European Journal of Business Startups and Open Society
Vol. 4 No. 10 (Oct - 2024): EJBSOS
http://inovatus.es/index.php/ejbsos

Tasks of Enterprise Profits Management in the Context Of Economic Modernization

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Abstract: Profit has always played and continues to play a key role in the economic development of enterprises, reflecting the results of their market activities and the effective use of resources. Generating profit is a primary motivation for entrepreneurs, encouraging them to increase production volumes and reduce manufacturing costs through the implementation of innovative solutions. Profit serves as a market indicator for maximizing value growth and as a motivation for investments in the most promising sectors of the economy. Therefore, it is crucial to apply precise methods for calculating and planning profits that take into account the specifics of the enterprise and its investment processes. The aim of this study was to develop recommendations for forecasting profit based on the operational conditions of the enterprise, which is discussed in detail in the article.

Key words: enterprise profit, profit planning, profit forecasting, factors determining enterprise profit, profit calculation, financial pricing policy.

Introduction

When addressing the question of what responsibilities entrepreneurs, managers, and business leaders hold, it is essential to highlight their commitment to ensuring high quality in the products (goods, services, items) they produce, as this is a priority for consumers. The primary need of customers is to obtain useful and affordable products or services. At the same time, the products must be priced as competitively as possible, necessitating a reduction in production costs. It is from these perspectives that the activities of the enterprise should be evaluated and planned.

Thus, the planning process should be aimed at achieving the set goals, specifically the accurate determination of the volume of costs and profits. This involves assessing the production costs for the output of products (goods, works, services) and ensuring a profit sufficient to meet socio-economic needs, enhance solvency, and improve the competitiveness of enterprises. Profit serves as a key market benchmark that provides maximum value growth and stimulates investments in the most profitable sectors of the economy [1].

Literature Review. To achieve and maintain a competitive advantage, managers must thoroughly analyse the internal processes of their companies. The creation of goods or the provision of services involves a series of operations that contribute to their value. Improving the efficiency of these processes can significantly enhance the company's competitiveness [5].

This requires knowledge in resource management and assets that can generate profit, as well as skills in developing production and financial plans, including revenue and profit forecasts. It is also important to have the ability to create effective business plans tailored to specific enterprises, which necessitates skills in comprehensive approaches and planning.

Some economists view activity-based cost management (ABCM) as a method gaining popularity among companies. This method, as a system, can provide managers with a strategic perspective on the activities necessary for the competitiveness of the enterprise [5]. Others advocate for the implementation of an integrated cost accounting and management system using SAP (Systems Applications and Products) [6]. Additionally, some economists believe that Total Quality Management (TQM) represents a comprehensive approach to improving organizational and structured processes through diligence, self-discipline, continuous learning, and the application of modern techniques and methods [7]. TQM is an approach that management uses to enhance the company's productivity [8]. Most researchers are confident in the significance of accounting policy in cost management [4].

Analysis and Results. To achieve these goals, knowledge in resource management and assets that can generate profit is essential, along with the ability to develop production and financial plans, including revenue and profit forecasts. Furthermore, proficiency in creating business plans tailored to specific enterprises is important, requiring a comprehensive approach and strategic planning.

It is worth noting that many enterprises in Samarkand still calculate profit using the direct accounting method based on the cost of production. However, this approach does not account for all the costs that affect the company's market results. It is known that actual profit decreases as the volumes of purchased raw materials, supplies, fuel, and accumulated inventory in unfinished production and on warehouses increase. Moreover, the cost does not reflect changes in mutual debts between contracting companies, the payment terms of which have not yet arrived. [2].

As a result of such operations, the current methodology shows profit growth in some reports while indicating increased losses in others. Consequently, the "allocation" and "utilization" of profits, along with artificially inflated profit figures, increase the emission pressure on the bank. In many enterprises in Samarkand, approximately 10-15% of the profits reported in their financial statements are the result of unjustified comparisons between costs and the outcomes of financial and economic activities.

