

Development of the Financial Management System in Uzbekistan

Muhiddinov Muhammadyusuf Avazxon ugli ¹

Abstract

At the present stage of fundamental reforms in the economy of Uzbekistan, special attention is paid to the issues of development of the digital economy. The gradual development of the mechanism of financial management in joint-stock companies on the basis of digital financial technologies is of particular importance in solving such issues as improving modern international integration processes, selling to foreign investors on the basis of reducing the state share in large joint-stock companies. This article is devoted to the peculiarities and principles of the development of the financial management system in Uzbekistan, aimed at revealing its uniqueness.

Keywords: *accounting (financial) reporting, enterprise management, financial analysis, financial management, financial indicators, and financial resources.*

¹Fergana Polytechnic Institute, student of EI 74-20 m group, mrmukhiddinov@gmail.com

Introduction. In the context of diversification and implementation of structural changes in the sectors of the economy, the development of financial activities of corporate structures, it becomes urgent to further increase the role and importance of financial management in ensuring financial stability. The introduction of modern methods of corporate governance at enterprises (joint-stock companies) operating in our republic, in particular, the study of the theoretical and economic foundations of financial management, the development of knowledge aimed at improving the mechanism of financial management, the rational use of the best practices of foreign statehood in the field of science are considered important.

It should be noted that in the context of the development of market relations, special attention is paid to a new approach to the financial management system of joint-stock companies. The management of an enterprise depends on a number of factors, such as the availability of economically independent and financially stable types of activities, the correct organization of management in them, the rational organization of production and service with the effective use of existing opportunities, the use of scientific and technical innovations, new information technologies, the correct organization of financial management work.

After the independence of the Republic of Uzbekistan, the priority task was to create legal and organizational foundations for the formation of a multi-level economy and a competitive environment capable of ensuring high rates of economic growth and sustainable development of society. The experience of reforming the transition economies shows that the most important means of a harmonious transition from an administratively planned economy to a market model of management are privatization and axonerization, which leads to the formation of a real class of owners [34], and financial management is of particular importance when introducing effective methods of corporate management of privatized property.

As a result of economic reforms in Uzbekistan, structural and structural transformations of enterprises are being carried out and modern management methods are being introduced into their activities. However, in modern conditions, the level of ensuring the functioning of modern management mechanisms at enterprises based on the use of innovative ideas and technological developments, improving management efficiency and effective use of investments remains low. Therefore, the new development strategy of Uzbekistan for 2022-2026 defines such priority tasks as “accelerated development of the national economy and ensuring high growth rates” [1], the implementation of this task requires increasing the efficiency of using modern management methods in managing the activities of enterprises.

Research methodology. When writing the article, an assessment of the current state of the features and principles of the development of the financial management system in Uzbekistan was carried out using the method of expert assessment and the definition of areas of improvement. The method of expert assessments is a complex of logical and mathematical-statistical methods and procedures aimed at obtaining the necessary information for the preparation and selection of rational solutions to a certain range of issues.

Literature review. Economic scientists express different opinions when explaining the economic content of financial management in international and national practice. Of course, we can see that the opinions expressed in some cases differ in their approach to this concept, in addition to explaining the essence of financial management. The main reason for this, and before studying the opinions of scientists, it is worth dwelling on international approaches to the concept of financial management and on various aspects in it.

The authors of numerous scientific literature devoted to the coverage of the economic content and practical aspects of financial management are American economists James Van Ham and John Wachowicz (James C. Van Horne, John M. Wachowicz), describing financial management as follows. Financial Management is the process of formation, financing and asset management, which implies the achievement of several main goals. Accordingly, in financial management, the decision-making function will focus on the following three main areas: investment, financing and asset management decision-making [14]. According to scientists, financial managers, in exchange for effective formation, financing and rational management of financial assets, contribute not only to ensuring the financial stability of the company in the future, but also to ensuring economic progress [15]. Despite the fact that the goals of firms and companies are different, the main one is to maximize the financial condition of the owners (owners) of the company [2].

Well-known American economists Stephen Ross (Stephen A. Ross), who conducted many studies on the science of financial management, Randolph Westerfield (Randolph W. Westerfield) and Bradford D. Jordan believe that financial managers should take responsibility in three main areas of the company's activities. The first is financing (budget development) of capital investments, that is, planning and managing long-term capital investments of the company [16]. The second is the structural structure of the company's capital, that is, determining and managing the necessary sources of supply to finance the company's long-term capital investments. The third is working capital, that is, the management of short-term assets and liabilities in order to ensure the regularity of the company's activities and the continuity of the production process [3].

