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Theoretical and Methodological Features of Corporate Finance, Management Problems: Solutions

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Abstract: This article examines the basic concepts of corporate finance, management problems, theoretical and methodological features, methods, macro-micro issues and solutions. It thoroughly includes methodological features and practical principles, methods and means of modern corporate financing. It is necessary to determine the complex methodology of corporate finance research, initial theoretical concepts, and key hypotheses. Theoretical aspects of corporation finance are comprehensively considered, in particular, modern problems of its financial activities. There are different financial methods, each of which has its own advantages and disadvantages. Modern enterprises are strongly advised to study these basic methods and choose the best for their companies' growth. The scientific solution of corporate finance reflects the main indicators of the functioning of the corporation in the short term in two most important categories: income and net profit. Ultimately, the operational efficiency of a corporation can benefit existing corporate assets and create a significant value added at the same time.
Keywords: corporate finance, financial resources, innovation, financial decisions, methodology, method, solution.

1. Introduction

The efficient operation of the financial system amid the nation's economic reforms is closely correlated with the efficacy of its actions at every level. The efficient structuring of financial interactions within corporate finance, regarded as the principal component of the financial system, is crucial for commercial entities.

The growth of corporate finance as the pivotal component of the financial system is evident, and it is important to recognize that the efficient management of corporate financial operations need ongoing focus in the socio-economic advancement of society.

A critical prerequisite for the effective management of firm finances is the assessment of its financial state. It is defined by the accessibility of financial resources essential for the proper operation of business entities, their appropriate allocation and efficient utilization, as well as financial interactions with other legal entities and persons [1].

Corporate finance theory is primarily a fundamental study that examines the issues and solutions related to the allocation of monetary resources over time, in the face of obligations and uncertainty. If we are studying the theoretical aspects of corporate finance, then first of all it is worth paying attention to: efficient market theory analyzes the equilibrium behavior of price fluctuations over time in speculative markets; portfolio theory considers acceptable procedures for choosing securities for an investor's entire portfolio of securities; the theory of capital asset pricing analyzes the factors that determine the cost of assets in conditions of uncertainty; agency theory analyzes the control of incentive conflicts in contractual relationships.

Most of the theory of corporate finance is based on the search for ways and means to increase the value of an enterprise through external and internal sources.

From an economic perspective, corporate finance constitutes "a collection of economic relations that emerge during the formation, distribution, and utilization of funds, which are generated through the production and sale of goods, services, and works" [2].

In conjunction with the theory of corporate finance, the primary responsibilities of corporate finance management should be emphasized. These encompass: the generation of adequate financial resources; the optimization of financial resource utilization; cash flow enhancement; profit maximization within an acceptable financial risk framework; the maintenance of the enterprise's financial equilibrium; consistent growth in the enterprise's economic potential; and cost minimization.

The formation of tasks in general depends on the specifics of the activity in which the enterprise is engaged, its size, market situation, political, economic factors, etc

The main task of corporate finance is the rational distribution of financial and credit resources so that business entities can develop, profit and reduce risks.

Consequently, corporate finance determines the prospects for the development of enterprises, depending on the demand for products being produced.

2. Theory and practical application of materials acquisition

Corporate finance is one of the most common areas in the modern economy. Corporate finance is regarded as the discipline that examines the economic relationships, concepts, and methodologies involved in the development, distribution, and utilization of a company's financial resources.

There are two different settings in which we shall examine the notion of corporate finance: first, as a scientific subject; second, as a practical activity inside the corporate financial management system. Corporate finance is a large and varied term in its content.

Theoretical foundations and practical application aspects of corporate finance.

Theoretical foundations:

- *Functions of Corporate Finance Management.* These encompass augmenting earnings, sales, and market share, optimizing capital structure, enhancing investment efficiency, and safeguarding the company's financial stability to avert bankruptcy.

