

## PURCHASING FINANCIAL SECURITY OF TEXTILE ENTERPRISES IN PERIOD OF COVID-19

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### Abstract

In this paper have been discussed ways for purchasing financial security of textile enterprises in condition of Covid-19 pandemic. In particular, were discussed he theoretical aspects of managing the financial security of enterprises, has been outlined the relationship between ensuring sustainable growth and managing the financial security of the enterprise. identified some factors affecting the financial security of enterprises.

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### Introduction

The rapid geographical expansion of the coronavirus Covid-19 and the high contamination rates – nearly 100,000 infections in approximately 80 countries by March 4 – have spread fear around the planet and disrupted global economic activity.

Investors have naturally been concerned and stock markets around the world suffered trillions of US dollars of losses in a single week (ending February 28) in what was the markets' worst week since the financial crisis of 2008.

On March 2, mainly due to declarations of stimulus measures by central banks, some markets rebounded and erased part of the previous week's losses. However, the following day, they were hit by new losses, which indicates a clear instability. Even though the novel coronavirus outbreak started in December 2019, financial markets did not react immediately as there was little information on how long it might last, whether China would be able to quickly contain it and prevent it from spreading to other countries, and the risks that such a spread would entail for the global economy.

With Covid-19's expansion around the world, it was only a matter of time before the stock markets reacted to the new danger. The crash finally occurred in the week ending February 28, when leading stock markets around the world faced their worst week since the 2008 financial crisis.[15]

The term "crisis" derives from the Greek "krisis", meaning decision or judgment. From this, we also get terms such as critic (someone who judges) and critical condition (a medical state that could go either way). A crisis can conclude well or badly, but the point is that its outcome is fundamentally uncertain. To experience a crisis is to inhabit a world that is temporarily up for grabs.

The shock to the global economy from Covid-19 has been faster and more severe than the 2008 global financial crisis and even the Great Depression. In those two previous episodes, stock markets collapsed

by 50% or more, credit markets froze up, massive bankruptcies followed, unemployment rates soared above 10% and GDP contracted at an annualised rate of 10% or more. But all of this took around three years to play out. In the current crisis, similarly dire macroeconomic and financial outcomes have materialised in three weeks. [14]

According to famous economist's idea, not even during the Great Depression and the second world war did the bulk of economic activity literally shut down, as it has in China, the US and Europe today. The best-case scenario would be a downturn that is more severe than the financial crisis (in terms of reduced cumulative global output) but shorter-lived, allowing for a return to positive growth by the fourth quarter of this year. In that case, markets would start to recover when the light at the end of the tunnel appears. Last two months were published several articles dedicated to theme influence of Covid-19 to financial situation of different countries, as well as USA, China, Europe and Russia.

In published paper by Tobias Adrian named after "Monetary and Financial Stability During the Coronavirus Outbreak" was discussed issues of targeted economic policies and fiscal measures, the right monetary and financial stability in the global economy [16].

Famous consulting company McKinsey gave its forecast report about influence of Covid-19 to financial situation in the global economy [17].

In March`31, 2020 Johns Hopkins Bloomberg School of Public Health declared result of predicting the Coronavirus Peak in the USA[18]. According to World statistics, Covid-19 spread up very fast, so its stopped main part of logistics and production enterprises over the world. (table-1)

Table-1 Cases of the disease in the World (top 10 in December`7, 2020) [19]

№	Countries	Susceptible to disease	Deaths	Recovered
1	USA	14,879,831	285,564	6,971,281
2	India	9,677,203	140,573	9,139,901
3	Brazil	6,603,540	176,962	5,776,182
4	Russia	2,488,912	43,597	1,956,588
5	France	2,292,497	55,155	169,586
6	Italy	1,728,878	60,078	913,494
7	United Kingdom	1,723,242	61,245	No data
8	Spain	1,684,647	46,252	No data
9	Argentina	1,463,097	39,770	1,294,679
10	Colombia	1,371,103	37,808	1,257,410
21	.....	....	....	....
.....	.....	.....	.....	....
....	<b>Uzbekistan</b>	73,904	611	71,173

	<i>Overall</i>	<i>67,027,780</i>	<i>1,535,492</i>	<i>43,062,006</i>
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The action of these factors negatively affects the economic activity of enterprises, which may ultimately lead to the loss of financial security by the enterprise. The successful functioning and economic development of enterprises largely depends on improving their activities in the field of ensuring economic security. An important aspect for effective management is the understanding of the economic security of the enterprise as a complex complex phenomenon. Therefore, the problem of searching for and introducing into practice new forms and methods of management, developing a strategy for economic security of enterprises would prepare and implement appropriate action programs to neutralize external and eliminate internal, constantly emerging threats and develop a strategy to ensure the financial security of the enterprise.

