VERSLAS: TEORIJA IR PRAKTIKA / BUSINESS: THEORY AND PRACTICE
ISSN 1648-0627 / eISSN 1822-4202
http://www.btp.vgtu.lt
2015 16(2): 195–204
doi:10.3846/btp.2014.552

CHALLENGES IN LEARNING FOR COMPANY'S FINANCIAL VIABILITY ASSESSMENT AND MANAGEMENT

Nadezda KOLEDA[1], Karine OGANISJANA[2]

Riga Technical University, Kalnciema 6, LV-1048 Riga, Latvia
E-mails: [1]nadezda.koleda@rtu.lv (corresponding author); [2]karine.oganisjana@rtu.lv

Received 07 November 2014; accepted 16 March 2015

Abstract. Many entrepreneurs in Latvia are limited in choice of tools for the improvement of their financial literacy. Therefore the training course "Financial literacy of entrepreneurs in the field of financial viability management" was elaborated and tested with the aim to improve the course and reveal the challenges facing different categories of learners. The research was formative as it combined the promotion of learners and trainers' competencies and behaviours with the research process throughout all the five training cycles. The research methods applied were chosen based on the inner logics and aims of the teaching and learning processes: videorecording of learners' activities and analysis of the videomaterials; analysis of the learners' work and reflections. Out of the identified sixteen challenges faced by learners, three were especially crucial and caused further difficulties in coping with different tasks on assessment and management of company's financial viability. It was concluded that there may be three categories of learners whose training should be organised in different modes taking into account the level of their preparedness in accountancy, tax accounting and financial analysis.

Keywords: challenges, learning, financial viability assessment, management, company.

JEL Classification: A29, M19, G39.

Introduction

The problem of low financial viability of Latvian companies is getting more and more serious. During the last 3 years the amount of liabilities of Latvian companies exceeds equity in average 200%, increasing the risk of bankruptcy (The Central Statistical… 2014). The potential for sustainable development of modern commercial enterprises in a competitive environment depends on employees and managers' ability to boost the level of financial viability. Improvement of financial literacy of current and future entrepreneurs, managers and other employees is becoming an indispensable condition for objective evaluation and control of values of financial viability indicators, maintaining sufficient level of financial viability, solvency and low probability of bankruptcy of companies.

Since 2014 the National Strategy for Financial Literacy has been implemented in Latvia. One of its goals is to provide financial sustainability and development of the society (Financial and Capital… 2014). Much attention is paid to financial literacy of individuals and many researches are carried out to identify and implement effective instruments, which would develop management skills of personal finance (The University of Latvia 2012). However the goals of the National Strategy for Financial Literacy in Latvia can't be achieved without improving financial literacy in business sector, because enterprises are one of the driving forces of economic growth and development of society.

According to research conducted by Nordea Bank and The Stockholm School of Economics in Riga, financial literacy within business sector is a prerequisite for overall business vitality which is conditioned by two groups of factors: 1) entrepreneurs' knowledge and skills; 2) quality of business infrastructure. For the Latvian business the main vitality factors are revealed to be: human resources and physical capital, financial viability, strategies of enterprises, communication network, market, clients, competitors,

To link to this article: http://dx.doi.org/10.3846/btp.2015.552

efficiency of usage of human resources and physical capital, as well as external factors. The quality of human resources of Latvian companies is evaluated by 5.5–5.8 points (of maximum 7). Trainings are the main suggestion for improving the quality of human resources, but only 53% of entrepreneurs invest in education of their employees. Business owners and managers' education and experience play a crucial role in business vitality. However only 50% of entrepreneurs have bachelor's degrees, 22% – master's degrees, only 42% had experience before their own business start-up (Nordea Bank 2011).

To assure Latvian business vitality via improvement of citizens' financial literacy, a training course "Financial literacy of entrepreneurs in the field of financial viability management" was elaborated based on N. Koleda's PhD research "Theoretical and practical solutions of a company's financial viability as the basis for sustainable development" (Koleda 2011). The pilot testing of the course was conducted within the project "Enhancing Latvian Citizens' Securitability through Development of the Financial Literacy", Nr. 394/2012. The pilot testing of the course was conducted with 2 groups of learners – students and representatives of business sector from January to July 2014.

The aim of the research was to reveal the challenges facing different categories of learners for improving the course and the teaching and learning methodology for financial viability assessment and management.

1. Previous research

1.1. The concept of financial viability

The scientific-methodological course "Financial literacy of entrepreneurs in the field of financial viability management" is based on the concept of financial viability, which is regarded to be a complex phenomenon characterized as a level of usage of financial and all other resources possessed by a company. Financial viability is an economic condition of a company that creates prerequisites for a stable favourable income to expenditure ratio, efficient use of resources, and steady reproduction process under the conditions of active influence of internal and external factors (Zhevak 2006). Scientific literature on financial management mainly focuses on financial viability indicators but its concept is not unanimous as there is no a common platform for its comprehension and definition.

The conception of financial viability used in scientific literature can be systemized in four groups, which relate financial viability to:

1. Company's solvency and results of its activity achieved by means of the efficient use and distribution of financial resources (e. g. Sheshukova, Kolesen' 2012; da Silva, Filipe 2013; Dordzhieva 2012; Arabjan 2011; Ergun 2012; Saakjan 2013, and others);
2. Sustainable development and the process of business activity (e. g. Perrini, Vurro 2013; Bell 2011; Bowman 2011; Zietlow 2012, and others);
3. Balance, equilibrium and risk (e. g. Bykov 2012; Gukalova, Fedotova 2009, and others);
4. Ability of an entity to continue to achieve its operating objectives and fulfil its mission over the long term (Ashley, Faulk 2010; Loan Finance dictionary 2009; Jørgensen *et. al.* 2011).