- *Principles of corporate finance organization*. Of these: financial independence, self-financing, commercial settlement, material interest, economic responsibility of enterprises for the results of their activities and the division of working capital into own and borrowed funds.

- *Corporate finance goal*. The main goal of any open Joint-Stock Company is to improve the well-being of owners. The basis of increasing the well-being of investors is an increase in the value of a joint-stock company, which is manifested in the growth of quotes of its shares.

Corporate finance, as a scientific discipline, encompasses a framework of theoretical knowledge, theories, models, and practical methodologies, techniques, and tools derived from them, utilized in the formulation and execution of management decisions regarding the allocation, distribution, and utilization of financial resources.

Practical applications:

- *Optimization of capital structure*. The company "Queen Laboratories" plans to expand production and is faced with a choice: to attract additional funds by issuing shares or obtaining a loan. The finance director conducts an analysis using corporate finance tools: calculates the average weighted value of capital for various financing scenarios, assesses the impact of each option on the financial impact and risks of the company.

- *Investment decisions*. Prime shipping agency-International transport and expedition company is considering investing in a new solar panel production line.

- *Management of working capital*. It is important to ensure effective use of short-term assets and liabilities to maintain liquidity and solvency.

- *Financial analysis and reporting*. Includes assessment of the financial condition of the company, preparation and interpretation of financial statements.

From a practical point of view, corporate finance can be viewed as a system of actions aimed at optimizing the financial model of an economic entity. Although the financial model can be constructed in various ways, the best way to implement it is through the financial statements of the enterprise, specifically the balance sheet.

In the long term, the dominance of a new paradigm is inevitable - a financial model of measurement and management of corporate finances, since it incorporates many advantages of the account model and complements them with new priorities and technologies [3].

It is a scientific discipline that examines the financial management of an organization or analyzes the array of economic relationships and methodologies involved in the development and use of finance.

Financial management, as a scientific field, offers a framework of theoretical knowledge, theories, and methodologies that are employed in the preparation and execution of management choices on the formation, distribution, and utilization of finances.

3.Corporate finance is one of the driving directions for the development of the economy of our country. In recent years, it is necessary to take into account the fact that many enterprises aimed at the production of products in high demand in the domestic and foreign markets, increasing entrepreneurial activity, are becoming more acute in the issue of technical and technological, and at the same time economy.

The literature review in the study is a systematic presentation of theory and practical methods. It considers the practical experience of practitioners that can be applied in this topic. The concept of corporate finance is revealed from different perspectives in scientific publications of foreign and domestic scholars.

According to Borisov, Corporations emerged due to the need for large-scale production, which required large capital and gave rise to new ways of attracting financial resources [4].

The list of goals and objectives that a company carries out in the implementation of its financial and economic activities can be extensive. It is important to determine which of these goals is priority and which is secondary. Financial goals are determined by the main areas of activity of corporate finance [5].

Advantage of the corporate business form. The solution of management problems becomes easier; the completeness of organizational design, the regulation of responsibilities and powers allows the correct distribution of control functions between corporate management bodies, which makes it possible to professionalize management processes [6].

An analysis of the practice shows that there is a growing number of developments used in the world for the development of corporate finance. The practice has become widespread, according to which financial and credit institutions work within the framework of digital platforms that allow them to interact with borrowers and investors, providing them with smart services [7].

The result of a general analysis of the financial condition and its changes over the reporting period is a preliminary assessment of the financial condition. This assessment includes a description of the financial indicators of the enterprise in a specific period, forecasting their dynamics, and possible changes in the future [8].

The purpose of this educational-theoretical Manual of Atabievani, the study of the features and problems of the financial activities of organizations; to acquire knowledge on the determination of financial quantities are the main ways of financial and economic activities of organizations, their formation indicators and sources; management decisions aimed at optimizing the financial relations [9].

