

THE IMPORTANCE OF FINANCIAL SECURITY IN ENSURING THE STABILITY OF ENTERPRISES

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Annotation

The problem of ensuring the financial security of an enterprise attracts the close attention of scientists and the public due to the fact that numerous large-scale enterprises lack a practical basis for its maintenance. This factor explains the demand for scientific research in the field of ensuring the economic and financial security of the enterprise. The article examines the essence of the "financial security of the enterprise". The theoretical analysis of the problem is carried out and the definition of "financial security of the enterprise" is formulated.

Keywords

financial security, profitability, risks, indicators and mechanism of financial security of the enterprise.

1. INTRODUCTION

The development strategy of the New Uzbekistan for 2022-2026 years pays special attention to such tasks as "increasing industrial production by 1.4 times, further liberalizing leading industries and the economy, completing the transformation process, and doubling the production of construction materials by continuing the industrial policy aimed at ensuring the stability of the national economy and increasing the share of industry in GDP" [1]. Consistent and effective implementation of these tasks will provide a comprehensive opportunity to ensure the financial stability of enterprises, reduce bankruptcy, identify investment risks in the country, as well as to help companies to implement investment projects, confirm investment projects and make investment decisions, and analyse internal and external threats to financial security, company's asset valuation, its liquidity ratio, solvency, and profitability level, to form a single information platform for financial security assessment, and to use modern methods to provide financial security of enterprises.

2. LITERATURE REVIEW

Various scientists have been studying financial security. A.Marshall [2], J.Mill

[3], D.Ricardo [4], A.Smith [5] and many other representatives of the Classical School of economic theory engaged on the issues of financial security.

V. Burtsev [6], V.I. Senchagov [7], M.Arsentev [8], G.S. Vechkanov [9], O.A. Firsova [10] and other various economists approach financial security as a multi-level category. In their work, an attempt is made to determine the essence and content of financial security as the most important component of economic security.

The issues of ensuring economic and financial security at the macro and micro levels as well as their assessment and management are reflected in the work of domestic scientists – A. Burkhanov [11], Kh. Abulkasimov [12] and others. Their works undoubtedly make a great contribution to the theory of financial security of an enterprise. However, due to the complexity and versatility of the problem of financial security of the enterprise, not all aspects of it have been sufficiently studied in these studies. There is a need to scientifically substantiate the application of generally accepted methods of management in order to ensure and assess the financial security of enterprises, adapt the experience of foreign qualifications to the conditions of Uzbekistan, and develop a methodology to ensure the financial security of enterprises.

Delas V., Nosova E. and Yafinovich E. and another group of Ukrainian authors propose to study financial security indicators based on the adaptation of Maslow's pyramid to the hierarchy of business needs [13].

Uzbek economist B. Tursunov [14] proposed a comprehensive approach to assessing the financial security of the enterprise in his work, determining the level of financial security of an enterprise based on the assessment of the internal and external environment. This method is universal and can be used in the construction industry taking into account the specifics of the industry.

3. METHODOLOGY

It is expedient to pay attention to the specifics of the enterprise, i.e. in which industry it operates and specializes in scientifically substantiating and taking into account the external factors influencing the financial security of enterprises.

Hence, the scientific substantiation of external factors influencing the provision of financial security requires an approach based mainly on the specific characteristics and specialization of the object under study (industry and sector).

In the example of enterprises in the building materials industry, we identify external factors that affect the provision of financial security. The distinctive features of the enterprises of this network are:

- inclusion of the industry in the structure of the heavy industry;
- high fund capacity of enterprises;
- demand for large investments;

- monopolistic prices;
- high transport costs;
- the focus of the main market on meeting domestic demand;
- location of the production complex on the territory of the raw material base;
- complexity of technological processes;
- high demand for labor;
- seasonality of construction materials products [15].

The financial security status of enterprises should be assessed considering the impact of external factors. The main threats to enterprises can be divided into the following groups: the stability of public policy, the specifics of the economic strategy of state development, the country's tax system, market and entrepreneurial freedom, the level of competition, and the competitiveness of the economy and individual products.

The study will be conducted from the point of view of assessing external factors of financial security of enterprises of the Republic of Uzbekistan and threats to the financial security. In this case, the assessment is considered as a component of the general methodology for each enterprise.

The country is following the path of industrialization of the economy, improvement of the standard of living and modernization of society. As a result, the rate of GDP growth in the last 4 years has reached almost 6% per annum, which indicates that the political and economic conjuncture of the market is improving and a stable development conjuncture is being formed.

The assessment of the level of political stability in the country is facilitated by international indexes. In particular, the World Bank annually publishes The Worldwide Governance Indicators (WGI). The index covers 200 countries and is based on six subindexes: political stability and the absence of violence, regulatory quality, rule of law, voice and accountability, government effectiveness, control of corruption. According to the World Bank, over the past decade, the Republic of Uzbekistan has been ranked among the backward countries. However, if current reforms and updates are taken into account, the level of political stability can be considered satisfactory and with prospects for improvement [16].

After determining the value of the parameters of enterprises related to the result of their financial security in the external environment, we calculate the cumulative ratio of the assessment of the external and internal environments:

$$C_{fin.sec} = \sqrt{C_{ext.env.} \times C_{int.env.}} \quad (1)$$

here:

$C_{ext.env.}$ – external environment assessment coefficient;

$C_{int.env.}$ – internal environment assessment coefficient.

