

THEORETICAL ISSUES OF THE “ECONOMIC POTENTIAL” CONCEPT AND ITS STRUCTURAL COMPOSITION

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Abstract: This article is devoted to the theoretical issues the “economic potential” concept and its structural composition. It describes the structure of the economic potential of the company, in particular, the indicators and the ways of their systematization into various categories such as fixed assets, intangible assets, working capital, current assets, labor resources.

Key words: economic potential of the company; material resources; intangible assets; fixed assets; working capital; current assets; labor resources; labor resource cost; current expenses; expenses incurred; state of economic potential; ensuring economic potential; efficiency of economic potential.

Introduction

Currently a quite new Uzbekistan is being developed. This is evidenced by the rapid renewal of our society on a daily basis in terms of the economic essence. It should be noted that numerous decrees and resolutions aimed at improving our economic and social life are being adopted and implemented almost every day. This fact will definitely lead to the emergence and implementation of new economic categories and concepts. In 2018, a number of decrees and resolutions have been adopted to create an innovative economy in 2018 and a digital economy in 2019. In order to implement these statutory acts in practice, it is required to accelerate their perception, theoretical and practical research in this field and solution of the existing methodological problems. One of such new economic concepts is represented by the notion of the economic potential of a company. In this regard the President of the Republic of Uzbekistan constantly repeats the need to ensure an efficient use of the economic potential of our country.

However, the essence of the concept of the economic potential, its definition and the ways how it is revealed in the literary sources, are not adequately provided in the economic literature. As a result, there is no single view of scholars on this category. Moreover, in order to efficiently use this category, it is necessary to possess the precise information on its content and indicators. In this regard this research paper is devoted to the consideration of the issues stated above.

Literature review

The concept of the economic potential of companies is limited to the analysis of the financial and economic performance of the company. In particular, the problem of assets which are considered to be an important indicator in the analysis of the financial and economic performance of the company, hasn't been adequately investigated in the economic literary sources. However, assets do not fully reflect the economic potential of the company. In this regard it is not sufficient to carry out analysis of the economic performance in reliance upon only the theoretical aspect, but practical aspect as well. It is due to the fact that economic activities of a company, i.e. economic processes, do not occur directly with the available assets and with the aim of providing their efficient use it is required to ensure participation of people, i.e. relevant specialists. From the point of view of our domestic scientist I. Akhmedov, the study of the export potential of an industrial company suggests that it is advisable to study the export potential as an integral part of the

company's overall economic potential (Akhmedov, 2018). In our opinion, based on this author's view, it is important to undertake an organizational and logistical approach in the context of economic potential, consolidation and export potential.

As Ye.V. Joglina supposes, "Economic potential is a combined ability of the national economy, its industries, companies, farms to carry out industrial and economic activities, to produce products, goods, services, satisfy the needs of the population, social needs, as well as ensure the development of production and consumption. The economic potential of a country is determined by its natural resources, production tools, labor, scientific and technical potential, accumulated national wealth"(Joglina, 2008).

From the point of view of the economist-scientist M.I. Bukhalkov, "Economic potential of any company reflects labor, material, financial and other resources required for the production of goods and services"(Bukhalkov, 2000).

According to the opinion of V.S. Spirin, "Economic potential is determined by a set of resources which include available and unused resources"(Spirin, 2004). As B.A. Rayzberg believes: "Economic potential implies efficient use of the total available limited resources of the company to maximize profit. In addition, economic potential is a key component of the production and potential of the economic system"(Raisberg, 2008).

L.S. Sosnenko determines two ways of researching "economic potential" as the object. On the one hand, economic potential is considered as total resources of economic entities, and on the other hand, the ability of economic entities to absorb and process available resources to meet the needs of society (Sosnenko, 2004).

In this regard, M.K. Pardayev, I.T. Abdulkarimov, B.I. Isroilov provided the following definition to the "economic potential" concept: "Indicators related to the economic potential of a company are important indicators that are widely used in economic analysis as well. The set of these indicators provides detailed information on the financial and economic performance of the company. This group includes indicators related to fixed assets, working capital, intangible assets and labor potential"(Pardayev, 2004) The authors of the aforementioned scientific papers highlight the notion of economic potential and its structural composition. However, they basically focus on the case-studies of manufacturing, and in some cases, trade companies. In this regard it should be noted that economic potential of motor vehicle companies has not been thoroughly researched by the domestic scientists.

Thus in reliance upon the statements specified above, it is possible to make a conclusion that "Economic potential is represented by the resources, opportunities, means and reserves that an entity can use to achieve its goals and objectives in a particular area".

