



The Methodology Of Assessment In Organizational-Economic Mechanism Of Management Of Food Industry Enterprises

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ABSTRACT

This article provides views about the factors which prevent an enterprise from achieving its goals in a timely manner due to uncertainty. In this case, it is proven that the importance of the organizational-economic mechanism of management, which develops a mechanism of self-management in the enterprise, allows to achieve the goals through an optimal amount of timely spending of resources.

KEYWORDS

Organizational-economic mechanism of enterprise management, efficiency, integral quantity, parameter, feature, sensitivity of factors, coefficient.

INTRODUCTION

Each enterprise has its own vision and development strategy designed to achieve specific goals and objectives. Especially, it is important to organize effectively the process of achieving the goals and objectives in order to ensure the investment attractiveness of enterprises. Today, due to rapid changes in the external and internal environment of

enterprises, the activities of industrial enterprises affected by many factors, such as competition, changes in prices for raw materials, interest rates, changes in exchange rates, changes in consumer preferences, scientific and technological progress and others. Uncertainty of such factors does not allow the enterprise to achieve its goals in time.

In this case, organizational-economic mechanism of management plays important role, which produces a mechanism of self-management at the enterprise, which allows to achieve the set goals through the optimal amount of timely use of resources.

The possible negative impact of the pandemic process on the economy will inevitably affect the economic development of any country. As President of the Republic of Uzbekistan Sh.M. Mirziyoyev noted, "It is necessary to ensure the balance and stability of national economy and increase its share in industry, service sector, small business and private entrepreneurship, deep restructuring of high-tech productions and local raw materials, producing finished products with high added value, further strengthen the country's food security and increase the export potential of agricultural products"[1].

Study degree of the problem. A number of foreign scientists devoted their research to the analysis of multivariate econometric models of business development in the food industry: S. Djankov, M. Desai, R. Dennis, T. Ovaska, J. Robinson, R. Capone, S. Negi, B. Lovder [2,3,4,5,6,7,8,9].

Among CIS (Commonwealth of Independent States) scientists O. Gogb, G. Zinchuk, M. Kissel, G. Sealova, D. Khodos, N. E. Pavlenko are widely described in their research about the analysis of multivariate econometric models of business development in the food industry. [10,11,12,13,14,15].

From local Uzbek scientists B. Berkinov, I. Boboev, O. Ismailov, K. Muftaidinov, U. Gafurov, N. Sotoldiev [16,17,18,19,20,21] and others studied it.

Although the aforementioned scientific study reflects a systematic approach to the problem under study, it shows that to date, issues on improving the analysis of multivariate econometric models for the development of entrepreneurship in the food industry of the country have not been sufficiently studied. This

determines the choice of the research topic, its purpose and specific tasks.

RESEARCH METHODS

In the process of research, methods of scientific abstraction, comparative comparison, data grouping, economic and mathematical modeling, correlation and regression analysis were used.

ANALYSIS AND RESULTS

The organizational and economic mechanism of enterprise management is a complex of measures aimed at achieving the goals and objectives of the enterprise, a complex system that combines various aspects of the enterprise by means of evaluation tools. At the same time, the organizational and economic mechanism of enterprise management is a part of the general management mechanism responsible for its competitive, long-term, harmonious development.

Management of organizational-economic mechanism requires evaluation of initially designed mechanism. Evaluation of the management mechanism of any enterprise is a complex issue, it is necessary to use structural and structural modeling of this specific process or object in real conditions, as well as to forecast its future state with changes in the parameters of the external and internal environment in order to solve it. In evaluation, it is a complex process to reduce the factors affecting the control mechanism into an integral quantity, parameter or function.

In practice, the evaluation of the management mechanism is determined by financial indicators describing the company's performance and the state of the management system. However, this method does not allow us to adequately study the business processes of the enterprise, accurately assess the degree of achievement of the goals and business processes of the enterprise.

Therefore, the assessment of the organizational-economic management mechanism must be based on the following criteria:

-life cycle of management processes. This criterion determines the effectiveness of the enterprise management model, assesses the level of enterprise activity and the effectiveness of the management system.

-Evaluation of programs related to enterprise development. According to this criterion, the performance of annual planned tasks assessed by using various financial and economic indicators.

The process of evaluating the organizational and economic mechanism of enterprise management can be summarized as follows (see Figure 1).

