

# Development of Effective Financial Strategies for Long-Term Economic Viability

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## Abstract

The study aimed to develop practical recommendations based on sustainable economic growth and long-term financial stability. The study presented a comprehensive methodology for the development of long-term financial strategies aimed at the sustainable development of companies in an unstable macroeconomic environment and global challenges. Capital management and diversification of funding sources were defined as key aspects of financial planning. Companies actively use cash flow analysis tools and liquidity ratios, and are attracting investment through bonds, initial public offerings (IPOs), and partnership programmes. The use of digital technologies such as artificial intelligence, machine learning, and blockchain can improve forecasting accuracy and accelerate decision-making processes. The integration of environmental, social responsibility, and corporate governance (ESG) principles into financial planning was highlighted. This approach enhances the flexibility of strategies, turning them into dynamic tools that adapt to changes in the external environment. The study discussed the specifics of economic development in Azerbaijan, including dependence on the oil and gas sector, the need for diversification, and the role of infrastructure projects. The financial stability of key economic players was analysed: State Oil Company of the Azerbaijan Republic (SOCAR), Azersun Holding, and Pasha Bank. Their strategic approaches to risk management, the introduction of innovative technologies, and efforts to improve financial stability were discussed. The results demonstrated that successful financial strategies require consideration of macroeconomic conditions, an innovative approach, and systematic risk management.

**Keywords:** Business Sustainability; Innovative Technologies; Macroeconomic Factors; Planning Flexibility; Risk Management.

## 1. Introduction

The development of effective financial strategies is one of the key factors in ensuring the long-term economic sustainability of companies and organisations. In the context of global instability caused by economic crises, changes in the geopolitical environment, and rapid technological progress, businesses face the need to adapt their financial plans to achieve sustainable development. Modern challenges require not only operational management decisions but also a deep strategic elaboration of financial mechanisms capable of ensuring flexibility and stability.

The research relevance of developing long-term financial strategies is determined by the growing complexity of global economic processes. Businesses are affected by factors such as currency exchange rate volatility, rising inflation, increased competition in global markets, and changes in legislative and tax regulations. All of this creates a need to develop a strategy that allows a company not only to cope with current difficulties but also to build a sustainable basis for future growth.

The theoretical basis for developing financial strategies is based on a combination of such disciplines as economics, financial management, and strategic planning. A financial strategy is a comprehensive plan that includes methods of resource allocation, risk management, capital structure optimisation, and cash flow forecasting (Adshead et al., 2019). Central to a successful strategy is an accurate analysis of the external and internal environment, setting realistic financial goals, and the use of modern tools such as financial modelling, scenario analysis, and digital analytics. One of the main challenges in this area is the lack of a universal approach to developing such strategies. Companies differ in terms of scale, industry, maturity level, and region of operation, making it impossible to apply a one-size-fits-all solution. Moreover, companies often underestimate the importance of long-term planning, focusing on short-term profits, which can cause a loss of competitiveness and reduced sustainability in the future.

Various researchers significantly contributed to the study of the principles and tools of financial strategy development. Adshead et al. (2019) analysed the impact of long-term planning on economic sustainability and concluded that organisations that employ detailed forecasts manage to minimise the impact of external crises. At the same time, Kim et al. (2020) revealed that the use of diversified sources of funding increases financial flexibility, especially in a volatile market. Narne et al. (2024) demonstrated that the integration of digital analytical tools into the strategic planning process can significantly improve forecasting accuracy and reduce risks. The study also emphasised the importance of adapting strategies to regional peculiarities, which is of particular importance for multinational corporations. Similarly,

Culot et al. (2020) demonstrated that sustainable companies actively use scenario analysis to forecast different market conditions and develop alternative strategies. Schönborn et al. (2019) addressed the influence of corporate culture on the implementation of financial strategies. The study confirmed that companies with strong internal communications and employee engagement achieve more successful results. Hill (2022) highlighted risk management strategies, noting that the most successful companies integrate risk management at all levels of decision-making.

Bali Swain & Yang-Wallentin (2020) revealed the importance of monitoring macroeconomic factors in the development of strategies. The authors noted that companies that systematically analyse the external environment are better able to cope with changes, such as an increase in interest rates or changes in tax policy. This was supported by Lu et al. (2020), who studied the impact of geopolitical instability on financial stability and emphasised the importance of flexibility in strategies. Sachs et al. (2019) significantly contributed to understanding the role of sustainable development in long-term financial strategies. The authors analysed how the principles of environmental and social responsibility can be integrated into strategic planning. Furthermore, Kharazishvili et al. (2020) proved that companies investing in environmental and social projects not only improve their reputation but also gain financial benefits by reducing costs and increasing customer loyalty.

