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Analysis of Ways to Increase Profit in Industrial Enterprises

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Annotation. In this article, the factors affecting the increase in the profit of economic entities, the maximum increase in the amount of profit remaining from the company’s income, and the factors affecting the increase in profit, the factors of increasing income are studied. Also, regional analysis of industrial enterprises, state of growth of industrial enterprises profit per capita and opinions of foreign and local scientists from the point of view of industrial enterprises profit were studied, and specific analytical and statistical data were presented.

Keywords: labor productivity, costs, income, profit sizes, types of profit, enterprises, investments, product volume, price, profit maximization, enterprise assets.

1. Introduction.

By the production profit of economic enterprises, we certainly understand the perspective of the enterprise, that is, the profitability (making a profit) of the enterprise is called the production profit of the enterprise. The main goal of starting a business is to make the profit higher than the cost. Different economists have expressed different opinions about the company’s profit and income. They described the different parts of the economy and also talked about the benefits. It should be noted that profit plays a key role in today’s market economy. The main goal of the development of entrepreneurship and large production enterprises is to ensure the growth of incomes and to reduce expenses.

The driving force of business is the profit achieved at the end of the activity (actions in the egoistic form). Therefore, profit is considered as a single indicator for evaluating the activity of all enterprises, regardless of the form of ownership. Also, profit is an incentive for purposeful action. Commercial activity and its duration often depend on the size of this element, right depending on the distribution and use. The profit itself arises from the proportionality of the previous actions of the economic assets. That is, the processes have taken place, gains and losses have occurred. Economic the most important factor in the formation of profit in the movement of assets is the increase in assets in the form of an increase in income in the form of cash and cash equivalents from commercial activity (sales process) and the economic effect achieved due to them (product output).

The market economy determines specific requirements for the management system of the enterprise. Profits in market conditions are used not for consumption, but for investments and innovations that ensure the economic growth and competitiveness of the enterprise. In order to maintain a stable financial position and constantly improve production in accordance with changes in the market situation, it is necessary to respond more quickly to changes in the



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economic situation. The enterprise independently plans its activities and determines the prospects for development based on the demand for manufactured products and the need to ensure industrial and social development. Income, among others, has become an independent planned indicator.

Profit is the final financial result describing the production and economic activity of the entire enterprise, that is, it is the basis for the economic development of the enterprise. Profit growth creates a financial basis for self-financing of enterprise activities, implementation of expanded reproduction. Part of the obligations to the budget, banks and other enterprises were fulfilled at its expense. Thus, profit becomes the most important thing for evaluating the production and financial performance of the enterprise.

2. Literature review

Economists have also expressed their opinions about the production profit of economic entities, about profit in general. Let's talk about them, Adam Smith. A great economist of his time. According to him, in order to increase the profitability of enterprises, it is necessary to distribute tasks to each worker. In other words, according to Adam Smith, "If several people are responsible for a task and each of them leads a certain area, the efficiency of a particular task will increase, the profit will be greater, that is, the profitability will be higher [1]". Smith's opinion is that this concept is easily observed in a factory or an enterprise, and if this model works properly, it will be effective for the economy of the country and the enterprise. This term is called "Social division of labor" in scientific language. This opinion is certainly positive, but if the principle is used in the enterprise, as Smith said, the skills and knowledge potential of workers will decrease sharply. In other words, workers are automatically focused on one job.

According to D.Q. Zhou, "Income should be higher than expenses. If the opposite happens, there will be no growth in the enterprise and it will quickly fall into a crisis situation" [2]. We can accept this idea as true, in fact, growth and profitability are observed in enterprises where income exceeds costs.

Profit is the remaining part of the company's monetary income after expenses have been deducted. Funds received from the sale of services and goods in enterprises are called cash income or cash receipts [3].

The value of profit is that it reflects the financial result, production efficiency, volume and quality of products, labor productivity, cost level, etc. However, the amount of profit in the enterprise and its dynamics are affected by factors that are dependent and not. Thus, the profit describes the economic effect obtained as a result of the enterprise's activity. But it is impossible to evaluate profit as a single indicator for evaluating all aspects of the company's activity. When analyzing production, indicators of the economic and financial activity system are also used [4].

