

# THE MANAGEMENT OF BUSINESS ACTIVITY OF ENTERPRISES: SCIENTIFIC AND ECONOMIC ANALYTICS

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**Abstract.** The main *purpose* of the paper is to comprehensively study and analyse theoretical aspects of management of business activity of enterprises, revealing their main disadvantages and differences. The research methods will allow developing a categorical apparatus for the management of business activity of enterprises. *Methodology.* The research is based on the analysis of scientific works of domestic and foreign scientists and economists concerning business activity as an economic category and its management, approaches and directions of such management. *Results* of the research are showed that management of business activity covers various areas of activity of enterprises. Such areas can be production, financial, innovative, social, environmental etc. In the process of analysing economic literature, it is determined that most scholars focus on two main aspects of managing business activity: socio-economic management and management of the efficiency of economic activity. It is determined that each aspect of management of business activity is characterized by appropriate methods of conducting. Among methods of socio-economic management of the enterprise are followed: material and moral stimulation of personnel; social regulation; economic calculation; balance method; method of financing; price regulation; lending. Considered also psychological and organizational-administrative methods for the management of business activity. The second aspect of management of business activity aimed at managing the efficiency of economic activity is characterized by the achievement of the necessary discursive effect that is the direct satisfaction of the owners of enterprises. The article also substantiates the importance of studying tools of managerial influence on the business activity of enterprises, which in the process of research are divided into five main groups: economic, ecological, financial, psychological, and management audit. *Practical implications.* Modern scientific scholars are characterized by the insufficient development of views on the management of business activity of enterprises since it distinguishes only two of its main aspects: as socio-economic management and management of the efficiency of economic activity which differ in methods and ways of management. Therefore, an enterprise cannot carry out an effective assessment of the factors that effect on the level of business activity and make quality management decisions. *Value/originality.* Research of theoretical aspects management of business activity of enterprises allowed formulating the actual definition of this category. The author's interpretation of this definition is characterized by systemic and comprehensiveness and logically outlines the main management actions, their focus, and the period of applying, that is the novelty and relevance of the research.

**Key words:** business activity, management, enterprise, directions, methods, tools.

**JEL Classification:** M10, P13, C65

## 1. Introduction

The activity of modern enterprises is carried out the conditions of global integration of the domestic economy into the world economic space. Therefore, it is accompanied by an unstable nature of trends and phenomena that affect the condition and dynamics of the development of the industrial-economic system, its orientation. This situation creates new requirements for the operation of enterprises, their ability to react quickly and adapt to the factors of a changing market environment, optimally using available resources and management tools to achieve large-scale enterprises

goals. That is why in modern economic conditions one of the determining categories of successful development of enterprises is business activity, the character of which demonstrates in all aspects of their activity.

The essence and content of business activity include many aspects and criterion features, therefore, its high-quality management will provide an increase of potential of enterprises, minimization of possible risks and failures in conditions of uncertainty. Objectivity and accuracy of determining the level of business activity affect the effectiveness of the management decisions that depend on the activity of using material and

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financial resources, the level of personnel development, innovation and market activity, etc. Such conditions determine the research of business activity as a system management category that consists of many indicators of individual spheres of enterprise's activity, and its formation depends on a set of management methods and procedures.

Research on the essence of the business activity of enterprises, its formation, and development are reflected in the writings of many scholars-theorists and economists, among which such authors as: I. Ansoff, R. Bradley, L. Dashkov, N. Meshkova, A. Zaikin, R. Fathutdinov and other scientists. Some of them research the management of business activity and methods of its improvement. The other ones are engaged in the problems of increasing the business activity of enterprises and its estimation. In their works, scientists determine the indicator of business activity, its components, the methodology of evaluation, etc.

Despite a large number of publications on increasing business activity of enterprises, most of them are narrowly oriented, and differ in the approaches and nature of research. Theoretical and methodical aspects concerning ensuring the optimal level of business activity of enterprises by different functional zones (production, personnel, innovations, etc.), development of management tools for its achievement remain insufficiently studied. The outlined problem determines the relevance of the research, its significance for the successful management of enterprises.

