

ASPECTS OF ENSURING FINANCIAL SECURITY OF CONSTRUCTION ENTERPRISES

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ABSTRACT

Introduction: The article delves into the theoretical and methodological dimensions surrounding the financial security of construction enterprises. The author emphasizes that financial security reflects the maximum degree of an enterprise's financial protection against both real and potential external and internal threats. This concept is intricately tied to the quantitative and qualitative parameters of the enterprise's financial position, considering the establishment of priority financial interests for both short-term and long-term sustainability.

Objective: The primary objective of the study is to establish a comprehensive understanding of the financial security of construction enterprises. This involves identifying a system of financial prerequisites essential for future growth and development. Additionally, the study emphasizes the need for constant monitoring of financial security and the formulation of a proactive set of preventive and control measures. **Methods:** In addressing these objectives, the article employs a methodological approach that navigates the complexities of financial security. The methods involve analyzing the formation of priority financial interests, assessing short-term and long-term sustainability factors, and developing a system for continuous monitoring. The emphasis is on establishing a robust framework for growth, development, and the effective mitigation of financial risks. **Results:** The outcomes of the study shed light on the crucial components of financial security for construction enterprises. This encompasses the identification of key parameters influencing financial protection, the establishment of preventive measures, and the continuous monitoring of financial well-being. The results provide a foundation for understanding how financial security can be enhanced, contributing to the long-term sustainability and growth of construction enterprises.

Conclusion: In conclusion, the article underscores the significance of financial security as a critical aspect of enterprise management. It advocates for a proactive approach, urging enterprises to adopt preventive and control measures to navigate the dynamic landscape of financial risks. The study positions financial security as a continuous process, necessitating ongoing attention and adaptation to ensure the sustained growth and resilience of construction enterprises.

Keywords: financial security of the enterprise, threats to financial security, financial interest, financial stability.

1. INTRODUCTION

Financial security is a critical aspect of an enterprise's resilience against potential threats arising from both external and internal environments, ultimately facilitating the attainment of its predefined objectives [1]. It involves the establishment of a robust system that can effectively withstand various internal and external challenges. Regular monitoring and in-depth analysis of the security level are imperative to identify potential vulnerabilities and establish preventive or control measures [1, 2]. A well-controlled organizational security system not only safeguards the entity but also contributes significantly to its competitiveness, ensuring stability in the market for services or manufactured goods. Moreover, it plays a pivotal role in attracting investment capital, thereby fostering the capacity for present and future development [1, 2, 4, 5, 6, 7, 8, 9, 10]. The proactive management of financial security aligns with sustainable practices, promoting longevity and efficiency in an organization's operations.

2. Literature review

Financial security is a state of protection of an enterprise from the negative influence of threats from the external and internal environment, which ensures the achievement of its set goals [1]. The financial security of an organization is a state in which the organization is able to withstand both internal and external threats. What is needed for this is to constantly monitor and analyze the safety level, create systems of preventive or control measures. If the security of an organization is under strict control, this ensures competitiveness, stability in the market for services or manufactured goods, the influx of investment capital, the possibility and efficiency of development, both in the present and in the future. [3].

3. RESULTS AND DISCUSSION

In an unstable economy, an enterprise during its development needs to ensure the protection of its financial interests in order to maintain its position in the market and receive the maximum possible profit. The basic principle of maintaining the financial security of an enterprise is the implementation of control and balancing of income and expenses of an economic entity [4].

The main threats to financial security are:

1) macroeconomic problems:

- a protracted economic crisis, a slow recovery from it, or even its positive dynamics;

- reduction of resources in the economic system to overcome the financial crisis and achieve successful carrying out further reforms;
- deterioration in the solvency of the population;
- criminalization of economic relations, growth of economic crime, corruption;
- imperfection of the legal framework of enterprises;
- unreliability of business partners of the enterprise;
- instability of energy prices [2];

2) microeconomic problems:

- presence of significant financial obligations of the enterprise;
- insufficient qualifications of management personnel;
- ineffective internal financial control system;
- ineffective strategy and policy of the enterprise in the field of production and marketing;
- violations of cash and payment disciplines;
- errors in the field of management, in particular agreements and contracts of the enterprise from the point of view of their legal aspects [3; 6].

