

## Financial and Business Activity of the Enterprise and its Main Indicators

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### *Abstract*

*In conditions of economic instability, assessment of the financial and business activity of an enterprise plays a key role in determining the financial efficiency of the enterprise. There are many approaches to determining the business activity of a company. This article discusses the main, often used of them, as well as problems that arise in the process of assessing the business activity of an enterprise.*

**Keywords:** *business activity, financial condition of the enterprise, profitability, turnover.*

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Currently, when the economy is in a state of instability, the factors that determine the financial reputation and financial and business activity of a company are in the foreground of theoretical research and in practice when making various kinds of economic, financial, and investment decisions.

A necessary condition for making such decisions may be the presence of high positive business activity of the company.

Financial and business activity can be characterized as a process of reliable economic activity of enterprises, motivated by the macro and micro levels of management, aimed at ensuring its positive dynamics, increasing employment and efficient use of resources in order to achieve market competitiveness.

The high level of business activity of the enterprise allows it to pursue its strategic interests in order to achieve certain operating results. Business activity has a close connection with other important characteristics of the enterprise. Thus, business activity affects the investment attractiveness of an enterprise, as well as its financial stability, solvency, creditworthiness, etc.

Effective management of an enterprise's business activity is impossible without understanding its mechanism, which is a set of management tools and methods that make it possible to influence the formation, development, and improvement of elements of business activity [2].

One of the most important aspects of managing business activity is the financial activity of the enterprise, orientation towards which is necessary when developing both short-term and long-term plans. The financial aspect of business activity is manifested in the effective management of funds and inventories, the ability to attract and effectively use investment resources [3].

To assess the financial and business activity of an enterprise, qualitative and quantitative approaches are distinguished. However, for a more accurate analysis of business activity, it is necessary to apply both of these approaches.

When assessing business activity using a qualitative approach, such indicators as competitiveness, breadth of sales markets, the presence of stable suppliers and consumers and the reputation of the enterprise are taken into account.

The competitiveness of an enterprise, as is already known, shows the ability of an enterprise to successfully compete and obtain economic benefits relative to competitors. An assessment of an enterprise's reputation is usually based on a comparison of the company with enterprises in the same field of activity, carried out by rating companies and independent experts and taking into account the totality of opinions about the company's reputation from representatives of stakeholders who are in one way or another associated with this company.

The quantitative assessment approach is based on comparing the company with competing enterprises based on various indicators. Among such indicators are: sales volume, profitability and turnover ratios, as well as labor productivity.

The profitability of an enterprise is an indicator showing the amount of profit received per unit of capital value. Among the coefficients characterizing the profitability of an enterprise, the main ones are:

- overall profitability ratio;
- sales profitability ratio;

- return on assets ratio;
- direct cost profitability ratio.

The turnover ratio is an indicator characterizing the intensity of use by an enterprise of certain assets or liabilities. This indicator is the main one for assessing the company's business activity. The higher the asset turnover ratio, the more intensively the assets are used in the enterprise's activities, and thus the higher the business activity. Among the most commonly used turnover ratios to evaluate an organization's business activity are:

- total capital turnover ratio;
- equity capital turnover ratio;
- accounts receivable turnover ratio;
- accounts payable turnover ratio.

Summarizing the above, we can say that the mechanism for managing the business activity of an enterprise is not perfect and has a number of shortcomings. This is mainly due to the fact that financial activity plays a special role in the formation of business activity. It is on the financial aspect that the assessment of business activity is based on a quantitative assessment approach. Scientists studying this problem have not identified a single accurate system for assessing business activity. However, to assess business activity, it is possible to use both qualitative and quantitative methods for assessing business activity to obtain a more reliable result.

Thus, we can conclude that business activity is an integral indicator of the effectiveness of an enterprise. Analysis and assessment of a company's business activity helps management not only assess the financial condition of the enterprise, but also to implement a set of measures aimed at increasing it.

For a more accurate assessment of a company's business activity, it is recommended to use both qualitative and quantitative methods for assessing business reputation. It is also recommended to evaluate the current state and growth rate of such indicators as profitability and turnover, in view of their impact on the value of the company's business activity.

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