Morphologic and lexicographic analysis of definitions of the concept of "financial viability" which was conducted in the course of N. Koleda's PhD research, revealed that financial viability is such distribution and use of financial resources which allows to sustain the state of a company's equilibrium in a short-term period and provides sustainable development of a company over a long-term period (Koleda 2011).

This definition of financial viability makes the basis for approaches to its assessment and management of financial viability presented within the training course "Financial literacy of entrepreneurs' within management of financial viability".

1.2. Assessment and management of company's financial viability

Assessment of the level of company's financial viability in most sources of scientific literature is mainly limited to the analysis of discrete quantitative and qualitative financial indicators without a complex approach to the process of assessment.

The qualitative content analysis of financial and economic literature showed that most frequently used indicators are: debt to equity ratio; working capital financed by owner's equity; solvency ratio; sustainability ratio (Lace, Koleda 2010). It was revealed that there is no publicly available information about any kind of common approach to the analysis of financial viability of the companies, which belong to the non-financial sector.

Nevertheless, there is a special methodology elaborated by International Monetary Fund (IMF) for the analysis of financial viability of the financial sector; it also provides a methodology for the analysis of as well non-financial sector companies.

The indicators included in the IMF methodology for analysing financial viability of the non-finance sector companies are the following: debt to equity ratio, profitability of equity, profitability of assets and business profitability, interest coverage ratio, currency positions, the number of claims for relief from creditors (IMF 2006).

These indicators were tried for the assessment of financial viability of service companies in Riga region, which showed that the IMF methodology can be used for describing the general tendencies of financial viability of companies.

Nevertheless there are certain limitations for the application of the IMF methodology on micro-level:

1. the indicators can be analysed only in dynamics;
2. the methodology doesn't provide a mechanism for complex and systematic evaluation of financial viability;
3. the methodology does not imply factor analysis and sensitive analysis of certain indicators which make the essential part of the process of managing financial viability (Lace, Koleda 2012).

The tools for the elimination of these limitations were elaborated and tried within N. Koleda's PhD research with the further integration into the training course "Financial literacy of entrepreneurs in the field of financial viability management" (Koleda *et al.* 2013).

1.3. Training tools applied within the training course "Financial literacy of entrepreneurs in the field of financial viability management"

Training materials and trainers' manuals are mainly aimed at the development of skills related to personal earning, spending, budgeting and borrowing (International Labour Organization 2008; Skolas vārds 2014). Several initiatives have been supported by the Latvian government, financial and education institutions for promoting consumers financial literacy in Latvia. Some of these projects focus on financial literacy of: householders (The University of Latvia 2013); young people (The University of Latvia 2012); children (Skolas vārds 2014); scholars (Diena 2011); teachers of secondary and higher education institutions (Financial and Capital… 2013). However there remains little support to encourage and advance financial literacy of the entrepreneurs and small business owners, despite knowledge in management is considered to be one of the key success factors for sustainable development of companies (Wise 2013; Hoegl *et al.* 2003). When entrepreneurs start a business because they have an interest in a particular area and have related technical skills but they do not have knowledge in finances, they often have to rely on external advisors to provide off-line management advice and review periodic financial results on a historical basis. That threatens the quality and timeliness of successful performance of companies and various kinds of decision-making activities of entrepreneurs (Society of Management Accountants of Canada 2014; Oseifuah 2010). This could mean that just a small percentage of entrepreneurs know exactly what they should know or how they should learn to become successful (Hisrich 2010; Oseifuah 2010).

Entrepreneurs of Latvia are limited in choice of tools for the improvement of their financial literacy; neither trainers have appropriate methodologies for providing effective training courses to learners from business area.

The experimental design of the training course "Financial literacy of entrepreneurs' in the field of financial viability" is based on the Strauss-Howe's generation theory. Strauss and Howe consider a social generation as the aggregate of all people of one phase of life: childhood, young adulthood, midlife, and old age. They characterize generations by:

1. sharing an age location in history – historical events and social trends while occupying the same phase of life;
2. certain beliefs and behaviours;
3. a sense of common perceived membership in that generation (Strauss, Howe 1992).

This theory presents the impact of political, economic, social, technological events on characteristics and peculiarities of generations.

The experimental design of the training course "Financial literacy of entrepreneurs' in the field of financial viability" is supposed for training learners born between early 1980s and 2000s who are called Y generation (Horovitz 2012). The elaboration of teaching and learning methodologies suitable for Y generation is becoming a vital question of discussions in contemporary business and education fields.

Based on considerable number of researches and opinions of human resource experts, trainers and managers, coaching is an effective way to teach and manage Y generation (Valcour 2013; Edwards 2013; Helland 2013; Gibson 2013). Coaching empowers learning engagement which leads to self-realization and self-actualization by coachees (Hahn 2008). Coaching unlocks learners' potential to maximize their own performance. It helps coaches to learn rather than teach them (Whitmore 2010). Coaching motivates learners for success, helps them realize their potential, promotes their thinking, skills, level of confidence, positive attitude to learning and proactive vision of life situations. The coach is in continuous dialogue with coachees provoking them to think actively and decide what to their mind they should do in different business cases; that promotes their analytical and critical thinking, problem solving skills and understanding the essence of concepts and processes. The coach is an expert in listening and asking meaningful questions, guiding the process to enable the coachees to disclose their inner resources (University College London 2013).

Therefore coaching is used as the main training tool in the suggested course "Financial literacy of entrepreneurs' in the field of financial viability".

Experimental design of the course supposes a kind of learning process which is adjusted to such characteristics of Y-generation as: self-confidence, laziness, joyfulness, instant need of acknowledgement and reflection; creativity, freethinking, computer literacy, poor self-control; high intellectual expectation, individualism, poorly communication skills, short attention span, impossibility to absorb large and complex information, hyperactivity (Isaeva 2012; Reilly 2012; Eckleberry-Hunt, Tucciarone 2011; United Nations… 2013).