Research methodology

In reliance upon the theoretical concepts, the research methodology focuses on such philosophical categories as induction and deduction, time and space to study how this potential changes over time, as well as causes and effects of these changes. To achieve the aim set forth it is required to use relevant data obtained from the sources from observations, experiments, primary or secondary official reporting data to be used in determining logical conclusions and research strategies. Moreover, questionnaires, existing national values, and local characteristics are used to formulate this information. Various tables and figures can be used to draw relevant conclusions and to formulate appropriate information systems for management decisions. Theoretical issues have been compared with the practical data to evaluate the accuracy of the problem, as well as the validity of the theory. In these cases, rational decision-making and scientific-theoretical and practical recommendations will be developed to achieve these goals. The improvement of these recommendations requires the reliability and accuracy of the data, logical conclusions and suggestions used in the research process. In turn, it is reflected in the combination of

theory and practice. This technique enables to obtain a scientific theoretical and practical solution to the problem.

Analysis and results

Within the framework of the problem researched it is desirable to develop a description of each concept, including the concept of economic potential. In our opinion, first of all, it should be done in terms of the theory. This is also applied directly to the motor vehicle industry. Moreover, it is crucially important to elaborate the ways to enhance the economic potential of the companies through analyzing the socio-economic content of the economic potential, i.e. formulating its definition and a system of inherent indicators. Therefore, we found it appropriate to clarify the definition of this concept.

When determining the concept of the economic potential, it should be noted that it consists of two word combinations. Therefore, it is necessary to clarify the meaning of the words “potential” and “economic” separately. Since the concept of “potential” is a comprehensive concept, it is being applied to every aspect of our life and daily activities. The phrase “a person with potential” can be applied to people as well. Now it is advisable to focus on the dictionary meaning of this word to clarify its meaning. In “Defining dictionary of Uzbek language” which consists of 5 volumes, it is stated that the word “potential” originated from the Arabic language and means “suitability, power, authority, full authority” (Dictionary, 2006). As we have stated above, in terms of the person’s potential, this word means “capacity, talent”. If we consider this word in terms of the economy, the concept “potential” is defined as the capacity, ability, and the range of tools used by any industry, including a motor vehicle company or entity to implement some ideas. Thus it is recommended to take into account availability of opportunities and potential in doing any kind of business in all areas, including a motor vehicle industry.

In the defining dictionary of Uzbek language the authors of the dictionary Ye.V. Golisheva, N.V. Ivonina, I.S. Tukhliev, A.P. Temirkhodjayev define the concept “potential” as: “Potential is a set of opportunities and tools available in one area” (translation is mine – K.M.), (Dictionary, 2018). This definition also highlights the content of the potential. Clearly, all moving and operating items possess their own potential. The most significant point is how to use this potential efficiently. Therefore, various techniques and technologies, as well as other raw materials and consumables shall be used to effectively utilize this potential. Even if we take into account the economic potential of the national economy as a whole, a region or an industry, it requires a specific approach thereto.

G.B. Kleiner, V.L. Tambovtsev and R.M. Kachalov define the concept “potential” at the level of an company in the following way: “The potential of a particular company consists of the components that characterize its resources, status and behavior in the external socio-economic environment” (Kleiner and etc, 1997).

Furthermore, economic potential constitutes one branch of overall potential that directly determines potential peculiar to the economy. The basis of this concept implies necessity to understand the economic potential of economic entities. Definitely, economic potential also consists of many levels and groups. These include economic potential of the country, economic potential of the regions (provinces, districts, economic zones), as well as economic potential of business entities.

It should be noted, there are many types and areas of economic potential. This paper discusses the economic potential of motor vehicle companies, which is considered to be one of all types of economic potentials because the economic potential of motor vehicle companies, as a complete economic category is, in fact, a driving force of the whole economy. However, this concept is insufficiently represented in the economic literature, and its theoretical and methodological aspects have not fully disclosed yet. This fact is even more important within the framework of an innovative economy. Therefore, theoretical and practical study of this category has become an objective necessity because current innovative and digital economy which is being developed, needs to fully and effectively use relevant economic potential in this environment of entrepreneurship and competition.

It was noted that the economic potential of motor vehicle companies has been taken as a subject of economic efficiency in the field of motor vehicles. It includes the composition of this category, economic processes related to their effective use, indicators of efficiency, ways of their evaluation and analysis. With the aim of ensuring comprehensive study of this problem, various types of motor vehicle companies operating under conditions of modernization and diversification of the economy and the emergence of innovative and digital economy have been accepted as the object of the research. To substantiate some theoretical conclusions regarding the economic potential of the motor vehicle companies, there has been used the information on the data of motor vehicle companies and passenger transportation companies.

