

СЕКЦІЯ 6 – УПРАВЛІННЯ ФІНАНСАМИ ПІДПРИЄМСТВ, УСТАНОВ ТА ОРГАНІЗАЦІЙ

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THE RELEVANCE OF PROFIT MANAGEMENT AT THE ENTERPRISE

Profit management is a critical aspect of financial management within enterprises, directly influencing their sustainability, growth, and competitive positioning. Effective profit management ensures that enterprises can meet their financial obligations, invest in future growth, and provide returns to shareholders.

The annual growth rate of the GDP deflator decreased to 5.1% in the fourth quarter of 2023, down from 6.0% in the previous quarter, owing to a smaller contribution from unit profits and labour costs.

Meanwhile, negotiated wage growth increased to 4.7% in the first quarter of the year, after having decreased slightly to 4.5% in the fourth quarter of 2023. This increase reflected both the gradual adjustment of wages to past inflation shocks and tight labour markets. Nevertheless, data on the latest wage agreements point to an ongoing gradual easing of wage pressures, though these are likely to remain at relatively high levels for the remainder of 2024.

Profit management involves the strategic planning, monitoring, and controlling of an enterprise's profit-generating activities. It is essential for several reasons.

Profit management is crucial for the long-term sustainability and growth of an enterprise. It ensures that the company can reinvest in its operations, innovate, and expand its market presence. Effective profit management contributes to financial stability by ensuring that the enterprise can cover its costs, manage debts, and maintain

liquidity. This stability is vital for gaining investor confidence and securing financing (Boldycheva & Starkova, 2023) [1].

Profit management provides critical insights for strategic decision-making. By analyzing profit margins, cost structures, and revenue streams, management can make informed decisions about pricing, product development, and market expansion (Johnson & Kaplan, 2016) [2].

Profit is a key performance indicator that reflects the overall efficiency and effectiveness of an enterprise's operations (Fig. 1). It helps in evaluating managerial performance and aligning employee incentives with organizational goals (Kaplan & Norton, 2015) [3].



Figure 1 – Key profit management tasks

Financial stability and performance measurement are integral to effective profit management. By maintaining liquidity, managing debt, maximizing profit, and ensuring positive cash flow, enterprises can achieve financial stability. Simultaneously, performance measurement through KPIs, balanced scorecards, benchmarking, and continuous improvement helps in assessing and enhancing efficiency and effectiveness. Together, these practices ensure that enterprises can sustain growth, meet their strategic objectives, and maintain a competitive edge in the market.

References:

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