The Importance of Financial Management in Ensuring the Financial Stability and Profitability of Organizations

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Abstract: Financial management plays a crucial role in maintaining the financial stability and optimal ownership structure of organizations, while also ensuring their profitability. The primary objective of this article is to assess the significance of financial management in contributing to the stability and profitability of organizations. To investigate the role and significance of financial management in ensuring the stability and profitability of organizations, this article analyzes the financial policies and management practices employed by prominent agricultural enterprises in Ukraine. The authors assess the financial stability and profitability indicators achieved through effective management of financial resources and decision-making by enterprise management. The study investigates the outcomes of consistent financial management strategies, policies, and tactics employed by agricultural enterprises during a period of heightened uncertainty and volatility in both domestic and international markets in 2022. These companies continued to prioritize sustainable development strategies, wherein the economic aspect aimed not only at ensuring sustainability and profitability but also at funding social and environmental initiatives. Financial management within the context of market volatility encompassed the following aspects: 1) conducting scenario analysis of the external environment and quantifying potential losses; 2) analyzing and assessing key financial risks such as currency, credit, and investment risks; 3) adapting financial management strategies to changes in macroeconomic factors; and 4) considering the environmental and social components as well as the costs associated with implementing relevant programs in financial practices. The surveyed companies exhibited variations in their dividend policies, with one company adopting a cautious dividend approach, while another experienced an increase in dividend payouts in 2022. Furthermore, these companies prioritized investment policies that emphasized innovation and technological advancements. Financial strategies implemented by agricultural enterprises encompassed growth, expansion, and international diversification. This article unveils the utilization of artificial intelligence (AI) technologies and machine learning algorithms by these companies to enable real-time analysis and control of financial resources, as well as to forecast and facilitate decision-making processes. Common concerns among agricultural companies revolved around effectively managing and maintaining adequate levels of absolute liquidity. The amount of working capital and its optimal value emerged as critical factors in ensuring long-term sustainability.

Keywords: Current state, Eu countries, Financial management, Financial policy, Financial strategies, Foreign trade, Investment policy, Prospects.

1. INTRODUCTION

Financial management is a crucial process aimed at maintaining the financial stability, optimal ownership structure, and overall profitability and efficiency of a company's operations. In light of the current dynamic and uncertain business environment, company management needs to develop and adapt financial management strategies that consider both external and internal risks. This becomes even more critical during periods of war and significant macroeconomic fluctuations, which directly impact enterprise activities. Therefore, there is a pressing need to explore and understand the significance of financial management in ensuring liquidity, solvency, stability, economic growth, and profitability. The objective of this article is to comprehensively assess the role of financial management in promoting stability and enhancing profitability within organizations.

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2. LITERATURE REVIEW

Researchers have formulated comprehensive theoretical frameworks and practical guidelines for effectively managing financial resources to bolster business sustainability and enhance profitability. The literature on financial management encompasses a range of essential practices, including business analysis and control methods, net present value analysis, investment analysis and decision-making, capital acquisition, raising, and investment practices (Gloy & LaDue, 2003). Strategic financial management has also been highlighted as a critical component (Karadag, 2015), along with working capital management (Wasiuzzaman, 2015; Laghari & Chengang, 2019; Le, 2019; Morshed, 2020; EL-Ansary & Al-Gazzar, 2021). Other key areas of focus include dividend payment and ownership structure management (Rajverma et al., 2019), crisis-driven liquidity management (Raykov, 2017), and the formulation of debt, dividend, and investment policies to enhance firm performance (Nguyen Trong & Nguyen, 2021). Financial strength, concerning risk and return, can be assessed through the utilization of several key variables. These variables include profitability, market capitalization, productivity, operating efficiency, debt levels, liquidity, coverage ratio, and retained earnings. These measures provide valuable insights into the financial health and performance of a company, enabling a comprehensive assessment of its risk and return profile (Zabolotnyy & Wasilewski, 2019).