It should be noted that one of the top-priority targets of the economic analysis is to identify opportunities for enhancing the efficiency of economic potential of companies. To achieve this aim it is necessary to implement a number of tasks. They are the following:

First, it is necessary to disclose the socio-economic content of the economic potential of motor vehicle companies and to develop an improved author's definition.

Second, the development of the system of indicators that reflect the economic potential of motor vehicle companies, their classification and ways of determining, constitute an integral part of the analysis.

Third, the development of ways to enhance the efficiency of motor vehicle companies by analyzing their economic potential is considered to be a prior task as well.

Fourth, it is necessary to open up opportunities for improving the performance of motor vehicle companies by identifying the socio-economic factors that make an impact on the economic potential of motor vehicle companies.

Fifth, the issue of management decision-making on disclosing and effectively utilizing internal capabilities in reliance upon the factor analysis is also considered to be one of the significant tasks.

The economic potential of the motor vehicle company, like any other company, must have labor and material resources that will ensure full economic and social activity and enable to implement economic processes. In terms of the motor vehicle company, it is possible to include fixed assets, working capital, intangible assets and labor resources, as it is stated in the economic literature.

It should be noted that these concepts have been extensively studied in economic literature separately (fixed assets, working capital, intangible assets and labor resources). However, the economic potential as an consolidated concept, has been studied only in a limited number of textbooks and manuals (Pardayev and etc, 2012). Actually, the problem and performance of motor vehicle companies haven't been researched yet. Therefore, the present study should concentrate on the theoretical aspects of the concept of economic potential, as well as on how it can be efficiently used in motor vehicle companies, as well as their methods of evaluation and analysis.

Implementation of the goals set in the "Action Strategy for the development of the Republic of Uzbekistan for 2017-2021" aimed at renewal of socio-economic life in the country, gradual implementation of innovations in the life of society under conditions of diversification and modernization of the economy, gradual deepening of economic relations and reforms have become an objective necessity. This process, in turn, justifies a significant renewal of our society occurring over the period of recent years. In this context, new economic categories and concepts are rapidly emerging both in the scientific literature and in our practical sphere. Thus it becomes crucially important to make research from the theoretical and methodological point of view. The study of these issues requires research of the methodological basis in due time. One of such new economic concepts is the economic potential of the motor vehicle companies. This objective necessity requires a thorough investigation of this issue.

As the research shows that domestic economic literature and the literary sources published in other Commonwealth countries is limited to the study of the assets, labor and

financial resources of companies, including motor vehicle companies. These are definitely important components of the economic potential as well. However, these categories are not adequate to fully explore the economic potential of a motor vehicle companies in terms of the theory and methodology. This is because the economic potential of a motor vehicle companies must be considered as a driving force in the ongoing economic processes.

Ongoing economic processes not only depend on the assets of the motor vehicle companies but also on many other elements. In this regard let's consider the transportation process implemented at the motor vehicle company. In order to ensure efficient implementation of this process, first of all, transport devices, such as necessary equipment, tools, machinery are required. However, any motor vehicle, irrespective of the advanced equipment, high-quality raw materials, and modern devices cannot render transportation services itself. In this regard human participation is needed to ensure implementation of the economic process of transportation. If "alive" labor force does not participate in this process, even the most advanced equipment or machinery will remain as immovable, "idle" (Pardayev and etc, 2004).

Clearly, in order to carry out economic processes related to freight and passenger transportation, motor vehicle companies must provide human "alive" labor together with tangible and intangible assets. Only then the transportation process can occur and the results of the new transportation activities will become clear and obvious. Implementation of this service will enable the motor vehicle companies to cover all the expenses and make a profit. In this regard the prior goal of the provision of transportation services will lead to improvement of the quality of life and enhancing living standards of the population.

Thus as a result, the economic situation will be improved and efficiency of motor vehicle companies will be enhanced.

Based on the above-mentioned statements, the economic potential of motor vehicle companies is, as a rule, comprised of four elements (fixed assets, working capital, intangible assets and labor resources).



Figure 1. Economic potential of motor vehicle companies (Pardayev, 2016).

It should be noted that the economic potential of motor vehicle companies consists of four elements. However, when analyzing a motor vehicle, it is not possible to rely only on the value. This is because the carriage of cargo and transportation of passengers depend not only on their value, but also on the number and capacity therein. From this point of view, the economic potential of the companies in this area should be determined both in value and in natural terms. After all, motor vehicles with the same capacity may have different values, and vice versa, vehicles of the same value may also have different capacities.