The profit distribution mechanism should be developed in such a way that it is important to contribute to the increase of production efficiency and to form development. Factors affecting profits: external factors are factors that are independent of the enterprise itself, but affect profits [5].

3. Research methodology.



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Analytical and statistical methods were used as a research methodology in this article, tables and graphs were widely used, and mathematical methods were also used. In order to further improve the quality of the article, unusual graphic programs were used.

4. Analysis and discussion of results.

There is also the concept of distribution and use of enterprise profits. We can formulate the main principles of distribution of enterprise profits as follows:

- The profit received by the enterprise as a result of production, economic and financial activities is distributed between the state and economic entities;
- The profit is accumulated in the relevant budgets (currently local budgets) in the form of income tax. The procedure for its calculation and payment to the budget is determined by law, and its rate cannot be changed arbitrarily;
- The amount of profit that remains at the company's disposal after paying taxes should not reduce its interest in increasing the volume of production and improving the results of production and economic activity;
- The profit left at the disposal of the enterprise should be first of all accumulated, ensure its further development, and the rest should be directed only to consumption;
- The distribution of net profit should reflect the process of formation of funds and reserves to finance production and development needs of the enterprise.

Decisions have been introduced for state support to economic entities, and we can cite the following as an example. "The Accounts Chamber and the Ministry of Finance purposefully used the funds allocated from the Recovery and Development Fund and the State Budget to the target funds of the ministries and agencies in 2017-2021 to support entrepreneurship and some sectors of the economy, and assessed their effectiveness and efficiency. and submit information to the Administration of the President of the Republic of Uzbekistan by July 1, 2022" [6].

In modern economic conditions, the state does not set any norms for the distribution of profits, but encourages the costs of reproduction of production and non-production assets, expenses for charitable purposes, financing through the procedure of taxation in favor of the enterprise. Distribution of net profit is one of the areas of planning within the enterprise, and its importance is increasing in the conditions of the market economy.

So, when goods and services are sold, their total value is converted into monetary income, and the additional value in it becomes profit. It can be seen that the real source of profit is the by-product or added value. Usually, large enterprises in the field of production produce goods in large quantities and sell them to trade intermediaries at wholesale prices. Accordingly, they make a profit if the wholesale price of the product is higher than its cost.

In analysis. important importance is given to the state of assets, location, location, changes in terms of responsibility subjects, movement of assets, efficiency and the reasons for its change. The following schematic link can be given in the location of enterprise assets. In the placement of assets, first of all, importance is given to the placement of long-term assets, followed by the placement of current assets.

