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MANAGEMENT OF FINANCIAL AND ECONOMIC SECURITY OF BUSINESS ENTITIES IN DURING CRISIS CONDITIONS AND ITS STATE REGULATION

Recently, the development of the economy and the lack of financial resources have set the task for businesses to determine the optimal financing strategy that provides maximum profit growth with minimal risks. In this regard, the problem of financial and economic security of business entities and the definition of its management mechanism is important. The stages of the management concept on financial and economic security of business entities consist of timely detection of internal and external threats and establishment of an effective management mechanism against them. At the same time, it is noted that the dominant countries of the world financial market, which have formed a monopoly model in the distribution of wealth, still see countries such as the Republic of Azerbaijan as their resource provider. This is a source of risk for the national economy in the short and long terms. Therefore, the mechanisms to ensure economic security should be carried out in parallel with the forecasting of socio-economic development of the state.

Keywords: *crisis, risk, business entities, finance, economic security, mechanism,monitoring, diagnostics, management.*

Fig. 1. Lit. 10

DOI: 10.32752/1993-6788-2022-1-254-6-12

Peer-reviewed, approved and placed: *11.07.2022.*

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УПРАВЛІННЯ ФІНАНСОВО-ЕКОНОМІЧНОЮ БЕЗПЕКОЮ СУБ'ЄКТІВ ГОСПОДАРЮВАННЯ В КРИЗОВИХ УМОВАХ ТА ЇЇ ДЕРЖАВНЕ РЕГУЛЮВАННЯ

Останнім часом розвиток економіки та брак фінансових ресурсів поставили перед суб'єктами господарювання завдання визначити оптимальну стратегію фінансування, яка забезпечує максимальне зростання прибутку з мінімальними ризиками. У зв'язку з цим важливою є проблема фінансово-економічної безпеки суб'єктів господарювання та визначення механізму її управління. Етапи концепції управління фінансово-економічною безпекою суб'єктів господарювання полягають у своєчасному виявленні внутрішніх і зовнішніх загроз та створенні ефективного механізму управління ними. Водночас зазначається, що домінуючі країни світового фінансового ринку, які сформували монопольну модель у розподілі багатства, досі бачать у таких країнах, як Азербайджанська Республіка, свого постачальника ресурсів. Це джерело ризику для національної економіки в короткостроковій і довгостроковій перспективах. Тому механізми забезпечення економічної безпеки мають здійснюватися паралельно з прогнозуванням соціально-економічного розвитку держави.

Ключові слова: *криза, ризик, суб'єкти господарювання, фінанси, економічна безпека, механізм, моніторинг, діагностика, управління.*

Introduction. In recent years, there has been a sharp increase in trade in areas where there are security problems or sanctions, while in areas where the crisis has been overcome and the economy is open, there has been an equal increase. In a geopolitically reshaped world, sustainable development is ensured in Azerbaijan by

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properly assessing the risks and challenges. In particular, the main components of economic security – energy, food, financial and transport security – further strengthen the country's resilience to geopolitical cataclysms [1, p. 6].

Before substantiating the management mechanism of financial and economic security of business entities, it is necessary to explain a number of basic concepts that are important in the first place. Thus, the analysis of the financial and economic literature allows us to conclude that there is no consensus among scientists and experts conducting research, both in our country and abroad, on the concept of "mechanism". In a general sense, the term "mechanism" is characterized as "a system that determines the rules of a particular type of activity." At the same time, it should be noted that in foreign dictionaries, the word "mechanism" is shown as a set of processes.

Literature review. M. Yu. Lev considers that "the mechanism consists of a set of specific elements arranged in a certain sequence, having specific connections and relationships, as well as defining the rules of the arbitrary activity types" [2, p. 54-65].According to Zabaykin, "mechanism is an element of management (goals, functions, methods) and a system of objects [3, p. 3-12]. Thus, the concept of "mechanism" includes a system of elements, methods and means that definecertain process, situation and activity.

Result of the research. Summarizing the above definitions, we can say that the term "management mechanism" means a system of goals, functions, principles, methods, management issues and tools that interact with each other and ensure the effective operation of management object. It is noteworthy to mention that various crises faced by businesses can in many cases turn into financial crisis. Therefore, the current research focuses on the mechanism for managing the financial and economic security of business entities in times of crisis and its development. Due to the lack of research in the scientific literature on the concept of "financial and economic security management mechanism", scientific work on this issue is almost not at the required level. Therefore, given the diversity and a small number of approaches to this concept, it might be seen important to propose a specific designation that can fully characterize this category.