The coefficient of the external environment of joint-stock companies is determined by the following formula:

$$C_{ext.env.} = \frac{\sum_{i=1}^n C_{\pi\text{exter.}}^f \cdot d_i}{C_{ext..max}} \quad (2)$$

here:

d_i – the importance of this parameter;

$C_{\pi\text{exter.}}^f$ – the value of this parameter;

$C_{ext..max}$ – the maximum value of this parameter.

The coefficient of the internal environment of enterprises is determined by the following formula:

$$C_{int.env.} = \frac{\sum_{i=1}^n C_{\pi\text{inter.}}^f \cdot d_i}{C_{int.max}} \quad (3)$$

here:

d_i – the importance of this parameter;

$C_{\pi\text{inter.}}^f$ – the value of this parameter;

$C_{int.max}$ – the maximum value of this parameter.

The discovered result is between 0 and 1, the closer the result is to 1, the higher is the financial security of joint-stock companies [20].

After the cumulative indicator is calculated, an assessment on the appropriate scale will be necessary to analyze the level of financial security of joint-stock companies.

4. ANALYSIS AND RESULTS

The methodology for assessing the effectiveness of financial security management of enterprises in the building materials industry was calculated based on reports of JSC “Bekabadsement” and JSC “Kuvasoyssement for 2021, which operate in the Tashkent region, and the results are given in Table 1.

The table reveals that the combined indicators of JSC “Bekabadsement” and JSC “Kuvasoyssement” are 0.46 and 0.68 respectively. The results of the assessment show that only the management of financial security in JSC “Bekabadsement” is unsatisfactory, whereas it is satisfactory in JSC “Kuvasoyssement”.

It was identified what measures should be taken to increase the effectiveness of financial security management in these enterprises.

Table 1.

The results of the effectiveness assessment of financial security management in the surveyed construction industry enterprises in 2021

Enterprise name	Quality Ratio of Financial Security Management	Efficiency Ratio of Financial Security Management	Integral indicator	Score
JSC "Bekabadsement"	0,50	0,43	0,46	Unsatisfactory
JSC "Kuvasoyssement"	0,77	0,61	0,68	Satisfactory

As a way to increase their financial stability, it is expedient to increase the profitability of the studied building materials industry enterprises, and ultimately to rationally use the production capacity of the enterprises as a support to ensure their financial security.

As a result of the implementation of the company's financial security model, the following positive results have been achieved:

1. The number of unscheduled equipment repairs at JSC "Bekabadsement" has decreased by 2.1 times. The total downtime in 2021 was 7421 minutes, which is 2109 minutes less than in 2020, production interruptions decreased by 22.1%. Due to the optimization of the use of production areas, 0.45 hectares of unused space were commissioned, and 0.12 hectares were converted into warehouses for finished products.

2. The number of unscheduled equipment repairs at JSC "Kuvasoyssement" decreased by 2.1 times, and the total downtime in 2021 amounted to 8665 minutes, 1407 minutes less compared to 2020, with production interruptions decreasing by 13.9%. 0.09 hectares of unused land were added to the production area, 0.07 hectares were converted into a finished products warehouse and 0.3 hectares were converted into a raw material warehouse. In addition, 0.70 hectares of unused land at the enterprise were leased to other enterprises.

The methodology for assessing the financial security level of enterprises in the building materials industry was calculated based on accounting, management accounting, and other primary statistics at the end of 2021.

After determining the value of the relevant parameters of financial security, the cumulative ratio of financial security efficiency is calculated:

$$C_{\text{JSC "Bekabadsement"}} = C_{\text{FS}} = \sqrt{C_{\text{FS qual.}} \times C_{\text{FS quant.}}} = \sqrt{0,925 \times 0,50} = 0.68$$

$$C_{\text{JSC "Kuvasoyssement"}} = C_{\text{FS}} = \sqrt{C_{\text{FS qual.}} \times C_{\text{FS quant.}}} = \sqrt{0,925 \times 0,77} = 0.84$$

The results of the calculation show that the integral indicators are close to number 1, indicating an increase in the efficiency of financial security management in the enterprises.

Based on the corresponding scale it can be concluded that the integral indicators of JSC “Bekabadsement” and JSC “Kuvasoyssement” are 0.68 and 0.84 respectively. Thus, the management of financial security in JSC “Bekabadsement” is satisfactory, whereas the financial security management in JSC “Kuvasoyssement” has reached an ideal level.

5. CONCLUSION

In order to identify external factors that affect the financial security of enterprises in the building materials industry, it is primarily necessary to prepare appropriate documents for the enterprise, as well as to develop criteria according to which it can be determined if there is a violation in enterprise’s financial security. In other words, criteria must be defined to enable enterprises to assess their compliance with financial security requirements. To do this, new financial security services or divisions must be established in enterprises in the building materials industry. The financial security service assesses compliance with these criteria and provides the information to the management of the enterprise.

Moreover, the requirements principles for debtors should be developed, which should meet the requirements of financial security of the enterprise. At the same time, the security service should express its opinion on the importance of the reports submitted to monitor compliance with the financial interests of the enterprise.

In addition, an information system should be created for comprehensive and objective monitoring, including identifying and forecasting internal and external threats that threaten the financial security of the enterprise. Based on the data obtained, it is advisable to develop a set of quick and long-term measures to combat negative factors, as well as to prevent and eliminate the possible negative consequences of threats.

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