

PRACTICAL ISSUES OF FINANCIAL SECURITY MANAGEMENT AT TEXTILE ENTERPRISES

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Abstract

In this paper has been examined issues of financial security management of textile enterprises and identifies the factors influencing the growth of textile production. The author has developed scientific and practical recommendations on the elimination of factors affecting the financial security of textile enterprises.

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Introduction

As one of the world's leading cotton exporters, Uzbekistan places great emphasis on the textile industry in attracting foreign investment to the country.[18] Financial security refers to the peace of mind felt when we aren't worried about money. Often, this means having enough income to comfortably cover expenses, being debt-free, and having savings to cover emergencies.[16]

The pandemic in various countries has led to declining cotton prices, declining exports and imports, disrupting supply chains and halting production. For several months, the pandemic has been actively affecting the global economy. The pandemic in various countries has led to declining cotton prices, declining exports and imports, disrupting supply chains and halting production. He was forced to take emergency measures to fight the spread of the coronavirus. This process did not limit the textile industry of Uzbekistan. [14] Turning to the statistics, as of September 1, 2020, the number of industrial enterprises and organizations in the country reached 78.5 thousand. This is 15.7% higher than the same period last year. In particular, our textile industry has become one of the fastest growing segments of the Uzbek economy. In addition, it is a leading area for attracting foreign investment and exporting products. But 2020 has been a year of testing for the whole world. The coronavirus posed a major threat not only to human health but also to the global economy. As a result, a crisis arose in all areas. In particular, the pandemic has led to a decline in world cotton prices, declining exports and imports, supply chain disruptions and production shutdowns. As a result, countries have been forced to take emergency measures to combat the spread of the coronavirus. This process, of course, did not bypass the textile industry of Uzbekistan. As a result, appropriate measures were taken in a timely manner, the activities of enterprises were restored and all jobs were saved. Production and export rates continued to grow. The main factor determining the development of any enterprise is its financial security, so the issue of managing the financial security of enterprises is relevant.

2. Literature review

A security is a tradable financial asset. The term commonly refers to any form of financial instrument, but its legal definition varies by jurisdiction. In some countries and languages people commonly use the term "security" to refer to any form of financial instrument, even though the underlying legal and regulatory regime may not have such a broad definition. In some jurisdictions the term specifically excludes financial instruments other than equities and fixed-income instruments. In some jurisdictions it includes some instruments that are close to equities and fixed income, e.g., equity warrants.

Securities may be represented by a certificate or, more typically, they may be "non-certificated", that is in electronic (dematerialized) or "book entry only" form. Certificates may be bearer, meaning they entitle the holder to rights under the security merely by holding the security, or registered, meaning they entitle the holder to rights only if he or she appears on a security register maintained by the issuer or an intermediary. They include shares of corporate stock or mutual funds, bonds issued by corporations or governmental agencies, stock options or other options, limited partnership units, and various other formal investment instruments that are negotiable and fungible.

Many economists have studied financial security in the CIS countries. For example, among Ukrainian scientists, Blank I.A. while another scholar [1], Zagorodny A.G. defined in the glossary of the category of financial security [2].

From scientists of the Russian Federation Bogomolov V.A. [4] and Gaponenko V.F. [5] in their scientific work shed light on the theoretical and methodological aspects of economic security of the enterprise and proposed indicators for assessing the economic security of the enterprise.

One of the economists Gukova A.V. [6] and Protsenko E.A. [7] studied the role of financial security in ensuring the economic security of an enterprise and explored ways to ensure financial security.

CIS countries and far abroad scientists Pankov V. [11], Lilia Korchevska, Ganna Zhosan, Sergii Kavun [12] and others in their research have studied the role of the social environment in ensuring financial security in enterprises.

Problems of management of enterprise information systems and information security in our country studied by local economists-scientists Abdulaev M. [8] and others. The issues of economic and financial security of enterprises were investigated by economists Abulkasimov H.P. [9] and Burkhanov A.U. [10].