## **2. Some aspects of the management of business activity of enterprises**

It is proved that business activity as a process related to the results of activity of the enterprise, its potential, and competitiveness. That is why the management of business activity must occupy a leading position in the whole management system of the enterprise because it creates the appropriate conditions for the growth of its value. The term "management of business activity enterprise" can be considered as the impact of the management entity to the current plans for the formation, distribution, and redistribution of all kinds of available resources to continuously improve enterprise efficiency at the micro and macro levels. Management of business activity covers various spheres of activity. These spheres may be industrial, financial, innovation, social, environmental, and so on. In an analysis of the economic literature, it is determined that most scientists are focused on two main spheres of the management of business activity:

- 1) socio-economic management;
- 2) management of the efficiency of economic activity.

The defining essence of the first direction of the management of the business activities of enterprises – socio-economic management is to provide the expected

overall effect. In this case, the impact of industrial and economic activities is analysed.

A significance of social and economic management is determined in proportion to its economic and social aspects. In this context, the economic aspect is considered as a meaningful impact on the relevant structural elements of the company, namely, the system of relations between the personnel, resources (financial, material, information, etc.), results management, for the purpose of to ensure its effectiveness, competitiveness, increasing cost and so on. Such actions by the management of companies can be made with the right management, development targets, and measures for their use and control.

The methods of management of business activity are considered as a set of ways and means, by which the managing entity (enterprise) may affect the object for a particular purpose. They also describe a complete act of influence on any object management (business activity). The main methods of economic management are financial incentives for staff; economic calculation; balance method; method of financing; price controls; lending.

Financial incentives for the staff include different forms and systems of wages, making of bonuses for employees. It is carried out in addition to the existing system of hourly and piece-rate wages to encourage employees to effective work, achieve high-end results of production and accelerating scientific and technological progress, which are the structural components of business activity (Poliscshuk, 2011).

Economic calculation is a method of keeping the company, in which each company compares cash expenses and results of production (services), seek to recover costs by own income, that is ensuring self-sufficiency and optimal profitability. Thereby the achievement of a financial and economic component of business activity is ensured.

The balance method is a method that is used to the planning of business activity to achieve balance in the areas of production and personal consumption by matching resources (material, labour, financial) and the need for them. The system of these resources in the management of business activities allows ensuring a balance of individual sections and planning for the economic and social development in general. With balance method economic ties, the proportion of the production cycle are disclosed, bottlenecks and distortions are identified, and imbalances quantitative parameters in different levels of economic activity are established.

The method of financing is a combination of techniques and trends aimed at enterprises emphasize on internal financial sources and resources forming business activity at a time when external sources play a supporting and regulating role. The main methods of financing of the modern enterprises are self-financing,

public financing, investment, progressive finance, credit provision (Lanova, 2010). Pricing of the company is the process of setting prices for a particular product. The price of the company's products is largely determined by external factors including the impact of competition, participants of the channels of movement of goods (suppliers, intermediaries), state policy (Makarovskaya, 2013). Thus, the main determinants of the economic aspects, the management of enterprises is to create conditions and implement specified measures to ensure positive economic activity, optimal use of potential and existing resource of an enterprise aimed at the organization of business activity.

Regarding social management of business activity in the overall management is considered the management that enterprises carried out concerning the staff to implement the motives of social behaviour. Among the methods that can be used in the process of social management are emphasized the social normalization and regulation; mental stimulation, motivation techniques; psychological methods; methods of economic incentives; organizational and administrative methods.

The social normalization and regulation is a scientifically substantiated organization of social processes through social rules and norms that determine the order behaviour of individuals and groups in the team, which help to maintain business activity in the framework of social justice in the team and improve social relations between the employees. Their means are collective contracts, agreements, mutual obligations, internal regulations, statutes (sections are governing the behaviour of civil servants), the rules of etiquette, rituals, priority social needs depending on seniority or industrial activity etc.

Moral incentives are most developed subsystem spiritual work incentives based on spiritual values of a specific person. The essence of moral incentives is the transfer of information about human achievements, the results of the social environment. While the source of information on the merits, employees are subjects of management; the receiver is the object of incentives, employee, and collective; communication channel is communication tools (Stupishina, 2009).