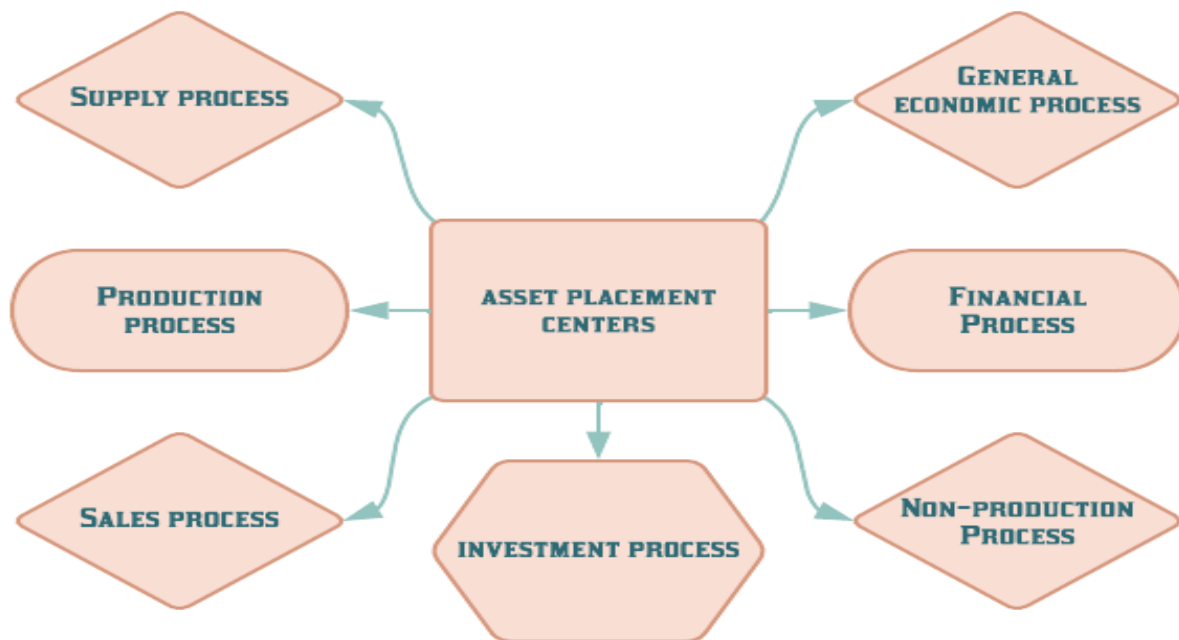


Figure 1. General scheme of asset placement [7]

An important importance in the placement of assets should be focused on the use of profits. The freely available part of the profit earned during the reporting period is primarily directed to the development and expansion of production. It is self-evident that it increases the sum of long-term and current assets. This is because part of the earned profit, assets in monetary form, will be transferred to long-term material form. This process can often be referred to as reinvestment. In cases where part of the profit is directed to employees as an incentive, this value is reflected as a liability and is discharged from the enterprise upon receipt of the right.

Table 1

Structural indicators of the financial condition of the enterprise [8]

Structural aspects representing the financial position		
Provision of financial resources	Balance with assets and liabilities	Financial stability of the enterprise
Creditworthiness	Income and expenditure balance	
Solvency	Balance of cash flows	

Indicators characterizing financial attractiveness: availability of financial resources, levels of credit and solvency are the most important lines in assessing the financial situation. Balance of assets and liabilities. balance of income and expenses Indicators representing the balance of cash



flow characterize the effectiveness and profitability of financial activity. Financial stability, financing of assets (long-term and current assets), financial strength and dependence. characterizes the maintenance of a positive ratio in attracting own and funds.

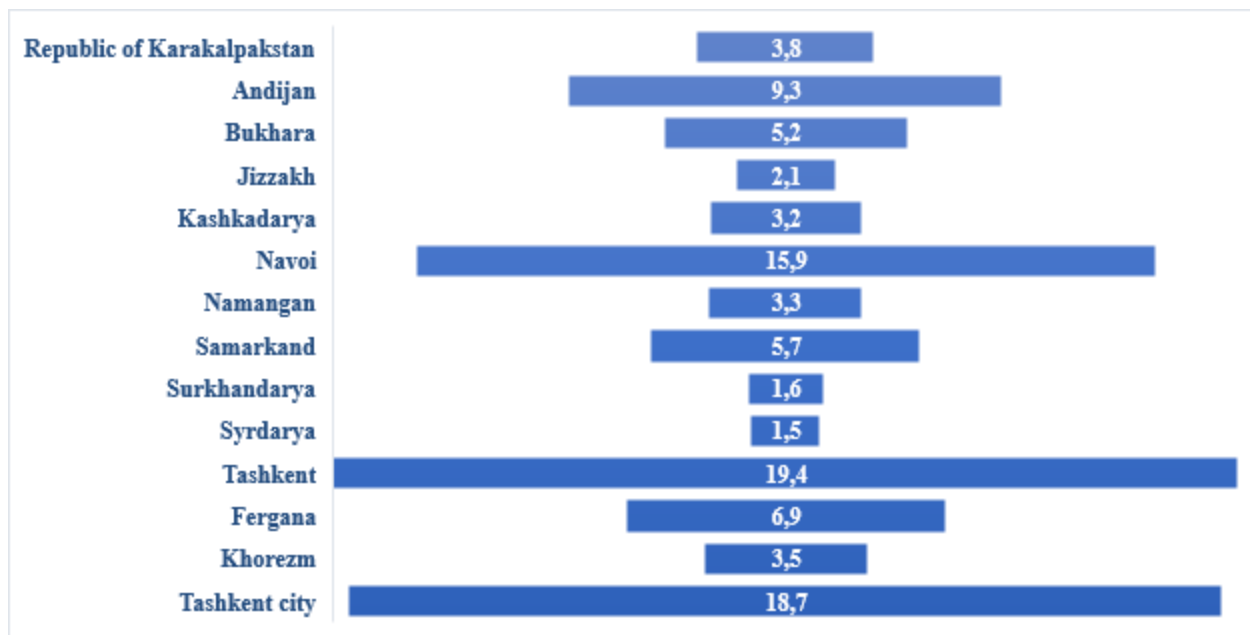


Figure 2. Share of regions in the structure of manufacturing industry of the republic, expressed as percentages [9]

