Turkish Online Journal of Qualitative Inquiry (TOJQI)
Volume 12, Issue 7, July 2021: 4587- 4593

Research Article

The Issues Of Business Activity Organization In Uzbekistan

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Annotation

This article describes the concept of business activity, one of the most comprehensive methods of evaluating companies' effectiveness in international practice that is considered new in our national economy, the content of the business activity, and the coefficients identified during the analysis.

It is necessary and relevant to conduct an analysis of business activity based on the needs of interested parties. The transition of the country's accounting and economic analysis system to international financial reporting standards will accelerate providing transparent and understandable information to foreign investors, not only our companies engaged in foreign economic activity but also all potential business entities.

Due to the relevance of the business activity analysis data in the article, developed coefficients are determined based on the rate and period of working capital.

The content of these ratios has been highlighted, and a mechanism for calculation based on the current annual financial reporting forms has been developed. During the analysis, the factors influencing the ratios reflecting business activity were classified.

Keywords: business activity, turnover rate, turnover period, business activity coefficients, working capital turnover

INTRODUCTION

The rules for preparing financial statements in all countries' economic practices today differ depending on the nature of the national standards existing in those countries. However, the expansion of international relations, economic globalization, the development of transnational corporations, and several other essential reasons have begun to require a common financial language and the development of standard financial rules, and these requirements ultimately served to shape and develop International Financial Reporting Standards. International Financial Reporting Standards (IFRS) is a system of international accounting and financial reporting requirements.

So, what are business performance indicators, and how are they calculated? The concept of business activity first appeared in the practice (business activity) of Russian companies (former USSR) in 1990-1992. It was during these years that positive developments in the foreign economic activity of economic entities began. Entering the international market required a quantitative and

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qualitative study of the efficiency of companies and an assessment of their position in the international market. Accordingly, the business performance assessment in the early 1990s was applied only to companies whose products have access to international markets, and its necessity derives from the interests, desires and demands of foreign buyers in the activities of companies. Considering the characteristics of that period, business activity was interpreted in different ways by the authors as a new economic term. In particular, according to the author Y. Brigham [1], the efficiency of an enterprise's business is measured by quality factors in asset management. The author focuses on the comparison of defined coefficients with the industry average. J. K. Van Horn [2] considers business activity the methodology for assessing entrepreneurial activity when making decisions in external financing.

In his work, V.V. Kovalev [3] claims that the indicators of the business activity of a commercial enterprise are reflected in the dynamics of its development. The authors A.D. Sheremet [4] and G.V. Savitskaya [5], in their work, define business activity through liability and asset turnover. According to L.V. Dontsov [6], a company's business activity is the efficiency of production and commercial activities of the enterprise and the rapidity of turnover.

MATERIALS AND METHODS

Financial statement analysis is a broad collection of tasks, and using the coefficient approach in the analysis process may improve the quality of analytical work, boost knowledge, and, most significantly, save time.

Although there are many types of coefficients in the economic literature, most of them give the same result in terms of content, and the fact that these coefficients are not studied from a specific structure can create confusing situations for users. In this context, it is recommended that analytical organizations classify and interpret the factors that need to be identified and studied based on the purpose, objectives and results of the analysis and the users' goals.

Under the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 No PR-4611 "On additional measures for the transition to international financial reporting standards", from the end of 2021, it is planned to prepare financial statements based on International Financial Reporting Standards (following - IFRS). As a participant in the process of global economic integration, the transition of the country's accounting and economic analysis system to IFRS was economically necessary and created a legal basis for our national companies to speed up preparing and submitting financial statements by IFRS.

In domestic and international practice, coefficient analysis as an effective method for analyzing financial statements by IFRS is an essential factor for quick conclusions and optimal decisions.

There are 4 main types of financial ratios studied in foreign and national literature:

1. Financial stability ratios;
2. Solvency ratios;
3. Profitability ratios;
4. Business activity or business ratios.

RESULTS

From the views in the introductory part of the article, it was clear that representatives of the analytical school interpreted business activity differently. Based on the definitions given by the authors, A.D. Sheremet, G.V. Savitskaya, and L.V. Dontsov believe that it was advisable to give the following definition of entrepreneurial activity.

Business activity is the determination of the efficiency of business entities by assessing the turnover of working capital based on the speed and period of turnover. It is well known that the application of the coefficient method in the process of economic analysis can increase the quality of analytical work, the level of comprehensibility and, most importantly, save time. Accordingly, in assessing business activity, we recommend the organization of analytical work based on the following coefficients, based on the rate and period of working capital turnover (Figure 1).

