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DİRECTİONS OF İNCREASİNG THE FİNANCİAL STABİLİTY OF SMALL ENTERPRİSES İN AZERBAİJAN

Abstract

Improving the financial condition of small enterprises requires considering and solving a group of problems. At the present stage, it is necessary to conduct an in-depth analysis of the activities of small enterprises and organizations operating at a loss in various areas of the country's economy and to develop relevant concepts for eliminating problems. In the conditions of free market competition, a small enterprise does not suffer bankruptcy or major financial failures by showing continuity in its activities, maximizing its profit by leading the competition, increasing the liquidity of its balance sheet, achieving possible economic growth rates, and ultimately ensuring the high profitability of small enterprises. These signs are directly related to financial stabilityit depends.

Key words: *the financial condition, small company, market economy, financial stability.*

In the conditions of market relations, the foundation and development of the economic entity's stable condition depends on its financial stability. Achieving financial stability is possible due to increasing production efficiency. Production efficiencyimprovement is achieved due to efficient use of all types of resources, cost reduction, and improvement of product and service quality. In the conditions of the modern market economy, maintaining financial stability and taking care of a stable place in the market economy system, the development of the distribution of small enterprises' financial resources based on the type of activity and in a certain period of time leads to the complexity of this work and the use of new special financial instruments as the practice progresses.

In a situation where market relations are increasingly penetrating the economy and there is no stability in the general conjuncture of the market, the management strategy should be directed to the stabilization of the production and economic activity of the enterprise.

As a result of the activity of small enterprises, conditions are created for the production of products that are necessary in the country, are of strategic importance and satisfy the needs of the population. Research shows that as a result of making strategically important decisions in terms of quality, it is possible for a small enterprise to work with a stable income, to achieve its success and financial stability, which is the basis of our research. At the same time, it is impossible to achieve a stable increase in income without carrying out research on marketing and financial management in a small enterprise.

In a situation where small enterprises are independent and their responsibility for the results of their activities has increased many times, there is a great need for an intra-enterprise financial strategy. For this, there is an objective need to strengthen the financial situation, to determine prospective directions according to financial opportunities, to study the financial situations of other economic subjects. (4, p. 14)

Financial strategy covers theoretical and practical issues of financial formation and planning, solves tasks that ensure financial stability of a small enterprise in market conditions.

The theory of financial strategy studies the objective regularities of the economy based on market relations, investigates the methods and forms of the operation of the enterprise in new conditions, the preparation and implementation of financial tactics for a certain period.

In order to increase economic financial stability, the main priority of a small enterprise is the correct and efficient distribution and use of financial resources.determines. The experience of SOEs proves that the financial management of small enterprises is a complex, systemic problem with rich content. And it is known that financial stability can be achieved in the enterprise by solving this problem. First of all, the components of this problem are the identification of the mechanisms of financial resources employment and realization, the determination of the tasks of optimizing the structure of financial resources, and the identification of their solution directions.

The strategy that determines the activity of the enterprise, its interactions with budgets of all levels, the generation and use of income, the volume of needs and their sources of financing during the year is called the main financial strategy. The main strategic goal of financial management is necessary for a small enterpriseand providing sufficient financial resources. Based on it, a financial strategy is prepared in accordance with the requirements of the market and the capabilities of the enterprise, where the tasks of executives and business directions are defined and distributed. The main goal in learning this is to increase the market value of the enterprise; constant growth tempsensure; maximize profits; maintain financial stability; increase the volume of sales of goods and services; to lead in the fight against competitors, etc. based on such important goals.(6)

Financial resources are the main factor for the timely solution of socio-economic problems of the countryits formation and its efficient use are measured by the high liquidity and stability indicators of each small enterprise and at the same time ensuring its effective integration among other enterprises. Daily maneuvering with financial resourcesquarterly, monthly and, if necessary, a shorter term financial strategy is prepared to control the spending of funds and especially the mobilization of internal resources.