In practice, various methods for calculating enterprise profit are used, including the direct accounting method, budgeting (normative) method, factor method, analytical method, and the method of interrelation between revenue, costs, and profit, among others.

The direct accounting method is used when there is a small assortment of products, an established selling price, and a planned consultation on costs. For more accurate forecasting, unrealized inventory is taken into account: the planned profit is calculated as the sum of the profit from unrealized inventory and the profit generated from the sale of products during the current period, minus the amount of profit from unrealized inventory at the end of the period.

Budgeting Method (Normative). When using this method, standards for expenses related to tangible assets are developed for various types of products across each expense category. These standards are then allocated to different centers of financial responsibility. Once the standards are established, the expected profit for the entire organization is calculated.

The factor method is based on the principle that, when using this approach, the key profit indicators for the current and previous periods, or for a specific time interval, are first determined. Then, the indicators for the specified period are calculated. Finally, the factors influencing profit are identified, and the corresponding indices are computed based on these factors.

The analytical method, or the method of analytical profit planning, represents a multifactor approach that allows for the assessment of the impact of each factor on the company's performance results. When applying this method, data from previous periods are taken into account, and an analysis of profit and its share in the company's total revenue is conducted. Based on the anticipated changes in this indicator, the volume of sales or production is adjusted accordingly.

Calculations using the analytical method are complex due to the numerous factors influencing profit. These include the cost of sales, the level of fixed and variable expenses, the price per unit of goods or products, as well as the planned volume of production or purchases.

The method of interrelation between revenue, costs, and profit is based on identifying the level of correlation between the volume of sold products and the division of costs into fixed and variable. It determines the break-even point and the sales volume that must be achieved for the enterprise to generate profit.

It is necessary, therefore, to transition to a real calculation of enterprise profit that takes into account all actual expenses, not just the current ones reflected in the cost of goods sold. It should be noted that little attention is paid in economic literature to the issues of profit calculation for enterprises, particularly for small business entities. In our opinion, it is advisable to calculate the actual profit from the sale of products ($\sum Ps^{a}$) as follows:

$$(\sum Ps^{a}) = \sum R^{sp} - \sum TC_{s}^{g} + \sum A_{r} - \sum A_{p} + \sum P^{fg} - \sum Ch_{pil} \qquad (1)$$

$\sum R^{sp}$- revenue from the sale of products;

$\sum TC_{s}^{g}$- total cost of goods sold;

$\sum A_{r}$- accounts receivable;

$\sum A_{p}$- accounts payable;

$\sum P^{fg}$- profit in finished goods inventory;

$\sum Ch_{pil}$- change in production inventory levels;

$\sum Ch_{wpi}$- change in work-in-progress inventory.

The change in production inventory and work-in-progress must be calculated using the formula (2):

$$\sum Ch_{pil} = \sum PI_{e} - \sum PI_{e}, \qquad (2)$$

$$\sum Ch_{wpi} = \sum WiPI_{e} - \sum WiPI_{b}, \qquad (3)$$

где $\sum PI_{e}, \sum PI_{b}$ - production inventory at the end and beginning of the year, respectively;

$\sum WiPI_{e}, \sum WiPI_{b}$ - work-in-progress inventory at the end and beginning of the year, respectively.

The proposed formula for calculating the actual profit from the sale of products will allow for a more accurate determination of the profit earned by the enterprise compared to the direct accounting method.

Ensuring constant profit growth largely depends on the application of scientifically grounded planning methods and the interest of enterprises in developing and adopting business plans that maximize the use of all profit growth reserves. In profit planning, practitioners often use methods such as direct accounting, analytical, and combined calculations. However, in the context of crisis management, these methods are ineffective. In our opinion, it is advisable to closely align the planned profit amounts with the necessary level of profit that ensures break-even conditions and competitiveness.