The aggregate results of the above studies form a comprehensive view of the key aspects of developing effective financial strategies. Despite the significant contribution to the study of financial strategy development, several issues remain either insufficiently studied or require in-depth analysis. The interaction between short-term and long-term goals within a single financial strategy, an important aspect in a high-uncertainty context, remains understudied. The integration of innovative technologies, such as artificial intelligence and blockchain, into the process of developing financial strategies was also insufficiently covered.

The study aims to identify new approaches to the development of effective financial recommendations, accounting for the specifics of economic instability.

## 2. Materials and Methods

The study was based on data collected from official sources, in particular the State Statistical Committee of the Republic of Azerbaijan (2024). It also used financial reports of companies such as the State Oil Company of the Azerbaijan Republic (SOCAR) (2024), Azersun Holding (2024), and Pasha Bank (2024). Time series for the period 2014–2023 were used to analyse the dynamics of macroeconomic indicators and financial results. The main indicators included gross domestic product (GDP), household income, state budget revenues and expenditures, lending to the economy, and fixed asset investment. The data analysis was used to identify key trends and their impact on the development of financial strategies.

To assess the sustainability of corporate financial strategies, the indicators of the largest companies in Azerbaijan were studied. Their revenues, profits, assets, capital, and key factors affecting their financial stability were analysed. The comparison was made by addressing external factors such as oil price fluctuations, the COVID-19 pandemic, and inflationary processes.

The scenario analysis method was used to analyse various economic conditions, including changes in the national currency exchange rate, inflation, and geopolitical instability. Scenario analysis was employed to assess potential risks and develop strategies to minimise their impact. Diversification of the income sources, including the development of new business lines and international markets, was highlighted. To analyse the effectiveness of the integration of modern technologies, data on the use of artificial intelligence, machine learning, blockchain, and robotic process automation (RPA) in financial planning was analysed. These technologies were assessed in terms of their impact on forecast accuracy, decision-making speed, and cost reduction. The use of big data to analyse the links between economic indicators and develop more flexible strategies was also explored.

Sustainability was assessed using environmental, social, and governance (ESG) principles. The study analysed the impact of climate change and the transition to a low-carbon economy on long-term financial strategies. Measures to reduce carbon footprints, implement energy-efficient technologies, and comply with environmental safety standards were also considered.

To analyse the impact of geopolitical and economic instability on financial strategies, factors such as supply chain disruptions, changes in trade agreements, energy price fluctuations, and problems with access to capital were considered. The focus is on strategies to hedge currency risks, optimise the debt structure, and develop adaptive management models.

Finally, the study included an analysis of institutional and corporate practices related to financial planning flexibility. Approaches to the creation of reserve funds, the introduction of digital platforms for data analysis, and employee training to improve their skills in financial planning were considered. These methods were applied to provide a comprehensive view of the problems of long-term financial planning in the context of modern challenges.

## 3. Results

Long-term financial planning is a complex and multifaceted process that requires a thorough understanding of both internal and external factors affecting an organisation's performance. By incorporating macroeconomic indicators, market trends, and regulatory changes, companies can identify potential risks and opportunities. This foresight enables them to adjust budgets and resource allocation proactively, ensuring resilience and strategic flexibility amid economic instability. Successful long-term planning is based on a combination of analytical tools, strategic thinking, and adaptability to changing conditions. In modern conditions of economic instability and global competition, effective approaches to financial planning become an integral part of a company's sustainable development. One of the key elements of long-term financial planning is forecasting. Companies that use scenario analysis can model various options for the development of events, accounting for macroeconomic factors, market trends, and changes in the legislative sphere. This allows not only to assess possible risks but also to prepare strategies that minimise their impact. For instance, in the face of rising inflation or changing exchange rates, scenario analysis helps to adjust budgets and reallocate resources more efficiently (Consigli et al. 2020).

Capital management is an important aspect of financial planning. Efficient companies focus on maximizing outputs with minimal resource consumption, including time, money, and labour. These companies prioritise capital structure optimisation, aiming to maintain a balance between equity and debt. Tools such as cash flow analysis and liquidity ratios help determine how ready the company is to fulfil its obligations in the long term (Synn & Williams, 2024). In addition, diversification of funding sources, including attracting investments through bonds, IPOs, or partnership programmes, reduces financial risks (Kubiczek 2020). Integration of digital technologies into the planning process becomes an important competitive advantage. Modern companies use tools such as artificial intelligence, machine learning, and blockchain to improve the accuracy of data analysis and forecasts (Whitelaw et al. 2020). For instance, the introduction of big data-based platforms allows companies to analyse consumer behaviour, market trends, and key performance indicators.