Economic security, the condition of having the resources to support a standard of living now and in the foreseeable future. [17]

Initially, the concept of "financial security" was considered as part of economic security and was not separated as an independent element. Therefore, the history of the concept of "financial security" can be considered as the history of economic security.

In the encyclopedia of the financial-analytical center MaBiCo, financial security is a set of measures, methods and tools to protect corporate structures, financial activities of micro-level businesses. [13]

According to economist Gukova AV, the essence of financial security of the enterprise is based on the ability to independently develop and implement financial strategy in an uncertain and competitive environment in accordance with the objectives of the corporate strategy of the enterprise. That is, financial security is such a state of affairs that it:

1. allows to ensure the financial balance, stability, solvency and liquidity of the enterprise in the long run;
2. meets the needs of the enterprise for financial resources for sustainable expansion of the enterprise;
3. ensures sufficient financial independence of the enterprise;

4. be able to withstand existing and emerging risks and threats, which provide for financial damage to the enterprise or a negative change in the capital structure or the forced liquidation of the enterprise;
5. provides sufficient flexibility in making financial decisions;
6. provides protection of financial interests of enterprise owners. [6]

Scientist Protsenko E.A. In research, financial security is defined as the ability of a business entity to develop in a planned manner while maintaining financial and economic stability, liquidity, and the ability to expand reproduction. [7]

According to local scientist Abulkasimov HP: "Financial security means the creation of the necessary financial conditions and resources for the socio-economic stability and development of the country and its regions, maintaining the integrity of the financial system and successfully resisting threats to domestic and foreign economic interests. This security includes the prevention and protection of threats to the monetary, budgetary, credit, taxation and currency systems." [9]

Another local financier, Burhanov A.U. provides a more in-depth description of financial security and financial security of the enterprise:

- financial security of the country - protection of financial interests of subjects of financial relations at all levels;
- providing the national economy and its sectors with liquid assets to meet the demand for financial resources and the implementation of relevant obligations;
- the state of stability and resilience of the financial system;
- a set of financial opportunities for the effective organization of the national economic system and ensuring sustainable economic growth.

The author also concludes that the financial security of the country serves as a source of funding and conditions for the rapid development of the national economy, as well as for the harmonious development of the state, society and the individual.

The financial security of the enterprise is:

- ensuring sustainable development of the enterprise;
- a necessary condition for the financial stability of the enterprise;
- the ability to prevent and eliminate potential threats to the deterioration of the financial condition of the enterprise;
- minimization of risks in the enterprise;
- the degree of protection of the enterprise from internal and external risks. [10]

3. Analysis and results

It is known that the textile industry combines a set of different industries (types of economic activity), in which production is organized through the processing of raw materials in order to produce new materials in accordance with certain technical conditions and quality standards. The following industry groups are distinguished in the classification list of the textile industry:

- primary processing of textile raw materials;
- cotton and paper;
- jun;
- flax;

- silk;
- non-woven materials;
- canopy-jute;
- knitting network;
- textile and perfumery;
- felt;
- knitwear.

Table-1 The structure of the manufacturing industry, (in %) [15]

