

# FINANCIAL SECURITY AS A KEY ELEMENT SUPPORTING SUSTAINABLE BUSINESS DEVELOPMENT – A THEORETICAL APPROACH

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**Abstract.** *The main objective of this article is to demonstrate the importance of financial security for supporting the sustainable development of an enterprise. A review of the definitions of financial security was conducted, emphasising its multifaceted nature, properties and functions, and indicating the tools and instruments that enable its effective management. The article demonstrates that financial security guarantees the continuity and development of a company, supports the long-term planning process and protects the company from internal and external threats. The theoretical analysis confirms the hypothesis that financial security is a key condition for the implementation of the concept of sustainable development.*

**Keywords:** financial security, financial stability, sustainable development.

## 1. INTRODUCTION

Sustainable development of an enterprise is currently one of the key categories of management, integrating economic, social and environmental goals. It means a way of functioning of an organisation which, in addition to striving to maximise current economic results, also takes into account social responsibility and rational management of environmental and natural resources. The goal of development understood in this way is not only to achieve short-term benefits, but also to ensure a sustainable basis for generating value in the future, based on the implementation of long-term strategic goals that take into account the protection of natural resources and the achievement of social goals. This goal can be achieved through an adequate level of financial security, which ensures the protection of the company's financial interests and the organisation's ability to maintain liquidity, resilience to crises and effective risk management. Financial security is therefore a fundamental condition for the implementation of the concept of sustainable development of the company.

Financial security, understood as a financial guarantee of the organisation's existence and development, which is reflected in its ability to maintain financial liquidity, solvency, profitability and operational efficiency, creates space for development, innovation and pro-environmental investments. It also allows for the creation of a competitive advantage based on stability, credibility and responsible use of resources. The concept of sustainable development, which emphasises the integration of economic, social and environmental perspectives, requires companies not only to be operationally efficient, but also to be able to minimise risk and build systemic resilience, i.e. elements directly related to financial security.

The aim of this article is to present a theoretical approach to financial security as a key mechanism supporting the sustainable development of organisations. It attempts to show the relationship between financial stability and a company's ability to implement long-term strategies, including both economic development and social and environmental responsibility. The research hypothesis was formulated as follows: it is assumed that financial security is a key condition for the implementation of the concept of sustainable development of enterprises.

## 2 MATERIALS AND METHODS

The article is theoretical in nature and was developed on the basis of available literature on corporate financial security, financial stability and the concept of sustainable development of organisations. The research material included domestic and foreign scientific publications, including monographs, scientific articles, reports of financial institutions and review studies, which enabled the identification and analysis of existing definitions and theoretical approaches to financial security. The research process used methods characteristic of theoretical analyses, including:

- analysis of the literature on the subject, focused on identifying key concepts, definitions and theoretical approaches related to financial security in finance and management sciences;
- comparative analysis, allowing for the comparison and evaluation of differences and similarities in interpretations of the concept of financial security;
- a synthesis method, allowing for the development of our own interpretation of the concept of corporate financial security and indicating its significance in the context of sustainable development.

## 3. RESULTS

Financial security is a strategic factor in an entity's operations, especially in a volatile environment. In the face of geopolitical instability and changes in the macro- and microeconomic environment, it needs to be analysed in relation to internal and external conditions. Financial security in an external context should be considered in macroeconomic terms, taking into account, among other things, the security of the competitive environment of the entity and the political, economic and social realities in which it operates. Internally, it is shaped primarily by determinants related to the functioning of the entity itself, such as stability, independence and financial freedom, capital and cost structure, and also the entity's capacity for strategic development. It can therefore be assumed that when defining financial security in macroeconomic terms, we will treat it as the financial security of the state, while in microeconomic terms, we will treat it as the financial security of the enterprise.

The literature on the subject indicates that financial security is a component of economic security. At the state level, many threats characteristic of economic security are reflected in the financial sphere. These include:

- uncontrolled inflation or deflation;
- significant fluctuations in raw material and energy prices;
- high levels of debt and budget deficits;
- exchange rate fluctuations;
- irregularities in the functioning of public institutions and related financial losses;
- instability of legal regulations.

In the context of the company's operations, the following factors are of key importance:

- profitability and financial efficiency;
- financial liquidity and solvency;
- investment risk;
- loss of financial credibility;
- level of technological development.

