

THE ANALYSIS OF FACTORS OF THE RETURN ON EQUITY

Return on equity is one of main indicator of efficiency of enterprise's activity which represents general efficiency of the used resources. Also it is the substantial factor of the financial stability of the organization. Therefore it is important for enterprise not only to define its dynamics, but also learn factors which have influenced on the changing of this index. In scientific literature and in practice there are generally used the models with the help of which, it can be possible to find out the factors of index, the value of the influence [1, p.477-478].

We consider the data of the «Kievkhleb PJSC». It is large-scale bread-making plant. We examine the influence of the factors on return on equity. The criterion of the selection of this enterprise was the growth of the return on equity during 2011-2012, as many bread-baking plants, activity of which was analyzed, incurred losses. It was impossible to calculate the return on equity and identified the factors' influence.

On the basis of the table 1 we will define influence of factors on the return on equity «Kievkhleb PJSC» [2].

Table 1. The information for the calculation the return on equity, mln. UAH

The activities	The assets	The equity capital	The loan capital	The sales income	The net earnings after taxes
2011	455, 4	154, 6	300, 8	1 759, 7	10, 4
2012	457, 9	158, 2	299, 7	1 943, 5	18, 3

The review of the economic literature has shown that under the analysis of the return on equity it is often used the method of chain lookup. However, we consider it is appropriate to apply the method to identify the isolated impact of factors. We note that each of the methods has the advantages and disadvantages. Also according to the position of the synergy theory this method (the isolated impact of factors) permit:

1. To define «net» effect of each factor on the effective index.
2. To identify additional synergy effect of the input factors on the indicator.

We agree with A.Yankovoy's idea that, the factors quite often interact with each other; this is reflected in the additional effect on the result. This effect of the influence of all factors on the return on equity looks like a synergistic effect. The effect can be defined with the support of a method of identifying the isolated influence of the factors. In addition, even taking into account of consecutive change of factors, it cannot be asserted that it is changing in that order. In real economic life it often happens that the first arise qualitative transformation of the

conditions of production and sale of goods (services), and then – the quantitative changes [3].

**Table 2. The influence indicators 4-factors model
the return on equity of «Kievkhele PJSC»**

The activities	Relative deviation, %
Change of the return on equity, including the following factors	71,82
the profitability of production	59,20
the turnover of borrowed (loan) capital	10,86
the financial dependence	-1,75
the concentration of loan capital	-0,91
synergistic result (effect)	4,42

We can to assert that the return on equity in 2012, in comparison with 2011, increased to 71.82 % (table 2). The growth was the result of the decline by the financial dependence, the concentration of loan capital 1.75 % and 0.91 % accordingly. However, at the same time, the indicator increased owing to the growth of the turnover of borrowed (loan) capital, the profitability of production 10.86 % and 59.20 % accordingly. The return on equity was increased by 4.42 % owing to synergistic result (effect).

References

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