The course can be easily adjusted to learners' needs and peculiarities by: video recording and analysing the training process, arranging specific individual and group tasks, and playing business related games elaborated by N. Koleda based the on the requirements of content of the study topic.

The course is applicable for training as well of so called X generation (born between the mid-1960s and the early 1980s) (Waterworth 2013) as this generation is rather flexible to changes and is able and open to lifelong learning (Wilson, Gerber 2008). Thus, the course "Financial literacy of entrepreneurs' in the field of financial viability" is programmed for training both X and Y generations as it meets all their needs and integrates complex approaches.

2. Theoretical framework

2.1. Experimental design of the training course "Financial literacy of entrepreneurs in the field of financial viability management"

The experimental design of training within this course was tested with two groups of learners:

1. Students from Finance Engineering Program who will be entrepreneurs or employees involved in business and affect financial solutions;
2. Five employees from three companies.

The aim of the training process was to teach students the principles and tools of financial viability assessment and management as well as develop their skills in applying these tools in business cases.

The experimental design presents the topics, aims, objectives and structure of the course, as well as outcomes for learners and the trainer.

The experimental design of the training course consists of five training cycles. The main body of the activities and content of each cycle was realised during one seminar. However the finalisation of each previous cycle was conducted in the beginning of the following seminar in order to revise the material learnt and promote deeper understanding by learners thus linking the cycles to each other.

The structure of one cycle is shown in Figure 1.

While studying the course, learners had to pass through five training cycles – one cycle during one seminar; the characteristics of each of them are shown in Table 1.

While testing the experimental design of the training course, challenges facing different categories of learners were revealed. This led to the categorisation of learners; that plays a crucial role in improving training materials, organising the study process and providing high outcomes while studying financial viability assessment and management.

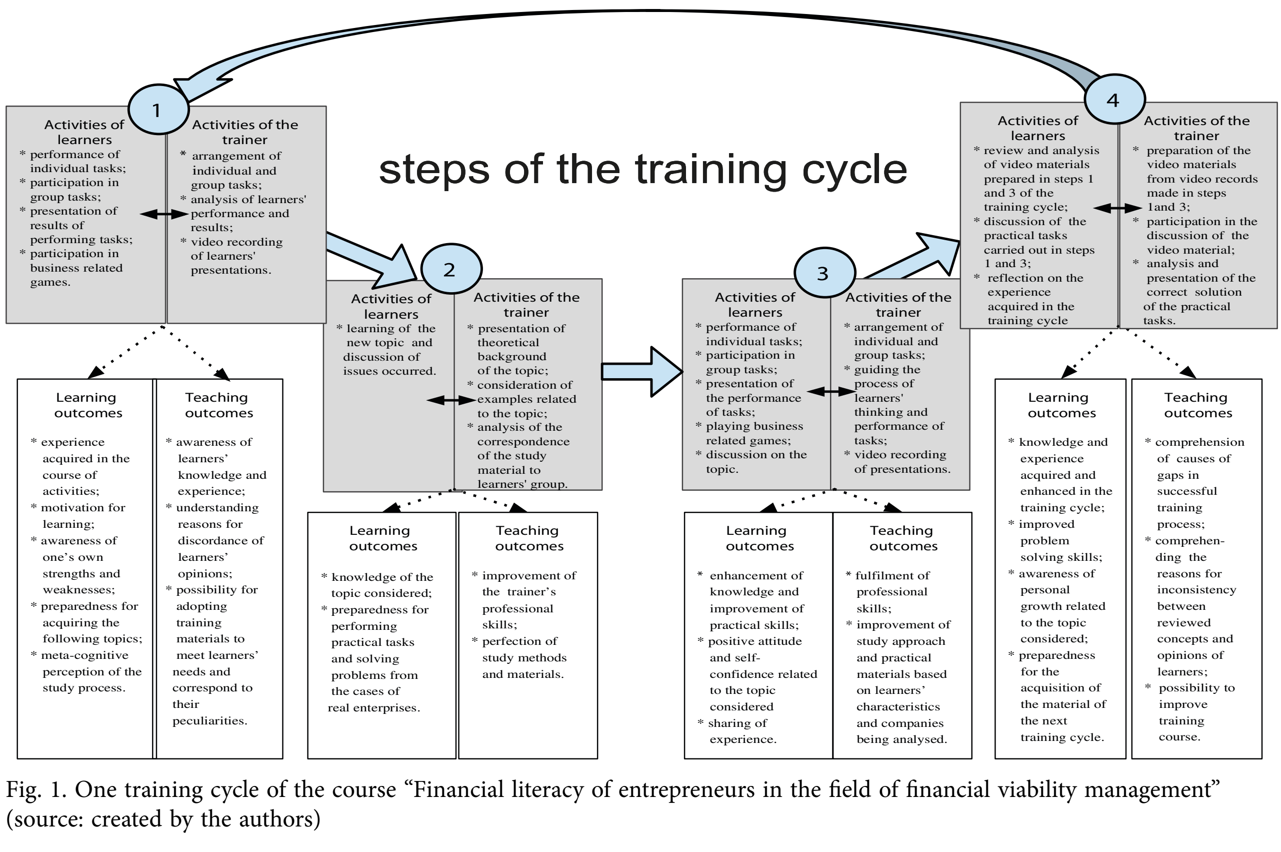

Fig. 1. One training cycle of the course "Financial literacy of entrepreneurs in the field of financial viability management" (source: created by the authors)

Table 1. The topics, aims, objectives of the five seminars (source: created by the authors)