Significant internal factors determining financial security include the competence and abilities of management, which determine the rationality of decisions made in the operational, investment and financial spheres of the entity. External factors, on the other hand, are related to the economic, social and environmental policy of the state, as well as the market and international situation in which the entity operates.

The relationship between economic and financial security was pointed out, among others, by Serhii F. Pokropywnyy (2001), as cited in Delas, Nosova, Yafinovich, (2015). He believed that the financial component is the leading element of a company's economic security, determining the functioning of its other components, such as intellectual, technical, technological, legal, IT and environmental resources.

When defining the financial security of a company, it is therefore impossible to ignore the economic security of the state and, in a narrower sense, the economic security of the company.

Krzysztof Michał Księżopolski summarises the numerous definitions of the economic security of the state into four categories:

- those whose conceptual framework is based on the concept of threat;
- those that start from threats but combine them with opportunities and possibilities for cooperation;
- those that highlight the country's ability to function and develop;
- unilateral, focused on a specific economic policy of the state, e.g. fiscal or monetary (Księżopolski, 2011).

The author of this classification defines economic security as (quote) "the undisturbed functioning of economies and the maintenance of comparative balance with the economies of other countries" (Księżopolski, 2013). Mariusz Badak treats it as (quote) "a state in which internal and external conditions for the functioning of the state without major disruptions are ensured" (Badak, 2010). Marek Leszczyński sees the sources of challenges and threats to economic security in, among other things, the internal system of a given state and the barriers limiting it, as well as negative external actions that affect the stability of the state system, disrupting its economic development and defence potential (Leszczyński, 2022). Edward Halizak, on the other hand, refers to the economic security of a state as a situation of threat to the security of the national economy, which (quoted) "cannot develop, generate profits and savings for investment, or when external threats lead to disruptions in its functioning, which will put citizens and businesses at risk and possibly threaten the physical survival of the state" (Węgrzyńska, 2025). In these definitions, the term economic security refers to values considered important to the state, but not necessarily under its direct control.

Economic security is therefore a combination of factors contributing to economic development and factors limiting it, e.g. the state and structure of the economy, economic relations with other countries, economic sovereignty, defence potential, level of competitiveness and innovation (Leszczyński 2022). It is characterised by: (quote) "stability, certainty, attitude towards challenges from the external environment, relations with the external environment, links with foreign partners, the role of the market and the state" (Kurek, 2000).

As previously indicated, one of the pillars of economic security of an enterprise, currently considered the most important, is financial security. Konrad Raczkowski believes that financial security is a component of economic security, fits into the security of the state and includes financial stability in its definition (Raczkowski, 2014). In a hierarchical system, starting with a top-down classification, Konrad Raczkowski lists: state security – economic security – financial security – financial stability. He therefore considers financial security to be an element of economic security and state security. Following the line of thinking of the quoted author (cit.), "financial security is a process of constantly limiting and eliminating monetary risk in order to secure capital adequacy that will be adapted to the risk profile and preferences of a given entity or unit" (Raczkowski, 2014a). It can therefore be assumed that it is a financial guarantee of the existence and development of an entity, which is shaped by many years of concern for the appropriate level of measures for undisturbed development.

It is not possible to pursue an effective state economic security policy without stably developing enterprises. Economically stable economic entities, prepared to respond to changes in the external environment, are an important element of state economic security, especially in the context of geopolitical conflicts, dynamic technological development and climate change.

The concept of economic security of an enterprise is a complex one, covering both internal and external aspects of its operations. This concept has evolved, changing under the influence of factors or threats that have affected the operations of enterprises. Initially, views on the essence of economic security of enterprises focused on issues related to the protection of trade secrets (1991-1997). In subsequent years, they focused on: the role of the state in ensuring it (1998-1999); recognising the threats of a narrow business profile (1999-2001); identifying external and internal threats in relation to the functional components of economic security (1999-2002); effective functioning in a situation of risk and adaptation (2002-2005); identifying external and internal threats specific to the industry represented by the enterprise (2005-2013); interaction of the company and its business processes with the external

environment and its threats (since 2014 and continuing) (Britchenko, 2024). Changes in the definition of economic security resulted from the risks and threats affecting the company. According to Igor Britchenko, companies themselves were forced (quote) "to significantly change their approach to managing their own business processes and market behaviour in order to ensure that their economic activity was compatible with the existing barriers to their development" (Britchenko 2024). The above classification of the concept of economic security of an enterprise thus proves the existence of a link between economic security and threats. In the context of numerous internal and external threats, the economic security of an enterprise can be seen as its ability to overcome and neutralise them.

