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**THE SPECIFICS OF RAISING EQUITY CAPITAL IN ENTREPRENEURIAL
COMPANIES IN TIMES OF MODERN ECONOMIC TURBULENCE**

This study offers a discourse on the need to mobilize resources to attract investment in exchange for corporate rights issued by entrepreneurial business. Entrepreneurial company equity is viewed as the main source of raising profit and return to its shareholders, both in the future and in the current period, while the size and the dynamics of changes in equity capital reflect the efficiency of business performance. It is emphasized that for a long time, the domestic research studies and practice have neglected the issues of entrepreneurial companies' funding at the expense of the share capital, since in the frameworks of the administrative and command economy, state-owned enterprises were endowed with authorized capital which could not be changed through emission (or cancellation) of corporate rights. It is also noted that instead, a number of studies focused mainly on anti-market methods of enterprise funding, such as budget grants, subsidies and subventions. However, it is argued that implementing rational policy in accumulating sufficient amount of equity capital, even in times of the Russian-Ukrainian war, will translate in success in arranging and ensuring normal functioning of entrepreneurial companies. Thus, the purpose of this paper is to explore the specifics of raising equity capital in entrepreneurial companies in the context of modern economic turbulence. To attain the research objectives, the study has employed the methods of logical generalization, system and comparative analysis. The findings also provide insights into conceptual framework and tools for raising equity capital in entrepreneurial companies along with revealing its key functions. In addition, the study suggests the structure of entrepreneurial company's equity capital and describes its types. The conclusions resume that in the process of raising equity capital for entrepreneurial companies in times of modern economic turbulence, there is a critical need to consider the specifics of operational and investment activities, the efficiency of available and future sources of equity capital, as well as take into account the functional significance of each of the constituent elements of equity capital.

Keywords: *equity capital; financial assets; financial activities; internal sources; external sources.*

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**ОСОБЛИВОСТІ ФОРМУВАННЯ ВЛАСНОГО КАПІТАЛУ ПІДПРИЄМНИЦЬКИХ
ТОВАРИСТВ У СУЧАСНИХ УМОВАХ ЕКОНОМІЧНОЇ ТУРБУЛЕНТНОСТІ**

У цьому дослідженні актуалізується питання необхідності мобілізації ресурсів на основі залучення інвестицій в обмін на корпоративні права, емітовані підприємницьким бізнесом. Власний капітал підприємницького товариства – основне джерело формування прибутку і доходів його учасників як у перспективному, так і в поточному періодах, а розмір та динаміка змін власного капіталу відображує рівень ефективності підприємницької діяльності. Наголошується, що впродовж тривалого часу у вітчизняній теорії та практиці проблемам фінансування діяльності підприємницьких товариств за рахунок капіталу учасників приділялось науковцями недостатньо уваги, оскільки за адміністративно-командної економіки державні підприємства в централізованому порядку наділялися статутним капіталом, який не міг бути змінений через емісію (чи анулювання) корпоративних прав. Також зазначено, що натомість чимало досліджень фокусувались

переважно на таких антиринкових методах фінансування підприємств, як бюджетні дотації, субсидії та субвенції. Проте, необхідно підкреслити, що завдяки раціональному формуванню достатнього обсягу власного капіталу, навіть в умовах російсько-української війни, цілком реально організувати й забезпечити нормальне функціонування підприємницького товариства. Відтак, метою статті є дослідження особливостей формування власного капіталу підприємницьких товариств у контексті сучасної економічної турбулентності. Вирішення поставленої мети в цьому дослідженні здійснювалось за допомогою методів системного аналізу, логічного узагальнення та порівняльного аналізу. Проаналізовано фундаментальні теоретичні аспекти формування власного капіталу підприємницьких товариств, а також охарактеризовано його основні функції. Крім того, представлено структуру власного капіталу підприємницького товариства та його види. Доведено, що в процесі формування власного капіталу підприємницьких товариств у сучасних умовах економічної турбулентності варто враховувати специфіку операційної та інвестиційної діяльності, продуктивність наявних та майбутніх джерел фінансування власного капіталу, а також зважати на функціональне значення кожного зі складових елементів власного капіталу.