Empirical research has provided compelling evidence of the significant positive influence of implementing financial management practices and strategies on the financial performance and profitability of organizations (Gloy & LaDue, 2003; Kryszak et al., 2021). Furthermore, studies have revealed the existence of a non-linear relationship between various factors and firm profitability. For instance, EL-Ansary & Al-Gazzar (2021) identified that net working capital (NWC) levels exhibit a nonlinear impact on return on assets (ROA) while demonstrating a negligible effect on return on equity (ROE) for companies operating in the Middle East and North Africa (MENA) region. Pattitoni, Petracci & Spisni (2014) conducted a study on the determinants of profitability in EU-15 firms, revealing the presence of nonlinearity as a key factor in explaining conflicting theories regarding profitability. Their research highlighted the significance of firm capabilities, cost of capital, the level of majority shareholder's liabilities, and variables reflecting the economic cycle as factors influencing firm profitability. In a separate study, Goddard, Tavakoli & Wilson (2005) empirically demonstrated a negative relationship between a firm's leverage ratio and its profitability, while also identifying higher profitability among firms operating in EU countries with greater liquidity. Furthermore, Dimitrić et al. (2019) found that the ratio of cash flow to operating income had a statistically significant positive impact on company profitability. Notably, Dimitrić et al. (2019) observed variations in the indicators affecting profitability across different EU countries, such as the total asset turnover ratio, labor productivity, and solvency ratio. According to Kryszak, Guth & Czyżewski (2021), ensuring profitability growth involves increasing production relative to farm equity across all categories of enterprises, with particular significance for small enterprises. Additionally, managers should carefully monitor the level of debt, as the debt-to-assets ratio plays a crucial role in maintaining profitability (Kryszak et al., 2021). Conversely, other studies have identified a negative relationship between capital management and firm profitability (Le, 2019). Moreover, numerous studies have examined the impact of micro and macroeconomic factors on firm profitability, including variables such as firm age and size, labor costs and industry concentration, GDP growth and inflation, diversification of activities, and motivational factors related to innovation (Nunes et al., 2009; Pattitoni et al., 2014; Bondarenko et al., 2018; Pervan, Pervan & Ćurak, 2019; Ostapenko, et al. 2020; Latysheva et al., 2020; Bazaluk et al., 2020; Kryszak, Guth & Czyżewski, 2021).

Investment policy and the allocation of financial resources play significant roles as micro-determinants of enterprise sustainability. An empirical study conducted by Nguyen Trong and Nguyen (2021) reveals a negative correlation between excess investment and firm performance. To mitigate this impact, firms employ debt or dividend policy instruments to support their performance. However, the complexity arises from the interaction between investment, debt, and dividend policies, as the combination of these policies can diminish the positive impact on performance and the synergistic effect due to the substitution between debt and dividend policies (Trong et al., 2021).

Morshed (2020) identified the most significant impact on profitability to be associated with working capital investments and its financing policies, which aim to mitigate risks. However, it is important to note that reducing risks through a conservative investment policy may lead to lower profits, while an aggressive policy can have the opposite effect on profitability (Morshed, 2020).

Le (2019) emphasizes the need for managers to strike a balance between profitability and risk control objectives when managing working capital. Companies with limited capital availability place greater emphasis on working capital management, especially when expanding investments during economic recovery periods (Le, 2019). In line with this, Wasiuzzaman's (2015) empirical study suggests that reducing investments in working capital to enhance efficiency can lead to an increase in firm value (Wasiuzzaman, 2015). However, it is important to consider that this relationship is influenced by existing financial constraints and the availability of resources for the enterprises (Wasiuzzaman, 2015). In the context of firms with financial constraints, Wasiuzzaman (2015) found that enhancing working capital efficiency is associated with an increase in firm value. However, for firms without constraints, the impact on business value is considerably lower (Wasiuzzaman, 2015). Similarly, Laghari and Chengang (2019) demonstrate an inverted U-shaped relationship between working capital management and corporate performance. Their study reveals an insignificant relationship between working capital and corporate performance, as well as financial constraints, among Chinese-listed non-financial companies (Laghari & Chengang, 2019).

3. MATERIALS AND METHODS

To assess the role and importance of financial management in ensuring the stability and profitability of organizations, this study focuses on analyzing the financial policy and man-

Table 1. System of financial stability and profitability indicators.