In the above picture, we can see that Tashkent region leads with 19.4% in the production industry in the republic, 18.7% goes to Tashkent city, and the lowest figure is 1.5%. It corresponds to the Syrdarya region, which by itself is considered to be the share of the Tashkent region due to the large number of industrial enterprises and the large production volume.

Table 2

Number of operating enterprises and organizations by sectors of the economy excluding dehqan farms and farms, as of 2022, January 1, in units [10]

Over the years	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of industrial enterprises total	24120 1	24668 7	25775 8	26842 8	28553 1	32351 7	39813 3	47519 7	52892 9

As shown in the above table, the number of industrial enterprises in the Republic of Uzbekistan increased by 287,728 in 2022 compared to 2014, which not only shows that the country's economy is growing at a progressive level, but also creates a basis for the production



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volume to increase by 4, 5 times. moreover, as a result of this, the country's export potential is growing.

Table 3
Number of inactive enterprises and organizations by region [11]

Regions	2017	2018	2019	2020	2021	2022
Republic of Uzbekistan	16933	14709	15517	21357	28341	28827
Republic of Karakalpakstan	774	639	441	430	699	1134
Andijan	1444	1377	1525	3206	4256	3280
Bukhara	1047	913	978	1085	1411	1998
Jizzakh	1140	821	743	853	1034	1315
Kashkadarya	935	719	635	741	937	1590
Navoi	308	272	106	686	1188	884
Namangan	1508	1092	1084	659	933	1178
Samarkand	1583	1433	1231	1896	2199	2703
Surkhandarya	942	687	266	419	1248	1516
Syrdarya	834	711	742	780	1011	1188
Tashkent	3948	3856	4355	5743	6066	4472
Fergana	514	432	401	472	1288	1859
Khorezm	526	599	928	991	1483	1534
Tashkent city	1430	1158	2082	3396	4588	4176

The above table shows the number of non-operating enterprises in the region, and the largest number corresponds to the Republic of Karakalpakstan with 1134 as of 2022.

Result indicators representing objective information about the company's financial condition and the factors affecting their change are an important method for evaluating learning opportunities. Factor analysis allows to determine the positive and negative effects of the resulting indicator due to which factors have changed. This is important in determining the important directions of effective management of the enterprise. Factor analysis can be applied to all aspects characterizing financial activity and its effectiveness and efficiency.



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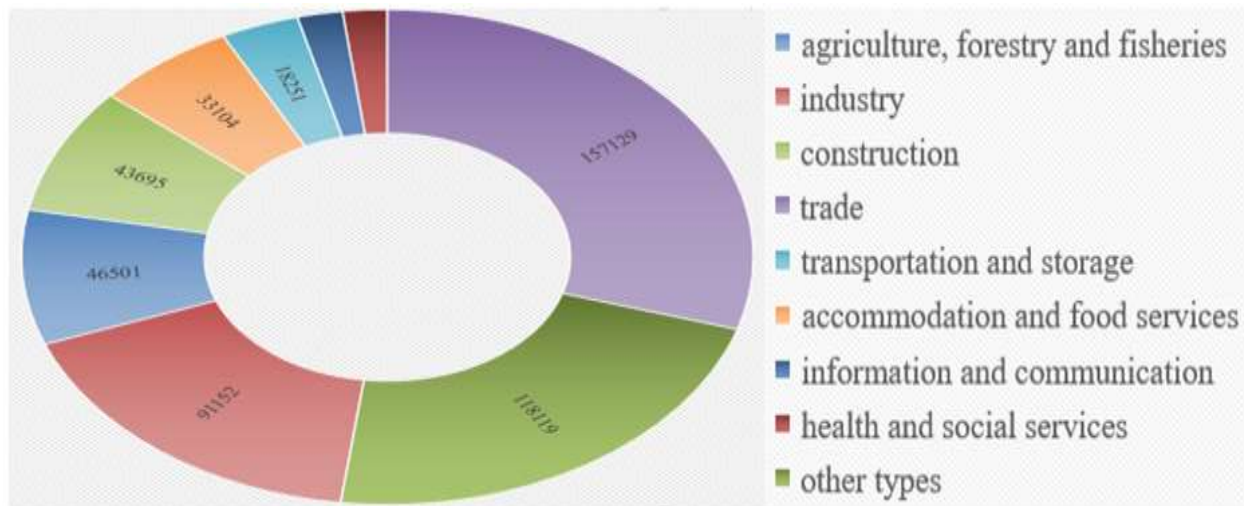


