

ESSENTIALITY OF THE ECONOMIC ANALYSIS PRINCIPLES

Babakhalov Norbuta Eshnazarovich, researcher

Abstract. This article is devoted to the issues of use of economic analysis principles at economic entities. In addition, the article presents the conclusions developed in reliance upon the investigation of the methodological and practical aspects of using the economic analysis principles.

Key words: principle, principle of individuality, industry (branch) analysis, cross-industry analysis.

Introduction. Sustainability of efficient operation cannot be ensured unless management decisions are made in reliance upon the accurate calculation and analysis in each system. With this aim, it is required to formulate complete and reliable information on all calculations, all objects of accounting at enterprises, and this information, being used effectively in the calculation of various economic indicators, should make an impact on the efficiency of management decisions. This implies that there is a need to fully manage accounting in the system, to provide CEO, managers and other users of accounting information with timely and reliable information and to organize analysis.

Taking into consideration peculiarities of the industry in the organization of economic analysis will only make a positive contribution to the development of this industry or branch. It is due to the fact that regardless of any regulations, standards and other statutory acts or rules, industry peculiarities will make their impact. Therefore, we think that it is necessary to consider some studies and its results on taking into account the characteristics of the industry in the organization of analysis activities in enterprises.

Literature review. In this regard, one of the leading scholars of our country, M. K. Pardaev, in his textbook emphasizes that economic analysis is divided into two groups according to the principle of the sector, and mentions that it is studied by dividing it into the analysis of separate sectors and the cross-industry general analysis (Pardaev, 2021).

The author admits that the analysis of some industries is relevant only to certain industries, as it reflects this industry itself, and it is difficult to apply it to other industries or branches. As an example, he points out that the economic analysis of industrial enterprises cannot be applied to the economic activities of agriculture or commercial enterprises. The author's views on this issue are presented in the same interpretation in other sources, which, in our opinion, are accurate both in meaning and content.

Meanwhile in the opinion of M.K. Pardaev, the cross-industry general analysis can be divided according to the applicability of almost all industries, taking into account some amendments. Taking the financial analysis of the enterprise as an example, the author acknowledges that this analysis is conducted directly on the basis of financial reporting

data and that financial reporting is defined in the same way in all industries (sectors) and enterprises in Uzbekistan.

In this process, the author provides an evidence of general cross-industry analysis based on the fact that the financial reporting for all sectors and enterprises is the same (Pardaev, 2021). However, in our opinion, the fact that the financial reporting indicators are approved equally and uniformity of the accounting information presented in the financial statement is not considered as cross-industry aspect from the point of view of financial analysis. In our opinion, in order to be a cross-industry principle, the results obtained from the analysis, the ratios representing different indicators should be equally applicable. For example, if we take the requirement for the fixed asset depreciation ratio calculated on the basis of financial statement data, it is generally recommended to be below 0.5

Actually this indicator is elaborated on the basis of financial reporting data for any enterprise. However, it is possible to set a different norm for this ratio with the account of the industry nature. That is, in the industries, where fixed assets are constantly used, the normative-recommendation norm of this indicator can be set lower or higher. In the same way, a high ratio in insurance companies, where fixed assets are not of primary importance, does not pose a great risk to the company's performance. On the contrary, the high rate of depreciation of fixed assets in enterprises, where the fixed asset is used continuously and the basis of earning income is the fixed asset, creates the need to apply some urgent and drastic measures.

Therefore, in our opinion, the cross-industry principle works only when calculating the indicators, which are developed on the basis of any accounting information and include all the industries for which this indicator can be used. Otherwise, it is appropriate to develop separate norms for a separate industry.

In the above-mentioned textbook, industry, agriculture, construction, trade and other enterprises are included in the analysis of a certain industry, while the analysis of all industries and the entire national economy is included in the cross-industry analysis (figure 1).