Indicator	Calculation	Meaning
Financial stability ratio	The ratio of equity and long-term borrowings to liabilities: Financial stability ratio = Equity + Long-term borrowings / Liabilities.	These indicators highlight the significant autonomy in terms of financial resources, the low likelihood of insolvency, and the capacity to swiftly adjust to evolving market circumstances.
Return on sales (ROS)	The ratio of profit from sales (PF) to sales revenue without taxes included in the product price (R): ROS = Net Profit/Net Revenue * 100%.	It characterizes the profitability of the company's core business and is used to control the relationship between prices, the quantity of goods sold, production costs, and sales.
Profitability rate	The ratio of profit to the total cost of goods sold: PR = Net profit/Total cost of sales * 100%.	The indicator shows how much profit was made for each hryvnia or other monetary unit spent on the farm.
The level of total return on fixed assets	The level of total return on fixed assets = Net profit/Average annual amount of fixed assets * 100%.	Generalized indicator of production, economic and financial activities
ROE – return on equity	ROE = Net Profit/Equity.	A generalized indicator of profitability can be used to determine the level of return on shareholders' funds.
ROA – return on asset	ROA = Net Profit / average annual amount of balance sheet currency (amount of assets or liabilities).	It is a component of ROE and reflects the effectiveness of internal management policies in terms of income and expenses.
Net return on equity	Net ROE = Net profit/average annual cost of equity.	An indicator of the efficiency of investing funds in the company's ordinary shares and other contributions of owners to its authorized capital.

Source: summarized by the authors based on Kobyletskyi (2023a; 2023b).

agement of leading agricultural enterprises in Ukraine. The authors evaluate the indicators of financial stability and profitability, as outlined in Table **1**, to examine the outcomes of financial resource management and decision-making by the management of these enterprises. The analysis focuses on selected companies engaged in the production and marketing of agricultural products, namely PrJSC MHP and LLC ADM UKRAINE. These companies were chosen based on their availability of financial policy information, strategic approaches, and tactics in the context of the war in Ukraine, as well as their international activities, including product export to foreign markets. Moreover, the selection of these companies was facilitated by the availability of comprehensive financial statements that allow for a thorough evaluation of their performance.

The financial stability indicator used in this study is the Equity to Debt Ratio (EDR), which measures the company's capacity to fulfill its obligations over the medium and long term. The EDR value reflects the proportion of equity capital concerning the company's liabilities. A higher value indicates a lower level of financial risk, suggesting a more stable financial position. It is important to note that a lower value of the EDR does not necessarily imply a high risk of bankruptcy. For instance, if 80% of the company's financial resources consist of liabilities but it consistently generates positive cash flow, the company should not encounter difficulties in repaying its obligations.

The normative range for the financial stability indicator is defined as 0.67-1.5. A value below 0.67 indicates a higher level of financial risk, suggesting potential difficulties in meeting obligations. On the other hand, a value above 1.5 may indicate the presence of additional reserves for enhancing efficiency through the utilization of borrowed funds. It is important to note that the financial stability indicator is influenced by changes in sales, as they affect the net cash flow. When sales decrease, resulting in negative cash flow, the indicator value tends to be lower, signaling the potential risk of bankruptcy or financial instability in the long term. Companies that maintain a normative stability value and possess a significant proportion of equity capital are more likely to sustain their operations effectively. A high value of the sustainability indicator suggests that enterprises may not be fully utilizing their financial potential. Credit capital enables an increase in production and sales, as well as the intensification of financial, investment, and operational activities. If the effect of financial leverage (a coefficient indicating an increase in return on equity with the attraction of additional borrowed funds) is positive, it becomes desirable to consider further utilization of credit funds (Kobyletskyi, 2023a).

In general, the system of profitability indicators commonly includes return on assets, return on equity, return on sales, return on invested capital, return on production, fund profitability, and return on current expenses. In this study, the authors utilized a system of profitability indicators to evaluate the outcomes of financial policy.

The article uses general scientific research methods. The collection and analysis of primary and secondary data on the impact of globalization on organizations and their approaches to management made it possible to determine the set of cause-and-effect relationships of these processes and build a structured hierarchical sequence of the effects of factors on organizations and their development. The consideration of various management models and theories that are effective in the conditions of globalization was carried out by analyzing, comparing, and summarizing scientific and periodical literature, and approaches of various authors to the theoretical and methodological concepts of determining the effects of globalization factors on the development of organizations.