Given the fundamental importance of financial aspects in the process of overcoming threats, an in-depth analysis of the concept of financial security is necessary. An analysis of numerous definitions of this concept indicates that it is perceived as the level of financial relations that will ensure the protection of the interests and needs of the enterprise, protection against threats, continuity of operations, guarantee of existence and development, implementation of financial strategies, liquidity and solvency. The differences in the definitions of corporate financial security provided by researchers are presented in Table 1.

**Table 1. Selected definitions of corporate financial security**

<b>Dominant aspect of the definition</b>	<b>Author</b>	<b>Definition</b>
<b>Strategic aspect – protection of financial interests, meeting the current needs of the enterprise and its development</b>	A. Baranowski	The degree of protection of financial interests at all levels of financial relations or support from financial resources sufficient to meet the needs of the enterprise and repay its liabilities.
	A.N. Duraj	All conditions/processes of acquiring and using financial resources to ensure the continuity of the company's operations and conditions for its development.
	L. Karbownik	A financial guarantee of the existence and development of a business entity, which is possible as a result of the continuous efforts of managers to ensure good financial condition and business development in a competitive market.
	A. Zagorodni	Protection of the financial interests of economic entities at all levels of financial relations, using financial resources sufficient to meet their needs and fulfil their obligations.
	O. Kiritchenko	The financial situation and financial stability necessary to ensure the effective development of a company's activities.
<b>Risk aspect – identification and counteracting potential threats</b>	A. Chupis K. Kashenko	A complex concept that prevents the negative impact of factors related to internal and external threats
	I. Britchenko	The state of a company in which it has sufficient financial resources and effective mechanisms for managing them, allowing it to ensure stability, liquidity and resilience to crises and risks.
	K. Raczkowski	The process of continuously reducing and eliminating monetary risk in order to secure capital adequacy that is tailored to the risk profile and preferences of a given entity.
	L.A. Zaporozhtseva	Stable protection of the company's production and financial activities against real and potential internal and external threats in order to ensure stable development.
	M. Medvid	A state of economic development characterised by the possession of the financial resources necessary to meet market requirements, protect financial interests, overcome financial crises, and ensure the protection of financial interests and effective functioning.
<b>Stability aspect – financial stability and ability to continue operations</b>	D. Wędzki	The higher the surplus of current assets over short-term liabilities (net working capital), the greater the financial security.
	I. Melnik	Financial security is related to ensuring financial stability and neutralising financial risk.
	E. Nowak	The ability of an economic entity to continue its operations is the result of the future real value of balanced inflows and outflows. Therefore, in assessing the financial security of an

		enterprise, it is assumed that the entity does not intend to and cannot cease its economic activity or significantly reduce its scope.
	M. Zuba	Ability to maintain liquidity and financial solvency.
	I. Franc-Dąbrowska	Ability to maintain financial liquidity and high efficiency.
<b>Efficiency aspect</b> effective management of financial resources.	I. Pogusowa	This is a state of the enterprise that ensures the optimal acquisition and effective use of the enterprise's financial resources, which allows for the design and implementation of a financial strategy, and the identification and resolution of situations of risk and danger. This state must be assessed by quantitative and qualitative indicators with limit values.
	P. Lebedieva	
	W. Witliński	

Source: created by the author

A review of the literature on the subject allows us to conclude that financial safety is a multifaceted and complex concept. The authors cited define it by emphasising its different aspects - as the potential of an enterprise to counteract events that disrupt its operational and strategic functioning, or as a process of neutralising threats, providing an opportunity to continue operations and ensuring its existence. They treat financial security as a specific state of economic development of an enterprise, which will provide it with the financial resources necessary to meet market requirements, ensuring effective functioning and efficient use of resources, in which effective mechanisms for warning against threats and systems for neutralising their effects are in place.

