

GCPMED 2020

Global Challenges and Prospects of the Modern Economic Development

FINANCE MANAGEMENT OF CORPORATIONS IN CONDITIONS OF INNOVATIVE ECONOMY

A. A. Prosvetova (a)*, K. B. Gerasimov (b), M. V. Kashirina (c)
*Corresponding author

(a) Samara State University of Economics, Soviet Army Str., 141, Samara, Russia, mir.189@yandex.ru

(b) Samara National Research University, Moskovskoye Shosse, 34, Samara, Russia, gerasimov.kb@ssau.ru

(c) Samara State Technical University, branch in Novokuibyshevsk, Mironova Str., 5, Novokuibyshevsk, Russia, mvkvv@yandex.ru

Abstract

For any company, effective management of financial resources, which ensures their proper distribution during the production process, is of particular importance. Of particular importance is strategic management aimed at medium-and long-term goals in managing the corporation's finances. Currently, there is a lot of new information on the development of the innovative economy, as well as the digital economy, so investments in information technology are one of the leading areas of strategic management of the corporations finance. The development of information technologies and the digital sphere significantly affects the financial strategy in two aspects. Firstly, each enterprise should focus on investing significant financial resources in innovative and digital technologies and opportunities for their implementation in practice. Secondly, modern software can significantly simplify the finance management process due to the optimization of the company's financial information processing process. In the article, the author examines theoretical approaches to innovation activity in the field of corporations' finance management, describes the level of digitalization in this area, the main factors influencing Informatization and digitalization, suggests ways to eliminate negative problems and directions for development in the field of corporations' finance management in an innovative economy. The new paradigm of corporations' finance management determines the development and implementation of innovative approaches to improving the company's efficiency in the market. The obtained theoretical knowledge can be converted into new technological solutions and concepts based on theoretical knowledge. The article shows the main results of the research, conclusions and recommendations on corporations' finance management in an innovative economy.

2357-1330 © 2021 Published by European Publisher.

Keywords: Investments, innovations, corporation, finance management, digital economy



This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

In the modern world, the issue of financial management is one of the most relevant and important topics for discussion. Now there are a lot of funds and investment companies, and the banking sector is trying to attract customers' money as much as possible and as often as possible. There are various interesting projects for investing. All this requires a number of financial resources from the corporation. Any corporation that tries to be developed successfully and systematically, conduct its financial activities correctly, and receive a large income, cannot exist without solving financial management issues. If the leadership leaves this issue aside, the firm may deprive itself of a part of the excess profit on free capital. Corporations' finance is a set of monetary relations aimed at improving the company's position. At the same time, they include absolutely any type of income from simple sales of manufactured products to investments. The article focuses on the development of the digital economy in modern conditions, which have a direct impact on the development and implementation of corporate finances of the companies.

Today, innovative developments in the Russian economy appear within the framework of large corporations that are able to direct consolidated resources to financing expensive breakthrough innovative projects and that have a serious research base. The most effective development and implementation of innovations is carried out by large corporations. On the one hand, the large scale of the existing industry and sales is an important condition for accumulating funds for further development of research and developments and ensuring the sustainability of the enterprise during the launch of an innovative product to the market (RIA News, 2011). On the other hand, international corporations are focused on the selection of the potentially most popular market areas and sectors and are able to ensure the timely implementation of research and development results and the creation of high-tech industries.

Analyzing the problems of finance management, we can say that they arise from the foundations of the corporation' activities. Any such corporation exists only in one segment of the market and should manage and deal only with it. The first problem is the production of only specific types of products. If you want to diversify your business, you will have to conduct significant analysis and financial investments to expand your market influence. The second problem is the positioning of corporations in the world as catalysts of changes. With large financial resources, they set the development pace of the economies and the direction of investing, many things depend on decisions of the management company and financial investments. The last and most obvious problem is double taxation. Any corporation is subject to tax on dividends and profits, which significantly limits the final result (Kostorny et al., 2019).