Aim	The trainer's objectives	Learners' objectives
Seminar Nr 1. Financial viability: the role of company's financial viability in entrepreneurship		
Achieving learners' comprehension of financial viability concept and its role in entrepreneurship	– To identify the level of participants' knowledge and experience in assessment and management of financial viability. To analyse the correspondence of learners' comprehension and experience to the essence of the topic. – To explain the concept of financial viability and relevant terminology. – To suggest the preparation of a report on financial viability assessment and management principles and schemes used in companies: 1) where learners work; or 2) where they could be used in learners' opinion. – To analyse the consistency between financial viability concept and information presented in the reports. – To review the examples of assessment of financial viability by some other companies.	– To share experience and understanding of the concept of financial viability and its assessment and management. – To understand the concept of financial viability and relevant terminology. – To prepare a report on financial viability assessment and management principles and schemes used in companies: 1) where they work; or 2) where these principles and schemes could be used. – To discuss the examples of assessment of financial viability by some other companies.
Seminar Nr 2. Financial analysis as a tool for assessment of the level of financial viability		
Acquiring understanding of financial analysis methodology and reviewing the principles of building of financial reports.	– To revise the topic of the previous seminar and offer learners to analyse what they acquired in it. – To motivate learners to study using a role game "Recognition of business activities in financial reports: principles and interconnections". – To explain the financial analysis methodology and principles, present information resources for financial analysis and introduce relevant terminology. – To analyse the objectivity and validity of information required for assessment of financial viability – To review examples of increasing objectivity and validity of information for assessment of company's financial viability.	– To reflect their activities in the previous seminar and analyse their personal growth. – To acquire principles and interconnections of the recognition of business activities in financial reports via playing the corresponding role game. – To acquire financial analysis methodology and principles, understand how to deal with information resources and how to use relevant terminology – To learn to analyse the objectivity and validity of information required for assessment of financial viability. – To learn how to increase objectivity and validity of information for assessment of financial viability.
Seminar Nr 3. Tools of financial analysis applied for assessment of the level of company's financial viability		
Becoming aware of approaches applied for financial viability assessment and developing skills in using them in case of real enterprises	– To revise the topic of the previous seminar and offer learners to analyse what they acquired in it. – To explain the approaches to assessment of financial viability, provide the relevant terminology and discuss criteria for selection of key indicators. – To identify and evaluate most appropriate key indicators for financial viability assessment of real enterprises. – To review examples of assessment of financial viability level carried out by other companies.	– To reflect activities in the previous seminar and analyse personal growth. – To understand the approaches to assessment of financial viability, learn the relevant terminology and criteria for selecting key indicators for financial viability assessment. – To learn to identify and evaluate most appropriate key financial viability indicators of real enterprises. – To discuss, analyse and understand examples of assessment of financial viability level carried out by other companies.
Seminar Nr 4. The determination of the level of company's financial viability		
Understanding and identifying the level of financial viability based on selected and evaluated key indicators	– To reflect their activities in the previous seminar and analyse their personal growth. – To explain the concept of marginal values of financial viability indicators, their practical application and relevant terminology. – To promote learners' skills in identifying the marginal values for selected key financial viability indicators. – To guide learners in elaboration of methodology for assessment of the level of financial viability of companies previously analysed by learners.	– To reflect their activities in the previous seminar and analyse their personal growth. – To understand the concept of marginal values of financial viability indicators, their practical application and relevant terminology. – To develop skills in identifying the marginal values for selected key financial viability indicators. – To elaborate methodology for assessment of the level of financial viability of companies analysed by learners in previous seminars.
Seminar Nr 5. The management of company's financial viability		
Understanding of concept of financial viability management and learning to use the knowledge for companies previously analysed by learners	– To reflect their activities in the previous seminar and analyse their personal growth. – To promote participants' understanding of the ways of improving the values of selected key indicators of financial viability. – To explain the concept of financial viability management. – To guide learners in analysing, solving and interpreting practical tasks related to financial viability management of companies previously analysed by learners. – To review examples of financial viability management and related processes in some other companies. – To promote learners' skills in elaborating methodology for controlling the financial viability level and creating a programme for its improvement.	– To reflect their activities in the previous seminar and analyse their personal growth. – To acquire understanding of the ways of improving the values of selected key financial viability indicators. – To understand the concept of financial viability management. – To solve and interpret practical tasks related to financial viability management of companies previously analysed by learners. – To discuss, analyse and comprehend examples of financial viability management and related processes in some other companies – To develop skills in elaborating methodology for controlling the financial viability level and creating a programme for its improvement.

2.2. The approach to assessment and management of company's financial viability elaborated by the authors

In order to assess company's financial viability in the course of training, the authors based on the concept of zones and sufficiency level of financial viability. In order to assess company's financial viability in the course of training, the authors based on the concept of zones and sufficiency level of financial viability. Distribution of the zones of financial viability for the indicators, which have direct interconnection with the level of financial viability, is presented below (Fig. 2). This interconnection is characterised by positive influence of increase of the numerical value of an indicator in a short-term period on the level of company's financial viability.

For those indicators, whose growth decreases the level of financial viability, the distribution of the zones of financial viability among the numerical values is opposite.

In order to calculate the level of sufficiency of financial viability, the following additional concepts are suggested: 1) "lower margin" – a value of an indicator at which the level of financial viability is the lowest, but permissible for business activity without the risk of bankruptcy; 2)"upper margin" – a value of an indicator at which the level of financial viability is the highest; however the further improvement of the value of financial viability indicator may upset the equilibrium condition of the company (Lace, Koleda 2011). The level of sufficiency of an indicator of financial viability is determined by the ratio of its actual value to the value of its lower margin. If the actual value of an indicator is equal to its lower margin, the level of financial viability of the company is 100% sufficient concerning that indicator. In the case when the actual value of an indicator is lower than its lower margin, the company runs the risk of loss of financial viability and bankruptcy. The authors suggest