By using the methods of accumulation, grouping, and comparative analysis, the best practices of successful organizations that adapt to globalization challenges and implement new management approaches have been identified. Considered examples of companies that carry out the active international expansion, effectively use global supply networks, develop intercultural competence and other strategies aimed at adapting to the global market environment, which made it possible to identify key principles and approaches that help organizations achieve success in globalization.

4. RESULTS AND DISCUSSIONS

The financial management and strategies of agricultural companies remained consistent during periods of increasing uncertainty and volatility in domestic and foreign markets in 2022. The management of these companies continued to implement sustainable development strategies, with a focus on maintaining business sustainability and profitability through various measures, including: 1) conducting scenario analysis of the external environment to assess the impact factors and quantify potential losses; 2) analyzing financial risks; 3) adapting financial management strategies in response to changes in macroeconomic factors; and 4) considering environmental and social components, as well as the associated costs, in financial practices.

The PrJSC MHP Group of Companies, headquartered in Ukraine, operates through its divisions in Ukraine and the Balkans and maintains distribution centers in the UAE, Saudi Arabia, the Netherlands, and the UK. The Group holds a strong market position domestically, with 39% of its revenue in 2022 generated from the domestic market, as well as a diversified presence in international markets. It exports its products to 72 countries, accounting for 61% of its revenue in 2022, primarily targeting the Middle East, European Union, and CIS countries. MHP has strategically adapted its corporate governance strategy to continue playing a leading role in promoting domestic and international food security, providing humanitarian aid, and supporting employment opportunities. The dynamic business environment in Ukraine has presented both challenges and opportunities for the company. Strategic adaptation in response to the war has been focused on logistics and supply chains. The long-term sustainable development strategy has remained unchanged, with a focus on leadership in the Ukrainian agricultural market and the implementation of sustainable agriculture concepts. To achieve these goals, the company is implementing highly efficient production in the crop production segment, aiming to increase profitability through enhanced yields and optimized cost control. Additional measures include improving resource management strategies and ensuring the stability of the land bank through innovation, modernization of agricultural machinery, and the utilization of technology. MHP is actively incorporating AI and machine learning algorithms to analyze and monitor financial resources in real-time, forecast future outcomes, and facilitate decision-making processes.

It is noteworthy to consider MHP's dividend policy during the war. To ensure sufficient liquidity for ongoing operations and provide support to the population of Ukraine, the management adopted a cautious dividend policy and decided not to declare a final dividend for the fiscal year 2022.

MHP's financial strategy encompassed several key components. Firstly, the company focused on expansion and international diversification, aiming to expand its presence in existing export markets and enter new markets through market-oriented mechanisms. This included efforts to increase the sales of high-value-added products. Secondly, MHP sought to enhance its international sales and network distribution by establishing new international sales branches, and distribution offices, and exploring potential joint ventures. Lastly, the company maintained its strategy of leadership in the Ukrainian agricultural market, placing a strong emphasis on ensuring high efficiency in crop production through cost control optimization, which involved the digitalization of production and harvesting processes.

During the war, agricultural companies, including MHP, were subjected to continuous monitoring of financial risks.

1) Currency risk was associated with fluctuations in foreign exchange rates, particularly concerning the significant amount of borrowings denominated in US dollars. To mitigate currency risks, companies employed hedging practices. MHP, for instance, generated approximately 61% of its total revenue in USD in 2022 through the export of products such as sunflower and soybean oil, chicken meat, and grain. The foreign currency earnings enabled MHP to meet its obligations denominated in dollars following regulations set by the National Bank of Ukraine.

2) Interest rate risk was another concern due to fluctuations in interest rates. To manage this risk, agricultural companies monitored interest rate movements and analyzed the potential impact on net interest expenses. For instance, MHP had 99% of its debt portfolio tied to fixed interest rates, primarily in the form of fixed-rate Eurobonds. The company relied on borrowing from foreign banks or Ukrainian subsidiaries of international banks, as they offered lower interest rates compared to those available from domestic banks.