Financial security can therefore be defined as the state of an economic entity's functioning, determining its current potential and development opportunities, ensuring balance, stability, solvency and liquidity in the long term. This state ensures flexibility in decision-making, allows for the design and implementation of a financial strategy, and protects the interests of owners. This state can be achieved when a company ensures its current stability, i.e. a state of financial resources, which ensures the fulfilment of current operational needs and the repayment of liabilities. However, viewing financial security solely as a desirable state of functioning of an entity requires supplementing it with a perspective of threats, which is a significant negative factor hindering the achievement of the company's operational and strategic goals and threatening its financial security. According to researchers, the basic condition for achieving financial security is the company's ability to counteract threats and barriers that cause financial losses and adverse changes in the capital structure. A company should effectively identify sources of threats and risks that arise at all levels of management in order to effectively protect the operational and financial stability of the company. This understanding of corporate financial security was presented, among others, by Konrad Raczkowski, Igor Britchenko and Mykhailo Medvid, cited in Table 1. Financial stability accompanies financial security and is (quote) "a condition of financial security, and conversely, financial security determines financial stability" (Kowalska & Misztal, 2020). In macroeconomic terms, according to Andrew Crockett, financial stability refers to the stability of key institutions and markets that make up the financial system (Crockett, 1997).

Financial security therefore means a situation in which a company is not exposed to the risk of losing its ability to continue operating on the current scale and to achieve its development goals. Therefore, it is crucial to identify the factors that determine the level of financial security of a company. These factors can be divided into internal and external, with their mutual interaction also playing an important role. According to Ireneusz Kraś, Mirosława Capiga and Ireneusz Micuła, external factors are those that determine the financial security of the state. Ireneusz Kraś includes among them: the security of financial institutions, financial transactions, financial market segments and customers of this market (Kraś, 2013). Mirosława Capiga believes that they are the elements that make up a country's financial security network, i.e. the government (mainly the Ministry of Finance), the central bank, financial supervisory institutions, deposit guarantee schemes and systems (Capiga, 2010). Ireneusz Micuła (2013) calls them macroeconomic factors and includes the following: the level of economic and social development, interest

rates, inflation, trade balance, fiscal system, monetary policy, currency stability and legal regulations. Due to their nature, exogenous factors are beyond the control of the company and are not directly controllable. However, their impact can significantly determine the effectiveness of decision-making processes and financial results.

According to Ireneusz Micuła, internal conditions include: the type of industry in which the company operates, the amount and structure of its assets and capital, sources of investment financing, the company's financial and asset situation, the level of technological and intellectual development, knowledge, entrepreneurship and rationality of staff, relations with the environment and the risk of business activity (Micuła 2013). Internal determinants are therefore directly related to the way the company is managed, and also depend on the managerial skills and rational and effective decisions made by this level of management at the operational and financial levels. It should be noted that both factors are intertwined, which means that in the context of modern globalisation, competitiveness and internationalisation, taking action in the area of financial security requires advanced knowledge of both the processes taking place within the company and its broadly understood environment.

As mentioned earlier, many researchers view financial security as a key factor determining the financial condition and ability of a company to continue its operations. Bartłomiej Nita, Angelika Kaczmarczyk and Piotr Oleksyk classify the factors threatening the ability to continue operations as financial and operational, internal and external (Nita, et al., 2020). Financial factors include, among others: unfavourable key financial indicators, excessive net liabilities, lack of financial liquidity, exceeding credit limits, inappropriate structure of long-term asset financing, negative cash flows, changes in the method of settlement with contractors, lack of funds for investments, including replacement investments, inability to finance development activities. Among the internal operational conditions that pose a threat to the continuation of operations and good financial condition, the authors cite, among others: improper management, imperfections in the area of human resources policy, overinvestment, shortage of important raw materials, loss of markets, strong dependence on key customers or products, risky technological changes, lack of adequate mechanisms to protect against the effects of extraordinary events. The researchers included the following in the group of external operational factors that have a significant impact on the entity's operations but are independent of management actions: changes in legal regulations, unfavourable outcomes of pending court and administrative proceedings, threats arising from market competition, and operating in sectors exposed to systematic risk.

