

MANAGERIAL ANALYSIS OF ECONOMIC ACTIVITY OF SMALL ENTERPRISE IN AIC

АӨК-ДЕГІ ШАҒЫН КӘСІПОРЫННЫҢ ШАРУАШЫЛЫҚ ҚЫЗМЕТІН
БАСҚАРУШЫЛЫҚ ТАЛДАУ

УПРАВЛЕНЧЕСКИЙ АНАЛИЗ ХОЗЯЙСТВЕННОЙ ДЕЯТЕЛЬНОСТИ
МАЛОГО ПРЕДПРИЯТИЯ В АПК

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Abstract. The study of the use of management analysis of economic activities aimed to justify main directions of improving the sustainability and economic growth of small enterprise (SE) is conducted. The tendencies of changes in business processes and phenomena are determined. The problems and the reasons for their appearance in the use of production resources and formation of the results of functioning of small business enterprise are highlighted. By using methods and techniques of strategic management analysis the influence of internal and external environment on production sphere of SE were determined. The relative importance of organizational environment is identified. Main functional areas of small business (staff, production, marketing, finance and management) have been analyzed in view of the work experience and opinions of its manager and specialists. The critical strengths and weak points of functional zones are presented, which make it possible to understand whether a small enterprise can take advantage of external advantages and at the same time avoid threats. Problems, lack of wealth ("narrow" places), the reasons for their appearance in production were generalized, and ways to eliminate violations and deviations for the effective functioning of the SE, the expected effect of eliminating economic, personnel and organizational problems in economic activity are presented. The calculation of the economic efficiency of the proposed measures for the future is conducted.

Аңдатпа. Шағын кәсіпорынның экономикалық өсуі мен тұрақтылығын арттырудың негізгі бағыттарын негіздеу үшін шаруашылық қызметтің басқарушылық талдауын қолдану зерттелді. Шаруашылық процестер мен құбылыстардың өзгеру үрдістері анықталды. Өндірістік ресурстарды пайдалануда және шағын бизнес кәсіпорынының жұмыс істеу нәтижелерін қалыптастыруда олардың пайда болу мәселелері мен себептері көрсетілген. Стратегиялық басқарушылық талдаудың әдістері және тәсілдерімен ішкі және сыртқы ортаның ШК өндірістік саласына әсері айқындалған. Ұйымдастыру ортасының салыс-тырмалы маңыздылығы анықталды. Шағын кәсіпорынның шаруашылық қызметінің негізгі функционалдық аймақтары (персонал, өндіріс, маркетинг, қаржы және менеджмент) оның басшысы мен мамандарының жұмыс тәжірибесі мен пікірлерін ескере отырып талданды. Шағын кәсіпорынның сыртқы артықшылықтарды пайдалана алатындығын және сонымен қатар қауіп-қатерден құтылатынын түсінуге мүмкіндік беретін функционалдық аймақтардың сыни күшті



және әлсіз нүктелері көрсетілген. Мәселелер, кемшіліктер ("тар" орындар), олардың өндірісте пайда болу себептері жинақталған, ШК тиімді жұмыс істеуі үшін бұзушылықтар мен ауытқуларды жою жолдары, шаруашылық қызметіндегі экономикалық, кадрлық және ұйымдастырушылық мәселелерді жоюдан күтілетін нәтиже көрсетілген. Келешекке ұсынылған іс-шаралардың экономикалық тиімділігін есептеу жүргізілген.

Аннотация. Исследовано применение управленческого анализа хозяйственной деятельности для обоснования основных направлений повышения устойчивости и экономического роста малого предприятия (МП). Определены тенденции изменения хозяйственных процессов и явлений. Выделены проблемы и причины их появления в использовании производственных ресурсов и формировании результатов функционирования предприятия малого бизнеса. Методами и приемами стратегического управленческого анализа определено влияние внутренней и внешней среды на производственную сферу МП. Выявлена относительная значимость организационной среды. Проанализированы основные функциональные зоны хозяйственной деятельности малого предприятия (персонал, производство, маркетинг, финансы и менеджмент) с учетом опыта работы и мнений его руководителя и специалистов. Показаны сильные и слабые точки функциональных зон, которые позволяют понять, сможет ли предприятие малого предпринимательства воспользоваться внешними преимуществами и одновременно избежать угроз. Обобщены проблемы, недостатки («узкие» места), причины их появления в производстве, показаны пути устранения нарушений и отклонений для эффективного функционирования МП, ожидаемый эффект от исключения экономических, кадровых и организационных проблем в хозяйственной деятельности. Проведен расчет экономической эффективности предложенных мероприятий на перспективу.

