MAIN PROBLEMS OF OPTIMIZING THE COMPANY’S CAPITAL STRUCTURE AND GLOBAL MODELS

Abstract. Financial management is the process of productive use of financial resources, counting the budgetary relations of the enterprise, the inflow of cash flows, the provision of the required level of capital. Investment decisions are made in the placement of effective financial investments. Financial decisions are intended for decisions on the placement of funds, determining the composition and structure of capital, financing of long-term and short-term resources, the ideal and efficient use of equity and debt capital. In a period of uncertainty and competition in the market, the optimization of the capital of the enterprise, its structure leads to the strengthening of the financial position, and negative financial decisions in the management of the capital structure lead to a slowdown of the enterprise. As a result of compelling capital management of the enterprise includes a combination of all financial, investment and operating cash flows, which has a positive impact on financial development. The role of financial management in the management of capital structure in an important financial mechanism is special. Improving the efficiency of capital structure management is also important in increasing the profitability of capital owners. In the conditions of market development, the study of optimization of financial management of capital in the enterprise and the disclosure of the impact of capital, financial management decisions on the financial activities of domestic enterprises play an important role and remain relevant.

Entrepreneurship financing is aimed at ensuring the efficiency of financial management cash flow and working capital as a form of capital management. Capital structure management is a special system that determines the overall financial situation, cash flows, cash resources, the effective organization of financial relations. One of the areas of management in financial management is capital - the source of funding for the company, ie the liabilities on the balance sheet that bring income. The results of financial analysis are used as an information base for the analysis of the structure, assessment of the use of capital of the enterprise. The role of financial management decisions in managing the capital structure is growing in the development of competition in a market economy. In the current situation, enterprises need to determine the capital, resource potential, solvency in the management of financial decisions. This involves the optimization of financial relations, the capital of the enterprise and its structure, increasing the efficiency of management. If the indicators of the financial situation show profitability, financial success, the capital structure determines the efficient allocation of resources. The study of financial management in the field of capital management, the system of defining and improving the structure of capital is of interest to both financial partners and investors and creditors. The study of optimization of the capital structure of the enterprise is relevant today.

Key words: enterprise, capital, deposit, finance, working capital, fixed assets, income, loss, loss, investment, equity, debt capital.

To determine the optimal investment budget, it is necessary to determine the profitability of the investment opportunities of the enterprise. Depending on the return that exceeds the cost of capital raised to Finance the enterprise, it is necessary to accept all independent projects and reject all other projects, since they could be financed from sources that exceed the internal return on investment, while the net present value will have a negative value. The optimal capital price is determined by the intersection point of the investment opportunity charts and the marginal cost of capital. If they use it as a benchmark for...
evaluating investments in projects with an average level of risk, the appropriate decisions about whether to adopt a project will be correct, and the financial and investment policy will be optimal. When using any other norm, the firm’s capital investment budget will not be optimal [1].

If the company has fewer investment opportunities, the intersection point of the IOS and MSS charts can move to the left and down, and a large number of investment opportunities, on the contrary, move this point to the right and up. Thus, the discount rate applied when forming the budget is affected by all projects as a whole. The strength of the operating mechanism determines the degree of flexibility of the enterprise, depending on the share of fixed costs in the total amount and causing the occurrence of business risk. Increasing fixed expenses by increasing interest on loans in the capital structure will lead to an increase in the result of the financial mechanism.

In turn, the operating mechanism shows the special revenue growth compared to growth in the volume of products sold, increased earnings per share and thereby increase the strength of the financial mechanism. Thus, financial and operational mechanisms will be closely interlinked, reinforcing each other. The level of the combined result of the actions of two mechanisms characterizes the level of joint risk of the enterprise and shows how much percent the income per 1 share changes when the volume of sold substances (income from sold products) changes by 1%.

The combination of a powerful operating mechanism with a strong financial mechanism can be devastating for an enterprise, as business and financial risks multiply, multiplying the adverse effects. The interrelationship of operating and financial mechanisms further exacerbates the negative impact of declining income on net income.

The problem of reducing the overall risk of the enterprise leads to the choice of one of three options:
1) the combination of the weak effect of the operating mechanism with a high level of performance of the financial mechanism;
2) the combination of a low level of performance of the financial mechanism with a strong operating mechanism;
3) a combination of balanced levels of financial and operational mechanisms.

