

Organizational and economic aspects of managing financial policy, sustainable growth and development of the corporation

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Abstract. An attempt was made to develop recommendations on ways to optimize the organizational and economic mechanism of corporations, including the radio electronic industry. The study is a continuation of the work of Liberova A.A. and Tatarintseva G. on the financial policy of organizations, sustainable economic growth and development of companies in the non-financial sector of the economy. Methods of decomposition and system analysis are applied in the evidentiary part of the study. The hypothesis is based on empirically identified functional features of corporate governance organizational structures by public and non-public joint stock companies. It is about the number, content of functions, authority, corporate responsibility of intra-corporate executive bodies: departments, offices, divisions. Public data is mostly obtained from the Interfax disclosure server. Interfax is an official analytical agency accredited by the Government and the Central Bank of Russia. According to the authors, the building of organizational and managerial structures significantly affects the results of the financial policy of the company and prospects for sustainable development. The authors formulated problems and gave recommendations on optimizing the organizational potential of the economic block for the phased implementation of the financial policy of a large company. Significant attention is paid to the relationship of the organizational mechanism to the success of financial policy in the field of financial planning. The hierarchical structure of organization of strategic planning with the purpose of optimization of financial policy of organizations is offered. The article analyses approaches to building the structure of organizational management of sustainable development. Some results of corporate movement towards sustainable development goals are shown.

1 Introduction

The purpose of this article is to summarize the results of the study of financial strategy, financial policy, sustainable growth and development of organizations of various branches and sectors of the Russian economy. In the process of the study the principle of systemic

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application of economic methods was used. Namely, empirical observation was carried out, facts were collected, economic and organizational aspects of management of financial strategy, financial policy, sustainable development of a number of corporations were studied. The functional components of the financial and economic block, responsible for the formation and implementation of corporate financial policy, have been analyzed. Generalization of data on companies of different branches and sectors of the Russian economy allowed to form a sequence of stages in the formation and monitoring of financial policy of corporations taking into account the type of activity, the size of the company, other factors influencing the financial-financialeconomic activity. The most detailed study was conducted on the basis of the Russian joint-stock company, which is part of the holding's circuit for the development and production of electronic components within the vertically integrated structure of the Corporation with the participation of the state. The purpose of this article is to summarize the results of the study of financial strategy, financial policy, sustainable growth and development of organizations of various branches and sectors of the Russian economy. In the process of the study the principle of systemic application of economic methods was used. Namely, empirical observation was carried out, facts were collected, economic and organizational aspects of management of financial strategy, financial policy, sustainable development of a number of corporations were studied. The functional components of the financial and economic block, responsible for the formation and implementation of corporate financial policy, have been analyzed. Generalization of data on companies of different branches and sectors of the Russian economy allowed to form a sequence of stages in the formation and monitoring of financial policy of corporations taking into account the type of activity, the size of the company, other factors influencing the financial-financialeconomic activity. The most detailed study was conducted on the basis of the Russian joint-stock company, which is part of the holding's circuit for the development and production of electronic components within the vertically integrated structure of the Corporation with the participation of the state. The main activity of the organization is research and development in the field of natural sciences, industry - radio-electronic industry. In the opinion of the authors, the practical use of the results of the study may consist in adjusting the schemes of building the organizational and managerial structure from the point of view of their optimization. In further research it is supposed to develop a method of optimization of blocks of the organizational and economic mechanism for complex solution of problems of management of financial strategy, financial policy and sustainable development of a corporation. All the companies under consideration represent holding structures, the association of several commercial organizations.

2 Materials and Methods

There are some differences between the administrative and corporate structure. The organizational structure is a corporate division of responsibilities, that is, functions, activities. It is necessary to have regulatory documents on the composition and functions of structural units, regulations, instructions, and so on. The administrative structure of management coordinates the mechanism for regulating the activities of the corporation as a whole. It aims to achieve its objectives and strategic goals in the most efficient and effective manner. In the context of the study, the authors considered both the management structure and the organizational structure of companies. The text does not address the financial structure designed to manage the value of a corporation. Data on financial structure in terms of financial responsibility centers are not public information.