Ключові слова: капітал; фінансові ресурси; фінансова діяльність; внутрішні джерела; зовнішні джерела.

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ОСОБЕННОСТИ ФОРМИРОВАНИЯ СОБСТВЕННОГО КАПИТАЛА ПРЕДПРИНИМАТЕЛЬСКИХ ОБЩЕСТВ В СОВРЕМЕННЫХ УСЛОВИЯХ ЭКОНОМИЧЕСКОЙ ТУРБУЛЕНТНОСТИ

В данном исследовании актуализируется вопрос о необходимости мобилизации ресурсов на основе привлечения инвестиций в обмен на корпоративные права, эмитированные предпринимательским бизнесом. Собственный капитал предпринимательского общества – основной источник формирования прибыли и доходов участников как в перспективном, так и в текущем периодах, а размер и динамика изменений собственного капитала отражает уровень эффективности предпринимательской деятельности. Акцентируется, что в течение длительного времени в отечественной теории и практике проблемам финансирования деятельности предпринимательских обществ за счёт капитала участников уделялось учёными недостаточно внимания, поскольку в административно-командной экономике государственные предприятия в централизованном порядке наделялись уставным капиталом, который не мог быть изменён посредством эмиссии (или аннулирования) корпоративных прав. Также отмечено, что многие исследования фокусировались преимущественно на таких антирыночных методах финансирования предприятий, как бюджетные дотации, субсидии и субвенции. Однако необходимо подчеркнуть, что благодаря рациональному формированию достаточного объёма собственного капитала, даже в условиях российско-украинской войны, вполне реально организовать и обеспечить нормальное функционирование предпринимательского общества. Таким образом, целью статьи является исследование особенностей формирования собственного капитала предпринимательских обществ в контексте современной экономической турбулентности. Решение поставленных целей в этом исследовании осуществлялось с помощью методов системного анализа, логического обобщения и сравнительного анализа. Проанализированы фундаментальные теоретические аспекты формирования собственного капитала предпринимательских обществ, а также

охарактеризованы его основные функции. Кроме того, представлены структура собственного капитала предпринимательского общества и его виды. Доказано, что в процессе формирования собственного капитала предпринимательских обществ в современных условиях экономической турбулентности следует учитывать специфику операционной и инвестиционной деятельности, производительность имеющихся и будущих источников финансирования собственного капитала, а также учитывать функциональное значение каждого из составляющих элементов собственного капитала.

Ключевые слова: капитал; финансовые ресурсы; финансовая деятельность; внутренние источники; внешние источники.

Formulation of the problem. Today, in the conditions of Ukrainian-Russian war, the question of mobilization of resources based on attraction of investments in exchange for corporate rights, issued by the entrepreneurial society is relevant. Equity of an entrepreneurial company is the main source of formation of profit and income of its participants both in perspective and in the current period, its size and dynamics of changes show the level of efficiency of entrepreneurial activity.

For a long time in the domestic theory and practice the issue of financing the activities of entrepreneurial societies at the expense of participants' capital was given insufficient attention, because under the administrative-command economy state enterprises were centrally vested with the authorized capital, which could not be changed because of issue (or cancellation) of corporate rights. But the dominant role was assigned to such anti-market methods of financing enterprises as budget grants, subsidies, subventions. However, it should be noted that the creation and normal functioning of an entrepreneurial society is due to the formation of a sufficient amount of equity capital. Equity appears due to the personal role of participants of entrepreneurial society in its formation.

In the current conditions of unstable market economy and crisis situations in financial markets, the more own capital an entrepreneurial society has, the higher the reliability and competitiveness of its financial condition.

Analysis of recent research and publications. The analysis of formation and use of equity capital of the enterprise are devoted to the research of both foreign and domestic scientists, such as O. Arefieva, V. Aranchiy, Y. Brigham, L. Gapenski, L. Hanushchak-Efimenko, L. Khristenko, M. Shkoda, I. Hnatenko, I. Miahkykh and others.

The results of the research of these authors to a large extent reflect the importance of equity capital in the entrepreneurial society, but insufficiently reveal the features of its formation. Despite the research of the topic in its various aspects, it is still relevant.

The purpose of the article. The purpose of the article is to study the essence and structure of the equity of an entrepreneurial company, to determine the ways of its formation.