### Literature review

The concept of "security" is the basis of the concept of "economic security", which we will investigate further, taking into account the economic circumstances that were prevailing at the time of writing of the cited scientific papers, as well as the status of economic subjectivity.

The concept of security in various sources has a number of interpretations. In the Explanatory Dictionary of the Living Great Russian Language by V. I. Dahl, security is defined as "absence of danger, safety, and reliability" [1]. In the dictionary of S. I. Ozhegov, security is interpreted as "a condition in which there is no danger, there is protection against danger" [2].

"The financial security of the enterprise is a key element of the economic security system. In the general composition of the elements of economic security, the financial component acts as the basic value of the level and structure of the financial potential of the enterprise in ensuring the goals of its economic development"[3]

In the economic literature, the financial security of the enterprise has not been given sufficient attention; this can be partially explained by the fact that many issues of financial security are reflected in the development of the financial policy of the enterprise and financial management of the enterprise, it is necessary to develop a holistic and integrated approach to solving this problem. The concept of "financial security of the enterprise" has the right to independent existence and research as a separate economic category, as well as the concept of "financial management" in relation to management in general.

Financial security is a universal category that reflects the security of subjects of socio-economic relations at all levels. The effectiveness of business entities is mainly determined by the state of their finances, which leads to the need to consider the problems of ensuring the financial security of enterprises.

In the course of the study, to establish the most optimal definition of the concept of "financial security", the scientific opinions of famous scientists are comparable. Issues related to the concept of "financial security of the state's economy" over the past decade have been the subject of research by all kinds of scientists. All studies are aimed at theoretical and practical substantiation of the need protection of the financial interests of the state, development of theoretical and methodological foundations for ensuring its security, to build a conceptual apparatus-tools.

Financial security is such a state of the enterprise, which:

- allows you to ensure financial equilibrium, stability, solvency and liquidity of the enterprise in the long term;

- satisfies the needs of the enterprise in financial resources for sustainable expanded reproduction of the enterprise;
- provides sufficient financial independence of the enterprise;
- able to withstand existing and emerging dangers and threats seeking to cause financial damage to the enterprise or to change the undesirable structure of capital, or to forcibly liquidate the enterprise;
- provides sufficient flexibility in making financial decisions;
- Ensures the protection of the financial interests of the owners of the enterprise.

The emphasis on the efficient use of resources in order to ensure financial security is made by the Russian scientist Glukhov V.V. [4], which considers financial security:

- as a set of works to ensure the highest level of solvency of the enterprise and the liquidity of its working capital;
- as the state of the efficient use of enterprise resources, which are manifested in terms of profitability and profitability, as well as the management of fixed and current assets;
- As a process of preventing losses from negative internal and external influences on the economic security of an enterprise.

One of the most important factors in ensuring the financial component of the economic security of the enterprise, consider Burkhanov A., Tursunov B., is the control of its economic activity from the position of increasing effective production [5].

### Research Methodology

In this paper have been used inductive for analyzing World statistics of Covid-19 spreading up, and statistic methods for identifying external and internal threats of financial security in enterprises.

### Analysis and results

In the period of the global crisis, in which some enterprises are today, there is a certain danger, both for the socio-economic stability of the regions and for the potential of each enterprise.

Consequently, enterprises are faced with the task of internal self-assessment and forecasting of their condition from the point of view of ensuring the economic security of production from threats that adversely affect the potential of the enterprise, building a system of indicators of the state of security and its monitoring, substantiating and establishing their threshold values, and taking measures to counter threats.(Fig.1)

Ensuring sustainable enterprise growth is impossible without the development and implementation of an independent enterprise strategy, which in the modern economy is determined by the presence of an effective system of its financial security. The effectiveness of business entities in a market economy is largely determined by the state of its finances, which leads to the need to consider the problems of ensuring the financial security of an enterprise.

The current stage of socio-economic development of the country dictates the need to search for new ways and tools to ensure high-quality high level of economic security, which may be the prevention of threats to economic security of enterprises [6].

Ensuring the economic security of enterprises should be considered as a process of forecasting and preventing damage from negative impacts on their economic security in various aspects of financial and economic activity.