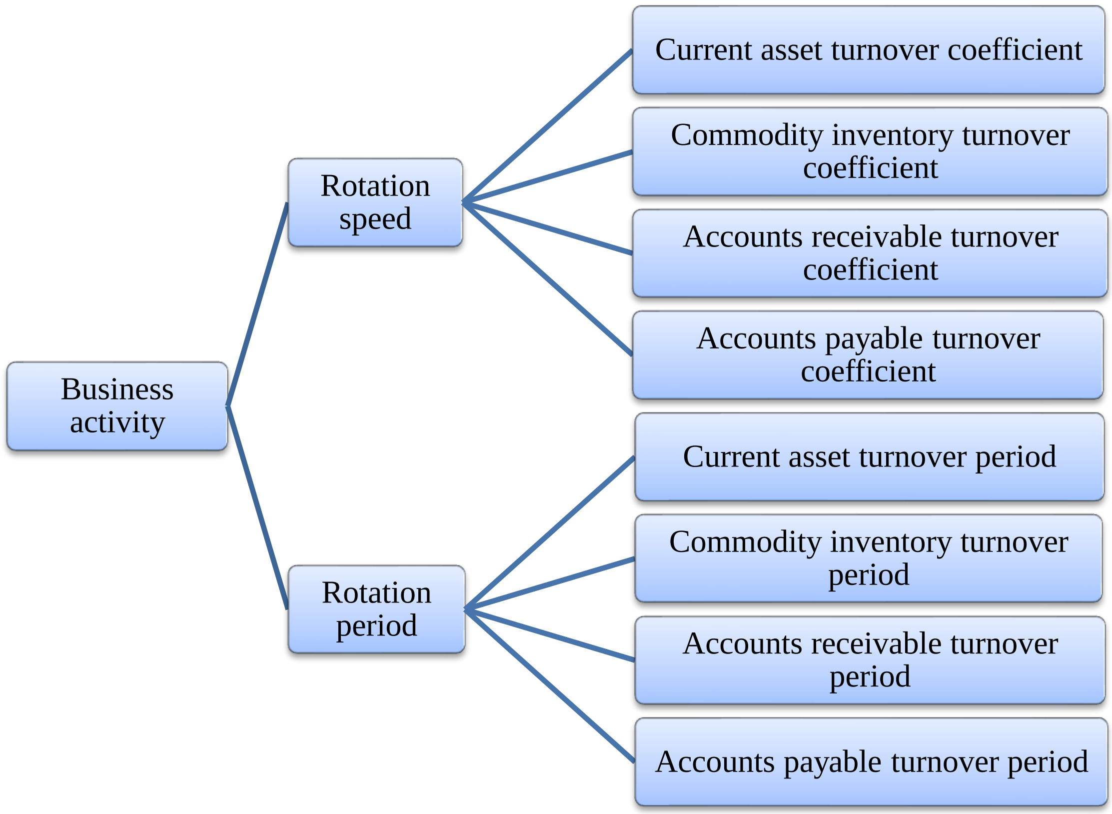


Figure 1. Proposed business activity ratios.

One of the most comprehensive ways to assess the effectiveness of companies operating in our country is to analyze its business activity indicators, including quantitative and qualitative indicators of the company's operational efficiency. The importance of assessing the organization's business activity in the conditions of free-market relations and high level of competition is of particular importance in the study of its financial condition, the formation of strategic plans and development prospects. The relevance and necessity of business activity analysis can also be determined based on the information needs of stakeholders directly (Table 1).

Table 1

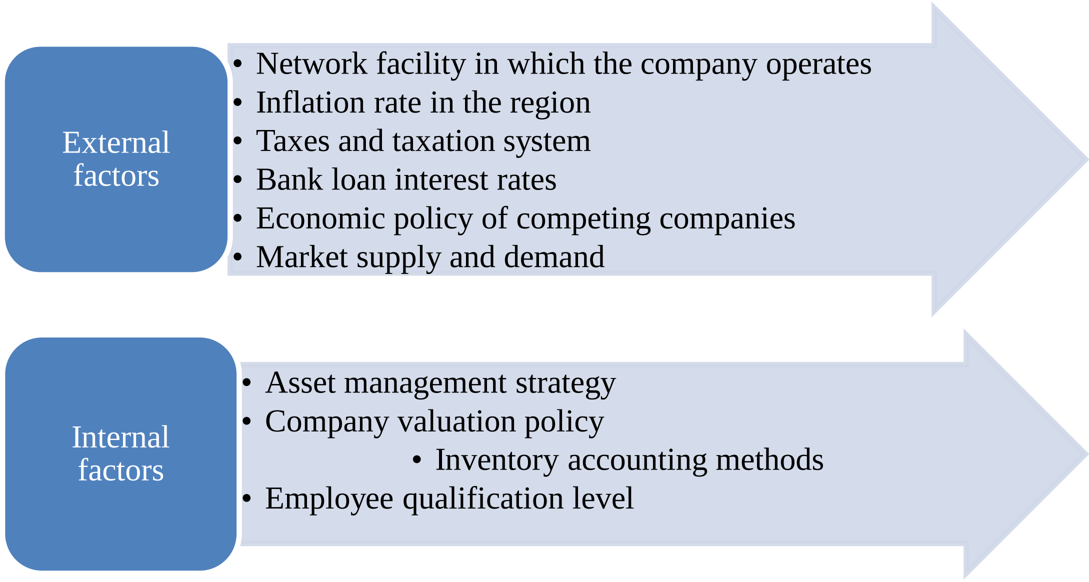
Stakeholders in business activity analysis and their information needs

№	Stakeholders	Information needs
1	Investors	The amount and timing of the risks and rewards associated with a given investment.
2	Shareholders	The information enables an entity to assess its ability to pay dividends and determine whether to buy, hold or sell shares.