Statement of the main material. Capital is one of the significant financial and economic categories of the twentieth century. For a long time the content of this phenomenon and their attributes acted as an object of study.

In a more general form the structure of the capital is considered by its researchers as a ratio of the company's own and borrowed capital. In particular, such opinion is held by foreign scientists J. Brigham and L. Gapenski who see under the structure of capital a combination of the attracted and own sources of funds [9, p. 358].

Domestic scientists O.V. Arefieva and I.M. Miahkykh note that the structure of capital is the ratio of own and borrowed funds used by the enterprise in the process of its own economic activity [2]. The same opinion concerning the essence of structure of the capital is held by scientists-economists O.M. Gaidarjiskaya, A.M. Rybak and A.A. Tchaikovskaya [4].

The main task of monetary activity of the enterprise society consists in mobilization of the capital for financing of its operational and investment activity. On sources of mobilization of monetary resources distinguish external and internal financing; on legal status of investors – own and borrowed capital [1].

Today in Ukraine specific tendencies of formation of structure of the capital are observed, namely growth of the loan capital in monetary measurement and increase of its share in structure of the general capital of the enterprises. This situation has a significant impact on the performance of the use of liabilities, the further distribution of income between owners and investors, as well as the formation of profit rates, which determines the potential for savings and capital accumulation, as well as the implementation of innovations by economic entities at the expense of their own funds [3].

The capital of an entrepreneurial society characterizes the total value of funds in any form, invested in the creation of its assets and represents one of the most important elements, which are the total sum of financial resources of an entrepreneurial society. Among these elements are: equity (share capital, additional capital invested, additional capital, reserve capital, retained earnings), security for subsequent expenses and payments, and long-term and current liabilities.

Business equity is the financial resources it invests to organize and finance business activities. The norm for successful, profitable work of an entrepreneurial company, its high competitiveness in the market and financial stability is the situation in which equity capital is the majority of its financial resources [2].

Equity is the basis of the beginning and continuation of economic activity of any entrepreneurial company, it is one of the most important indicators, because it performs the following functions:

- Independence and power – the amount of equity determines the degree of independence and influence of its owners over an entrepreneurial company.
- Liability and protection of creditors' rights – the equity capital reflected in the company's balance sheet provides external users with the measure of responsibility relationships within the company and protects creditors from the loss of their capital.
- Long-term lending – the equity capital is at the disposal of the company for an unlimited period of time.
- Risk financing – equity capital is used to finance risky investments that creditors may not agree to.
- Creditworthiness – in the case of a loan, all other things being equal, preference is given to entrepreneurial companies with smaller accounts payable and larger equity.
- Compensation for the loss incurred – the temporary loss is to be paid from the shareholders' equity.
- Distribution of income and assets – the shares of the individual participants in the capital are the basis for the distribution of the financial result and assets in the case of liquidation of the company. An entrepreneurial company is created for the purpose of making a profit, and it can realize this goal only if it preserves its own capital.

The amount of equity is determined by the sum of its constituent elements: authorized capital, reserve capital, special (target) financial funds, retained earnings and other forms of equity.

Share capital is the main element of equity. It represents the initial number of contributions of the participants of an entrepreneurial company (divided into respective shares) in the formation of its assets for the beginning of business activities and is determined according to the statutory documents. Within the limits of the share capital, the participants of an entrepreneurial company shall be financially liable to its creditors.

The reserve capital is a reserved part of the equity of an entrepreneurial company, which is formed at the expense of retained profit and is intended for internal insurance of its economic activity. The amount of this reserve part of the equity capital is determined by the statutory documents and is regulated by law. All constituent elements of the capital intended for covering unforeseen losses and losses can refer to the reserve capital [7, 8].

Special (target) financial funds are created to form own financial resources and their subsequent target expenses. Such funds include: amortization fund, labor protection fund, repair fund, production development fund and others. The order of formation and use of the funds is regulated by the statutory and internal documents of the entrepreneurial company.

Undistributed profit characterizes the part of profit of an entrepreneurial company received for the previous period and not used by the management. This balance sheet item reflects the amount of profit reinvested in the company or the amount of uncovered loss. This item reflects the profit (loss), which remains with the enterprise company after payment of all taxes, payment of dividends and allocations to the reserve capital [9].