Today, there are two main problems that impede the process of organizing activities to prevent threats to economic security:

- imperfection of models for assessing potential threats to the economic security of the enterprise;
- Poorly developed issue of preventive measures to protect the enterprise.

In modern conditions, the process of successful functioning and economic development of Russian enterprises largely depends on forecasting potential threats to their economic security. All threats need to be controlled and eliminated by the enterprise, as they are capable of causing losses and provoking new threats.

However, domestic organizations invest only in the implementation of measures to eliminate the threat, and do not initially act to prevent it.

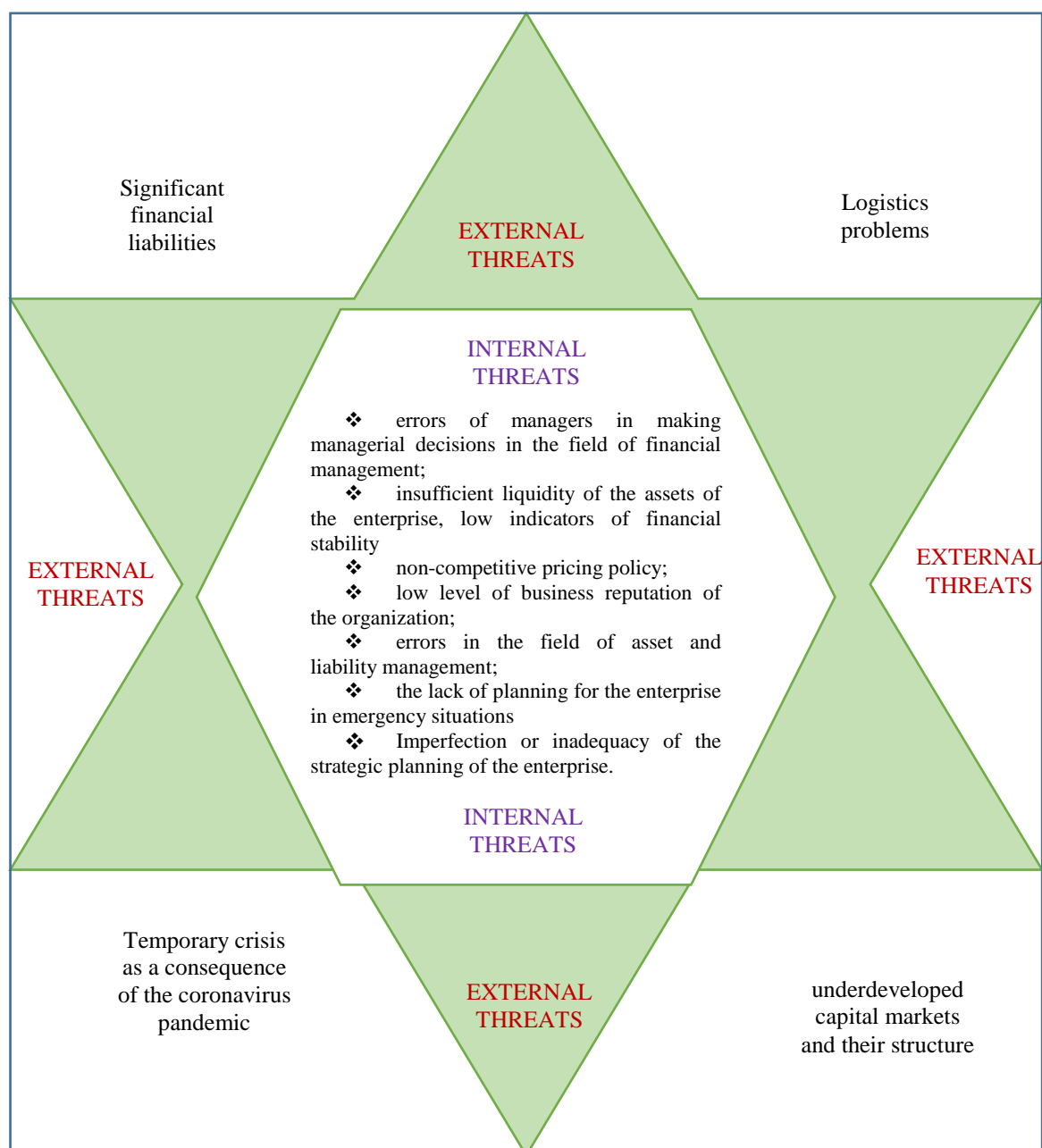


Fig.1.External and internal threats of financial security in enterprises

For the high-quality organization of activities to prevent threats to economic security, the enterprise needs:

- high-quality forecasting of threats;
- Development of preventive measures to protect the enterprise.