3) Credit risk management is a crucial aspect for agricultural companies, and MHP employs various strategies to mitigate this risk. One of the key measures is diversifying the customer base, ensuring a wide range of customers from different sectors, including franchisees, supermarkets, and other trading partners. Additionally, MHP strictly controls the amount of credit extended to each customer or group of customers, setting credit limits based on their creditworthiness and financial stability. To manage credit risks effectively, MHP incorporates security provisions within customer agreements. These provisions outline the terms and conditions of credit transactions, including collateral requirements and repayment terms.

4) Liquidity risk management is a crucial aspect of MHP, and the company employs effective budgeting and cash management processes to ensure sufficient funds are available to meet its business needs. To enhance liquidity management, MHP utilizes a flexible capital expenditure (CAPEX) program that allows the company to adjust and postpone capital projects based on the prevailing circumstances and market conditions. In terms of maintaining liquidity in different currencies, MHP manages correspondent accounts that hold funds in hard currency.

Table 2. Dynamics of sustainability and profitability indicators of PrJSC MHP in 2015-2022.

Indicator	2015	2016	2017	2018	2019	2020	2021	2022	Mean value, 2015-2022	Deviation +/-
Financial stability ratio	0,802	0,268	0,101	0,147	0,186	0,144	0,219	0,860	0,341	0,058
Return on sales (ROS)	-0,139	1,846	-0,553	-0,472	4,615	-2,065	1,082	-0,569	0,468	-0,430
Profitability rate	-0,037	0,728	0,434	0,155	-2,780	-11,128	-78,174	0,182	-11,328	0,219
The level of total return on fixed assets	2,495	3,244	1,347	1,465	0,024	1,026	1,756	-0,182	1,397	-2,677
ROE – return on equity	1,073	1,472	0,664	0,707	0,012	0,551	1,066	-0,239	0,663	-1,313
ROA – return on asset	0,571	0,995	0,555	0,621	0,010	0,466	0,882	-0,091	0,501	-0,662
Net return on equity	0,048	0,066	0,030	0,032	0,001	0,025	0,048	-0,214	0,004	-0,262

Source: calculated by the authors based on the Official website of MHP (2023).

5) Investment risks are carefully managed at MHP through the implementation of robust procedures to ensure proper evaluation and due diligence of investment projects. The company has established a comprehensive process for assessing investment opportunities, which involves the approval of the Investment Committee. To evaluate investment projects, MHP requires the submission of formal investment appraisal reports and financial models. Major investment decisions, which involve significant resources and have a substantial impact on the company's operations, require the approval of the Management Board.

The analysis of MHP's financial results, as observed in the Statement of Comprehensive Income, reveals that the company demonstrates profitability, albeit with fluctuating growth in net income from product sales and other income sources. It is prudent to consider diversifying income streams to mitigate future risks. While cost reduction is a viable strategy for agricultural companies, it should be approached cautiously as it may involve compromising on the quality of materials or fertilizers, consequently impacting product quality and customer satisfaction. The profitability study indicates that MHP generates satisfactory profits and exhibits a relatively stable pace of economic development.

Within the growth strategy, ADM emphasizes the importance of business sustainability as a primary objective. ADM's Strategic Sustainability Plan is designed to leverage sustainability trends and technologies to generate value for stakeholders. LLC ADM UKRAINE implements a sustainable business development strategy aligned with the Global Reporting Initiative (GRI), ensuring ongoing monitoring of the economic aspects of its operations and financial outcomes. Moreover, the company conducts assessments of key elements of sustainable development to prioritize their implementation. All elements of the strategy exert a direct or indirect influence on the organization's capacity to generate, safeguard, or compromise economic, environmental, and social value for stakeholders and society. To ensure the impartiality of the evaluation process, the company enlists the services of a professional firm to conduct an audit of the sustainability strategy. Adhering to the GRI methodology and drawing upon expertise in the agricultural sector, the assessment team employs stakeholder selection criteria that encompass responsibility, proximity, influence, dependence, and representation. Utilizing interviews, surveys, and analysis of publicly available information of various internal and external stakeholders (including management, investors, employees, customers, and civil society), the independent audit firm constructed a diagram illustrating the influence of the sustainability strategy on ADM and its stakeholders (Fig. **1**). The audit findings indicate a limited impact of the tax strategy, information security, and cybersecurity on ADM's operations and stakeholders. Conversely, the assessment identified a moderate impact of economic transparency on the group of companies, as well as global trade and geopolitical risks. Notably, the compliance and ethics policy, climate change management, and strategy were found to exert a substantial influence on the economic dimension of the strategy.