Years	2010	2015	2016	2017	2018	2019
Manufacturing industry	100	100	100	100	100	100
Food production	19.6	24.0	24.9	19.7	13.3	11.0
Beverage production	3.3	3.3	3.7	3.2	2.6	2.0
Manufacture of tobacco products	1.4	1.1	1.1	1.0	0.8	0.5
Manufacture of textile products	17.2	17.2	14.9	14.2	13.1	9.3
Manufacture of clothing	2.0	2.1	4.8	5.2	4.1	2.8
Manufacture of leather and related products	0.3	1.0	1.1	1.2	0.9	0.5
Manufacture of wooden and foam products (except furniture), straw and textile materials	0.3	1.0	0.6	0.7	0.8	0.5
Manufacture of paper and paper products	0.5	0.8	1.1	1.0	0.9	0.6
Publication and reflection of written materials	0.7	0.7	1.0	1.0	0.7	0.4
Production of coke and oil refining products	6.3	4.0	3.2	3.1	2.9	3.1
Manufacture of chemical products	7.0	6.5	8.2	8.4	8.0	5.9
Manufacture of basic pharmaceutical products and drugs	0.6	1.0	1.4	1.2	0.9	0.6
Manufacture of rubber and plastic products	2.0	2.5	2.9	2.7	2.8	1.7
Manufacture of other mirror mineral products	5.8	6.3	7.1	6.4	6.4	4.3
Metallurgical industry	11.0	9.2	9.0	10.6	16.5	17.8
Manufacture of finished metal products, except machinery and equipment	2.0	2.5	2.5	3.1	2.7	1.7
Manufacture of computers, electronic and optical products	1.6	0.6	0.5	0.7	0.5	0.6
electrical equipment manufacturing	1.4	2.1	2.2	2.7	3.7	2.3
Manufacture of machinery and equipment not included in other categories	0.8	1.0	1.1	1.3	1.8	1.4
Manufacture of vehicles, trailers and semi-trailers	12.7	10.2	4.6	8.9	14.0	10.3
Production of other transport	0.3	0.3	0.2	0.3	0.3	0.3

sparks						
Furniture production	0.6	0.8	1.5	1.3	0.9	0.7
Manufacture of other finished goods	0.8	0.6	1.2	0.9	0.7	0.5
Repair and installation of machinery and equipment	1.8	1.4	1.2	1.0	0.7	0.4

Textile products are used in the manufacture of clothing and footwear, as well as in furniture, machinery, defense and other industries.

According to statistics, during 2009-2019, the volume of textile production in the country increased year by year. However, in Samarkand and Surkhandarya regions, the volume of textile production has decreased. In Namangan region, the volume of textile production has grown rapidly over the past 4 years (Table 2).

Along with the production of cotton yarn, cotton and silk fabrics, clothing, knitwear, hosiery, raw silk cotton, the enterprises of the industry have been able to fully meet the demand for medical products, special clothing in the domestic market. One of the indicators of the rapid development of the industry is the level of investment. In particular, in the post-1995 period, the sector attracted more than two billion dollars of foreign investment. More than 200 projects have been implemented with the participation of investors from Germany, Switzerland, Italy, South Korea, Japan, Turkey, USA, India and other countries.

Table-2 Growth of textile production in the regions of the Republic of Uzbekistan in 2008-2019 [15]

<i>Regions</i>	Percentage compared to last year										
	2009 y.	2010 y.	2011 y.	2012 y.	2013 y.	2014 y.	2015 y.	2016 y.	2017 y.	2018 y.	2019 y.
<i>Republic of Uzbekistan</i>	104,6	117,0	101,5	108,7	110,1	112,5	115,8	108,8	125,7	136,1	104,5
<i>The Republic of Karakalpakstan</i>	107,5	105,0	104,3	110,9	112,8	103,2	107,9	113,2	153,7	124,0	104,0
<i>Andijon</i>	105,9	124,6	106,1	108,3	107,1	121,0	109,0	111,4	143,4	115,8	102,1
<i>Buxoro</i>	108,0	122,9	107,0	104,5	106,3	114,5	113,2	106,2	101,5	106,3	101,1
<i>Jizzax</i>	109,8	106,6	119,5	107,8	112,1	124,1	109,2	117,2	133,0	114,1	103,2
<i>Kashkadarya</i>	104,7	106,0	105,9	102,8	108,7	110,3	121,9	107,7	118,3	119,6	109,7
<i>Navoi</i>	107,9	115,4	110,3	121,0	97,7	113,6	121,6	119,7	143,1	132,5	102,4
<i>Namangan</i>	114,4	118,4	103,2	107,0	112,0	109,5	108,2	114,3	172,8	142,8	115,9
<i>Samarkand</i>	106,3	127,9	107,7	130,4	107,2	127,1	122,5	96,2	144,4	128,0	112,2
<i>Surxondaryo</i>	102,8	120,3	101,7	108,3	106,0	111,9	107,8	89,7	92,7	94,6	96,7
<i>Sirdaryo</i>	114,9	107,1	112,2	103,2	98,7	109,3	109,2	104,6	81,3	101,6	100,9
<i>Tashkent</i>	98,9	121,6	65,9	99,2	114,3	116,8	115,9	139,3	138,0	135,7	136,3
<i>Fergana</i>	97,8	106,5	102,1	118,5	108,0	103,6	116,1	110,1	120,6	118,8	103,4
<i>Khorezm</i>	92,3	98,6	121,3	104,4	113,8	102,8	117,2	103,4	143,9	122,5	103,6
<i>Tashkent</i>	112,5	160,2	111,0	97,7	123,3	107,4	125,0	101,5	133,2	134,6	115,5