A risk situation management system is proposed, which contains management decisions on the formation of a database of a risk situation management system, diagnosis and processing of a risk situation, control and development of recommendations for improving the effectiveness of risk situation management [10].

The theoretical foundations of corporate finance include a system of principles and methods of developing and implementing management decisions related to the optimal formation of capital from various sources and ensuring its effective use in the economic activities of the enterprise.

From a practical point of view, corporate finance can be considered as a system of actions to optimize the financial model of an economic entity.

3. Corporate finance managing problem

Corporate finance usually covers the following issues in the field of financial managing of a company:

Investment decision making: capital value and evaluation of investment projects;

Corporate transactions: mergers and acquisitions, separation of business from corporation;

The capital structure of the enterprise: the roles of its own and borrowed capital, the features of issuing new shares and attracting debts, the influence of the secondary market on the activities of the company;

Dividend policy; Difficulty finding the Optimal dividend policy. It is necessary to maintain a balance between the current profit consumption and its future growth. Instability of the size of Dividend payments. This is due to the instability of the amount of profit generated.

Use of securities: basic and derivative securities as a means of financing a company;

Working capital management: credit policy in trade, the concept of net working capital, the financing of working capital, the impact of working capital on the value and financial stability of the company;

Risk management: elements of financial analysis and basic principles of risk assessment.

Impact of corporate finance management problems on enterprise activities:

First of all, the lack of a strategic direction of financial managing. Employees do not have the knowledge and skills to use modern strategic management tools.

Secondly, the trajectory of assertive fiscal policy. An adverse external environment may result in elevated financial risks for the firm.

Thirdly, a deficient level of overall business culture, encompassing financial aspects. It does not enhance the discipline of payments and financial accountability in the relationship between counterparties.

Fourthly,the absence of efficient methods and financial risk management systems for crisis prevention.

Fifth, to determine the ratio of the distribution of net profit between dividends and investments. There are certain contradictions between these directions of profit use.

Decisions in the field of financial management of a modern corporation are justified by conclusions and recommendations corresponding to modern achievements of science and practice of corporate governance and corporate finance [11].

Failure to properly control financial flows can even lead to inefficient operation of the enterprise, a decrease in income and an increase in losses. Financial managing helps not only to avoid such problems, but also to achieve stable growth and an increase in income.

4. Methodological features of corporate finance

In Economics, Corporate Finance refers to a system of economic connections that emerge during the creation, distribution, and utilization of cash generated by the financial and economic operations of corporate entities, sometimes referred to as Corporation Finance.

Corporate finance is Dual in nature. On the one hand, they are represented by the financial resources at the disposal of corporate structures, on the other hand by the financial relations that the corporation enters into.

The principle in theory is the basic, initial position of any doctrine, a particular science, as well as the researcher's belief in something, the norm or rule of his thinking and social activity. The methodological principle is the normative coordinate of the methodological paradigm or a value indicator that allows you not to get lost in spaces and see strategic goals [12].

The methodological features of corporate finance in business entities are as follows: multifunctionality of the control mechanism, it performs functions such as prediction, Planning, Organization, accounting, control, analysis and regulation; multi-level management system, it consists of three levels: macroeconomic, microeconomic environment and internal environment of the corporation; focusing on balancing financial resources, the system is aimed at balancing the financial resources of the corporation in time and areas of activity; the use of different control methods these include balance, matrix, normative and control methods; application of financial policy, it is a system of views of owners, investors and leadership to achieve the tactical and strategic goals of financial and economic activity; the use of the principles of the organization of finance, these include economic independence, self-financing, material interest, material responsibility, provision of financial reserves; to carry out distribution and management functions, the distribution function is to distribute the financial resources of the enterprise in order to fulfill monetary obligations, and the control function is to control the results of the operational and investment activities of the enterprise.

The essence of corporate finance and the principles of their organization are considered. A description of the corporate financial management system is given, its goals, objectives and functions are described. The definition of the financial policy of the company is given [13].

