

# **THEORETICAL AND METHODOLOGICAL ASPECTS OF THE RESULTS OF ECONOMIC ENTITIES' ACTIVITY**

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From the scientific and practical point of view in the modern economics the problem of the economic essence of the results of the economic entities' activity is one of the most complex and debatable. Taking into account the economic nature, on the one hand, the result is the difference between cash receipts and cash payments of economic entities, on the other hand it is the difference between the property status of economic entities at the end and at the beginning of the reporting period.

The results of the economic entities' activity are a quantitative and qualitative determination of the totals of these activities on the basis of an adapted system of indicators under the influence of factors of the external and internal environment in the process of using available resources provided that they achieve strategic goals in the economic, social and environmental fields, taking into account the economic and geographic segment. Analytical support of the system of evaluation

and management of the results of the economic entities is a system of indicators for the accounting and analytical process of the transfer of information about the results of the subject's activity to concerned users for the adoption of effective management decisions taking into account the segment component. To achieve the goal and obtain the target indicators of the result of economic entities, the use and interaction of relevant resources, represented by economic resources, which are understood as all types of resources utilized in the production of goods, products and services, are carried out. Here are labor resources, natural resources, capital (in the form of money capital, or means of production), economic and professional properties of subjects.

In practical activity of modern economic entities, sound management decisions are based not only on ensuring the effective use of internal capabilities (resources and potential), but also taking into account the influence of external and internal factors on the results of the economic entities.

The model of the interconnection of components that shape and influence the results of the activities of economic entities is presented in Fig. 1. Therefore, in determining the results of activities, only the costs or resources that ensure the receipt of this result is impossible, as it emphasizes the systematic and complete presentation of the effectiveness and efficiency of the production economic entities.

In modern conditions, an important aspect in determining the result (effect) of an entity is taking into account the significant influence of external (general economic) factors with consideration of the economic and geographical segment.

The geographical segment is a separable part of the economic entities' activity for the production and / or sale of a certain type (or group) of products (goods, work, services) in a particular economic environment different from the other ones: the economic and political conditions of the geographical region; the relationship between activities in different geographic regions; territorial location of production of products (work, services) or buyers of products (goods, work, services); specific risks for the geographical region; rules of currency control and currency risks in such regions [1].

In turn, an economic segment is a separable part of the economic entities' activity in the production and / or sale of a certain type (or group of) products (goods, work, services), which differs from others: by the type of products (goods, work, services); by the way to generate income (way of distributing products, goods, work, services); by the nature of the production process; by risks inherent to this activity; by category of buyers [1].

Depending on the nature of the impact on the target result of the economic entities, the reporting segments are divided into prioritized and auxiliary ones, considering the type of organizational structure of the economic entities. Activities of an economic entity that are carried out either in a separate state, including one or more foreign ones, or in some regions of Ukraine, are taken into account for separating the geographical segment. At the same time, the level of segmentation,

considering the need to display and reveal the relevant information, is determined personally by the entity.

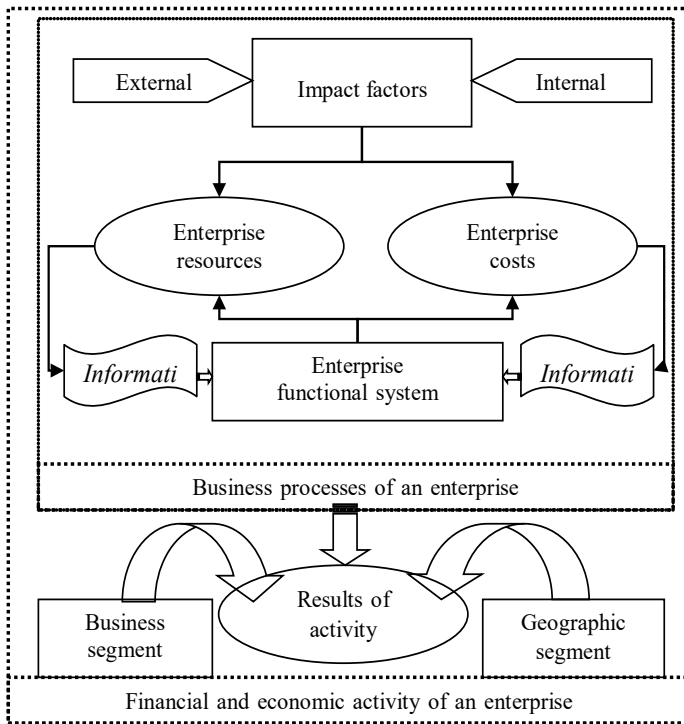


Fig. 1. Model of interconnection of components that shape and influence the results of economic entities' activities