Protection against threats to financial health and business continuity is part of a process-based, dynamic approach to corporate financial security. This approach does not exclude a static interpretation of financial security as a specific state of equilibrium. Financial security in static terms is a state that creates a sense of certainty about functioning and development and guarantees their preservation. These guarantees are not permanent or certain, as they do not provide sufficient protection against crisis situations and their negative impact on the company's operations. Nor do they provide sufficient conditions for development and business continuity. However, this is not the most important aspect in this approach. The static approach to security focuses on the current state of material resources and the structure of financial resources, rather than on their resilience to threats and disruptions related to operational activities. Financial security understood in this way is the current ability of a company to achieve profitability, solvency, liquidity, the potential to invest, create reserves and forecast bankruptcy. This approach is represented by Iryna Melnik and Dariusz Wędzki, quoted in Table 1. A similar position is also taken by Henryk Wnorowski, who defines it as the ability of a company to (quote) "function efficiently in the current competitive situation" (Wnorowski 2020).

The presented analysis of the definition of a company's financial security points to several important characteristics of this economic category:

- maintaining the balance, flexibility and financial stability of the enterprise;
- supporting the effective use of its material and financial resources;
- enabling early identification of potential financial threats;
- mitigating the effects of crises and increasing resilience to unforeseen external and internal events.

Since security is a category dependent on many factors, systematic and conscious management of it becomes crucial. A financial security management system should be a comprehensive mechanism

comprising the following elements: (quote) "assessment of the financial situation, forecasting and effective financial planning, rational financial management, risk assessment and risk management, monitoring and financial control" (Kowalska & Misztal, 2020). It is advisable for a company to assess its financial situation based on data analysis using internal and external reporting systems and financial reports. It is reasonable to develop mechanisms for controlling costs, revenues, cash flows, and a set of financial indicators and alarm thresholds, which will form the basis for analyses and create an early warning system for threats. It is important to plan for regular reporting on the financial situation in terms of liquidity and cash management (including the preparation of a settlement schedule). As part of rational financial management, it is also important to monitor the capital structure, its cost and risk, and the strategy for financing short-term and long-term activities. This is important because financial security cannot be considered solely on the basis of historical data, but also from the perspective of adaptability and projected changes.

It is recommended that the financial security management mechanism also include the identification and assessment of financial risks, including the monitoring of external factors affecting financial stability. Potential risks, such as credit, currency, market, investment, geopolitical and other risks, should be analysed not only in terms of their sensitivity and potential impact on financial security, but also in the context of developing an adequate hedging policy.

In order to ensure an adequate level of financial security, management should implement the following organisational measures (Delas et al., 2015, p.). - Create an information base to diagnose the current financial situation;

- Identify the determinants of the organisation's functioning;
- Conduct an analysis and assessment of the situation and financial position;
- Develop development plans and forecasts, determine the means for their implementation, and conduct ongoing monitoring, control and evaluation;
- Eliminate or minimise risks and streamline decision-making processes to increase organisational effectiveness.

Igor Blank proposes that the following aspects should also be taken into account when determining the financial security mechanism (Blanc 2013):

- Priorities of financial interests, previously defined by the company;
- A system of quantitative and qualitative indicators that will enable the level of protection against threats to be determined;
- Reference values for financial indicators used to assess the level of security, taking into account the current and strategic financial interests of the company;
- Macro- and microeconomic environmental factors that may represent potential opportunities and threats for the company.

It is important that the measures taken are systematic and multi-level in nature, and are carried out at both the operational and strategic levels. The implementation of these measures and the development of a mechanism for managing the company's financial security can provide significant support in formulating the company's financial strategy in line with its adopted objectives and tactical tasks. Its development requires an analysis of the current financial situation, a reliable economic and financial forecast, an adequate level of material and financial resources, and a consistent monitoring and control mechanism. It is reasonable to use appropriate methods and financial instruments for this purpose. Financial methods should take into account (Delas et al., 2015): financial reporting, identification of relationships with external and internal stakeholders, financial analysis, financial planning and forecasting, financial stimulation and regulation, risk assessment, and monitoring. Financial analysis based on the financial reporting system allows for the diagnosis of the financial situation using quantitative and qualitative methods and tools. Financial forecasting makes it possible to set realistic long-term financial goals and plans, assess potential risks, create crisis scenarios, and make management decisions regarding investment, capital raising, and budgeting. In addition, the use of financial regulation and stimulation methods allows staff to be actively involved in financial security management mechanisms.

