

CASH MANAGEMENT IN MAINTAINING LIQUIDITY IN AN ENTERPRISE

Jacek Stasiak¹

¹ Ph.D., Associate Profesor, „Herbrand” Centrum Medyczne NZOZ w Aleksandrowie Łódzkim
e-mail: jacek_stasiak@interia.pl

Abstract: In view of the essence and timeliness of liquidity, as the purpose of this article is an attempt to evaluate the financial condition of the enterprise from the financial result, as well as to analyze the available issues on this level, so that it is possible to present theory with practice in a joint cooperation.

Keywords: cash management, financial condition, market value, income maximization, liquidity.

1. Introduction

One of the key areas for assessing the financial condition of a given enterprise, right next to profitability, but also debt and efficiency of operation undeniably remains liquidity, which in its essence indicates the broadly understood ability of the enterprise, among other things, to pay all current obligations on time. With a broader time horizon in mind, the goal of an enterprise may be to increase its market value, but also to increase its assets, or at least to increase its market share, or to maximize its owners' income at the same time with a fixed level of risk. Therefore, the business entity should generate such financial resources during its activities that will be considered sufficient to pay all its own liabilities on an ongoing basis.

2. Realized objectives of economic activity in a market economy

The concept of enterprise is a term often used in the 21st century. This is because this field currently has a strong dynamic. Companies are very popular these days. The provisions of the Civil Code in the wording of Article 55 indicate that the concept in question is an organized

and synchronous set of intangible elements and elements of a material nature, which, in principle, still serve to carry out activities with economic characteristics [12, art. 55].

The wording of the Law of March 6, 2018. The Entrepreneurs' Law defines the concept of business activity as an organized profit-making activity conducted entirely on one's own account and on a continuous basis [24].

In another document of legal stature, commonly known as the European Commission Regulation with the assigned number 364, dated February 25, 2004 are the definitions of these small and medium-sized enterprises. According to these regulations, an entrepreneur is an entity that performs activities of an economic nature, regardless of legal form. Able to identify certain types of companies, divided into enterprises:

- medium-sized,
- small,
- microenterprises [Bielawska, Łukasik, 2013, p. 19].

Working on this topic, and exploring the present considerations, it is necessary to first focus on all companies with small capital and employment, so that market share can be clearly determined. One of the basic principles is that they remain completely independent of others. In addition, we can distinguish the division of the company by share structure, as shown in the figure below:

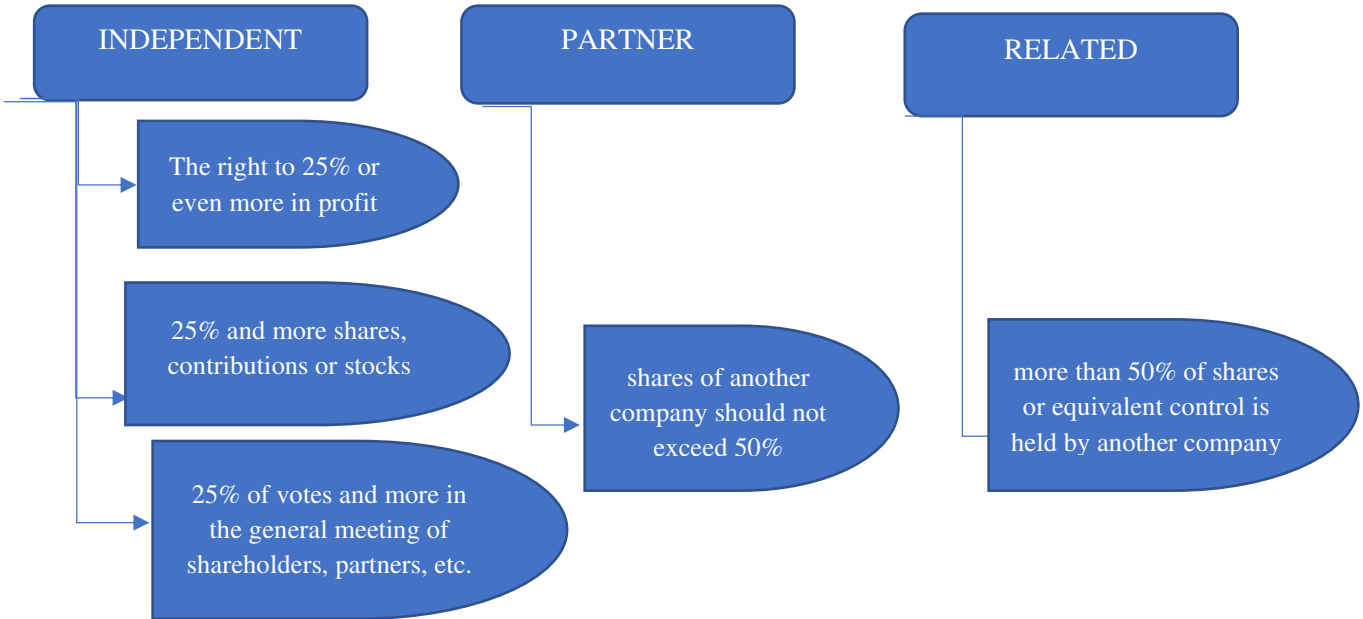


Figure 1. Classification of an enterprise by shareholding structure

Source: https://mfiles.pl/pl/index.php_przedsiębiorstwa, accessed December 18, 2021.

Given the data presented, it should be emphasized that businesses are an incredibly substantive pillar of the national economy. They form a wide spectrum to choose from, which operates and lives on a specific plane. Thus, it can be divided by size, number of employees, annual income and shareholding structure [Daszkiewicz, 2004, p. 21]. Companies are characterized by the pursuit of expected profits, as well as continuous growth and maintenance of market attitude [Marciniak, 1999, p.221].

Issues related to the administration of the company is a demanding field and therefore requires knowledge in this area, as well as relevant professional training, which has a significant impact on productive leadership in the corporate structure. The literature indicates that the advantages of Polish entrepreneurs lie in their relatively decent qualifications, while the main weakness lies in hidden gaps in management skills in the field of management practice [Bławat, 2003, p.121]. The table presented below reflects information relating to strategic dissimilarities:

Table 1. New-critical dissimilarities on the management plane in the context of different enterprise segments

Description	Small and medium-sized enterprises	Large enterprises
Management system		
Management functions	performs owner, entrepreneur	usually managers
Knowledge	often insufficient	reliable and constantly deepened
Information system	insufficient	extensive
The role of planning	sufficient	very high importance
The importance of intuition	very large	negligible
Organization		
Type of structure	functional	diverse
Transmission of information	short and direct	long and formalized
Guidance and control of commands	in direct contact	formalized message
Managerial authority	communicated to a limited extent	communicated in a wide range

Degree of formalization of tasks	low	high
Group decision-making	occurrence very rare	occurs frequently
Flexibility of the organizational structure	high	low

Source: M. Matejun, *Managing a small and medium-sized company in theory and exercises*, Difin Publishing House, Warsaw 2012, p. 31.

Empiries gained over the years by other countries [Matejun, 2012p. 33], considered highly developed, show that the small business sector plays a huge role and function in the modern world. This manifests itself in particular in economic development, but also in employment issues. These small and also medium-sized enterprises are considered a kind of stimulating the development of the economy [Drygas, Grabowska, 2010, p.518]. The current SME sector is characterized by a dynamic approach to the environment and environment. There is a widespread opinion that companies of this type and industry are able to respond quickly and effectively to the ever-changing needs and preferences of their potential customers. In addition, they are characterized by reliable information about the current market situation. SME companies, thanks to their presence in market niches, but also in markets with much smaller potential, have contributed to the continuous improvement of performance in the context of the entire economic scene [Drygas, Grabowska, 2010, p.7].