The new paradigm of corporations' finance management determines the development and implementation of innovative approaches to improving the company's efficiency in the market. The obtained theoretical knowledge can be converted into new technological solutions and concepts based on theoretical knowledge. Nowadays the development of new conceptual directions in the corporations' finance management is happening in terms of the global information system development, which is in demand in the digital economy that identifies possibilities for managing tasks in conditions of risks and uncertainty in the environment due to the centralization of functions and the establishment of its new architecture. The architecture includes opportunities for further automation and, if necessary, reformatting of analytical or digital data; new products and technologies for companies; ensuring information security because any information system is an open source data about customers, employees of the company and its

operations, the possibility of updating and verification of the information arrays and their subsequent structuring; using as universal tools in the improvement of the previously developed algorithms (Frolova, 2020). The relevance of this study is determined by a new paradigm of corporations' finance management in conditions of an innovative economy.

2. Problem Statement

The need to ensure innovative digital finance management of corporations and the economy as a whole is becoming an important problem in modern economic conditions. Creating appropriate scientific approaches and practical mechanisms to improve corporations' finance management in an innovative economy is becoming a priority.

Setting the objectives of the presented research has led to the need to adapt the methodology and methods of its implementation, ensuring not only the receiving of representative materials, but also the possibility of their adequate determination. This is due to significant differences in the definition, understanding and application of the categorical and conceptual apparatus for assessing the positions of the subjects under study in relation to the problems under consideration. Specific results are formed on the basis of a meaningful analysis of public speeches, free discussions, free discussions, open documents, and other sources of information. These circumstances determine the methodology, decompositions and aspects of the research conducted by the authors, the results of which are presented as a structured analysis. The author's analytical review of these aspects has shown that the issues of corporate financial management in an innovative economy are insufficiently studied in the scientific literature.

3. Research Questions

The main research questions of this article are:

1. To describe some theoretical and practical aspects of corporations' finance management in modern conditions.
2. To reveal the concept of the broad meaning of innovative transformations in the field of corporate financial management.
3. To define the term "Corporate finance" and to determine their role in the development of the Russian economy in the near future.
4. To identify the role and significance of corporations' finance as a regulator of the market economy.
5. To consider the impact of the innovative economy on corporate financial management in Russia.
6. To determine the effect of digitalization on the finance management of corporations.

4. Purpose of the Study

The main purpose of this article is to study the theoretical aspects of corporate finance management in an innovative economy. This study defines the role and significance of the fact that for any company, effective management of financial resources, which ensures their proper distribution during the production process, is of particular importance. Of particular importance is strategic management aimed at medium- and long-term goals in managing the corporation's finances. The development of information technologies

and the digital sphere significantly affects the financial strategy in two aspects. Firstly, each enterprise should focus on investing significant financial resources in innovative and digital technologies and opportunities for their implementation in practice. Secondly, modern software can significantly simplify the finance management process due to the optimization of the company's financial information processing process. In the modern world, the issue of financial management is one of the most relevant and important topics for discussion. Timely identification, analysis of target impact, and development of a meaningful response to the trends they reflect largely determine the effectiveness of the final result of most innovations in corporations related to finance management. The relevance of this study is determined by a new paradigm of corporations' finance management in conditions of an innovative economy. In this regard, there is a need to analyze the development of a strategy aimed at increasing the fundamental value of the business through the implementation of innovations and the formation of intellectual capital. In addition, it is necessary to determine what is required to ensure innovative development in the field of corporate finance management. To describe a new type of financial management that forms the basis for technological (product and process), organizational and marketing innovations, and at the same time is based on innovative methods of justification and implementation of management decisions.

5. Research Methods

The theoretical and methodological basis of the research is works of domestic and foreign scientists in the field of development of corporate finance management in an innovative economy. Solving the main research issues, the authors used the following methods:

- theoretical methods aimed at analyzing and synthesizing current scientific information;
- diagnostic methods for considering the problems of corporate financial management in modern conditions;
- factor analysis.

To achieve the research goals, the following methods are used:

- method for describing the modern innovative development of the economy;
- logical deduction;
- facts from scientific and professional publications, periodical and non-periodical press;
- the predictive method.

