



MODERN FEATURES OF FINANCIAL MANAGEMENT IN SMALL BUSINESSES

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ABSTRACT

The article discusses the current features and problems of financial management in small businesses, the tasks of their solution in terms of corporate finance, as well as specific issues specific to small businesses. Prospects for the formation of a modern working environment in the country and, on this basis, the growth of the economy of the Republic of Uzbekistan will depend on the degree of successful and in-depth development of scientific and practical bases of financial management problems. That is why the article offers suggestions and comments on the scientific management of the formation and development of financial activities of small businesses.

Keywords: small businesses, financial management, investment decision, financial structure, functions and responsibilities of financial management.

INTRODUCTION

The "Concept of socio-economic complex development of the Republic of Uzbekistan until 2030", developed on the basis of the Decree of the President of the Republic of Uzbekistan dated January 8, 2019 №5614, pays special attention to the application of the public role and the role of small business in the economy.

It is known that great attention is paid to creating a favorable investment climate and an attractive investment climate, promoting fair competition, stimulating the rapid development of small business and private entrepreneurship. This approach is primarily explained by the priority of rapid development of the private sector in the economy of the republic.

Thanks to the measures taken over the past 5 years, Uzbekistan has risen from 146th to 76th place among 190 countries in the ranking of the World Bank and the International Finance Corporation "Doing Business".

Today, more than 90 percent of all businesses are small businesses. The main goal of small business development is to expand the share of the private sector in the country's economy, increase the self-employment of the population, especially youth, as well as increase business revenues to 70% of the total income structure. It is also planned to double the turnover of small businesses by 2018, primarily due to the legalization of their activities, as well as increase labor productivity in this sector by at least 7%.

It should be noted that the measures taken will help to further strengthen entrepreneurship, diversify the economy, increase the share of private property in it, attract investment for modernization and technological renewal of production.

As a result, in 2030 the share of small business in GDP will increase to 70.1% (59.4% in 2018), industry to 54.3% (34.7%), investment to 52.3% (34.9%), exports to 45.2% (26.5%) [1].

The abandonment of the management of the economy by administrative means and the penetration of development into the foundations of market relations led to the denationalization and privatization of property and the emergence of small businesses. However, the first experiences in the development of these enterprises confirm that the leaders and employees of these new enterprises have not yet fully mastered the features of a market economy, the secrets of survival in strong market competition, knowledge in management, marketing, financial activities. That is why in many cases these areas are not given enough attention in their activities. Many small businesses do not have the financial support to manage operations in a transitional economic environment.

Small businesses are an important part of the market economy system, so the issue of successful development of this sector of the economy is one of the primary problems. One of the important directions in solving this problem is the widespread use of management principles and methods of innovative management in the practical activities of small businesses. In the current situation, this factor shows the most effective ways to form a scientifically based management of small businesses.

Although various financial problems of enterprise management have long been in the focus of attention of economists, scientists and practitioners, the basics of financial management science are being formed in the Republic of Uzbekistan, the former CIS countries.

It is safe to say that the prospects for the formation of an enlightened management in the country and, on this basis, the growth of the economy of the Republic of Uzbekistan will depend on the successful and in-depth development of scientific and practical foundations of financial management. That is why in this article we have tried to express our suggestions and comments on the scientific management of the formation and development of financial activities of small businesses.

Given the extremely complex nature of the market economy, the fact that financial management is a multifaceted problem, we found it necessary to conduct a detailed research process in this article.

First, the role of financial management in the management system, the theoretical foundations are studied. Then, the organizational and economic bases, structure, tasks and views on financial management are analyzed, and finally, the features of the organization of the basics of financial management in small businesses are described.

ANALYSIS AND RESULTS

Financial management is a system that directs an enterprise to ensure that it achieves its overall goals. Financial management is, on the one hand, a managed system with its own characteristics and certain laws, and on the other hand, it is a management system as an important component of the overall system of enterprise management. As a managed system, financial management includes taxes, valuation, wages, investment policy, interest rates, and so on. will be subject to the influence of various management decisions through state regulatory measures. Until recently, the economic mechanism as a leading area of the managed system and the financial credit mechanism, which is an integral part of it, have been studied. The financial-credit mechanism as a single object of management is based on the recognition of the unity of money circulation of the state and enterprises. The operation of the financial and credit mechanism is primarily aimed at managing the finances of

enterprises, in particular, to identify additional opportunities for the development and expansion of production and ensure their widespread use. The financial-credit mechanism has a set of links that affect the behavior of managers and employees of the enterprise, the management of financial and credit processes and appropriate decision-making. However, the ultimate goal of such influence is to ensure the necessary conditions for the normal functioning of finance and credit at the national level, ie to establish a deficit-free budget, financing and lending of planned activities, financial control over the implementation of tasks, ratios and procedures for establishing funds.

