Defining financial potential

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The scientific and methodological approaches to identify, measure the formation and using category «potential» are considered, their basic content characteristics are highlighted. Financial potential as a strategic resource for future development is separated based on the analysis approaches for functional areas. Author's definition of «financial potential» are Formed and its features are disclosed. The structure of financial potential in terms of resources formation is suggested.

Keywords: potential, financial potential, approaches, structure.

Formulation of the problem generally. In modern circs, the most important strategic goal of ensuring macroeconomic balance and improving the competitiveness of Ukraine's economy in the global market is to reform the financial system. Deficit of the state budget, the presence of significant imbalances in the redistribution of financial resources between the different levels of budget and lack of financial self-sufficiency of communities indicate inefficiency financial policy of the state. At the same time growth of the economy of Ukraine, first of all, depends on the capacity development and efficient use of financial resources embodied in the financial potential. Analysis of recent achievements and publications. Theoretical aspects of the formation and effective use of financial potential at different times studied many scientists, including: Alekseenko I.I. [1], Berezyuk Y.B. [2], Boronos V.G. [3], Veretennikova O.V. [4], Hnyp N.O. [5], Demchishak N.B. [6], Evdokimov F.I. [7] Ionenko K.V. [8], Krupka M.I. [9], Kucher G.V. [10-11], Portnoy A.V. [12], Prokopyshak V.B. [13] and others. Selecting unsolved aspects of the problem. However, in economic theory and practice, problems of formation and financial efficiency potential in Ukraine studied in insufficient, which necessitates deepening of scientific research to determine the nature of the concept «potential». Analyzing the existing approaches to determine the financial potential, we note that all interpretation are one-sided and not clear about the nature of the financial potential and this proves the need for its refinement.

The purpose of study is determination of economic substance of financial potential through the prism its relationship with the basic concept of «potential».

Presenting of main material. The term «potential» in the etymological meaning derives from the Latin word «potentia» and means «hidden features» that in business practice through the work may become a reality [14, p. 5]. In the modern interpretation often use the terms «resource», «reserve», and potential defined as a set needed for the operation or development of various resources, mainly economic, directly related to the operation of production and accelerated technological progress» [5, p. 54]. Potential is also considered generic,
team characteristic of resources tied to place and time [8, p. 63].

Different economic encyclopedic dictionaries and reference books [1-15] in general terms explaining potential as available resources, tools, supplies, sources and their specific potential characteristics (opportunities), their potential is provided by targeted actions, or the set of all available means, opportunities, productive forces, which can be used in any industry.

By the explanatory dictionary [3, p. 902], the potential is a physical quantity that describes the force field at a given point, or electric charge, or a value that describes the amount of energy the body that is in a certain point of the force field (electric, magnetic, etc.). This interpretation of the concept of potential allows applying it to different fields and human activities.

In the encyclopedia [15] potential is seen from three sides:

1) potential function that describes a broad class of physical force fields (electric, gravitational, etc.);
2) sources, opportunities, tools, that can used to solve any problems reaching a certain goal;
3) the opportunities of the individual, society and state in a certain area.

It should be noted that the term «potential» includes both a real fact and dimension of possibilities. Such definitions focus on the future results of the implementation of existing potential, the capacity of which can occur during follow-up. Such a broad interpretation of the content of the term «potential» allows you to use it in different contexts. The theoretical basis of potential as an economic concept formed in the mid-20th century. Scientific and methodological concept to define, assess the formation and use of this concept can be combined in different approaches. Description of theoretical approaches to understanding the essence of the concept of «potential» is been shown in fig. 1.

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**Fig. 1. Approaches to the concept of «potential»**
(compiled by the author based on [1-2, 4-14])
Research approaches [1-2,4-14] to the concept of «potential» shows that despite some sense differences in the definitions of different authors, the potential is taken as available tools, supplies, power, able to be mobilized, implementation plan; certain tasks; the possibility of the individual, society and state in a certain area. Potential is a basic element that combines goal, driving force and source development.

For the functional areas there are distinguished resources, industrial and financial potential, reflecting the appropriate stage of interaction resources. In turn, the development should identify the concept of «financial strength» because all of the other potentials are a set of capabilities focused on the use of resources, which indicates the presence of a static nature. To bring these resources in a dynamic state required driving force is financial potential. Financial strength is a dynamic concept, its main factor destabilizing the environment is functioning, so the level of financial potential depends not only on the availability of resources, but the conditions of access.