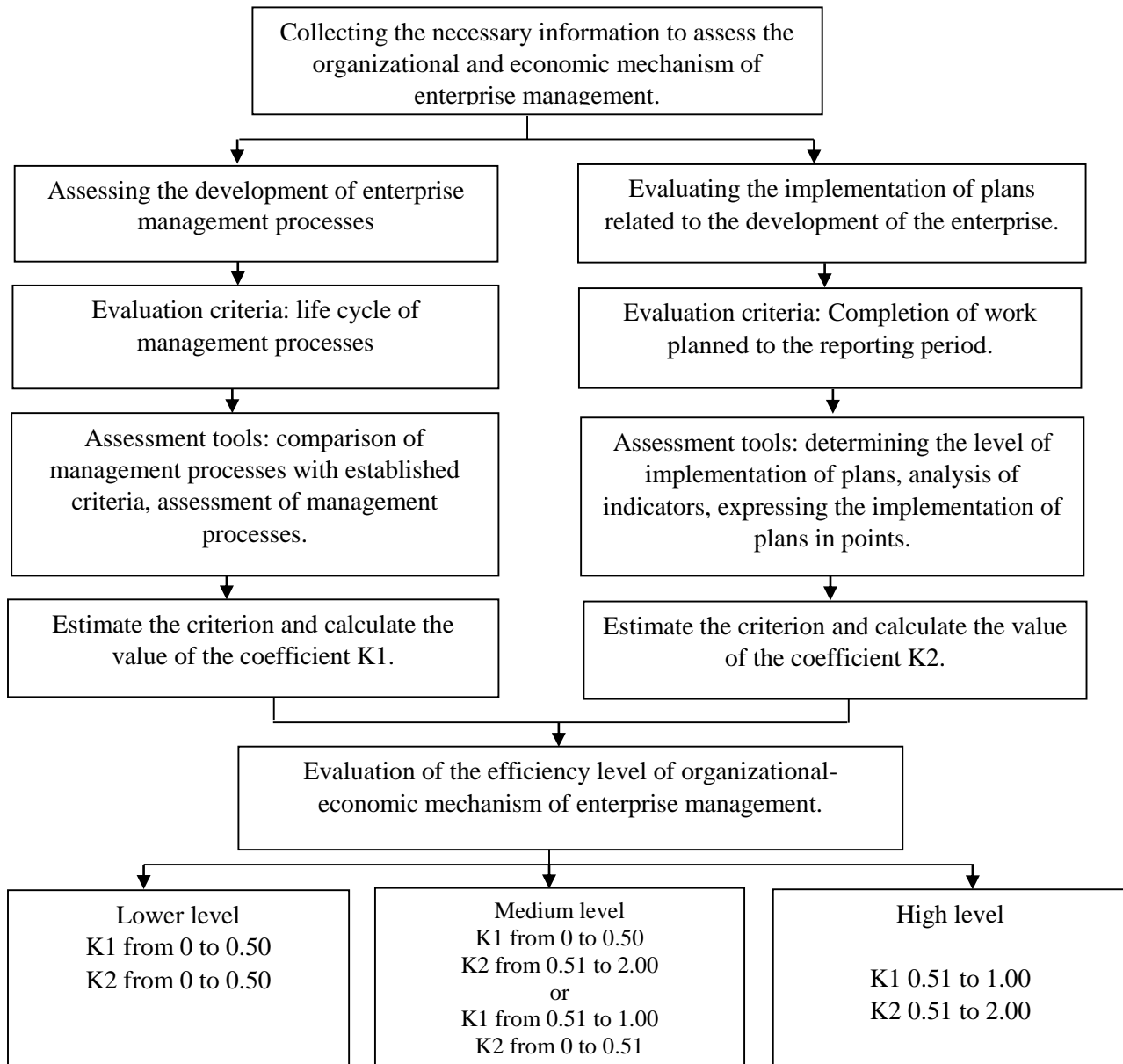


Fig-1. Evaluation process of organizational and economic mechanism of enterprise management.

To evaluate the organizational and economic mechanism of management, we assess only the quality of business processes, since these processes depend on the enterprise management system. In the process of analyzing the enterprise management mechanism, the expert who conducting the assessment independently determines the main management processes.

Such management processes include external and internal factors of the enterprise development environment, predicting of possible changes in the competitive environment, preparing the enterprise's development strategy, planning of measures to the development of the company, setting action plans, organizing activities for the implementation of the enterprise strategy, encouraging employees to fulfill the strategic

goals and objectives of the enterprise, coordinating key activities for the development of the enterprise in a competitive environment, accounting, analysis of the enterprise reporting, monitoring the implementation of strategic goals and objectives in a competitive environment and so on.

In the framework of the assessment method, the life cycle of management processes divided into the following stages: process organization, development, sustainable functioning, efficiency reduction, reorganization and process termination.