In 2019, the number of textile enterprises in the Republic of Uzbekistan, which are members of the Association of Textile Industry, exceeded 1,800, of which 492, or 12.6% were operating in Namangan region. If in 2009 the level of activity of enterprises in the country was 77.9%, in 2019 this figure was 96.7%. In Namangan region, it increased from 74.7% to 96.2%, respectively. During 2009-2019, about 2,944 textile enterprises in the country, including 273 in Namangan region, ceased operations. According to estimates, the overall bankruptcy rate in the country decreased from 13.8% in 2009 to

9.6% in 2017, and in Namangan region from 10.5% in 2009 to 6.3% in 2017. These facts can be considered as the main results of the ongoing reforms in the textile industry of the republic.

Discussion of results

Among the factors hindering the development of the textile industry, the Strategy for the Development of the Textile Industry of the Republic of Uzbekistan until 2030 states:

- Technological backwardness, deterioration of fixed assets, insufficient investment activity, which is characteristic of a number of sectors of the textile industry;
- limited access of domestic products to foreign markets, increased competition;
- Insufficient pace of development of innovative activities and innovative technologies in the textile industry with the use of chemical products.

In this regard, the above-mentioned forecast envisages an innovative development scenario for the development of the textile industry, namely:

- Innovative and technological renewal of the production capacity of the industry at the expense of resource and energy-saving technologies, increase in investment, etc.

In all developed scenarios, a key factor in the development of the textile industry is the growth of domestic demand for products.

It should be noted that in comparison with the innovative scenario of economic development of the country, the inertial scenario does not imply an increase in innovation and investment activity, the use of advanced technologies and the implementation of large investment projects.

At the same time, the textile industry has been and remains one of the priorities of the economy and local industry, and the competitiveness of other segments contributes to the ongoing positive structural changes due to the supply of necessary and high quality textile products.

The strategy for the development of the textile industry of the Republic of Uzbekistan until 2030 provides for an increase in the production of almost all types of products produced in the textile industry. According to statistics, the growth of textile production in 2020 should increase 2.5 times in 2030, compared to the base year of 2018.

Achieving a “sustainable growth trajectory” and the world average in the near future will require a strong policy to ensure sustainable development in the context of economic and financial security in all sectors of the textile industry and its individual organizations. This position requires a theoretical analysis of the main factors and conditions of sustainable development in the current system of the country's economy and instrumental methods of managing certain sectors and sub-sectors. The most important rules of such an analysis, in our opinion, are as follows.

The first. An effective system of sustainable development cannot be formed without the efforts of state institutions and society, without appropriate laws, state and regional programs. This explains why the government chooses the main directions of innovative development, the need to "break" the digital economy, to create conditions for the transition to a new technological structure. Given the motivation for innovative development, from 2020 to 2030, investment in the country's textile complex will increase 3.6 times, which will increase the production of textile products for each product group. However, the economic incentive to actively invest in innovative development and the establishment of the textile industry is still weak, the economy is moving from an export-oriented raw material model to an innovative and technologically competitive model.