It is obvious that being limited to the value of cars owned by motor vehicle companies is not enough to make a complete conclusion about its economic potential. This, in turn, requires taking into account the number and capacity of vehicles in conjunction with their labor resources in order to give a complete and detailed assessment of the economic status of the motor vehicle companies. The following table is provided for more comprehensive perception of this recommendation (Table 1).

Table 1

**Economic potential of the motor vehicle companies engaged
in passenger transportation ***

No	Corporate name of motor vehicle companies	Number of motor vehicles engaged in passengers' transportation, units	Capacity of motor vehicles engaged in passengers' transportation, total number of seats	Average capacity of motor vehicles engaged in passengers' transportation, number of seats	Number of drivers
1.	"Shark"	23	759	33	31
2.	"Zamon"	32	1024	32	38
3.	"Turon"	41	1066	26	52
4.	"Osyo"	35	980	28	43
5.	"Birlik"	38	1178	31	48
	TOTAL	169	5007	29,6	212
	Average	33,8	1001,4	29,6	42,4

As it is seen from the table, there are 169 motor vehicle engaged in passengers' transportation in 5 motor vehicle companies. The total number of seats in these vehicles constitutes 5007. The average capacity of these 5 vehicles accounts for 29,6. Accordingly, the number of passengers servicing the process amounts to 212. This is by 25,4 % [(212 * 100 / 169) – 100] more than a number of vehicles. So by two drivers work in one out of four (1/4) in these 5 motor vehicle companies. This can also be calculated by each motor transport company. Now the main task is to assess the economic potential of these motor vehicle companies on the basis of this information. To do this, we evaluate the position of each company in relation to the general average, thus determining the rating of the economic potential of each company. To achieve this aim the following formula is recommended:

$$Icr = \sum_{i=1}^n \left(\frac{a_{ij}}{aur_{ij}} \right) * Km_{ij} + \dots + \sum_{i=1}^n \left(\frac{a_{nj}}{aur_{nj}} \right) * Km_{nj} ; \quad (1)$$

Here: Icr – rating of one company by the economic potential indicator;

a_{ij} – amount of j -indicator of i -company;

aur_{ij} – average amount of j -indicator of i -company;

Km_{ij} – significance ratio of j -indicator of i -company;

a_{nj} – amount of j -indicator of n -company;

aur_{nj} – average amount of j -indicator of n -company;

Km_{nj} – significance ratio of j -indicator of n -company;

\sum - plus (added) symbol used in the additive model;

i – i -ordinal number of companies;

n – total number of companies;

j – j -ordinal number of the indicator.

To identify the economic potential rating of a company it is necessary to determine its structure. Currently, there are a number of recommendations on this issue from the examples of manufacturing and service companies (Pardayev and etc, 2004). However, motor vehicle companies have their own specifics. This requires a slightly different approach to the issue. The economic potential of motor vehicle companies can be summarized as follows:

* Approximate information has been taken to serve as the methodological basis.

- value of fixed assets;
- value of working capital;
- value of intangible assets;
- conventional value of labor resources (Pardayev, 2016).

When comparing these in terms of costs, the economic potential of motor vehicle companies can be summarized as follows:

- depreciation of fixed assets;
- cost of working capital spent on production or rendering services;
- depreciation of intangible assets;
- expenses made on the use of labor resources (paying salary) (Pardayev, 2004).

These proposals can be applied directly to the automotive industry. However, based on the characteristics of the industry, it is advisable to use them not only in terms of value, but also in natural terms because two buses may have the same value. However, it could happen that one bus may have 30 seats and another one - 25 seats. In this regard, we believe that it is advisable to use both the value of fixed assets in the field of road transport and the number of seats that fit the industry's potential in the natural term.

In determining the rating of the economic potential of motor vehicle companies, it is necessary to adjust the natural and value indicators of this industry. The rating of these companies can be evaluated by determining the complex indicator of economic potential of motor vehicle companies. In addition, it is desirable to develop industry-specific approaches to this problem as well.

Another issue relates to the development of indicators for motor vehicle companies to effectively utilize their economic potential. Moreover, scientific views on this aspect haven't been developed yet. Having summarized all the statements specified above, the technique to determine the rating of several indicators has been developed in the process of the research.