A strategic vision for the near future on the development of small business in our countryby further developing the environment of small businesses, subjects will be able to access financial resources and facilitate their access to sales markets, by increasing their business skillsensuring its competitiveness and further increasing its role in economic development.

In order to determine the level of economic stability of a small enterprise, the profitability of its own funds, profitability, the coefficient of financial continuity and stability of the enterprise, financial leverage, the own funds of the small enterprise, depreciation allowances, the coefficient of financial independence, long-term debt, real value of property and tangible current assets are included in the investment. , debt funds and a system of economic indicators such as self-financing capacity ratio, self-financing power ratio and added value, maneuverability ratio are proposed. (Stoyanov E.A., Stoyanova E.S., 1993, p.26)

The company's financial strategy system is as follows:

Table 1

Scheme of development of financial strategy of enterprises

Financial strategy of the enterprise	
Financial analysis	Income and receipts
Price policy	Allocation of expenses and funds
Optimizing profit sharing	Creditor interactions
Tax policy	Interactions with the budget
Securities policy	
Foreign economic activity	
Optimizing cashless payments	
Optimization of fixed and working capital	

Source: *5, p. 102*

Thus, the success of the financial strategy of a small enterprise is ensured if the theory and practice of this strategy are extended and balanced. As the economic environment changes, it is necessary to strictly centralize the financial processes, to adjust the real strategic goals to the economic and financial possibilities using flexible methods.

Taking into account all these points, it is appropriate to keep in mind the following points in the improvement of the financial mechanism that makes the financial system work:

1. The market economy is the most efficient economy, and it is the economy that requires constant improvement of the financial and credit system. This is an economy that requires effective use of the financial mechanism, which is the main driving force of the financial system, to expand reproduction in our country.

2. Both the financial mechanism and the financial management of small enterprises occupy a special place in the efficient establishment of the financial mechanism. The finance of small enterprises plays a special role in the creation of the financial reserves of the state.

3. In the period of market economy, working capital is also important in the efficient organization of the financial mechanism in small enterprises. Therefore, in order to achieve financial stability, which is the goal of our analysis, fixed and working capital in small enterprises should be used efficiently and correctly.

Taking into account all these points, it is important to note that clarifying the need to regulate the relationships related to improving the financial stability of small enterprises is of scientific and practical importance. First of all, it is necessary to evaluate the opinion of experts about the concept of financial recovery of a small enterprise. It is explained that the implementation of measures in accordance with the sample form of the business plan is the basis for the financial recovery of insolvent small enterprises. An assessment of the financial condition of a small enterprise is necessary to determine the unsatisfactory structure of its accounting balance. (3, p. 135)

A rather serious approach should be applied to the issue of small business development in our country. For this, it is required that our citizens, especially small entrepreneurs, and related state bodies pay attention to the issue in many directions, starting from macroeconomic policy, and not unilaterally. For this reason, the implementation of changes to the institution supporting the development of small businesses and the creation of a favorable environment for its development are issues of strategic importance.

In order to successfully implement the sustainable development strategy of a small enterprise, priority should be given to investment and the proper establishment of the financial management system. At this time, the creation of joint small enterprises with maximum use of available resources and control of risks in a controlled form will allow to achieve positive results. In order to achieve positive changes in the innovation-oriented economy in our country, competitive small processing enterprises should be created and innovation activity should be expanded due to the fundamental improvement of their investment provision. (5)

In our country, during the transition period of the economy, a legal framework specific to the economic system based on market relations has been developed. Legal normative acts aimed at creating a favorable environment for the development of small businesses and limiting the role of the state in the activities of small businesses are being adopted. Important work has been done in the direction of formation of market institutes, currency exchange, credit, securities and leasing markets in the country.