Equity is formed in two ways:

- By contributions of cash and other assets by the members of the business company;
- The accumulation of the amount of income remaining on the company.

Thus, equity capital can be formed at the expense of contributions of participants of an entrepreneurial company or by reinvestment of profits. Among foreign scientists prevails the opinion that financing at the expense of retained profits and depreciation deductions quite often is designated also as Cash-flow-financing [1].

Formation of own capital of the enterprise society is carried out at the expense of internal and external sources.

The internal sources of formation of equity capital of an entrepreneurial company include:

1. The profits remaining at the disposal of an entrepreneurial company after the implementation of deductions of a compulsory character.
2. The depreciation charges accrued according to the fixed assets and intangible assets of an entrepreneurial company.
3. Targeted proceeds as sources of formation of the entrepreneurial company's own funds.
4. Other internal sources of formation of own funds of entrepreneurial company.

External sources of formation of own capital of an entrepreneurial society include:

1. The authorized capital in the form of funds of participants, paid at the founding of an entrepreneurial company.
2. Issue of securities [10].

As a source of funding, we can consider the financial resources of the entrepreneurial company, formed as a result of asset restructuring, which is understood as measures associated with changes in the composition and structure of individual items of assets. As part of the restructuring of assets are also considered depreciation charges and funds received by the entrepreneurial company as a result of disinvestment.

The basis of enterprise equity management is the management of formation of its financial resources. To ensure the efficiency of management of this process, the enterprise usually develops a special financial policy aimed at attracting own financial resources from various sources in accordance with the needs of its development in the future period.

Development of a policy of formation of own financial resources is carried out according to the following main stages.

1. Analysis of the formation of own financial resources of the company in the previous period. The purpose of such analysis is to reveal the potential of formation of own financial resources and their conformity to the rates of development of the enterprise.

At the first stage of the analysis the total volume of formation of own financial resources, correspondence of the growth rate of own capital to the growth rate of assets and products of the realized enterprise, dynamics of specific weight of own resources in the total volume of formation of financial resources in the pre-planned period are studied.

At the second stage of the analysis the sources of formation of own financial resources are considered. First of all, the correlation of external and internal sources of formation is studied as well as costs of own capital attraction at the expense of various sources.

2. At the present stage the adequacy of own financial resources formed at the enterprise in the pre-planning period is evaluated. The criterion of such estimation is the index "coefficient of self-financing of enterprise development". Its dynamics reflects the tendency of providing the company development with its own monetary resources. Determination of the total need in own financial resources.

3. Assessment of the cost of raising own capital from various sources. Results of such assessment serve as a basis for development of managerial decisions on the choice of alternative sources of formation of own financial resources providing growth of own capital of the enterprise.

4. Provision of the largest extent of attraction of own financial resources at the expense of internal sources. Before resorting to external sources of formation of own financial resources, it is necessary to realize all possibilities of formation at the expense of internal sources.

5. Provision of the necessary volume of attraction of own financial resources from external sources. Volume of attraction of own financial resources at the expense of external sources is supposed to provide that part which couldn't be formed at the expense of internal sources of financing.

6. Optimization of the ratio of internal and external sources of formation of own financial resources.

The process of this optimization is based on the following criteria:

1. Ensuring the minimum cumulative cost of raising its own financial resources.
2. Ensuring that the management of the enterprise is preserved by the original founders.

Conclusions. Equity capital is a basis for development of economic activity of any entrepreneurial company, it is one of the most essential and most important indicators, the more the level of equity capital, the higher the creditworthiness of an entrepreneurial company; the more the level of equity capital, the better protected an entrepreneurial company is from external and internal factors of influence on its activity.

It is necessary to form the own capital of an entrepreneurial company taking into account specifics of operating and investment activity, productivity of existing and future sources of own capital financing, and also to take into account functional significance of each of the components of own capital.

Further research of effective combination of sources and constituent elements of own capital of entrepreneurial society, taking into account specificity of economic activity in the conditions of crisis condition of Ukrainian economy, are the important stage of development of entrepreneurship in the country as a whole.

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