A threat to financial security is a manifestation of the negative impact of external or internal factors, which leads to economic damage to the organization. Conventionally, they can be divided into external and internal. It is impossible to prevent external threats, since their occurrence does not depend on the activities of the organization. But it is possible and necessary to develop a system of protective measures that can reduce or eliminate the negative impact. Internal threats arise from the activities of the organization (management errors, thoughtless purchases, etc.).

External threats include the following:

- macroeconomic monetary and financial-credit crisis;
- revolutions, coups d'etat, crisis in political power, governance of the country;
- changes in interest rates for lending to an organization;
- unstable exchange rate, restrictions on the sale or purchase of currency;
- natural disasters;
- lack of investment;
- insufficient legal and regulatory framework;
- high inflation.
- Now we list the internal threats to financial security:
- management errors, lack of long-term planning;
- weak marketing promotion;
- lack of financial planning;
- illiquidity of the organization's assets;
- erroneous pricing policy;
- outdated technological equipment;
- lack of necessary qualifications among personnel;
- leakage of commercial information, absence or poor performance of a security service;
- non-compliance with contractual obligations, low level of reputation [11].

Again, what was mentioned in the article above is confirmed - financial security concerns not only finances, but also everything that happens in the organization. Accordingly, financial security is the basis for effective work and long-term development.

Table: Higher education institutions and the number of students in them [7]

Territories	2000	2005	2010	2015	2020	2021	2022
Republic of Uzbekistan	388,4	1453,1	8245,8	25423,1	88130,3	107492,7	130790,9
Republic of Karakalpakstan	21,8	61,7	237,1	1219,3	3992,5	4480,6	5272,4
Andijan	23,5	73,8	345,3	1341,9	4673,0	5657,8	6864,1
Bukhara	30,8	152,4	580,0	2061,7	5659,8	7401,1	8448,7
Jizzakh	7,5	37,3	211,5	759,2	2715,0	3085,4	3446,4
Kashkadarya	34,8	161,7	699,2	2067,5	4832,6	6336,6	7793,8
Navoi	17,3	98,8	418,9	1019,2	3944,7	5155,5	5855,0
Namangan	21,6	69,5	347,9	1010,4	4678,2	5556,7	6653,2
Samarkand	32,9	86,8	519,7	2010,6	5755,3	7385,7	8895,4
Surkhandarya	17,4	76,7	335,9	1351,3	4774,7	5868,4	6521,9
Syrdarya	9,2	26,7	134,9	478,9	2407,6	2708,8	3260,1
Tashkent	25,5	132,1	509,9	1562,0	7102,6	9401,2	12237,4
Fergana	30,0	90,2	489,2	1649,0	5473,9	6993,7	8646,0
Khorezm	25,8	74,4	282,7	1174,7	2856,8	4228,5	4878,4
Tashkent city	82,3	297,9	1228,4	4113,0	19215,4	26535,3	32946,1

Investments in fixed capital means a set of expenses aimed at the purchase and reproduction of new fixed assets. The dynamics of the volume of investments in fixed capital over the last five years shows that it has increased by almost four times and has a growing trend. In January-September 2023, the share of capital investments financed from centralized financing sources decreased by 1.4 percentage points compared to the corresponding period of 2022 and reached 13.1% or 29.6 trillion. amounted to soum. Accordingly, 197.0 trillion from decentralized sources of financing. soums or 86.9% of total investments were absorbed, which increased by 1.4% compared to the corresponding period of last year [8].

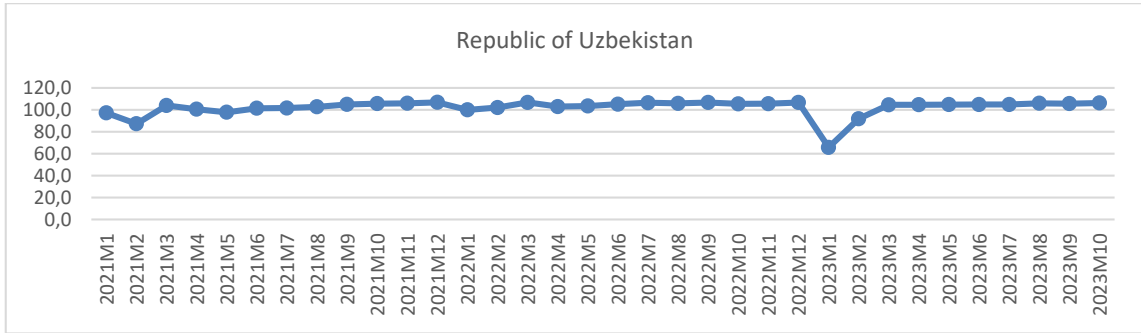


Figure 2: Construction works (growth rate, %) [9].