Modern structures, especially holding structures, are complex, formalized and tend to be centralized. In theory and in practice, there are several types of organizational structures. The advantages and disadvantages of each type are well known. In Table 1,

on the basis of a sample of a set of large public joint-stock companies (hereinafter referred to in the text - PJSC and JSC) of a number of industries, the current approach to building the organizational structure is indicated. Linear, linear-headquarters and cross-functional systems are generally not used in large corporations. Usually combined with other types of organizational structure.

Table 1. Analysis of corporate organization

Corporate name	Linear(A) Linear- functional (B)	Divisio nal	Matrix	Design room	Comb entined (on Ron Hubbard)
A	1	2	3	4	5=(1+3)
PAO Gazprom					+
PJSC Surgutneftegaz	+B				
PJSC Gazpromneft					+
PJSC Tatneft			+		
PJSC Lukoil	+B				
PJSC MTS		+	+		
PJSC Megaphone		+			
PJSC Abrau-Durso	+A	+			
PJSC Red October	+A	+			
IAOX5-Retail Group	+A	+			
PAO MAGNET	+B				
Russian Railways		+			
PJSC Transcontainer		+			
PAO YUAIR					+
PJSC Aeroflot					+
PJSC LSR Group					
PJSC PIC					
PJSC Nornikel	+B				
PAO RUSAL	+B	+			
AS Zavod Elektrosignal	+A		+		
JSC RUCIP (structure of GK«Rostechology»)	+A		+		
AO Roselectronics (Structure of GC Rostechology)	+B			+	
Research Institute of television (structure of GC «Rostechology»)	+B			+	

Source: compiled by the authors themselves

Data collection showed different approaches to the choice of corporate organization. All types of organizational structures except the matrix and the project refer to a hierarchical bureaucratic view. The organic form includes matrix, design and target structure. Currently, the use is constrained by a number of crisis moments in the economy, the complexity in the coordination of the activities of the companies. It has significant advantages in achieving the company's strategic goals in the direction of sustainable growth and development.

One of the objectives of the study is to show the relationship of existing structures with opportunities and prospects for sustainable growth and development.

In the electronics companies it is recommended to use matrix structure for the control system. At the same time, it is important to maintain vertical linear links in the hierarchical

structure, unity of authority. Additional cross-cutting horizontal links between elements of the system are needed. In the opinion of the authors, the matrix organizational structure is the most rational to use in the companies of the radio electronic industry. In this industry there is a need to develop new complex technical and knowledge-intensive products. We need to follow specific deadlines and to react quickly to new technologies. There are many horizontal relationships, both external and internal. With sufficient funding, an even more efficient and effective type of organizational structure can be described as project type. It has a high degree of flexibility but requires a significant increase in management costs due to the high salaries of highly qualified staff. At the same time, there is overlap, as employees can participate in several projects.

It is interesting to consider the inclusion in the organizational structure of entities involved in decision-making, operational management and monitoring of sustainable development. The sustainable development plan covers economic, environmental, social and management objectives, programmes and activities.

No less important in the assessment of organizational and economic aspects are IR-ratings of companies calculated on the basis of a set of analyzed empirical data.

3 Results

The data in table 1 make it possible to draw a conclusion about the high frequency of selection of linear-functional organizational structure. It is characterized by certain shortcomings, in particular, the lack of the desired level of interconnectivity and horizontal interaction and the excessive structure of vertical interaction. Such an approach is often dictated by current needs. However, it may have a negative impact on the targets for sustainable growth and development of a corporation. The divisional type of structure usually complements the linear and correlates with the holding type of companies. Large holding companies have a significant geography and a wide product range as one of the explanatory factors.

The situation is different for the electronics companies. According to the Expo-Electronica exhibition permanently operating in Russia, about 3000 organizations operate in the industry. More than 500 organizations operate under State control. The rest are privately owned, producing mainly civilian products. At the beginning of 2024, 57 organizations of the radio electronic industry were registered in Saint Petersburg. A significant number of companies are part of the structure of the state corporation «Russian technologies» (hereinafter Corporation). Their choice often falls on the combination of a linear-functional and design organizational structure. The two types of structure may conflict in content and in the opposite effect on economic growth outcomes.

As a result of the analysis of the policy documents of the Corporation in the field of corporate financial management, in particular - planning, the hierarchical structure of strategic planning - the basis of the formation of financial policy of the Corporation organizations, has been determined. The vertically integrated structure of the Corporation itself is represented by three levels of hierarchy: Corporation - Holding companies - Subsidiaries dependent societies. The first (top) level of the strategic planning system is a long-term Development Strategy.