Key words: agro-industrial complex, small enterprise, management analysis, economic activity, internal and external environment, production, personnel, marketing, management.

Түйінді сөздер: агроөнеркәсіптік кешен, шағын кәсіпорын, басқарушылық талдау, шаруашылық қызмет, ішкі және сыртқы орта, өндіріс, персонал, маркетинг, менеджмент.

Ключевые слова: агропромышленный комплекс, малое предприятие, управленческий анализ, хозяйственная деятельность, внутренняя и внешняя среда, производство, персонал, маркетинг, менеджмент.

Introduction. The effectiveness of management decisions in small enterprises is directly dependent on the quality of analytical research. Its implementation is entrusted to managerial analysis, which is one of the types of economic analysis. The question of the content of management analysis, its place in the system of economic analysis remains to date little studied. However, all researchers share the opinion that a developed market economy generates a need for differentiating the analysis into the internal – managerial and external – financial [1]. The role of management analysis of economic activity is to prepare information for the development of strategies and tactics for the activities of a small enterprise for the future. Management of small enterprises requires an economic analysis not only to select the best management decisions in the present, but also to develop future economic development scenarios [2]. In this aspect, the management analysis of economic activity should be the first stage of a comprehensive project, during which the main directions of improving the

efficiency of a small enterprise in the long term are determined. All this cannot but testify to the timeliness and relevance of the issues discussed in this article.

The object of the research is the economic activity of a small enterprise, which operates in the form of an individual entrepreneur without forming a legal entity. The subject of the study is the features of the assessment and directions for improving the economic activity of a small enterprise.

The purpose of the scientific article is to substantiate ways to improve the economic activities of a small enterprise in the field of agriculture based on managerial analysis. The initial installation identified the need to solve the relevant tasks: to analyze the current level of economic efficiency of economic activity of a small enterprise; to substantiate the main directions of improving the economic activity of a small enterprise for the future.

Material and methods of research. Theoretical and methodological basis of the study was the works of domestic and foreign scientists on the managerial analysis of the



economic activities of commercial organizations. Systematic approach was applied to the selection of functional areas of a small enterprise's economic activity, methods of quantitative and qualitative study of the processes occurring in economic activity [3].

Non-formalized methods and techniques are reflected in analytical procedures at the logical level: development of a system of indicators, method of comparisons, construction of analytical tables, method of detailing, method of expert assessments, methods of situational analysis and forecasting [4]. Formalized methods and techniques used to study the influence of factors on the results of economic activity and calculation of reserves [5]. The work applies to the method of integrated managerial analysis of the economic activity of a small enterprise, from the perspective of its resource potential [6], and SWOT – analysis method was used for

both comprehensive and private assessment of economic phenomena and business processes of a small enterprise [7]. It reveals the content of the strategic managerial analysis, since it includes a systematic study of the external and internal conditions of economic activity of a small enterprise, identifying its strengths and weaknesses relative to competitors. The analytical part of the work is based on the statistical and financial statements of a small enterprise, whose main function is the organization of the production of sausage products and meat semi-finished products.

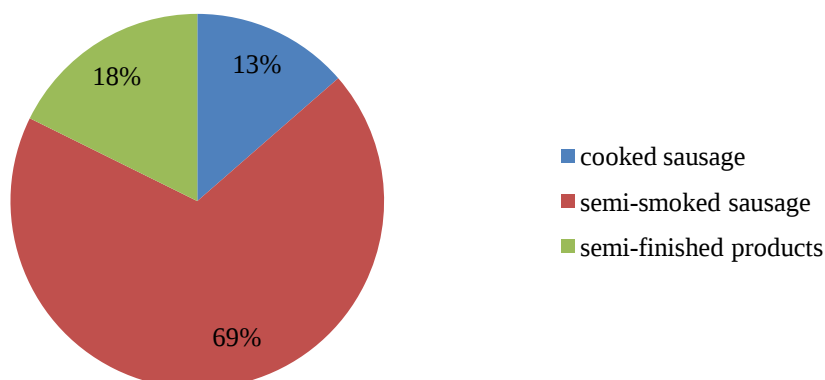
Results and their discussion. At the first stage of the managerial analysis of the economic activity of a small enterprise, a comprehensive assessment of the efficiency of the use of its production resources was carried out (table 1).