In January-September 2023, 62.0% of investments in fixed capital or 140.5 trillion. 38.0% or 86.1 trillion soums were financed from the funds raised, from the own funds of the enterprise, organization and population. Soum was financed. 3,615 large enterprises and 1,699 small enterprises and micro-firms received reports on the formation of investment statistics indicators for January-September 2023. The highest indicators and growth rates in terms of sources of financing of capital investments were due to foreign direct investments, which amounted to 147.3% compared to the corresponding period of the previous year. 48.3 trillion from unguaranteed and other foreign investments and loans. soums or a total of 21.3% of investments, which decreased by 3.1% compared to the corresponding period of the previous year.

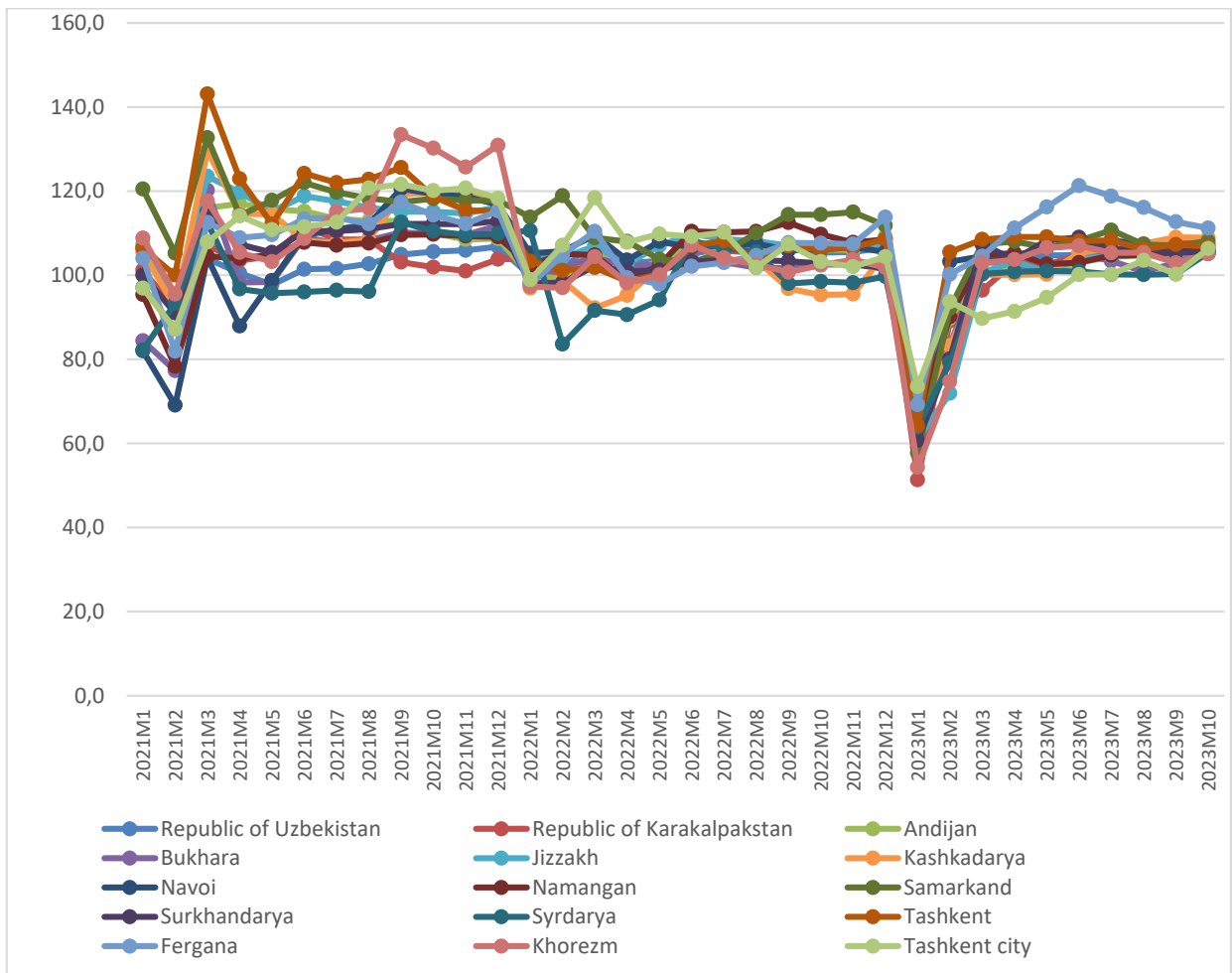


Figure 3: Number of higher education institutions (unit) [10].