At present, the fundamental reforms carried out in the country under the leadership of our president lay the foundation for the transition to a sustainable, modern and new stage in the field of socio-economic development. The continuity of economic development and financial stability achieved in Oka leads to the increase of the competitiveness of our national economy. Continuous improvement of the business environment, further improvement of the legislative base, introduction of modern technologies, local and foreign investments to the country, production of high-quality products is one of the priorities of the economic development strategy, and encourages the development of small entrepreneurship in the country. Today, the main goal is the integration of our national economy into the world economic system, to ensure the continuity and stability of the dynamic development achieved in the country as a result of accelerating the development of small enterprises. (2)

According to the forecasts, in the near future, the normative-legal base will be further improved in the direction of the development of small entrepreneurship in Azerbaijan, significant reforms will be continued, and the creation of a small entrepreneurship agency is planned. As a result of the successful implementation of the planned measures, the main goal is to increase the share of small businesses in the GDP, as well as in employment and, accordingly, in the country's non-oil sector. (12)

Further development of the small business environment in Azerbaijan, increasing access to financial resources and foreign markets will create favorable conditions for the development of small business entities, and the share of small business entities in the non-oil sector and employment opportunities in high-profit sectors will increase in our country.

It is predicted that by 2025 - in the near future, thanks to the strengthening of small entrepreneurship, the economic power of our country will increase even more. As a result of this, the competitive environment will be fully ensured, and our country will become one of the most favorable countries in the world for foreign investors as well as local investors.

Since market relations in our republic are not fully formed, competition cannot yet fully influence the development of the economy. For this reason, the economic policy of our state directs it to stimulate its development. It is also possible to create a healthy competitive environment, dynamic and goal-oriented development of small businesses due to the improvement of small business conditions. Thus, the development of this area - small business - creates a foundation for solving social problems. The most important of them is the partial elimination of unemployment by creating new jobs. That is why it is very important to give real-possible support and influence to small enterprises that create new jobs for people with limited resources, who are facing difficulties in finding a job, and the unemployed.

One of the main factors of the economic development of the society is directly related to the development of small business activity, the level and form of its support by the government. If we express our opinion in other words, creating favorable and efficient conditions for its development by regulating small business is one of the important tasks of the state. Formation of an effective system of state regulation and support of small business is very important for the country's economy. The formation of an effective system of state regulation and support of small business is very important for small businesses and the country's economy as a whole. Small business creates favorable conditions by raising the standard of living of large sections of the population, by opening new jobs, necessary goods and services for the society, consumption of various products has a very important impact on the economic development of both the country and its regions. (8)

In modern times, it is necessary to form a support system for small entrepreneurs who are small business owners. This system creates a number of inherent obstacles in making sound decisions in the direction of satisfactory small business support. If we look more fully and approach the system capable of analysis, we will see that it is not possible to achieve the set goal at all levels. The reason is the resulting violation of the management system. For the purpose of effective management, it is appropriate to create a multi-level system of business management. (9)

A number of factors that slow down the development of small enterprises have emerged as a result of our research:

- state and private institutions and lack of coordination between them at any level;
- certain difficulties in access to financial resources;
- weak relationship between entrepreneurial subjects;

● existence of restrictions on the access of small enterprises to international and regional markets.

● there are certain problems in the development of products and services provided in the financial sector;

● insufficient number of state bodies providing support to small enterprises.

As a result of our research, it is appropriate to implement a number of proposals that accelerate the development of small enterprises:

1. organizing the development and implementation of more support programs for the development of small enterprises;

2. training of personnel and increasing their qualifications for the purpose of providing assistance to small business subjects;

3. increasing the level of using the potential of small enterprises in the development of the non-oil sector;

4. involvement of small enterprises in government procurement and infrastructure projects;

5. expanding the use of opportunities of various international programs to provide additional support to small enterprises;

6. creation of centers for providing consulting services for small enterprises and obtaining necessary documents from a single place;

7. increasing opportunities for vocational and professional education that meet market requirements;

8. always be prepared for possible force majeure cases; (An example of this is the spread of the currently global coronavirus (COVID-19) infection);

9. to provide the support of commercial banks to the real sector by the state by stimulating banks that support small and medium enterprises;

10. using existing perspectives for expanding the scope of Islamic banking (the development of this system in our country is of great importance for the country's economy as a result of strengthening economic-social and strategic relations);

11. in addition to financial support, providing support to this area with special programs;

12. assessing the content of the business portfolio necessary for economic development;

13. regulating the flow of funds to tame crisis conditions, minimizing excess costs along with cost management;

14. image formation and preservation for small enterprises.

