

# The Role of Economic Security in The Company Management System

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**Abstract.** This article highlights the role of economic security in the company management system. In addition, the factors affecting economic security are analyzed. It also analyzes what can be achieved on the basis of management in ensuring economic security. It also provides conclusions and recommendations to ensure the economic security of enterprises.

**Keywords:** Economic security, social and political reasons, highest efficiency, Russian markets, unemployment, modern management, transaction.

## I. INTRODUCTION

The urgency of the problem of economic security is due to a number of economic, social and political reasons. There is an opinion that the use of the term "economic safety" is incorrect, since the market economy is it is a system that has the ability to self-regulate and develop precisely because of uncertainty and risk. Therefore, the achievement of the state of "economic security" by the market system will inevitably lead to degradation of the system itself. This approach is not correct, and economic security is the state of the economy, in which the highest efficiency of its functioning as a system is achieved.

In practice, the concept of "economic security" entered the regulatory documents and is the subject of political discussions, however, until now, economic science has not developed a single definition. Among these factors, the following are the most common [5]:

1. A significant degree of market monopolization, partly preserved from the previous administrative-command system, partly - a new one. At the same time, the level of competition for Russian markets from both domestic and foreign countries is growing manufacturers.
2. Establishment of control of criminal structures over a number of sectors of the economy and business entities.
3. Maintaining significant pressure on subjects' entrepreneurial activity on the part of government bodies (for example, in the areas of licensing, taxation).
4. The growing criminalization of Russian business in general and the increasing use of transactions by criminal structures in order to launder dirty money, export it abroad, etc.
5. The presence of a number of social problems - low incomes of the population, unemployment, staff turnover, which reduces the degree of responsibility and increases the likelihood of an employee's propensity to sell company secrets and other illegal actions.
6. The imperfection of the legislation governing relations in the field of entrepreneurship (expressed, for example, in the orientation of legal norms to combat the consequences of offenses, and not to the causes, in inconsistency between the damage caused and the applicable sanctions).
7. Lack of unity and mutual coordination of actions of various law enforcement agencies.
8. Intensification of espionage and destructive activities by the intelligence services of developed countries and large companies with extensive experience in this area of activity.
9. The relative "youth" of Russian business and the lack of development of means and methods for ensuring its own economic security, the lack of experienced specialists. [6]

In modern conditions, the national security of Russia is directly dependent on the state of the economy of the regions and enterprises. An important role in solving problems of economic security of regions and enterprises is assigned to modern management. Today, the management of enterprises, heads of organizations and administrative-territorial entities are required to develop not only a market strategy, but also a strategy for

increasing efficiency economic security.

Financial and economic crises, as a rule, have a negative impact on the potential of industrial enterprises: investments in process and product innovations are reduced (or stopped altogether), fixed capital is aging and wearing out, scientific and technical reserves are being depleted, the most qualified and young workers are leaving, etc [7].

Enterprises face the urgent task of internal self-assessment and forecasting their state in terms of performing their inherent production functions, taking measures to protect these functions, that is, ensuring the economic security of production from various manifestations of external and internal origin, affecting the potential of the enterprise, creating a monitoring system safety indicators, justification and establishment of their threshold values, taking measures to counter threats.

Problems of their own economic security arise before each enterprise not only during crisis periods, but also when working in a stable economic environment, a complex of targeted tasks has a significant difference. In the release of sustainable operation, the enterprise, when solving the problems of its economic security, focuses on maintaining a normal rhythm of production and sales of products, on preventing material or financial damage, on preventing unauthorized access to official information and destruction of computer databases, on counteracting unfair competition and illegal manifestations.

## **II. LITERATURE REVIEW**

The production sphere of an efficiently operating enterprise, if it undergoes the necessary modernization in a timely manner, is not a source of economic distress (economic danger) both for the collective of the enterprise and its owner, and for those market agents who use the products of the enterprise, that is, its subcontractors and consumers.