6. Findings

The Russian economy continues to experience the consequences of the global financial crisis and the imposed sectoral sanctions, which leads to changes in investors' expectations and adjustments to their investment strategies (Vovchenko et al., 2019). In the modern world, the issue of financial management is one of the most relevant and important topics for discussion. Now there are a lot of funds and investment companies, and the banking sector is trying to attract customers' money as much as possible and as often as possible. There are various interesting projects for investing. All this requires a number of financial resources from the corporation. Any corporation that tries to be developed successfully and systematically, conduct its financial activities correctly, and receive a large income, cannot exist without solving financial management issues. If the leadership leaves this issue aside, the firm may deprive itself of a part of the

excess profit on free capital. Corporations' finance is a set of monetary relations aimed at improving the company's position. At the same time, they include absolutely any type of income from simple sales of manufactured products to investments. In order to fully consider the features of corporate finance management, it is important to explore the area of building the financial management system itself. It represents the management subsystem in the corporation and has a close relation to other areas. Its main elements are:

1. Development of the corporation's financial strategy and policy, as well as goals setting.
2. Financial planning in all time horizons.
 - 2.1 Investment planning.
 - 2.2 Budgeting.
3. Creating a financial and economic model of the corporation.
4. The corporation carries out the financial analysis every three months.
5. Managing assets and liabilities.
6. Risk management.
7. Tax management.

Another feature of corporate finance management is their close relationship with the entire financial system. Funds are transferred to the company from the financial markets, then invested in various projects, current assets, which are managed by banks and other corporations. The third feature of financial management is its source of management. Everything comes from the management company and the success of the entire corporation depends on its successful activities.

In order to increase competitiveness, Russian corporations will have to move on to building full-fledged innovation ecosystems. In this regard, there are three stages of interaction between Russian business and the innovation sphere. At the beginning of the 2000, companies began to try to establish interaction with science, they learned how to launch innovative projects and to manage them. After the 2008 crisis, the state built development institutions, including non-state ones (for example, SKOLKOVO and IIDF). Over the past 3-4 years, we have been developing a variety of tools for working with innovations: most companies have already adapted to the lack of high growth rates, have optimized costs, and have thought about further development. The business had a need to create new products that would provide sales growth or increase their profitability.

The next step should be the construction of full-fledged innovation ecosystems, because, as world experience shows, without them, large business become uncompetitive. Now in Russia, cooperation between corporations and universities is very actively developing, and digitalization is actively functioning, although in many cases it means only automation of existing business processes, and not the creation of new products and processes. Many companies are now trying to increase the planning horizon and think about creating long-term competitive advantages. Therefore, there is a growing interest in scientific and technological forecasting with a large horizon.

Assessing the potential of using various tools by Russian companies in the next 5-7 years, the greatest return can be obtained from the development of corporate entrepreneurship and knowledge management systems, the creation of joint ventures and alliances by major players, and digitalization. And the effectiveness of accelerators and corporate venture companies will depend on how you can solve the

existing problems of working with them. Innopraktika is a non-governmental development Institute that implements projects aimed at increasing the national human capital, including through the development of structures and mechanisms of the innovative economy.

Digital transformation initiated by the progress of existing technologies, as well as the emergence of new ones, has always been a leading trend in recent years. In addition, each digital skill of the 21st century is explained by a different set of determinants that require unique approaches for its development (van Laar et al., 2019). In modern realities, digital technologies associated with financial controlling tools are becoming an important condition for economic development and a factor in ensuring the financial stability of industrial corporations in the real sector of the economy. In modern conditions, companies must implement not just one tool from the field of digital technologies, but a whole range of integrated digital technologies, products and services. All of them should create additional value for the business – increase the company's turnover, reduce the time for implementing business processes, save resources, increase capitalization, increase profits, and for the client they should create a new value proposition, expand the range of provided services (Slepov, 2020).

Artificial intelligence (AI) today represents more than just a technological innovation for increasing profitability. AI enables traditional brands not only to rebuild their business processes, but also to update their image, while remaining attractive to all categories of their customers in the future. There is nothing wrong with new technologies, they need to be studied and applied, and then professional skills will always remain in demand.