Motivation is a call to action; the dynamic process of a physiological and psychological plan that controls human behaviour and determining its organization, activity, and stability; human capacity to actively meet their needs. In the management of business activity, motivation is a process of incentives for workers to effectively carry out activities aimed at achieving the purpose of the company. Motivation is necessary for the effective implementation of the decisions and tasks about the management of business activity.

Psychological methods in the management of business activities used to harmonize relations firms and workers, establish the most favourable psychological climate. They include the humanization of work

(elimination of monotony, colour spaces and colour equipment, use of specially neat music); psychological motivations (to encourage creativity, initiative, and independence); meet professional interests, improving the creative content of work; development of a goal for the psychological characteristics and development of the necessary psychological traits; completing of small groups by the criterion of psychological compatibility of employees; establishment of normal relations between managers and subordinates.

Economic methods of management of the business activities occupy an important place in the system of management methods. This is because management relations are determined primarily by economic relations, which are based on objective needs and interests of people. The task of stimulating business activity is very hard. First, it is needed to achieve the increasing industrial activity, encourage the search for innovative solutions to create and maintain an atmosphere of corporate spirit. Secondly, in a market economy, not only industrial and economic processes are important but also its business results, reflected in specific performance indicators of business activity: revenue growth, reducing costs, improving product quality. Commercial criterion is crucial to assess the importance of personnel labour of the company. Thus, the modern approach of companies to stimulate labour is determined by two main points – the desire to intensify the most creative person and send these activities to achieve concrete economic results.

Organizational and administrative management methods in business activity are a set of techniques and methods of direct managerial influence on the relations of people in the workplace. They implement one of the most important functions of management – the function of the organization. By that means the task of organizational and administrative activity is coordination of actions of subordinates. Without organizational and administrative influence methods of economic management cannot be realized because they provide clarity and order discipline of the team.

The second aspect of management of business activity aimed at efficient management of economic activities and characterized of achieving the desired effect of discourse, i.e. the immediate satisfaction the interests of owners. Managing of business activity is a process aimed at ensuring the sustainable and continuous improvement of enterprise efficiency. The main ways of increasing efficiency include accelerating scientific and technological progress, the implementation of technical reconstruction of production; improving the structure, forms of organization and production management; improved utilization of assets; increased productivity; reducing production costs; increasing profits; improving organizational and technical level of enterprises and economic work at all levels of management (Goncharuk, 2014).