In general, the criterion for choosing any option is the maximum possible exchange rate of the company’s shares in the conditions of minimum risk. This can be achieved through a deal between risk and return.

The choice of a particular financing option is influenced by many objective (market conditions of goods and capital, the internal organization of business processes in the enterprise) and subjective factors (relationships with investors and personal preferences of typical managers) [2-3].

Different methods are used in foreign practice to lay the foundation for the optimization of the capital structure of the enterprise. Figure 1 below shows a diagram of foreign models.

![Foreign models of capital structure](image-url)
The combined level of operational and financial mechanisms for joint-stock companies allows making planned calculations of future earnings per share depending on the planned volume (income) of products sold, which means that the company can directly access the dividend policy.

Evaluating the sources of capital is one of the important criteria for selecting and building its structure. However, decisions regarding the choice of funding sources, despite the significant role of the latter, cannot be based solely on their evaluation criteria. In decisions on the capital structure, there are transactions related to the actual conditions under which an enterprise operates.

In the world practice, the most popular models of capital structure are based on the optimal structure, maximizing the current assessment and offering a choice of sources of financing. If the optimal structure has been determined, then achieving this proportion in the elements of capital should be the main goal of management, and in this proportion it is necessary to increase capital [4-5].

Capital maximization is not a one-time task, but a continuous process, we show the cycle of capital creation as follows (figure 2).

Optimization of the capital structure is a scientifically based system that provides experience of approaches to the goals and principles that characterize the process of building an optimal financial structure for cost management. In modern economic literature, the following criteria are used: increasing the market value of a company, reducing the average mass cost of capital, reducing the amount of risk, increasing the return on capital, and purposeful formation of the composition and structure of capital require important functions.

The creation of quantitative indicators determined by the main factors of the cost of capital will allow us to effectively link current and prospective goals in the development of the company, create a consolidated management system based on the structural structure of these factors, solve issues by creating a system of direct material payments with the rate of the cost of capital (identification, forecasting, control of the main factors in the "sphere of responsibility" of employees). In accordance with this approach, the effectiveness of all financial decisions and decisions on the capital structure is revealed by the company's contribution to the increase in the market price.

A common disadvantage of accounting methods for management decisions is that it draws attention to the previous performance of the company, hence the weak interdependence of the company's value. It is not considered as a target criterion, even if there are no disadvantages in reducing the average weight cost. The purpose of improving the capital structure is to increase the market value, warns of the need to create a modern model of capital structure formation as a cost approach to company management [6-7].

It is important that the process of building an effective capital structure is considered in tactical and strategic aspects. The analysis is performed by increasing the market value intended for strategic purposes. The goal at the current stage reflects the process of growth appearing as income, and provides a combination of long-term and short-term goals for building a capital structure. The special value of the cost of capital - it can be used to determine the contradiction between accounting financial transactions, taking into account the balance of the "return-risk-liquidity" system, you can perform the restrictions and forecasts necessary to implement the efficiency of the capital ratio in financing.
Consider the constraints by creating the following inequalities:

\[ \Delta E \leq \Delta CA \leq \Delta EP \]  

where \( \Delta EP \) – the growth of economic income; \( \Delta CA \) – increase in current assets; \( \Delta E \) – increase in debt capital.

Fulfilling this inequality involves increasing revenue relative to the cost of resources used, reducing the risk of financial stability loss, and achieving an acceptable amount of liquidity. The implementation of the cost method in improving the company’s capital structure involves a system of construction factors based on the criterion, justification for the choice of the value of evaluating performance through market value. The economic value-added model (EVA) has the greatest potential as an analytical tool in managing the cost of capital.

American economists B. Stewart and D. Stern pointed out in their works the features of the value added indicator-EVA. This criterion is a universal indicator for financial analysis in the assessment and management of the company’s value. EVA is a company management tool, the main purpose of which is to form and increase the company's market value. EVA does not necessarily lead to an increase in the value of the company. The decrease in cost with an increase in the value of EVA can occur in the following cases: if the analysis stage increases the EVA, then achieving the priority goal of obtaining a superprofit in the long term; when capital expenditure increases, EVA also increases due to increased risk. EVA – is considered as a criterion that determines the company's managers as an impact on profitability.