Professor of Birkbeck University (Birkbeck — University of London) in the UK L. Fongning (L. Fung) believes that "financial management refers to the decision-making process related to the control and financial planning of subsystems of the company, which includes treasury; evaluation, selection, control and management of new investment opportunities; ensuring and managing growth dynamics long-term financial assets; financial risk management; management of short-term and long-term financial activities of the company" [4].

The Russian scientist-economist headed by G.B. Polsky noted that the concept of financial management as an active component of the economic mechanism is connected with the concepts of the financial management mechanism of enterprises or the financial mechanism. Financial management is the process of formation and rational use of financial resources at enterprises, working capital management. Financial management is a generalized system of methods, applications and levers used in the process of managing financial resources and working capital at enterprises [5].

It should be noted that in the following years, scientific, theoretical and practical studies on the organization of the financial management system in our country are conducted on a large scale [12]. In turn, the concept of financial management is also defined by economists of our country [13].

In particular, Professor O.K. Iminov believes that "financial management is a system of principles and methods of development and implementation of management decisions in the organization of circulation of monetary resources of the enterprise and in the process of maintenance, distribution, use of financial resources" [6].

B. Tashmurodova, S. Elmirzaev and N. In Tursunova's textbook "Financial Management", this concept is described as follows: "Financial management is the management of financial

resources and financial activities aimed at the implementation of strategic and current goals of the enterprise" [7].

R.Karlibaeva in her research paper expressed the following opinion based on various approaches to the definition of financial management [8]. As a result of the study of financial management as a special field of science and practice, the following conclusions were formulated: first of all, financial management is a synthesis of management theory, financial theory and analytical accounting apparatus; Secondly, financial management is a multidimensional concept that can be considered [9], on the one hand, as a science, and on the other hand, as a separate type of independent practical activity in the company's management system [10], combining a specific subject [11], an object and an arsenal of management tools; in particular- thirdly, the main function of financial management is the process of making optimal decisions.

Based on the definitions given by the above scientists, the concept of financial management can be described as follows: financial management — the development and implementation of current and strategic goals of the enterprise, the implementation of functions such as forecasting the financial situation in the future, management and assessment of financial risks, planning [17], management processes of effective formation and rational use of financial resources.

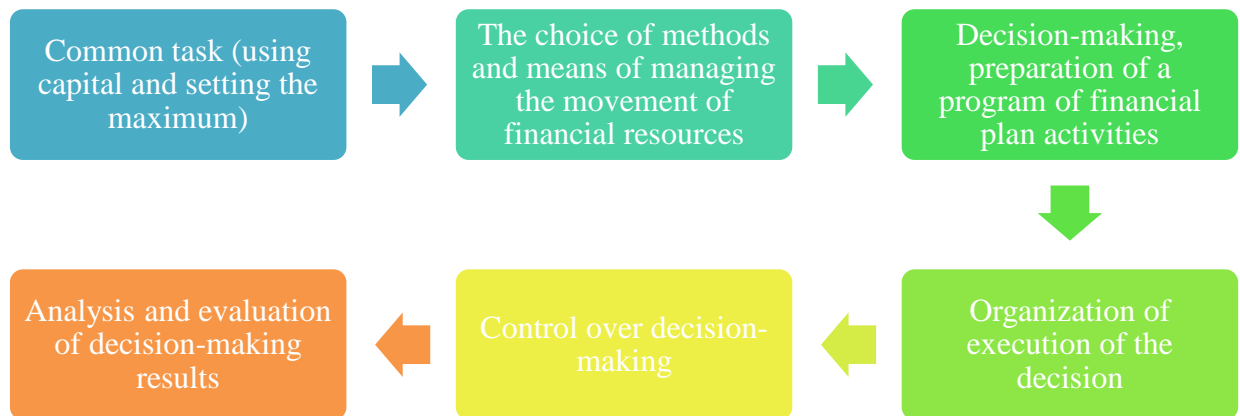
Analysis and results. In our opinion, financial management is the science and art of managing the cash flows of joint-stock companies, attracting the most rational sources of financial resources and using them with the greatest efficiency to achieve the strategic and tactical goals of joint-stock companies.

