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ENTERPRISE PROFIT MANAGEMENT UNDER CRISIS: SOME FEATURES AND ASSURANCE SYSTEM

Abstract. The problem of bankruptcy in Ukraine is quite relevant during the economic crisis. Due to the full-scale military aggression of the russian federation, Ukrainian citizens and subjects of economic activity are experiencing financial losses that lead to insolvency. The war prevents enterprises from effectively conducting business activities, making timely payments to counterparties, and fully fulfilling their obligations. The crisis that began in the national economy with the beginning of the war in Ukraine showed that enterprises were not ready for it at all. The lack of profit makes organizations borrow, which ultimately, in the case of ineffective debt policy, can lead to a financial crisis and bankruptcy. In addition, the process of gradual integration of Ukraine into the European community, with its specific and clear rules and conditions of functioning in the market, is currently underway, which may lead to a decrease in the financial stability of the domestic economy sectors.

An increase in the profits of enterprises has a significant impact on the pace of economic development of the country, its certain regions, and the improvement of living standards. Therefore, the issue of competent and effective profit management of enterprises is relevant for the economy of Ukraine at this time.

The modern market of economic relations is unstable and changeable. The economic situation is prone to constant changes and, as a rule, the inability of subjects of economic activity to quickly adapt to changing market conditions creates crisis conditions at the enterprises. The emergence of crisis gives impetus to the improvement of effective management processes, the choice of anti-crisis management methods in order to maintain profitability, because profit is the end result of activity of any enterprise.

The article examines theoretical conclusions regarding the essence of profit as an economic category and the main element of enterprise efficiency. It also considers the factors that affect the amount of profit and its role in the financial and economic activity of an enterprise. The conceptual principles of profit management are characterized, the profit management system of enterprises is analyzed, and steps to improve the profit management mechanism are proposed.

Keywords: profit, profit management, profit formation, profit distribution, profitability.
JEL Classification: M20
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Introduction. The results of economic activity of an enterprise are characterized by many economic indicators, one of the core of which is profit. It is the profit that ensures the financial stability, solvency of the enterprise, and finances its development. Profit acts as the driving force of the economy and encourages entrepreneurs to engage in financial activities, thereby ensuring the progress of the socio-economic system. For the stable development of the enterprise in the long term, it is necessary to optimize its income and expenses, as well as sources of financing. Therefore, enterprises should develop effective profit management mechanisms, which will also ensure the development of the entire national economy.

The unstable financial state of the country's economy, caused by russia's full-scale invasion of Ukraine, has had a negative impact on the operation of enterprises. First of all, national enterprises faced a decline in demand for most types of goods and services, a significant increase in the cost of raw materials and materials, while increased living costs in Ukraine forced managers to raise their employees' salaries. Under such conditions, most businesses had to decide whether to continue or suspend their activities. The large-scale crisis of the national economy thus revealed how important it is not only to operate and maintain the economy, but also to create new products, to modernize approaches to profitability managment and efficiency of enterprise operations.

Analysis of recent research and purpose of the research. The issues related to creation, effective use and management of enterprise profit in crisis are examined in scientific works of such national and foreign scientists as I. Balabanov, I. Blank, M. Bilyk, E. Brigham, V. Geets, J. Juran, A. Dayle, S. Doroguntsov, P. Druker, P. Yegorov, I. Kats, A. Kovaleva, G. Kramarenko, L. Kostyrko, M. Korobova, Yu. Lysenko, L. Ligonenko, S. Pidkropivny, V. Stasyuk, L. Boltyanska, L. Andreeva, O. Lysak, V. Ospishcheva, V. Andriychuk and others. Giving proper attention to the works of scientists, it should be noted that the issues of profit management under crisis are not yet sufficiently studied and require further research.

The purpose of the article is to study the theoretical and practical grounds of enterprise's profit generation and work out ways to increase the efficiency of the enterprise profit management under crisis conditions.

