AMERICAN JOURNALS
Open Access, Peer Reviewed Journals
American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 34, March - 2025

FINANCIAL SECURITY AND FINANCIAL RISKS OF THE ENTERPRISE

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A B S T R A C T

The article is devoted to the problems and essence of financial security, which is considered as one of the most important conditions for ensuring sustainable growth of an enterprise. The relevance of the issue of ensuring the financial security of an enterprise and identifying financial risks is indicated. It is noted that the most important indicator characterizing the measure of financial risk and financial security of an enterprise is its level.

K E Y W O R D S

Financial security of the enterprise, financial risks, profitability-risk, risk level, management, financial stability

Introduction

In turn, the level of financial risk is the main indicator of assessing the level of financial security of an enterprise, characterizing the degree of protection of its financial activities from threats of external and internal nature. It is concluded that it is necessary to analyze the company's financial security system and use methods to reduce financial risks that will improve the financial condition of the enterprise and reduce the likelihood of situations unfavorable for the enterprise.

The presence at the enterprise of an effective financial security system and control of financial risks is one of the key conditions that ensure high final results of the company's activities and its sustainable growth. Thanks to this system, a set of measures is implemented and developed to protect its financial interests from external and internal threats.

As practice has shown, over the past ten years, it was the absence of an effective system of financial security and control of financial risks at the enterprise that became the causes of bankruptcy and financial crisis. Moreover, both external and internal threats to the financial interests of the company exist at different stages of the enterprise's development and require attention and consideration from the company's management.

Literature Review

Success in the business world depends decisively on the correctness and validity of the chosen strategy for economic and entrepreneurial activity. In this case, the probabilities of critical situations should be taken into account [6].

The market system of economic relations assumes that enterprises and organizations are independent economic entities that must choose the optimal solutions themselves, foresee their consequences and independently take care of creating reserves or attracting other financial sources to organize measures to eliminate possible losses [3].

The effective operation of financial institutions in modern market conditions is impossible without systematic risk management. Financial risk management is a universal field of knowledge in which specialists from different fields work - economists, including financiers, as well as mathematicians, managers, sociologists and political scientists [4].

It ensures the achievement of strategic and tactical goals in conditions of permanent stochastic influence of diverse financial risk factors. The relevance of the study lies in the fact that the company's ability to quickly and effectively influence financial risks and security will ensure economic growth of the enterprise, stability of operations and competitiveness. The efficiency of business entities in a market economy is largely determined by the state of their finances, which leads to the need to consider problems of ensuring the financial stability and security of the enterprise.

Research Methodology

Using a system of indicators for analyzing the financial activities of a company, we can obtain a quantitative assessment taking into account risk factors for the enterprise when solving specific problems related to financial security and financial risk management.

One of these indicators is the risk level, which characterizes the measure of financial risk and financial security of the company. The level of risk influences the formation of the level of profitability of the financial activities of the enterprise. These indicators are interrelated and form a single "return-risk" system. The relationship between the level of profitability and risk is one of the main basic concepts of financial risk management, according to which the level of profitability of financial transactions, other things being equal, is always accompanied by an increase in the level of their risk and vice versa [5].

The level of financial risk serves as a fundamental indicator for assessing the level of financial security of a company, which shows the degree of protection of its financial activities from external and internal threats. Thus, having assessed the level of risk in managing the financial activities of the company, a management policy for the enterprise is assumed and developed.

Analysis and Results

The need for an integrated approach to the formation of the financial security of an enterprise, ensuring the protection of its financial interests in the development process, determines its separation as an independent management object in the general financial management system. In this regard, there is a need to deeply consider the essence of the concept of "financial security of an enterprise" and identify its most characteristic features as an object of management.

The main essential characteristics of enterprise security as an object of management are presented in Figure 1.