Table 1 – Comprehensive assessment of the use of production resources of a small enterprise in 2015-2018

Indicators	2015	2018	Rate of change
Level of annual labor productivity, thousand tenge	3071	4413	1,4370
Capital productivity, tenge	3,290	3,291	1,0003
Material return, tenge	5,00	4,50	0,9000
Comprehensive rate of change in quality indicators of use of production resources			1,0896
Note: calculated by the authors			

The qualitative indicator of the use of all production resources indicates that in 2018 compared with 2015, intensive use of resources increased by 8,9%. More rapidly growing productivity. Material resources were used less effectively.

The average annual growth rate (increase) in sales for the analyzed period is 0.2%. In the total volume of sales of products of a small enterprise, the share of product groups is as follows (figure).



Note: compiled by the authors

Figure – Structure of sales in the context of product groups in 2015-2018

The cash proceeds from the sale of sausage products and semi-finished products

for the years 2015-2018 amounted to 66825 thousand tenge at current selling prices. The

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potential market capacity of meat products for the period under review is 3936 tons, and the market share of the analyzed company in the meat products market is 2.03%. In the market of sausages and semi-finished products, only the segment of cheap and, in part, medium-priced sausages is fully developed. Therefore, a small enterprise in the middle price category still has sufficient market space for its development, since the consumption of sausage products and semi-finished products of the middle price category has not yet reached its peak. This indicates the possibility of developing a small enterprise in this segment.

In the process of managerial analysis of the small enterprise's business, real competitors were identified and a comparative analysis of their performance indicators was carried out, the strengths and weaknesses of

the sausage production business, product quality and pricing policies were identified. In terms of product quality, the level of market prices, a small business is not inferior to its main competitors, but in terms of breadth and depth of the product range, wholesale conditions and availability of a product-market strategy, it has no advantages if it can further promote products to other geographical segments. Based on brand recognition of sausage products, organizations cannot be categorized as obvious competitors, since they all represent different domestic producers.

The volume and structure of the sausage products and semi-finished products sold, as well as the costs of its production and sale are the basis of the formation of the results of the economic activities of a small enterprise (table 2).

Table 2 – The dynamics of the formation of the profit of a small enterprise in 2015-2018

Indicator	2015	Implementation of the reporting year at the prices and costs of the previous period	2018
Cash proceeds from sales of products, thousand tenge	67120	67669	66925
Cost of sales, thousand tenge	47185	47542	48241
Period expenses, thousand tenge	9483	9512	9549
Operating profit	10452	10647	9135
Growth rate of proceeds from sales calculated in the prices of previous year, %	67120	67669	100,82
Note: calculated by the authors			

The growth rate of cash revenue (2%) turned out to be lower than the growth rate of the cost of production and sale of sausage products and semi-finished products (3%). As a result, the operating profit of a small enterprise decreased in 2018 compared to 2015 by 1317 thousand tenge or 12,6%. Comprehensive factor analysis of changes in operating profit showed that it decreased due to the influence of three factors: changes in the cost of sales (- 699 thousand tenge),

changes in period expenses (-37 thousand tenge) and changes in selling prices (-774 thousand tenge). The remaining factors - an increase in sales and a change in its structure - led to an increase in operating profit totaling 193 thousand tenge. All this testifies to the effective economic activity of a small enterprise. However, over the years of the analyzed period, there is a tendency of a decrease in the value of financial results (table 3).

Table 3 – Indicators of profitability of a small business in 2015-2018

Indicator	2015	2018	Deviation +,-
Profitability of costs for operating activities,%	18,4	15,6	-2,8 п.п.
Profit margin, %	15,6	13,6	-2,0 п.п.
Profit of fixed assets, %	48,7	42,5	-6,2 п.п.
Total assets, thousand tenge	44804	48700	+3896
Profit of total assets, %	23,2	18,8	-4,4 п.п.
Current assets, thousand tenge	26411	27228	+2174
Return on working capital, %	39,5	33,6	-5,9 п.п.
Note: calculated by the authors			

An important role in ensuring steady economic activity is played by current assets.

