

IMPROVING WAYS TO ENSURE ECONOMIC SECURITY OF ENTERPRISES

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Abstract

One of the most important purposes of an enterprise is to generate profit for their shareholders. In order to continuously fulfill their main purpose, enterprises constantly strive to achieve the state of being free from danger or threat, especially in an economic sense. This article aims to explore different views of an interdisciplinary connection between economics and security i.e. the economic security of enterprises.

Keywords: economic security, economic security of enterprise, economic security of business.

Word „security“ derives from the Latin word „securus“ which means „free from care“ (Etymonline), and its basic meaning can be understood as the protection of values we care about. Some of the most prominent names dealing with the contemporary meaning of the security concept have been Baldwin A. David, Barry Buzan, Stephen Walt, Jessica Tuchman Mathews and Richard H. Ullman. The concept of security has been examined massively in the 20th and 21st century, while the more intensified development of the security concept happened thanks to the establishment of the first department under international relations studies which had its focus on causes of wars (Aberystwyth in 1919), as well as the fatal events in the period ranging from the two World Wars to the terrorist attacks on the twin towers of the World Trade Center in New York on 11 September 2001. Economic security was listed as one of the 7 most influencing factors on human security, among food security, environmental security, personal security, community security, political security, with economic security seen in this report as an assurance of basic income for every citizen from their own labor i.e. contribution to the society. (Chandra and Bhonsle 2010, according to Human Development Report 1994).

The importance of the economic security concept is also seen in scientists giving credit to it as an important factor of national security, since the economy represents a driving force of planning, organizing and focusing on using scarce resources in the best possible manner, in order to ensure basic means of living and to increase the standard. The main management tools in anti-crisis conditions, especially in the context of a financial crisis, should be aimed at restoring the financial balance of the enterprise and minimizing the scale of the decline in its market value. With a systemic approach to crisis management provides for the formation of a system of integrated activities, including all stage management from pre-diagnosis crisis

methods to eliminate or overcome them. Some Russian scientists define crisis management as a managed process of preventing or overcoming a crisis that corresponds to the organization's goals and objective trends in its development. The peculiarity of such management is that management decisions are often made in conditions of uncertainty, reduced manageability of the business entity and conflict of interests of various professional groups due to crisis conditions. The realities of the current economic situation require economic entities to form, implement and implement the principles and provisions of anti-crisis management that would avoid the crisis or, if it occurs, withdraw unprofitable enterprises from it. Modern conditions of economic development of economic entities define most of them as unprofitable, experiencing a production downturn and being in a critical state or on the verge of bankruptcy. The main reasons for the crisis development of the enterprise are the inertia of functioning production structures, technical and technological backwardness of individual production systems and significant physical deterioration of fixed assets in certain industries. In addition, destructive factors include the lack of priorities of the state scientific and technical policy, which does not allow the real sector of the economy to restructure production capacity. These factors will have a negative impact on the regional and social economy and social stability in General, as well as on the potential of each individual economic entity, since any production entity, being a structural element of the economy, bears a certain social burden and responsibility. Research on economic security of the enterprise is quite extensive and includes several approaches: systemic, comprehensive, essential and motivational. Accordingly, the interpretation of the essence of the "system of economic security of the enterprise" also has many visions and approaches. Let's consider some of the latest approaches to the definition of "enterprise economic security system" in order to identify current trends in a dynamic practical and scientific environment, which will allow the most relevant to reflect the tools of its provision.

It should be noted that the system of economic security of enterprises is considered as a system of subjects and objects that are involved in the processes of economic security, which constantly interact, interconnected in spatial and temporal characteristics for the use of certain methods. Such methods of interaction depend on the goals, functions and status of the subjects of economic security of the enterprise. At the same time, the system of economic security includes not only objects and subjects, but also mechanisms, processes and measures to ensure it, which should correspond to the "pace of economic development of society, state and individual." Also, the system of economic security of the enterprise as a set of interconnected elements that form a single whole, which include the mechanism of economic security, objects and subjects of security. In this interpretation, the system of economic security acquires the characteristics of the interdependence of all its components.

Economic-financial component of economic security entity describes its financial soundness and guarantees its solvency, as it is failing to meet their obligations can have on a business

entity such consequences as bankruptcy and liquidation. Accordingly, the assessment of financial stability and solvency should become the first and main direction in the system of ensuring economic security of an economic entity. In addition, to obtain full and reliable information on financial and economic condition of the entity with the purpose of determination of level of economic safety it is necessary to estimate factors of profitability, which is defined as the utilization of various resources. At the same time, the development of an economic entity is a mandatory and necessary requirement of its economic security, since only maintaining the achieved level of activity does not guarantee the preservation of competitive positions in the market in the conditions of dynamically developing economic relations. In such conditions, the importance and influence of the marketing component in the system of ensuring economic security, which determines the role and stable position of an economic entity in the market, increases. Competitive products sold on the market allow the business entity to reduce production costs and costs associated with the sale of products on the market, but it is also necessary to observe that products with a higher level of quality may be less competitive if their cost is unreasonably high. Criteria-based assessment of economic security of an economic entity should be based on the assessment of such elements as:

- resource potential and development opportunities of an economic entity;
- resource efficiency and its compliance with industry (global) indicators and the level of minimal internal and external threats;
- competitiveness of products;
- market development;
- ability to resist external threats;
- social stability.

The main indicators of possible future deterioration of the financial situation can be:

- insufficient diversification of production;
- loss of business connections and contacts, as well as complication of relationships with key contractors;
- lack of financial and other resources for technical and technological renewal of production and re-profiling of personnel;
- inefficient long-term contracts and agreements;
- incorrect choice of innovative investment projects aimed at increasing financial results;
- saturation of the market segment with stronger competitors. Indicators of financial difficulties that have already occurred are often:
 - loss of long-term contracts and drastic changes in the order portfolio;
 - forced production stops that lead to a failure of its rhythm;
 - change in the price of capital;
 - increase in production of defective products and return of non-conforming products;
 - financing long-term expensive projects with short-term borrowings;
 - lack of working capital;

- increase in the share of inefficiently used or unused fixed assets, - unjustified increase in production stocks; - ineffective policy of re-investments.

The economic security of an enterprise is a state of the entity as an economic system in which it is capable to respond adequately and prevent effectively all existing threats, both internal and external. According to the economic security of an enterprise is defined as a complex category that characterizes the ability of the systems created at the enterprise to withstand the destabilizing effects of internal and external factors in order to ensure the efficient use of its resources (capital, personnel, technology, information, technology, etc.), existing market opportunities (competitiveness), as well as fulfillment of other statutory tasks in the current period and in the future. There is also a concept such as "integrated system for providing enterprise economic security", which includes a certain set of interrelated elements (measures of organizational, economic and legal nature) that, when the enterprise reaches the main objectives of the business, provides its security against real or potential threats that can lead to material losses.

The essence of the company's economic security is to ensure its progressive economic development in order to produce the necessary goods and provide services that meet the needs of the enterprise and social needs. Economic security of the enterprise manifests itself in ensuring its stable activity, preventing the leakage from it of any information. The material basis of economic security of an enterprise is its economic potential, which determines the possibility of protecting the economic system from the adverse effects of the internal and external environment. The analysis of numerous external hazards and threats, directions and objects of their actions, possible consequences for business is associated with long-term research.

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