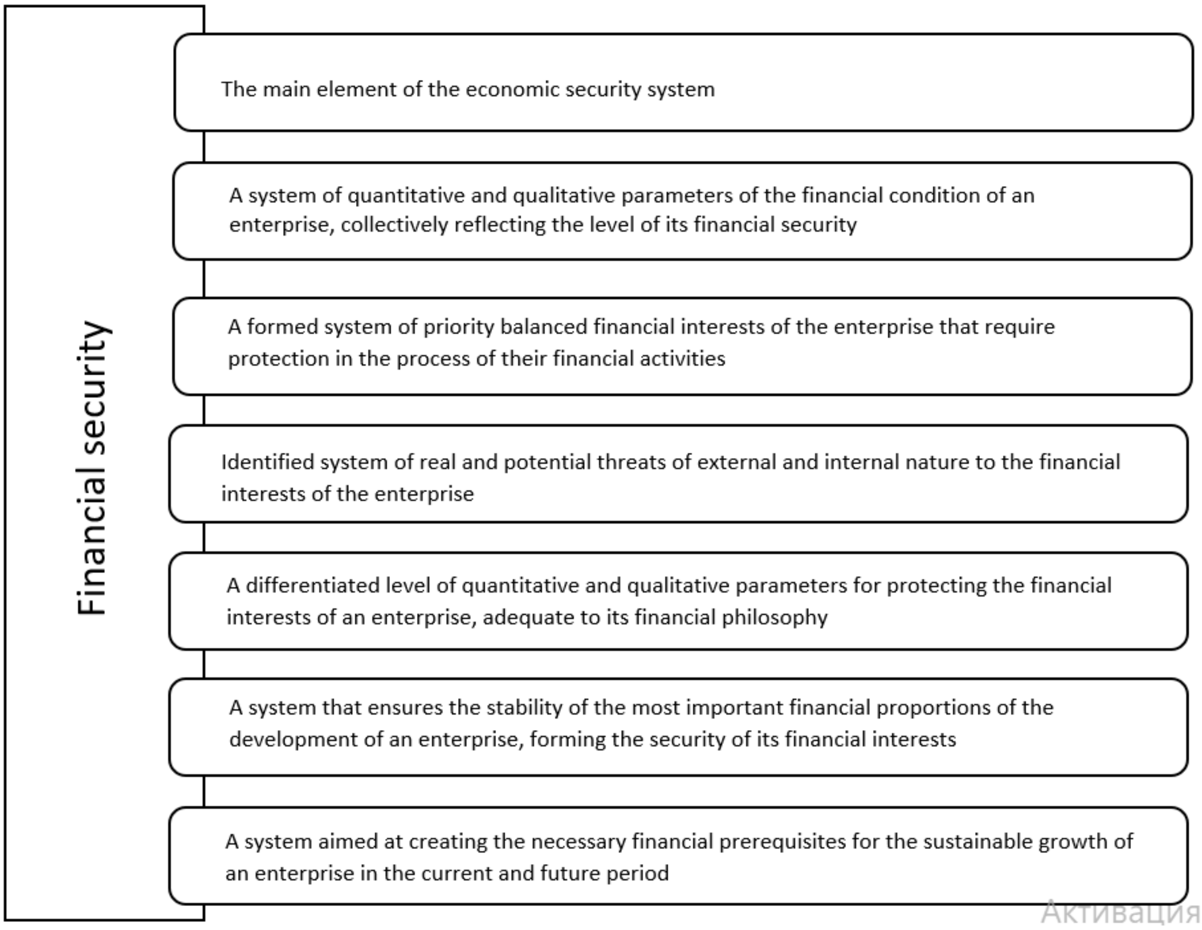

Figure 1. Factors characterizing financial security of an enterprise

To monitor and effectively manage the financial security of an enterprise, information on management objects is analyzed (Figure 2). Based on the principles of a systematic approach, in order to effectively manage the financial security and financial activities of an enterprise, it is first necessary to collect information on management objects, then calculate indicators for assessing financial performance by management objects and carry out a comparison procedure with the external and internal environment of the enterprise, based on the data obtained, carry out forecasting financial performance and identifying problems in financial management [2].

Thus, in order to improve financial security and avoid risks, companies need to accurately forecast various indicators, such as loan amounts that may not be repaid, in order to create the necessary reserves for writing off bad debts. And also reduce current assets, the share of which is reflected in inventories and, if possible, increase equity capital, expanding the scope of its activities and attracting more participants. Using special forms of company risk reports, financial risks corresponding to a specific object are identified.