In organizing activities to prevent threats to economic security, the main task is to predict and assess possible threats to the enterprise.

Each owner seeks to ensure the financial stability of his business entity, thereby ensuring its financial security, since financial security is closely linked with financial stability.

The key factors in the relationship of financial stability and security of the organization are:

- financial flexibility - this is the ability of an organization to change the volume and structure of financing, as well as the direction of investment of financial resources, in accordance with the changed external and internal circumstances;
- the financial stability of the organization is determined by the constancy of the optimal or close to them values of indicators;
- The financial balance of the organization characterizes the balance of its development, which is achieved by the optimal combination of profitability and risk.

Without financial security, an enterprise cannot function effectively.

An economic entity can achieve the highest level of financial security only by predicting possible financial threats in advance and building protection against them using preventive measures.

To eliminate the negative influence of destabilizing factors and minimize the risk of financial threats, methods of forecasting and providing based on the results of the forecast of protection are used through preventive measures to ensure financial security.

Forecasting is a mechanism for the early analysis of possible financial problems for the organization in the future.

The purpose of forecasting is a comprehensive assessment of the effects of internal and external destabilizing factors on the financial condition and financial resources of the enterprise. Through forecasting, a number of tasks are solved:

- linking the need for investment with the availability of financial resources;
- coordination of various goals;
- assessment of scenarios of financial development of the enterprise;
- prevention of negative consequences of the implementation of selected development areas;
- early formation of an anti-crisis action plan in the event of possible negative events;
- More efficient allocation of resources and increased control.

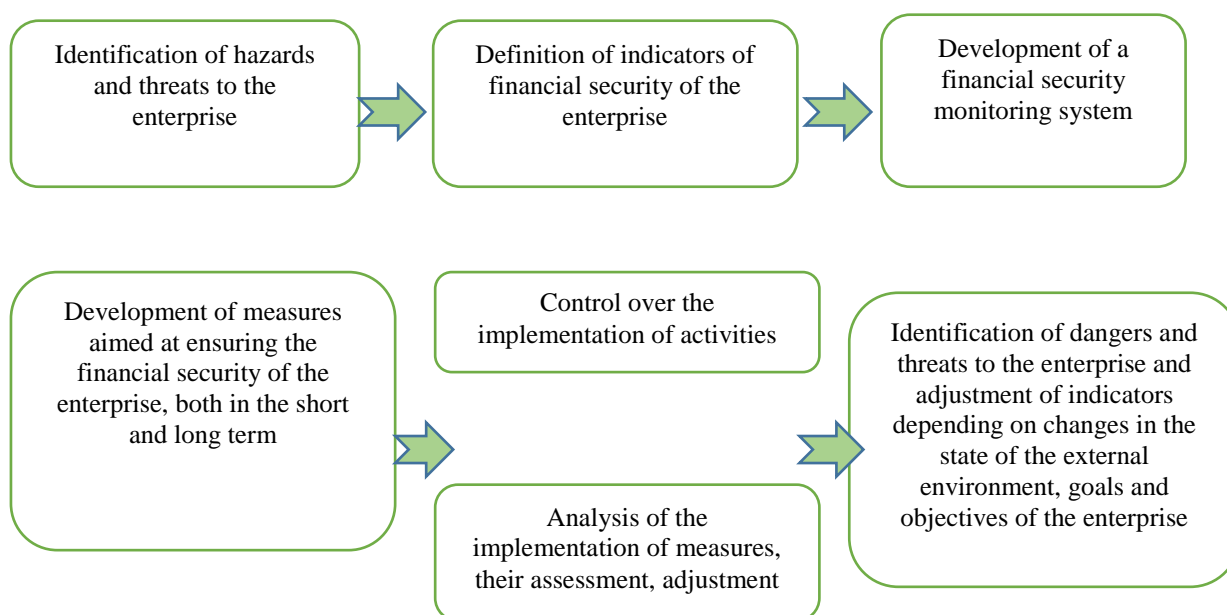
Forecasting allows the company to identify threats that will have to face in the future, and to organize preventive measures to ensure its financial security.

Thus, by diagnosing possible threats and preventing them with the help of preventive measures to ensure financial security, the enterprise can become effective.