By identifying this segmentation and taking into account specific conditions, an entity may focus on the relevant segment –economic or geographical one, recognizing it as a priority. In order to comply with the relevant conditions, it is necessary to focus on their essence:

- the priority of the economic segment is based on the formation of organizational structuring of individual subdivisions of the economic entity, including production, based on the types of products, work and services that are produced by economic entities;

- in turn, the recognition of a geographical segment as a prioritized one requires the consideration of organizational structuring according to a regional principle.

Thus, when one of the above mentioned conditions is fulfilled, one segment of economic entities is recognized as a prioritized one, the other – as an auxiliary one.

Real interconnection of costs and results based on a priority segment should

be quantitatively determined at the level of economic entities, taking into account aspects of added value distribution and at the state level, in terms of GDP and national income generation, which necessitates not only the determination of the costs of economic entities, but also the results of its activities.

To make effective management decisions on performance results, analytical assessment information is needed, which reflects the results of the comparison of resources expended with economic benefits. Taking into account the importance of economic entities expenses, as the amount of consumed resources in the management system, it is necessary to separate the concept of “productive resources of economic entities” as a combination of funds of a legal entity that ensure the implementation of its activities, considering the trend of costs growth as well as the segment component.

As a rule in modern economic conditions the implementation of costs is purposeful and aimed at obtaining a certain result of activity.

Taking into account the modern economic theory and practice, the author’s classification of the activity results of economic entities is proposed with consideration of relevant features of the modern economy (Table 1).

From the point of view of the activity types, the results are divided into the results from the operating, financial and investment activities, and this corresponds to the regulatory support. Results from operating activities are the results of operations related to the production or sale of products (goods, work, services), which provides a significant part of the income of economic entities and are the main purpose of its creation and operation.

The result from financial activities is the result of activities that leads to changes in the capital segment of the production economic entities.

In turn, the result of investment activity is the result of operations related to the irreversible assets of the production entities, as well as those financial investments that are not a segment of cash equivalents of the entity.

The second qualification group is formed depending on the degree of achievement of the corresponding result. At the same time, the targeted, namely, the final result of the activities of production entities, as well as intermediate or, in other words, partial results, which can be obtained and calculated for each structural segment of economic entities, are distinguished. Information on intermediate results is used without fail when calculating the final target result of activity of economic entities.

Depending on the place of occurrence, the results of activities of economic entities are divided into exogenous - the results obtained under the significant influence of external factors, and endogenous results, which are formed by improving the efficiency of resource use and the potential of economic entities.

In addition, each group of the results of the economic entities’ activities is characterized by appropriate qualitative and quantitative indicators or indicators that are designed to objectively establish the effectiveness and efficiency of the activities of production economic entities. In this connection, they share the qualitative and

quantitative results of the activities of economic entities.

Table 1

**Classification of results of economic entities' activity**

<b>№</b>	<b>Qualification criteria</b>	<b>Types of results</b>
1	Kind of activity	- Result in operational activities; - Result in financial activities; - Result in investment activities
2	Degree of achievement	- The targeted outcome; - Intermediate outcome
3	Belonging to the place of production	- Exogenous results; - Endogenous results
4	Results sphere	- Economic results; - Financial results; - Social results; - Environmental results
5	By properties of phenomena and processes	- Quantitative results; - Qualitative results
6	Depending on the selected segment	- Result from a priority segment; - Result from an auxiliary segment
7	Specific sphere of activity	- Innovative results; - Intellectual results

The modern system focuses on individual economic segments, namely, economic and geographic, which is reflected in determining the performance of economic entities as a result of the priority segment and the result of the auxiliary segment, taking into account the current regulatory framework.

Innovative activity of economic entities today has become an integral part of the successful functioning of an economically developed enterprise and is an activity that is associated with the creation and practical use of advanced or completely new types of products (work, services) or management decisions that provide economic, social, environmental, scientific and technological and other effects of economic entities. As a result of innovation activities of economic entities, there may be a new product that is introduced on the market, an improved or new technological process, as well as new approaches to the organization of production and management, which strengthens the competitive position of the enterprise and maximizes positive results of management.