As a result of the further improvement of the legislation directly related to the development of small enterprises, which are the subjects of small business, it is of great importance to coordinate and implement the improvement of legal normative acts in other areas. The need to improve legislation, labor and employment, foreign economic activity, business, as well as laws related to the financial field, especially the Tax Code (reducing tax rates, improving the application of the simplified tax system, improving the accuracy of tax audits) should be especially considered. In this regard, specific proposals are made in the direction of reducing the tax burden in order to increase economic activity in the post-crisis period in Azerbaijan.

(http://www.iqtisadiislahat.org/store//media/document/islahatlaricmali/SME_aze.pdf)

Although there are certain loan programs for small enterprises in our country, they need to be expanded, enlarged and strengthened according to market principles. The volume of loans due to the new microcredit bank in Azerbaijan, and the scale of financial resources given to small enterprises due to the National Entrepreneurship Fund, have increased significantly. There is a need to scale up these efforts in the country and, more importantly, improve access to finance in the agricultural sector.

The mentioned facts show that the prospective development of small enterprises in the country should be based on a sustainable strategy of business activity. On this basis, the creation of a balanced small business system, the development and implementation of a competitive strategy, as well as the fundamental and systematic improvement of the existing management system in the field should be ensured. For this reason, the existing experience of enterprises should be comprehensively analyzed and applied to their activities.

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Azərbaycanda kiçik müəssisələrin maliyyə dayanıqlığının artırılması istiqamətləri

Xülasə

Kiçik müəssisələrin maliyyə vəziyyətinin sağlamlaşdırılması bir qrup problemlərin baxılmasını və həllini şərtləndirir. Müasir mərhələdə ölkə iqtisadiyyatnın müxtəlif sahələrində ziyanla işləyən kiçik müəssisə və təşkilatların fəaliyyətlərinin dərindən təhlilinin aparılması və problemlərin aradan qaldırılması üçün müvafiq konsepsiyaların işlənilməsi labüddür. Azad bazar rəqabəti şəraitində kiçik müəssisənin fəaliyyətində davamlılıq göstərərək iflasa və ya böyük maliyyə uğursuzluqlarına düçar olmaması, rəqabətdə liderlik etməklə mənfəətinin maksimumlaşdırılması, balansının likvidlik dərəcəsini yüksəltməklə, mümkün iqtisadi artım templərinə nail olunması, nəticədə isə kiçik müəssisə fəa1iyyətinin yüksək rentabelliyinin təmin o1unması kimi fəaliyyətində həlledici ro1 oynayan bu əlamətlər ma1iyyə dayanıqlığından bilavasitə asılıdır.

Açar sözlər: *maliyyə vəziyyəti, kiçik müəssisə,* bazar iqtisadyyatı*, maliyyə dayanıqlığı.*

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Направления повышения финансовой устойчивости малых предприятий в Азербайджане

Резюме

Улучшение финансового состояния малых предприятий требует рассмотрения и решения группы проблем. На современном этапе необходимо провести углубленный анализ деятельности убыточных малых предприятий и организаций в различных сферах экономики страны и разработать соответствующие концепции устранения проблем. В условиях свободной рыночной конкуренции малое предприятие не терпит банкротства или крупных финансовых неудач, проявляя непрерывность в своей деятельности, максимизируя свою прибыль за счет лидерства в конкурентной борьбе, повышения ликвидности своего баланса, достижения возможных темпов экономического роста и В результате обеспечивается высокая рентабельность малых предприятий. Эти признаки напрямую зависят от финансовой устойчивости.

Ключевые слова: *финансовое положение, малый бизнес, рыночная экономика, финансовая устойчивость.*