The instruments (financial tools) that a company can use to ensure financial security include, among others: loans, leasing and other forms of external financing, dividend policy, insurance, pricing policy, cost

management activities, market risk mitigation activities, and the use of the tax shield effect. Euvgenia Nosova, Vitalina Delas and Olena Yofinowych propose implementing them through the following levers: revenues, costs, financial results, expenses, capital, investments, insurance payments, interest rates, prices, salaries, depreciation, taxes, incentive and sanction systems, dividends, limits, reserves, and derivatives. The choice of elements that a company decides to use depends on its current financial situation and the intensity of risk factors that may lead to its deterioration.

When describing the financial security of a company, one cannot overlook the issue of the financial security of the state, which protects its financial interests through a system of legal regulations. Additionally, it is worth noting that the financial security of a company is an element of the financial security of the state, as companies contribute to GDP and, as taxpayers, generate a significant part of budget revenues, which affects the state's ability to fulfil its tasks and settle its liabilities.

Zenon Stachowiak, Ryszard Wierzba and Krzysztof Jajuga also draw attention to the area of financial system security and financial stability in macroeconomic terms. According to Zenon Stachowiak, in external terms, financial security is perceived in the context of a country's foreign debt, while in internal terms it is perceived as the efficiency of the public finance system in financing the national economy and pursuing national interests through financial institutions (Stachowiak & Stachowiak, 2016). Ryszard Wierzba defines financial security as (quote) "a set of institutional links and legal regulations aimed at protecting the financial system from destabilisation" (Wierzba, 2005). Krzysztof Jajuga treats it somewhat more broadly, referring to the concept as, or the absence of threats in the sphere of public and private finances, banks, insurance companies and enterprises (Jajuga, 2007). Mirosława Capiga, Witold Gradoń and Grażyna Szustak express similar views, defining it as a multidimensional concept concerning the security of financial institutions, the security of the operations of individual segments and customers of the financial market, and the security of transactions taking place on this market (Capiga et al., 2010). The following general definition of state financial security can therefore be adopted as (quote) "the entirety of legal regulations and self-regulation aimed at ensuring financial stability and protecting the interests of market participants using the services of financial intermediaries, as well as the entirety of institutions responsible for compliance with these regulations and self-regulation" (Iwanicz-Drozdowska, 2008). The definition emphasises the importance of another financial category, namely financial stability. The financial stability of the state mentioned by Małgorzata Iwanicz-Drozdowska is defined in the literature, among other things, as (quote) "a state of dynamic but long-lasting equilibrium in interpenetrating and interrelated financial markets". In order to effectively maintain a state in which there is no long-term loss of liquidity and insolvency of financial market participants, the stability of this market and the security of its participants, it is necessary to supervise the banking sector, the capital market, the insurance market, pension market, payment institutions, electronic money institutions, the cooperative credit union sector and lending institutions. In Poland, this role is fulfilled by a system of laws addressing the aforementioned financial sectors, the National Bank of Poland, the Bank Guarantee Fund and the Financial Supervision Authority. According to the National Bank of Poland, financial stability is (quote) "a state in which the financial system performs its functions continuously and effectively, even in the event of unexpected and adverse disturbances on a significant scale" (Report on the Stability of the Financial System, 2025). The report also states that disruptions to the financial system have an adverse effect on, among other things, the situation of enterprises.

It can therefore be assumed that a financially stable enterprise is one that achieves its objectives, continues to grow despite disruptions, raises capital and uses it appropriately in its operating, investment and financial activities (Ryś-Jurek, 2023, p. 18). On this basis, it can be assumed that the financial security of an enterprise is a type of financial strategy that is focused on ensuring the internal and external financial conditions for the effective continuation of its operations and development. On the one hand, this concept concerns the creation of conditions for the continuous and effective conduct of current activities, and on the other hand, it focuses on the development of economic activity, resulting in an increase in the market position and value of the company (Duraj, 2014). The literature on the subject therefore emphasises the interdependence between stability and financial security – both categories coexist and complement each other.