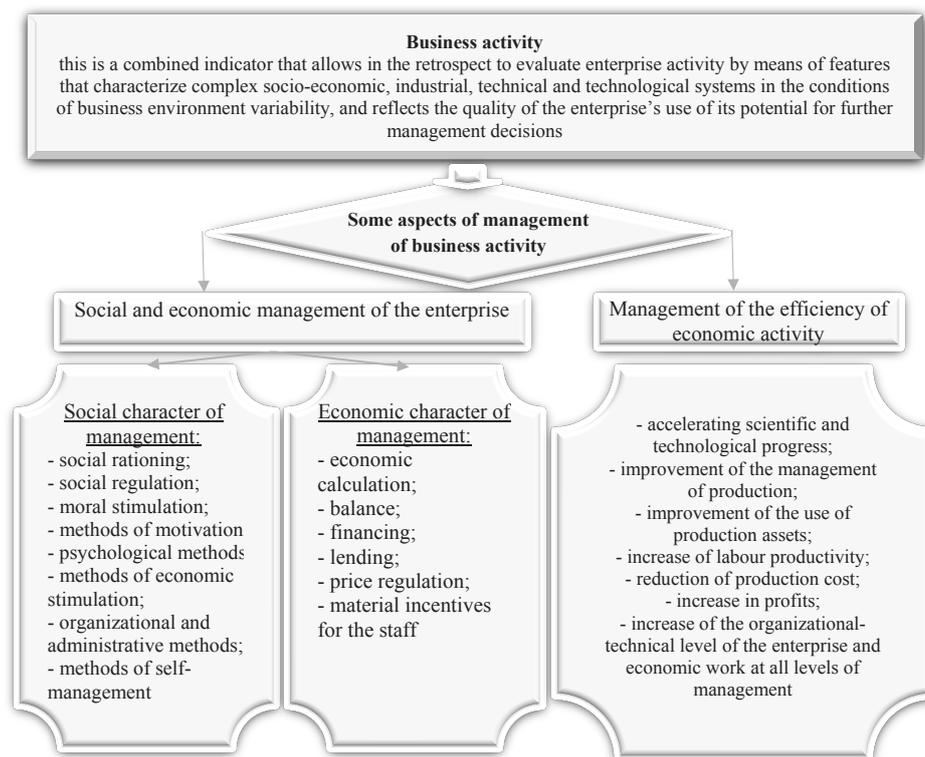


Fig. 1. Some aspects of management of business activity of enterprises

Based on the analysis of the directions of management of business activity of enterprises, it is possible to systematize them and present them in Fig. 1.

### 3. Tools of managerial influence on business activity

Any enterprise that aspires to maintain a high level of business activity is interested in the possibility of its independent management. Therefore, apart from the factors influencing this category, the study of instruments of managerial influence on business activity is updated, with the help of which, as practice shows, the ways of achieving the set goals are realized; a compliance of administrative decisions of the mission of the enterprise and strategic goals of business activity is established.

Research conducted in the field of management of business activity management of enterprises shows that to date, the study of the appropriate management tools is given with insufficient attention both from the side of scientists and managerial staff of enterprises. Analysis of economic literature proves the existence of problems with regard to the existing management tools, which are reflected in their composition and structure, indicators, the methodology of application, adaptation opportunities to the conditions of enterprise management, etc.

L.V. Frolova and O.O. Niitenko see disadvantages in the formation of the theoretical basis of the instruments of managerial influence on business activity. They

substantiate the “need to improve the theoretical and methodological tools for the management of business activity of the enterprise”. O. Oliynyk agrees with the authors; at the same time, he emphasizes by the theoretical peculiarities of the instruments of managerial influence, which are formed under the influence of socio-economic transformations (Oliynyk, 2010). He also notes the problem in the ambiguity of the components of administrative architectonics, their visual representation, which are used in the analysis of business activity with its economic nature.

The most of the scientists in their works prefer economic and financial instruments of managerial influence. Among the economic instruments of managerial influence on the business activity of the enterprise, one of the most widespread is economic analysis, intended to transform the information, which is provided to users in useful, i.e. suitable for making managerial decisions. I. Wagner considers economic analysis as a system that reflects the process of influence on reality where is forming the method of using the subject of the properties of objects and the relationship between them in solving management problems through the relationship of appropriate methods, organizational forms, technologies (Wagner, 2013). The author examines the economic analysis from the point of view of practical activity that is the preliminary stage of decision-making in relation to the management of business activity, as well as their analytical substantiation. Such an activity can be carried

out not only in relation to the management of business activity as a category but also its separate problematic aspects (financial, personnel, production, etc.).

Undeniably, economic analysis can be considered as an important tool for managing business activity since it serves to solve its economic problems. At the same time, it cannot ensure the adoption of quality managerial decisions in relation to other (non-economic) aspects of business activity. Therefore, it is expedient to use other management tools in relation to the business activity.

The needs of enterprises in ensuring a high level of their business activity require a comprehensive study of financial instruments of managerial influence aimed at the realization of this task. It should be noted that the financial aspect of the business activity is rather complex from the managerial point of view since it is carried out in the following directions: efficient management of financial resources (their formation, accumulation, orientation), cash flows, profits (the possibility of capitalization), etc.

The main financial instruments of managerial influence on the business activity of enterprises include: 1) financial assets (cash, equity instruments of other enterprises and own enterprise, contracts for the receipt or exchange of financial assets of other enterprises, accounts receivable, financial market instruments, etc.); 2) financial obligations (debt and equity financial instruments, risk-free financial instruments); 3) equity instruments (profits, reserves, issuing securities, etc.).

Noting the specific features of the development of enterprises in the context of their business activity, the formation of financial instruments of managerial influence on this category should be carried out taking into account the indicators that characterize it.