To achieve the purpose, the following tasks have been set:

- to determine the specifics of the formation of the profit management mechanism;
- to develop proposals concerning ways to increase the company's profit;
- to identify the need for enterprise profit management as one of the methods of increasing the efficiency of its activity;
- to provide ways and methods of improving effective profit management of businesses.

Research results. The activity of enterprises in modern conditions depends on numerous factors. Such factors such as consumer requirements for the quality of manufactured products and financial instability of the national economy are reflected in the company's activities. Companies should quickly and effectively respond to changes in the market situation and make necessary, optimal decisions related to the planning of production and the achievement of profit.

Under conditions of the development of the market economy, profit is the most pronounced motivational factor of any entrepreneurial activity, which ensures the growth of the owners' and employees' well-being with the income from invested capital.

The concept and essence of "profit" can be interpreted in different ways. According to Art. 42 of the Commercial Code of Ukraine, the profit of a subject of economic activity is an indicator of the financial effectiveness of its economic activity, which is calculated by deducting the amount of total costs and the amount of depreciation deductions from the amount of gross income of the subject of economic activity for a certain period [1]. L.O. Boltyanska, L.O. Andreeva and O.I. Lysak define profit as the main source of financing the development of the enterprise [2]. V. Ospishcheva considers profit as a part of the added value of a product, which remains after covering production costs [3]. V. Andriychuk argues that profit is an added value created in the production process, or, in other words, it is a value created in the process of entrepreneurial activity

over and above the costs of production resources and labor [4]. Thus, despite the differences in the definitions, profit is characterized by the production efficiency and the excess of income over the company's expenses.

Having considered the concepts mentioned above, we can conclude that profit should be understood as a financial indicator that reflects the effectiveness of an enterprise or economic entity and its ability to generate added value in the process of its operation.

We should start our research with the analysis of statistical data on the number of new businesses set up in Ukraine in recent years (Fig. 1).

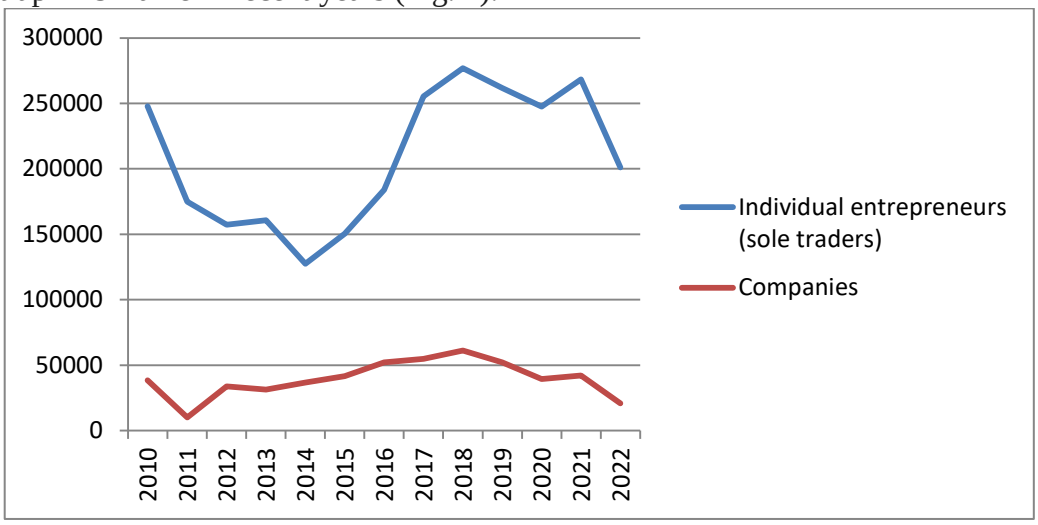

Fig. 1. Dynamics of opening new businesses from 2010 to 2022

Source: [5]

As we can see, according to the results of 2022, the number of newly set up companies fell twice compared to 2021 – from 42.1 to 20.8 thousand (-50.7% by 2021), and the number of individual entrepreneurs – from 296.4 to 201.3 thousand. (- 32.1%). However, according to the latter registration figure, this is still more than the annual number between 2011 and 2016. The situation with economic entities is worse: there is an anti-record for at least the last 13 years. But, in order to have a complete picture, it is worth taking into account a few more indicators, namely how many enterprises and individual entrepreneurs there are in Ukraine in general, and how many of them have completely or to a large extent suspended their activities or have been liquidated.