The role of sustainable development should also be addressed. The ESG approach is becoming increasingly relevant in the process of long-term financial planning. Companies that actively invest in environmentally friendly technologies, improved working conditions, and increased social responsibility not only gain competitive advantages but also financial returns in the form of reduced costs and attracting investors (Mio et al. 2020). Companies that invest in environmentally friendly technologies, better working conditions, and social responsibility enhance their reputation and meet growing stakeholder expectations. This leads to cost savings through energy efficiency and waste reduction, while attracting investors focused on sustainable practices. Such investments also mitigate regulatory risks and foster employee loyalty, ultimately contributing to long-term financial stability and competitive advantage. Flexibility and adaptability of plans are another important component. Successful companies view financial strategies not as static documents, but as dynamic tools that can be adjusted depending on changes in the external environment. This approach allows them not only to respond to challenges but also to seize opportunities.

The integration of innovative technologies into the development of financial strategies is central to their effectiveness and adaptability in today's environment. For instance, digital transformation has significantly changed approaches to financial management, providing companies with new tools to analyse, predict, and optimise processes. These technologies not only improve the accuracy of strategic planning but also reduce costs, speed up decision-making, and improve stakeholder engagement. One of the most significant changes has been the use of Big Data. Companies that can collect and analyse vast amounts of data gain deep insights into market trends, consumer preferences, and economic conditions. For instance, analysing real-time data allows businesses to respond to changes in demand, price fluctuations, or changes in legislation faster than was previously possible (Kovalchuk et al. 2024).

Artificial intelligence (AI) and machine learning (ML) have become powerful tools in financial planning. These technologies are used to forecast cash flows, assess creditworthiness, analyse risk, and even automate budgeting. For instance, machine learning algorithms can identify hidden relationships between economic indicators, allowing for more accurate and flexible strategies. In addition, AI helps optimise asset management by offering investment recommendations based on the analysis of large amounts of historical and current data (Ahmed et al. 2022). Blockchain technologies also have a notable impact on the development of financial strategies, especially in areas related to supply chain management, transaction security, and data transparency. The application of blockchain technologies in financial planning extends beyond simple transaction security and includes creating decentralized financial ecosystems where smart contracts automate the execution of financial obligations, reducing operational risks and intermediary costs. In the context of Azerbaijan, this is particularly relevant for the oil and gas sector, where blockchain can ensure transparency in settlements under long-term contracts and optimize supply management through international projects like TANAP. (Demirkan et al. 2020). For instance, smart contracts, which are automatically executed when pre-defined conditions are met, open new opportunities for long-term partnerships and commitment management.

Geopolitical and economic volatility significantly impacts the development of financial strategies, especially in the context of the global interdependence of economies (Jakubik et al. 2017). Factors such as political conflicts, changes in trade agreements, fluctuations in energy prices, and crises related to pandemics or natural disasters create additional challenges for businesses that require flexibility and adaptability in financial planning. One of the key manifestations of geopolitical instability is the disruption of supply chains (Kerimkulov et al. 2015). Conflicts between countries, sanctions, or trade restrictions can significantly affect access to raw materials and components, increasing costs and creating the need to find alternative suppliers. In such circumstances, companies should consider the risks in their financial strategies, building in reserves and diversifying their supply chains.

Economic instability associated with inflation, interest rates, and currency fluctuations also poses a serious threat. For instance, a sharp weakening of the national currency may lead to higher import costs, increased debt burden, and reduced consumer activity. In such circumstances, financial strategies should include mechanisms to hedge currency risks, optimise the debt structure, and revise pricing policies (Sen et al. 2020). Problems with access to capital become another important challenge in a volatile environment. Political and economic uncertainty can reduce the confidence of investors and banking institutions, making it difficult to raise debt or issue equity. Companies facing such constraints are forced to seek alternative sources of funding, including government support programmes or partnership investments. An example of such companies is SOCAR, which, faced with the fall in global oil prices in 2020, has actively sought international loans to finance major projects such as the Trans-Anatolian Natural Gas Pipeline (TANAP) (State Oil..., 2024). In response to economic instability, the company has also started to diversify by investing in renewable energy. Another example is Pasha Bank (2024), which, faced with economic difficulties, started to actively develop digital services and provide financial support to small and medium-sized enterprises (SMEs), which allowed the bank not only to maintain its financial stability but also to build customer confidence.

Geopolitical instability associated with growing protectionism affects export-oriented companies by increasing tariff barriers and reducing access to international markets (Mamasadykov et al. 2019). This requires revising international expansion strategies, considering political risks, and developing localised business models for each market. In addition, long-term financial strategies must consider the possible environmental and social impacts of volatility (Fania et al. 2020). For instance, climate change and the associated transition to low-carbon technologies require significant investments in sustainability. Organisations that ignore these changes risk losing competitiveness in an environment where regulators and consumers favour ESG-compliant companies.