Figure 3. Number of operating enterprises and organizations by sectors of the economy excluding dehqan farms and farms, as of 2022, January 1, in units [12]

As of January 1, 2022, 18,251 enterprises belong to agro-industry and fishing, and 91,152 enterprises belong to the industrial sector, construction. 43,695 enterprises are operating in the field, and 157,129 manufacturing enterprises are operating in the trade sector.

The approximate function of profit is that it is the main criterion for the economic efficiency of production and the use of fixed assets. This profit function is an effective means of controlling the rational use of material and labor resources for an entrepreneur. Considering the function as a level of production efficiency, it should be taken into account that the profit does not correspond to its objective basis, the cost of the additional product, but is its changed (obtained) form. Profit for the enterprise means, firstly, an increase in the cost of the product, and secondly, an increase in the advanced cost. For an enterprise, saving any part of production costs (material or labor) means an increase in profit, because it embodies the efficiency of both live and material labor costs, i.e. production efficiency.

The motivating function of profit is that it is a source of material incentive for workers, expansion of production and solving of social problems in enterprises, as well as payment of direct taxes to the budget. In this regard, both the state and enterprises should be interested in making a profit.

The function of profit accounting is that cost accounting, as the main method of enterprise management, ensures not only covering its costs with income, but also obtaining savings (profit) to motivate workers and solve other issues. Making a profit in the conditions of the market economy directs the producer to increase the volume of production and reduce costs.

It achieves both the business goal and the satisfaction of social needs. The absolute value of profit is important when it comes to the financial resources that can be used by businesses and society. But this indicator is not enough to describe the effectiveness of management. Therefore, in order to evaluate the results and efficiency of management, the efficiency of using the components



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of the production process as a result of profit, its amount should be related to the relevant indicators. The result will be an indicator of efficiency or profitability.

5. Conclusions and suggestions.

Profit is an important economic tool in the market mechanism. The pursuit of profit leads to the allocation of resources between the necessary sectors. Capital always moves out of the less profitable sectors and into the more profitable sectors due to the reduced demand. This will create the necessary goods and services, and the economy will grow. A large amount of profit serves to increase the economic potential and well-being of the country.

1. Development of a set of methods, methods and measures that allow for the most effective combination with innovative work tools and objects, taking into account the existing conditions and time;

2. Based on the need to increase the pace of digital transformation of production, it is necessary to establish active cooperation with interested organizations and enterprises, specialized higher education institutions, vocational schools;

3. In the conditions of the modern market economy, the economic policy implemented in the Republic is aimed at establishing a free market, economic system and a legal democratic state based on monetary relations. In the implementation of such a goal, it is necessary to create a new and modern planning system along with existing methods to eliminate such congestion in the planning and management system of relations related to the distribution of profits of enterprises;

4. The formation and development of enterprises in Uzbekistan is characterized by the features of the national model of the socially oriented market economy, the unique traditions and economic skills of our people, which are neglected in a number of scientific studies, and the problem is based on the experience of other countries. will be solved. This will require the elimination of problems related to the formation and distribution of profits of enterprises in the future. Therefore, in this work, opinions and considerations are given and put forward in a private and general approach to the above issues. It is known that in almost all cases, the effectiveness of the result depends to a large extent on the planning of this enterprise and the form of its organization.

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