Criteria for defining points corresponding to the stages of life cycle of management processes expressed in the following way (see Table 1)

Table-1. Parameters for defining the life cycle of management processes

Life cycle stages of management processes	Criteria for assessing the phase of the life cycle of management processes	Points
Organization of the process	Includes the identification of information flow, the identification of resources, and the process of business regulation and standardization	2
Development of process	Бизнес жараёнлари ўзгарувчан муҳит талабларига мувофиқ оптималлаштирилган регламент асосида фаолият кўрсатиши назарда тутилади	3
Stable process of performance	The separation of roles and responsibilities in a business process should be defined clearly and practically.	4
Decreased process of efficiency	The process is terminated or reorganized, as a result of a decrease in the efficiency of the process due to the incompatibility of the corporate environment.	1
Process of reorganization	Re-engineering an existing business process, in this case, the rules of the business process will be redesigned in accordance with the requirements of the business environment	3
Completion of the process	Loss of need for a business process when there is a disruption to the business process	0

The number of points depends on the efficiency of the life cycle of enterprise management

processes. If the management process corresponds to the first stage of the life cycle - 2

points, the second stage - 3 points, the third stage - 4 points; fourth stage - 1 point, fifth stage - 3 points, sixth stage - 0 points. According to this criterion, the life cycle of enterprise management processes is determined, compliance with the factors indicated in the table assessed, and a score calculated for the first criterion using the following formula:

$$K_1 = \frac{KB_{BJ}}{4 * H_1}$$

K_1 - the number of points in assessing the development of the life cycle of enterprise management processes;

KB_{BJ} is the sum of points determined as a result of the assessment of the life cycle of management processes;

4 is the number of points corresponding to the stage of life cycles of management processes;

H_1 is the number of life cycles of management processes identified in the enterprise.

After that, the expert selects the key indicators for evaluation, taking into account the development plans of the enterprise. The expert can select the following indicators: product sales volume, profitability, liquidity, solvency, working capital turnover.

The selected indicators can be divided into two groups:

-Direct-impact indicators where indicators are affected in a straight-forward direction (e.g., profitability indicators, liquidity indicators, enterprise income and profit);

-Reverse indicators, their decrease indicates an increase in the efficiency of the enterprise and is considered positive (e.g., the ratio of the strength of the financial impact, the financial cycle, the period of asset turnover).

The execution of planned works at enterprise determined by the following formula:

$$VP = \frac{P_f}{P_{pl}} * 100$$

VP - the degree of implementation of the plan in accordance with the purpose;

P_f is the real value of the indicator;

P_{pl} is the planned value of the indicator.

The percentage of completion of the plans is converted into points, and points are calculated using direct and inverse indicators (see Table 2).

Table-2. Expression of the percentage of completion of the plan for target programs in the enterprise in points

Growth rate of the indicator	Points and calculation method	Comments
Direct indicators		
80% or less	0 points	If the actual fulfillment of the plan is less than 80%, then the results of the company's activities are unsatisfactory and are given 0 points.
81 to 99%	The number of points is calculated using the formula $0.1 * (VP-80)$	If the actual fulfillment of the plan exceeds 80%, then for the growth of the indicator, 0.1 point is set for each percentage above 80%.
100%	2 points	The company has reached the target value, that is, fully fulfilled the plan
101 and 119% respectively	The number of points is calculated using the formula $0.1 * (VP-100)+2$	The company exceeded its target, adding 0.1 points to each percentage point for exceeding the 100% growth rate.
More than 120%	4 points	The company has fulfilled the set task by more than 120 percent. The situation is assessed positively and it is assigned 4 points.
Inverse indicators		
80% or less	4 points	As a result of its activities, the company has reduced the value of the inverse indicator by more than 80%. The situation is assessed positively and he is assigned 4 points.
81 to 99%	The number of points is calculated using the formula $0.1 * (VP-80)+2$	If during the reporting period the growth rate of the inverse indicator is less than 100% compared to the previous one, then 0.1 point is set for each percentage point to decrease from 100%.
100%	2 points	The results of the company's activity in the reporting period were at the level of the previous period. This situation testifies to the stable operation of enterprises.
101 and 119% respectively	The number of points is calculated using the formula $0.1 * (VP-100)$	Growth of the opposite indicator by more than 100% for the reporting period is considered negative, therefore 0.1 points for each percentage point are subtracted from the 100% growth rate.
More than 120%	0 points	If for the reporting period the growth rate of the inverse indicator is 120% higher than the previous one, then the results of the company's activities are unsatisfactory and are set at 0 points.

In this case, the points are converted to the value of the K2 indicator using the formula:

$$K_2 = \frac{KB_{FP}}{2 * H_2}$$

K2 is the number of points based on the assessment of the implementation of the plan by target indicators;

KBFP is the sum of points based on the results of assessing the implementation of the plan;

2 is the number of points awarded when the goal is achieved by 100%;

H2 is the number of tariff plans.

When performing the assigned tasks, the current situation was compared with the reference one.

Enterprise management is determined by the level of effectiveness of the organizational-economic mechanism, as a result of combining the evaluation by two criteria (Table 3).

Table-3. Indicators of the effectiveness of the organizational-economic mechanism of enterprise management.