Corporate finance must ensure the achievement of the overall goals of economic management, and therefore its organization needs to be improved. In a market economy, a positive solution to this problem is achieved within the concept of financial management. The methods of organizing this event represent the qualitative characteristics of financial management.

Determining the principles of organization and operation of financial management is one of the important methodological factors. It should be noted that financial management is not limited to the scale of the enterprise, but is also based on a system of direct organic relations with the budget and extra-budgetary funds, banks and other creditors, institutional investors.

Effective use of financial management creates a new system of values in the economic life of the enterprise, changes its development aspects and laws. New forms of decision-making in the financial policy of the enterprise, which serve to increase the efficiency of its activities, reflect the formation of the financial management system.

The fact that each of the directions of financial management has certain goals confirms that they are an interdependent and closely interrelated process. However, it should be noted that at some stage of the financial life of the enterprise, the priorities of these areas of financial management.

In the current situation, the focus of the organization of financial activities of enterprises, first of all, should fully reflect the essence of the economic system on which it is based. In our view, financial management in an enterprise should be interpreted as a system of relationships and principles of financial relationship management in order to increase profits and ensure sustainable growth of the enterprise market value. Such an interpretation of the content of financial management arises from the state of legal and information support of the organization of financial activities of the enterprise.

The structure of financial management conditionally consists of the following sections: a) analysis of the financial condition of the enterprise and making appropriate decisions on this basis. This analysis should be carried out in the following areas: - Assessment of changes in the financial condition of the enterprise. In this process, the financial manager, based on the financial statements of the enterprise, identifies any changes in individual items, adverse events and takes appropriate measures to eliminate them; -analysis of financial ratios. In this process, a number of indicators characterizing certain areas of the enterprise are calculated on the basis of financial reporting forms. Comparing the growth of these indicators and comparing them with industry-wide indicators will be the basis for different decisions; b) short-term financial resource management. This process means that an enterprise must have a certain amount of financial resources to meet its current obligations. If a lack of funds is observed, the financial manager must ensure that the enterprise receives a loan in a timely manner. Excess financial resources in excess of the needs of the enterprise in one form or another must be in constant circulation and bring additional income to the enterprise; c) planning the use of long-term financial resources. This area of financial management is primarily focused on the development and financial evaluation

of new investment projects, taking into account changes in the "value of money" over a period of time, as well as the choice of methods of financing these projects; g) analysis of various financial risks. The financial manager of the enterprise must be able to analyze the development of the general situation and accurately assess the level of risk.

CONCLUSION/RECOMMENDATIONS

Considered as a set of methods and techniques for effective corporate financial management, financial management has a number of key analytical tools to achieve the set goals. Its main task is to improve financial efficiency, ie to choose a convenient way to manage financial resources, to use effective methods of strengthening the enterprise economy, to increase the value of the enterprise and to use various opportunities to strengthen its financial position.

The application of the general economic principles of financial management in small businesses requires taking into account the specifics and analysis of modern problems in this process.

The following are the objective conditions for the effective organization of financial management in small enterprises: - The development of private ownership of the means of production; - self-financing in economic activities; - market principles of price formation and market legislation; - development of commodity, labor and capital markets; - limitation of the level of state intervention in the activities of small enterprises (availability of the necessary regulatory tools).

The following elements can be suggested in the financial management system of small businesses: financial analysis; financial management of short-term financial resources (management of short-term credit, commercial credit and secured financing); management of long-term financial resources (assessment of the future value of funds by drawing up a capital budget; raising funds through the issuance of shares, raising borrowed funds, discounting cash flows); assessment and management of various risks; making decisions based on financial analysis and risk assessment; organization of financial reporting and control.

One of the important factors in the effective operation and development of small businesses is the level of access to financial opportunities available at different stages of the enterprise.

Therefore, the goals and objectives of financial management stem from the nature and content of the problem of financial security of small business activities.

If the essence of the problem of financial support of small business is to organize the process of capital management, including the attraction, placement and use of capital, then the concept of financial management can be expressed as a system of managing the financing process based on the unity of conditions, principles, methods and forms of financing .

In general, financial management in small business has its own system of goals, objectives, objects and methods.

It is possible to suggest that the financial managers of the enterprise consider all important decisions on the management of enterprise resources from two perspectives: first, to analyze how these decisions affect the economic situation of the enterprise; second, to study the attitude of the founders of the enterprise to such decisions. However, in any case, it is important that enterprise managers strictly adhere to the condition that "any financial solution should allow to increase the rating of the enterprise." This is where the essence and importance of financial management is revealed.

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