A total of 107,793.3 billion in the Republic of Uzbekistan in January-September 2023. Soum construction works were completed, and the growth rate increased by 5.6% compared to the corresponding period of the previous year.

The indicators of construction work by types of economic activity showed that the construction of buildings and structures took 69.8%, the growth rate was 103.6% compared to the corresponding period of the previous year, the share of construction of civil facilities was 21.0%, the growth rate was 105.3%. and the share of specialized construction works was 9.2%, the growth rate was 125.3%.

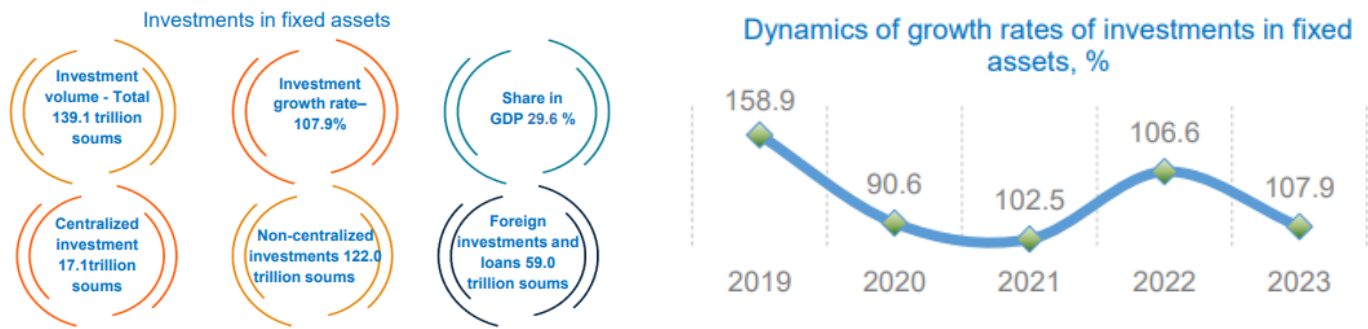


Figure 2: Investment in fixed assets and dynamic of growth rates of investments in 2019-2023.

Most of the construction works performed in January-September 2023 relate to the construction of new buildings and structures. 70.5% of the total construction works or 76029.5 billion. Soum construction works are aimed at creating new production facilities, housing and other social facilities in the economy.