Unfortunately, there is no official data on the total number of companies and individual entrepreneurs that ceased operations during this period, as the State Statistics Committee of Ukraine has suspended the publication of data on active economic entities. However, according to the results of 2021, 1.96 million economic entities were officially registered and engaged in economic activity, among which are almost 371 thousand enterprises and 1.59 million individual entrepreneurs.

According to the statistical data, 9,725 bankruptcy proceedings were opened in 2022, which is 42% less than in the corresponding period of 2021. Bankruptcy of legal entities decreased by 28%, of individual entrepreneurs – by 18.5%, and monetary claims of creditors to debtors – by 50%. Other cases amount to 6,356 proceedings, which is about 65% of the total number of cases opened in 2022 [5]. This situation is, in particular, due to difficulties in work of the courts in the regions where hostilities are taking place. However, the procedure for opening bankruptcy proceedings has not changed after the imposition of martial law.

Despite the positive dynamics of the number of bankrupt enterprises, it is worth noting that the national economy is currently in a state of stagnation, which is close to crisis, and therefore the relevance of enterprise profit management in current conditions can hardly be overestimated.

A crisis situation at an enterprise is a set of crisis phenomena that are critical and can lead to the liquidation of the enterprise.

The stages of crisis situations at an enterprise include: a decrease in profit, unprofitable production, depletion or absence of reserve funds, and insolvency. They lead to a disruption of the balance of the economic system and deterioration of its general condition, i.e. a situation arises in which the change in the external, internal and output parameters affecting the system is not mutually compensated, and their sum is not equal to zero.

As a result, the profitability of the enterprise first deteriorates, and then gradually loses the ability to return to equilibrium, and there is a shortage of resources or the inability of the enterprise for further development [6].

Profit management under crisis is a process of developing and making effective management decisions on all the main aspects of its formation, distribution and use at the enterprise in order to maximize the welfare of the owners of the enterprise in the current and prospective periods.

Profit is formed under the influence of all interdependent factors that affect the results of the enterprise, on the one hand, positively, and on the other hand, negatively. It should be noted that means of production, objects of labor and labour resources are not only factors of profit creation, but, at the same time, are the basis for determining the directions of finding reserves for profit increase. Their rational and effective use contributes to the increase in the volume of production and the improvement of its quality [7].

An integral part of the activity of any successful organization is strict accounting of expenses incurred and income received. Based on these data, economists and accountants calculate indicators reflecting the dynamics of the company’s development or degradation. At the same time, factors affecting the amount of profit, their structure and intensity of influence are taken into account.

Analyzing the data, experts evaluate the past activity and the current situation of the enterprise. The formation of profit is influenced by many interrelated factors that can occur in completely different ways. Some of them contribute to the growth of incomes, while the impact of the others can be characterized as negative. In addition, the negative effect of one of the categories can significantly reduce (or even eliminate) the positive result obtained due to other factors.

The goals of enterprise profit management are established based on the organizational features and main characteristics of the enterprise profit management model as a component of management accounting (Fig. 2).