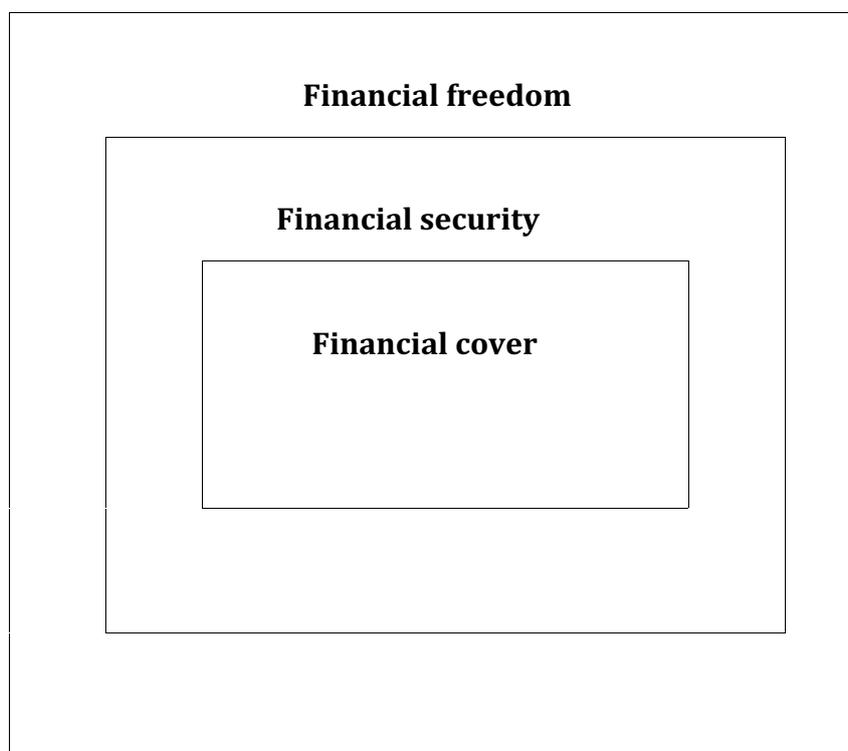
It cannot be overlooked that financial security is an important stage in shaping the financial independence of an enterprise (Figure 1). Lidia Karbownik points to three stages in which this process can take place (Karbownik, 2012):

Stage one – building a financial buffer in the form of financial resources that will enable the continuation of operations in the short term. This financial backing will cover current financial needs and may prevent bankruptcy in the short term;

Stage two – financial security, i.e. a state of financial resources that not only enables the continuation of operations, but also creates conditions for the development of the enterprise. According to L. Karbownik, this stage of building independence can prevent bankruptcy in the short and long term;

Stage three – financial freedom, i.e. a state of financial resources that not only ensures financial security, but also allows for the implementation of unplanned, effective investments, not necessarily directly related to the company's operating activities.

Fig. 1. Stages of building financial independence.



Source: Own study based on L. Karbownik L. (2012).

In this context, financial security is not only a guarantee of continued operation and development, but also a condition enabling free investment planning, independent financing of activities and long-term, stable development of the enterprise. It is a state of effective use of the enterprise's resources, ensuring the protection of its interests from internal and external threats.

After discussing financial security, which is a key condition for the stability of a company's operations, it is reasonable to present the concept of sustainable development. This concept was formally defined at the 1975 Session of the Governing Council of the United Nations Environment Programme. According to this definition, "sustainable development is the course of inevitable and desirable economic development that does not significantly and irreversibly damage the human environment, does not lead to the degradation of the biosphere, and respects the laws of nature, economics and culture" (Poskrobko, 1998). The idea of sustainable development is also aptly captured in a statement on the website of the Ministry of Development and Technology, which states that "sustainable development is development in which the needs of the present generation can be met without compromising the ability of future generations to meet their own needs" (Report of the World Commission on Environment and Development, 1987). Sustainable development is therefore a multidimensional approach to building