Methodological foundations are the fundamental principles, methods, and approaches that are used in scientific research. They define the logic and structure of the work, as well as help establish a link between theory and practice. As a rule, the methodological framework includes the chosen approach to the study of the research object, the methods used to collect data, analyze information and conclusions.

Methodology in the broadest sense is a mental activity aimed at studying the ways a person transforms reality - the methods of rational actions that must be taken to solve a specific task or achieve a specific goal. The methods are applied in any field of scientific and cognitive activity [14].

5. The corporate finance method

The corporate financing method is a method of raising funds for the development of a company, depending on its needs and capabilities.

Methods of corporate financing:

Capital financing. To raise funds by issuing and selling shares of the company. Shareholders calculate the income in the form of dividends and an increase in the value of shares and put capital in exchange for partial ownership of the company.

Debt financing. Raising funds by issuing debt obligations such as corporate bonds or bank loans. The Company undertakes to pay off the underlying debt for a certain period, along with the agreed interest.

Hybrid financing. Combines elements of capital and debt financing. For example, the issuance of convertible bonds-debt instruments that can be converted into company shares on a predetermined date in the future.

Internal financing. Using company profits to finance projects or expand production.

The tutorial will study the basic concepts of corporate finance, internal and external sources of financing of company activities, the concept of capital structure, maintaining its optimal state; methods for assessing the value of financial assets and the company as a whole, portfolio management are considered [15].

A few more examples of corporate financing methods:

Financial leasing. Take the asset for use in return for periodic payments over a certain period. After the expiration of the contract, the company can purchase the asset.

Venture capital. Financing start-ups and companies in the early stages through venture capital investors who provide capital in exchange for the company's share and are willing to take on the risk associated with the growth and development of the company.

Development trends. In modern conditions, there is a transition from traditional financing methods to more innovative approaches. Companies are increasingly turning to alternative funding sources such as crowdfunding, peer-to-peer lending, and income-based financing. This makes it possible to attract capital more flexibly for business development.

Methods are considered and a classification of methods for planning the interest rate of bonds is proposed. Several groups of methods of such planning have been identified. The analysis of the application of methods of planning the bond interest rate used by enterprises of various national industries is made [16].

6. Scientific solution in corporate finance

This must be done through scientific developments in solving the problems of corporate finance. And it consists in taking into account the following: lack of money for companies, efficient use of resources and the Prevention of bankruptcy. Also, effective management of enterprise finance makes it possible to ensure stable growth and increase income.

It has been proven that the sustainable development of corporate finance depends on their spending on the company and control over their investments [17].

To profit from a scientific solution, it is necessary not only to increase the volume of sales of scientific products, but also to properly control cost price, optimize production processes, and reduce labor and other costs. The following main areas of corporate finance from Table 1 can be used to generate income and solve scientific problems.

Table 1

Scientific solution to corporate finance problems[2].

