



THE MAIN DIRECTIONS OF ENSURING THE ECONOMIC SECURITY OF ENTERPRISES

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Article history:	Abstract:
Received: December 8 th 2022 Accepted: January 6 th 2023 Published: February 8 th 2023	The article determines the role and the meaning of network structures in modern economy. There are revealed risks and threats in the activity of economic entities that are part of network structures. The notion of economic security in the network economy is revealed. The structure of the economic security system of network companies is formed, its basic components being characterized. Basic components of the economic security system in the network economy under current conditions are analysed, some problems of ensuring economic security and ways of their solution are determined. A complex mechanism of diagnosing the enterprise economic security is elaborated. The article considers main ways of ensuring economic entities' security by introducing the integrated economic security system to predict and prevent threats to economic security

Keywords: industrial enterprises, economic security, economic security of enterprises, indicators of assessment, security mechanism, management of enterprises, economic interests, risk, threat.

INTRODUCTION

The transformation of the Russian economy and the transition to modern forms of public administration, as well as serious transformations of the social sphere, generate all sorts of risks and threats and actualize the problems of anti-crisis management of economic security of economic entities. The need for security is the main one for economic entities, as it is considered as the basic characteristics of the formation, functioning and development of any economic and other systems. If this need is not realized, then there are problems such as a lack of resource base, reduced efficiency and aggravation of socio-economic contradictions between all economic entities. At the same time, it is necessary to remember that the possibility, and sometimes the need for a crisis in the conditions of cyclical economic processes, allows you to identify and implement growth reserves and update the development strategy of enterprises that are on the way to bankruptcy due to unwillingness or inability to adapt to changing market conditions. Anti-crisis management in such conditions, focused on minimizing or eliminating risks and threats through the use of current tools and capabilities of modern management, allows you to maintain the activities of socially and economically promising economic entities. 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 (Malik, 2015; 4). 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. At present, the activity of all economic entities without exception is subject to uncertainty and unpredictability. Unstable political, social, economic and demographic situations and numerous external factors of impact strengthen managerial decision-making risks in all aspects of business activities. Enhanced market competitiveness and integration into the world economic space, new managerial and legal forms of business and formation of the global network economy highlight the issues of creating an efficient system of economic security of businesses. To provide high efficiency of the economic activity, economic security control should become a component of the strategic management system of each enterprise. In market economic conditions, the enterprise economic security depends on that of the state and the region as it is based on available financial, raw material and industrial potentials as well as their prospective development. The enterprise economic security is greatly affected by the degree of thoroughness of the law base, taxing, access to the world sales markets, a region's investment attractiveness and that of a state as a whole

LITERATURE REVIEW

Researches in the modern economic theory prove that the economic science has accumulated sufficient theoretical basis in the field of the enterprise



economic security. Economic security issues were studied by L. Smoliar, O. Kotenko, O. Nosova, O. Makovoz, etc. They mostly dealt with the essence of economic security, its various levels, components and indicators to assess its state. Ukrainian scientists T. Vasylytsiv, A. Kozachenko, O. Arefieva, T. Kuzenko, O. Palyvoda, etc. investigated into economic security. The mentioned scholars' papers contain theoretical substantiation and methods of assessing the condition of the state and enterprise economic security considering national peculiarities of the economic development. Intensified globalization and internationalization of economic activities in the early decade of the 21st century, the information society boom, creation of economic clusters and networks resulted in new risks and threats for enterprises' activities and determined the need for conducting investigations into economic security in network economy conditions. P. Drucker, O. Sushchenko, L. Buzdakov, Ya. Hlushchenko, Yu. Ivchenko, T. Dziaduk, V. Martynenko, S. Mayadunne, and S. Park and other scholars considered the essence of the network economy, theoretical aspects of network managerial interaction, determined specific risks and threats arising in the activity of network associations and highlighted the necessity of their minimizing. At the same time, the national scholars did not pay enough attention to the issues of controlling economic security in network economy conditions on both the state level and that of economic entities incorporated into a single economic network. The article is aimed at analyzing basic components of the enterprise economic security system

in network economy conditions in terms of modern realia and developing a diagnosing mechanism of economic security as part of the economic security control process.