The strategy is formed at the level of the Corporation and Holdings, being, along with the sectoral strategic guidelines, one of the key prerequisites for the formation of financial policy of organizations at the lowest level. The second level of the system is the program of activities formed by each level of the Corporation hierarchy. The programme of activities, taking into account factors of the external and internal environment, as well as indicators of development of the Corporation and its organizations in previous periods, defines priority directions of development and key performance indicators, is the main instrument for the implementation of the Development Strategy. The investment programme, which includes

the main investment projects - the justification of investments aimed at developing the scientific and productive capacity of organizations or achieving other social and economic goals - is singled out as a sub-level. The activity program and investment program are formed for a period of three years with the possibility of annual updating and serve for formation of financial tactics of organizations of the Corporation in the medium term.

The third level is represented by the budgeting system as a tool for short-term (operational) financial planning. At the same time, the higher levels of hierarchy in the financial planning system of the Corporation determine the set and target values of macroeconomic parameters as characterizing the overall environment of activities of organizations (budgetary assumptions, formed at the strategic level on the basis of forecasts of socio-economic development of the country and branches of industry in general) and establishing specific goals and targets for the plan period (budgetary guidelines formed at the tactical level).

The hierarchical system of strategic planning of the Corporation continues to develop and improve from the standpoint of interconnection of plans simultaneously with changes in the external environment. Thus, until 2023, the budget guidelines were communicated by the upper levels of the management structure as a directive based on the provisions of the corporate and holding strategy, but without taking into account the historical analysis of economic activity, traditions of business turnover and industry specifics of subsidiaries. For example, the target unit for the share of civilian products in revenue was set at about 40% for all companies in the circuit of the holding for the development and production of electronic components. While a number of companies in the Russian electronics industry have traditionally focused mainly on the production of military-grade products, the share of which can account for about 90% of the agreed revenues.

The approach often resulted in the unrealistic budget and the need to revise it, which was negatively assessed by the controlling bodies of the holding companies and the Corporation. In addition, the Corporation provides for administrative action against senior management of organizations in the event of systematic (more than two consecutive) significant budget defaults against key indicators. A significant failure to comply with the plan on revenue, profit from sales, net profit of less than 85%.

As part of the current budget campaign, the budget guidelines for the key financial indicators for the organizations reviewed in this study holdings are formed on the basis of the Programs of activities of the organizations, which better ensures consistency between strategic objectives and tactics. Also, as part of the development of the Corporation's budget system, the budget planning horizon has been extended to three years (with annual updates) as the number of long-term contracts in its organizations has increased which also ensures synchronization with the Programme of activities in the medium term. Further decomposition of the vertical integration to the level of the organizational structure of a particular company implies a decomposition of the planning system for the implementation of operational management and control functions in the internal circuit.

Since the budget in the analyzed company is formed «from top down» once in September-October of the year preceding the planning period and is characterized by weak flexibility and control, and also performs limited functions of coordination and motivation, organization of middle management planning (structural scientific, technical and scientific production units with different specializations) on a systematic basis, with possibility of mainstreaming - thematic planning.

Thematic planning is a complex process of formation for the medium and short term of the topic of work (unfinished production and shipment in terms of types of work and areas of specialization) and their resourcing. The plan is drawn up for the year, with the possibility of adjusting to changes in the current and new topics, on the one hand, as well as quarterly analysis and control of the actual costs of work, on the other hand.

It is the basic operational financial planning and control tool for substantive activities, allowing forecasting of revenue, inventories, accounts receivable and payables, estimating and redistributing the workload of units, and contributing to the systematization and simplification of the procedure for establishing financial plans at a higher hierarchical level. The absence of an organized system of internal financial planning and control led to the accumulation of a number of «bottlenecks» in the financial and economic activities of the analyzed company.

In a long-term retrospective with high financial sustainability and a fairly low level of operational risk, the problems of the overall decline in the performance of the organization have been identified. This is due both to the impact of exogenous factors, such as the rise in material prices and the tightening of the regulatory framework for the pricing of special-purpose products, and to the inefficient use of working capital. This is primarily due to the low level of control over the growth in the costs of work-in-progress, which represents a significant share of the company's inventory.

