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PROFIT AND PROFITABILITY OF THE ENTERPRISE AS THE MAIN INDICATORS OF ITS PERFORMANCE

In today's dynamic economic environment, enterprises are increasingly facing new challenges and tasks to improve production efficiency, and competitiveness of products and services through the introduction of scientific and technological progress, as well as effective forms of management and production management. An important task remains to strengthen integration processes and both external and internal factors of influence, to ensure an increase in production and development of enterprises in the current competitive environment. Entrepreneurial activity can be considered effective if there is a positive financial result and its growing dynamics. The attention of enterprise managers is increasingly focused on the amount of profit and profitability of the enterprise. Thus, the role of analyzing the financial condition of an enterprise, assessing its financial stability, and finding ways to improve efficiency and strengthen its financial stability is growing. Of particular importance is the objective and timely assessment of such indicators as profit and profitability.

The **aim** of this article is focused on a comprehensive study and detailed research of various aspects of determining profitability indicators and the mechanism for ensuring profitability of processing industry enterprises in the modern market economy, as well as developing proposals and recommended directions for increasing the level of profitability of production of enterprise products based on analytical calculations and theoretical and methodological research.

The **object** of the study is the factors of formation and reserves for increasing the profitability of manufacturing enterprises.

The **subject** of the study is a set of theoretical and practical aspects of the system of profitability indicators and ways to improve the level of these indicators.

To achieve the aim, the study used general scientific **methods** of analysis, synthesis, induction, deduction, comparison, etc.

Profitability is an important comprehensive criterion of the efficiency of an enterprise. This concept is usually understood as one of the complex characteristics of the financial condition of an enterprise, which determines the degree of efficiency of its functioning by comparing the results obtained and the costs incurred (or resources raised) [1]. Profitability as a characteristic of the efficiency of an enterprise's functioning and development plays an important role, which is manifested in the evaluation, incentive, and budgeting functions.

Profit and the relative indicator of profit-profitability are the main indicators of enterprise performance that characterize the intensity of the business. The viability of an enterprise largely depends on the extent to which the financial return on resources is ensured and the level of profitability achieved in the process of cost formation.

In practice, the level of profitability of trading companies is usually determined by the ratio of profit to retail turnover. It shows how much profit is in the turnover. This level of profitability should not be calculated based on the entire profit balance sheet, but only on the profit from the sale of goods, since the financial results from the sale of fixed assets and other assets, as well as non-operating income, expenses, and losses, are not directly dependent on changes in turnover [2]. This indicator is called the level of profitability of sales and is considered one of the main indicators of the efficiency of trading companies. It is directly dependent on changes in the level of gross income and inversely on growth or decline in the level of turnover costs and taxes collected from the trade margins realized.

Today, the problem of increasing profitability is one of the most important tasks for modern enterprises. Unfortunately, not all organizations have been able to recover from the effects of the economic crisis. Therefore, one of the most urgent tasks at the present stage is for managers involved in the economy and production to master modern methods of efficiently generating and shaping profitability in the course of the organization's production activities.

Competent and effective management of the profitability and reserves of an enterprise involves building appropriate organizational and methodological systems to ensure this management, knowledge of the main mechanisms, profitability formation, and the use of modern methods of analysis and planning.

Some strategies for managing profitability may include, inter alia, revenue optimization, and cost reduction initiatives. Identifying areas where costs can be reduced without compromising quality and efficiency is critical. This could be renegotiating contracts with suppliers, optimizing production processes, or implementing energy-saving measures. Finding ways to increase revenue can have a direct impact on profitability. This may involve entering new markets, diversifying product ranges, or implementing pricing strategies. Improving the productivity of both human resources and equipment can lead to increased output for the same level of costs. This may involve providing training and development opportunities for employees, optimizing shift schedules, or introducing incentives to increase productivity.

The profitability of an enterprise is formed under the influence of a large number of interrelated factors that affect the results of the enterprise's activities in different directions: some – positively, others – negatively. Moreover, the negative impact of some factors can reduce or even negate the positive impact of others [4]. The diversity of factors does not allow them to be limited, and therefore it is necessary to identify the main groups of such factors, in particular, factors of increasing the profitability of the enterprise.

In today's environment, the survival of an enterprise in a competitive environment depends on its financial stability, which is achieved by increasing production efficiency through the economical use of all types of resources, reducing costs, identifying existing reserves, and new ways to increase production and profit [3]. Analysis of the financial and economic activities of enterprises plays an important role in achieving this goal. It is used to develop the strategy and tactics of the company's development, substantiate plans and management decisions, monitor their implementation, identify reserves for improving production efficiency, and evaluate the performance of the company, its divisions, and employees. The content of the analysis follows from the functions. The central function of the analysis is to find reserves for improving production efficiency based on the study of experience and achievements of science and practice. The last is the development of measures to use the identified reserves in the course of business activities.

Different types of profitability can be used to calculate the profitability of an enterprise's profit: gross profit; profit from sales, i.e., from operating activities; profit from other activities; and net profit. At the same time, the profit is compared with the advance cost, which can be taken in different ways.

One significant factor contributing to increased profitability is the efficient utilization of resources. For instance, consider a manufacturing company that identifies a considerable portion of its expenses attributed to raw material wastage during production. By implementing lean manufacturing principles and adopting advanced inventory management techniques, the company can reduce waste and optimize its resource allocation, leading to lower production costs per unit. This, in turn, enhances the gross profit margin as more revenue is generated per unit sold while keeping production costs down. Moreover, by investing in employee training programs to enhance skill sets and productivity, the company can further improve operational efficiency, resulting in higher profits from sales. As a result, the enterprise not only boosts its bottom line but also strengthens its competitive position in the market by offering cost-effective products or services.

Thus, analyzing the level of profitability of an enterprise's business activities is an important stage of management in general, as it forms the information and analytical and analytical basis for management decisions. The profitability analysis is carried out in a certain sequence and involves the calculation of a system of indicators. Indicators of the level of profitability of an enterprise are classified depending based on comparison and are divided into cost, revenue, and resource indicators. The general mechanism for determining the level of profitability involves comparing the results obtained with the costs incurred or resources used.

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