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## BUSINESS PROCESS MANAGEMENT AS THE MAIN COMPONENT OF IMPROVING BUSINESS EFFICIENCY

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*Summary - The article touches upon the issue of competent management of business processes as an important component of any business. To manage business processes, it is proposed to use the integrated ABC-EVA system, which allows managers to obtain reliable and comprehensive information about the business at different levels of its functioning. This system also makes possible to analyze the effectiveness of business processes and based on this analysis, managers should make decisions about improving the company's processes. The article highlights the principles of business process modernization. It is reported that in order to develop the company's business processes, it is necessary to develop information systems, improve the corporate culture and raise the awareness of employees. The necessity of optimization and modernization of business processes was noted.*

*Резюме - Статья затрагивает проблемы грамотного управления бизнес процессами как важной составляющей любого бизнеса. Для управления бизнес процессами предлагается использовать интегрированную систему ABC-EVA, позволяющую управленцам получать достоверную исчерпывающую информацию о бизнесе на разных уровнях его функционирования. Также данная система позволяет анализировать эффективность бизнес процессов и на основе анализа следует принимать решения об улучшении процессов компании. В статье выделены принципы модернизации бизнес процессов. Сообщается, что для развития бизнес процессов компании необходимо развивать информационные системы, вносить корректировки в корпоративную культуру и повышать сознательность работников. Отмечена необходимость оптимизации и модернизации процессов бизнеса.*

**Introduction.** Each company operates by means of its business processes which include manufacturing of goods and services, management and development processes, processes of accumulating and analysis of data about company's life. The main purpose of business is to maximize revenues (efficiency). It is impossible to imagine an effective modern economic unit with inefficient business processes, hence one of the main factors of company's success is continuous analysis, management and development of business processes. Thus, the efficiency of business processes is one of the key points in the company's operation. A business process structure is built up according to standards of business specification, standards of owner's management, which makes it possible to reach strategic and operational goals. It is necessary for a company to have clear plan of business process management so as it leads to improvement of market price of the business [1, p. 73]. Examining efficiency of a business process, we should analyze efficiency of operational processes. One of the methods of operational management is so called «process management approach», according to this approach some of the processes are being separated and then – managed. This approach is very important, but it should be closely connected to the operational structure of a company and a motivation system in order to achieve main goals. Not all processes should be managed within detailed plans. The best way here is to use the principle of Pareto-efficiency: choose 20% of processes that leads to 80% of result and improve them.

**The main part.** One of the important indicators used for process analysis is time of process cycle (from the beginning of the process till its end). If the process is being carried out faster, more distinctly and qualitative, a company will be more competitive and will bring in more potential customers much faster. In the modern world many companies are cutting down the time of business process by usage modern technologies, this causes the increase in the number of customers within various levels of business.

All processes of company can be divided into two components according to Marxist (measures the products/services value) and Marginal (provides new customer values) approaches. The Marginal approach assumes that the main indicator of business process efficiency is Economic Value Added (EVA). EVA illustrates the ability of a company to create new revenues within certain starting capital. While using EVA indicator it is possible to estimate different aspects of company's activities: investment potential, competitiveness, solvency, efficiency etc. This indicator may be used to estimate process efficiency as all of them are aimed at getting the result (product, service); the price of the result depends on the costs of production. Thus, the higher the profitability of a product/service, the higher it's added value. Business processes also have costs, and this allows us to judge their effectiveness (costs decrease) or inefficiency (costs increase without increasing net profit). The EVA concept covers the main areas of management: investments, finance, and labor.

Implementing EVA concept is the beginning of constant increases and developments of modern management instruments. EVA can also be integrated with ABC concept (Activity-Based-Costing); this integration leads to an increase in the areas of cost calculation and capital management. ABC-EVA system prevents managers of operational decisions based on profit indicators (such decisions can lead to a decrease in the company's market value over a long period). The

concept does not develop business processes, but allows the administration to get external information and choose the best approach to improving the company's performance [2, p. 58].

One of the main business process factors is organizational efficiency, which may be estimated within labor productivity, product margins, the level of execution of the planned free cash flow from operating activities, sales growth in comparison with the previous period, return on sales etc.

It is common to choose such indicators, which are close to the operational goals. Organizational efficiency (OE) guarantees efficiency of each business process so manager's motivation must include goals in achieving OE. One of such exponents can be operational profit. The operational profit depends on labor productivity so it is the next exponent for improvement.

Main principles of modernization business process according to ABC-EVA model are:

- 1) breaking up management system into a chain of processes (with the main processes highlighted);
- 2) each business process is estimated according to the working day time (the execution time of process is estimated for being optimized);
- 3) determination of costs centers;
- 4) adjusting the cost allocation using ABC rules;
- 5) calculation of EVA for each product group and for each category;
- 6) marketing conclusion for each group about its efficiency at brand portfolio;
- 7) the decision to adjust business processes and the structure of the sales portfolio.

Business process efficiency must be measurable, for this purpose economist may use next indicators (for processes): net final result, cost, duration of cycle, quality etc. As the company seeks to get the planned result, which is mainly measured by using quantitative or cost indicators. Evaluation of this result is the base for the administrative decisions according to a certain business process. While talking about ABC-EVA system it was pointed that costing is very important to be linked with the net result. The cost of the process is one of the most visible indicators to point out ineffective parts of the process and makes possible corrections, changes and developing of them. The cost of business processes is included in the cost of products/services, therefore, directly affects the competitiveness of the company.

The common practice is to take some measures to reduce the cost of business process compared to the previous period. The length of the process affects the entire value chain: the longer the process takes the more resources it consumes. That is why the length of process is always related to the net result. Time means money.

In our modern world it is very important to estimate the business process efficiency through measuring quality. For example, when you buy a ticket for the train at the station you are usually proposed to estimate the quality of seller's service (business process). Ways of estimating the quality of business process are specific for each process, but it always should be measurable. In addition, quality of productivity process may be measured by the quantity of defective goods (this figure must be close to the zero point).

**Conclusion.** Decomposition of processes enables managers to make decisions more careful with better quality and higher specification. This block of analysis makes possible to find problem points in the system of making administrative decisions, simplify and specify goals. Improving the company's business processes as a whole means improving the entire business system and should include: improvement of informational systems; changes in the corporate culture; increases in the employees' awareness. Employees perform a specific part of the business process, they should be aware of the ways of improving those operations and increasing company's efficiency [3, p. 38]. Thus, we should note that the methods are not used in all companies. Many managers do not pay due attention to this issue, which does not allow improving the company's efficiency. Rapidly changing processes, especially in high-tech areas, lead to the need of to understanding the importance of the effectiveness of business processes and their optimization.

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#### PSYCHOLOGY OF CONSUMER BEHAVIOUR

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*Summary - This article deals with the field of economic psychology, which studies the psychological characteristics of consumer behavior and attitudes toward goods and services, the psychology of consumption.*

*Резюме - В данной статье идёт речь об области экономической психологии, в которой изучаются психологические особенности поведения потребителей и отношения к товарам и услугам, психологии потребления.*