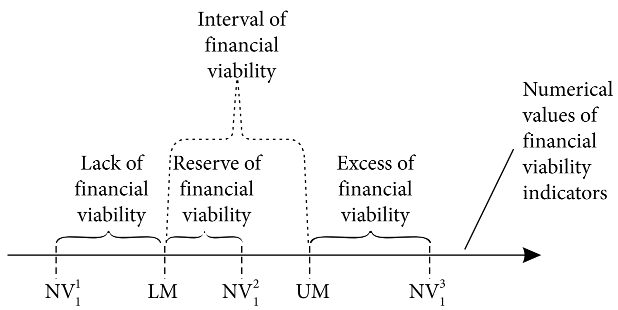

Fig. 2. Distribution of the zones of company's financial viability (source: Lace, Koleda 2012)

Explanation (Fig. 2):
NV_I^1; NV_I^2; NV_I^3 – numerical values of financial viability indicators I^1, I^2, I^3;
LM – numerical value of lower margin of financial viability zone;
UM – numerical value of upper margin of financial viability zone;
{- ∞; LM} – zone of financial instability;
[LM; UM] – interval of financial viability;
{UM; +∞} – zone of financial viability excess.

calculating the level of sufficiency of indicators in the following way: for an indicator, which has direct interconnection with the level of financial viability, the level of its sufficiency is determined as (1):

$$\overline{LS_I} = \left(\frac{\overline{NV_I}}{LM_I}\right)100, \quad (1)$$

where:
$\overline{LS_I}$ – average level of sufficiency of indicator I, %;
NV_I – actual numerical value of indicator I;
LM_I – numerical value of lower margin of indicator I.

The level of sufficiency of an indicator, whose growth decreases the level of financial viability, is determined as a ratio of the values of its lower margin to its actual numerical value. Determination of the level of sufficiency of a company's financial viability is one of the most important economic issues since insufficient financial viability may result in the lack of development funds in the company, its insolvency and bankruptcy. Whereas surplus viability impedes a company's development burdening it with excessive stocks and reserves. The management of financial viability should be oriented to the achievement of such a level of financial viability which is adequate for providing company's sustainable development. Meanwhile the algorithm of financial viability management should be based on: 1) factor analysis of financial viability indicators, 2) sensitivity analysis of financial viability indicators. The authors suggest conducting sensitivity analysis applying the coefficient of elasticity (2):

$$\overline{E}^I_{x_j} = f'\left(\overline{X^I_j}\right)\frac{\overline{X^I_j}}{\overline{Y^I}}, \quad (2)$$

where:
I – an indicator of financial viability of company;
$\overline{E}^I_{x_j}$ – average elasticity of the indicator I related to factor X^I_j;
Y^I – factor model of the indicator I of financial viability, $y = f(X^I)$;
X^I_j – numerical value of factor j influencing the indicator I.

The provision of 100% sufficiency y of an indicator of financial viability is possible by changing the value of factors, which influence that indicator. The level of such a change is determined by the following formula (3):

$$LC_{x^I_j} = \frac{(100 - \overline{LS_I})}{\overline{E}^I_{x_j} \cdot \overline{LS_I}}, \quad (3)$$

where:
$LC_{x^I_j}$ – level of change of tempo of growth for average numerical value of factor x^I_j which provides 100% sufficiency of indicator I.

The suggested approach to assessment and management of financial viability delivered in the training course supposes the algorithm depicted in Figure 3.

In order to realize this algorithm of assessment and management of company's financial viability, it is vital to take into consideration that:

- in an efficient way a company is able to influence only the internal factors;
- a company should firstly optimize the values of those indicators of financial viability whose sufficiency level is lower than 100%. Such optimization is possible by changing the values of those factors in relation to which the given indicators are most sensitive;
- in case when the values of all indicators of financial viability are sufficient, the company is considered financially viable. However the company can support and increase on the level of its financial viability by means of improving the indicators whose sufficiency is the lowest.

3. Results of research

The authors of the paper have organised the experimental training course "Financial literacy of entrepreneurs in the field of financial viability management" for:

1. Testing that in work with university students and business people;
2. Fulfilling the course;
3. Improving teaching and learning methodology for financial viability assessment and management;
4. Finding out the challenges which different categories of learners face; and based on them categorising learners (see Table 2).

In the course of trainings the learners were categorised into three groups – those who have:

1. Neither experience in accountancy nor much awareness of it;
2. Theoretical knowledge in accountancy, but lack skills in it;
3. Both theoretical knowledge and working experience in accountancy (see Table 2).

The most crucial challenges which learners had before the explanations given by the trainer concerned the principles of accounting, financial terminology and tax accounting. In logical chain these weaknesses caused failure in comprehending the impact of business activities on financial statement. Only 6% of learners coped with this task.

As a result learners had to overcome several causally interconnected difficulties in: adjusting financial statements; understanding essence and role of financial ratios; applying preventive approach to assessment and management of financial viability and comprehending and managing company's financial viability from systemic perspective.

