

Forecasting and bankruptcy diagnostics in the context of globalization

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Annotation

This article examines the prediction and diagnosis of bankruptcy in today's globalized world. It discloses the nature of the process of forecasting and diagnosis steps to prevent any crisis situation. Diagnosis is the definition of the status of the object, phenomenon or process management through the implementation of complex research procedures, identifies weak links in them and "bottlenecks" [1]. Diagnosis is a process that is carried out in time and space. We consider the diagnosis as a process that takes place in two stages: the establishment of facility supplies to a particular class or group of objects; identify differences diagnosed object from the objects of its class by comparing its actual parameters with the basic (normative).

The first diagnostic step is carried out a qualitative identification of the object. The second step is a quantitative assessment of the object, which determines the actual parameters of the object and their deviations from the basic (standard) values.

Keywords: prediction, diagnosis, failure, globalization, economics, methods, research

INTRODUCTION

In conditions of market relations, the presence of competition and the event sometimes unpredictable situations of financial and economic activity of the enterprise is impossible without risks. The appearance of the risks associated with the very essence of market relations, which are always fraught with uncertainty achieve business outcomes. On the one hand, the risk is the risk of occurrence of unpredictable and undesirable business entity consequences of the actions, which ultimately can lead the company to collapse on the other hand, the risk is a stimulating factor for the development of entrepreneurial sectors of the economy and allows each subject to take up positions in the a management area in which the degree of risk meets its inclinations and personal qualities.

In any company, there are risks associated with its production and financial activities, but the most dangerous of these is the risk of bankruptcy, since its occurrence, the company loses the possibility of further operation in the future, as a rule, goes bankrupt, which, in turn, adversely affects the economy as a whole. Therefore, the evaluation and prediction of the risk of

bankruptcy in order to prevent the financial collapse of the company becomes apparent.

Estimation and forecasting of insolvency and the probability of bankruptcy are of interest not only to the shareholders, creditors, suppliers, customers and others in selecting the most reliable and prospective business partners, but also for their own self-esteem, which allows earlier recognize the signs of deterioration of the situation, identify the causes, respond quickly to them and are more likely to avoid or reduce the risk of bankruptcy through the timely adoption of appropriate measures to bring the company out of insolvency status.

In this case, risk managers need the method of diagnosis of risk of bankruptcy, which can be used to identify, assess and predict the probability of bankruptcy of the analyzed company.

Economic development and the most stable countries in the world have long been engaged in the solution of this problem. The main direction of development is the prevention of bankruptcy.

At present, these countries developed large number of programs to determine the risk of insolvency (bankruptcy) of an enterprise.

Thus, the problem of preventing failures and to develop a comprehensive methodology for assessing and predicting the risk of bankruptcy is very relevant for economic science and practice, which determined the choice of topics and areas of research articles.

The problems of diagnostics of bankruptcy and on the financial recovery of insolvent companies following the scientists turned to their works:

S. G. Belyaev, I. Y. Belyaeva, A. B. Varvarin, A. P. Grads, M. G. Delyagin, O. V. Efimova, O. P. Zaitsev, G. P. Ivanov, V. N. Kazakov, V. Kovalev, S. E. Cowan, V. I. Koshkin, N. M. Kreynin, E. A. Mizikovskiy, T. Y. Morozov, V. T. Rodionova A. N. Ryakhovskaya, P. C. Saifullin, E. S. Stoyanova, E. A. Utkin, M. A. Fedotova, A. N. Chorin, A. D. Sheremet and others.

Among the foreign scientists this issue can be identified by E. Altman, W. Beaver bankruptcy diagnosis and prediction problems are among the few studied in the domestic economic and management science. However, the current diagnosis and bankruptcy forecasting demand practice of the majority of domestic companies.

For top management and owners of the organization diagnostics is a means of obtaining reliable information about the quality of real opportunities for the organization in the early stages of the economic crisis and a basis for the introduction of specific methods and management mechanisms. Based on the results of diagnostic and preventive study of various aspects of the organization, managers and owners have an opportunity to begin to develop a crisis management model reflective of their organization. [2] Diagnosis is at the same time and the current evaluation of the reliability of financial accounting and reporting framework for the extension of the laws of hypotheses and possible unstable financial and economic situation. Diagnostics include cause-and-effect relationships in the dysfunctions of management, and then move on to the construction of explanatory and predictive models of functioning and development of the organization, while promoting the prevention of its bankruptcy.

Diagnostics and forecasting of bankruptcy in the organization are interlinked and mutually reinforcing processes. On the one hand, forecasts of the probability of a crisis are based on data from diagnostic company status at specific times. On the other hand, the predicted values of the parameters of organization are the basis for the diagnosis of the bankruptcy in the future.

METHODS

Diagnosis methods can be divided into: analytical, expert, linear and dynamic programming, mathematical modeling, and others. The most commonly used in the diagnosis of bankruptcy multivariate mathematical model.

