The number of subscribers is growing every year and more active growth is expected. This sector has a special role in the country's economy because its most important function is to meet the needs of society in the transmission of information. To implement the development strategy, the leading companies in the data transmission segment have set the following objectives:

- a) To gain a 60-80% share in new connections in each local market;
- b) Change subscribers from competitors;
- c) Introduction of product innovations;
- d) Decreased subscriber votes.

Consider a group of companies depending on the stage of development of the operating company in the city and the presence of a strong local independent competitor in the area. We classified companies according to indicators such as the period when the provider is in the market, the subscriber base.

For each group of operators, the centralized strategy of companies on 4P (product, price, promotion, distribution channels) is adapted to the tasks associated with this group (Cowley D. 2015: p.45).

The transition of a company from the “aggressive” stage to the “employee” stage takes place:

- Despite the market, some 20-30% of the market can provide themselves with maximum competitiveness due to gaining leadership in the market of paid television and/or broadband Internet access. share of companies;

- Low- and medium-level competition in a market with 50% or more of paid television and/or broadband Internet access. Group III (Beginners) - companies in the early stages of development (start-up).

The strategy of this group is to form the initial positive knowledge of consumers about the company's brand and products, to provide the volume of initial contacts. The company's transition from the “beginner” stage to the “aggressive” stage occurs when companies achieve a minimum reputation for their products: cables and the Internet to those with built-in power. At different stages of development, companies offer a product with various additional benefits. When a company moves to a new stage, it first completes its product with high-tech qualities and begins to work with existing customers. We can note changes in both the technological features of the product and the price. Technological features include connection speed; unlimited opportunities to increase network loads, including the provision of several basic services and additional services, the ability to significantly improve the characteristics of services - access speed, number of channels; availability of high-quality analog signal; fully managed network. The formation of pricing policy principles is based on strategic goals:

- the most attractive conditions for closing new subscribers (minimum payment for connection of services); Increasing profitability from existing subscribers by combining 2-3 services, a gradual increase in tariffs;

- Variability of subscriber storage methods to increase storage efficiency. Implementation of loyalty programs. For the period of 1 to 12 months, which is

applied individually to retain subscribers, a discount ranging from 1 to 99% is applied to the standard price.

Also, most companies use loyalty programs. The program offers additional opportunities to use existing services and preferential terms for closing new services. The main directions in the management of customer relations and the formation of a positive image of any company in the sales and service phase are:

- consultations understood during the sale;
- operational communication, clear consultation during connection, configuration (multimedia).

For new market players - an offer that creates interest and a desire to try new services. The main tasks within the framework of increasing the efficiency of communication at any stage are development of communication on the Internet with a mixture of different forms;

- continuation of local activities that provide maximum proximity to the customer;

- increase the efficiency of media placement, taking into account the centralized management of the media area, local characteristics, federal media trends, media audit information;

- use of our promotional channels (transport, clothing, equipment, the brand of pipes; our information channel; site showcase);

- development of joint campaigns with content providers;

- Strengthening the role of public relations in communication (Cowley D. 2015: p.67).

- Strengthening the role of public relations in communication.

PR activities should be divided into groups depending on the stage of development. The main tasks within the framework of increasing the efficiency of PR communication at each stage.

1. Development of Internet communications through centralized and local accounts:

Twitter, Facebook, Vkontakte, Life Magazine;

- a system of proactive and reactive action in forums, comments on Internet sources in each local market;

- Development of the brand ambassadors segment - to connect popular bloggers to the company's services, to give preference to their acquaintance with new offers;

- Increase media presence through special projects with online media.

2. Development of a “direct communication” channel by activating activities for local communities.

3. Crisis response. Depending on the stage of development, each of the companies in the telecommunications market will move to one stage or another. Companies work with 3 target segments - existing and potential service consumers: subscribers who use any service or all services at the same time. The core of the target audience of any company is the user segment of several telecom services, including the Internet, paid TV, telephone, which have the largest number of consumers, payment potential, and growth dynamics. The company, which plans to take a leading position in the market, plans to build and shape the offers and communications for this target audience, which has become a brand lover and the most active service, the user. In recent years, MTS has become the leader in the telecommunications market in Azerbaijan in terms of financial independence and stability of companies. In second place in terms of revenue is Nar Telecom, which actively buys telecom assets in Russia and abroad. Rostelecom is in third place in the ranking. According to the Ministry of Communications, the telecommunications industry in Azerbaijan will continue to develop (Vəliyev T.S., Qafarov Ş.S. 2014: s.67-89).