lasting value, aimed at balancing economic, social and environmental goals (Trojanowski, 2015). It is development that, to quote, "ensures: the effective use of resources, which allows for the maximisation of profit achieved by the organisation, the development of human capital and the use of environmentally friendly technologies". However, it should be emphasised that the ideas of sustainable development should be implemented in the long term, covering the economy, society and the natural environment (Dąbrowska, et al., 2015). With regard to enterprises, this means that pro-environmental and pro-social activities should be included in long-term strategic plans and not be limited to operational activities. In recent years, there has been a growing commitment to sustainable development on the part of enterprises. As Łukasz J. Kozar and Piotr Oleksiak note, this is mainly due to three reasons: "growing social awareness of environmental issues", the need to "adapt to the functioning of specific markets" and top-down pressure to "introduce strictly defined changes within a given period" (Kozar, Oleksiak 2022, p. 20). However, the implementation of sustainable development practices in enterprises is conditioned by a number of factors. The authors cited above draw attention to the importance of an organisation's human capital and its financial situation (Kozar & Oleksiak 2022). Anna Misztal also emphasises the role of the institutional environment, pointing to "legal regulations in the field of environmental protection and financial support for pro-ecological activities" (Misztal, 2022; 2023). Arkadiusz Sadowski also includes the level of environmental changes affecting the company and its industry, scientific and technological progress, and social acceptance of the organisation's activities among the external factors that influence the possibility and pace of implementing sustainable development (Sadowski, 2012). When planning sustainable development activities, a company must take these conditions into account, as ensuring financial security alone is not sufficient for the effective implementation of these objectives.

In Poland, the principle of sustainable development has been given the status of a fundamental right under the provisions of the Constitution of the Republic of Poland of 2 April 1997 (Act, 1997). In accordance with the provisions of Article 5 of the Constitution, "The Republic of Poland shall safeguard the independence and inviolability of its territory, ensure the freedom and rights of the human being and the citizen, and the security of its citizens, safeguard the national heritage, and ensure the protection of the environment, guided by the principle of sustainable development." The need for Polish companies to comply with the principle of due diligence in the field of sustainable development is also imposed by Directive 2024/1760 of the European Parliament and of the Council of 13 June 2024. According to the directive, companies are to identify and eliminate the negative impact of their activities on human rights and the environment in Europe and beyond. According to the current arrangements, Poland is required to transpose these provisions into law by 26 July 2027. The new regulations will apply to companies with more than 3,000 employees and net sales revenues exceeding EUR 900,000,000 from 26 July 2028. For other companies, they will apply from 26 July 2029 (MRiT, 2025).

The new legal solutions will require the implementation, monitoring and reporting of activities in areas such as CO<sub>2</sub> emission reduction, sustainable resource management, energy savings, implementation of the circular economy, and fair and ethical treatment of employees and customers. The fulfilment of these obligations will require the implementation of a number of development activities, including investments in technological innovation, research and development, reducing the consumption of natural resources, developing organisational culture, selecting suppliers taking into account environmental criteria, protecting biodiversity, and supporting employee well-being. On the one hand, this means an increase in the financial burden necessary to meet the new standards for the company, but on the other hand, the measures implemented may bring a number of benefits to the company in the form of improved production efficiency, increased competitiveness and market share, and increased employee motivation and commitment, which in turn may lead to improved financial results and organisational efficiency. However, it should be emphasised that the lack of a stable financial foundation significantly limits a company's ability to plan, invest and implement pro-environmental and pro-social initiatives. This means that the implementation of sustainable development objectives and the achievement of positive effects of these activities is practically impossible without ensuring financial security. A company exposed to permanent financial instability operates in the short term, focusing on survival rather than striving for economic, social and environmental balance.

## 4 CONCLUSIONS

An analysis of the literature and theoretical approaches indicates that financial security plays a key role in a company as a mechanism enabling the implementation of strategic activities, including sustainable development projects. It performs a number of functions in a company, including:

- protective, which consists in minimising the impact of risk factors on the company's operations and protecting it against the negative effects of changes in the environment;
- stabilisation, which ensures the stability of financial flows and the continuity of operations;
- development, which creates conditions for investment, innovation and other long-term activities, including environmental, social and modernisation projects that support sustainable development;
- adaptive – which allows for flexible and effective adaptation to market and regulatory conditions, including environmental and human rights regulations.

In addition, a stable financial situation increases the credibility of the company in the eyes of business partners, potential investors and financial institutions, which facilitates the raising of capital for development purposes, including the implementation of pro-environmental and pro-social investments.

Financial security therefore supports sustainable development through the rational use of resources, cost optimisation and the creation of conditions for achieving economic, social and environmental benefits (Radionov et al., 2011).

The theoretical arguments presented above lead to the conclusion that financial security can be considered a necessary, though insufficient, condition for the effective implementation of the concept of sustainable development. The research hypothesis, formulated on the basis of conceptual analysis, has thus been positively verified.

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