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Д.В. Ходос<sup>3</sup>, П.Б. Казакова<sup>4</sup>**MODERN METHODS OF EVALUATING THE EFFECTIVENESS OF THE ORGANIZATION****СОВРЕМЕННЫЕ МЕТОДЫ ОЦЕНКИ ЭФФЕКТИВНОСТИ ОРГАНИЗАЦИИ**

The article is devoted to modern methods of evaluating the effectiveness of the organization. The article considers the evaluation of the effectiveness of the organization, as well as what is necessary to improve the efficiency and rational use of the organization's resources, the criteria and methods used to evaluate the effectiveness of the organization are considered.

Статья посвящена современным методам оценки эффективности организации. В статье рассмотрена оценка эффективности организации, а также – что необходимо для повышения эффективности и рационального использования ресурсов организации. Рассмотрены критерии и методы, используемые для оценки эффективности работы организации.

**Keywords:** Evaluation of the effectiveness of the organization; the effectiveness of the organization; criteria and methods to use to assess the effectiveness of the organization.

**Ключевые слова:** оценка эффективности организации; эффективность организации; критерии и методы, используемые для оценки эффективности работы организации.

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*Why is it important to consider evaluating the performance of an organization?*

When it comes to summarizing the results of an organization's activities for a year, economists usually pay interest to plan-fact analysis, dynamics of indicators over several years, and consideration of financial coefficients. At the same time, experts quite often overlook the problem of how effective the company was in the process of obtaining the final annual indicators of its activities.

The effectiveness of an organization has a problem that applies at all stages of the economy from society as a whole to individual companies and their divisions. At these stages, the type of efficiency of organizations reproduces the contact between resources and production goals. Since the needs of the community are endless and the resources are limited, the goal of meeting the needs the most by improving and using the resources the most fully appears.

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The organization does not exist by itself; it is connected to the economy as a whole through the market of production factors and sales, so the company's economy can study the relations of individual companies with other markets.

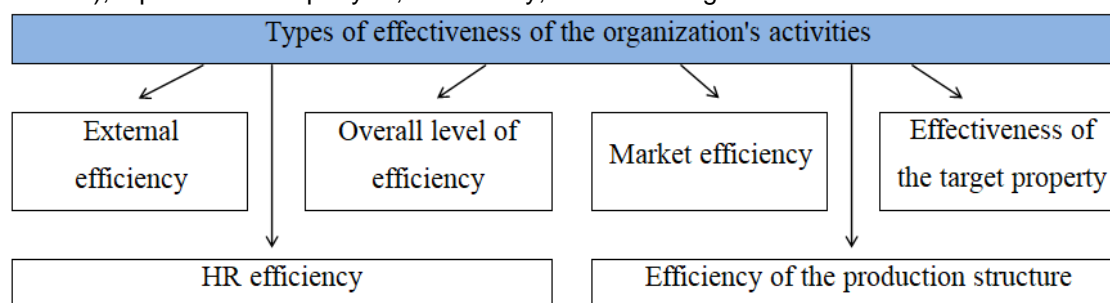
The relevance of this topic lies in the fact that it is modern methods of evaluating the effectiveness of an organization that shows how correctly and rationally the resources available in the organization's reserve were used. These resources are necessary to achieve the goals set for the company. And an important role in the evaluation is the scaling of the business. The main reason for which will be the identification of existing shortcomings and their timely elimination.

The problem of the effectiveness of the organization in modern economic situations is considered the most relevant and significant. There are a large number of services and ideas for evaluating the work of organizations of domestic and foreign specialists; however, there are still no common views on this issue. In order to understand this problem, it is necessary to understand the essence of the concept, consider methods for evaluating effectiveness, as well as what ways to improve it.

Evaluation of the effectiveness of the organization is considered an important circumstance for the correct adoption of managerial and entrepreneurial decisions.

Let's consider what efficiency is. The effectiveness of an organization is a multifaceted and limitless concept. The result is achieved by well-planned and deliberate decisions. And a lot of employees take part in achieving the set goals. An organization as a structure that has its own task and everyone is interested in the efficiency of the company [1]. Translated from Latin, an effect is a result, a consequence of an action performed.