There are different approaches to the concept of «financial potential» in terms of its formation and evaluation. Summarizing the existing approaches to determine the financial potential [1, 2, 4-6], we note that all interpretation are one-sided and does not give a clear idea of its nature, indicating a need for clarification of this (tab. 2).

Given all the advantages and disadvantages of each approach in financial potential is the sum of current and potential financial resources coming to the subjects of economic relations and make it possible to solve problems of economic development and the possibility of growth in the future.

The structure of financial potential should be viewed in horizontal and vertical section. The vertical structure involves the separation of the components of the financial potential as the

<table>
<thead>
<tr>
<th>Approach</th>
<th>The interpretation and content of approach</th>
<th>Comments and disadvantages</th>
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<tbody>
<tr>
<td>Resource approach</td>
<td>The approach is based on the methods of quantitative interpretation of the results and the financial involvement of hidden opportunities, that available reserves in terms of practice</td>
<td>The approach is based on the famous assessment of «the achieved level of» extrapolation methods and identifying trends in historical data, which does not always correspond to objective situations and has the effect of delay</td>
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<td>Effective approach</td>
<td>Under this approach, the definition and measurement of financial potential is to identify the potential impact of the use of each individual resource, resources that necessary compared with each other, bringing them to an integrated view, establishing a rational combination of resources for the greatest possible effect for meeting the needs.</td>
<td>Approach based on potential performance parameters of resources, encountering a number of objective difficulties due, primarily, to the imperfection of analytical tools and evaluation of the practical application of the system of common performance criteria</td>
</tr>
<tr>
<td>Resource approach</td>
<td>According approach financial strength is defined as the set of stocks, funds, resources</td>
<td>This interpretation significantly limits the display of the essential characteristics of economic concepts, since only the presence of a certain number of resources can not guarantee optimal results from their use</td>
</tr>
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<td>Institutional approach</td>
<td>Financial strength is considered as the relations arising on achieving the highest possible financial results under certain conditions.</td>
<td>The approach does not allow to fully reveal its essence, because the relations arising in the implementation of the financial potential, namely in the interaction of all elements of financial potential, but not form the basis of his</td>
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<td>Evaluative approach</td>
<td>Financial potential is defined as a characteristic of the financial independence of economic relations, its financial stability and creditworthiness</td>
<td>Review financial potential made in terms of the result, not the sources of its formation, which does not fully reflect its perspective</td>
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potential of the whole economy (macro level); potential regional economic sectors (meso); potential of individual businesses, households (macro level). The horizontal structure of financial potential should include such elements as state financial resources; financial resources of businesses; financial resources of households; resources of financial and credit infrastructure; foreign financial resources. That financial strength is based on the existence of appropriate economic levels (based on this built vertical structure) and the specific parts of the financial system (horizontal structure respectively).

Let is consider briefly the horizontal structure of financial potential. State financial resources traditionally include the consolidated budget, trust funds, foundations of public enterprises, institutions, government credit and state insurance. Financial resources are divided into entities own, borrowed and borrowed funds of enterprises, institutions and organizations. Resources of the population, defining related to their income and accumulated savings and other funds received. Potential financial institutions are predominantly in the amount of authorized capital and borrowed and borrowed funds.

The study of the vertical structure of financial potential enabled to find out the key factors influencing its formation at different levels. At the macroeconomic them should include the following: the economy and financial activity of its key actors; dynamics of main macroeconomic indicators, including GDP, national income and others; clarity and transparency of the legal framework and the law governing financial processes; targeted use of state mechanisms of influence using the tools of financial policy; State strategy while participating in the redistribution of financial resources through budgetary and other mechanisms; business activity of economic entities and households; formation and efficiency of financial and credit infrastructure; integration into the global financial system; political will and public interest in sustainable economic development; factor «financial culture», which depends on citizens understanding of financial processes and correct adoption of financial decisions, particularly in the event of crisis in economic life.

**Conclusion.** Studying of formation and using of financial potential will combine and optimize various sources and forms of financing, identify the most influential participants in the financing and analyze their situation, to separate the opportunities and prospects of participation in the financial security of the state. Analysis of the nature, structure and key features of financial potential will enable direct features of such a partnership to achieve maximum results.

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