Currently, the cost control function is almost completely transferred to the employees of the financial and economic unit of the company, middle management (division). It has little idea of the extent of deviations from the planned indicators and has no interest in controlling costs or ensuring the timeliness of special-purpose work.

The complexity of financial planning is due to a number of weaknesses inherent in linear organizational structures, such as the dominance of current problems over strategic objectives at both the average and top management levels, the tendency to shift responsibility in the organization of horizontal integration with the participation of several units, increased dependence of work results on personal and business qualities of senior management.

Potential profit centres are not interconnected, are decentralized, horizontal integration is difficult. At the same time, the overloaded management structures responsible for financial planning do not allow them to fully assess income opportunities adequately.

In the organization (the average number of about 600 people) implementation of the financial policy is carried out by the divisions of the financial and economic unit of the highest level, administratively subordinated to the Deputy General Director for Economy and Finance: planning and economic (6 people), financial-contractual (FDO, 8 people) departments, labor organization and wages (OT&E, 2 people), accounting (7 people). Economists of scientific-technical and scientific-production subdivisions (middle level), administratively subordinated to the heads of the respective subdivisions, also take part in the implementation of the financial policy within the limits of a functional, certain job description (15 persons) (Table 2).

Table 2. Functional coverage of the financial policy element

Elements of financial policy	Responsible unit	Functional execution
Steps		
Analysis of technical-economic indicators and results of scientific-technical and financial-economic activity of scientific-technical and scientific-industrial departments and the company as a whole	Planning and Economic Department, (hereinafter referred to as PER)	Partially: at company level, no criteria for evaluating units
Programme development	PEO	Yes: income and expenditure forecast, balance sheet, investment
Investment program development	POD (Finance and Contract Division) OT&3 (Labour Organization and Wages Division) PEO	Part: cash flow forecast Part: Human resources projections Partially: Not functional in Division Regulations; Coordination and economic support of investment projects

		with budgetary financing is under way
Financial planning: - case plan - the bailout plan - Direct cost planning - Overhead planning (budgeting) - Tax planning - Inventory planning (including work in progress) - Planning of accounts receivable and payable - cash flow planning - non-current assets	Structural units, PER Structural unit PEO Structural unit PEO PEO Accounting department Structural unit PEO POD POD PEO	Nay Yes (by subject) Yes (set) Yes (by subject) Yes (set) Yes Yes Partially (NCP by subject) Partially (NCP Code) Yes Yes Partially. No functionality in Office Regulations
Monitoring and control of the financial plan	Structural unit PEO	Nay Partially. limited administrative capacity, no consolidated plan
Instrument		
Budgeting: - organization of the process; - draft budget preparation - preparation of performance reports	PEO PES, POD, OT3 PEO, OOB accounting	Yes Yes Yes
Accounting and reporting	Accounting PEO	Yes: accounting and taxation, regulated reporting, statistical reporting Yes: external and internal management reporting, statistical reporting.
Contract work (financial and economic)	structural units	Yes: agreement on the basic terms of the contract with the legal service, treasury and control. Yes: agreement on price parameters; preparation of tender documents (currently limited). Economic support of investment projects with budget financing.
Price formation	business units PEO	Yes: harmonization of prices for special purpose products with consumers, design of calculation materials for contracts. Yes: harmonization of the company's basic economic regulations for special purpose products.

Source: compiled by authors based on [1. C. 200]

A significant part of the financial policy formulation and implementation function is assigned to the PER with a limited staff. Working on a permanent basis in a multi-tasking mode with intersection of functions and under the strict control of the parent organizations and statistical bodies, the department is overburdened, which negatively affects the quality of its integrated planning, guidance and coordination tasks of the middle-level economic unit.

The improvement of the current financial planning and control system implies the establishment of functional linkages between the different levels of management. It also involves the development of internal horizontal integration, on the one hand. It requires the redistribution of functions within the economic bloc of the top management with the formation of structural links responsible for the implementation of individual stages and the application of instruments of financial policy, on the other hand.

An important role in the organization of the process plays the information software of financial and economic activities, as well as the motivation of units to participate in the formation and execution of the plan through not only the application of sanctions, but also the granting of a degree of autonomy in decision-making, entailing personal responsibility for the result.

Thus, as the study showed, the organizational structure of the company has a significant impact on the performance of the functional planning and budgeting. Planning, in turn, is one of the components of the company's investment and financial policy.