Azerbaijan occupies a strategically important geographical position at the intersection of Europe and Asia, making its economy one of the most significant in the region (Ismayilov et al. 2024). The national economic context is shaped by several key factors, including the dominant role of the oil and gas sector, the active development of transport infrastructure, and efforts to diversify the economy. At the same time, Azerbaijan faces several challenges that influence the development of long-term financial strategies. One of the central factors of the Azerbaijani economy is a significant dependence on oil and gas exports (Gunes & Hajiyeva, 2020). This sector provides the bulk of foreign exchange earnings and the state budget. As a result, fluctuations in world energy prices directly affect the financial stability of the country. For instance, the fall in oil prices in 2015 and 2020 led to the devaluation of the national currency, the manat, which emphasised the vulnerability of the economy to external shocks. In such circumstances, the key task is to develop financial strategies that allow for stabilising revenues and minimising the impact of such changes.

Diversification of the economy is an important goal for Azerbaijan as it reduces dependence on commodity exports. Economic diversification refers to the strategic transition from predominant dependence on oil and gas exports to the development of alternative sectors, including agriculture, tourism, information technology, and manufacturing, which reduces the national economy's vulnerability to external shocks and price fluctuations in commodity markets, creating a more sustainable and balanced economic structure. The country is actively developing non-resource sectors such as agriculture, tourism, information technology (IT), and manufacturing. The success of these efforts requires significant investments in infrastructure, education, and innovation, as well as the development of strategies to attract foreign investment. Regional integration is another important aspect. Azerbaijan is involved in several major international projects, such as the East-West Transport Corridor and the Southern Gas Corridor. These initiatives strengthen the country's position as a key transport and energy hub, but also require significant resources to build and maintain infrastructure. In this environment, long-term financial planning is crucial to ensure the sustainability of such projects.

Challenges include the need to combat the effects of climate change and to transition to a low-carbon economy. Despite its dependence on oil and gas, Azerbaijan is taking steps towards developing renewable energy sources such as solar and wind power. Socio-economic inequality and the need to create new jobs also remain pressing challenges. Rapid urbanisation and population growth require investment in education, health, and housing. This puts additional pressure on public finances and requires the development of strategies to allocate resources efficiently. Table 1 presents the main macroeconomic indicators of Azerbaijan.

**Table 1:** Key macroeconomic indicators of Azerbaijan for 2014-2023, billion Azerbaijani manat (AZN)

Values	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GDP	59.0	54.4	60.4	70.3	80.1	81.9	72.6	93.2	134.0	123.0
Income of the population	39.5	41.7	45.4	49.2	53.1	56.8	55.8	57.2	69.2	78.1
State budget revenues	18.4	17.5	17.5	16.5	22.5	24.2	24.7	26.4	30.7	35.2
State budget expenditures	18.7	17.8	17.8	17.6	22.7	24.4	26.4	27.4	32.1	36.5
Property, plant and equipment	110.7	124.0	169.1	182.8	199.0	227.2	240.7	259.3	269.4	281.0
Credit to the economy	18.5	21.7	16.4	11.8	13.0	15.3	14.5	17.1	20.2	24.0
Economic investment	21.9	20.1	22.7	24.5	25.9	25.0	22.5	25.3	29.1	32.1
Current account balance, USD million	10.4	-0.2	-1.4	1.7	6.1	4.4	-0.2	8.3	23.5	8.3

Source: compiled by the authors based on the State Statistical Committee of the Republic of Azerbaijan (2024).

The marked fluctuations in GDP, especially the declines in 2015 and 2020, and the subsequent rise to a peak in 2022 (AZN 134 billion), highlight the dependence on the oil and gas sector. Personal income has shown a more stable trend, indicating a gradual improvement in living standards, although periods of crisis, such as 2020, have temporarily slowed this growth. Investment in the economy and the increase in fixed assets point to active infrastructure development and a desire for modernisation. However, the decline in lending in 2016-2017 and the volatility of the current account balance highlight the need to further strengthen the financial sector and diversify sources of income. These indicators confirm the need for long-term strategies aimed at reducing dependence on commodities and sustainable economic development.

Financial sustainability is a key factor determining the ability of companies to withstand internal and external economic challenges, ensure stable development, and fulfil their obligations (Murtezaj et al. 2024). In the context of Azerbaijan, analysis of the financial strength of companies is of particular importance given the national dependence on the oil and gas sector, the need for diversification, and the rapidly changing global environment. Companies active in non-resource sectors, such as agriculture, tourism, IT, and alternative energy, demonstrate more stable performance as their operations are less exposed to external shocks. However, they also face constraints, including intense competition, a shortage of skilled labour, and insufficient support from the financial sector.

SOCAR is one of the largest national companies and a key driver of the national economy. The role of SOCAR goes beyond traditional oil and gas production, including processing, transporting, and exporting hydrocarbons, as well as implementing strategic international projects. SOCAR's financial strength is determined by its ability to adapt to market fluctuations, manage its debt load, and invest in long-term areas. SOCAR, like many other companies in the oil and gas sector, faces a serious dependence on oil prices. The fall in global market prices in 2015 and the recurrence of the crisis in 2020 demonstrated the company's vulnerability to global economic shocks. Table 2 summarises the company's key financial indicators.