Everyone knows that in the economy, the effect will be obvious, there is a significant difference between expenditure and income, where, depending on which side outweighs (income or costs), a profitable company or, conversely, a loss-making one will be known.



Scheme 1 – Types of efficiency of the organization

The goal of any commercial organization is to make a profit. The entrepreneurial activity of any company is focused on maximizing profits and reducing costs [2].

The use of resources, by its nature, is a continuous process. The development of production is impossible without optimizing the use of resources.

Any production sets a task that will consist in the ability to find the optimal solution in order to meet the needs of people and rationally use the material resources in the organization [3].

Rational use of resources implies the release of a certain type of good or product, by reducing the resources spent. In simple words: the amount of resources per unit of output will be consumed less, without harm to the quality of the products.

*What is needed to improve the efficiency and rational use of the organization's resources?*

Let's start with ways to increase the profit of the organization. The increase in the profitability of production, the increase in the return on own production potential, the optimal distribution of assets makes it possible to resolve issues related to the effective use of fixed capital [4].

To achieve an increase in efficiency, it is necessary:

- 1) Get rid of everything superfluous in production (which does not go into processing and does not work);
- 2) Get modern tools and equipment;
- 3) Automate the production process;
- 4) Plan and develop a system to improve the organization of labor;
- 5) To train workers (courses, master classes, training to work on new equipment, etc.);
- 6) To use leading methods and techniques of production.

An essential direction of increasing the efficiency of the use of fixed capital is to improve its structure, increase the share of the active part of funds and optimize the ratio of various types of equipment [5].

Vivid examples of what the accumulation of products can lead to:

- 1) The cost item for the maintenance of warehouses, because the products either do not have time to be sold, or are not sold at all;
- 2) The cost item as a result of damage to goods or their obsolescence;
- 3) The increase in taxes.

It is surprising and at the same time relevant that the search for solutions leading to cost reduction by the organization's specialists, leading managers, senior staff, etc., still requires an infusion of money [5].

Any organization should keep records and control over the output of products so that there are not too many and not enough goods in warehouses. Scientists from world countries have conducted research and found the best way out of this situation. Experts identify some characteristic features that affect the organization of inventory management.

It is possible to achieve the desired result by [6]:

- 1) To carry out a qualitative inventory and carry out a structural relationship between those groups of goods that needs to be reduced in output and the category of goods that need to be increased in production. Such transformations will allow the company to save a significant part of its monetary investments.

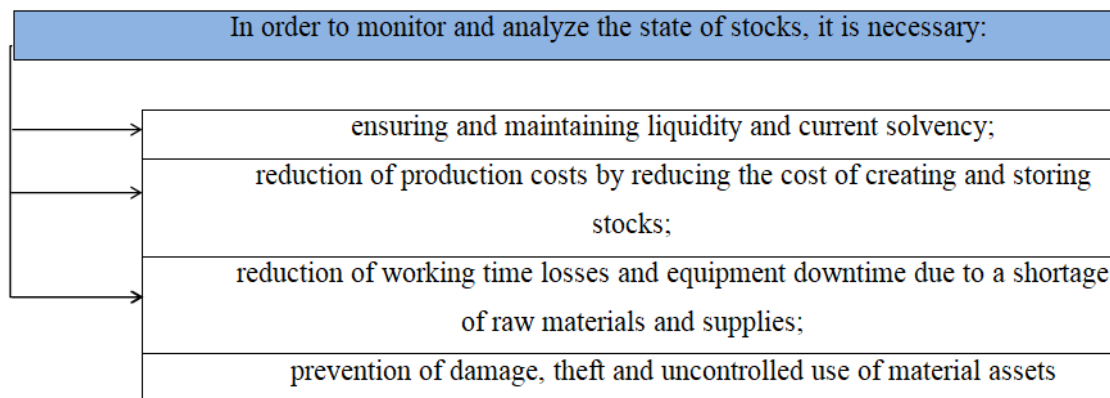
It is also necessary to keep records of the number of material values that have been damaged and broken. Thus, the company constantly uses the indicators of its own reserves and balances their liquid state.