The SME sector is also an important source in the fight against unemployment. At this level, the extremely important professional activation of the population takes place where the degree of industrialization is lowest. Thus, development at this level becomes an important means of offsetting any changes leading to the economic development of large cities and the poorest regions. Micro, small and medium-sized enterprises operating in this category actively contribute to the potential development aspects of the local community. It is a kind of generator that serves to solve many problems that manifest themselves at the economic, social and economic levels [Skowronek-Mielcarek, 2003, p. 6].

The semantic reality of the business field under discussion is very good. This is influenced by both micro and macroeconomic factors. The discussed sector of small and medium-sized enterprises creates a specific model of development in the socio-economic context. They have a genuine influence on every part of the economy, as well as on the actors actively participating in them, or on the soaring values of individual macroeconomic criteria. In addition, they reserve the right to influence any changes occurring in the local market [Bera, 2010].

The business sector in question significantly promotes the creation of innovative and sustainable jobs, resulting in both structural evolutions and stimulating innovation. A strong correlation can also be seen in the case of world economics on this plane. Against the background of the European Union, Poland currently ranks 6th in terms of the number of companies:

- Italy,
- France,
- Spain,
- Germany,
- United Kingdom,
- Poland [18, p.13].

In addition, it should be noted that the indicator of economic growth is quantity. In Poland, PARP's 2019 report shows that the share has swelled to 73.6%, while the mere participation of the district in question is 50% [23]. Interestingly, the participation of the business sector analyzed in the context of GDP has increased tenfold in recent years. An equally important additional aspect is the fact that the number of employees in the structure of companies has steadily increased. Thus, the SME sector is characterized by a lower level of unemployment, but also greater incentives for employment in large companies [Skowronek-Melcarek, 2003, p.89].

The preferred components of success can be identified as a specific type of resource, as well as the range of skills in which a company is likely to invest and the associated costs. The basic elements of success also lie in the capital that remains at the companies' disposal. In this regard, a successful model distinguishes four types of capital:

- 1) technological,
- 2) financial,
- 3) intellectual,
- 4) cultural.

To achieve the desired success, it is extremely important to meet all emerging requirements. Technological advancement is one of the best examples and evidence of this. Employees take advantage of all the innovative solutions achievable in the marketplaces in the area of acquiring, maintaining and then developing important relationships with customers and

also suppliers as well as customers. This becomes possible with the full use of information technology [Zalewski, Skawińska, 2016, p. 22].

Relationships, which are essentially intangible resources, are the glue for the co-creation of relational capital, and this in partnership with capital and technological assets predestines the realization of a number of innovative projects, new technologies, processes and products [Zalewski, Skawińska, Brzęczek, 2011, p.242].

3. Risk consideration in complex business operations

Every company must be aware of the risks associated with most stages of performing all operations. The likely sources of risk lie, among other things in the lack of complete and certain information. Unfortunately, undisclosed risk is a phenomenon permanently recognized in the activities of every company, but both the scope and impact of this issue vary greatly. The risk mentioned here is that risks cannot be completely eliminated, but they can be recognized so that they can be managed in the most appropriate way. The risks discussed are closely related to the unpredictability of potentially dangerous events or the consequences of decisions made. Business risks, on the other hand, can be defined as a specific type of risk resulting from the inability to achieve the original objective [Dominiak, 2005, p.25]. The above concept of risk is also linked to a number of related concepts, including uncertainty and the possibility of loss. Uncertainty refers to the range of non-excludable events that have a not inconsiderable suggestion on the considerations of the with the company's performance in the market, and exposure to loss is one aspect of determining uncertainty [Kaczmarek, 2008, p.10].

The risk discussed today is a universal phenomenon that occurs in many ways. It is simply the high probability of a completely different situation than expected. In addition, it also applies to the information gap associated with the achievement of objectives [Iwanicz-Drozdowska, 2005, p.15].