**Table 2:** Key financial indicators of SOCAR for 2019-2023, billion AZN

Values	2019	2020	2021	2022	2023
Income	83.8	49.6	77.5	119.2	85.2
Profit	0.5	-2	1.5	11	2
Assets	65.4	64.2	69.4	80.8	72
Capital	24.3	21.9	22.7	33.3	34.8

Source: compiled by the author based on the State Oil Company of the Azerbaijan Republic, SOCAR (2024).

The revenue of the company has fluctuated significantly: the sharp decline in 2020 is due to the COVID-19 pandemic and falling energy prices, while the increase in 2022 is due to rising oil and gas prices. The company's profits remain volatile: from a loss in 2020 to an increase in profits in 2022, indicating SOCAR's vulnerability to external economic shocks. The company's assets increased in 2022 but decreased in 2023, which could be related to the optimisation of investments. The increase in capital by 2023 indicates the long-term efforts of the company to strengthen its financial stability despite the challenging external environment.

SOCAR actively participates in international energy initiatives, which diversify its sources of income and strengthen Azerbaijan's position as the region's energy centre. One such project is the TANAP, which supplies Azerbaijani gas to Europe. This project not only strengthens SOCAR's financial stability but also minimizes geopolitical risks for the country. However, the implementation of such large-scale initiatives requires significant investments, which increases the debt burden of the company. According to open sources, SOCAR actively attracts loans in international markets to finance its projects (State Oil Company of Azerbaijan Republic (SOCAR) 2024). This creates additional pressure on financial stability, especially in periods of low energy prices.

SOCAR is taking steps to diversify its activities, including investments in refining, chemicals, and renewable energy. An example is the development of the Baku Heydar Aliyev Oil Refinery, which is undergoing modernisation to improve efficiency and environmental safety. Alternative energy projects, such as solar and wind power plants, receive special attention (Ismanzhanov & Tashiev, 2016; Korobko, 2016). These initiatives are not only in line with global trends in sustainable development but also help the company adapt to a potential decline in demand for conventional hydrocarbons in the long term (Szafraniec et al. 2021).

Azersun Holding, one of the largest operators in the food industry in Azerbaijan, is a major link in the national food supply chain. The company is engaged in the production, processing and sale of food products, as well as packaging materials. Its activities cover both the domestic market and export directions, therefore making it one of the key representatives of the non-resource sector of the economy. The agricultural and food industries in Azerbaijan are actively developing, supported by government programmes aimed at strengthening food security. However, companies operating in this sector face several challenges, including high competition, the need to modernise production facilities, and restrictions on exports due to logistical difficulties. Azersun Holding effectively adapts to these challenges, demonstrating sustainable growth dynamics due to the vertical integration of business, the use of modern technologies, and the emphasis on product quality (Azersun Holding 2024). Table 3 presents the financial indicators of the company.

**Table 3.** Key financial indicators of Azersun Holding for 2019-2023, million AZN

Values	2019	2020	2021	2022	2023
Income	1312.7	1365.2	1522.4	1825.4	1810.9
Profit	23.1	20.7	28.9	16.1	60.7
Assets	980.2	1012.6	1028.5	1163.4	1071.6
Capital	375.4	380.1	395.9	416.8	637.8

Source: compiled by the author based on Azersun Holding (2024).

The Table shows a steady growth of Azersun Holding's revenues from 2019 to 2022. The company's profit showed volatility, with a drop in 2022 and a sharp increase in 2023, which may be due to successful optimisation measures. The company's assets remain at a high level, and equity increased significantly in 2023, indicating a stronger financial base and business sustainability in the long term.

The company is actively developing its export business, supplying products to the Commonwealth of Independent States (CIS), the Middle East, and Europe, which helps diversify its revenue sources and reduce dependence on the domestic market. However, strengthening its position in international markets requires significant investments in marketing, logistics, and compliance with international quality standards. Azersun Holding introduces modern technologies in production, including process automation and the use of analytical data to manage the supply chain. As part of its sustainable development, the company addresses environmental aspects, such as reducing production waste and switching to biodegradable packaging. Azersun Holding is substantial in ensuring food security and creating jobs, especially in rural areas. In addition, the successful operations contribute to strengthening Azerbaijan's position as a food exporter.

Pasha Bank is one of the leading commercial banks in Azerbaijan and an important player in the country's financial sector. The bank is focused on providing corporate, investment, and retail services, with a particular emphasis on supporting small and medium-sized businesses (SMEs). Thanks to its diversified strategy and focus on innovation, Pasha Bank is central to the development of the national economy, supporting both commodity and non-resource sectors. Table 4 shows the key financial indicators of the company.