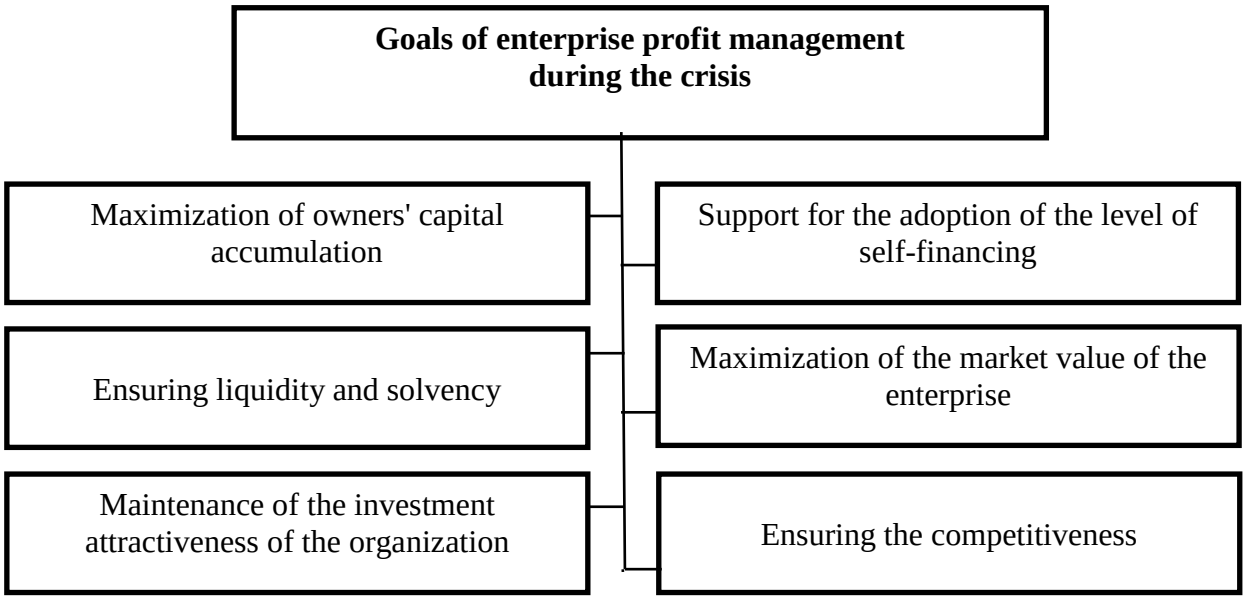

Fig. 2. Set of goals of enterprise profit management under crisis

Source: [8]

The main tasks of enterprise profit management under crisis are grouped in Fig. 3.