The main direction	Getting income	Scientific solution
Investment	Making investment decisions	Availability and completeness of information about the investment object, as well as uniformity of its distribution among all participants in the investment process, as one of the most important conditions for influencing the effectiveness of investment decision-making and as a mirror image; one of the most important conditions for influencing the effectiveness of financial decision-making related to the search for sources of financing investments and assessing the optimality and expediency of attracting them.
Dividend	Dividend policy	A company's dividend policy is a set of rules by which profits are distributed among shareholders. The decision on the Dividend policy depends on the financial situation of the company and its long-term goals. Stages of Dividend policy development: assessment of the financial condition of the Joint-Stock Company, the level of development it has achieved and the factors determining the dividend policy; choosing a method of paying dividends based on an assessment of its strengths and weaknesses in terms of its impact on the development of the joint community; Joint-Stock Company; implementation of calculations on options for determining the coefficient of profit distribution; examination of possible legal risks.
Shares for shareholders	Use of securities	When solving issues of managing working capital, it is necessary to distinguish between the concepts of production, financial and operational cycles. A qualified balance between the rational management of assets that do not minimize risks, but the risks caused by the lack of working capital and the increase in working capital. The optimal level of working capital allows you to maximize profit at the optimal level of liquidity and commercial risk. Liquidity management involves planning the adoption and use of resources in order to be able to pay on time under a short-term obligation.
Working capital	Circulating funds management	Circulating funds management is one of the most important functional areas of the business structure management system. The scientific solution in this area includes a system of principles and methods of developing and implementing management decisions related to the formation of working capital at the lowest cost in a necessary and sufficient volume, as well as increasing the effectiveness of its use. It uses the following scientific solutions to manage working capital: utilizing digital technologies and financial technology solutions: application of the principles of the formation of working capital: use of backup management methods: analysis of the effectiveness of the use of current assets: determining the optimal deadlines for the receivable turnover.
Risk assessment	Risk management	Successful completion of scientific and practical research on risk management, maximizing project work, increasing the effectiveness of the impact of positive risks, reducing the likelihood of risks, as well as reducing the impact of negative risks on employees, specialists and management personnel at each enterprise. Now the risks are analyzed in a qualitative and quantitative way:

[2]Source: Developed by the author on the basis of scientific research.

		- qualitative risk analysis is the process of prioritizing individual project risks for further analysis or action, which is carried out by assessing the likelihood of the occurrence and impact of risks, as well as other characteristics. - quantitative risk analysis is the process of numerical analysis of the cumulative impact of identified individual project risks and other sources of uncertainty on the overall goals of the project. The inclusion of the results of a qualitative analysis of risks in the Risk Register, since these processes are carried out during the project. After that, the Risk Register provides detailed information about the individual risks identified in the project. Due to the uncertainty and incompleteness of the information available at the enterprise, the state of objective conditions is proposed, which allows you to foresee the consequences through risk management and scientific and practical research.

Under contemporary circumstances, the evolution of a market economy necessitates the enhancement of Corporate Finance Management efficiency, which underpins the establishment of the national financial system. We determined that ongoing enhancement of digital technologies is essential inside corporate financial management and for addressing other challenges that emerge in management decision-making in corporate finance.

In addition, it is important to note that corporate finance issues are resolved through the company's achieved results.

Reduction of tax deductions. The theoretical and practical basis for reducing tax payments at the enterprise or optimizing taxation is, of course, to obtain an economic effect from minimizing the amount of tax payments, which leads to an increase in the amount of net profit and, as a result, to an increase in the efficiency of the enterprise's. By applying tax incentives at the enterprise, managing can form branches and a limited liability company that are under the control of the enterprise.

One of the most important tasks of tax regulation of the economy of the agro-industrial complex is a harmonious combination of tools used in connection with the establishment of tax obligations [18].

Ultimately, effective management of corporate finance sets the stage for the sustainable economic development of the entire country, since the financial results of the entrepreneurial sector are the main source of the formation of the country's state budget revenues.

7. Conclusions

In conclusion, it can be distinguished that the finances of corporations are based on certain principles that are closely related to the goals and objectives of their financial strategy and tactics. That is, it consists of self-sufficiency and financing, economic independence, planning, flexibility.

Problems that arise in making management decisions in corporate finance. Problems in the field of corporate finance: problems with digitization and economic instability; the emergence of mass cyber threats; obsolescence of Information Systems; insufficient development of the financial sphere compared to other sectors.

One of the constant problems is the indicators of total assets, which means that the number of workers in the enterprise will grow faster than in total assets, that is, labor productivity will decrease. Therefore, the costs of companies grow faster than income, and thus the decrease in the size of profit leads to an increase in the level of harm.

Corporate finance can maximize the net result and minimize marginal costs and thus optimize its financial relationships. In addition, on the basis of this approach, it performs a comprehensive and systematic calculation of factor indicators.

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