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FINANCIAL STABILITY AND PROSPECTS FOR THE DEVELOPMENT AND BUSINESS EXPANSION OF THE MAJOR OIL AND GAS COMPANIES IN CONDITIONS OF THE GLOBAL INSTABILITY

Abstract:

The purpose of this study - to assess the financial stability of the largest oil and gas company in Norway as well as the largest oil company in Northern Europe - JSC "Statoil", and determine the impact of financial risks on its business expansion in the context of macroeconomic uncertainty. To implement the research paper, the authors collected financial indicators obtained from the reports on financial results and the balance sheet of the considered company, focusing on its key performance indicators and solvency. The authors used Gordon LV Springate and Taffler Z-Score predictive models to determine the probability of bankruptcy, as well as econometric modeling to evaluate the impact of macroeconomic conditions on the company's activity. Taffler Z-score doesn't reveal any serious prerequisites for the insolvency and bankruptcy of JSC "Statoil". However, the econometric modeling shows a high degree of influence of sharp fluctuations in the exchange rate on the company's performance. Given a negative scenario, this can lead to significant financial loss both for the company itself and for the state as a whole, since JSC "Statoil" is the largest oil and gas company in Norway. Research results suggest that the management of financial risks at the macro level is a fundamental activity for oil and gas companies, especially for commodity market economies.

Keywords:

global instability, financial stability, oil and gas companies, business expansion

JEL Classification: G30, G32