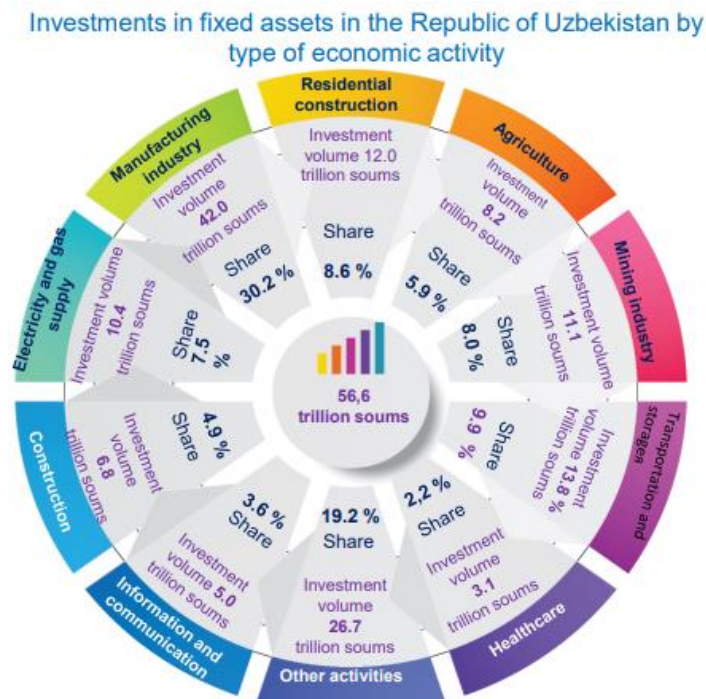


Figure 2: Investment in fixed assets in the Republic of Uzbekistan by type of economic activity in 2023 year.

The volume of construction works performed by large organizations in January-September 2023 is 27,802.8 billion. amounted to soum. Compared to the corresponding period of the previous year, the growth rate of construction works reached 105.0% and their share in the total volume was 25.8%. The largest share of construction works performed by large organizations in the total volume of construction works fell on the regions of Tashkent city (29.2% of the total construction works in the region), Kashkadarya (24.7%) and Fergana (20.5%). Conclusions can be drawn about the level of financial security of an enterprise based on many different interrelated financial indicators, most of them are represented by indicators characterizing an economic entity from the perspective of its liquidity, solvency and financial stability.

Based on the value of the indicator, we can draw a conclusion about the level of financial security of the subject. Beyond the threshold values, the enterprise loses the ability for financial stability, dynamic economic growth, and competitiveness [10]. Industrial production is one of the most complex areas of the national economy. This area is subject to both internal and external factors causing instability and unforeseen situations. Therefore, for effective management, you should adhere to the algorithm for ensuring financial security (Figure 1).

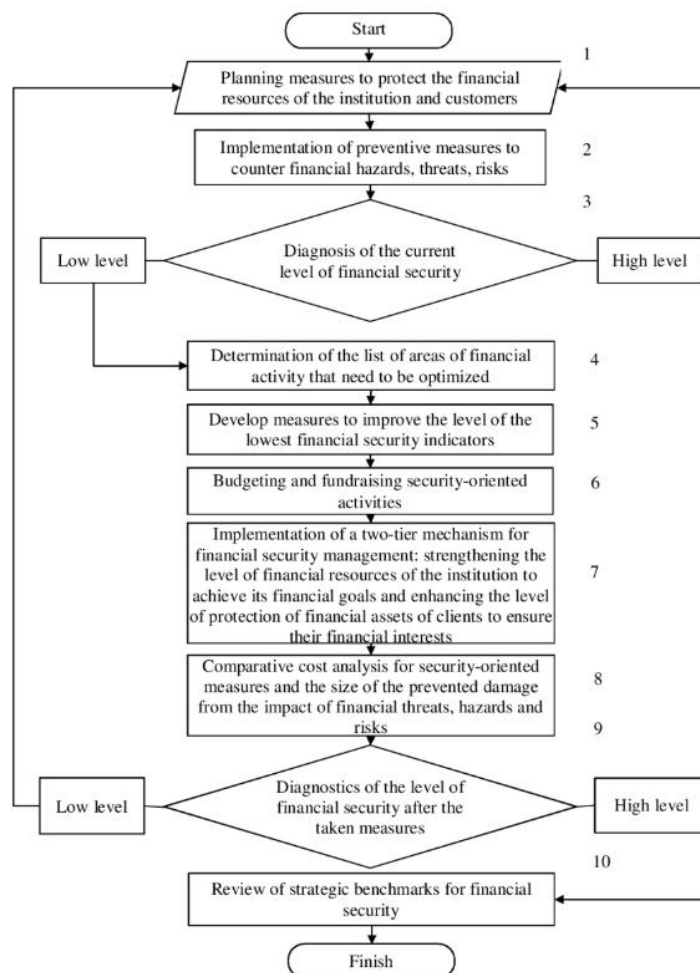


Figure 2: ten-step algorithm for managing the financial security [13].

First block: risk management. For an industrial enterprise, as a rule, the most significant threats are:

- a significant increase in prices for resources during the year;
- the risk of lack of demand for products;
- unpredictable changes in exchange rates;
- unstable situation in the country.

