International Journal of Research in Finance and Marketing (IJRFM)
Available online at: http://euroasiapub.org
Vol. 12 Issue 10, October– 2022
ISSN: 2231-5985 | Impact Factor: 8.132
(An open access scholarly, peer-reviewed, interdisciplinary, monthly, and fully refereed journal.)

MANAGEMENT OF FINANCIAL RISKS IN THE ENTERPRISE

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Abstract

The article describes the classification of financial risks, issues of financial risk management in the enterprise. It is explained that financial risk management is managed based on certain principles. Based on international practice, a sequence of risk management process has been developed.

Keywords:*financial risk, financial risk management, principles of financial risk management, the management of financial risk, financial risk management policies, diversification, corporate structures.*

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INTRODUCTION

At the current stage of economic modernization, special attention is paid to the issues of effective organization and improvement of modern corporate management practices in enterprises. In particular , the Decree [1]of the President of the Republic of Uzbekistan dated April 24, 2015 "On measures to introduce modern corporate management methods in joint-stock companies " made an important turn in the introduction of modern management methods and methods in enterprises operating in our country . We can emphasize that many positive changes are taking place in the activities of joint-stock companies based on the priority tasks defined in the decree. As our country's president I. Karimov noted, "Based on the study of the best international experience in the corporate management of enterprises, a new model structure of joint-stock companies was developed and approved. Thus, taking into account the requirements of the modern corporate management system, a new classification of positions and professions was developed and approved, including 566 new categories corresponding to the requirements of the market economy [2].

The best practices of developed countries are being effectively used in the implementation of modern corporate management practices in enterprises. As a result of this, we can see specific

[1]Decree of the President of the Republic of Uzbekistan. On measures to introduce modern corporate management methods in joint-stock companies. April 24, 2015 PF-4720.
[2]The report of the President of the Republic of Uzbekistan Islam Karimov at the meeting of the Cabinet of Ministers dedicated to the results of socio-economic development of our country in 2015 and the most important priorities of the economic program for 2016. www.uza-uz official website.

changes in the management structure of joint stock companies operating in our country. In international practice, when developing the organizational structure of corporate management, management-responsibility centers are introduced based on the special characteristics of the company. This center and the responsible head assigned to it are charged with full responsibility based on the areas of activity assigned to it. For example, such centers include investment management, financial risk management, anti-crisis financial management, financial stability monitoring, cost and profit responsibility centers. Financial risk management is considered one of the main stages of organizing a modern corporate governance mechanism in joint-stock companies.

The emergence of financial risks in business activity is considered natural and appears as an object that should be paid special attention and managed by the financial managers of the enterprise when making management decisions. In general, it is possible to distinguish two types of interrelated risks, i.e., operational and financial risks, which are characteristic of the activities of enterprises.

Economists define the concept of "financial risk" differently. In particular, according to [3]Uzbek economists R. Khasanov, N. Haydarov and T. Malikov, the financial risks of the enterprise are the probability of losing profit or capital during its financial activity .

According to the Russian economist A. Shapkin, who has conducted many scientific studies and researches on the theoretical and practical issues of financial risk management, financial risks arise as a result of the inability of the company to fulfill its financial obligations. not to increase, exchange rate changes and so on [4]. I. Ya. Lukasevich, the author of many economic literature on the organization of the financial management system in enterprises, explains the concept of financial risk as follows: Financial risks are a factor that affects any enterprise during the implementation of its financial activities, a lens that arises simultaneously with the conduct of business activities. process is counted. Enterprise financial managers are required to carefully and seriously pay attention to the issue of financial risk management in the process of making all management decisions [5].

Based on the tariffs given by economists above, in our opinion, financial risk is the possibility of negative consequences such as loss of income and financial resources in the implementation of economic and financial activities by enterprises in the conditions of uncertainty of the external environment. Financial risks in the enterprise have their own characteristics and should be classified according to certain characteristics in order to develop and implement effective management decisions. Financial risks in the enterprise can be classified according to the following main characteristics (Figure 1). It is appropriate to categorize financial risks according to the possibility of insurance .If we pay attention to the practice of foreign companies, most of them pay special attention to the processes of insurance of possible financial risks. Accordingly, financial risks can be divided into insurable and non-insurable risks.

[3]Financial management/Team of authors R.R. Hasanov, N.H. Haydarov T.S. Malikov and others: - Tashkent: 2009 - 456 pages.
[4]Shapkin A.S. Economic and financial risk. Rating, management, investment portfolio. 8th izd. — M.: Izdatelsko-torgovaya corporation "Dashkov i K°", - 2012 – 12 p.
[5]Lukasevich I.Ya., Finansov yy management: uchebnik / 2-izd. - M.: Eksmo, 2010 - 357 p.