The latest comprehensive rating of organizations of the radio electronic industry, which is in public access, is dated 2019. The study was conducted by JSC «CII «Electronics» together with the magazine «Electronics: Science, Technology, Business» and JSC «BDO Unikon». According to this rating, the electronic industry is one of the drivers of economic growth. The electronic radio industry, despite its historical focus on the defense industry, is gradually adapting to a market economy. As of 2019, it could be argued that the radio electronics industry, previously operating for many decades in a planned economy, was able to overcome the crisis of the late 1990s and early 2000s and learn to develop independently. This was facilitated by the adoption of a number of measures of State support, which made the work of industry organizations more effective. Thus, duplication of competences, loss-making and non-priority assets have been eliminated, and the State has helped the industry to develop a common concept of development. Building of cooperation of defense-industrial complex companies both with state corporations and with small innovative enterprises in the field of creation of civil products, in turn, significantly improved handling and laid the foundation for the transition to a new stage of development of the industry.

That is why it is necessary to regularly monitor the activities of organizations, allowing to identify key achievements of companies and further development vectors.

The link between sustainable growth and development of a corporation with organizational and economic aspects of the activity of corporations is traced to the present moment by the method of point estimation when determining individual IR-ratings. The rating includes the following components: the composition of information and analytical support, its quality, the availability of feedback. For some public joint stock companies participating in the auction at MICEX, this information can be obtained on the site of smart-lab or MICEX website. However, periodic monitoring of most existing joint stock companies is required. This study presents the results of the current IR rating for a number of companies. An example of the rating given to IR by the largest corporation in the non-ferrous metallurgy industry is given initially. (see Table 3). The scores were allocated and compared by the branches, individual PJSC.

Table 3. Rating of IR components of PJSC Nor Nickel smart-lab

Measure number	Assessment performance	Evaluation scores
1	Quality of financial statements	4
2	Investor Presentation	4
3	Presence on smart-lab	1
4	Annual report	5
5	Investor site	5

6	Investor calendar	5
7	Feedback	3
IR - rating	-	3,85

Source: compiled by authors based on data from smart-lab server

Public information on electronic companies is largely limited. However, in the study based on site review of several industry companies attempted to form an individual rating. The rating is closely related to the organizational and economic aspects of financial policy and the level of transparency to inform a wide range of stakeholders.

4 Discussion

Earlier published works of the authors presented data of analysis of financial and economic activity of organizations of various branches of industry of Russia [1].

This study looks at retrospective data from several perspectives. Firstly, from the point of view of assessing internal organizational and economic factors. This aspect broadened the scope of financial policy analysis and sustainable growth [2].

Secondly, the necessity of consolidation of the process of financial planning and formation of thematic plans of structural units and the consolidated plan of the analyzed company has been substantiated. The background was identified by the authors in the early stages of the study [1,3].

Third, the study proposed an additional stage and expanded the set of tools offered earlier in the assessment of financial policy and sustainable growth [4]. Organizational and economic aspects are considered the most important factor of influence on financial activity of companies.

This management approach has a decisive influence on the effectiveness of the components of sustainable growth [5-9].

5 Conclusion

The discussion on the issues discussed in this paper confirms the need for a comprehensive approach to the task of improving the performance of financial policy, sustainable growth and sustainable corporate development.

The system of strategic planning in a vertically integrated structure of a corporation with state participation is a hierarchical structure and includes key elements of financial policy: strategic targeting, tactical detailing of tasks, operational management and control.

In the opinion of the authors, planning demonstrates the closest connection between the financial strategy and financial policy. It is the most important factor influencing the opportunities for sustainable growth and development of the company.

Retrospective analysis of the development of the current organizational and economic support of the system allowed to identify both positive and negative trends.

On the one hand, the consistency of strategic objectives and tactics in the external circuit, on the other hand, the flexibility and control of the system in the internal circuit have been largely achieved. Reaffirms the need for integrated middle-management planning as well as for demand-driven economic and organizational activities. Support the current institutional framework for key sustainable development strategies.

The findings can be taken into account by the top management of organizations when making management decisions in order to improve the organizational and economic mechanism of corporate financial policy as one of the aspects of sustainable development.

Further research in this subject area is promising in the direction of development of algorithms of information and software support of financial management system.

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