The level of results (range of indicators)	Contents
Low level (value of K1 is from 0 to 0.50; value K2 is from 0 to 0.50)	The target plan is not being done, while most management work processes are at the stage of determining or reducing their effectiveness.
Medium (K1 value is 0 to 0.50, K2 value is 0.51 to 2.00 or K1 value is 0.51 to 1.00, K2 value is 0 to 0.50)	Enterprises with an average level of efficiency of the organizational and economic management mechanism can be divided into two categories. The first category- enterprises with stable management processes, but the plan is not being implemented in accordance with the set goals. Such enterprises have a trajectory of improving the efficiency of the organizational and economic management mechanism from low to high levels, so management takes time to reflect changes in business processes in achieving the goals of the enterprise. The second category is enterprises in which business management processes are at the stage of determining or reducing efficiency and the plan of targets is being implemented. Such enterprises are moving in the downward direction of development of the organizational-economic management mechanism - from high efficiency to medium efficiency, i.e. the enterprise implements the plan according to the target indicators, and the management requires a reorganization of business processes.
High level (value of K1 is 0.51 to 2;value K2 is 0.51 to 2.00)	Most of the management processes are under development or are working sustainably, the target plan of indicators is being fulfilled (and for some indicators it is being overfulfilled).

We will see the proposed methodology for assessing the organizational-economic mechanism of management of food industry enterprises on the example of LLC "RASH-MILK" operating in Bo'z district of Andijan region.

"RASH-MILK" LLC has established a cluster approach that includes all stages of cattle care, from the extraction of raw milk to the production of finished products. The company employs over

200 young men and women. The company specializes in processing more than 150 tons of milk per day, which produces more than 40 types of dairy products.

Based on the assessment of the management practice of "RASH-MILK" LLC, the following results were obtained.

Nº	Enterprise management processes	Stages	Points
1	The process of management over financial planning of an enterprise	Organizing the process	2
2	The process of management over the analysis of financial-economic activities of the enterprise	The process of Stable performance	4
3	Optimizing cash flows	The process of Stable performance	4
4	The management process of supervision over the implementation of management decisions	The process of Stable performance	4
5	The process of Crisis management	The process of Stable performance	2
Total Points		-	16

The life cycle of enterprise management processes should be calculated as follows:

$$K_1 = \frac{KB_{BJ}}{4 * H_1} = \frac{16}{4 * 5} = 0,8$$

Then it is necessary to assess the implementation of the plans outlined in the enterprise. The following target indicators have been identified and assessed at RASH-MILK LLC.

Table-5. The state of implementation of the plan for target programs of LLC "RASH-MILK"

Indicators	2019 year On plan	2019 year In practice	Implement- ation Of plan	Points	Comments calculations for
Correct indicators					
Return on product sales,%	10,5	9,5	90	1,00	0,1*(90-80)=1,00
Return on assets%	8	6,9	86	0,60	0,1*(86-80)=0,60
Sales volume, billion soums	25	27	108	2,8	0,1*(108-100)+2=2,8
Financial independence ratio	0,4	0,31	78	0,00	If the actual financial indicators are below 80%, 0 points are awarded.
Absolute liquidity ratio	0,1	0,07	70	0,00	
Inverse indicators					
Financial cycle, days	30	38	127	0,00	If for the reporting period's growth rate of the inverse indicator is 120% higher than the previous one, then 0 points are given.
The sum of points based on the results of the assessment of the	x	x	x	4,4	x

implementation of all target plans (KBFP)					
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Let’s calculate the value of the K2 indicator:

$$K_2 = \frac{KB_{FP}}{2 * H_2} = \frac{4,4}{2 * 6} = 0,36$$

As a result of the assessment, the value of the K1 indicator was determined to be 0.8, the value of the K2 indicator was 0.36, the effectiveness of the organizational and economic mechanism of LLC “RASH-MILK” was assessed as moderate.

In this case, it is important to the company to take the necessary measures to improve the financial condition, efficient use of resources, improve anti-crisis mechanisms, and reduce the risk of bankruptcy.

CONCLUSION

Based on the results of the study, the following conclusions were made:

In modern economic conditions, any enterprise seeks to improve its competitiveness. Organizational-economic management mechanism plays a special role in this condition which makes it possible to achieve the setting goals by working out the optimal volume of resource use in time.

The term of organizational-economic mechanism refers to the management and self-management of an enterprise, which is based on a set of methods, techniques, norms, forming and regulating the relationship between the subject and object of management, the purpose of it, scientific approaches and principles of management, technology and management tools.

A two-criterion methodology for assessing the organizational and economic mechanism of management, the stage of the life cycle of management processes, the implementation of the plan of target development indicators for the reporting period is proposed. As a result of the assessment, there are three levels of efficiency of the organizational-economic

mechanism are distinguished: high, medium and low.

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