Financial threats are fundamental. This is the risk of insolvency and creditworthiness of the enterprise. To overcome threats and solve problems of ensuring the financial security of an enterprise, its financial stability should be analyzed. The main measures to increase and strengthen the financial security of an enterprise can be:

- search for alternative counterparties, entering new markets and gaining a foothold in them;
- diversification of suppliers, their careful selection;
- establishing limits for managing accounts receivable and for borrowing;
- work to reduce production costs;
- production automation;
- introduction of advanced forms and systems of remuneration;
- increasing investment activity [7].

The management of the enterprise needs to assess the level of financial security in order to timely make the right management decisions to optimize the functioning of the enterprise and prevent threats that could negatively affect the activities of the business entity and even lead to bankruptcy. An increase in the level of financial security is due to the ability of enterprise managers to ensure the economic development of the company while maintaining liquidity and independence, neutralize the negative impact of the economic crisis, and effectively use available resources; develop and implement a system for continuous operational monitoring of the company's financial condition; ensure the most accurate reporting possible.

From this we can formulate the conclusion that ensuring the financial security of an enterprise is a priority task. Therefore, timely and systematic monitoring of the financial condition of the enterprise should be carried out in order to identify possible threats and determine measures to neutralize them [9]. Thus, financial security is a complex concept that affects all financial activities of an economic entity, as well as threats and factors affecting it. The financial security of an enterprise

can also be defined as part of economic security, which is characterized by a stable financial position, the ability to effectively use financial resources, competently managing internal and external threats, to ensure the effective development of activities, the implementation of the enterprise's strategy in the present and future.

Taking into account the considered main characteristics, the content of the concept of financial security can be defined as follows. The financial security of an enterprise reflects the maximum level of its financial protection from real and potential threats of an external and internal nature, determined by the quantitative and qualitative parameters of its financial condition, taking into account the formation of a set of priority financial interests and the creation of a system of necessary financial prerequisites for sustainable growth and development in the short and long term. subject to constant monitoring of financial security and the formation of a set of preventive and control measures.

6. CONCLUSION

In modern conditions, to be successful, an enterprise needs to create a financial or economic security department. This department is obliged to protect and support the financial activities of the enterprise, in order to avoid various threats from the external and internal environment. This department should solve the following tasks:

1. Diagnosis of external and internal threats and neutralization of these threats;
2. Protection of the enterprise in times of crisis;
3. Protection of information and preservation of trade secrets;
4. Search for effective methods of hiring, monitoring activities and dismissing personnel;
5. Creation of a system for managing and minimizing economic risks;
6. Checking the reliability of the counterparty company, etc.

The choice of financial security strategy is influenced by a number of factors. Thus, the financial security strategy of an enterprise is determined by the goals and objectives of the overall development strategy. For example, if an enterprise is aimed at innovative development, it will strive to attract investment, and therefore to the most "transparent" financial reporting and compliance with financial discipline. But if the organization's goals lie in the plane of the "shadow" economy, then the financial strategy will be exactly the opposite. Thus, the role of a strategy for ensuring financial security in the economic security system of an enterprise is to ensure the continuity of economic activity by preventing the onset of insolvency and a financial crisis throughout the entire period of operation of the organization. The strategy for the financial security of an enterprise, as an integral part of its development strategy, is a mechanism for solving two main problems that any business entity faces, namely: the search for an optimal capital structure and the construction of a financial management system. The significance of the optimal capital structure of an enterprise, formed as a balanced cash flow from all types of activities, lies in the possibilities of minimizing the risks of financial independence [12].

It should be noted that the difficult conditions for the development of the financial sector and ensuring financial security, caused by the global financial and economic crisis, prompted the management of many Russian enterprises to more closely analyze possible ways to improve the financial security system, since: Firstly, the process of developing areas for improvement financial security system of a commercial organization, allows you to make maximum use of the organization's financial resources. Secondly, the need to make adjustments to the financial security system requires a comprehensive analysis of shortcomings in the activities of commercial organizations. To increase financial security, the following actions can be proposed: – adjusting the structure of funding sources towards increasing more stable ones and reducing the most short-term ones, namely accounts payable; – reducing the need for financial sources by getting rid of non-performing assets and accelerating staff turnover.

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