As a strategic indicator, the EVA value is proposed, reflecting the present value of the estimated amount of economic value added (EVA), which provides a combination of short – and long-term goals in building the capital structure within the company's value management system, such as MVA-application of market value added, operational indicator.

The influence of the main financial factors on the increase in EVA is as follows: cost formation, capital efficiency, production, investment and financial activities. Earnings before interest for loans and operating taxes are divided into EBIT and taxes. Investment activity is divided into the return on advanced capital and invested capital. We determine our financial performance by searching for the weighted average cost of capital. EVA increases under the influence of the following factors: increased revenue from core operating activities – (EBIT-Tax); increase in return on invested capital( ROIC); decrease in capital expenditures (WACC).

The creation of an effective capital structure should be aimed at achieving a level of average mass value of invested capital that provides a return to the extent necessary for investors, providing a return that is less than the return on capital at efficiency. The amount of the profitability spread allows you to Express an opinion about the size of the formation of EVA: in its desired value, the EVA is formed, and in the negative value there are losses. The value of using the cost model to improve the company's structure is shown in the following table 1.

<table>
<thead>
<tr>
<th>Users</th>
<th>Goals of using</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders/ owners</td>
<td>Assessment of economic value added, the main factors of its construction, increasing the attractiveness of the company for investors</td>
</tr>
<tr>
<td>Top managers</td>
<td>Assessment of economic value added and making management decisions, standards, and plans for the growth of indicators</td>
</tr>
<tr>
<td>Strategic investor</td>
<td>Evaluation of the effective use of equity capital, use in the conditions of consolidation and creation of the company</td>
</tr>
</tbody>
</table>

The main factors that ensure an increase in economic value added are identified. You can see them in the following figure 3. In this figure 3, the factors that affect the cost of capital are divided into three levels. To calculate the return on investment, the General level factors provide income from core activities with an indicator of invested capital. Customer base at the level of Business units, industry performance and operating income. Among the operational factors, there are important factors for making specific decisions by middle and Junior managers [8-11].
As shown in figure 3, the values of the proposed factors affect the cost of capital, so changes in indicators affect the cost of capital. The financial drivers of cost formation are presented in the following table 2.

Table 2 – Economic value added of LLP "NAR" - EVA and weighted average cost of WACC, thousand tenge

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT-net income from taxation</td>
<td>-575</td>
<td>-4625</td>
<td>-1587</td>
</tr>
<tr>
<td>K-capital of the company</td>
<td>797153</td>
<td>826593</td>
<td>753122</td>
</tr>
<tr>
<td>NOPAT-net income after tax</td>
<td>-1784</td>
<td>-6374</td>
<td>-16681</td>
</tr>
<tr>
<td>WACC-weighted average cost of capital, %</td>
<td>1,01%</td>
<td>0,80%</td>
<td>1,24%</td>
</tr>
<tr>
<td>EVA-economic value added</td>
<td>-9835,25</td>
<td>-12986,74</td>
<td>-26019,71</td>
</tr>
</tbody>
</table>

The negative value of the value added indicator of EVA – economic LLP "NAR" in 2017-2019 is an adverse phenomenon. The amount of EVA increases the smaller the WACC value. The lower the WACC value, the more efficient it is. And the larger the size of the EVA indicator, the higher the income owners receive.

Using these indicators, we determine whether the values of LLP "NAR" correspond to the limits that characterize the "profitability-risk-liquidity" balance.

EP-growth of economic income:
- change in pre-tax income in 2018 compared to 2017 (-4625 thousand tenge) - (-575 thousand tenge) = 4050 thousand tenge;
- change in pre-tax income, increase in 2019 compared to 2018 (-1587 thousand tenge) - (-4625 thousand tenge) = 3038 thousand tenge.

ΔCA - growth of current assets:
- increase in 2018 compared to 2017 544946 thousand tenge - 516557 thousand tenge = 28389 thousand tenge;
- The increase in 2019 compared to 2019 is 425207 thousand tenge - 544946 thousand tenge = 119739 thousand tenge.