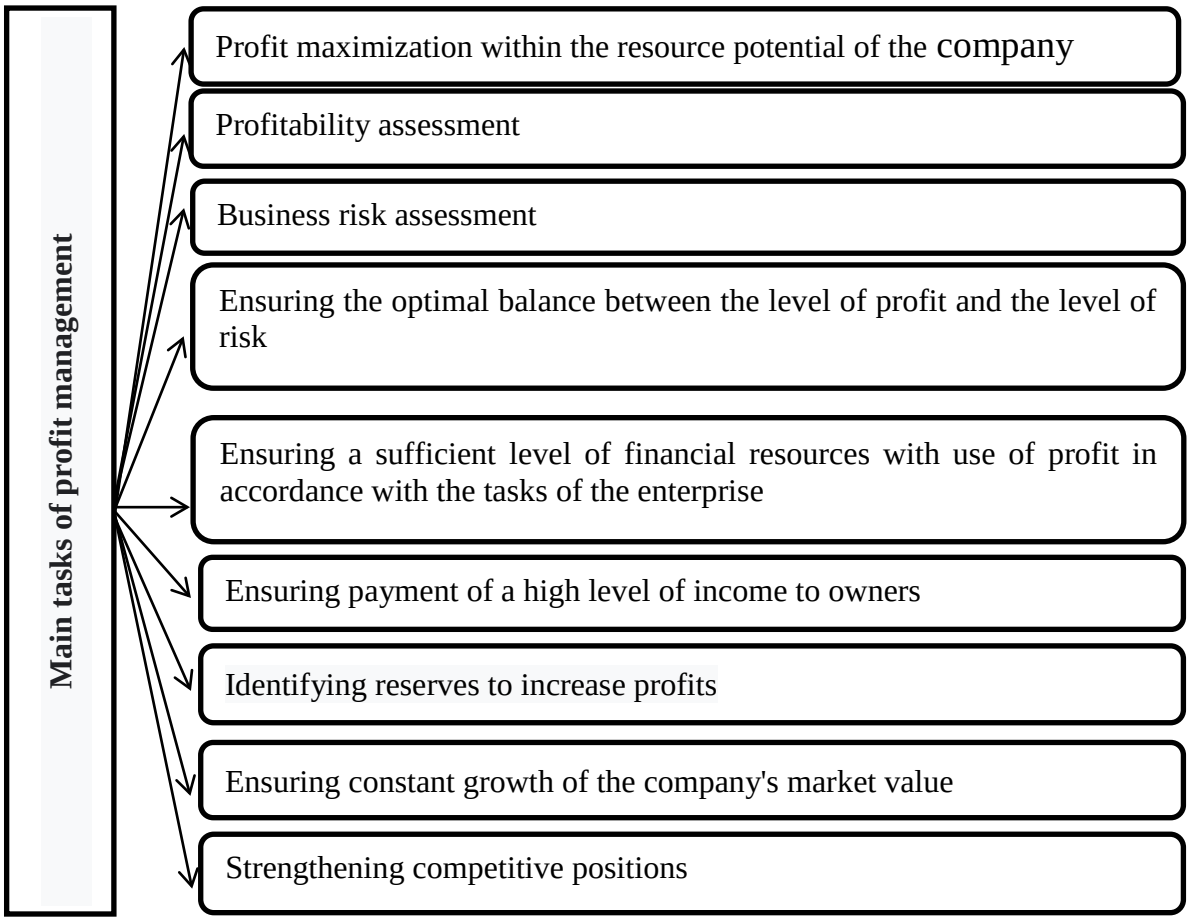

Fig. 3. Tasks of enterprise profit management under crisis

Source: [9]

The process of profit management under the crisis conditions of the enterprise should take place in a certain sequence. Fig. 4 presents a structural and logical diagram of the profit management process.

Profit management policy under crisis should be aimed at maximizing the positive financial result by increasing the scale of its activities, effective cost management, increasing the efficiency of the use of the material and technical base, optimizing the composition and structure of current assets, increasing the efficiency of labour and the business management system.

As for the company's profit distribution management policy, it should reflect the main requirements of the company's general development strategy, ensure the growth of its market value, and create the necessary volumes of investment funds to ensure the financial interests of owners and employees.

Accounting for profit distribution is simply impossible without taking into account that the amount of profit remaining with the company after payment of taxes should not reduce its interest in improving its operations.

The measure of the efficiency of the company's results is the principle of cost minimization and profit maximization. Therefore, the main goal of any enterprise is to manage income and expenses.

Increasing profits in different ways will help the company achieve its goals. In order to maximize revenues, the enterprise needs to fully use its potential and power, enter new markets and conclude contracts with new counterparties.