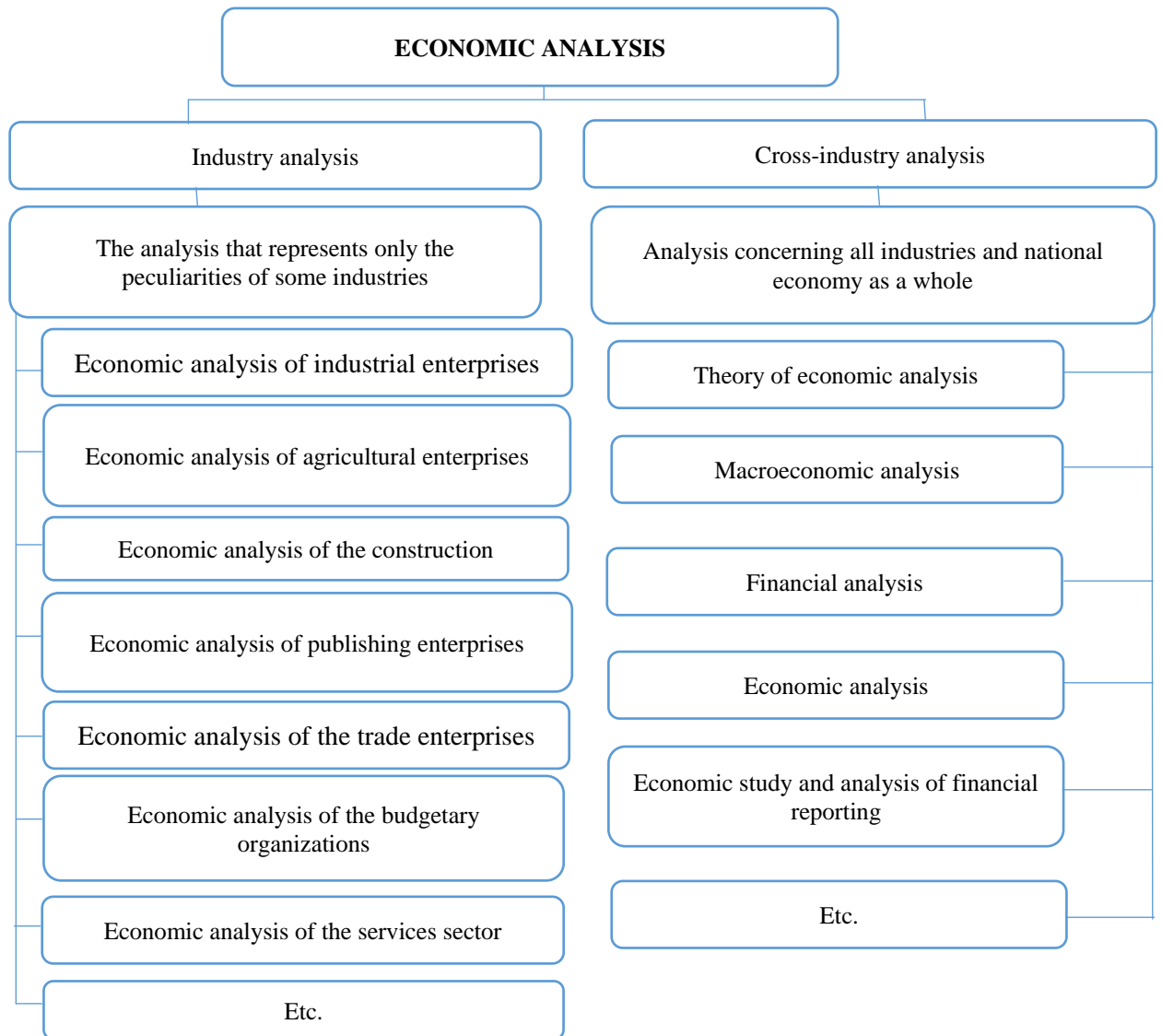


Figure 1. Industry-based classification of the economic analysis
(Pardaev, 2021)

The figure illustrates that economic analysis itself and its types are included in cross-industry analysis. In fact, this analysis can be included in the analysis of industries and may be considered as natural phenomenon, because there can be economic analysis, financial analysis and other analysis in industry, agriculture or any other sector. Therefore, in our opinion, these aspects should be taken into account when describing the economic analysis according to the industry principle. That is, as shown in the figure, it is controversial to include economic analysis in the cross-industry analysis in the description of the economic analysis.

Analysis and results. Financial analysis can be performed in each industry in the analysis of industries. In addition, there can be applied elements of economic analysis and their financial reports can be investigated and analyzed. The same conclusion can be made about another composition. For example, the economic analysis of agricultural enterprises included in the industry analysis indicates that economic analysis is carried out in this industry.