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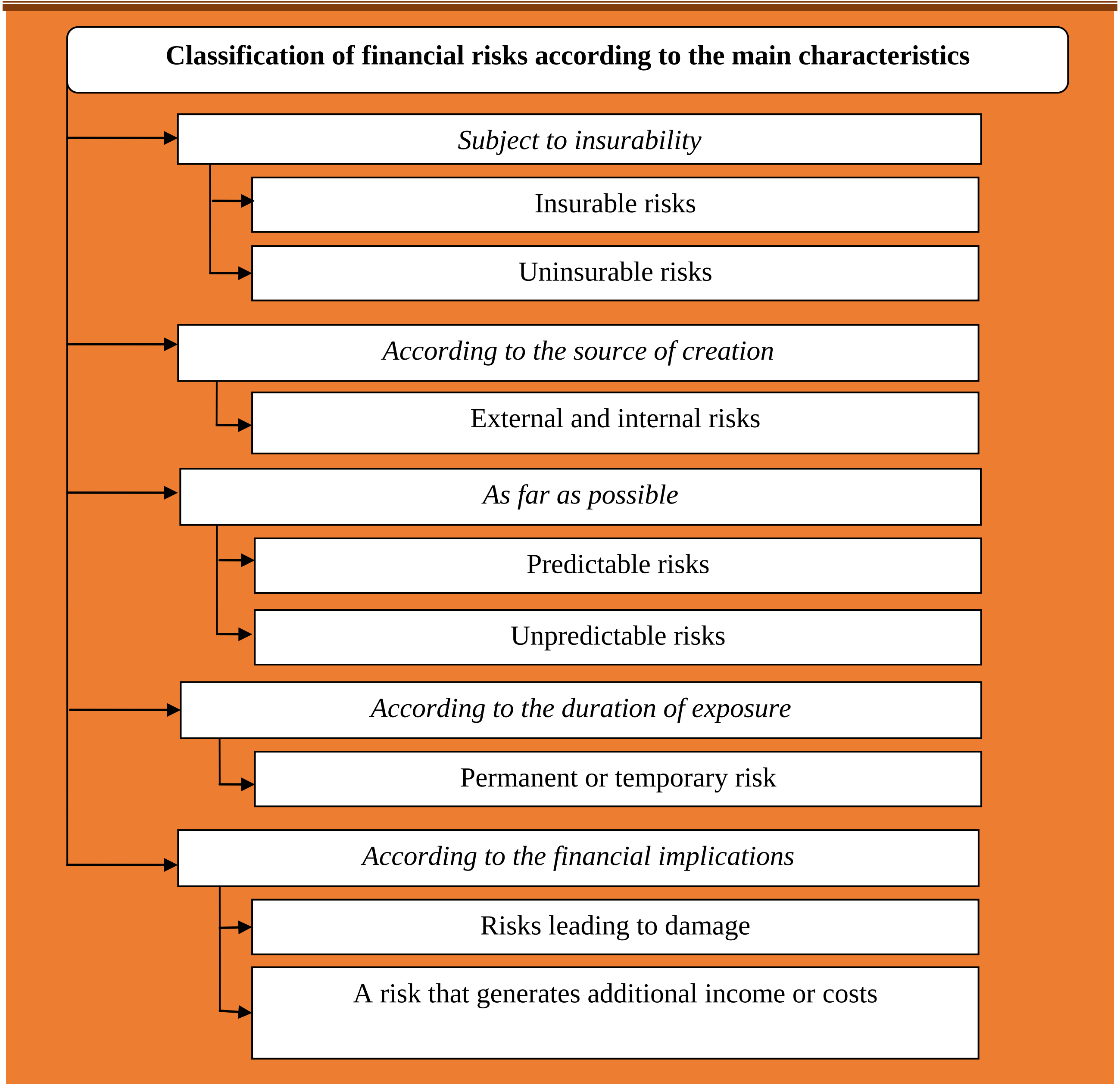

Figure 1. Classification of financial risks[6]

Based on the tariff given to financial risks, the factors affecting it in the process of financial activity of any enterprise are of particular importance, accordingly, financial risks can be divided into external and internal sources according to the source of their occurrence. It can be seen from the data of the picture that in addition to these, we can categorize financial risks according to the possibility of foreseeability, according to the duration of exposure and according to the financial consequences.

