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**DIPLOMA THESIS ABSTRACT**

# **Ways of increasing business activity of the Enterprise**

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## **Summary**

Diploma thesis is devoted to the ways to improve business activity. The relevance of the study determined that the increase in business activity - a very common problem, especially at the moment. The main aim of increasing business activity is to provide services and the heads of the enterprise a certain kind of information required for effective enterprise resource management.

Diploma thesis consists of an introduction, three chapters, conclusion, bibliography and appendices.

The first chapter deals with general issues related to the essence of the concept of business activity, namely: What is meant by business activity, the value of the term for its study, the role of business activity in the life of the enterprise. Systematized existing points of view of scientists, economist's category of business activity that the high level of business activity acts as a factor of stability of the financial situation of the company in a market economy.

The second chapter analyzes the financial statements by calculating financial ratios and business activity on the example of a Public transport and commercial joint-stock company "Ak-Zhol". Revealed the weak points of the company, which prevents increase the level of business activity of the Company.

In the third chapter there was justified the necessity of increasing business activity, the use of more sophisticated techniques to identify the state of business activity. The measures and recommendations to improve the business activity

In conclusion, the study has been summarized, and the main conclusions and recommendations were formulated.

**Keywords:** Efficiency, economic performance , enterprise

**Klíčová slova:** Účinnost, ekonomická výkonnost, podnik

## **Aims**

This diploma thesis is devoted to the ways on how to improve the business activity of the enterprise. The relevance of the research determines that the increase in business activity is a very common problem, especially at the moment. The main aim of increasing business activity is to provide services and the heads of the enterprise a certain kind of information required for effective enterprise resource management.

To survive in a market economy and to prevent the bankruptcy of the enterprise, it is necessary with the help of financial analysis to identify and eliminate weaknesses in financial activities and find provisions to improve the state of the company and its ability to pay.

The main objective of planning is forecasting cash flows and changes in the financial condition of the company as a result of the planned financial and economic activity, which will lead to increased business activity.

The object of research is – “Public transport and commercial joint-stock company: Ak-Zhol”

The subject of the study is applicable methods, techniques, tools, analysis and evaluation of business enterprises, as well as the mechanism of the effect of business activity in the final performance of the enterprises.

### **With regard to the aim of the diploma thesis, the goals are to:**

1. Explore the economic content of the category of "Business activity" and analyze approaches to its definition.
2. Identify and justify the factors affecting the business activity.
3. Define and justify the impact of business activity on the effectiveness of production in terms of focus on the solution of tactical and strategic tasks of the company in order to further improve the management of production and economic activity of enterprise.
4. Develop a set of measures of organizational and economic nature to improve the activity of the enterprise “Ak-Zhol” on the basis of the analysis and assessment of business activity.

## **Methodology**

The data for the study will be generated from secondary sources like financial statements, balance sheets, Profit and loss account and annual reports for the years 2012- 2014.

The calculations will be done under my own effort and the use of Microsoft Excel when drawing diagrams and graphs. The study will also have the techniques and methods in analysis part: horizontal comparative analysis, vertical comparative analysis and the method of financial ratios

## **Business activity**

To survive in a market economy and to prevent the bankruptcy of the enterprise, it is necessary with the help of financial analysis to identify and eliminate weaknesses in financial activities and find the reserves to improve the state of the company and its ability to pay. Many enterprises, having a big production capacity and highly skilled manpower, are ineffective, and not able to withstand market competition. The effectiveness of the company largely depends on its business activity, so the subject of business activity quite relevant in today's Kyrgyzstan. Business activity of the commercial organization is manifested in the dynamics of its development, the achievement of its goals that reflect the natural and value indicators, in making effective use of the economic potential, expanding markets for its products. Business activity is an important factor determining the financial stability of enterprises. On this factor influence: the sustainability of economic growth, respect given the pace of development of the enterprise, the degree of fulfillment of production plans, the level of efficiency of use of available production resources, breadth of markets, production companies, including the availability of supplies of goods for export, the presence of specific prospects for the development of the enterprise. The relevance of the chosen topic is that the increase in business activity, as well as the financial activity of the enterprise and its optimization - a very common problem, especially at the moment. Optimization of financial planning at the enterprise, in order to increase business activity - a set of decisions and actions that are within a particular company and in accordance with predetermined objectives helps regulating its financial flows. This definition emphasizes that planning - this is the ultimate practice, in other words, the practice of providing for specific purposes and composed of various kinds of actions. The main aim of increasing business activity is to provide services and the heads of the enterprise a certain kind of information needed for effective management of enterprise resources. The planning system is intended to narrow the scope of uncertainty, which is characterized by an idea of upcoming events and their consequences. The main objective of planning is forecasting cash flows and changes in the financial condition of the company as a result of the planned financial and economic activity, which will lead to increased business activity. The development of market relations put economic entities of different legal forms in the tough economic conditions that objectively determine the conduct of a balanced policy to improve the efficiency of production. Especially