**Table 4:** Key financial indicators of Pasha Bank for 2019-2023, million AZN

Values	2019	2020	2021	2022	2023
Income	257.1	217.7	258.3	311.7	447.5
Profit	77.1	84	74.9	85.3	271.6
Assets	5440.4	5516.4	6426.9	8433.4	8622.1
Capital	560.1	559.1	576.4	812.8	599

Source: compiled by the author based on Pasha Bank (2024).

The Table shows strong revenue growth for Pasha Bank, especially in 2023, which can be attributed to the expansion of digital services and loan book growth. Profits in 2023 increased sharply, reflecting successful optimisation measures and operational efficiencies. The bank's assets increased steadily over the period, peaking in 2023, indicating its ability to raise and manage capital effectively. However, the decline in capital in 2023 to 599 million AZN may indicate a reallocation of resources to development and investment in innovation.

One of the key strategies of the bank is the introduction of modern technologies in the sphere of banking services. Pasha Bank is actively investing in the development of digital platforms such as mobile applications and online banking, which allow customers to manage their finances remotely. These measures not only increase convenience for customers but also reduce the bank's operational costs. There is a special focus on data analytics and process automation to help improve risk management and service quality. The use of artificial intelligence in credit assessments and transaction monitoring minimises the probability of errors and reduces operational risks.

Pasha Bank actively supports the development of SMEs by providing favourable loans and financial advice. This is particularly relevant for the diversification of Azerbaijan's economy, as SMEs are the backbone of the non-resource sector. The Bank is also involved in social projects, and financing initiatives in education, environment, and healthcare. This contributes to strengthening its reputation as a socially responsible institution and increasing the trust of its clients and partners. In common with other banks in the region, Pasha Bank faces risks associated with inflation, exchange rate fluctuations, and rising levels of non-performing loans. However, thanks to a comprehensive risk management strategy and substantial capital, the bank successfully minimizes the impact of these factors.

The analysis of the financial sustainability of SOCAR, AzərSun Holding, and Pasha Bank reveals key approaches to developing effective financial strategies in a dynamically changing economic environment. These approaches can be used in various sectors of the Azerbaijani economy to strengthen the companies' positions and ensure long-term sustainability.

Comparative analysis reveals different sustainability models: SOCAR demonstrates high revenue volatility (from 49.6 billion AZN in 2020 to 119.2 billion in 2022), reflecting dependence on energy prices, while Azersun Holding shows more stable revenue growth with smaller fluctuations (from 1312.7 million to 1825.4 million AZN), and Pasha Bank demonstrates steady asset growth and significant profit increase in 2023 to 271.6 million AZN, indicating the effectiveness of diversification in the non-resource sector.

The development of effective financial strategies requires a systematic approach that addresses internal and external factors affecting the operations of the company. Firstly, it is necessary to conduct a comprehensive analysis of the financial environment. This includes regular monitoring of macroeconomic trends, such as inflation, interest rates, and currency fluctuations, to adapt the financial strategy to current conditions on time. For instance, companies operating in export markets should account for the risks of currency fluctuations and apply hedging mechanisms.

The analysis revealed three key approaches: adaptive risk management (SOCAR uses international project diversification), vertical integration and technological modernization (Azersun Holding integrates the entire production chain), and digital transformation with a focus on client services (Pasha Bank invests in AI and process automation). These approaches demonstrate the importance of combining traditional management methods with innovative technologies to ensure long-term financial stability.

Diversification of revenue sources is an important element of strategic management. Dependence on a single product or market increases the risk of financial losses; therefore, the company should develop new business lines and expand the geography of its operations (Kerimkhulle et al. 2022). This reduces vulnerability to instability in certain segments of the economy. The financial stability of the company is also key. It is necessary to pursue a balance between equity and debt capital, reducing the debt load. Creating a reserve fund to cover unforeseen expenses, as well as investing in liquid assets, helps to promptly respond to crises (Kubiczek & Tuszkiewicz, 2022). Integration of modern technologies into financial activities provides significant advantages. The use of analytical tools and automated data management systems can improve control over financial flows, reduce costs, and increase the transparency of reporting (Kharchenko et al. 2017). The use of artificial intelligence and big data enables accurate forecasting and the development of effective solutions.

The company also needs to actively manage financial risks by implementing asset insurance, currency hedging, and stress testing strategies (de-Almeida-e-Pais et al. 2023). These measures increase the company's preparedness for external shocks and ensure resilience in crises.

Sustainability is becoming an important aspect of modern financial strategies. Integrating environmental, social, and governance factors helps not only to strengthen a company's reputation but also to attract long-term investments. Investments in energy-efficient technologies and social programmes also help to reduce operating costs (Trusova et al. 2021). Equally important is the development of human resource potential. Training of financial specialists, certification, and participation in international forums allow the company to implement the best international practices. This strengthens the company's ability to adapt to changing conditions and implement effective solutions.