[6]Compiled by the author

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Financial risk management in enterprises is carried out based on certain principles (Figure 2)

Figure 2. Principles of financial risk management[7]

Principles of risk management

- Pre-acceptance or recognition of risk
- Availability of the ability to manage perceived risks
- Comparison of the level of perceived risk with the amount of income from financial activities
- A comparison of the level of risk and the losses that the enterprise may suffer
- Consider the time factor in risk management
- Taking into account the strategy of the enterprise in the process of risk
- Cost-effectiveness of risk management
- Taking into account the possibility of transferring (sharing) risks

Pre-acceptance or recognition of risk. If managers or financial managers of the enterprise aim to earn income based on the implementation of financial transactions, they must accept or recognize the occurrence of risk in advance. Even if the company's financial managers follow the "risk-avoidance" tactics, the impact of risk on the company's activity cannot be eliminated, because financial risk is considered an objective phenomenon that occurs during the implementation of economic - financial transactions.*Availability of the ability to manage perceived risks.* In the portfolio of financial risks, [8]regardless of their objective or subjective nature, it is necessary to include risks that can be eliminated in the process of management and reduce their negative consequences. It will be necessary to cancel the risks belonging to the fors-major group, to transfer them to business partners (partners) or external insurers, where there is no possibility of management.

[7]Compiled by the author
[8]It is a term widely used in foreign literature, and in a general sense, it is a general set of all financial risks of various forms that apply to the financial activities of the enterprise.

Comparison of the level of perceived risk with the amount of income from financial activities. In the process of effective management of financial risks in the enterprise, this principle is of great importance, and the importance of this principle is that the amount of income obtained from the implementation of economic and financial activities of the enterprise must be able to cover the costs incurred to eliminate the financial risks that may arise as a result of this activity. *A comparison of the level of risk and the losses that the enterprise may suffer.* The amount of losses that may be incurred by the enterprise in the course of operations with a high level of risk should correspond to the amount of reserves made in order to cover losses from this type of activity. Otherwise, the occurrence of risky situations may lead to the loss of a certain part of the company's assets, which may lead to a negative change in the level of development in the future and a decrease in profits.

Consider the time factor in risk management . The longer the duration of financial operations carried out by the enterprise, the wider the scope of financial risks. As a result, the possibilities of eliminating the negative consequences of financial risks will decrease. Therefore, the financial managers of the enterprise should constantly monitor the terms of financial transactions with a high level of risk in the process of financial risk management . *Taking into account the strategy of the enterprise in the process of risk management.* The financial risk management system should be based on general principles, criteria and approaches consistent with the development strategy chosen by the enterprise. The development of the management system in such a manner allows the company to gather the main forces to manage the risks that bring maximum profit, to determine the standard size of the risks that the company can accept, and to allocate the financial resources necessary for risk management. In turn, it should be said that the management of financial risks should be based on important principles such as taking into account the efficiency of management and the possibility of transferring (distributing) risks.

Studying the world experience of reducing the risks that occur in the economic and financial activities of enterprises, researching the main aspects of practical application is of urgent importance. The process of financial risk management by enterprises consists of specific stages, and we can express this process through the following picture (Figure 3). At the first stage of the financial risk management process in enterprises, the main directions of financial risk management are the determination of external and internal factors affecting the enterprise's activity, the determination of specific goals for risk management, and the determination of risk propensity. The next main stage is the stage of risk assessment, in which a system of separate sub-stages should be developed:

1. Identification of risks. It is important for financial managers of the enterprise to determine the risks that may arise in the enterprise, their description, sources of occurrence, and the final results and consequences, arising from the characteristics of the economic and financial activities of the enterprise.

2. Risk analysis. One of the main functions of the head or financial manager of any enterprise is to make management decisions based on the correct analysis of risks. At this stage of risk assessment, it is necessary to determine the level of risks that may occur in the enterprise.

3. Risk assessment . In this sub-stage, after the sequential tasks performed above, it will be necessary to choose an effective method of risk assessment and correctly apply it in practice. In addition to putting the risk assessment method into practice, it is necessary to control the compliance of the decisions made with the company's strategy.

Attitude to risks. At this stage of the financial risk management process, the main focus should be on the risk reduction mechanism. In order to reduce the risks, it is necessary to determine the specific directions based on the existing capabilities of the enterprise, to distribute the risks to partners or through insurance, to stop the negative consequences of the risks and to introduce specific measures to avoid the risks.

It can be seen from the picture that at all stages of the financial risk management process, the enterprise makes extensive use of external consulting (insurance, audit, tax, etc.) and it will be necessary to monitor and control its effectiveness.

CONCLUSION

In conclusion, it should be noted that many joint-stock companies and insurance companies operating in our country today should pay special attention to the issue of establishing a financial risk management mechanism in corporate structures.

In order to achieve such a goal, it is appropriate to implement the following tasks: in the process of developing the organizational structure of management in enterprises, to organize a separate direction on financial risk management; development and implementation of financial risk management policy in enterprises; implementation of the risk assessment system for individual operations based on the financial and economic activity of enterprises; improving the mechanism of calculating the level of profitability and riskiness of corporate securities issued by joint-stock companies based on international practical experience ; It is necessary to develop the mechanism of diversification and insurance to reduce risks in the enterprise.

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