In an unstable or crisis situation, with a shortage of funds, enterprises must ensure their own production and social development through their own resources. Stable and efficient economic activity of enterprises is only possible through modernization, meaning constant technical renewal of production, and innovation, which involves the use of the latest scientific achievements.

Enterprises with sufficient profits have the ability to modernize their production using the most advanced scientific innovations, which in turn positively impacts their financial position. The material foundation for product modernization and financial stability is the implementation of innovations, which serves as a lever for ensuring financial stability and competitiveness. The quality of products depends on the modernization of enterprises, and as is well known, product quality is undoubtedly a necessary condition for ensuring its successful sale.

Due to a lack or shortage of their own funds, enterprises often reduce a number of social programs. The state is unable to fully address these issues, particularly housing for employees and leisure time activities, which remain some of the most pressing social problems. Nowadays, enterprises are compelled to take full responsibility for the social and cultural welfare of their employees.

In economic literature, there is an opinion that the total tax payments that enterprises are required to make to the budget are excessively high, making it difficult for them to ensure their production and social development through their own resources. It is clear that for enterprises to support their production and social development, it is necessary not to reduce taxes but to increase the amount of profit. After all, only after selling their products do enterprises recoup their costs, earn a profit, and pay the taxes owed [3].

The financial stability of an enterprise, as a specific economic concept, refers to its ability to carry out expanded reproduction based on modernization, while social development denotes the effective use of its own resources. This capability is primarily determined by the relationship between two parameters: the enterprise's need for production and social development and its actual financial capabilities.

From this, it follows that the amount of profit retained by the enterprise, necessary to ensure its sustainability during modernization, is recommended to be calculated as follows:

First, calculate the need for the enterprise's production and social development for the planned period and subtract the amount of depreciation allowances from it, denoting the resulting figure as follows: $\sum D_{ind}^{pl}$.

Second, subtract the share of profit allocated for the modernization of economic and social development from the total profit remaining at the enterprise's disposal based on data from the reporting period, and denote it as follows: $\varDelta EN_{se}^{D}$.

Third, the amount of profit remaining at the enterprise's disposal, ensuring its capabilities and potential $\sum P_{dis}^{re}$, will be calculated using the following formula:

$$\sum P_{dis}^{re} = \frac{\sum D_{\mathrm{ind}}^{\mathrm{pl}} \times 100}{\varDelta EN_{se}^{D}} \qquad (4)$$

It is then recommended to determine the share of net profit in the total balance sheet profit based on actual data from the reporting period and denote it $\sum N^{pr}$.

From here, based on the calculations mentioned above, it is recommended to calculate the amount of balance sheet profit $\sum B^{sh\,p}$ that ensures conditions for socio-economic development using the following formula:

$$\sum B^{sh\,p} = \frac{\sum P_{dis}^{re} \times 100\%}{\sum N^{pr}} \qquad (5)$$

In accordance with the proposed method, profit planning will have an effective impact on the economy, contributing to the social services for employees and their families, reducing ineffective spending on social programs as well as their deficits, increasing the production of high-quality products and lowering production costs, improving the viability of enterprises, and elevating them to a new economic level.

Conclusion. Profit planning is greatly influenced by financial and pricing policies, as well as the study of supply and demand. In the context of economic modernization, the foundation for ensuring the viability of enterprises is the actual revenue from sales. Therefore, enterprises must develop well-founded, achievable business plans and ensure their execution. Only those products with guaranteed market demand should be included in the business plan. Risk is, of course, permissible, but it must be minimized.

In the context of economic modernization, unrealistic business plans lead to the prospect of financial crisis. This fully applies to the business plans of small enterprises as well — planning the production of goods, works, or services without clearly defined prospects, such as the lack of guarantees for the supply of raw materials, components, or the absence of identified buyers, is risky. The foundation for such plans should be government orders and contracts with other economic entities.

Improving the calculation and planning of profits is of great importance for ensuring the effective functioning of enterprises as a whole, particularly small businesses, in the context of economic modernization.

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