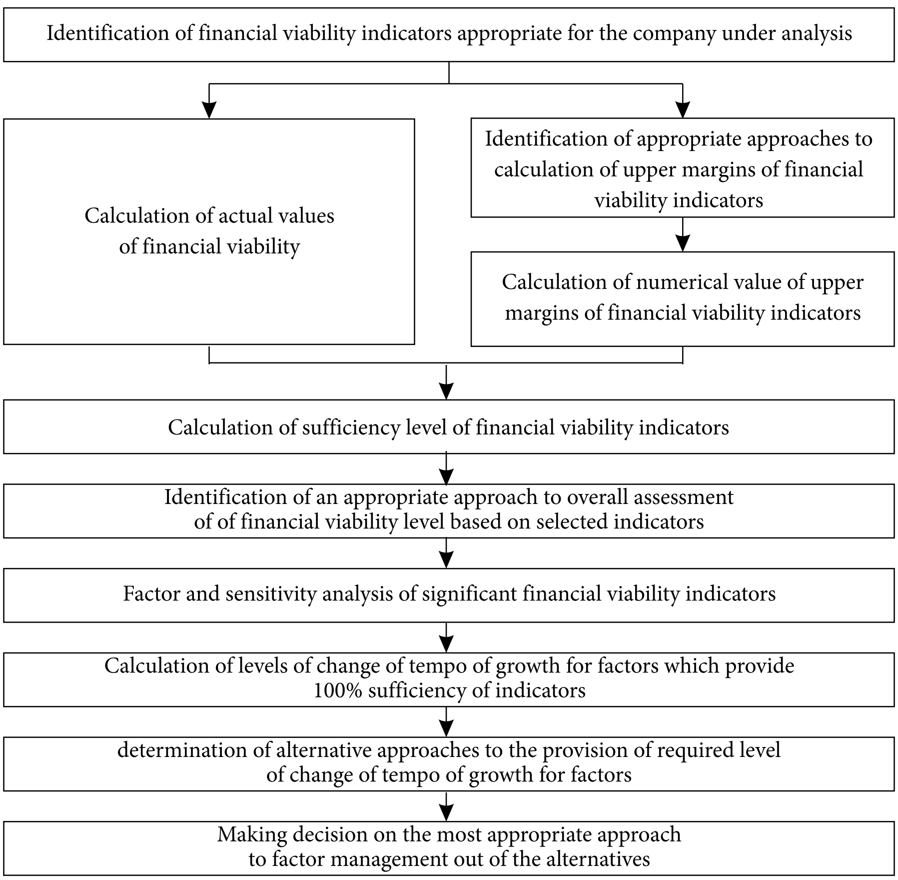

Fig. 3. The algorithm of assessment and management of company's financial viability (source: created by the authors)

Conclusions

The exploration of the challenges in learning for company's financial viability assessment and management showed that there may be three categories of learners whose training should be organised in different modes taking into account the level of their preparedness in accountancy, tax accounting and financial analysis.

The learners who have neither experience in accountancy nor much awareness of it and the ones who have theoretical knowledge in accountancy but lack skills in it, should be offered preliminary preparative courses for overcoming the gap in knowledge and skills. Only after it the three categories of learners can be taught in a joint study environment. Such an organisation of trainings will promote not only learners' competence in assessment and management of company's financial viability but as well motivate them to be more active in their studies, shape positive attitude and appropriate behaviours in solving financing problems in company's life based on deeper and more qualitative understanding.

The analysis of challenges which learners faced in the training process (Table 2) can serve as an appropriate ground for the improvement of study materials, as well as teaching and learning methodologies on company's financial viability assessment and management.

Table 2. Challenges faced by learners of the course "Financial literacy of entrepreneurs in the field of financial viability management" and categories of learners (source: created by the authors)

No	Description of challenge before learning certain topics	Learners, who have neither experience in accountancy nor much awareness of it	Learners, who have theoretical knowledge in accountancy, but lack skills in it		Learners, who have both theoretical knowledge and working experience in accountancy
		Business area	Business area	Academic area	Business area
1	Feeling embarrassed when being video recorded	x	x	x	x
2	Lack of competence in expressing their own experience and opinion using logical schemes of business processes	x	x		x
3	Failing to present business activities in financial statement based only on logic without using accounting transactions	x	x	x	
4	Lack of knowledge of tax accounting	x	x	x	
5	Failing to adjust financial statements due to the lack of knowledge of corresponding methods				
6	Lack of awareness of financial ratios	x	x	x	x
7	Misunderstanding essence of financial ratios		x	x	x
8	Incomprehension of principles of financing	x	x	x	
9	Confusion of financial terminology	x	x	x	x
10	Lack of knowledge of factor analysis	x	x	x	x
11	Lack of knowledge of derivatives	x	x		x
12	At the beginning of training learners did not apply preventive approach to assessment and management of financial viability			x	
13	Understanding company's financial viability based mainly on one's own personal benefit	x	x	x	
14	Judgment of management of company's financial viability from the position of external stakeholders instead of the owners of the company			x	
15	Lack of complex and systemic perception of phenomena and processes, including as well company's financial viability	x	x		x
16	Stable orientation towards cash flow instead of efficiency ratios of company	x	x		x
17	Lack of experience in coping with tasks without trainer's support	x	x		

Funding

This work was supported by the Latvian Council of Science [grant number 394/2012]

Disclosure statement

The authors of the paper do not have any professional, personal or financial interest from other parties regarding the content of the paper.

References

Arabjan, E. K. 2011. Diagnostika kak instrument prognozirovanija finansovoj neustojchivosti predprijatija, *Rossijskoe predprinimatel'stvo* No 12, 1(197): 21–24 (in Russian).

Ashley, S.; Faulk, L. 2010. Nonprofit competition in the grants marketplace: exploring the relationship between nonprofit financial ratios and grant amount, *Nonprofit Management* & *Leadership* 21(1): 43–57.

Bell, J. 2011. Beyond financial oversight: expanding the board's role in the pursuit of sustainability, *Nonprofit Quarterly* 18(1): 10–15.

Bowman, W. 2011. Financial capacity and sustainability of ordinary nonprofits, *Nonprofit Management and Leadership* 22(1): 37–51.

Bykov, D. 2012. *Ocenka finansovoj ustojchivosti predprijatija na osnove analiza ciklov denezhnyh potokov:* Avtoreferat dissertacii. Ivanovskij gosudarstvennyj himiko-tehnologicheskij universitet. 16 p. (in Russian).

da Silva, M. H. F.; Filipe, J. A. 2013. The main Portuguese SAD's comparative study between the economic and financial viability and the success of their sports clubs, *International Journal of latest trends in Finance and Economic Sciences* 3(2): 486–501.