During crisis periods of development, the greatest danger to the enterprise represents the destruction of its potential (production, technological, scientific and technical and personnel), as the main factor in the life of the enterprise, its capabilities. Moreover, the conditions farms are such that the ability of the potential for reproduction is not ensured. The enterprise can acquire resources for this only on the basis of the results of its activities (more precisely, depreciation deductions and profits), as well as through borrowed funds. As a rule, both of these sources of investment in a crisis situation are blocked at the enterprise.

Pi one enterprise cannot feel itself in economic security if its products are not demanded by the market; no enterprise producing means of production can feel itself in security if there is a prolonged decline in the technological development of the country.

There is now a clear trend of loss by industrial enterprises the ability to produce complex and high-tech products, not only new ones, but also those previously produced by them in conditions of stable economic development. This means that under threat is the technical re-equipment of the production apparatus of such basic sectors of the economy as energy, transport, metallurgy, chemistry, mining, etc. part of the fixed capital of these industries, their full replacement with new domestic equipment will be difficult or impossible.

Replacing them with massive imported snacks is hardly feasible from a financial point of view. Many enterprises in these industries will simply stop, because their complex equipment (for example, in the energy sector) has, firstly, long production cycle and, secondly, there will not be sufficient production capacity to compensate for the landslide retirement of fixed assets. The main set of problems and the main reasons for the current troubles of many industrial enterprises lie in:

- lack of demand for products in the domestic and foreign markets, in e low competitiveness;
- depletion of investment resources, exacerbated by the financial crisis, inflation, the destruction of money circulation, the costs of the current system of taxation of commodity producers;
- non-fulfillment by the state of its obligations to pay for orders for its needs;
- ineffective ways of institutional transformations, which entailed the fragmentation of many once unified industrial complexes into smaller ones, the separation of the latter and, as a consequence, the growth
- costs by at least 20% and a corresponding rise in the cost of products;
- customs and currency barriers at the borders of the CIS countries, destroyed their once common economic space, etc.

All this resulted in the inability of the majority of enterprises to independently and effectively enter the spontaneously organized market and launch the market mechanism of management.

The loss of economic control led to a sharp deterioration in the business environment for enterprises.

The reasons for the threats to economic security are largely due not only to past development, but also to the mistakes of the economic course carried out over the years of reforms, the amorphousness of the current scientific and industrial policy, and the loss of economic control. These should include the following:

- lack of a concept, strategy and program of social and economic development with realistically achievable goals;
- permanent backlog in development, haphazard and imperfection of the legal framework for the regulation of the economy;
- high-risk monetary policy of the government in the banking sector, stock and foreign exchange markets, ineffective tax system;
- destruction of the system of reproduction of production potential (first of all, its active part) due to low investment activity;
- the growth of inflation and the absence of a normal investment climate in the real sector of the economy, the preference for current expenditures to the detriment of capital expenditures;
- ineffective and unfair privatization of state property, public property;
- creation of conditions conducive to the appropriation and export of financial resources abroad;
- loss of state control over natural monopolies, weakening of the regulatory role of the state in their pricing policy;

Therefore, it is incorrect to characterize the state of economic security of the potential of an economic entity at various levels of the hierarchy of structures such as "industry", "corporation", "enterprise" with a universal set of indicators. This requires more detailed assessments and more accurate instruments, and the very concept of economic security of such an economic entity should be formulated taking into account the specific features of its functioning.

### **III. RESEARCH METHODOLOGY**

The economic security of an enterprise (business entity) should be understood as the protection of its scientific and technical, technological, production and personnel potential from direct (active) or indirect (passive) economic threats, for example, associated with ineffective scientific and industrial policy of the state or the formation of an unfavorable external environment, and the ability to reproduce it.

The role of economic security for enterprises is important, first of all, because their actively used potential is a determining stabilizing factor in anti-crisis development, a guarantor of economic growth and maintaining economic independence and the security of the country. Its loss, coupled with the hard-to-predict consequences of the de-industrialization of the federal state, in which a diversified highly integrated industry (as opposed to the regional isolation of resource and raw materials industries and the tendency to dissociate a single economic space in this way) is one of the most powerful means of strengthening its unity.