Approaching the elements that make up the management mechanism of financial and economic security of business entities and the principle of their formation from a slightly different level, RA Latipov considers this mechanism as a complex system with a hierarchical organizational structure [6, p. 61-65]. The author includes four security systems in the structure of financial and economic security: organizational-methodical, normative-legal, financial and information. On the other hand, in order to effectively manage any system, it is not expedient to be satisfied with this security system alone, as the organizational structure, functions, principles and management methods, as well as financial instruments are neglected within the security mechanism. I. A. Boliyeva takes a comprehensive approach to the mechanism an concludes that the effective administration of the subject matter requires a slightly different approach. This is primarily due to insufficient research on this issue from a theoretical and methodological points of view. Any concept must be constructive and flexible to respond in a timely manner to changes in the environment. For that reason, the design steps of the administration of monetary guarantee of businesses consist of the establishment of an effective management mechanism aimed at timely detection of internal and external threats and dangers and protection of financial interests. Therefore, one of the important conditions for ensuring the sustainable development of business entities and achieving positive results in production and sales activities is the development and application of an effective mechanism for managing financial and economic security.

It may be pointed out that the monetary assurance of companies objectively envisages the fulfillment of important tasks for each business unit, such as ensuring stable and sustainable activities and achieving the main goals set on this basis.In this regard, the components of the mechanism of ensuring economic security and organizational and economic tools are of particular importance (Figure 1.).

Monitoring is a process of continuous checking of security at any level by collecting information, analyzing the dynamics of indicators and identifying trends in threats for the future [9, p. 44-51]. At the same time, the author emphasizes that currently there is not enough methodological work on the organization of monitoring of financial and economic security at the meso level.

In the field of financial and economic security, monitoring should be established as an important institution of public administration.

In this case, in order to get a clear economic picture of the changes in the economic life of business entities, it is necessary to analyze the dynamics of the numerical values obtained by security indicators.

The main task of monitoring is to assess the current situation and development dynamics of business entities and to predict the negative consequences of crises.

Of course, as a process, methodological, legal, organizational and information support is required for monitoring. It should be borne in mind that the assessment of the dynamically changing current financial and economic situation of business entities and the choice of analytical tools in the approach to diagnostics allow a full and comprehensive study of complex factors threatening monetary insurance of firms.

It might be mentioned that, the checking process should be executed in four stages:

1. Firstly, it is important to create a database to monitor the factors that determine internal and external threats to the economic interests of business entities. This, in turn, requires a comprehensive, in-depth and comprehensive approach to the objects of statistical observation in terms of the quality and timeliness of the information to be obtained. To this end, the range of synthetic data collected by individual business entities should be expanded to cover them, as well as the existing relationships between financial institutions, and the quality of data analysis methods should be improved. Recently, in some European countries, the Bank for International Settlements has taken initiatives to implement global changes to improve the quality of banking statistics and to establish an international register among financial institutions, and a number of documents have been developed. However, the existing risk management policy in the Republic of Azerbaijan is based on superficial conditions about the opportunities for risk diversification, the inability to manage the risks arising from the nature of the system and even to carry out the necessary monitoring operations at the bank level.