In reliance upon the data provided in Table 1 and Formula 1 given above, the amount for the rating of indicators has been determined. Below there are stated ways of calculation of the rating by each motor vehicle company separately. Herewith in relation to "Shark" company the rating indicators is calculated as follows:

$$P \text{ "Shark"} = \left(\frac{23}{33,8}\right) * 0,30 + \left(\frac{33}{29,6}\right) * 0,55 + \left(\frac{31}{42,4}\right) * 0,15 = \\ = 20,4 + 61,3 + 11,0 = 92,7$$

The same technique is used to calculate rating indicators by the capacity of motor vehicle companies. Having applied with technique, the rating of "Zamin" company has been calculated.

$$P \text{ "Zamon"} = \left(\frac{32}{33,8}\right) * 0,30 + \left(\frac{32}{29,6}\right) * 0,55 + \left(\frac{38}{42,4}\right) * 0,15 = \\ = 28,4 + 59,5 + 13,4 = 101,3$$

The same technique is used to calculate rating indicator of "Turon" company by its capacity. To achieve this aim the following calculations have been made.

$$P \text{ "Turon"} = \left(\frac{41}{33,8}\right) * 0,30 + \left(\frac{26}{29,6}\right) * 0,55 + \left(\frac{52}{42,4}\right) * 0,15 = \\ = 36,4 + 48,3 + 18,4 = 103,1$$

To determine the rating of the economic potential of motor vehicle companies, "Osiyo" company has been attracted as well. The results are the following.

$$P \text{ "Osiyo"} = \left(\frac{35}{33,8}\right) * 0,30 + \left(\frac{28}{29,6}\right) * 0,55 + \left(\frac{43}{42,4}\right) * 0,15 = \\ = 31,2 + 52,0 + 15,2 = 98,4$$

The same technique is used to calculate rating indicator of “Birlik” company by its capacity. To achieve this aim the following calculations have been made.

$$P \text{ "Birlik"} = \left(\frac{38}{33,8}\right) * 0,30 + \left(\frac{31}{29,6}\right) * 0,55 + \left(\frac{48}{42,4}\right) * 0,15 = \\ = 33,7 + 57,6 + 17,0 = 108,3$$

The following table has been worked out on the basis of the calculations made above. These results are provided in Table 2.

Table 2

Calculation of the economic potential in terms of capacity of the motor vehicle companies engaged in transportation of passengers[†]

№	Corporate name of motor vehicle companies	Rating by the number of motor vehicles involved in passengers' transportation	Rating by the average capacity of motor vehicles involved in passengers' transportation	Rating by the number of drivers	Overall rating of the motor vehicle companies	Place occupied by the rating
1.	“Shark”	20,4	61,3	11,0	92,7	5
2.	“Zamon”	28,4	59,5	13,4	101,3	3
3.	“Turon”	36,4	48,3	18,4	103,1	2
4.	“Osiyo”	31,2	52,0	15,2	98,4	4
5.	“Birlik”	33,7	57,6	17,0	108,3	1
	TOTAL	150,1	278,7	75,00	503,8	x
	Average	30,02	55,74	15,00	100,76	x
	Significance ratio	0,30	0,55	0,15	1,0	x

As it is obvious from the data of this table, the rankings of each company in the rating have been determined based on the general rating of the motor vehicle company. According to the results of calculations, “Birlik” company is ranked as the 1st, “Turon” is ranked as the 2nd and “Shark” company is ranked as the last one. If this technique is implemented using relevant information and communication technologies, it is possible to determine the rating of thousands of companies.

In reliance upon the research results, several scientific, theoretical and practical recommendations have been developed. These include the following:

First of all, the specifics of the economic potential structure of motor vehicle companies have been revealed. This is based on the need to determine economic potential not only in terms of value but in natural terms as well. With the account of the specifics of the motor vehicle companies the rating of the companies has been determined on the basis of the number of motor vehicles involved in passengers' transportation, the average capacity of motor vehicles involved in passengers' transportation, the number of drivers, seats available in motor vehicle companies, etc.

Second, the economic potential of motor vehicle companies in terms of their capacity have been justified and the technique of calculation of a number of passengers which may be transported has been improved.

Third, the model to determine the rating of the motor vehicle companies by their economic potential has been worked out. The efficiency of its practical application has been proven and the ways of appropriate decision-making on the basis of the research results have been demonstrated.

[†] Approximate information has been taken to serve as the methodological basis.

Fourth, the rating of each motor vehicle company incorporated in the system has been determined and the technique of determining the place occupied by a certain company has been specified.

In conclusion it is possible to say that currently clarifying the concept of the “economic potential” of motor vehicle companies in terms of the theoretical approach and its structural composition, as well as how (in what units of measure) such indicators as fixed assets, intangible assets, working capital, labor resources can be accepted and incorporated into the relevant system are crucially important for the assessment of the efficiency of the automotive industry.

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