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WAYS TO INCREASE THE ENTERPRISE MARKET VALUE

The article considers the concept of market value of an enterprise and the ways of its growth. The main goals of increasing the market value of the enterprise, by stakeholder group, are analyzed as it reflects the aggregate characteristics of the financial performance of the enterprise and provides interests of different participants in market relations. The market value of the enterprises is a criterion for their development and efficient functioning in the existing environment. It is proved that the increase in the value of the enterprise is in the interest of many economic entities. The basic stages of managing the market value of the enterprise are presented and their components are defined. The market value of the enterprise is analyzed as a separate type of value. Ten ways to increase the market value of an enterprise have been identified.

Keywords: value management, market value, enterprise value enhancement.

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ШЛЯХИ ЗРОСТАННЯ РИНКОВОЇ ВАРТОСТІ ПІДПРИЄМСТВА

Стаття присвячена дослідженню та розкриттю поняття ринкової вартості підприємства та виокремленню способів її зростання. Проаналізовано основні цілі зростання ринкової вартості підприємства в розрізі зацікавлених груп. Доведено, що збільшення вартості підприємства відповідає інтересам багатьох суб'єктів економічної діяльності. Наведено основні етапи управління ринковою вартістю підприємства та визначено їх складові. Обґрунтовано способи інтерпретації вартості і корисності та їх прояви. Проаналізовано ринкову вартість підприємства як окремий вид вартості. Виокремлено десять шляхів для підвищення ринкової вартості підприємства.

Ключові слова: управління вартістю, ринкова вартість, підвищення вартості підприємства.

Introduction. In today's economic environment, with the development of various legal forms and spheres of business, questions related to the market value of economic entities are becoming more and more important, as they reflect the aggregate characteristics of the financial performance of the enterprise and ensure the interests of different participants. market relations. The market value of the enterprises is a criterion for their development and efficient functioning in the existing environment. In this regard, the issue of cost management and the implementation of measures that create an increase in the market value of the enterprise is particularly relevant.

Analysis of recent research and publications. Significant contribution to the study of issues related to the peculiarities of management of the market value of the enterprise, made F.Ch. Edans, D.M. Bishop, N.M. Vnukova, S.M. Rudak, M. Gerasymchuk, O. Tereshchenko, G. Filina, V. Aranchii and others. The contribution of these scientists to solving current problems of enterprise value management is important, but it should be noted that there is an objective need to further explore issues related to the process of enterprise value management in today's economic environment.

The **purpose** of the article is to research and improve ways to increase the market value of the enterprise in today's market conditions.

Results. In the current economic environment, the modern method of assessing the financial position of an enterprise on the basis of accounting indicators and the balance sheet profit received by the company ceases to be a reliable tool for assessing the efficiency and growth of shareholders' well-being. Accounting profit becomes a value that can be easily adjusted by changes in accounting policies of the enterprise. The real growth in the well-being of owners is characterized by the value of the enterprise. In this context, the issue of cost management and value-adding is particularly relevant. In today's market environment, an increasing number of businesses, taking different management decisions, are driven by the value factor. For the successful functioning of business entities, an important issue is to understand the nature and importance of managing their value.

In our view, enterprise value management should be understood as a part of management that is focused on maximizing the value of the enterprise in the process of its development and making sound strategic and operational decisions. The process of managing the value of the enterprise in general includes three main steps: estimation of the value of the enterprise, analysis of factors of influence on the value of the entity, development of ways of increasing the value of the enterprise (Fig. 1).

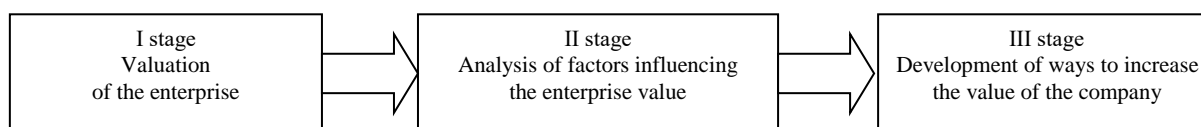


Figure 1. The main stages of enterprise value management

In the first stage, the value of the enterprise is estimated. The valuation of the property of the enterprise should be understood as determining (forecasting) the value of the property on a certain date in accordance with the stated purpose and according to the procedure established by the normative-legal acts on property valuation.

Another important step in managing enterprise value is to analyze the factors that affect the value of the enterprise. They can be divided into external and internal. External include economic, political, legal, world, competition, socio-cultural and other factors. Internal: level of financial potential, level of image of the enterprise and intellectual potential, level of qualification of personnel, level of competence of specialists and managers, availability of innovative opportunities and potential, state of the quality control system, efficiency of activity of the enterprise and others.

