

## Business Activity and its Influence on Financial Results of the Enterprise in the Service Sphere

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### ABSTRACT

Business activity is an economic activity specified in the form of the production of a particular product or the provision of a specific form of services, which is an important element in a market economy.

**KEYWORDS:** *business activity, production costs, market economy, financial results, market economy*

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The term business activity of an enterprise is an economic activity, concretized in the form of the production of goods or the provision of services, which is an important element in a market economy.

Business activity of an enterprise is the ratio between the financial results of economic activities and the cost of material, labor and financial resources. Business activity depends on the economic effect, as well as on the cost of gross resources, the end result of which is this effect. Based on this, this suggests that the business activity of the enterprise is a relative value, obtained as a result of comparing the effect with the cost of resources.

Evaluation of the activities of the enterprise, as well as economic efficiency, cannot be done without the help of one indicator. However, the difficulties in their use lie in the fact that not one of them is a universal indicator, calculating which one could judge the positive success in the activities of the enterprise. Proceeding from this, in practice, a system of indicators is always used, which is interconnected and, at the same time, is assessed by the enterprise[1].

The system of indicators, based on market conditions, can be summarized in two ways:

- the first estimate characterizing the achieved or possible level of development of the results of a particular activity;
- the second costly, reflecting the level of costs for the implementation of different types of activities.

However, this classification is very arbitrary, it depends on the purpose of the assessment. Namely, the indicator "production costs" in one case is considered as an estimate, which shows the received level of labor costs, and in the other case, when planning is determined as costly, which allows you to determine the amount of costs in the provision of services.

An important indicator in assessing the business activity of an enterprise is its impact on the financial results of an enterprise in the service sector, which are effective management of working capital, including an indicator of the duration of the financial cycle.

The financial cycle, or the cycle of circulation of cash, is the time during which cash is diverted from circulation.

The operating cycle is the total time that financial resources are deposited in the inventory of receivables. Since the service sector company pays the suppliers' invoices during which the funds are withdrawn from the turnover, that is, the financial cycle is less for the period of the accounts payable circulation. A reduction in the operating and financial cycle in dynamics is seen as a positive trend[2].

Of great importance in assessing the business activity of an enterprise in the service sector is also an assessment of the investment strategy. The main goal of the investment strategy of the enterprise is to mobilize additional funds for the introduction of economic activity, the achievement of financial indicators that characterize the effective operation of the enterprise.

Sometimes, usually, in this case, capital costs are taken into account in the discounted amount of costs for the implementation of the project, and operating costs are included in the cost of finished products and, accordingly, reduce the amount of net profit during the operation of the project.

Thus, the interaction of economic factors in the course of the production process, their often contradictory influences, on the financial results of the enterprise's activities are identified ways of using the system of analytical indicators, the relationship between which is expressed mathematically. By calculating these indicators, the attention of individual aspects of the enterprise's activities to its financial results is determined.

At the same time, the crucial stage in assessing the efficiency of the enterprise in the service sector and identifying the reasons that caused the deviation from the planned actions and changes in the generalizing indicators, as well as a quantitative assessment of the impact of these reasons on the indicators under

consideration. In order to find out the reasons for deviations and changes in the calculated indicators, the circle of interacting factors is determined and their grouping is performed. Based on the assessment of the positive or negative influence of some factors, it is necessary to determine the unused opportunities for improving the calculated performance indicators of the service sector enterprise.

That is, the fulfillment of the plan, increasing the role of business activity of the enterprise in the service sector is checked on the basis of data on the calculation of the actual, economic efficiency used at the enterprise, including the quality of goods, equipment, and so on. As a result, it is determined whether all the planned activities have been completed, whether their planned implementation timeframes have been met, whether the actual savings and profit from the implementation of the activities are consistent. In conclusion, you can find out how these events influenced the financial results of the service sector enterprise.

The introduction of new methods, updating the assessment of the economic information of the business activity of an enterprise in the service sector, by calculating various indicators of computer technology, allows it to be carried out according to a predetermined range of indicators every day, and for some of them even in a certain order. In turn, this makes it possible to quickly assess the achieved financial results and analyze their prospects for bad periods.

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