The primary goals of ADM's financial management encompass ensuring adequate liquidity, bolstering the strength of the balance sheet, and maintaining financial flexibility, given the company's reliance on credit access for working capital and capital investments. Ensuring stability is imperative to finance the operational and capital requirements of the capital-intensive agricultural commodities business. ADM primarily relies on cash generated from operating activities as the main source of funding for its operations, working capital, capital expenditures, and advancement of its growth strategy. Additionally, the company utilizes credit lines, including loans and receivables securitization programs. ADM has access to both public and private capital markets, as well as debt capital markets, particularly within the United States and international markets. In 2022, the cash flows from operating activities experienced a decline of 50%, decreasing from $6.6 billion in 2021 to $3.5 billion. This reduction was primarily attributed to changes in working capital, resulting in a decrease in cash by $1.5 billion during the year. However, the company was able to augment its investments by $1.5 billion, driven by heightened trading activity in the futures commission and brokerage business. The increase in work-

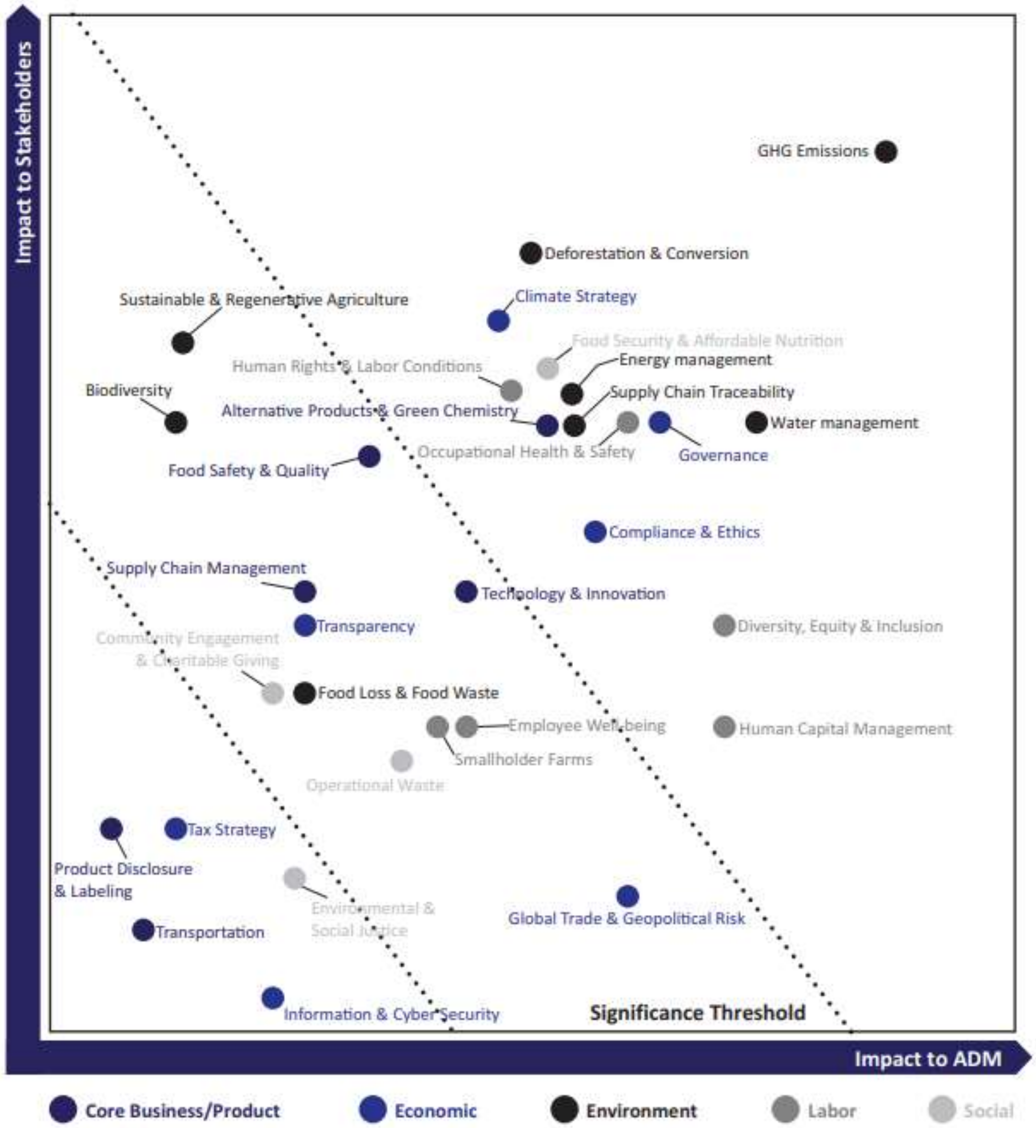

Fig. (1). Diagram of the impact of the sustainable development strategy on ADM and stakeholders.
Source: Official website of ADM (2023).

ing capital was primarily influenced by two factors: 1) a rise in trade receivables by $1.7 billion, primarily attributed to higher revenues; and 2) a growth in inventories by $0.3 billion, driven by increased prices. Moreover, the company utilized long-term borrowings, specifically promissory notes, and bonds, to finance its operations, resulting in long-term debt amounting to $0.8 billion in 2022. It is important to highlight that the company utilizes borrowings to finance environmental and social initiatives, alongside debt repayment and general corporate purposes. Following the dividend policy, the company disbursed USD 0.9 billion in dividends (compared to USD 0.8 billion in 2021). To assess its financial flexibility, the company employs the long-term debt-to-total capital ratio, which is calculated as the sum of long-term debt and equity. As of December 31, 2022, and 2021, the ratio stood at 24% and 26%, respectively. Additionally, the net debt to equity ratio, reflecting the company's net debt concerning equity, amounted to 25% and 28% as of December 31, 2022, and 2021, respectively.

