Ruslan Pohribnyi, Postgraduate Student
Dmytro Motornyi Tavria State Agrotechnological University
Zaporizhzhia, Ukraine

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ASSESSMENT OF FINANCIAL DEVELOPMENT OF BUSINESS SECTOR ENTITIES IN THE CONDITIONS OF EUROPEAN INTEGRATION

The current stage of economic development of Ukraine is characterized by the intensification of European integration processes, structural transformations of all sectors of the economy and significant challenges for the functioning of business entities. Martial law conditions, macroeconomic instability, inflationary processes, disruption of logistical connections and lack of investment resources significantly affect the financial condition of enterprises. In such conditions, the assessment of the financial development of business entities becomes particularly relevant, since it is the level of financial stability and security of enterprises that determines their ability to ensure the continuity and competitiveness of their economic activities and integration into the European economic space.

Financial development of business entities is a complex economic category that makes it possible to understand the level of efficiency of the formation, distribution and use of financial resources of enterprises. Assessment of financial development allows for the analysis of profitability, liquidity, solvency, financial stability, investment activity and business efficiency. In the context of European integration, the criteria of compliance with international financial reporting standards, the level of digitalization of financial processes, the transparency of corporate governance and the ability of enterprises to adapt to modern requirements of the European market are added to the traditional indicators [1].

The current state of financial development of Ukrainian enterprises is characterized by significant unevenness. Large enterprises have more opportunities to attract external financing, modernize production and integrate into international markets, while small and medium-sized businesses often face a shortage of financial resources, high credit rates and limited access to investments. A high level of economic uncertainty, currency risks and increased costs of conducting business activities has a particularly negative impact on the financial development of enterprises.

One of the key problems of the modern financial development of business entities is the insufficient level of capitalization of enterprises. A significant part of Ukrainian businesses operates mainly at the expense of their own working capital, which limits the possibilities of expanding production and implementing innovative projects. At the same time, bank lending remains inaccessible due to high interest rates, strict requirements for loan collateral, and increased financial risks. Under such conditions, enterprises are forced to reduce an investment cost, which negatively affects their competitiveness [2]. A significant challenge for the financial development of enterprises is inflationary processes and financial market instability. Exchange rate fluctuations, rising energy costs, and increased production costs reduce business profitability and complicate financial planning. In addition, war risks cause loss of assets, reduced production volumes, and disruption of supply chains. As a result, enterprises are forced to adapt their financial strategies to crisis conditions, focusing on ensuring liquidity and minimizing costs.

At the same time, European integration opens up new prospects for the financial development of business entities. The conclusion of the Association Agreement between Ukraine and the European Union contributes to the harmonization of financial legislation, the development of the institutional environment and the implementation of European standards for doing business. This creates the prerequisites for increasing the investment attractiveness of Ukrainian enterprises and expanding access to international financial resources [3]. The positive impact of European integration is also manifested in expanding the opportunities for participation of Ukrainian enterprises in international grant programs, EU financial initiatives and programs to support small and medium-sized businesses. European financial institutions provide enterprises with access to more profitable credit resources, investment funds and technical support programs. This contributes to the modernization of production, the introduction of innovative technologies and an increase in the level of financial stability of enterprises. At the same time, the impact of European integration cannot be assessed exclusively positively. Integration into the European Economic Area increases competition in the internal market and imposes high requirements for financial transparency, product quality and corporate governance efficiency. For many Ukrainian enterprises, adaptation to European standards requires significant financial investments in the modernization of production, product certification, implementation of international reporting standards and digital technologies. This process is especially difficult for small businesses, which have limited financial capabilities and insufficient state support [4].

One of the important factors in the financial development of enterprises in the context of European integration is the digitalization of the economy and the financial sector. The use of digital platforms, automated financial management systems, electronic document management and FinTech technologies ensures the optimization of financial processes and a reduction in operating costs. Digitalization contributes to increasing the transparency of financial activities of enterprises and simplifies access to financial services. In modern conditions, it is digital transformation that is one of the key factors in increasing business competitiveness [5].

The implementation of the principles of sustainable development and ESG-oriented management is also important for the financial development of the business sector. The European economic model provides for increased attention to environmental safety, energy efficiency and social responsibility of business. Compliance with ESG criteria is becoming an important factor in accessing international financing and attracting investments. For Ukrainian enterprises, this means the need to transition to new management models that combine economic efficiency with social and environmental responsibility [6].

Assessing the impact of European integration on the financial development of business entities, we can conclude that in the long term this impact is mainly positive. European integration contributes to increasing the level of financial discipline, developing a competitive environment, improving the investment climate and introducing modern financial instruments. At the same time, the effectiveness of this process largely depends on the state's ability to ensure a stable macroeconomic environment, access to financial resources for enterprises and supporting the adaptation of businesses to European standards.

Thus, the assessment of the financial development of business entities in the context of European integration should be carried out comprehensively and take into account both internal financial indicators of enterprises and external factors of influence. In modern conditions, the main directions for ensuring the financial development of enterprises should be the activation of investment activities, expansion of access to credit resources, digitalization of financial processes, support for innovations and adaptation to European economic standards. It is these factors that will determine the competitiveness of Ukrainian business and its ability to function effectively in the context of integration into the European economic space.

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