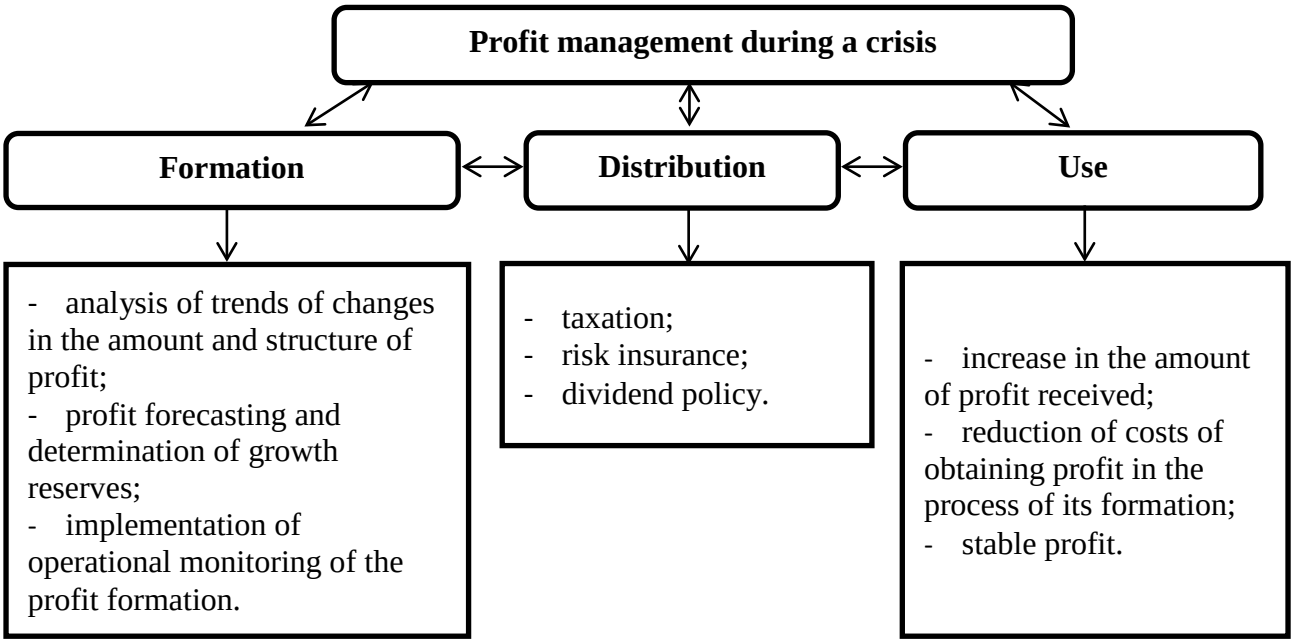

Fig. 4. Enterprise profit management under crisis

Source: [9]

To reduce costs, first of all, it is necessary to analyze them. Among the sources of cost reduction there can be: staff redundancy and reduction of payroll, reduction of variable costs through negotiations with suppliers of raw materials and materials with the approval of a discount system or obtaining commodity loans [11].

While reducing expenses and decreasing costs, one should remember that this should not affect the quality of products, since a significant decrease in the price usual for the client in the next period may negatively affect the demand and, consequently, the amount of profit.

The level of profit, as the main source of funding the development of the company and increasing the income of its employees and owners, directly and indirectly depends on the decisions of the management in every field of activity. Therefore, it is necessary to properly integrate the profit management system into the general business management system.

As part of the profit management mechanism during the crisis, if necessary, such activities as analysis and monitoring of the external environment, development of the company's strategy, collection of analytical information, decision-making, analysis and correction of decisions are used. In the field of profit management, they are defined as decision-making and preparation of information for management decisions [12].

In order to ensure an excellent profit management mechanism for Ukrainian economic entities under crisis conditions, the following steps could be proposed:

1. Implementing an effective personnel policy. This should reduce the time required to produce a unit of output while ensuring the most productive and skilled personnel.

2. Increasing the effectiveness of the sales policy of enterprises. Since the income depends on the sale of products, it should be paid more attention to.

3. Avoiding non-productive costs through their rationing, planning and analysis.

4. Improving product quality and eliminating losses due to defects. The profitability of the company is affected by the modernization of products or the withdrawal of uncompetitive products from production. The company will not be able to get the maximum possible income planned earlier, because it may experience an increase in costs due to the production of non-competitive products.

5. Increasing marketing efficiency. Many new types of products are not bought on the market precisely because of the lack of an effective mechanism of advertising and attracting buyers.