ADM implements financial risk management strategies to address various key risks. These include limited access to external financing sources, the capital-intensive nature of the business, and the constant requirement for access to credit markets to support the growth strategy. Furthermore, the company faces substantial working capital demands influenced by the volatility of agricultural commodity prices. Capital is necessary to maintain and modernize an extensive network of warehouses, processing and refining facilities, ports, mills, transportation assets, and other infrastructure. Business expansion and the pursuit of mergers and acquisitions also necessitate capital resources. ADM recognizes the importance of sustained access to securities and debt markets, borrowing costs, and the generation of adequate cash flows as integral factors in managing financial risks. The company implements financial risk management practices to address these risks, including ongoing monitoring of credit and liquidity indicators and conducting cash forecasting. Additionally, ADM maintains regular communication with

Table 3. Dynamics of sustainability and profitability indicators of LLC ADM UKRAINE in 2015-2022.

Indicator	2015	2016	2017	2018	2019	2020	2021	2022	Mean value, 2015-2022	Deviation+/-
Financial stability ratio	40,642	56,139	33,602	14,834	11,568	4,746	6,677	0,590	21,100	-40,051
Return on sales (ROS)	-0,346	-0,019	0,088	0,322	0,092	0,400	0,201	0,529	0,158	0,876
Profitability rate	-0,373	-0,002	0,007	0,043	-0,218	-0,841	-0,006	0,043	-0,168	0,415
The level of total return on fixed assets	0,157	0,038	0,071	0,190	0,016	0,413	0,217	0,209	0,164	0,052
ROE – return on equity	3,164	1,250	2,059	2,480	0,131	2,182	1,077	0,165	1,564	-2,999
ROA – return on asset	0,057	0,022	0,044	0,103	0,008	0,247	0,143	0,067	0,087	0,010
Net return on equity	0,142	0,056	0,093	0,112	0,006	0,098	0,048	0,171	0,091	0,029

Source: Official website of ADM (2023).

Table 4. Systematization of problems of financial management of agricultural enterprises in Ukraine and solutions to them.

