Improving Assessment of Enterprise Economic Efficiency in the Current Market Conditions

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Abstract

The article suggests and substantiates the main directions for improving the economic efficiency of domestic enterprises on the basis of complex assessment to achieve additional competitive advantages in the market. The process of enterprise efficiency presented in the scientific literature is largely descriptive and does not reflect methodological problems of establishing the optimal set of criteria and selection methods for determining and assessing the efficiency resulting in the models of improving enterprises efficiency that, in fact, has necessitated this study.

Keywords: market economy, competitive advantage, economic efficiency, modern enterprise, performance assessment methods, quantitative criteria and indicators of performance, financial indicators, marketing, personnel, distribution, directions for improve economic efficiency.

1. Introduction

Under market economy the research devoted to the essence of "efficiency" concept in its various manifestations is relevant, since it affects the successful selection of performance indicators and criteria, as well as verification of the directions for its improvement. Efficiency is the basis for constructing quantitative criteria of the values of the decisions made and reflects the process of productive forces development in close contact with the production relations. The unified scientific-methodological and practical interpretation of the company's efficiency for all levels and sectors of the economy is of great scientific and practical interest to all economic agents.

Under present conditions of the Russian economy enterprises need adequate tools to assess the efficiency of the enterprise. Such a mechanism would build effective communication and set specific tasks for the management, monitoring their implementation, tying them to the system of motivation and incentives.

Currently, most research papers in this area, are, unfortunately focused on adapting foreign techniques to modern problems of Russian enterprises.

The most important element of enterprise efficiency is a mechanism to measure and assess the performance of the company. Accounting and management reporting does not allow to obtain the necessary information about the real state of affairs: the financial parameters characterize only the historical aspect of the events which has already occurred. Ignoring such factors as existing relationships with customers and partners, knowledge and experience of staff, the level of advanced technology, does not allow the company to achieve long-term goals.

The research on the problems of economic efficiency and their impact on modern enterprises are reflected in the papers of Gadzhiev, M.M., Buchaev, Y.G., Tisdell, C.a , Seidl, I., Aptekar, S., Ryazanova, Y., Hertenstein, J.H.a , Platt, M.B.b, Veryzer, R.W. CD, who examined the trends in the development of this issue [1,2,3,4,5]. At the same time the problem of complex assessment of economic efficiency remains unresolved. In order to solve this problem, we studied the publication of Loch, C., Stein, L., Terwiesch, C., Tian, Z., Ketsaraporn, S. Shafaei, R. Cirtita, H.a , Glaser-Segura, D.A.b M., who explored the issues of complex assessment of enterprises performance under current market conditions.

2. Main Part

Traditional system of financial indicators should be supplemented by indicators related to other important types of company’s performance: production, innovation, marketing, labor (Fig. 1)
Taking into account a study of the company’s efficiency, internal and external factors affecting the efficiency of the enterprise, it is necessary to consider the field of enterprise activity in the context of two groups. The first group includes such functional areas of business as marketing, research and development, purchasing, production and distribution.

The second group considers personnel, finance and development of organization. The staff and finances are an important resource of any activity and play a key role in all stages of development and implementation of enterprise products. Other types of resources are the part of the procurement, acquired through the use of human and financial resources. Development as a functional area of the industrial enterprise is an activity aimed at increasing the attractiveness of the business and ensuring its growth.

Despite its independent significance in the present conditions, the possibility of enterprises development depends on the efficiency of their core activities, so this area is selected as the final component in the pattern of the core areas of business activity.

3. Conclusions

In the course of our analysis the following indicators for economic efficiency of enterprises are proposed.

1. Marketing. Marketing is now becoming a "management philosophy", the main elements of which are called market orientation, subordination to the interests of consumers, an offer of increased benefits to consumers. To evaluate the effectiveness of marketing we identified a number of indicators: market share, return on marketing costs, preserving and increasing the number of clients, relative quality of the product.

2. Research and Development. Evaluating the effectiveness of R & D is related to the assessment of scientific and technical potential of the company and can be done by a number of parameters that reflect along with R & D some other areas. These may include such indicators as research intensity, updated products, reduction of
rollout time.

3. Purchases. Evaluating the effectiveness of procurement may be done on the basis of such indicators as return on inventory, reducing supply time.

4. Production. Characterizing the efficiency of production, such indicators as profitability of production (profit share in total sales), performance (efficiency of all factors of production), production flexibility, capital productivity, materials consumption, were indicated.

5. Distribution. As a relatively independent functional area of the enterprise sales can be assessed through the indicator of "return on distribution costs", in this case, the indicator "share of the market" can be used. Improving the efficiency of the sales increases capacity of distribution channels.

In the technological chain of products development such areas of business as finance, staff, development, are not separate stages, but affect all aspect of core productive activities.

1. Staff. The effectiveness of staff can be evaluated using the following quantitative indicators: sales per employee, training and remuneration of staff, return on training costs.

2. Finance. The effectiveness of corporate finance results in an increase of financial stability, solvency, profitability, profit margin and property status.

3. Development. Development effectiveness as functional area is an activity aimed at increasing the value of the company and ensuring the attractiveness of the business.

Proposed indicators for assessing the economic efficiency of enterprises will increase the competitiveness of their products, based on the use of mechanisms of effective management in a changing market situation.

References