Diena. 2011. *Latvijā darbu sākusi finanšu audzināšanas programma skolēniem* [online], [cited 7 July 2014]. Available from Internet: http://www.diena.lv/reklamraksti/latvija-darbu-sakusi-finansu-audzinasanas-programma-skoleniem-juniorbank-13910964 (in Latvian).

Dordzhieva, Z. A. 2012. Povyshenie finansovoj ustojchivosti predprijatija. Vestnik molodyh uchenyh Sankt-Peterburgskogo Gosudarstvennogo universiteta tehnologij i dizajna, *Gumanitarnye i obshhestvennye nauki* 2: 104–107 (in Russian).

Eckleberry-Hunt, J.; Tucciarone, J. 2011. The challenges and opportunities of teaching "Generation Y", *Journal of Graduate Medical Education* 3(4): 458–461.

Edwards, C. 2013. Coaching your Generation Y staff member, *Life 7* [online], [cited 7 July 2014]. Available from Internet: http://life7.com.au/coaching-your-generation-y-staff-member/

Ergun, R. B. 2012. Mehanizmy finansovoj stabilizacii predprijatija. Vestnik molodyh uchenyh Sankt-Peterburgskogo Gosudarstvennogo universiteta tehnologij i dizajna, *Gumanitarnye i obshhestvennye nauki* 2: 134–139 (in Russian).

Financial and Capital Market Commision. 2013. *Pirmās finanšu izglītības nedēļas pasākumi ir sasnieguši mērķauditorijas* [online], [cited 7 July 2014]. Available from Internet: http://www.fktk.lv/lv/publikacijas/pazinojumi_masu_informacijas_l/2013/2013-03-25_pirmas_finansu_izglitiba/ (in Latvian).

Financial and Capital Market Commision. 2014. *The national strategy for financial literacy of Latvia* [online], [cited 1 August 2014]. Available from Internet: http://www.fktk.lv/texts_files/FIN_STRATEGIJA_042014.pdf

Financial viability. 2009. *Loan Finance dictionary* [online], [cited 30 April 2014]. Available from Internet: http://special-loans.com/dictionary.asp?t=financial_viability

Gibson, R. 2013. *Managing generation Y. Generation Y* [online], [cited 01 May 2014]. Available from Internet: http://www.generationy.com/managing-generation-y/

Gukalova, E.; Fedotova, E. 2009. Kategorija finansovoj ustojchivosti v kontekste sovremennyh metodologicheskih diskusij. *Politematicheskij setevoj jelektronnyj nauchnyj zhurnal kubanskogo gosudarstvennogo agrarnogo universiteta* 46(2): 56–64 [online], [cited 25 May 2014]. Available from Internet: http://ej.kubagro.ru/archive.asp?n=46 (in Russian)

Hahn, D. 2008. *Similarities and differences in coaching* & *mentoring* [online]. Hahn Training [cited 17 May 2014]. Available from Internet: http://www.champtrainer.com/documents/Similarities%20and%20Differences%20in%20Coaching%20and%20Mentoring.pdf

Helland, S. 2013. *Developing a gen Y coaching culture*. Career Edge Organization [online], [cited 08 August 2014]. Available from Internet: https://www.careeredge.ca/ceoblog/developing-a-gen-y-coaching-culture/

Hisrich, R. D. 2010. *International entrepreneurship: starting, developing, and managing a global venture*. London: Sage Publication Ltd. 624 p.

Hoegl, M.; Praveen Parboteeah, K. 2003. Goal setting and team performance in innovative projects: on the moderating role of teamwork quality, *Small Group Research* 34 (3): 3–19.

Horovitz, B. 2012. *After Gen X, Millennials, what should next generation be?* [online]. USA Today [cited 03 August 2014]. Available from Internet: http://usatoday30.usatoday.com/money/advertising/story/2012-05-03/naming-the-next-generation/54737518/1

IMF. 2006. *Financial soundness indicators: compilation guide*. International Monetary Fund [online], [cited 12 April 2014]. Available from Internet: http://www.imf. org/external/pubs/ft/fsi/guide/2006/index.htm

International Labour Organization. 2008. *Financial Education, Trainer's manual* [online], [cited 25 April 2014]. Available from Internet: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_108269.pdf

Isaeva, E. 2012. Novoe pokolenie studentov: psihologicheskie osobennosti, uchebnaja motivacija i trudnosti v processe obuchenija pervogo kursa, *Medicinskaja psihologija v Rossii* 4(15) [online], [cited 1 August 2014]. Available from Inernet: http://www.medpsy.ru/mprj/archiv_global/2012_4_15/nomer/nomer20.php (in Russian).

Jørgensen, K. E; Oberthür, S.; Shahin, J. 2011. Assessing the EU's performance in international institutions – conceptual framework and core findings, *Journal of European Integration. Special Issue: The Performance of the EU in International Institutions* 33(6): 599–620.

Koleda, N. 2011. *Uzņēmuma finansiālās stabilitātes teorētiskie un praktiskie risinājumi kā ilgtspējīgas attīstības pamats:* Dissertation. RTU Publikāciju datubāze (in Latvian).

Koleda, N.; Lāce, N.; Oganisjana, K.; Kaliyeva, G. 2013. *Uzņēmēju finanšu lietpratība finansiālās stabilitātes pārvaldībā*. Rīga: RTU Izdevniecība. 107 pp. ISBN 978-9934-10-527-2 (in Latvian)

Lace, N.; Koleda, N. 2012. Aggregate assessment of a company's financial viability, in *7th International Scientific Conference "Business and Management 2012"*, 10–11 May Vilnius, Lithuania, 101–107.

Lace, N.; Koleda, N. 2010. Dynamic factor analysis of financial viability of Latvian service sector companies, *Economics* & *Management* 15: 620–626. ISSN 1822-6515

Lace, N.; Koleda. N. Assessment of financial viability in the context of company's sustainable development, in *International Conference on Social Science and Society (ICSSS 2011),* 14–15 October 2011, Shanghai, China. Information Engineering Research Institute, 2: 123–129.