The last step is to develop ways to increase the value of the enterprise. The enterprise value management system involves developing recommendations for increasing the value of the enterprise. In order to maximize the value of the enterprise, it is necessary to implement a number of measures aimed at achieving the set goal.

The increase in the value of the enterprise is in the interest of many economic entities, including the state, as the growth of market capitalization of companies has a positive effect on the image of the state as a whole. Owners, investors and managers have completely different goals and priorities in managing a company. Many Ukrainian companies usually lack managers with strategic management skills that are focused on increasing the value of the company. Figure 2 presents a large-scale dependence of the types of enterprise value and business stakeholders.

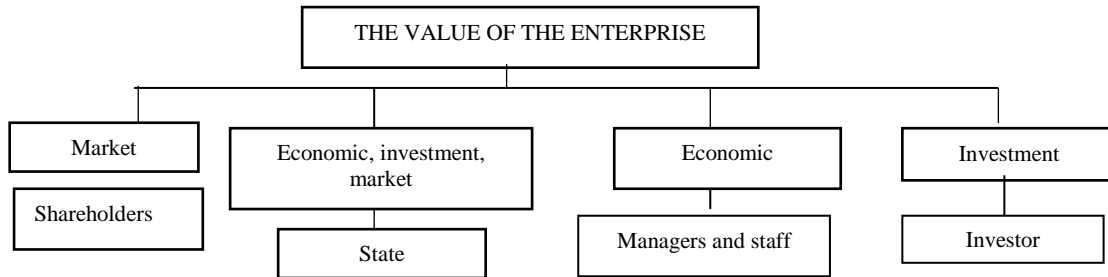


Figure 2. Stakeholders and types of enterprise value

If we consider the interests of all participants of business (investors, owners and managers), it is obvious that their purpose and means of achieving the objectives are very different from each other (table 1).

Table 1

Benefits of increasing market value for various stakeholders

Benefits for different groups	Essence
Benefits for Management:	Transformation from an authoritarian mode to a more participatory, value-based mode could help managers distribute their archetypical operational problems. This in turn leaves them with more time to concentrate on the organization's more pressing issues
Benefits for Employees:	VBM can succeed when everyone linked with the company (the owners, the employees, the workers, etc.) feel that they are also responsible and accountable for the process and share the outcome as a member of the VBM team. Using Value Based Management principles gives rise to a comfortable, satisfying and economically rewarding ambience for its employees
Benefits for Labor Unions:	In addition to transforming various other sections of the organization for the better, VBM can also be held responsible for modifying labor unions within a company. This new transformation allows the union representatives to play roles greater than what they had played before in the system

The value can be interpreted from different positions as shown in Figure 3.

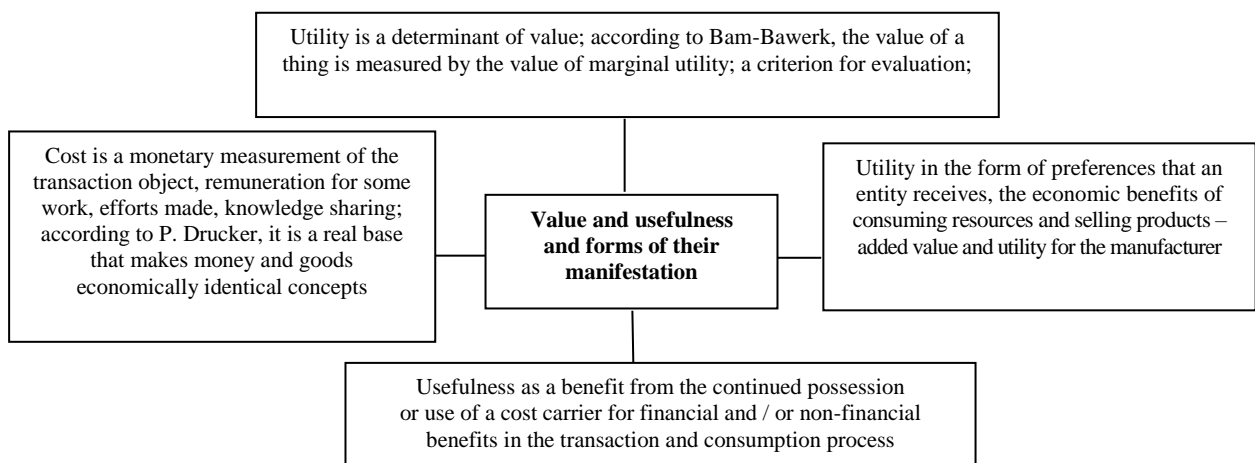


Figure 3. Ways of interpreting the value and usefulness and their manifestations

The term "enterprise market value" is interpreted by many scholars and has different approaches to interpretation, but the most successful in my opinion is the interpretation of Abdulova N.A. [1], namely, market value is the most probable price at which an object can be alienated in the open market in a competitive environment if the parties act reasonably, with all the necessary information, and provided that no extraordinary circumstances

are reflected in the magnitude of the agreement, ie when one of the parties to the agreement is not obliged to alienate the object of valuation and others party is not obliged to accept performance; the parties to the agreement are well informed about the subject matter of the agreement and act in their own interests; the object of evaluation is presented on the open market in the form of a public offer; the price of the agreement represents a reasonable remuneration for the object of the valuation and there was no compulsion to execute the agreement on the parties to the agreement on either side; the payment for the item is expressed in cash.