A significant number of researchers associated the problem of ensuring the necessary level of business activity with the environmental factors of economic activity of enterprises, and therefore, distinguish the environmental instruments of managerial influence on business activity. Among such instruments, the most significant are the following:

- 1) EMAS environmental management system – application of the European scheme of environmental certification and environmental audit by domestic enterprises. It is used for the purpose of improving the ecological status in general and produced products in particular, increasing the ecological activity of enterprises;
- 2) assessment of environmental impacts that is carried out by enterprises by assessing plans and programs of environmental production at the stages of their development and approval;
- 3) eco-labelling of products is conducted by enterprises to increase their business activity in commodity markets through reducing the negative impact of manufactured products on consumers and the environment;

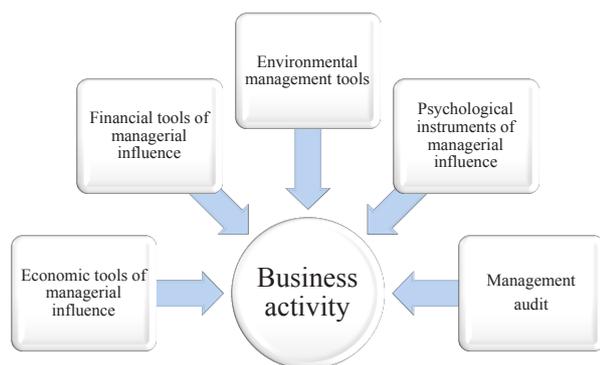
4) agreements and contracts of enterprises on environmental protection. They are intended for the improvement of those aspects of the business activity that are connected with the ecological activity of enterprises.

For enterprises, which aspire to achieve a stable high level of business activity, it is necessary to mobilize resources and steer earmarked use of environmental tools of managerial influence on business activity. Some scholars among the tools of managerial influence on the business activity to a greater extent distinguish psychological tools, which include: development of the concept of management of business activity of staff; psychological audit; career management of business activity of the personnel; formation of corporate culture of business activity of the enterprise; conducting effective personnel policy of business activity of personnel, etc.

The list of these tools does not end there as mentioned above. At the same time, modern enterprises in their activities are limited to the use of certain psychological tools of managerial influence on business activity but not the totality of their application. This situation is due to the high cost of their implementation, the inability or incompetence of management to effectively organize the procedure for implementing psychological instruments of managerial influence on business activity. In this case, there is a lack of using only this group of tools to achieve a high level of business activity of enterprises. An important role in ensuring a proper level of business activity has recently become managerial audit as a tool of managerial influence. Practice shows the lack of development of management those tools, which help the timely detection of deviations from the goals, poor management decisions aimed at implementing measures to ensure the high level of business activity of enterprises.

Unlike other tools of managerial influence on business activity, management audit is aimed at assessing the effectiveness of administrative providing of business activity. Its main purpose is an independent objective assessment of the level of preparedness the personnel to the qualitative, efficient implementation of the defined circle of tasks concerning on achievement of the high level of business activity.

Among the analysed tools of managerial influence on the business activity of enterprises, management audit serves as one of the leading tools since it complexly determines the nature of management of the business activity taking into account the specifics of the activities of enterprises and the corresponding composition of audit procedures. They are verification of financial indicators of business activity of the enterprise, rational use of available resources, implementation of investment, innovation, social, environmental, and others development programs, the effectiveness of managerial decisions in relation to business activity in



**Fig. 2. Systematization of tools of managerial influence on business activity**

dynamics. Ultimately, a reasonable forecast of the results of the management audit is carried out; alternative options for improving the level of business activity of the enterprise are offered.

Analysing the tools available in the scientific literature for managing the business activity of enterprises, the most of scientists focus on certain specific influence tools on this category (financial, economic, environmental, etc.), which, of course, are very important but their separate studying does not give a comprehensive characteristic about the totality and content of such tools, which are aimed at solving the tasks and goals of ensuring the high level of business activity of enterprises. In this case, it is expedient to visualize and systematize the structure of tools for managing the business activity of enterprises (Figure 2).