The content of financial management is a much broader concept than its essence. In a market economy, the law of value plays a regulatory role, and financial relations cover the entire production process in joint-stock companies, including all economic relations [18]. Thus, financial management is the main component of the general management system of a joint-stock company. Financial management - profit maximization is the goal of the entire management system at the same time, including technical and production management.

The process of making financial decisions, as well as making any management decisions, will consist of three stages.

Each type of solution requires specific information and analytical support. Forecasting and planning decisions are based on a generalized accounting report for a number of years or quarters using promising trend analysis methods. Decisions regulating the course of economic activity [19] are based on operational, including accounting information, using operational analysis methods [20]. Evaluation and control decisions are based on retrospect, support of current analysis methods, comparison of current and planned (forecast) data for the current reporting period.

The content of modern financial management is characterized by the deepening of financial analysis methods and the solution of new problems associated with the transition of the Republic of Uzbekistan to market conditions [21]. Such problems are, for example, discounting income and capital, managing the capital structure by determining the cost of capital, the ability to use methods of economic diagnostics, financial risk management [22], the effect of financial leverage, etc. Their solution in practical management increases the efficiency of financial management in joint-stock companies [23].



1- scheme. General scheme of financial management

Financial management of a joint-stock company is an integral part of the overall management system, and it, in turn, is a system of rational management of the process of financing the economic activities of joint-stock companies, which involves the movement of financial resources and the formation of financial resources arising from the movement [24]. Based on this, financial management can be characterized as a system of rational and efficient use of capital, as a mechanism for managing the movement of financial resources aimed at increasing the volume of capital, increasing investments and increasing financial resources. Financial management is focused on supporting the normal process of handling financial resources, the effectiveness of which is characterized by the speed of rotation (speed of circulation).

A new difficult stage in the formation of a market economy in the Republic of Uzbekistan has created the need for training in financial management as a science of financial management of a joint-stock company aimed at achieving strategic and tactical goals.

The priority goal of financial management is to maximize the economic efficiency of the property owner. The mechanisms for achieving this goal are an effective dividend and investment policy [25], the credit policy of the joint-stock company [26], an adequate policy of liquidity and optimal working capital [27], maintaining an optimal policy of forming the tax base [28].

The second goal of financial management complements and clarifies the priority goal. Its essence lies in the organization of effective business cooperation in a joint-stock company with clients and creditors, business entities that serve the business development of this joint-stock company [29], [30], [31]. The mechanism for ensuring the effectiveness of business cooperation is justified by the relations of the parties, the injected funds are fully returned and controlled for a period, the provision of guarantees, collateral, rent [32], commodity loans [33], banking services is the conclusion of an effective scheme for servicing the principal amount of debt.

Our next goal is to ensure the social responsibility of the activities of our joint-stock company. The stability of the Joint-Stock Company's business activity creates good prospects for expanding the tax base, increasing employment, increasing demand for means of production, supporting commercial relations in the relationship and interaction between market participants within the country and abroad. Special attention is paid to social indicators affecting economic and financial growth, social planning, investment in human capital, monitoring of potential

bankruptcy and business decision-making.

In the process of developing the country's economy, the goals of financial management change.

As mentioned above, the goal of financial management is to maximize profits. However, maximizing the market value of a joint-stock company is not always achieved automatically by maximizing the amount of profit it receives. For example, the resulting high profit can be completely spent on current goals, as a result of which joint-stock companies lose the main source of their financial resources for development. In addition, a high level of profit can be achieved with a high level of financial risk, which may justify a decrease in the market value of joint-stock companies.

Conclusion. In conclusion, it should be noted that the practice of effective management in Uzbekistan is at the stage of development, faces problems related to objective economic difficulties, imperfection of the regulatory framework, insufficient level of training of specialists. The following are considered characteristic of the modern economy:

- privatized joint-stock companies reduce the level of authorized capital;
- high cost of financial resources;
- low investment attractiveness of joint-stock companies;
- underdevelopment of the stock market and financial infrastructure.

Consideration of trends and state of changes in the economy of financial management development in the Republic of Uzbekistan allows us to conclude that this direction will not only have certain traditions, but also a bright future.

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