ΔE - growth of debt capital:
- increase in 2018 compared to 2017 1028520 thousand tenge - 978950 thousand tenge = 49570 thousand tenge;
- The increase in 2019 compared to 2018 is 907329 thousand tenge - 1028520 thousand tenge = -121191 thousand tenge.

In these calculations, we see that in 2017, the borrowed capital was 49570 thousand tenge more than in 2018. The borrowed capital in 2019 compared to 2018 decreased by 121191 thousand tenge. The sum of these changes is shown in the following table 3.
Table 3 – Change of LLP “NAR” to EVA, ΔCA, ΔE, thousand tenge

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic income growth (ΔEP)</td>
<td>-1120</td>
<td>4050</td>
<td>3038</td>
</tr>
<tr>
<td>ΔEVA economic value added growth</td>
<td>-1235.25</td>
<td>-3151.49</td>
<td>-13032.97</td>
</tr>
<tr>
<td>Growth of current assets ΔCA</td>
<td>-13024</td>
<td>28389</td>
<td>119739</td>
</tr>
<tr>
<td>Growth of debt capital (ΔE)</td>
<td>816670</td>
<td>49570</td>
<td>-121191</td>
</tr>
</tbody>
</table>

Determine compliance with the constraints ΔEVA>ΔCA>ΔE, which characterize the balance of "return-risk-liquidity":

In 2017: ΔEVA = -1235.25 thousand tenge; ΔCA = -13024 thousand tenge; ΔE = 816670 thousand tenge. Then check that ΔEVA>ΔCA>ΔE conforms to the restrictions:
(-1235.25 thousand tenge) > (-13024 thousand tenge) < 816670 thousand tenge

The contract was not fulfilled.

In 2018: ΔEVA = -3151.49 thousand tenge; ΔCA = 28389 thousand tenge; ΔE = 49570 thousand tenge. Checking the implementation of the inequality: (-3151.49 thousand tenge) < 28389 thousand tenge < 49570 thousand tenge; the condition is fulfilled.

In 2019: ΔEVA = -13032.97 thousand tenge; ΔCA = 119739 thousand tenge; ΔE = -121191 thousand tenge. Checking the implementation of the inequality: (-13032.97 thousand tenge) < 119739 thousand tenge > -121191 thousand tenge; the condition is not fulfilled.

The results of the verification of compliance with this condition can also be shown in table 4. The correspondence of the ΔEVA>ΔCA>ΔE limits can be seen in the table below:

Table 4 – Compliance of the balance "Return-risk-liquidity" for 2017-2019 with the limits ΔEVA>ΔCA>ΔE, in thousands of tenge

<table>
<thead>
<tr>
<th>Indicators</th>
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<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic value added (ΔEVA)</td>
<td>-1235.25</td>
<td>-3151.49</td>
<td>-13032.97</td>
</tr>
<tr>
<td>Current asset growth (ΔCA)</td>
<td>-13024</td>
<td>28389</td>
<td>119739</td>
</tr>
<tr>
<td>Debt capital growth (ΔE)</td>
<td>816670</td>
<td>49570</td>
<td>-121191</td>
</tr>
<tr>
<td>ΔEVA&gt;ΔCA&gt;ΔE conformity to the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>constraint (ΔEVA)</td>
<td>(-1235.25 thousand tenge)</td>
<td>(-3151.49 thousand tenge)</td>
<td>(-13032.97 thousand tenge)</td>
</tr>
<tr>
<td>&gt; (ΔCA)</td>
<td>&gt; (-13024 thousand tenge)</td>
<td>&lt; 28389 thousand tenge</td>
<td>&lt; 119739 thousand tenge</td>
</tr>
<tr>
<td>&lt; (ΔE)</td>
<td>&lt; 816670 thousand tenge</td>
<td>&lt; 49570 thousand tenge</td>
<td>&gt; -121191 thousand tenge</td>
</tr>
</tbody>
</table>

As can be seen from table 4, the limit on the balance of "return-risk-liquidity" of NAR LLP ΔEVA>ΔCA>ΔE was fulfilled in 2018, and in 2017 and 2019 the inequality condition was not fulfilled. The indicators of economic value added (ΔEVA), current asset growth (ΔCA), debt capital growth (ΔE) are very closely linked. Because as the debt capital increases, the level of risk increases and the level of liquidity of the enterprise decreases.