This kind of value applies to all federal and local tax issues. It is the market value that determines the valuation for the purposes of the purchase or sale of the enterprise or part of its assets.

The market value is objective, independent of the wishes of individual participants in the real estate market and reflects the real economic conditions in this market.

The basis of a business valuation is the assumption that its present value is equal to the value of the future benefits (income) that the owner may receive as a result of owning the property (business). Indeed, a reasonable buyer will only agree to invest in the company if the present value of the expected property income is at least equal to the purchase price. Thus, the sale can, in principle, only occur at a price equal to the present value of the proceeds of ownership of the property.

If the business owner plans to sell his business in the future, he needs to act as quickly as possible and increase the market value of the business. It will take time to implement changes that will improve the market value of the business and help you get the most value for money.

Exploring the modern enterprise market, we have come up with 10 ways to increase the value that you need to implement in advance before you put your business on the market.

1. Open your market. The potential buyer will take into account the viability of the market. Therefore, it is necessary to make sure that the market is growing or has the potential for growth. Diversifying to generate new revenue streams and increase cash flow will help increase business value in the eyes of the buyer. This is important because commercial viability analysis will be one of the first things that will interest a potential buyer.

2. Changing market position. The viability of the business model needs to be considered: is the market sufficient for the product or service offered by the business? Possible growth by changing its positioning in the market, for example, a specialized engineering business can evolve by engaging in a wider market and developing cheaper versions of its better products under another brand.

3. Conducting regular market research. A potential buyer will have a lot of questions when you buy a business, so you can protect the value by showing that you know your market and regularly look for possible changes. This shows that business buyers are out of place and able to adapt to change.

4. Develop your brand. The buyer will see significant value in buying an already established business with a well-known brand.

Over time, the brand builds trust in the market, and its reputation helps maintain revenue as it grows.

5. Formation of strategic alliances. Strategic alliances can be an important source of growth, especially if they lack the skills and resources to use their capabilities.

6. Show growth potential. The potential buyer will be most interested in developing a new business, so you should strive to create a business that can be expanded.

7. Serve physical assets. Saving assets helps generate value. Failure to do so shows that the assets are lost after repair. Tangible assets such as machinery, equipment and property are relatively easy to register and secure with insurance and maintenance schedules.

8. Protection of intangible assets. It is important to recognize and protect all intangible assets that add value to your business.

9. Protect your property. Set up systems to minimize the risk of employees having some value in the business. It is necessary to include clauses in employment contracts in order to clarify the ownership of property.

10. Retain key personnel. Experienced staff can be a key asset in the eyes of the buyer. The key employees who helped create a valuable business are themselves an important part of that value. To keep them, you need to make sure that they are given the opportunity to advance.

Conclusions. In the conditions of economic crisis for the enterprise the dominant goal can be survival, reduction of risks to the future development. This target orientation forces managers to focus solely on solving short-term problems to the detriment of other long-term prospects for the enterprise, contributes to a conscious departure from the management of active, risky actions to implement profitable projects. Meanwhile, the degree of stability of the financial condition and economic security of the enterprise's operation in the future is not so much related to the survival at the moment, but to the intensified efforts to continue the activity of the entity, to ensure its development in the long term. Only the orientation on obtaining value growth of the enterprise in the long-term period allows to identify stable tendencies of its development, to take into account risk factors and changes in value of money over time. As a result, a cost-oriented management system is formed, which maximally responds to various aspects of the enterprise's behaviour as a microeconomic system. Macroeconomic situation, market conditions, level and model of competition, market reputation of the entity, market value of money in time, risk of future results in the market economy, as well as globalization of capital markets, goods, labor have a significant influence on the formation of enterprise value. In such circumstances, an important qualitative characteristic of cost-oriented management is its compliance with the market conditions of the enterprise as an open socio-economic system.

Thus, having investigated the theoretical foundations, we have formulated ways to increase the market value of the enterprise, which is an integral stage of enterprise value management, which should be understood as an integral part of management, aimed at maximizing the value of the enterprise in the process of developing and making sound strategic and operational decisions.

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