The analysis makes it possible to systematize certain tools of managerial influence on the business activity of enterprises and group them into five main groups: economic, financial, psychological, environmental instruments, and management audit. The use of these tools by enterprises is possible both in aggregate and separately, depending on the problem areas of business

activity. Each of the dedicated tools of managerial influence on business activity is characterized by its own content and purpose and is important for the successful implementation of measures to manage the business activity of enterprises.

#### 4. Conclusions

Modern scientific scholars are characterized by the underdevelopment of views on the management of business activity since only isolates its two main areas: a socio-economic management and performance management of economic activities, which are varied by methods and ways of management. Thus, the company cannot conduct a qualitative assessment of factors affecting the level of business activity and, therefore, make quality management decisions.

The theoretical aspects of business activities of enterprises allowed forming the own definition of this category. Thus, management of business activity is a complex of measures (organizational, analytical, control) about the regulation of the intensity using and adaptation potential of enterprises, which are aimed at the coordination (correlation) of their activities with the requirements of a dynamic environment. This interpretation of the definition makes logical outlines the main management measures, their direction, and period of application.

Thus, "business activity" is one of the main impacts, which allows the assessment of its financial condition, helps identify strengths and weaknesses for strategy development, characterizes the use of capacity, and determines the position on the market, its competitive position. Management of business activity of enterprises should be comprehensively substantiated and studied in regard to directions of certain actions and conditions of their implementation, considering the features of the business development of modern enterprises.

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## Максим ГОДЯЩЕВ

### УПРАВЛЕНИЕ ДЕЛОВОЙ АКТИВНОСТЬЮ ПРЕДПРИЯТИЙ: НАУЧНО-ЭКОНОМИЧЕСКАЯ АНАЛИТИКА

**Аннотация.** Главная цель статьи заключается во всестороннем исследовании и анализе теоретических аспектов по вопросам управления деловой активностью предприятий, выявлении основных недостатков и разногласий. Методы исследования позволят развить категориальный аппарат по управлению деловой активности предприятий. *Методика.* Исследование базируется на анализе научных трудов отечественных и зарубежных ученых и экономистов по вопросам, касающимся деловой активности как экономической категории и ее управления, подходов и направлений такого управления. *Результаты* исследования показывают, что управление деловой активностью охватывает различные сферы деятельности предприятий. Такими сферами могут быть: производственная, финансовая, инновационная, социальная, экологическая и т. д. В процессе анализа экономической литературы было установлено, что работы большинства ученых сосредоточены на двух основных аспектах управления деловой активностью: социально-экономическом управлении и управлении эффективностью экономической деятельности. Установлено, что каждый аспект управления деловой активностью характеризуется соответствующими методами проведения. Среди методов социально-экономического управления предприятием выделены следующие: материальное и моральное стимулирование персонала; социальное регулирование; экономический расчет; балансовый метод; метод финансирования; регулирование цен; кредитование. Рассмотрены также психологические и организационно-управленческие методы управления деловой активностью. Второй аспект управления деловой активностью, направленный на управление эффективностью экономической деятельности, характеризуется достижением необходимого дискурсивного эффекта, который прямо удовлетворяет владельцев предприятий. В статье также обоснована важность изучения инструментов управленческого воздействия на деловую активность предприятий, которые в процессе исследования распределены на пять основных групп: экономические, экологические, финансовые, психологические, а также управленческий аудит. *Практическое значение.* Исследования современных ученых характеризуются недостаточным развитием взглядов на управление деловой активностью предприятий, поскольку выделяют только два основных его аспекта: социально-экономическое управление и управление эффективностью экономической деятельности, которые различаются методами и способами управления. Поэтому предприятие не может провести эффективную оценку факторов, влияющих на уровень деловой активности, и принимать качественные управленческие решения. *Значение/оригинальность.* Исследование теоретических аспектов управления деловой активностью предприятий позволило сформулировать актуальное определение этой категории. Авторское толкование этого определения характеризуется системностью и всесторонностью, и логически излагает основные управленческие мероприятия, их направленность и период применения, что составляет новизну и актуальность исследования.