

## IMPROVING THE INSTITUTIONAL FRAMEWORK FOR MINIMIZING BUSINESS RISKS

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### Abstract

The article develops proposals and recommendations for improving the institutional framework of relations to minimize business risks. Business risk is the possibility of incurring losses or obstacles to achieving your goals. Business risks include all negative circumstances in the field of financial transactions, production of goods and services, as well as their sale.

**Keywords:** Business, risks, economy, management methods, financial, increasy, insurance.

### Introduction

Small and medium-sized enterprises are an integral element of the functioning of a competitive market management system, and their development should be one of the main tasks in terms of their potential to create new jobs, improve the well-being of the population and ensure the economic growth of the country. Small and medium-sized enterprises, as the largest group of business structures, are the most mobile form of employment provision for the population. In the process of transformation of the national economy, the development of small and medium-sized enterprises provided a reduction in social tension, the possibility of setting up production of the most necessary industrial goods to reduce the internal deficit, and became a prerequisite for the reorientation of mass production in accordance with consumer needs. Small and medium-sized enterprises have become an important component of the complex mechanism of transition to a market economy. Despite this, the problem of managing the economic security of small and medium-sized enterprises has not been sufficiently studied, their stable financial management and sustainable development have not been given due attention.

The development strategy of the new Uzbekistan pays special attention to improving the institutional framework of economic security relations based on studies of the country's sustainable socio-economic development, the impact of factors such as inflation and unemployment, and the problem of poverty. The idea of "man first, then society and the state" must be deeply rooted in our Constitution and laws, as well as in our daily lives. It is necessary that we strengthen the foundations of our national statehood, capable of overcoming the serious challenges and unpredictable risks of our time." In the context of the intensification of competition associated with the transition of the global economy to a new innovative technological order based on neo-industrial technologies, it is expected to avoid possible threats from small businesses and private entrepreneurship in the Republic in terms of economic security.[1]

### Literature Review

Scientific and theoretical aspects of improving the institutional foundations of economic security of small business and private enterprise relations in the Republic of Uzbekistan were discussed by Abulkosimov H.P., Juraev T.T., Rasulev A.F., Rasulev T.S., Vakhobov A.V., Ulmasov A., Tozhiboeva D.,

Khudoikulov S., Tursunov B.O., Kobilov S.R., and may also Other scientific research works may also be shown. According to D.North and Ludavis, the institutional environment is a set of basic political, social and legal rules that provide certain conditions for development, production, exchange and distribution. One of the economists of Uzbekistan, Professor H.P.Abulkasimov, "Based on these ideas, identified the concept of "economic security" as a set of conditions and factors that ensure the independence of the national economy, its stability, strength, the ability to constantly update and improve itself. According to B. Mamurov, "Digital economy is the use of artificial intelligence as a creative part of the economy, the robotization of working conditions, and the modeling of an economic system using a special computer program".[2]

Among the foreign scientists who conducted research related to the development of the institutional concept of economic security relations are J.M. Keynes, D.North, A.B.Adams, E.Soto, J. Forrester, G.S. Becker, etc. Among the Russian scientists V.V.Gerasimov, V.S.Zagashvili, V.V.Volchik, N.V.Tseykovets, A.V.Kolosov, E.Yu.Kolesnikov, M.Ya.Kornilov, Yu.V.Latov, D.D.Burkaltseva, E.Buchwald and others conducted research on this topic.

According to the conclusion of the Russian scientist Yu.V. Latov, the goal of national economic security is to create an institutional framework for the effective functioning of the national economy (ensuring guarantees of property rights, the rule of law, transparency of transactions). and others.))[3]

## **Analysis**

The existing theoretical foundations for the formation of a conceptual and categorical security apparatus are characterized by significantly different positions and do not take into account the specifics of managing the economic security of small/medium-sized enterprises.

Clarifying the interpretation of key concepts such as security, the state by which an object, through the implementation of a set of protective measures, is able to protect its interests and resources, the threat of actual influence leading to negative changes in the object by harming it, risk uncertainty, the negative result of which leads to a threat, and the danger of the object losing its ability to function as a socio-economic system, It allowed us to form the theoretical foundations for substantiating the conceptual foundations of managing the economic security of small and medium-sized enterprises.

Today, the economic development of the state is determined by many conditions and factors. Since the country's economic system is part of the global economic system, it feels the impact of not only national, but also global problems. The transformation of the technological system under the influence of scientific and technological progress has a global impact on the formation of the economic system. Despite the fact that the economy of any country is open, since it is an integral part of the global economy, in such conditions the problem of national economic security becomes urgent.

One of the priority areas for improving the institutional foundations of economic security relations is the development of small business structures that allow overcoming the problems of economic development. Modern small enterprises are able to create high-quality products and fully meet the needs of a particular country. Currently, small business structures in the Republic of Uzbekistan are also focused on the production of innovative products that will help the Uzbek economy rise to a new high level of development.

The role of small business and private entrepreneurship in the economy and the objective need for its development are explained as follows: first, small business and private entrepreneurship are among

the main industries that make up the structure of the global economy, the development of this sector directly affects the provision of economic activity in the country. In addition, the development of this industry depends on filling the domestic market with high-quality consumer goods, increasing foreign economic activity, ensuring effective employment of the population and increasing their real incomes. Secondly, in the process of globalization and economic integration, in the context of increased competition in the global market, it is small businesses that require less capital than large producers and have the opportunity to quickly adapt to the changing demands of the economy. market situation, as well as the possibility of upgrading production facilities.

In our opinion, complete economic security can be achieved through the full and efficient use of the internal resources of economic entities. This requires effective management of resources at all levels and the rational use of financial systems. Each of the threats that can directly affect the state of economic security

of small businesses and private entrepreneurship causes material, moral and financial damage. The measures and measures taken to reduce and prevent the identified threat make it possible to minimize it.

**Table 1 The main strategic directions of neutralizing threats to increase the effectiveness of the economic security of small businesses and private entrepreneurship.[4]**

Nº	Direction
1	Regular status monitoring by timely detection of internal and external threats
2	Implementation of measures to ensure complete economic security in the field of forecasting, planning and stabilization
3	Calculation of quantitative and qualitative values of financial security indicators of an economic entity and determination of the potential of risk and hazards in the information field
4	Control over information constituting a commercial secret of an economic entity
5	Implementation of preventive measures
6	Ensuring technical and technological safety
7	Identification of factors affecting information security and taking measures to prevent them
8	Regulation of document storage and consideration of measures for their preservation.
9	Effective decision-making in management, consideration of incentive measures
10	Ensuring the physical protection of the company's management and employees

In general, the economic security system and the measures ensuring its effective functioning should be constantly updated and reviewed. For the effective implementation of economic security measures in business entities, it is necessary to simultaneously perform control and coordination tasks in order to ensure economic security. In order to increase the effectiveness of economic security in small businesses and private enterprises, it is possible to classify threats and assess economic security based on classifications, as well as improve the effectiveness of production systems and the maintenance of small businesses.

**In conclusion**, Based on literary sources, the article analyzes the threats and dangers of the economic security of small and medium-sized businesses, and presents their general classification. With the weakening of any of the components of the functioning of the enterprise, there is a danger that it will directly have a negative impact on it, which is why the management process of the enterprise is inextricably linked with issues of its safety. The essence of the concept of "economic security" is considered at the macro, meso and micro levels and is applicable to various subjects of market relations. When forming an economic security strategy for small and medium-sized businesses, it is advisable to create your own security service (in small enterprises, these functions can be assigned to one employee).

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