According to load factor in 2018 for each 100 tenges of the received products it is spent for

2 tenges of current assets more, than in 2015. As a result of increase in duration of a turn of current assets for the analyzed period for 4 days the small enterprise needed increase in these funds in 2018 for the sum of 1834 thousand tenges. Therefore it is necessary to find real ways of increase in efficiency of use of the current expenses, profitability, profitability of assets and acceleration of turnover of current assets of small enterprise.

Managerial analysis of problems in the economic activity of a small enterprise is reduced to the determination of critical environmental factors of the enterprise that affect the performance of its business activities. To analyze the impact of the macro environment on the performance of a small business, a method of drawing up its profile with the involvement of experts has been applied, which has been used to estimate the relative importance for the economic activity of a small enterprise of individual environmental factors [8]. The obtained integral assessment indicates that social and economic factors create relatively great problems for the economic activity of a small enterprise, and political and technological factors deserve less attention. These trends should be considered as strategic factors of the business activity of a small enterprise, subdivided into potential opportunities and potential threats and included in the development of measures to improve the efficiency of its business activities.

In the course of analyzing the influence of environmental factors on the direct impact on the economic activity of a small enterprise, it was found that the possibility of changes in tastes and preferences among consumers as a result of a decrease in real incomes of the population can be attributed to its weak attribute. In this regard, a small enterprise must have sufficient potential for the possibility of refusal to increase prices for sausage products and semi-finished products.

Only an assessment of the influence of the external environment on the economic activity of a small enterprise on the availability of opportunities and threats is not enough for it to achieve increased effectiveness and efficiency. It is necessary to identify internal strategic factors, that is, critical strong and weak points that make it possible to understand whether a small enterprise can take advantage of external advantages and at the same time avoid threats. For this, SNW - analysis of the internal environment of a small enterprise's economic activity by functional zones was used, taking into account the work

experience and opinions of its manager and specialists [9].

The analysis of the parameters characterizing the socio-demographic and production components of the labor potential of the collective of a small enterprise revealed that there is a trend towards intensive aging of personnel with the observed maturity, experience and professionalism of the collective of workers. The provision of a small enterprise with labor resources by 6,7% exceeds the planned need for them, at the same time there is a tendency to reduce the average number of employees by 7 people and the turnover rate. The available labor resources are not fully utilized, there are super-planned all-day losses of working time, and intra-shift losses of working time are also significant. The decrease in the fund of working time leads to the appearance of economic losses in the form of under-received products by an average of 79 thousand tenge, and a decrease in the proportion of workers in primary production – by 624 thousand tenge.

In the functional zone - production for the analyzed period, there is an increase in the security of a small enterprise with fixed assets, while the level of capital productivity does not only decrease, but increases, albeit slightly, due to the excess growth rates of labor productivity over its capital ratio. The effectiveness of the use of material circulating assets in a small enterprise tends to decrease, as evidenced by the increase in the size of the material intensity of production. The qualitative indicator of the use of production resources (intensity) increased during the period under review due to the fact that the annual labor productivity and capital productivity compared with the growth of the material intensity of production increased at a faster rate.

The volume of production at a small enterprise has a tendency to decrease by an average of 0,3% per year, and the volume of sales of products is at the same level – 67 million tenge, which indicates a decrease in residual finished products in the warehouse and timely payment by buyers. The formed assortment and structure of the sold products provides the excess of the cash proceeds from the sale over the total cost of sausages and semi-finished products. However, with an annual decrease in production volumes, an annual growth rate of the costs of its production and sales is observed, which is accompanied by an increase in indicators of wage intensity and material consumption of production. All this has a negative effect on the formation of the financial results of the

business activity of a small enterprise.

Every year, the growth rate of cash proceeds is lower than the growth rate of the total cost of production, and the value of operating profit tends to decrease. Factor analysis of profit showed that it decreases to a greater extent under the influence of the total cost of production of a small enterprise. The profitability indicators of the economic activity of a small enterprise tend to decrease with their positive values. There is a slowdown in the turnover of working capital, which causes an increase in the need for them. The main share in the sources of formation of resources belongs to borrowed capital – 60%, which makes the financial position of a small enterprise unsustainable.