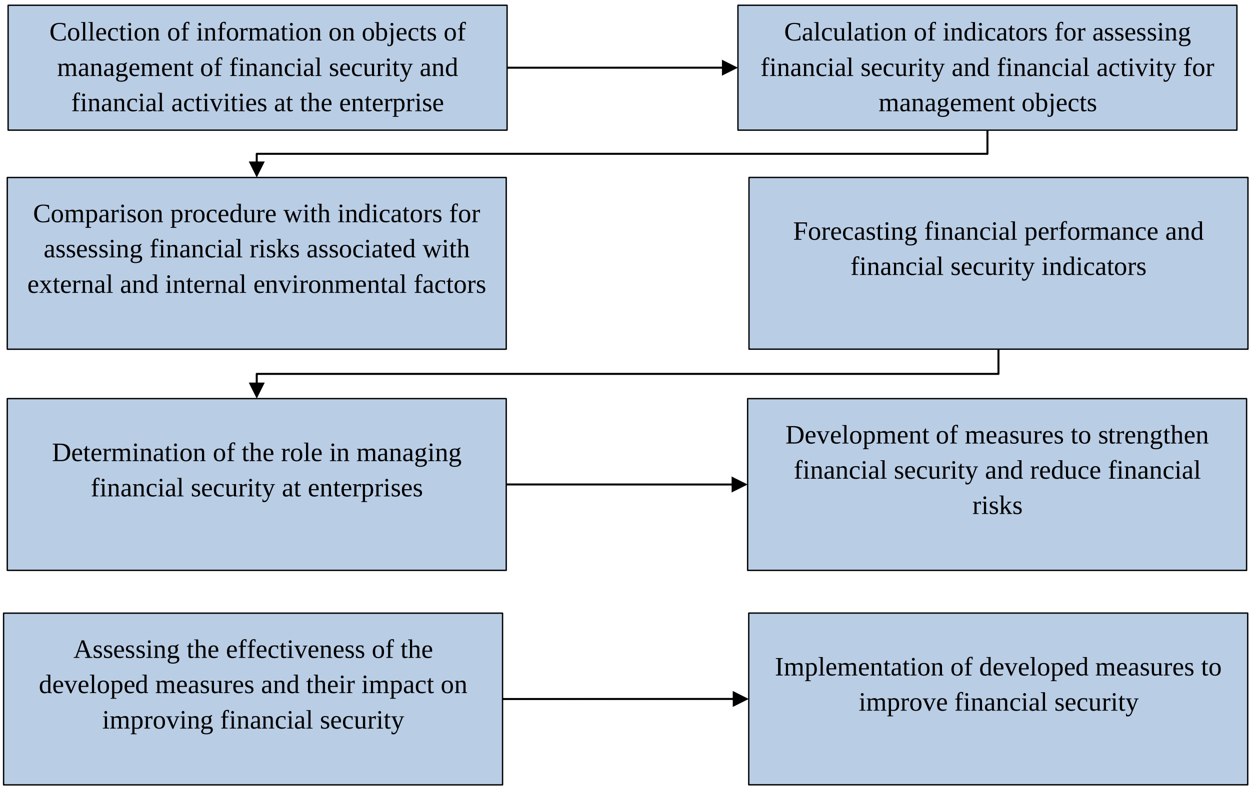

Figure 2. Algorithm for monitoring and managing the financial security of an enterprise

Based on the analysis carried out on the company's management objects, a report is drawn up for a certain period of time on identified financial risks and the prevention of bankruptcy in the enterprise. Such information is closed to external users.

As a result of assessing the external and internal environment and identifying the company's problems, a report on financial risks is compiled, which contains a list of factors influencing each financial indicator.

Thus, drawing up a report allows you to:

- present the whole picture of financial management, the relationship of all elements and interaction with external and internal factors;
- take into account the influence of the external and internal environment, subject to control over compliance with financial discipline, in accordance with mandatory state requirements;
- increase the company's resistance to changes in the external environment based on monitoring and analysis of competitors, comparing indicators with the obtained report data;
- taking into account additional factors that helped identify financial risks in the enterprise, and establish that these factors influence the financial activities of the enterprise, especially in times of crisis.

According to the company's financial risk report, a final assessment is made for each specific indicator, based on the prediction of one or another type of financial risk. Next, a program is being developed to reduce financial risks and increase financial security at the enterprise. Then an assessment is made of the effectiveness of measures aimed at maximizing the reduction of financial risks and threats.

Based on the study, the following conclusions can be drawn. One of the most important goals of the functioning of a commercial organization, especially during a crisis, is to obtain as much profit as possible, the achievement of which is limited by a number of external and internal, expected and unpredictable factors (circumstances). As a result, the management of each enterprise is interested in reducing the degree of uncertainty and risk in business activities and ensuring the concentration of resources in selected priority areas [1].

The main task of analyzing the management of financial security and monitoring the financial risks of a company is to identify the conditions for making a profit with an optimal ratio of costs and the degree of risk acceptable for the enterprise. Maintaining a stable financial position of the company is based on an effectively built financial security management system, which is based on an analysis of the financial activities of the enterprise.

Because it is through analysis that it is possible to identify primary financial risks, for example, when employees of an enterprise contact a bank to obtain a loan. It follows from this that the analysis evaluates the most important indicators, according to which a list of external and internal factors of the financial environment is compiled, the level of risk and their impact on the final financial result are assessed and taken into account.

Conclusion

This analysis underscores the crucial relationship between financial risk and profitability, highlighting the necessity of an integrated approach to financial security management. By systematically assessing monetary risks and implementing strategic mitigation measures, enterprises can enhance stability and resilience in an unpredictable economic environment. Effective economical security management relies on continuous monitoring, predictive analytics, and structured risk reporting to optimize decision-making. Strengthening financial discipline, aligning with regulatory requirements, and analyzing industry trends enable firms to proactively address potential threats. Ultimately, a well-developed financial security framework is essential for sustaining long-term profitability and competitiveness. Future research should explore advanced risk assessment models, incorporating emerging technologies to further refine predictive accuracy and enhance financial decision-making.

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