Therefore, in our opinion, it is sufficient to use any type of analysis, taking into account the nature of the industry in the organization of economic analysis of economic entities. In addition, in order to make a conclusion, it is recommended to use only that analysis, which takes into account the nature of this industry or an allied industry.

It can be concluded that in the industry analysis the calculation is based on the indicators that belong to this industry and the result of the analysis is comprehensible for use in this industry. Furthermore, the cross-industry analysis is the analysis related to several allied industries, for example, all types of services in the service sector. In both analyses it is recommended to use any indicator of economic analysis and to set separate standards for the indicators.

In order to further clarify the characteristics of the analysis by sector or industry, we should pay attention to the main principles of the analysis presented in the sources. Revealing the essence of the term “principle”, we should briefly clarify it. However, the real essence of the matter is that the main aim is to describe the result of observations and studies according to specific principles of analysis. Therefore, we have decided to state as it is given in the sources.

In particular, M.Yu. Rakhimov and N.N. Kalandarova outline the principles of analysis common to all types of micro-scale analysis that include: (Rakhimov and Kalandarova, 2019):

- *the principle of approach from the point of view of the government interest;*
- *the principle of scientificity;*
- *the principle of systematicity;*
- *the principle of complexity;*
- *the principle of objectivity, accuracy and reliability;*
- *the principle of influence;*
- *principle of planning;*
- *the principle of efficiency;*
- *the principle of urgency;*
- *the principle of democracy.*

From these principles, we can see that the principles of analysis are also interconnected and require coherence. Each principle has its role and importance.

G.K. Gabdullina and A.E. Yakovlev emphasize that the principles of economic analysis from the government point of view, such as planning, scientificity, systematicity, objectivity, accuracy and reliability, democratic principles, urgency, efficiency are already being used. Moreover, these authors mention such additional principles as flexibility, relevance, independence, accuracy and openness (Gabdullina and Yakovlev, 2016).

A.S. Litvinyuk, in addition to the principles specified above, cites rating evaluation as a principle of economic analysis (Litvinyuk, 2009).

Research developments of the above authors demonstrate that different principles are used in the organization of economic analysis, and each principle has its own role and characteristics. In some cases, the principles are similar to each other and overlap in content.

We have seen from the studies that G.K. Gabdullina and A.E. Yakovlev emphasize that the principle of objectivity should serve to develop reliable and verified information in the analysis and to draw accurate analytical calculations in the conclusion. Furthermore, these authors pay particular attention to the principle of timeliness and emphasize that this principle can influence the conclusions drawn. At the same time, if we summarize the opinions of these authors, it is also observed that one principle partially repeats another one. For example, even if they think about the principle of timeliness, they mention that it serves to ensure timeliness when describing the principle of relevance.

It can be concluded from the above that it is not the number of principles, but their place and importance in the organization of economic analysis that is primary. Therefore, it is appropriate to pay particular attention to such principles and their industry-based nature in the organization of economic analysis.

The Regulation, approved on the basis of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, specifies the recommended norms for several indicators. However, this document does not consider industry peculiarities. The same norms are set for all entities with a state share. In our opinion, determining a single technique for all foods and drawing conclusions based on the analysis results does not represent the nature of the industry, and there are significant shortcomings in the conclusions drawn and the measures undertaken.

Therefore, in our opinion, it is appropriate to include the principle of individuality in the principles of organizing economic analysis. The essence of this principle is that individual characteristics of each sector or industry should be taken into account when organizing an economic analysis. In this case, norms for various economic indicators are also developed depending on the peculiarities of this sector and industry.

The research paper of the scholar Sh.Ergashev mentions some issues of organization of economic analysis in road transport enterprises, as well as the norms of some indicators. The author concludes that it is appropriate to take into account the main features of the organization in the economic analysis of transport activity (Ergashev, 2021). However, the researcher did not think about the principles of economic analysis in his research paper.

According to the results of the conducted research, we have noted above that there is a similarity in the principles of economic analysis. We will briefly touch on some of them.

Ilyshev A.M. and others in their research paper list the following 10 principles that are used in science and practice (Ilyshev, 2010):

1. Scientificity. It is emphasized that a scientific approach should be used and the methodology of economic analysis should be based on dialectical methods.

2. Relation of the government. It is emphasized that the economic, social, international, ecological and legal aspects of the state should be taken into account in the implementation of the economic analysis.