The second. The conditions for sustainable development of the textile industry in the regions largely depend on the effective functioning of public authorities of the subjects of the Republic of Uzbekistan, the characteristics of industrial and socio-cultural development of the regions. The effectiveness of

regional authorities in ensuring sustainable development is determined by the level of information provided with complete and reliable information on the state of industry in the region as a socio-economic system.

Monitoring is often considered not only as a method of obtaining information, but also as a method of ensuring the economic security of any system (socio-economic, environmental, financial, tax, technical, innovative, industrial, etc.) and researching sustainable development problems. Therefore, monitoring is determined by the management of a number of researchers and practitioners.

Third. In order to manage the sustainable and secure development of some organizations in the textile industry, it is necessary to identify the factors of such development - management mechanisms and methods. The mechanism of sustainable development management for each organization should be adapted to innovation, anti-crisis policy, focused on the development strategy of the industry. Analytical tools and methods should be aimed at maintaining and expanding the organization's position in the market, maintaining the level of financial position in order to achieve key indicators of strategic development. Therefore, financial management (in order to ensure liquidity, profitability, financial stability), information resource management, innovation and competitiveness management, quality management, effective marketing, risk management are among the most common and even mandatory tools for sustainable and safe development management for textile organizations. and active cooperation with public authorities and financial institutions in the region may be required.

Based on the above-mentioned determinants of the organization of the textile industry, long-term cooperation with other organizations (suppliers of raw materials and consumers of textile products) on the condition of creating conditions for resilience, financial stability, effective contract policy, timely and complete fulfillment of obligations term economic ties can be strengthened.

The creation of all conditions described above, aimed at adequately reflecting the negative impact of external and internal factors on the development of textile producers and consumers in the regions, requires constant analysis and monitoring.

The growing role of financial relations in the country's economy leads to an increase in the importance of financial security not only at the state level, but also at the enterprise level. Even modern textile enterprises, whose shares are not listed on the stock market and do not attract financial resources in the financial markets, are experiencing the effects of the financial crisis in their activities.

It is in these enterprises that the focus is on the development of financial security.

To ensure financial security in textile enterprises, the following tasks should be performed:

- ensuring sustainable development of the enterprise;
- ensuring the stability of cash payments and key financial and economic indicators;
- overcoming the financial and banking crises and the deliberate actions of competitors, the negative impact of shadow structures on the development of the enterprise;
- prevention of agency disputes between shareholders, managers and creditors on the distribution, use and control of cash flows of the enterprise;
- It is best for the company to attract and use various sources of financing;
- Prevention of financial crimes and administrative offenses.

These tasks must be addressed by the shareholders and managers of the enterprise to ensure the safe and efficient operation of not only the elements of the financial system of the enterprise, but also all the control elements associated with them.

One of the important tasks of financial security is to develop a financial security strategy. An

enterprise's financial security strategy is an activity in the field of financial relations, which is not intended to create conditions and resources for the financial stability and economic growth of the enterprise, but to ensure its financial stability and solvency.

We can distinguish the following risks and threats affecting financial security in textile enterprises:

- Acquisition of shares, debts of the enterprise by undesirable partners;
- the existence of significant financial liabilities of the company (large amounts of debt and large debts to the company);
- economic instability;
- intentional or accidental mistakes in the field of financial management of the enterprise;
- Management and optimization of enterprise assets and liabilities, etc.

Conclusions and recommendations

To reduce internal risks and threats to the financial security of the enterprise, first of all, it is necessary to control the financial security of the enterprise, in the opinion of the author, financial security service (service) should be established in large textile enterprises and they should report directly to the CEO.

In order to establish an effective system of financial security for the enterprise, it is necessary to develop appropriate documents for the enterprise, which should identify internal and external threats, as well as criteria that can be considered as a breach of financial security of the enterprise. In other words, criteria need to be defined that allow the assessment of an enterprise's compliance with financial security requirements. The Financial Security Service assesses compliance with these criteria and passes the information to senior management of the enterprise.

At the same time, the principles of requirements for borrowers should be developed, which should comply with 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 assess financial security (as well as to monitor compliance with the financial interests of the enterprise).

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

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