METHODOLOGY

The development and implementation of a system of economic, legal and organizational measures aimed at minimizing the level of influence on the formation of financial, material, information and human resources of external and internal threats should be a priority in the field of economic security. Economic security acts as the internal state of an economic entity that allows it to develop and at the same time minimize the impact of external negative factors. Effective economic security is determined by the effectiveness of the use of such types of resources of an economic entity as (Fig.1). These resources are actively involved in the process of neutralizing threats to economic security and play a leading role in the development of measures to improve the efficiency of the main activities of the economic entity, so the structure of functional components of economic security along with these types of resources should include financial and economic, marketing, technical and technological, and personnel components. Practical needs for passing to network interaction of business structures as a specific form of activity organization are conditioned by the fact that their industrial and economic activity becomes more and more complicated and calls for new methods of management and adaptation to changes in the external environment.

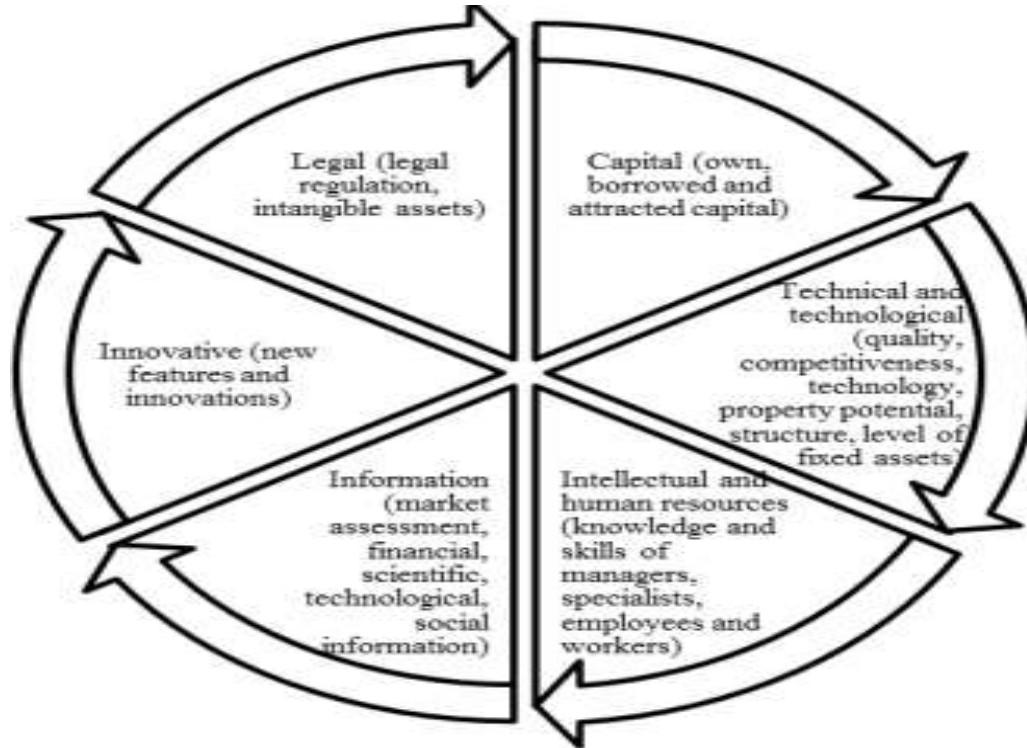


Fig. 1. Types of resources used to ensure economic security

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.



ANALYSIS AND RESULTS

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.

Efficient management of the economic security system of network organizations is primarily dependent on the right choice of basic components of the economic security system. The enterprise security system cannot be commonplace for all enterprises; it is unique for each economic entity as it depends on the development level and the industrial potential structure, quality of its application and efficiency of industrial activity, personnel qualification, competitive surroundings, etc. The enterprise security system is relatively independent and isolated from similar systems of other enterprises. Yet, the isolation is relative as the enterprise security system is an element of higher-level security, i.e. that of a city, a region, a country. The issues of ensuring employees' and executives' security, protection of enterprise property, financial and informational

resources, industrial and legal security claim special attention of enterprises and organizations making up various network formations. On this assumption, the structure of the enterprise economic security in network economy conditions can be presented as follows.