acute these issues are for businesses, most of them during the years of market reform failed to fulfill their institutional and productive capacity. On the agenda faces the task of mastering the technology of strategic management, efficient use of all resources and innovative potential of the enterprise, building long-term relationships with partners (suppliers of resources, customers, competitors). All of what business leaders in the former planned economies were not trained. To improve the competitiveness of enterprises and the dynamic of its development, there are positive factors, including the display of business enterprises. Indicators of business activity - one of the tools integrated characterizing the activity of the enterprise in the market economy. In practice, business activity is calculated at the level of industries, sectors or the economy as a whole.

Business activity is a complex and dynamic characteristic of entrepreneurship and efficient use of resources.

Levels of business activity specific organization reflect the stages of its life activity (origin, development, recovery, recession, crisis, depression) and show the degree of adaptation to rapidly changing market conditions, the quality of management. Business activity can be described as motivated macro level and micro management of sustainable economic activities of organizations aimed at ensuring its positive dynamics, the increase of employment and efficient use of resources in order to achieve market competitiveness.

The relevance of the concept of "economic activity" is obvious. The stability of the financial situation of the company in a market economy it is mostly due to its business activity. As the financial situation of the majority of domestic enterprises at a given time is a crisis or close to crisis, this situation has a negative impact on the economic situation in the country. Therefore, the study of business activity is a major factor in improving the economic situation in the country.

Business Activity - is the most important characteristic of the economic state and development of the enterprise.

## **Conclusion**

The basic ideas of this diploma thesis are conclusions and recommendations formulated by taking into account possibilities of their implementation, based on the analysis of both theory and practice of management. The results obtained are the possibility of practical application. The results of diploma thesis can be used in the main financial activity.

In the theoretical chapter covered the theoretical foundations of business planning for the company. The term "business activity" began to be used in national accounting and analytical literature relatively recently - in connection with the introduction of well-known worldwide techniques for analyzing financial statements on the basis of analytical factors. In broad terms, the business activity is the whole range of efforts to promote the company in product markets, labor, and capital. In the context of the analysis of financial and economic activities of this term is understood in a narrower sense - as the current industrial and commercial activities of the company.

The analytical chapter was devoted to the analysis and evaluation of financial and economic activity of the enterprise. Public transport and commercial joint-stock company: "Ak-Zhol" is engaged in the rental of non-residential premises.

In general we can note the following issues of business activity of the Company "Ak-Zhol":

- ✓ Reduction in staff productivity, and as a consequence decline in revenue;
- ✓ The organization does not pay attention to sales promotion;
- ✓ Deteriorating financial performance of the branch.

To improve the business activity of the Public transport and commercial joint-stock company: "Ak-Zhol" were offered the following activities:

- 1) Increasing the share of profits in circulation. Relevant here is preliminary and operational control over the formation of the distribution costs in order to reduce the latter. The most effective means of organizing such control is budgeting expenses and cash outflows;
- 2) Acceleration of asset turnover in order to enhance the positive effect of increasing the profitability of activities, or compensate for the negative impact of the latter figure in the absence of real possibilities of increasing the share of profits in circulation.

According to the results of the study suggest the following conclusions:

1) Business activity - not an abstract concept but as a concrete description of the process of the company, which depends on the efficiency of the company and its competitiveness. The value of business activity will vary depending on the goals and objectives of the company, established at the strategic and tactical levels of management.

2) The study identified areas for the impact of business activity on the activity of the enterprise as a whole and its structural functional units, as well as the factors contributing to the growth of business activity in the current period and in the long term. Management of business activities at the tactical and strategic levels can contribute to the strengthening of the financial position and enhance the competitiveness of enterprises.

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