Other threats to economic security listed above, including ineffective research and production and marketing strategies, incompetent management, which also have an undeniable impact on the potential of the enterprise, are not considered by us due to their intra-system origin. If science and industry policy is such that the economic conditions inevitably push the enterprise towards bankruptcy, make it go into the shadow sector of the economy, use barter settlement technologies in the finished product market instead of natural credit and monetary relations, deprive it working capital, funds not only for expanded, but also for simple reproduction, that is, they deliberately "drive" the enterprise into a dangerous zone of increased economic risk, assess the state of economic security by other, also essential safety components (informational, criminal, environmental, etc.) does not have practical sense. In our opinion, it is more important to study the factors influencing the creation of such an external economic environment that favors positive trends in the development of potential production capabilities and meets its interests.

### **IV. ANALYSIS AND RESULTS**

The strategy of economic security, formulating goals and indicating the objects of the strategy, should include: characteristics of external and internal threats to the economic security of the enterprise; determination and monitoring of factors that strengthen or destroy the stability of its socio-economic position in the short and medium term (three to five years); determination of criteria and parameters (threshold values) of indicators that characterize the interests of the enterprise and meet the requirements of its economic security; development of economic policy, including mechanisms for accounting for factors affecting the state of economic security; directions of the enterprise's activities for the implementation of the strategy. Based on the conducted research, it is possible to formulate the main definitions of the system of economic security in enterprise management:

- economic security in the enterprise management system is the state of protection of the owners, management and customers of the enterprise, material assets and information resources from internal and external threats.

- an integrated system of ensuring economic security in the enterprise management system is a system of management measures carried out in order to protect the enterprise from the actions of individuals or legal entities that can lead to significant losses.
- management of economic security at the enterprise - organized actions to ensure consistency the functioning of all services, departments and employees in order to eliminate various threats to the company's activities.

Summing up, we can conclude that the role of scientific research in the field of economic security in the enterprise management system is high.

To assess economic security, the modern mathematical apparatus of complex systems can be used. In this case, first of all, the question arises of modeling objects of economic security. Obviously, this requires the development of various models corresponding to various investigated objects.[4]

If the national level is considered, i.e. the economic security of the country, then the model will be one, and if the economic security of the enterprise is considered, then the model should be different.[1]

This question has not yet been worked out at all. It is natural to expect that such models will be more complex than the models for assessing the economic indicators of various economic objects developed by the present period, since in economic security models it is necessary take into account a large number of external and internal factors.

The second question that arises in the study of economic security in the enterprise management system is the question of the research methods of the developed models.

Currently, there is a wide interpretation of the term "Economic security". However, in essence, they all boil down to the concept of conditions of stability and growth of the main economic indicators that ensure normal conditions for the operation of an economic object.[3]

To conduct serious studies of economic security, it is necessary to formulate its quantitative criterion. Due to the fact that the term "economic security" is closely related to the foundations of the economic activity of the object, then in the case when economic security of the enterprise, as a criterion of eco-economic security, some specialists choose income (profitability) from activity of the object for a certain period of time.[2]

Economic processes take place in the presence of significant uncertainty and the impact of a large number of random factors, then probabilistic characteristics such as the confidence probability of maintaining the stability of economic indicators (reliability) or the likelihood of their entering a critical area (risks) can serve as a quantitative measure of economic security.

Therefore, some authors call one of the most important tasks in economic science the task of developing and applying quantitative methods for assessing economic security, predicting its changes, as well as methods for strengthening security using control parameters, i.e. With using optimization methods.

To obtain an assessment of the criterion of economic security, first of all, it is necessary to draw up a system of indicators on which this criterion will depend. Different objects, obviously, will be characterized by different indicators, although some of them may be common, but their impact on economic security may not be the same. It should be emphasized once again that the process of choosing specific indicators for describing the object under consideration is an important process, since the result of the research will largely depend on it. The choice of indicators of economic security should be made for each specific study separately, and in the process of drawing up the system of indicators, the employees of the enterprise must participate, determining its strategic goals and directions of development, it is also necessary to involve the management of the enterprise. The choice of indicators can be carried out in accordance with the general recommendations and directions that will be presented in this work.