Personnel security is determined by a set of actions and interrelations of employees resulting in efficient enterprise functioning, its ability to resist internal and external impacts and threats associated with personnel. In network economy conditions, steps of controlling the personnel security should target increased educational and qualification levels of employees and network participants through arranging an efficient management system both at separate enterprises and in the network as a whole, ensuring employees' motivation and salaries, increasing their innovative activity and using labour potential efficiently. Financial security is the state of an enterprise maintaining its financial balance, stability, solvency and liquidity in the long run that satisfies its needs for financial resources and ensures its financial independence for a long period. Under overwhelming globalization and economy dynamization, escalation of the scale and globalization of financial transactions tending to be disassociated from real production functioning and development are some of the problems of ensuring financial security of economic entities. Many analysts consider that the financial area is getting more and more disassociated from the industrial one and is functioning as an independent system not only serving production, but also trying to control production and all other areas of human activity to meet the needs for infinite self-growth of financial value (financial capital).

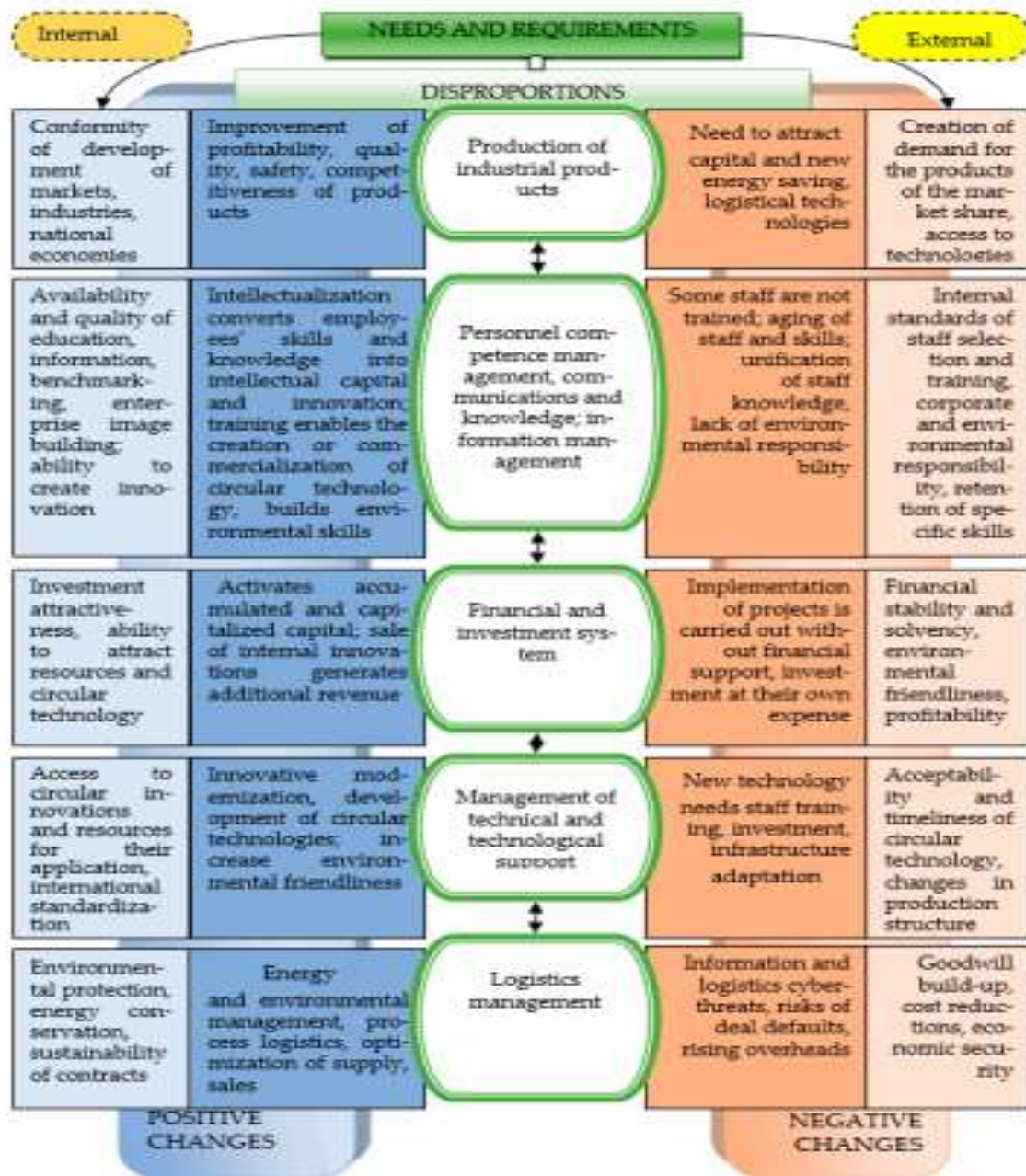


Figure 2. Disproportions between the results of implementation of the concept of circular economy in industrial enterprises