Nordea Bank; The Stockholm School of Economics in Riga. 2011. *Nordea vitameter* – biznesa vitālitates mērījums. Latvijas uznēmumu konkurētspēja [online], [cited 3 May 2014]. Available from Internet: http://www.sseriga.edu/files/content/nordea_vitatlitates_petijums.pdf

Oseifuah, E. K. 2010. Financial literacy and youth entrepreneurship in South Africa, *African Journal of Economic and Management Studies* 1(2): 164–182. http://dx.doi.org/10.1108/20400701011073473

Perrini, F.; Vurro, C. 2013. Stakeholder orientation and corporate reputation: A quantitative study on US companies, *Emerging Issues in Management* 1: 1–13.

Reilly, P. 2012. Understanding and teaching generation Y, *English Teaching Forum* 50(1): 2–11.

Saakjan, T. G. 2013. Prognoznoe modelirovanie finansovoj ustojchivosti predprijatij otrasli po proizvodstvu bezalkogol'nyh napitkov na osnove rejtingovoj ocenki, *Molodoj uchenyj* 11: 451–465 (in Russian).

Sheshukova, T. G.; Kolesen', E. V. 2012. Ocenka finansovogo potenciala innovacionnyh predprijatij i grupp kompanij s primeneniem mnogokriterial'noj optimizacii, *Vestnik Permskogo universiteta. Ekonomika* 3(14): 39–49 (in Russian)

Skolas vārds 2014. *Izstrādāta interaktīva rokasgrāmata bērnu finanšu lietpratības veicināšanai* [online], [cited 11 May 2014]. Available from Internet: http://www.skolasvards.lv/sleja/zinas/izstradata-interaktiva-rokasgramata-bernu-finansu-lietpratibas-veicinasanai (in Latvian).

Society of Management Accountants of Canada. 2014. *Why small businesses fail…* The Free Library [online], [cited 12 May 2014]. Available from Internet: http://www.thefreelibrary.com/Why+Small+Businesses+Fail.-a065349123

Strauss, W.; Howe, N. 1992. *Generations: the history of America's future, 1584 to 2069*. New York: William Morrow Paperbacks. 545 p.

The Central Statistical Bureau of Latvia. 2014. *CSB data base* [online], [cited 02 August 2014]. Available from Internet: http://www.csb.gov.lv/statistikas-temas/uznemejdarbibas-finanses-galvenie-raditaji-30309.html

The University of Latvia. 2012. *Financial literacy of young people* [online], [cited 14 April 2014]. Available from Internet: http://www.bankasoc.lv/lv/aktualitates/LU_petiuma_zinojums_finansu_lietpratiba_27_06_2012.pdf

The University of Latvia. 2013. *Financial literacy of householders* [online], [cited 01 April 2014]. Available from Internet: http://www.bankasoc.lv/lv/petijumi/finansu_lietpratiba_majsaimnieciba_2013.pdf

United Nations Joint Staff Pension Fund. 2013. *Overcoming Generational Gap in the Workplace* [online], [cited 3 April 2014]. Available from Internet: http://www.un.org/staffdevelopment/pdf/Designing%20Recruitment,%20Selection%20&%20Talent%20Management%20Model%20tailored%20to%20meet%20UNJSPF's%20Business%20Development%20Needs.pdf

University College London. 2013. *Coaching toolkit* [online], [cited 3 March 2014]. Available from Internet: http://www.ucl.ac.uk/hr/osd/resources/documents/coaching_toolkit.pdf

Valcour, M. 2013. *Coaching is key to engaging generation Y* [online]. HR Review [cited 24 March 2014]. Available from Internet: http://www.hrreview.co.uk/analysis/analysis-training-development/coaching-is-key-to-engaging-generation-y/50001

Waterworth, N. 2013. *Generation X, generation Y, generation Z and the Baby Boomers* [online]. Talented Heads [cited 21 May 2014]. Available from Internet: http://www.talentedheads.com/2013/04/09/generation-confused/

Whitmore, J. 2010. *Coaching for performance: growing human potential and purpose: the principles and practice of coaching and leadership.* Nicholas Brealey Publishing. 240 p.

Wilson, M.; Gerber, L. 2008. How generational theory can improve teaching: strategies for working with the "Millennials", *Currents in Teaching and Learning* 1(1): 29–44.

Wise, S. 2013. The impact of financial literacy on new venture survival, *International Journal of Business and Management* 8(23): 30–39. http://dx.doi.org/10.5539/ijbm.v8n23p30

Zietlow, J. 2012. A financial health index for achieving nonprofit financial sustainability, *Social Science Research Network* (*SSRN*). 56 p. http://dx.doi.org/10.2139/ssrn.2049022

Zhevak, I. 2006. Issledovanie problem nauchnogo podhoda v finansovom analize, *Research and technology – STEP into the FUTURE* 1(2): 28–31 (in Russian).

Nadezda KOLEDA. Nadezhda Koleda has a PhD in Management, sub-branch Business Administration. She is a researcher and docent at Riga Technical University. Her research interests: financial literacy of enterpreneurs, financial planning and analysis, accountancy, project management and process management. She delivers study courses on financial analysis and planning for Latvian and International students of bachelor's and master's studies of Riga Technical University.

Karine OGANISJANA. Dr PhD, docent delivers study courses on modern research methods, pedagogy and economics of entrepreneurship. She is a member of ASEM (Asia-Europe) Lifelong Learning Research HUB and the head of an ESF research on promoting teachers and students' entrepreneurship in interdisciplinary study environment. Her scientific interests encompass mixed methods research in: practical creativity, problem solving, elaboration of new teaching and learning methodologies.