The speed, depth and content of the digitalization process in the corporate sector of the economy depends on a set of internal and external factors. At its basis, the difficulties of the digitalization process depend on the status of the economy and finance in the state, as well as primary corporate structures as business entities. The level of digitalization of the economy in vertically and horizontally economic management remains different and does not yet cover all areas of state, regions and companies management interests. In the process of management, the digital economy as an interconnected, integrated system for collecting, storing, analyzing and exchanging information has not yet developed and is still in its infancy. For example, only by 2025 it is planned to reach 80% of the provision of public services in electronic format.

Among the main problems of corporate finance in the digital economy of Russia are the status of finances in the state and the financial condition of the corporate sector of the economy, financial assurance of transition to the digital economy on the levels of state and corporate control, corporate financial science as one of the digitization basis, aimed at achieving high rates of economic and financial growth.

7. Conclusion

For Russian companies, innovative solutions in the field of financial management became a key role in improving competitiveness. Historically, in domestic business, computerization starts from the most problematic areas, structural units, and then on a company-wide scale. This approach leads to fragmentation of information systems. First, information technologies from different generations are used. Secondly, they serve different functional areas. Data coming from different systems is not consistent with each other. Often the same information is entered into different systems. Therefore, to regulate the financial management of

domestic enterprises and to bring them to a new level, it is necessary to use complex systems. The development of e-commerce in the EAEU space is nowadays an important issue. The formation of today's reality is in the transition of trade to the digital sphere. This process should be carried out according to the most unified, relevant international and general standards and rules (Kocheryaeva, 2019). Due to the rapid development of information technologies at the present stage and the rapid penetration of these technologies into the market environment, one can observe avalanche-like changes in the business environment and relationships between market participants (Glinkina et al., 2020).

The current status of the Russian and global markets and the increased level of competition experienced by Russian companies are characterized by structural changes associated with the development of innovations and their implementation in the practical activities of companies. This is due to the high dynamics of innovative technologies development at both macro and micro levels. The innovative economy has a significant impact on corporate finance management. Corporate finance of companies should include an innovative development strategy and cover investments in innovative infrastructure, as well as in the process of implementing digital technologies. The introduction of innovative technologies can radically change the nature of companies' international activities. The innovative development of all countries and the participation of developing countries in the global innovation economy, in particular, require the development of targeted policy on regulating innovations in modern conditions.

References

- Frolova, V. B. (2020). The impact of digital technologies on the development of corporate financial management. *Russia: Development Trends and Prospects*, 15-1, 375-377.
- Glinkina, O. V., Ganina, S. A., Maslennikova, A. V., Solostina, T. A., & Soloveva, M. V. (2020). Digital changes in the economy: Advanced opportunities for digital innovation. *International Journal of Management*, 11(3), 457-466.
- Kocheryaeva, K.D. (2019). Financial management issues in the digital economy. *Problems of Science*, 5(41), 57-60.
- Kostomy, I. Yu., Shuvalov, M. E., & Berezhnaya, E. V. (2019). Problems and features of corporate finance management in the context of digitalization of the economy. In L.I. Ushvitsky, A.V. Savtsova (Eds.), *Proceedings of the VII-th Annual Scientific and Practical Conference of the North Caucasus Federal University of Teachers, Students and Young Scientists «University Science – 2017»* (pp. 305-306). North Caucasus Federal University.
- RIA News (2011). L.M. Gokhberg: Our goal is to ensure the flow of mass innovations in all sectors. http://ria.ru/strategy2020_analytics/20110411/363215425.html
- Slepov, V. A. (2020). Influence of digital technologies on transformation of corporate finance of companies. <http://sdo.rea.ru/cde/conference/34/file.php?fileId=3>
- van Laar, E., van Deursen, A. J. A. M., van Dijk, J. A. G. M., & de Haan, J. (2019). Determinants of 21st-century digital skills: A large-scale survey among working professionals. *Computers in Human Behavior*, 100, 93-104.
- Vovchenko, N. G., Andreeva, O. V., Orobinsky, A. S., & Sichev, R. A. (2019). Risk control in modeling financial management systems of large corporations in the digital economy. *International Journal of Economics and Business Administration*, 7(1), 3-15.