Analysis of the marketing activity of a small enterprise shows that its market share is not significant in the segment of cheap and partly average sausage products and semi-finished

products. For a small enterprise with a small market share, the effective forms are those that focus on market segments, where you can better realize your specific competence or avoid direct collision with dominant firms. Therefore, there is the possibility of the development of a small enterprise in the middle price category in the market of meat products and semi-finished products. A small enterprise has limited opportunities for further product promotion to other geographic segments, and there is no formulated strategy for its operation and development.

To eliminate the main problems arising in the economic activity of a small enterprise, the following ways of solving them can be proposed (table 4).

There is a need to calculate the performed indicators of the economic activity of a small enterprise for the future, taking into account the proposed measures and the identified reserves (table 5).

Table 4 – Main directions of improvement of economic activity of small enterprise

Problems	Ways to improve	Expected effect
Economic problems: - growth of production and sales costs; - reduction of financial results; - no risk readiness and the possibility of using borrowed funds.	Cost management and cost of production. Planning sales volumes of products and financial results based on break-even analysis. Apply sensitivity analysis to determine key parameters that may cast doubt on the success of a business.	Improving the efficiency of the use of production resources. Accelerating the turnover of working capital. Determination of sales of products with a given amount of profit. Determining the strength of the operating leverage and financial strength.
Personnel problems: – personnel policy is not created.	Management of personnel potential.	Consolidation and development of staff in a small business. Labor productivity growth.
Organizational problems: - lack of strategy of functioning and development; - low management efficiency.	Formulating a strategy for the operation and development of a small enterprise. Improving the quality of management.	The growth of financial results of economic activity. Increased satisfaction with the relationship between management and employees, increasing the level of entrepreneurial culture.
Note: designed by the authors		

Table 5 – Indicators of the efficiency of economic activity in the future

Indicator	2015-2018	2020	Отклонение +, -
Cash proceeds from sales of products, thousand tenge	66825	69498	+2673
Variable costs, thousand tenge	31656	32942	+1286
Marginal income, thousand tenge	35169	36556	+1387
Fixed costs, thousand tenge	24873	24873	-
Operating profit, thousand tenge	10296	11683	+1387
Cost-effectiveness, %	18,2	20,2	+2,0
Return on sales, %	15,4	16,8	+1,4
Return on total assets, %	22,0	24,0	+2,0
The turnover ratio of working capital	2,49	2,56	+0,07
Duration of one turnover of working capital, days	145	141	-4
Note: calculated by the authors			

In the future, by 2020, indicators characterizing the efficiency of economic

cash proceeds from sales of products (4%) exceeds the growth rate of total cost (2.3%),

activities of a small enterprise tend to increase. Thus, the average annual growth rate of

the increase in operating profit will be 13.5%. The relative indicators of profit - the profitability of costs from the main activity, the profitability of sales and total assets increase by 2%, 1.4% and 2%, respectively, compared to 2015-2018. The increase in the rate of turnover of working capital by 2.8% is accompanied by a decrease in the stay of working capital in one turnover for 4 days.

Conclusions

1. Conducted management analysis indicates the effective economic activity of a small enterprise. However, over the years of the analyzed period, there is a tendency towards a decrease in the magnitude of absolute and relative indicators of financial results, a slowdown in the turnover of working capital.

2. A generalized analysis of the external factors of direct and indirect impact based on their weights and the impact rating on the economic activity of a small enterprise showed that it does not always respond well to current opportunities and threats from the external environment in comparison with its competitors.

3. The potential of the main functional areas of the small enterprise's economic activity was estimated on a seven-point scale in order to identify weaknesses in its individual areas based on an analysis of the availability and efficiency of the use of production resources, evaluation of business results, opinions and opinions of the manager and specialists. The weaknesses of the small business are personnel, finance and management. The economic activity of a small enterprise is slightly below average compared with the strengths and weaknesses of other competitors in the meat processing industry.

4. With the help of the managerial analysis of economic activity, not only the trend of changes in business processes and phenomena in a small enterprise has been established, but it has been indicated what needs to be done to increase the sustainability and economic growth of a small enterprise:

- ◆ cost management of production and sales of products, planning sales volumes of products and financial performance of a small enterprise based on a break-even analysis;
- ◆ human resource management;
- ◆ formation of a common strategy for a small enterprise;
- ◆ improving the quality of management.

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