## CONCLUSIONS AND RECOMMENDATIONS

During the study, the following results were obtained.

1. The service sector makes up a significant part of the economy of most countries and is characterized by accelerated growth in comparison with other sectors of the national economy. An important reason is scientific and technological progress, leading to the emergence of new activities, including in the service sector. This primarily applies to the consumption of services in high-tech industries, in particular to the cellular communication industry, which has become the most dynamically developing in the service sector. The work reveals the essence and significance of the sphere of cellular communication services in modern society. The main characteristics of the competitiveness of mobile communication enterprises are revealed, taking into account the main industry characteristics of service enterprises, the rate of development of high-tech industries and the structure of services provided by leading mobile operators.

2. The dissertation work analyzes the costs of marketing analysis, which is aimed at increasing the volume of sales, meeting the needs of consumers of communication services and getting the company the required amount of profit. The structure of the marketing plan of a communications company is proposed and all stages of marketing analysis are considered in detail, which provides a predictive information base for strategic marketing planning and information support for flexible operational management of marketing activities.

3. To assess the conditions for the functioning of the objects of research, an analysis of the current competitive situation in the communications industry has been carried out. As a result of the analysis, it was found that this service sector is characterized, along with the rapid development and high level of profitability, an aggravation of competition, while the rapid renewal of telecommunication technologies and the saturation of the market for this type of services will lead to the determination of priority areas and the search for new methods of ensuring competitiveness in given conditions. All this presupposes a search for ways to



improve the accounting and analysis of the cost of services, which is shown in this work.

4. In the course of the dissertation research, the influence of factors of the external and internal environment on the provision of cellular communications enterprises and the formation of the cost of their products was revealed. An enterprise is an open system that can exist only under the condition of active interaction with the surrounding (external) environment. At the same time, the competitiveness of an enterprise is determined not only by the external conditions of its development, but also by internal factors used as resources to achieve competitiveness. The analysis of the factors affecting the costs of the service sector has shown that of their entire set, effective demand, that is, the population's money income, has a decisive influence, and the ability to meet demand is investment. In order to ensure competitiveness, cellular enterprises need, on the one hand, to constantly improve technologies, expand the range of services provided, study competitors, and on the other hand, evaluate the psychological characteristics of the service sector.

5. Research has shown that a number of factors affect the dynamics of the competitive market development: price and quality of services, efficiency and ramification of distribution channels, direct and indirect advertising, etc. The connection speed of subscribers in conditions when there are several operators on the market is proportional not only to the number of the operator's existing subscribers, but also to the potential subscribers not yet connected to the networks of any operator.

For an objective and deeper penetration into the essence of the object of research, methods of analysis and forecasting were used in the work, which made it possible to identify the features of the functioning of an economic object, and based on this, predict the future behavior of the object when any parameters change. Considering that the purpose of any cost classification is to assist management in making rationally substantiated management decisions, the study considers a

detailed classification of costs to the activities of communications enterprises and identifies the objects of calculating the cost of communications services.

6. The cost of communication services reflects the level of technical equipment and technology of the enterprise, the use of resources, the level of labor productivity. An important section of managing the cost of services is the analysis of the relationship between cost, sales, and profit (CVP-analysis), which allows you to determine the volume of production required to cover both variable and fixed costs, and the breaking-even point of production, or the threshold of profitability. In this regard, the dissertation deduced an algorithm for determining the break-even point of production about cellular enterprises.

7. The paper highlights the features of the cellular market: oligopolistic structure; limited natural national resource of the frequency spectrum, causing the problem of its distribution; a high level of convergence between market segments such as telephony and Internet access. Competition in the republic's cellular market is characterized as underdeveloped. The tendencies in the development of the communication market in the Azerbaijani economy are as follows: the most pronounced is the high dynamics, in the structure of which the cellular communication sub-industry is distinguished by high growth rates. At present, based on the established correlation between the penetration rate of cellular communications and the growth rate of well-being and the inverse relationship between the penetration rate of cellular communications and the growth rate of the number of mobile subscribers, forecasts of a decrease in the growth rate of the cellular communications market have been substantiated.

8. It has been substantiated that the main directions of improving the analysis of production costs should be structural transformations based on the proposed algorithm for regulatory decision-making, including the main stages: analysis of changes in the market situation; identification of “weak points” of the existing organizational structure; development of management decisions and a set of measures for their implementation to make changes to the organizational structure.

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