2) In what terms and in what quantity the released products will be able to be sold. This criterion will make it clear to the producer in what quantity it is worth to continue to produce the goods and what margin he will be able to get.

3) Focus on products with high uniqueness (value).

4) You can also do the following comparison. Take a time interval (period) and compare it with the previous one. This procedure is necessary to determine the similarity between the needs of the organization and the available stocks.

Scheme 2 shows what is necessary for the purpose of monitoring and analyzing the state of stocks.



Scheme 2 – inventory control and analysis [7]

*What criteria and methods should be used to assess the effectiveness of the organization?*

Determining the overall level of the organization's activities will make it clear on what points it is worth working on, which goods to take out of production, how to set up and simplify production, solve problematic issues with implementation, and much more. Analyzing the activities of the organization, many issues related to the simplification of production processes will open up. In this way, the answer to the question about the correctness of the chosen development strategy will be received [8].

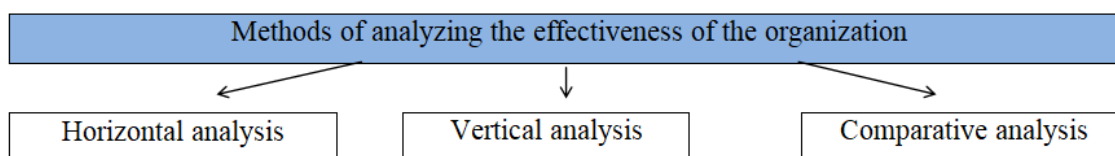
Any transformations and innovations that contribute to the optimization and improvement of production should coincide with external factors, for example: environmental safety.

It is no secret that company analysts use a number of special tools in order to pinpoint and succinctly identify the effectiveness of a functioning organization.

Table 1 – Directions for assessing the effectiveness of the organization of an economic entity

Directions	Elements
Financial analysis	profitability analysis; analysis of the use of equity; solvency analysis; analysis of absolute and relative liquidity indicators; analysis of absolute and relative indicators of financial stability; analysis of the use of borrowed capital; assessment of economic value added; Business activity analysis.
Management analysis	assessment of the organization's place in the sales market of this product analysis of the use of the main factors of production: labor tools, labor items and labor resources evaluation of the results of production and sales of products decision-making on the range and quality of products development of a strategy for managing production costs determination of pricing policy Break-even analysis of production.
Strategic analysis	analysis of assortment policy; analysis of factors of the internal environment of the organization; analysis of the factors of the external environment of the organization; Analysis of competitive positions.

For competent performance analysis, leading experts use special methods. Scheme 3 shows 3 methods of efficiency analysis.



Scheme 3 – Methods of analyzing the effectiveness of the organization [9]

Let's consider each method:

1) Horizontal analysis. This analysis assumes the calculation of growth rates in a certain type of profit. Horizontal analysis can be divided into three components, where:

a) Indicators for the previous period are compared (analysts take accounting data for the past months, years, quarters, etc.)

b) Identification of characteristic trends affecting changes in profit indicators.

c) Analysts conduct special studies where they identify the circumstances and conditions under which the maximum profit was recorded. This approach is often typical for seasonal trading. As calculations, comparisons with the indicators of the early, separately taken, period are also used.

2) Vertical analysis. With this approach, the main factor is the calculation of the ratio of profit amounts from specific production areas. Vertical analysis is carried out in those places where profit distribution is carried out.

3) Comparative analysis. Calculations of absolute deviations and relative criteria are compared here. This type of analysis is widely used:

a) To identify discrepancies between the indicators identified during the reporting period from the normative ones. To control the functions and processes that contribute to the formation of profit, economists use this type of analysis.

b) This analysis is also necessary so that specialists can identify reserves that will help improve the efficiency of the organization.

c) To find ways to increase profits based on the business tactics of competing companies.

Having decided on the methods, let's move on to the principles on which the effectiveness of the organization is based. Studies have shown that significant principles for evaluating effectiveness will be:

1) Establishing a link between the goals of the organization and the results obtained. The business of the organization involves: production, finance, planning, economics and many other areas. Each direction has its own goals and objectives. There is no doubt that the discrepancies in the above directions may diverge. Therefore, in the end, the essence of this principle is to find a compromise solution.