Risk in relation to the business activity under consideration can be viewed in two ways:

- 1) in the category of the possibility of not achieving the expected result,
- 2) in the aspect of an opportunity, providing the possibility of obtaining a result distinguishable from the expected [Jajuga, 2009, p.13].

Basically, risk is a combination of many factors, both internal and external, aimed at influencing all decision-making processes in the company [Maśloch, 2005, p.46].

The concept of risk also determines the meaning of several other closely related concepts
The risk profile of an enterprise includes:

- 1) categories of risk,

- 2) risk factors, significantly included in the individual ideas,
- 3) gradations of exposure to particular risk motives,
- 4) suggestion of identified risk stimuli on the operation of businesses.

Sources of risk, on the other hand, are events, news or resolutions that condition risk incentives. Sources of corporate risk arise from:

- 1) macroeconomic,
- 2) mesoeconomic,
- 3) microeconomic [Sitek, 2003, p.29].

Engaging in reflections closely related to the specifics of risk, they are directly related to risk management, which is central to strategic administration. Therefore, risk management is even critical in the area of corporate management, as it aims to focus on the early identification of these areas of risk. At that time, the company's actions in various areas bring long-term benefits [Ostrowska, 2002, p.39].

In essence, risk management is the identification of potential and probable events or situations, the ability to estimate their effects and probability of occurrence, and the identification and application of appropriate methods for responding to and monitoring risks. The main goal of risk management is to ensure that the goals set by a given company are achieved [Kokot-Stępień, 2015, p. 536].

Enterprise risk management is also an aspect of decision-making as well as gestures to achieve an acceptable level of risk [Jajuga, 2005, p.15]. The main goal of managing the said risk is to improve the company's capital results and reduce losses [Ostrowska, 2002, p.44].

Risk identification is indispensable for the effective implementation of management proceedings . Its appropriate definition requires an in-depth analysis of the entire company and the identification of all possible and available sources of risk. Risk internalization is mainly aimed at clarifying the species of risk to which the company is exposed. In the scopes of the internalization in question, a preliminary risk analysis is carried out, as well as the allocation and prioritization of identified risk factors [Fierla, 2009, p.45]. Of course, one of the crowning situations of the operability of the risk identification process and the risk management process is to collect the maximum possible content of high-quality information and not to overlook any sources of risk.

4. Summary

Small and medium-sized enterprises have been seen as the locomotive of the economy in recent years. In general, however, they face significant difficulties in raising capital to support their growth. Given the company's growing context, the question of who owns capital has of great importance when choosing a source of financing, thus creating the possibility of classifying it as either own or foreign. Every company has fixed assets, as well as liquid assets, which are necessary for day-to-day business operations. All expenses related to the financing of individual expenses in the company can be implemented through two types of equity and foreign capital. When choosing sources of financing, companies are guided by several factors. Among them, the prevailing condition is the cost of raising capital. Maintaining the most important liquidity of the company in the face of current economic challenges is an extremely important task in both the short and long term. There is another approach to the definition of liquidity, which shows the complex nature of this phenomenon. Thus, it can be said that the financial insolvency in question ultimately leads to the insolvency of the company, which, in the final settlement, can ultimately lead to the collapse of the company. The degree of liquidity present in an enterprise determines the size and volume of liquidity resources available to the business entity. In addition, they determine the maturity of existing debts as a basis for payment. It is extremely important that under the circumstances of a market economy, a business entity must calmly settle its short-term obligations, as any liquidity problem can lead to a financial crisis.

The preferred aspiration of measuring the liquidity of a particular enterprise is to obtain a review of the business entity's ability to solve short-term debt problems. Importantly, however, in practice, a company's liquidity is often determined and evaluated through the prism of these decent and communicative static liquidity indicators and other dynamic liquidity indicators. The liquidity in question is one of the criteria for evaluating a company's financial performance. Those in charge of the company's liquidity maintenance area must monitor and make every effort to ensure that liquidity is neither too low nor too high. It should always be optimal.