3	Customers and ordering customers	Information on the continuous activities of the business entity, especially if they have a long-term agreement or dependence on the business entity
4	Banking and credit institutions	Information that allows determining the timely repayment of loans, liabilities and interest
5	Employees	Information on the assessment of the ability of business entities to provide their salaries, bonuses and guaranteed job opportunities in connection with the sustainability and profitability of their activities
6	Public administration and control bodies	Information on the distribution of resources and activities of entities, information as a basis for regulating the activities of a business entity, establishing tax policy, determining national income and other statistical data
7	Foreign investors, international organizations and international rating agencies	Given the diversity of business entities, financial statements do not provide users with all the information they need to make economic decisions; therefore, in addition to annual financial statements, financial statements prepared by the administration explain the main characteristics of financial performance and financial condition; information on the main uncertainties that may arise

In business entities, an increase in the turnover rate of working capital and a decrease in the turnover period were positive. These two indicators were logically related to the fact that an increase in the rotation speed shortens the rotation period, or, conversely, a decrease in the rotation speed increases the rotation period.

Although net profit from product sales, inventory value, accounts receivable and payable were factors that directly affect the business ratio, we can classify external and internal factors as indirect factors (pic 1).



Pic 1. Factors affecting business performance.

DISCUSSION

Since the analysis of business activity is a relatively new concept in the practice of our country, there is no single methodology for organizing, conducting this analysis and determining the coefficients studied during the analysis.

Although in the introductory part of our article, the coefficients for determining business activity are mentioned by the mentioned authors, these coefficients cannot be taken directly due to the national peculiarities of the accounting system.

In addition, the authors have different views on the definition of business and the organization of business analysis, which requires an approach based on the characteristics of the national accounting system when conducting business analysis and determining business ratios.

Accordingly, in the results section of our article, the proposed business activity ratios are indicated in Appendices 1 and 2 to the order of the Minister of Finance of the Republic of Uzbekistan dated December 27, 2002, No. 140, registered by the Ministry of Justice. Of the Republic of Uzbekistan dated January 24, 2003 N1209. We recommend that determine the current forms of financial statements in the following order under the "Balance sheet" (Figure 1) and the statement of "Financial reports" (Figure 2) (Table 2).

Table 2 Business activity coefficients and the order of their calculation

Turnover speed			
№	**Coefficient name**	**Calculation procedure**	**According to the current financial reporting forms**
1	Current asset turnover coefficient	*Net revenue from product sales* / *urrent assets*	*2-fig. 010-camp* / *fig. 390-camp*
2	Commodity inventory turnover coefficient	*Net revenue from product sales* / *Commodity inventory turnover*	*2-fig. 010-camp* / *fig. 140-camp*
3	Accounts receivable turnover coefficient	*Net revenue from product sales* / *Accounts receivable*	*2-fig. 010-camp* / *fig. 210-camp*
4	Accounts payable turnover coefficient	*Net revenue from product sales* / Accounts payable	*2-fig. 010-camp* / *fig. 601-camp*
Turnover speed			
№	**Coefficient name**	**Calculation procedure**	**According to the current financial reporting forms**
1	Current asset turnover period	*Current assets*365* / *Net revenue from product sales*	*1-fig. 390-camp * 365* / *fig. 010-camp*
2	Commodity inventory turnover period	*Commodity inventory turnover *365* / *Net revenue from product sales*	*1-fig. 140-camp * 365* / *fig. 010-camp*

3	Accounts receivable turnover period	*Accounts receivable *365* / *Net revenue from product sales*	*1-fig. 210-camp * 365* / *fig. 010-camp*
4	Accounts payable turnover coefficient	Accounts payable **365* / *Net revenue from product sales*	*1-fig. 601-camp * 365* / *fig. 010-camp*

CONCLUSION

1. This article described the concept of business activity in assessing the effectiveness of companies used in international practice and are considered new in our national economy, based on the results and experience of leading foreign schools of analysis. It was noted that business activity is essential in accelerating transparent and understandable information to foreign investors by our companies engaged in foreign economic activity and potential business entities.

2. The article developed the analysis of business activity and the coefficients classified according to the rate and period of working capital turnover during the analysis. The content of these coefficients described and the order of calculation based on the annual financial reporting forms in force in the Republic is specified.

3. The article classified internal and external factors influencing the coefficients that represent business activity based on the characteristics of our national economy.

CONFLICT OF INTERESTS AND CONTRIBUTION OF AUTHORS

The authors declare the absence of apparent and potential conflicts of interest related to the publication of this article and report on each author's contribution.

SOURCE OF FINANCING

No funding was required for this research.

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