If we consider the quantitative indicators of economic security, then two main groups can be distinguished:

- 1) Indicators, the values of which cannot be controlled directly by the investigated enterprise and depend both on external factors (market conditions, personnel policy of competing enterprises, investment climate, etc.) and on internal factors;
- 2) Indicators, the values of which are directly monitored the object under study and can change depending on the decisions made (for example: the volume of products, the level of wages of employees, the cost of promoting the product on the market, etc.), in what follows we will call such indicators, also parameters.

If the economic security of an enterprise is considered, then the main items of the expenditure and revenue side of the enterprise budget can be interpreted as indicators or parameters of the safety criterion.

Of course, each of them can be both a constant value and a complex function of a significant number of factors. So, for example, a high share of borrowed funds in relation to the company's equity capital can lead to financial losses due to a lack of working capital, indicators of this type reduce the value the criterion of economic security

for the corresponding constant component. But there are also such items of expenditure as spending on social needs, on salaries of workers, which have a nonlinear effect on economic security. The role of such expenses is special. WITH on the one hand, the goal of the economic activity of the object is not just to increase the main criterion of activity - income, profit, but also to directly increase the relative amount of expenses for social needs. On the other hand, here it is necessary to introduce some threshold, critical values of expenditures, when approaching which, the influence of the social factor will sharply increase.

All this suggests that special studies of the influence of individual factors on economic security are needed. Special research is also required but the indicators associated with the costs of "power" security, for the maintenance of the relevant security structures.

Returning to the consideration of the criterion of economic security, it is necessary to emphasize that the main indicator of the operation of an enterprise is its profitability, which in turn depends on a number of factors, forming the main indicators of economic security. The economic security of an enterprise depends, as already noted, on a number of factors that must be taken into account when planning and analyzing the activities of a given enterprise. The first factor is the demand for the company's products or services and the associated planned production volume.

The second parameter is the cost per unit of production. These two factors form the company's income. Of these, funds should be allocated to cover the costs associated with the production of products, with wages, with the provision of other factors affecting the efficiency of the enterprise, and therefore on its economic safety.

At the same time, it is necessary to further study the influence of factors that determine economic safety, a more detailed study of ways to increase it, which will allow for a more substantiated basis for decisions on the formation of financial policy of the state and other objects of management.

Significant differences between various objects of economic security, such as trade enterprises, commercial firms, industrial associations, etc., require a differentiated approach to the formation of indicators and the assessment of their impact. If we bring the indicators of economic security in line with the articles of the income and expenditure system, then it is easy to see that the income part will be associated with parameters such as prices for goods and services produced, and the expenditure side - with loans, costs of acquiring and renewing fixed assets, staff salaries, social expenses, taxes, spending on advertising, demand research, etc.

## **V. CONCLUSION AND SUGGESTIONS**

However, a large number of indicators of the economic security of an enterprise is a circumstance that complicates the process of constructing a model of an economic security criterion. Today day there is an approach to solving this problem, which involves the artificial introduction of an artificial number of so-called "private functional criteria", which are essentially generalized criteria for various areas of economic security, "Private functional criteria describe the "object in general terms, and in today's research it is proposed to determine the values of these criteria on the basis of expert assessments. However, this approach significantly reduces the reliability of the resulting data and, in fact, the result of such an assessment can only be general recommendations on the economic security for a particular enterprise. At the same time, the approach, in which the assessment is made on the basis of taking into account particular indicators, allows identifying specific directions and measures to improve the situation.

Nevertheless, it really makes sense to group private indicators according to the main directions (components) of the economic security of the enterprise. The following functional components of economic security can be distinguished: financial, personnel, technological, legal, informational or intellectual, power.

However, this list is general and a specific set of main guidelines requiring research in a particular case should be determined separately. In practice, other approaches are often used to form criterion for the economic security of the enterprise and the choice of indicators.

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