Consequently, the conditions for the introduction of the concept of circular economy in industrial enterprises are the demands of society and individual enterprises for the transformation of resources into eco-innovations, as well as the presence of economic catalysts to accelerate these processes. In this context, the main motivators for the introduction of the concept of circular economy in industrial enterprises should be a focus on the transformation of intelligence into capitalized intellectual potential for the

development and implementation of circular innovation. It will ensure the sustainability of the trajectory of innovation development through a targeted modernization process: technical, technological and logistical orientation to future circular technology. Catalysts are seen as functions to stimulate and accelerate the implementation of circular innovations. Results The quality of products, works and services sold on the market, their competitiveness and, as a result, the costs of an economic entity will depend crucially on



the technical and technological level of production, which indicates the importance of the technical and technological component of economic security. This factor takes into account the state of fixed assets and the effectiveness of working technologies used, taking into account the innovative component of development necessary for the survival of an economic entity in the long term. Under the current conditions, the main direction of anti-crisis management is the development of the internal economic mechanism as a stage of forming internal standards that ensure the safety and rational use of all types of available resources [4]. In addition, a positive impact on the formation of anti-crisis measures will have the formation of financial responsibility centers as an element of the intra-

economic structure, which will allow by delegating maximum powers to divisions to rebuild the management and control systems of the economic entity, thereby increasing the profitability of each specific division. This approach to the formation and implementation of anti-crisis policy will allow the most complete compliance with the requirements of resource conservation. In General, the implementation of the set of proposed anti-crisis measures will increase the level of economic security of an economic entity in the changing market environment and create an effective model of its functioning. Thus, the process of ensuring economic security in anti-crisis conditions should consist of the following sequential procedures (Fig.3)