In addition, since ensuring the financial security of the enterprise is an important factor in its stable functioning, we will consider the main tasks of financial security at the enterprise:



- ensure sustainable development of the enterprise;
- ensure the sustainability of cash payments and basic financial and economic parameters;
- neutralize the negative impact of financial and banking crises and the deliberate actions of competitors, shadow structures on the development of the enterprise;
- prevent agent conflicts between shareholders, managers and creditors over the distribution, use and control of the cash flows of the enterprise;
- it is most optimal for an enterprise to attract and use various sources of financing;
- To prevent crimes and administrative offenses in financial relations.



**Fig. 2 Tasks to ensure the financial security of the enterprise**

These tasks should be solved by the shareholders and managers of the enterprise in order to ensure the safe and efficient functioning of not only the elements of the financial system of the enterprise, but also all the interconnected elements of enterprise management.

That is why financial security is an important component of the economic security of the enterprise, the provision of which should be given special attention at the enterprise. For this, it is necessary to solve the following problems (Fig. 2.)

The essence of the financial security of the enterprise, in our opinion, lies in the ability of the enterprise to independently develop and implement a financial strategy, in accordance with the objectives of the corporate strategy, in an uncertain and competitive environment. That is, financial security is characterized by the state of the enterprise, which provides:

- 1) financial equilibrium, stability, solvency and liquidity of the enterprise in the long term;
- 2) the needs of the enterprise in financial resources for sustainable expanded reproduction of the enterprise;
- 3) sufficient financial independence of the enterprise;
- 4) sufficient flexibility in making financial decisions;
- 5) The protection of the financial interests of the owners of the enterprise.

That is why financial security is an important component of the economic security of the enterprise, the provision of which should be given special attention at the enterprise.

The financial security strategic plan includes the following steps:

- development of the goal and strategic goals of maintaining the confidentiality, integrity and suitability of economic information for the implementation of effective crisis management of enterprises;
- analysis of the external and internal environment, adjustment, if necessary, strategic goals of information support of crisis management of enterprises;
- development of strategic directions to support financial security in the system of crisis management of enterprises;
- Analysis of the implementation of the strategic plan and adjustment of strategic directions to support financial security in the enterprise crisis management system.

So, among the functional components of economic security, the financial component occupies a special place, because under market economic conditions, finances are the “engine” of any economic system and provide for the achievement of the most efficient use of corporate ones.

The management system must take into account alternative ways to ensure the safety of the enterprise, and the choice of a specific project must comply with the financial strategy and specific financial policy of the enterprise.

The formation of a financial security system at an enterprise should provide for the interconnection of clearly defined goals and objectives of each management level, while choosing the optimal ways to implement decisions. Horizontal and vertical levels of management should pursue the same goal as the overall management system.

In our opinion, the financial security management system of an enterprise should be a set of interconnected balanced decisions both in the field of ensuring the protection of the financial interests of a business entity, and in managing its financial activities.

From an economic point of view, the reliability of the enterprise reflects its sustainability, that is, such a financial and economic condition in which economic activity ensures under normal conditions the fulfillment of all its obligations to employees, other organizations, the state due to sufficient income and matching income and expenses.

The manifestation of threats to the security of the enterprise economy will be reflected in its financial condition, which is characterized by the actually achieved values of a set of indicators of industrial, economic and financial activities.

Diagnostics of these indicators, comparing their actual level with the corresponding limit values, minimally acceptable from the point of view of safety of further activities, will allow us to distinguish and localize “obvious” and symptomatic signs of an approaching crisis in a timely manner.

## Conclusions

Summarizing the above, we can say that assessing the level of financial security of an enterprise should:

- take into account the strategic goals and objectives of the enterprise;
- consist of an assessment of the functional components of the financial security of the enterprise, which may have different priorities, depending on the type of activity of the business entity;
- take into account the level of security of the enterprise potential;
- bear in mind the use of all types of resources and capabilities that guarantee the most efficient



(economically safe) use of them;

- Include a probabilistic assessment of economic damage.

We can draw the following conclusion: since the enterprise in the course of its activities interacts with various entities that can provide significant opportunities and create serious threats, it is necessary to take into account not only their own, but also the diverse interests of partners and competitors. Ensuring financial security should be based not from the standpoint of a separate process, but in the system of interconnections of all processes that occur both within the enterprise and outside its boundaries in interaction with the external environment. Important conditions and elements in ensuring the normal functioning of the enterprise is the assessment and management of economic risks and adaptation to changes in market conditions.

Thus, there is a whole range of financial factors that influence the development management of industrial enterprises from the point of view of stable and stable functioning in difficult economic conditions, which is a particularly urgent research task at present.

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