Flexibility in planning is the key to success in an uncertain environment. Implementing a scenario-based approach allows the company to prepare for different scenarios and minimise risks. Regular review of budgets and plans helps to respond quickly to changes in the market (Ismayilov et al. 2021; 2023).

Transparent communication with investors is also substantial. Clear and high-quality reporting, execution of stated plans, and open dialogue build trust in the company and attract additional investment. Lastly, continuous cost optimisation is an important area of financial strategy. A company needs to regularly analyse its cost structure and look for opportunities to reduce costs without compromising product or service quality (Kudrenko & Hall, 2024). The introduction of process automation and the outsourcing of certain functions help to reduce costs and improve business efficiency.

The study showed that successful financial strategies under economic instability require a combination of several elements: proactive risk management through asset diversification and geographic distribution of operations, integration of advanced technologies to improve operational efficiency, and maintaining strategic planning flexibility for rapid adaptation to changing market conditions. Companies demonstrating the greatest sustainability actively invest in digital transformation and ESG practices, which provide them with competitive advantages in the long term. The COVID-19 pandemic had a differentiated impact on the analysed companies: SOCAR suffered losses in 2020 (-2 billion AZN) due to falling demand for energy resources and mobility restrictions, requiring a revision of investment plans and active attraction of international loans. Azersun Holding, conversely, demonstrated relative resilience due to stable demand for food products, although it faced logistical challenges. Pasha Bank used the crisis as an opportunity to accelerate service digitalization and expand SME support, which ultimately led to significant profit growth in subsequent years.

## 4. Discussion

The results of the study confirm the need to integrate a multi-level approach to the development of long-term financial strategies, especially in conditions of economic and geopolitical instability. The analysis of macroeconomic data in recent years revealed a significant impact of global factors, such as oil price fluctuations, the COVID-19 pandemic, and inflationary processes, on the financial stability and adaptability of companies in Azerbaijan. These findings emphasise the importance of forming flexible strategies capable of responding to changes in the external environment.

A comparative analysis of the financial performance of the largest companies in Azerbaijan, including SOCAR, Azersun Holding, and Pasha Bank, demonstrated that companies with diversified sources of income are more resilient to external shocks. This confirms the importance of business diversification as a key element of financial planning. For instance, companies that actively pursue innovative areas such as digital technologies and alternative energy sources show higher resilience to commodity market fluctuations (Kyurchev et al. 2024). Cerrato et al. (2023) also analysed the effect of business diversification on corporate resilience. The authors determined that companies that diversify their assets and activities reduce the risk of bankruptcy by reducing their dependence on one sector of the economy. However, Hung & Hager (2019) argued that such a strategy can create operational management difficulties in a crisis. These difficulties are attributed to the increased complexity of coordination between different units and higher management costs. In the current study, diversification was highlighted as a key sustainability tool for Azerbaijani companies. However, unlike the corporations studied by the authors, Azerbaijani companies do not face the same management difficulties, which may be due to their relatively smaller scale and less complex structure.

The results of the scenario analysis confirmed the high value of forecasting methods for risk management. It is especially necessary to consider scenarios related to currency fluctuations, inflation growth, and changes in tax regulation. Companies that actively use hedging instruments and debt structure optimisation were able to minimise financial losses in volatile environments. This proves that effective risk management should be an integral part of financial strategies. Alfaro et al. (2019) also studied the impact of global inflation and currency fluctuations on the debt policy of companies in developing economies. The author concluded that export-oriented companies often take loans in foreign currency, which increases their vulnerability to inflation and currency shocks.

In the current study on Azerbaijani companies, a similar relationship was observed: a highly volatile manat exchange rate increases the risks for borrowers with foreign currency liabilities. However, in contrast to the author's results, the current study found that Azerbaijani companies are less likely to adopt a currency hedging strategy. Instead, they opt for debt restructuring or switching to internal sources of financing.

The study highlighted the application of modern technologies, such as artificial intelligence and big data, in financial planning. Examples of successful implementation of these technologies show that they significantly improve forecasting accuracy and speed up the decision-making process (Bisenovna et al. 2024). However, the study identified that not all companies fully utilise their potential. This is related to both limited resources and insufficient staff training. Thus, to improve competitiveness, it is necessary to invest in the development of employee competencies and the introduction of innovative technologies. Ferraris et al. (2019) considered the possibilities of big data in improving financial planning and forecasting. The authors revealed that the implementation of big data analysis systems can reduce forecasting errors. The current study also confirms the positive effect of big data applications: companies using these technologies demonstrate higher adaptability and accuracy of forecasting. However, among Azerbaijani firms, the use of such technologies remains limited due to the lack of investment in digital infrastructure and the shortage of qualified personnel.