Non-fulfillment of NAR LLP's "return-risk-liquidity" balance indicates that the reason for non-compliance with ΔEVA>ΔCA>ΔE restrictions is due to the high share of debt in liabilities and increased risk. It is important to keep in mind that there are risks in optimizing the capital structure. An entity incurs risks in the course of its operations, both as a result of its operating activities and as a result of its financial activities. Therefore, when losing liquidity, a new issue in the company should not forget about financial stability, including the emergence of financial dependence. And this reduction of financial dependence, liquidity is likely to lead to bankruptcy in the future. Therefore, from the point of view of practical financial management, the task of the financial manager should not only manage capital, but also to find the right ratio of equity and debt capital, reduce the weighted average cost of capital - WACC, as well as avoid financial dependence and strengthen financial stability. Effective use of capital structure will lead to rapid development and successful results in the future [12-14].

In general, summarizing the analysis and research related to the optimization of the capital structure of NAR LLP, which we took as an example, it was determined that the optimization of the capital structure is important for each entity. There are several ways to optimize the capital structure: increase the market value, reduce the weighted average cost of capital, reduce the level of financial risks, increase
Determining the optimization of the capital structure is carried out by quantitative and qualitative indicators. The optimal capital structure determines the capital formation of the enterprise with the elements of capital and investments in assets. Quantitative indicators are determined by the protection of the interests of shareholders. Indicates the risk of qualitative indicators, financial risks.

Of course, the problems with the capital structure of a non-financial company have not diminished. The company, which received a reference point in the form of a combination of priority sources of funding, will have to solve new problems. The next step in the analysis is to determine the best way to adjust the actual structure to the optimal structure in accordance with the goals of the movement, taking into account the analysis of available market instruments. Empirical study of the factors influencing the financial decisions of Russian joint stock companies will improve the understanding of current problems and solutions, as well as provide a fundamental basis for planning the capital structure of domestic companies, along with theoretical recommendations [16].

In addition, the company’s transition to a cost management system requires the identification of cost drivers (factors). Valuable drivers in a cost management system are used both to set target indicators and to evaluate performance. Capital value determinants must create value and be communicated to all levels of the organization. Cost formation factors should be identified as target indicators and measured on financial and operational indicators. The level of efficiency achieved in determining the value of capital should increase both in the long run.

In conclusion, the lack of universal methods and recommendations that allow to make optimal decisions on the structure of capital, forces managers to follow the rules and practices developed in this case, depending on the factors accepted and individual views on their essence. The results of the study show that, in addition to the cost of the source of funding, the most important factors that managers consider when creating a capital structure are management flexibility, risk, expected returns and their variability, business control and time spent on operations.
Қорытпайылығы және табыс өркенді. Кәсіпорын капиталының колдану жеңілдігін багалау, курылымын талдаудың акпараттық базасы ретінде колданылатын каржылық талдаудың иштері бөлінеді. Нарықтык экономикада басқару мақсатындағы қорытпайылық жерлері, ресурстардың әрекетіне, төп кәсіперлердің әрекетін анықтауы шарт. Бұл қорытпайылық қатынасты, кәсіпорын қалпының және қорытпайылық оңайлығының әрекетін анықтауы. Қорытпайылық менеджментінің қорытындылары өздерінің қорытпайылық оңайлығын зерттеу, капиталдың қызметін өндіре ажырау үшін құрылымдағы ғұрнықтарды қолданады. Қорытпайылық менеджментінің қорытындылары өздерінің қорытпайылық оңайлығын зерттеу, капиталдың қызметін өндіре ажырау үшін құрылымдағы ғұрнықтарды қолданады. Қорытпайылық менеджментінің қорытындылары өздерінің қорытпайылық оңайлығын зерттеу, капиталдың қызметін өндіре ажырау үшін құрылымдағы ғұрнықтарды қолданады. Қорытпайылық менеджментінің қорытындылары өздерінің қорытпайылық оңайлығын зерттеу, капиталдың қызметін өндіре ажырау үшін құрылымдағы ғұрнықтарды қолданады.
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