Bibliography

1. Bera A., *Uwarunkowania rynkowe rozwoju mikro i małych przedsiębiorstw* , Mikrofirma 2010, numer 51, Zeszyty Naukowe, Szczecin 2010.

2. Bielawska A., Łukasik G., Eksport mikro i małych przedsiębiorstw szansą polskiej gospodarki, „Zeszyty Naukowe Uniwersytetu Szczecińskiego. Ekonomiczne Problemy Usług” 2013, nr 102.
3. Bławat F., *Przedsiębiorca w teorii przedsiębiorczości i praktyce małych przedsiębiorstw*, wyd. GTN, Gdańsk 2003.
4. Daszkiewicz N., Internacjonalizacja małych i średnich przedsiębiorstw we współczesnej gospodarce, Wydawnictwo Scientific Publishing Group, Gdańsk 2004.
5. Dominiak P., *Sektor MSP we współczesnej gospodarce*, wyd. PWN, Warszawa 2005.
6. Drygas M., Grabowska M., *Determinanty sukcesu przedsiębiorstw, konferencja naukowa*, Warszawa 2010.
7. Fierla A., *Ryzyko w działalności przedsiębiorstw. Wybrane aspekty*, Oficyna Wydawnicza SGH, Warszawa 2009.
8. Iwanicz-Drozdowska M., *Zarządzanie finansowe bankiem*, PWE, Warszawa 2005.
9. Jajuga K., *Teoretyczne podstawy zarządzania ryzykiem*, Wyd. PWN, Warszawa 2005.
10. Jajuga K., *Zarządzanie ryzykiem*, PWN, Warszawa 2009.
11. Kaczmarek T.T., *Ryzyko i zarządzanie ryzykiem. Ujęcie interdyscyplinarne*, Wyd. Difin, Warszawa 2008.
12. Kodeks cywilny – Ustawa z dnia 23 kwietnia 1964 r. (Dz. U. 1964 nr 16 poz. 93, ze zm.).
13. Kokot-Stępień, *Zarządzanie ryzykiem w przedsiębiorstwie*, Zeszyty Naukowe nr 855, Szczecin 2015.
14. Marciniak S., *Makro- i mikroekonomia. Problemy podstawowe*, wyd. PWN, Warszawa 1999.
15. Maśloch P., Globalizacja i jej wpływ na rozwój współczesnych cywilizacji, „Przedsiębiorczość-Edukacja” 2005, nr 1.
16. Matejun M., *Zarządzanie małą i średnią firmą w teorii i ćwiczeniach*, wyd. Difin, Warszawa 2012.
17. Ostrowska E., *Ryzyko projektów inwestycyjnych*, Wyd. PWE, Warszawa 2002.
18. PARP, Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2013-2014.
19. Sitek E., *Ryzyko międzynarodowej działalności inwestycyjnej*, Wyd. Polit, Częstochowa 2009.

20. Skowronek-Mielczarek A., *Małe i średnie przedsiębiorstwa. Źródła finansowania*, PWE, Warszawa 2003.
21. Zalewski R., Skawińska E., *Konkurencyjność – kluczowe czynniki sukcesu przedsiębiorstw XXI wieku*, nr 3, Warszawa 2016.
22. Zalewski R., Skawińska E., Brzęczek T., *Ocena kapitału społecznego*, Zeszyty Naukowe, Kraków 2011.
23. <https://biznes.wprost.pl/gospodarka/10342940/male-i-srednie-firmy-sa-kluczowe-dla-gospodarki.html> [dostęp dnia 15 stycznia 2021 r.].
24. <http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU20180000646/T/D20180646L.pdf>, [data dostępu 12.01.2022 r.].
25. https://mfiles.pl/pl/index.php_przedsiębiorstwa, [data dostępu 18 grudnia 2021 r.].