Lufti et al. (2022) investigated the impact of the COVID-19 pandemic on the financial resilience of medium and small businesses, focusing on countries with high levels of digitalisation. The authors determined that companies that actively used digitalisation to optimise business processes, such as sales automation, switching to remote working, and online customer service, adapted faster to the crisis conditions and recovered their financial positions. Martínez-Caro et al. (2020), on the other hand, argued that businesses that ignored digital technologies were more likely to experience prolonged periods of revenue decline. The current study also revealed the importance of digitalisation, especially in retail and services. However, SMEs in Azerbaijan have limited access to modern digital platforms.

Analysis of ESG-based sustainability principles highlighted the increasing influence of environmental and social factors on companies' long-term strategies. For instance, the transition to a low-carbon economy and the introduction of energy-efficient technologies have become important drivers for attracting investment and increasing stakeholder confidence (Kubiczek et al. 2024; Tropina et al. 2009; 2014). However, some companies face difficulties in implementing such approaches, requiring additional support from the government and international organisations. Aich et al. (2021) addressed the impact of ESG criteria implementation on the ability of companies to attract

investment. The results showed that companies that implement high environmental standards significantly increase their investment attractiveness, especially among international investors who address sustainability. Sciarelli et al. (2021) also noted that the implementation of social standards, such as respect for workers' rights and charitable initiatives, contributes to the reputation of companies in the market. The current study confirms the importance of ESG criteria. However, it was noted that companies face difficulties in implementing environmental standards. This is due to the high share of the oil and gas sector in the country's economy, where the implementation of environmental standards requires significant capital expenditure, which is not always justified in terms of short-term profits (Golub et al. 2018). Geopolitical instability also had a significant impact on supply chains and access to financial resources. This has forced companies to develop adaptive strategies such as localising production, strengthening partnerships, and creating contingency funds. The study confirmed that companies that have implemented these measures are better able to cope with crises and recover faster. Iriani et al. (2024) investigated companies' adaptation strategies to geopolitical risks such as trade wars and sanctions. They noted that such measures as supplier diversification and production localisation showed the greatest effectiveness.

The current study determined that companies are also actively using localisation as a method of adaptation. However, the level of integration into international supply chains is much lower for Azerbaijani companies than in more developed countries, making them less exposed to global risks.

Awan & Sroufe (2022) studied government support as a factor in the financial sustainability of companies. The study determined that companies that receive subsidies and tax breaks are more likely to adapt to economic crises. However, over-reliance on support reduces long-term competitiveness. The current study confirms that state support is substantial in stabilising the financial position of companies, especially in strategic industries. Nevertheless, the study determined a lack of transparency in the mechanisms of this support, which sometimes leads to inefficient allocation of resources.

Overall, the research findings demonstrate that successful long-term financial planning requires an integrated approach that incorporates economic, technological, and environmental aspects. The most important success factors are flexibility, sustainability, and innovation. However, the implementation of these principles is only possible with institutional support, investment in technology, and training. The future of financial planning in Azerbaijan depends on the ability of companies and the state to adapt to new challenges, using the knowledge gained and implementing advanced approaches.

## 5. Conclusions

The analysis of Azerbaijan's macroeconomic data highlights the importance of diversifying the traditionally oil and gas export-oriented economy. Despite significant GDP fluctuations during crisis periods, investment in infrastructure and the development of non-resource sectors such as agriculture, tourism, and IT offer new opportunities. Companies such as SOCAR, AzərSun Holding, and Pasha Bank demonstrate that flexibility, resilience, and innovation are key success factors in the face of global uncertainty.

SOCAR is adapting its strategy by combining traditional oil and gas activities with investments in renewable energy. Despite a drop in revenues due to the pandemic and lower energy prices, it demonstrates positive capital investment dynamics and asset growth. AzərSun Holding strengthens its position in international markets by introducing modern technologies and sustainability standards, showing stable revenue growth and successful optimisation measures. Pasha Bank actively develops digital platforms and supports SMEs, playing an important role in diversifying the economy and efficiently utilising capital.

The use of ESG principles is becoming increasingly important. Companies implementing environmental and social initiatives strengthen their reputation and attract long-term investments. In the context of geopolitical and economic instability caused by pandemics, changes in trade agreements, and natural disasters, the flexibility of financial strategies allows not only to respond to challenges but also to seize new opportunities.

Thus, the integration of modern technologies, sustainability, and flexibility of financial strategies is becoming an essential component of effective long-term financial planning. Success in this environment requires a systematic approach that includes not only a thorough analysis of the macroeconomic environment and effective risk management but also the adoption of innovative technologies such as artificial intelligence and big data, as well as a commitment to sustainability.

A limitation of this study is the focus on the financial strategies of companies operating in an environment of economic and geopolitical instability, without considering the impact of external factors such as pandemics or global economic crises. An in-depth examination of the role of new technologies and sustainability in financial management is recommended for further research.

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