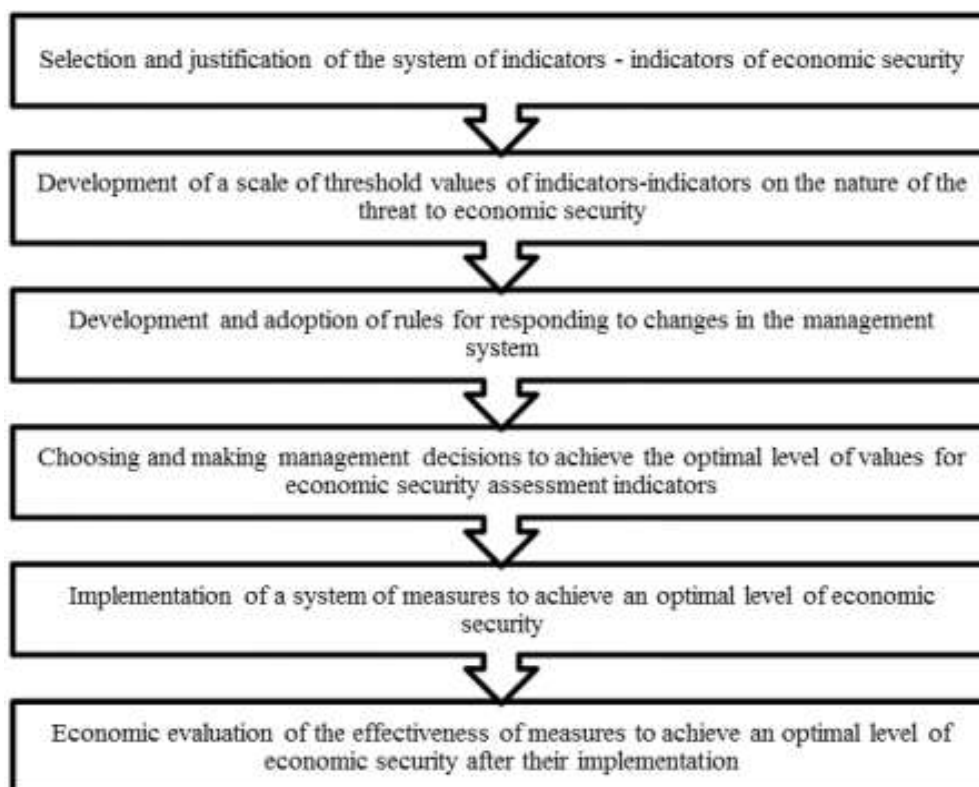


Fig. 3. The process model of management of economic safety of the enterprise

The information component is characterized by expansion of information and telecommunication technologies resulting in negative consequences of their application. From this viewpoint, security can be interpreted as keeping internal and external confidential data protected from leakage or exposure in a variety of forms. From the legal viewpoint, this indicates constant provision of conformity of a company's activity to the law in force and is expressed in absence of claims of law enforcing bodies or counteragents to the company.

Besides, there are no losses from operations with external partners due to infringements (intentional or unintentional) provided by the juridical commission of experts of all performed operations as well as the operations and agreements being concluded. Thus, in the most general form, security of a businessman (a firm, an enterprise) being a subject of law is indicated by keeping it as an integral structural formation and a legal entity as well as stable (or growing) values of primary financial and economic indices.

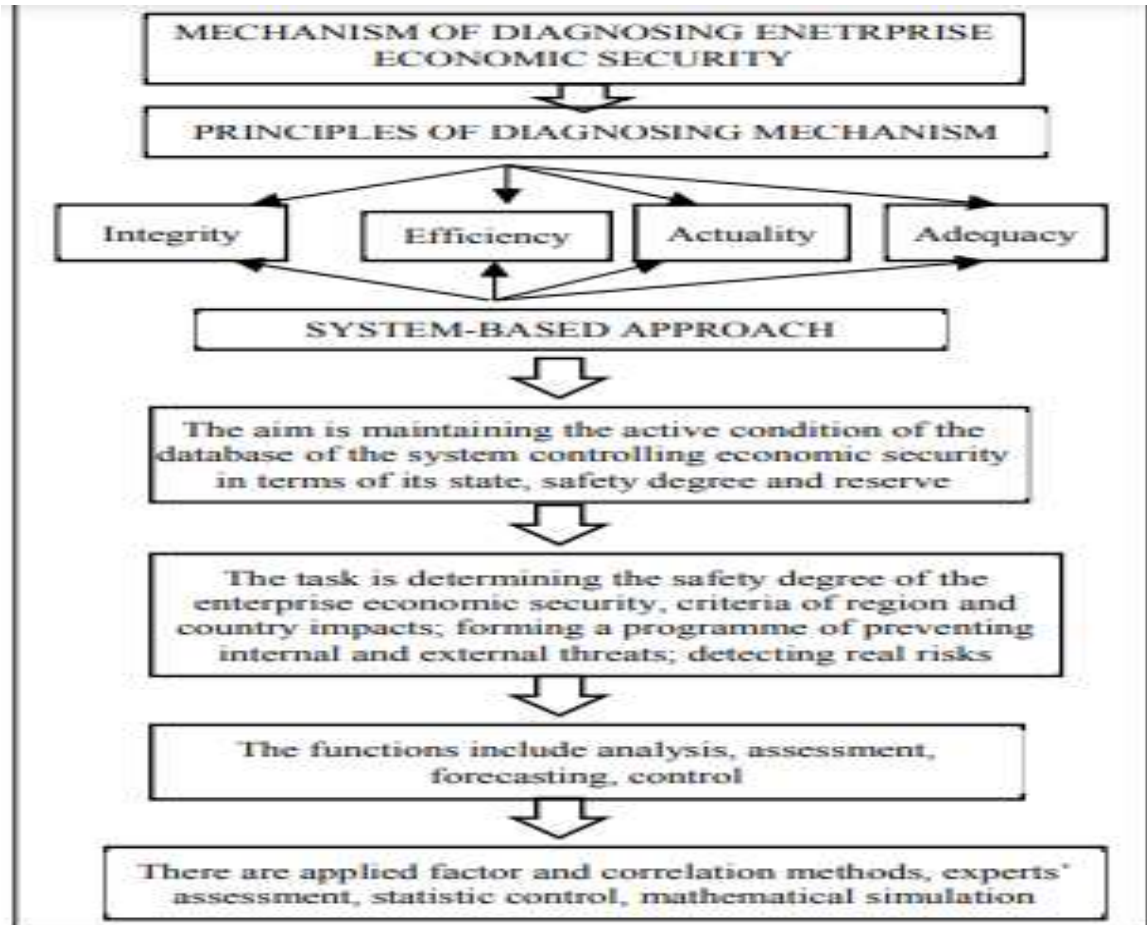


Fig. 4. Components of the mechanism of diagnosing the enterprise economic security (compiled by the authors)