2. Identification of factors threatening monetary stability of firms and their assessment.

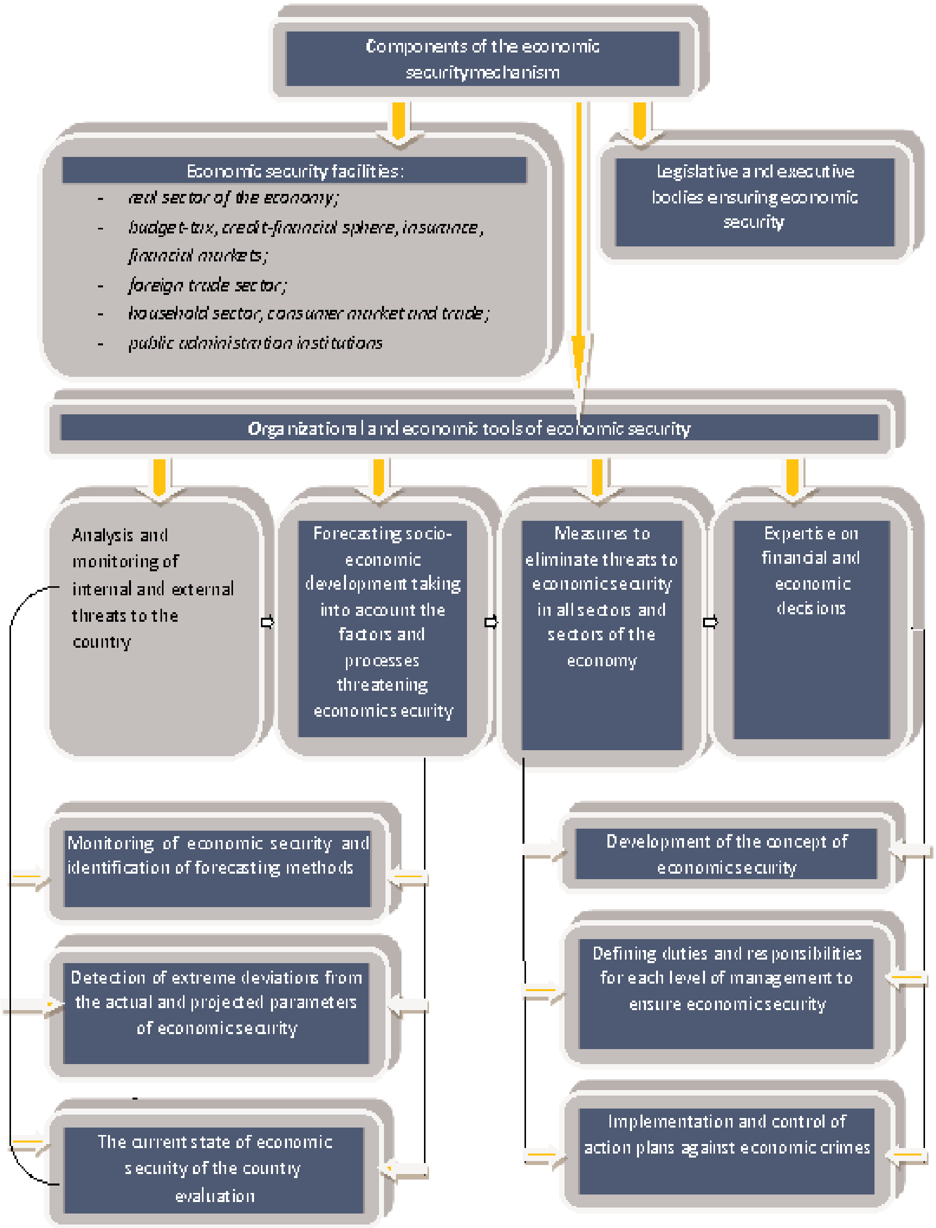

Fig. 1. **Constituent elements and organizational-economic tools of the mechanism of ensuring economic security** *[6]*

3. Examination of companies to be able to understand the priority list of risks, that might result in crisis.

4. Analysis and evaluation of the effectiveness of methods and mechanisms applied in practice against critical threats.

During the monitoring, the mentioned stages should be performed in dialectical unity and the persons responsible for each stage should be identified and their activities should be coordinated.

The governance of financial stability is as complex a process as it is important. Thereby, management work should be carried out in such a way that it has the ability to minimize the chances of threats to the financial and economic interests of business entities in the near future. The first option tried in this area is the netting system, which reduces the complexity and reliability of the financial system in line with its development.

Regulation and control. The basis of the policy of regulation of the national financial and economic system is the testing of the system's resistance to certain deviations and the degree of infection with economic viruses. It is clear that such testing provides the necessary control over the disruptive elements that undermine the activities and immunity (immunization) of large financial institutions that interact with each other. Based on practical experience, it can be noted that the large interconnected financial institutions are considered to be the "super creators" of crisis traditions over the entire system. The inviolability of the interconnected major financial institutions ensures, first of all, its sustainability by allowing the localization of economic infections and protecting the system from crisis. In the field of regulatory policy, it is considered expedient to create a mechanism to stimulate weak, poor agents and form an effective interstate distribution policy [10, p. 75-77].

Recently, the world's major powers have been pursuing a new macroprudential regulatory policy aimed at stabilizing the global financial market and its corporations, and, most importantly, strengthening their monopoly position in the global financial system in order to maintain their market share, economic advantages and system stability. The implementation of such a policy, first of all, imposes strict regulatory requirements on the financial and economic system.

At present, in terms of ensuring the country's financial and economic security, it is very dangerous in all senses to pursue a policy aimed at radically changing the role of the Republic of Azerbaijan in the world market, regardless of whether it is weak or strong. As long as the monitoring and regulation mechanism of risks and threats that are diametrically opposed to the country's national interests do not allow to achieve the desired results, as long as our country is not fully integrated into the system of international relations, as long as external shocks and risks, the impact is present and strong, and the implementation of this policy is considered to be just as complex and difficult. It should not be overlooked that the dominant countries of the world financial market, which have formed a model of monopoly in the distribution of wealth, still see the Republic of Azerbaijan as their resource provider, restorer of the resource base. This is very dangerous as a source of risk for our national economy in the near and long term.

Thus, the main areas of state regulation related to ensuring the financial and economic security of business entities include:

1. To identify cases of deviations of the actual or projected parameters of business entities from the quantitatively defining limits of financial and economic securi-

ty in connection with production and sales activities and to develop a comprehensive package of measures for the exit of entities from the dangerous "zone". It should be borne in mind that measures and mechanisms to ensure financial and economic security, which are an integral part of the economic security system as a whole, should be carried out in parallel with the forecasting of socio-economic development of the state.

2. Carry out organizational work to implement comprehensive measures to eliminate or eliminate factors that threaten the financial and economic security at all levels. This requires the concentration of all financial resources used sparingly and rationally, coordination of activities between business entities and local executive bodies and the preparation of relevant normative and legal documents.

3. To achieve sustaining security of economic stability, first of all, the elimination of imbalances in the economy, the development of regions, labor market, transport, information, social infrastructure, the formation of new economic sectors, industrial centers, science and education, national investment and financial institutions. to improve, stimulate production, etc. attention should be increased.

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