6. Imposing strict cost control. In order for the heads of structural units to be able to control all fields of operation as accurately as possible, they should be provided with all the necessary resources. Only then is it possible to prevent unnecessary and unjustified waste of material, financial and labour resources.

Many enterprises completely ignore profit planning in the conditions of crisis, constant increase in prices and unstable economy. Obviously, in the conditions of such uncertainty, it is quite difficult to predict anything. However, one cannot fully expect to increase profits without using the important stage of planning. Thus, detailed planning, the indicators of which may deviate in crisis conditions, will ensure the company's success in the market.

Conclusion. The current state of the national economy significantly affects the development and functioning of enterprises. Profitability is the main criterion for evaluating the production and economic activity of any enterprise, while crises are its destabilizing factor.

Amid economic instability, the state of economic entities is complicated by the fact that they are not prepared for crises. The size of the company's profit depends both on internal factors, i.e. the efficiency of using available resources, and on external factors, the main of which is the state of the whole economy of the country. This, in turn, indicates that an effective process of profit management is one of the most important factors in the efficiency of an enterprise's economic activity. The size of the profit affects the increase in the market value and the efficiency of the production activity of the enterprise. The optimum management of the profit structure helps the enterprise to prevent bankruptcy, and creates prospects for entering foreign markets.

Given the current situation in Ukraine, companies should look for ways to optimize their operations and increase profits, while simultaneously supporting the country's economy. An effective profit management system will allow to fully implement the goals and tasks of the enterprise, increase its profitability and strengthen its competitiveness.

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УПРАВЛІННЯ ПРИБУТКОМ ПІДПРИЄМСТВ В УМОВАХ КРИЗИ: ДЕЯКІ ОСОБЛИВОСТІ ТА СИСТЕМА ЗАБЕЗПЕЧЕННЯ

Анотація. Проблема банкрутства в Україні є досить актуальною під час економічної кризи. У зв'язку з повномасштабною збройною агресією Російської Федерації громадяни та суб'єкти господарювання в Україні зазнають фінансових втрат, які призводять до виникнення неплатоспроможності. Війна заважає підприємствам ефективно вести господарську діяльність, вчасно розраховуватися з контрагентами та повністю виконувати свої зобов'язання. Криза, яка почалася у вітчизняній економіці з початком війни в Україні, показала, що підприємства зовсім не готові були до неї. Нестача прибутку спонукає організації позичати, що зрештою, у разі неефективної боргової політики, може призвести до фінансової кризи та банкрутства. Крім того, зараз триває процес поступової інтеграції України до європейської спільноти з її специфічними, чіткими правилами та умовами функціонування на ринку, що може призвести до зниження фінансової стійкості вітчизняних секторів економіки.

Збільшення прибутків підприємств значною мірою впливає на темпи економічного розвитку країни, окремих регіонів та підвищення рівня життя населення. Тому проблема грамотного та ефективного управління прибутком підприємств є актуальною для економіки України на даний період.

Сучасний ринок економічних відносин нестабільний і мінливий. Економічна ситуація схильна до постійних змін і, як правило, нездатність суб'єктів господарювання швидко адаптуватися до мінливих ринкових умов породжує кризову ситуацію на підприємстві. Виникнення кризової ситуації дає поштовх до вдосконалення ефективних процесів управління, вибору методів антикризового управління з метою збереження прибутковості, адже прибуток є кінцевим результатом діяльності кожного підприємства.

У статті досліджені теоретичні узагальнення щодо сутності прибутку як економічної категорії та основного елемента ефективності підприємства, зазначено фактори, які впливають на його величину та його значення у фінансово-господарській діяльності підприємства. Охарактеризовано концептуальні засади управління прибутком та проаналізовано систему управління прибутком підприємств, а також запропоновані дії для покращення механізму управління прибутком.

Ключові слова: *прибуток, управління прибутком, формування прибутку, розподіл прибутку, прибутковість.*

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