Diagnostics of the enterprise economic security in network economy conditions should be system-based. This approach involves analysis of potential and real threats for each component of economic security in their interconnection and interdependence. The system of diagnosing the enterprise economic security in network economy conditions is aimed at maintaining the database of the system of managing economic security in terms of its state, potential and reserve. According to the main aim of the system of diagnosing economic security, there are formulated tasks including determination of the safety degree of the enterprise economic security, criteria of region and country impacts, formation of the programme of preventing external and internal threats, detection of real risks. A set of interrelated tasks targeting the general aim fulfillment creates functions of diagnosing economic security, which include analysis, assessment, forecasting and control. Economic security can be diagnosed by various methods. In network economy conditions when diagnosing the economic security of

economic entities, it is necessary to apply quantitative and qualitative assessment methods to obtain reliable results. Management of the enterprise economic security system in network economy conditions should encapsulate the following stages: studying specific features of enterprises making up the network, the market, competitors and personnel; analyzing external and internal threats, determining their reasons and ways of regulation, audit of available means, conformity with possible threats; creation of a new system of the enterprise economic security on the basis of the control system (developing a plan of eliminating detected drawbacks, preparing suggestions of controlling the network); planning monthly expenses for the economic security system functioning; approving the model of the new economic security system, assessing efficiency of the formed system and its improvement. The methods of forming the enterprise economic security system envisage constant control, correction and improvement of ways of the security system formation. Top priorities of the enterprise economic security system in network



business management include determining interaction of subjects in a model, assessing their significance in an enterprise's profits, measuring interaction parameters in detail, detecting promising lines of network development, forming the system of protection from possible threats to the enterprise economic security and all resource types. There are distinguished the following directions of ensuring the enterprise economic security in network economy conditions:

- ensuring enterprises' high financial performance and independence;
- providing technological independence, achieving high competitive ability and technical potential;
- achieving high efficiency of the management system;
- achieving personnel's high qualification and intellectual potential;
- reducing impacts of the industrial and economic activity on the environment;
- achieving high quality of legal protection of all aspects of an enterprise's activity;
- ensuring protection of business secrets, informational support of functioning of all enterprise departments, its capital, property, business interests.

CONCLUSIONS

Thus, the research conducted allows concluding that the problems of the enterprise economic security in network economy conditions are new to the national science and require further investigation. Taking account of a variety of approaches to defining economic security and peculiarities of network structures development at present, the following definition of the economic security in network economy conditions is suggested. It is the ability of economic entities composing various network structures to satisfy consumers' needs on local, national. The task is determining the safety degree of the enterprise economic security, criteria of region and country impacts; forming a programme of preventing internal and external threats; detecting real risks. The functions include analysis, assessment, forecasting, control. There are applied factor and correlation methods, experts' assessment, statistic control, mathematical simulation and interstate levels on the basis of efficient interaction and joint use of resources and market advantages, countering external and internal threats. Analysis of the most essential components of the economic security system of network structures enables distinguishing the problems of ensuring their economic security including conflicts of network association participants' interests, efficient use of resources and resource saving, possible negative consequences of applied information technologies, globalization of financial transactions tending to be more disassociated from functioning and development of real production.

The developed mechanism of diagnosing economic security of economic entities in network economy conditions, which is part of management of the economic security system, will enable more efficient detection of risks and threats in network enterprises' activity. The present-day situation requires from enterprises to have an efficient security mechanism able to act effectively in unusual conditions. Provision of the necessary profit level is one of the essential factors to achieve this goal, it greatly depending on scientific approaches to forming a flexible, efficient production programme, provision of efficient control of information technology systems, intensification of applied information-advertising Internet resources to meet network economy requirements.

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