3. Complexity. The need to take into consideration all structures and all departments of the activity is mentioned.

4. Systematic approach - this means studying the object of analysis as a complex system related to each other and the external environment.

5. Objectivity of economic analysis, use of reliable sources of information. It is emphasized that the conclusions of the analysis should be supported by calculations.

6. Using the results of economic analysis for the purpose of management, development of plans and proposals, clarification and justification, forecasting.

7. Planning or regularity. The essence of this principle is that the economic analysis should be carried out on the basis of the plan. It should be carried out periodically and delegated to the persons in charge.

8. Urgency implies making clear, quick management decisions and implementing activities based on the economic analysis.

9. Democracy. Participation of all employees in the economic analysis, openness of information about the results of the analysis.

10. Efficiency. Spending on economic analysis should pay off many times over.

As can be seen from the above, the 10 principles presented by the authors and their content actually represent the principles of organizing economic analysis. Adherence to these principles in the organization and conduct of economic analysis will certainly make an impact on its effectiveness and efficiency.

The object of our research, railway transport enterprises, also has its own industry peculiarities, and this characteristic must be taken into account when calculating several economic indicators.

Definitely railway transport enterprises have their own characteristics, thus the effective application of principles in the organization of economic analysis in the enterprises of this system will make an impact only on the effectiveness of the activities of the enterprises of the system.

Indeed, if we look at the principles presented by one or another author and their brief content, it becomes clear that the principles seem to repeat each other in some sense. Therefore, by bringing the principles and information representing their content into one system, it is possible to find the difference between them and use them in the process of analysis.

In reliance upon the literary sources and research papers the principles presented by the authors have been collected in one table and the difference have been analyzed (table 1).

№	Principle/authors	M. Yu. Rakhimov	G.K. Gabdullina and A.E. Yakovlev	A.S. Litvinyuk	A.M. Ilyshev	N.N. Bobokhalov
1	the principle of approach from the point of view of the government interest	+	+	+	+	+
2	the principle of scientificity	+	+	+	+	+
3	the principle of systematicity	+	+	+	+	+
4	the principle of complexity	+			+	+
5	the principle of objectivity, accuracy and reliability	+	+	+	+	+
6	the principle of influence	+				+

7	the principle of planning	+	+	+	+	+
8	the principle of efficiency	+	+	+	+	+
9	the principle of urgency	+	+	+	+	+
10	the principle of democracy	+	+	+	+	
11	flexibility		+	+		
12	relevance		+	+		
13	independence		+	+		
14	clarity and openness		+	+		
15	rating evaluation			+		
16	individuality					+

The data in the table illustrates that the principles of economic analysis are widely revealed by the authors, but some of them repeat each other in content, proposed or accepted by the authors.

Conclusion and proposals. In reliance upon the studies, we have come to the conclusion that it is appropriate to include the principle of individuality among the principles. The reason for this is that if an economic analysis is not performed for any industry or sector taking into account its individual peculiarities, the results of the analysis and the conclusions drawn based on the results of the analysis may be incorrect. Even the analytical conclusions made, which are suitable for another country with a close development in the field of railway transport, may not correspond to our republic. That is, due to the level of development of railway transport in that country, living standards of the population, income and many other factors, their conclusion does not comply with our transport system. In this case, it is necessary to have an individual approach to the situation.

At the same time it is wrong to say that one method of economic analysis is used in a particular industry and another method is used in another industry, that is, it should be possible to use any method in any industry.

Reference:

1. Pardaev M.K. (2021). Theory of economic analysis. Textbook. 2nd edition. - T.: "Innovative development publishing house".
2. Rakhimov M.Yu, Qalandarova N.N (2019). Financial analysis. Textbook / - "Economics and Finance" publishing house.
3. Gabdullina G.K., A.E. Yakovlev (2016.)Principles of economic analysis of the activities of corporate structures. Bulletin of Economics, Law and Sociology.
4. Litvinyuk A.S. (2009). Economic analysis. – M.: Scientific book.
5. Ergashev Sh.T (2021). Improvement of economic analysis in motor transport enterprises. Abstract of the doctoral dissertation on the scientific degree of the Doctor of Philosophy (PhD) on Economics.
6. Ilyshev A.M., Ilysheva N.N., Seelvich T.S. (2010). Strategic competitive analysis in a transitive economy. M.: Finance and statistics; INFRA-M.