DISCUSSION

One of the most important factors in the diagnosis of bankruptcy is the time factor. It defines the nature of the diagnosis. Typically, the diagnosis of crises covers not only the static values of parameters, and change their state within a certain time period.

In order to identify the organization in bankruptcy, not spending at the same time a detailed study of the financial and economic parameters, to discover the "sore spots" and identify areas for in-depth analysis, it is necessary to conduct a rapid analysis (diagnosis). The purpose of this analysis: determine the overall picture of the organization and in the shortest time to forecast the possibility of bankruptcy, or to determine the severity of the crisis, if it has already occurred. Data of this analysis is preliminary, but the findings are of probabilistic nature.

The concept of rapid diagnosis of bankruptcy is a comparison of several indicators calculated with the regulations or with specified restrictions that make it time-consuming, moving from the worst state to a lighter stage of the crisis, to determine the status of the organization. If the indicator is better regulatory, calculated on the next turn. If the value of the index is equal to or worse than the normative, the previously stated the state, which is currently defined. After such a diagnosis should be a precise definition of the stage of bankruptcy and advanced a detailed performance analysis.

Foreign and domestic methods of forecasting and diagnosis of crises can be divided into two groups:

- 1) quantitative methods;
- 2) qualitative methods.

Quantitative techniques. In the domestic and foreign literature offers a variety of quantitative methods and mathematical models of bankruptcy diagnostics company. In practice, foreign firms for the diagnosis of the threat of bankruptcy the most frequently used models of E. Altman, W. Beaver [3] Taffler and others. But, as noted by many experts [4], a simple transfer of foreign models for domestic organization does not bring the desired effect. So have been proposed various ways of adapting foreign models (in particular, «Z-account" E. Altman and two-factor mathematical model), as well as developed new methods of diagnostics of bankruptcy, intended for domestic organizations (eg, methods of Zaitseva, R. S. Saifullina, Kadykova G. G.) [5].

For the diagnosis and prognosis of bankruptcy usually applied discriminant analysis, which is a multivariate statistical prediction method using a set of economic indicators. Any method of diagnosis of the crisis includes several (usually 2-7) of the key indicators characterizing the financial condition diagnosed organization.

Then, on the basis of a comprehensive indicator is calculated the probability of a crisis with weights at its constituent indicators which subsequently compared with the standard value.

Any bankruptcy diagnostic technique should allow to predict the occurrence of this situation, the organization in advance of the appearance of visible signs of bankruptcy in order to prevent or mitigate a possible bankruptcy.

Two-factor model is one of the simplest models of prediction and diagnosis of bankruptcy, based on two key indicators (current liquidity ratio (CPL) and the index of deleveraging (CFO)), which determine the probability of bankruptcy of the organization.

These figures are multiplied by the weighting coefficient values found by statistical analysis of the Western practice, and the results are added to the constant (const), also received the same (experimental statistics) method [6]:

An alternative quantitative diagnostic models are qualitative methods of forecasting and diagnosis of bankruptcy. Such techniques have advantages (orientation is not on one criterion, and a whole set of criteria) and disadvantages (provided multicriteriality problem raises the question of its subjectivity, and the criteria calculated values are more a matter of information for reflection, rather than incentives to take immediate decisions).

As an example, bankruptcy prediction method of analysis of financial flows. This method makes it possible to set the timing and amount of required loan funds, to evaluate the feasibility of the loan. Here we consider four groups of indicators: income, payments of the balance, the balance on an accrual basis (the availability of funds in the current account). Analysis of existing bankruptcy diagnostic techniques showed that domestic organizations their use is ineffective due to the following reasons:

- 1) Almost all the techniques allow for diagnosis only at the stages of acute and chronic crises and do not take

into account the need for diagnosis and recognition of the crisis on the stage of the hidden crisis.

- 2) Foreign diagnostic techniques are as weights calculated on the basis of Western analytical data that does not correspond to current economic conditions in Kazakhstan.
- 3) The lack of statistical data on bankrupt entities does not allow to adjust the methodology set out above, taking into account the current conditions.
- 4) The foreign techniques is not considered a number of important indicators for the domestic economy, such as the proportion of the cash component of revenue.
- 5) Almost all of these models do not take into account the dynamics of the calculated parameters.
- 6) The above-described high-quality models are subjective, diagnostic results obtained in the course of their use, are advisory in nature.

CONCLUSION

The problem of estimation and forecasting of bankruptcy in the modern economy is extremely relevant, both abroad and in our country.

Application of bankruptcy forecasting models developed by foreign scientists in Kazakhstan conditions usually produce a distorted result, since the conditions of functioning of domestic enterprises is often different from the West.

Therefore, the need to develop a comprehensive methodology for assessing and predicting the risk of bankruptcy that allows you to diagnose signs of deterioration in the financial situation, identify their causes, to respond quickly to them and are more likely to avoid or reduce the probability of bankruptcy through the timely adoption of appropriate measures to bring the company from the insolvent state, very obvious.

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