2) The presence of optimality. The criteria are used to determine the optimality of the final results.

Advantages over competitors and increasing market share contribute to the growth of business well-being and the stability of the company in the market.

The main goals of any company will be: the ability to provide the consumer with a unique, valuable, high-quality product at an affordable price and the search for new opportunities that contribute to taking a leading position, as well as their strengthening.

3) The ratio of profit indicators to the product life cycle. For any organization, profit is the meaning of their existence in the market. The higher the quality of the products, the less costs will be spent on unnecessary manipulations. In the end, there are fewer actions and the sale of the goods takes place faster. You can achieve this effect, for example: by improving the quality of the produced.

It remains to specify by what criteria the effectiveness of the organization is evaluated.

To begin with, what is the criterion of effectiveness? The efficiency criterion is an evaluation measure that is needed to find and select meaningful solutions to accomplish the task. Table 2 presents the criteria for evaluating the effectiveness of the organization.

Table 2 – Criteria for evaluating the effectiveness of the organization [10]

Management criteria

Criteria	Description of the criterion
<i>Criteria for temporary use</i>	time spent on solving organizational problems; Time spent on the implementation of the action.
<i>Cost criterion</i>	costs of individual activities; costs for all operations; The cost of maintaining the entire process in working order.
<i>Business process modeling criteria</i>	a logically structured model that has no reverse effect; compliance with the modeling methodology; Compliance with the instructions of the instrumental and information complex.
<i>Efficiency criterion</i>	degree of automation of work; number of manufactured products; the level of workload of personnel and equipment/
<i>Management criteria</i>	sum of unsolved problems; time spent on finding a solution to the problem; Frequency of revisions.

Thanks to these criteria, you can achieve tremendous success in the prosperity of the organization. The most important thing is that the criteria are real and commensurate, as well as adhere to established strategies and goals.

*How is the effectiveness of the organization assessed?*

**Step 1.** Evaluating the effectiveness of the company's activities originates from conducting a comparative assessment and calculating profitability indicators that reflect the efficiency of the operation of production, and specifically this:

1. The profit margin, which is determined by the ratio of net profit to revenue.
2. Return on sales – the ratio of profit from sales to revenue.
3. The profitability of products sold on the market is the ratio of profit from sales to total cost (management and commercial expenses, cost of sales).

**Step 2.** Comparative evaluation and calculation of profitability criteria are performed, which reflect the efficiency of using the resources involved in production. The most important of them are:

1. Profitability of current assets – the ratio of profit from sales to the average amount of current assets.
2. Return on equity – the ratio of net profit to the average amount of equity.
3. Profitability of non-current assets – the ratio of net profit to the average amount of non-current assets.

4. Return on assets – the ratio of net profit to the average amount of the balance sheet currency.

5. Return on invested capital – the ratio of net profit to the average amount of equity and long-term liabilities.

6. Return on borrowed capital – the ratio of net profit to the average amount of borrowed capital.

All these indicators reflect the effectiveness of the use of own and invested capital, current and non-current assets.

**Step 3.** The final stage is the factor analysis all values of profitability, to identify the causes of deviations from the figures with which they are compared (plan data, values of previous periods, information on the performance of similar companies, etc.).

The results of the evaluation:

1. To quantify the effectiveness of the organization, consider the four groups of indicators:

- overall effectiveness;
- efficient use of labor resources;
- efficiency of the use of production assets;
- efficient use of financial resources.

2. Trend, structural, comparative and factor analysis are the main methods of evaluating the effectiveness of any organization.

3. The effectiveness of the organization is assessed in stages:

- calculate the overall profitability of economic activity;
- carry out factor analysis of general profitability indicators;
- calculate private performance indicators of activity and resource use.

4. Criteria for evaluating the effectiveness of the organization should be chosen depending on the stage of business development of the company.

Summing up, the following suggests itself - evaluating the effectiveness of an organization is a very responsible and time-consuming process. Global and impossible tasks are set before any company. Competitors never sleep, and therefore you should always be fully prepared. Possess the necessary knowledge, the best specialists, equipment, technologies and powerful strategic tactics.

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