Analysis of scientific research shows that the results of intellectual activity of economic entities in relation to which legal protection is carried out are objects of intellectual property and are presented in the form of intellectual products, without which the process of economic development of a modern enterprise is complicated.

The classification of the company's results in different spheres is relevant for economic entities. Allocation of economic, financial, social and environmental results of economic entities helps to focus on solving the main tasks and achieving

their strategic goal in economic, financial, social and environmental spheres.

The financial result is one of the most important indicators, which summarizes all the activities results and characterizes the efficiency of an enterprise. The financial results directly reflect all aspects of economic entities' activities, such as: the level of production assets use, labor, material and financial resources; features of technology and organization of production; cost of goods sold, their quality; sales volume, selling prices; labor productivity; government regulation of industry development. The financial result of economic entities may be profit, loss or zero financial result.

In accordance with the types of activities, there are: financial results of operating activities of economic entities; financial results of investment activities of economic entities; financial results of financial activities of economic entities.

Depending on the content, financial results are classified into:

- accounting result that is the amount of profit before tax, determined and reflected in the statement of financial performance (total income) of economic entities;
- tax result that is the amount of profit, determined on the basis of the Tax Code of Ukraine for economic entities;
- economic result that is the part of the total income after deducting the economic costs of economic entities.

The study analyzed the issues that determine the significant role of profit as one of the most important results of the activities of economic entities. The need to inspect various aspects of the economic nature of profit determines the debatability of this category.

Taking into account the needs of modern society and considering the result of economic entities as a result of a certain activity, we assume it's obligatory to single out the social results of an enterprise's activities into a separate group.

In the national environment, it is rather difficult to separate the social aspect from the economic one in the activities of economic entities, but modern management standards require the definition of the social result of the enterprise.

In this connection, the social result of economic entities is a complex, decompound consequence of the operation of an enterprise, is essential for an individual, a group of people and society as a whole and directly affects economic relations both in economic entities and in the state.

The basic aspect is the composition of the social results of the activities of economic entities; it consists in distinguishing two elements: social results for employees and social results for owners of economic entities. The first group includes the results of economic entities related to the main spheres of implementation of the enterprise's social policy: selling marketable products at reduced prices, making expenses on maintaining social and cultural facilities, costs of delivering goods to distant cities or territorial communities, fighting poverty through employment, the provision of paid services and free of charge to employees, charitable activities

in the form of free delivery of products to the public sector entities, orphanages, sponsored camps for children and gardens.

Among the social results of economic entities, an important element is salary, which is the main source of income for employees of economic entities and a means of increasing their wellbeing. In addition, salary has a stimulating role in the process of improving the efficiency and effectiveness of labor, thereby ensuring the growth of income of economic entities.

Social results of enterprises are extremely diverse and are determined by the nature of the values declared by society and the economic system. They can be divided into the results of activities that satisfy the material interests of the individual and the results related to personal and spiritual needs, in particular, access to information, participation in management, recreation, sports competitions, intellectual services, etc.

Evaluation and management of results requires a comprehensive approach to maximizing the positive results of the activities of economic units and the study of the results of activities of economic entities in all spheres [3].

The stated positions give reason to assert that in today's conditions, along with the profit indicator of economic entities, which is most often used at enterprises, it is necessary to single out a number of indicators of efficiency and effectiveness of economic entities on the relevant qualification criteria and direction.

The formation of the results of activity of economic entities is carried out under the influence of many factors and at the expense of many sources, different in their financial and economic content, and quantitative and qualitative features.

Thus, the results of economic entities' activities represent the definitions of the outcome of the economic entities' activities, taking into account the segment components and directions of formation. In turn, the result of the economic entities' activities is determined by the characteristics of their activities, in general, describes the consequences in the operating, integration, financial, environmental, social, innovation and other spheres of economic entities.

For the study of the results of the activities of economic entities, methodological approaches to assessment are no less important than the results.

Effective management of economic entities is provided through basic management functions, among which a special role is played by the analysis of financial and economic activities and related analytical assessment systems.