Enterprise	Financial management issues	Solutions
PrJSC MHP	A significant share of inventories and work in progress, as well as accounts receivable, is observed. There is a lack of stable growth in net income from sales and other types of income. The level of absolute liquidity is insufficient. Additionally, there are increased turnover periods of accounts payable and receivable.	The need to modernize equipment to speed up and optimize production processes and develop logistics routes exists. It is necessary to plan cash flows, especially receipts from debtors. The product sales policy and contract terms need to be revised. Diversification of income sources is required. Finding ways to reduce production costs is important. Shortening the operational and financial cycle is necessary to mitigate financial risks.
LLC ADM UKRAINE	There is a significant share of inventories and receivables in turnover assets. There is a decrease in the absolute liquidity ratio. The company has a dependence on external financing. The profitability of products is low.	Reducing the share of inventories, improving debtor management, and increasing customer advances. The need to secure long-term loans on favorable terms to replace short-term borrowing. The need to create additional and reserve capital to cover the debt. Expanding the product range and entering new markets.

Source: compiled by the authors based on the Official website of MHP (2023); the Official website of ADM (2023).

credit rating agencies to ensure effective risk management practices and the diversification of liquidity sources.

The analysis of ADM's financial performance indicators reveals a positive trend in the reduction of administrative and selling expenses from 2018 to 2021. This reduction has contributed to maintaining profitability despite a slowdown in net sales revenue growth. The growth rate of the company's cost of production has also decreased up until 2021. It is worth noting that to sustain profitability, LLC ADM UKRAINE may consider expanding the company's product portfolio or exploring new sales markets. The company incurs significant financial expenses, as indicated by the ratio of financial expenses to profit. A substantial portion of the company's financing comprises short-term loans. To reduce loan repayments, it is advisable to consider obtaining long-term loans, which typically involve lower annual repayments. Additionally, the profitability of the company's sold products is relatively low. Therefore, exploring opportunities to create or develop new products, as well as expanding the supply of goods that are already in high demand, may be beneficial.

It is also advisable to categorize the primary challenges in financial management faced by the examined enterprises. Through the analysis of financial stability and profitability in agricultural enterprises, it becomes possible to systematize the main issues encountered by such companies in Ukraine, as well as propose potential solutions. Among the common challenges faced by agricultural enterprises are the control of absolute liquidity and the maintenance of an adequate level of liquidity. This challenge arises due to the dominance of inventories, work in progress, and receivables within the enterprise's asset structure, ultimately exerting a negative impact on financial stability and working capital, including liquidity and solvency. Moreover, companies often encounter difficulties in ensuring sustainable revenue growth and reliance on short-term loans, which can have adverse effects on their overall financial stability and security.

5. CONCLUSION

The article highlights the significance of financial management strategies, policies, and tactics employed by agricultural enterprises during periods of heightened uncertainty and volatility in domestic and foreign markets in 2022. The management of these companies continued to implement sustainable development strategies that encompass not only economic aspects but also the financing of social and environmental projects. Financial management in the context of market volatility involves various aspects, including: 1) conducting scenario analysis of the external environment and quantifying potential losses; 2) analyzing and evaluating key financial risks such as currency, credit, and investment risks; 3) adapting financial management strategies to changes in macroeconomic factors; and 4) considering the environmental and social components and associated costs in the implementation of relevant programs within financial practices. The companies exhibit variations in their dividend policies, with one company adopting a conservative approach while the other experiencing an increase in dividend payouts in 2022. The investment policies of these companies prioritize innovation and technological advancements. Financial strategies in the agricultural sector encompass strategies for growth, expansion, and international diversification. The study highlights the utilization of AI technologies and machine learning algorithms by these companies to enable real-time analysis and control of financial resources, as well as to facilitate decision-making processes.

The analysis of financial stability and profitability in agricultural enterprises allows for the identification and systematization of common challenges faced by these companies in Ukraine. Key issues include the management and maintenance of adequate levels of absolute liquidity. This challenge arises due to the dominance of inventories, work in progress, and receivables within the asset structure of these enterprises, consequently impacting their financial stability and working capital, including liquidity and solvency. Additionally, agricultural companies commonly encounter difficulties in achieving sustainable revenue growth and are often reliant on short-term loans, which adversely affect their financial stability.

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