It should be kept in mind that in modern economic conditions, the activities of economic entities increasingly depend on the ability to adapt to the conditions of its operation, in connection with which it is necessary to take into account the change in the system of management decision-making at the enterprises.

Evaluation of the results of economic entities' activities is associated with the development of methodological support for the identification, measurement, production, analysis and presentation of analytical information relating to all activities of economic entities, including innovation and investment development,

as well as the identification of patterns determining the state of the enterprise.

The basis for evaluating the performance of any enterprise is an economic analysis. The method of economic analysis is the target method (approach) of studying the processes of an enterprise's activity in statics and dynamics. The method of economic analysis provides a systematic integrated identification, measurement, registration, accumulation and study of the influence of factors on the performance of an industrial enterprise, by processing the analytical tools of a system of indicators to improve the efficiency of an enterprise [1].

Application of the method of economic analysis is carried out using appropriate methods of analytical research of economic entities: methods of research of specific spheres of operating, investment, financial activities of economic entities or methods of comprehensive analysis of an enterprise. It should be noted that each type of analysis has its own method and analytical tools.

The method of economic analysis is divided into two components: quantitative and qualitative. The quantitative components are aimed at assessing the degree of influence of factors on the effective performance of an enterprise, calculating regression equations in order to be used in management analysis, and revealing reserves for the growth of positive results of an enterprise's activity. Quantitative methods are divided into accounting (balance method, calculation method, double-entry method and statistical (absolute, relative, average), comparison, grouping, index method, method of chain substitutions, integral method, economic and mathematical methods.

Qualitative methods allow, on the basis of an appropriate study, to form certain conclusions about the state of the results of economic entities' activities in all spheres of activity, level of profitability, operational and resource potential, degree of implementation of the socio-economic and environmental component.

The technique is a set of methods, principles for the purposeful implementation of any economic activity in the enterprise. The basic task of the functioning of economic entities is to meet the needs of representatives of society and financial and economic benefits. Financial and economic benefit is determined through profit, is the result, to the extent necessary to meet the socio-economic needs of employees and the social program of the enterprise.

We propose to use a systematic approach in the study of a comprehensive assessment of the results of economic entities' activities by all types of activities, processes and spheres.

The system of comprehensive assessment of financial and economic performance of economic entities includes the following steps:

- investigation of a system of analytical support for economic entities;
- assessment of the actual financial and economic results of the company from operating, innovation, investment and other activities;
- carrying out a segmental assessment of financial and economic results;
- general assessment of factors influencing the financial and economic results



of economic entities;

- formation of strategic decisions of economic entities on forecasting financial and economic results.

In order to assess the performance of economic entities in all spheres – operational, financial, innovation and investment it is necessary to classify the information system of economic entities for the needs of researchers in order to create a single information space that provides truthful and impartial information about the financial and economic results of the enterprise. Information of economic entities includes indicators that are the object of detection, measurement, processing, justification, synthesis, processing, storage and transmission of data. A number of accounting and analytical categories are used in the study of the performance of economic entities.

The method of assessing the financial results of economic entities has the following directions:

- horizontal analysis and evaluation of the cash flow statement of economic entities by the direct method;

- horizontal analysis and evaluation of the cash flow statement of economic entities by an indirect method;

- vertical analysis and evaluation of the cash flow statement of economic entities by the direct method;

- vertical analysis and evaluation of the cash flow statement of economic entities by an indirect method;

- study of the structure and assessment of the dynamics of the financial result before taxation of economic entities;

- assessment of the distribution and use of the net financial result of economic entities;

- assessment of the structure and dynamics of the total income of economic entities.

Evaluation of financial and economic results of economic entities involves the study of its target orientation and justification of financial and economic indicators in the relevant spheres of operating, financial and innovation and investment activities.

The following stage of a comprehensive assessment of the performance of economic entities is the development and formation of an enterprise strategy, their enhancement with a view to prioritizing the rationale for a conceptual model of managing an economic unit. Determining the strategy of economic entities is carried out by identifying growth reserves and testing modern methods for assessing the financial and economic performance of economic entities.

Models of evaluating the results of an enterprise sometimes do not take into account the sectoral features of the objects of analysis, ignore the factors of various weight assessments of the influence of individual indicators on the overall results of the analysis, and therefore often do not determine the objective reasons for an increase (decrease) in the results of an enterprise.

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