

ANALYSIS OF THE MECHANISMS OF FINANCIAL SUPPORT OF ENTERPRISES

(AS AN EXAMPLE OF THE EXPERIENCE OF FOREIGN COUNTRIES)

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Abstract

In the article, the problems of improving the theory and methodology of forming the financial policy of the enterprise at the current stage of economic liberalization and modernization in the Republic of Uzbekistan are studied. The advantages and specific features of improving the theory and methodology of the formation of the financial policy of the enterprise in the prospects of the socio-economic development of the country are scientifically substantiated. Possibilities of improving the theory and methodology of the formation of the company's financial policy in the corporate financial management system of the Republic of Uzbekistan were studied and recommendations were developed.

Keywords: enterprise financial policy, corporate financial management, enterprise finance, enterprise financial support, enterprise financial status, enterprise financial stability, enterprise financial security, strategic management, conservative method, differential, dominant sector, alternative, financial flexibility, competitive position.

Introduction

The process of modernization and liberalization of the economy, the aggravation of the problems of fiscal policy and increasing the financial potential of enterprises, and the use of effective mechanisms for the development of corporate financial management are largely directly related to the effective formation of the financial policy of the enterprise. Since the first years of independence, our country has been pursuing a fiscal and tax policy aimed at the effective management of the finances of enterprises. The experience of developed and consistently developing countries (Japan, the USA, Germany, Great Britain, China, etc.) shows that the competitiveness and sustainable development of an enterprise fully depend on the use of effective tools for



forming the financial policy of the enterprise. In this case, the influence of the external environment and competition encourage enterprises to use their financial potential more effectively.

Financial mechanisms for supporting enterprises have a long history and over time develop to meet the needs of enterprises in various conditions. United States (19th century) The United States saw the establishment of financial institutions such as banks and credit unions in the 1800s, which began to provide loans to businesses. The concept of venture capital emerged in the mid-20th century to finance startups. Germany (late 19th century) The establishment of cooperative banks (Volksbanken) was aimed at supporting local businesses, especially in rural areas. Post-World War II Japan (1950s) The Japanese government introduced financial mechanisms such as the Development Bank of Japan to support industrial growth and reconstruction after World War II. Europe (1950s-1970s) Many European countries developed publicly funded financial programs to support SMEs during post-war economic recovery, including grants, loans and subsidies. Microfinance in Bangladesh (1970s-1980s) Grameen Bank, founded by Muhammad Yunus, pioneered microfinance by providing small loans to low-income entrepreneurs to help them get out of poverty and support economic development. Emerging markets (1990-2000) Latin American, African and Asian countries, often with the support of international organizations such as the World Bank and regional development banks, began to use microfinance and support mechanisms for small and medium-sized businesses. Globalization and technology (2000s to present) The rise of Fintech has given rise to new financial mechanisms such as peer-to-peer lending platforms and crowdfunding that facilitate access to capital for businesses globally. Although financial mechanisms to support businesses have emerged from various initiatives throughout history, their development has been greatly influenced by the economic context, government policies, and business needs in different countries. Today, these mechanisms are crucial for supporting entrepreneurship and economic growth around the world.

In the United States, financial support mechanisms for businesses are established through a combination of government programs, private sector initiatives, and financial markets. These mechanisms are designed to support businesses at various stages of development, from start-ups to large corporations, with the aim of stimulating entrepreneurship, innovation and economic growth.



1. Government Programs and Initiatives Government support for businesses in the United States is generally provided through a variety of federal, state, and local programs, most of which are administered by specific government agencies. These programs aim to lower barriers to entry, encourage innovation, create jobs and stimulate economic development. The Small Business Administration (SBA) is the central US government agency responsible for supporting small businesses. Its programs include: The SBA guarantees loans made to small businesses by participating lenders. Major loan programs include the 7(a) Loan Program (the most common loan program), the 504 Loan Program (for equipment and real estate purchases), and the Microloan Program (for very small businesses). When disasters strike, the SBA provides low-interest loans to businesses to help them recover. Helps businesses owned by socially or economically disadvantaged individuals to develop their business, including access to government contracts. SBA's Role: By guaranteeing loans and providing advice and counsel, the SBA helps small businesses access funds and resources that may not be available through traditional lenders. Various federal agencies provide grants to support specific business activities such as innovation, research and development. Some major grant programs include the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, which provide funding for research and development in technology-based sectors. Many state and local governments offer grants to encourage local economic development, create new jobs, or finance innovation. These grants are often tailored to specific sectors or regional targets. Research and Development (R&D) Tax Credit: US businesses that engage in qualified research activities are eligible for tax credits to cover R&D expenses. Businesses that invest in designated Opportunity Zones are eligible for tax incentives, including capital gains tax credits, to encourage investment in disadvantaged communities. Many states offer tax incentives for businesses that invest in local hiring, infrastructure and job creation. The US Export-Import Bank (EXIM) and the US Development Finance Corporation (DFC) provides financing and insurance to help US businesses export goods and services. This includes the following. Export credit insurance: protecting businesses against the risk of non-payment by foreign customers. Working capital loan guarantees: financing the ability of enterprises to fulfill export contracts.

2. Private sector and venture capital. The private sector in the US plays an important role in providing financial support to businesses, particularly through



venture capital, private equity and crowdfunding platforms. Venture capital (VC) firms invest in early-stage, high-growth companies in exchange for equity capital. These investors are looking for businesses that have the potential to scale quickly and generate significant returns. The VC landscape in the US is huge, with firms such as Sequoia Capital, Benchmark Capital and Andreessen Horowitz playing an important role in funding tech startups. High-net-worth investors, often called "angels," invest in startups in exchange for equity, usually at an early stage when the company is too risky for traditional loans or large VC firms. These mechanisms are especially important for high-risk, high-reward startups in technology, biotechnology, and other innovation-driven industries. The US has one of the most developed VC ecosystems in the world. Private Equity (PE) These firms often invest in established businesses to increase profitability or facilitate growth before selling or taking the company public. Leveraged Buyouts (LBOs): Firms often engage in LBOs, where they buy a company using a combination of debt and equity. Private equity is typically aimed at mature companies looking to scale, restructure or go through a liquidity event. Through platforms such as Kickstarter, Indiegogo, GoFundMe and CrowdStreet, businesses can raise capital from a large number of individual investors. In equity crowdfunding, investors receive a share of the business in exchange for their financial contribution. Entrepreneurs can also raise money by offering early access to products or services in exchange for financial support. Crowdfunding offers businesses an alternative to traditional funding sources and allows them to communicate directly with customers or supporters. This is especially useful for startups with compelling products or causes.

3. Capital markets (public offerings and debt issuance) For more established businesses, access to public capital markets provides a way to raise large amounts of money to finance growth, acquisitions, or expansion.

4. Bank financing remains an important source of financing for business entities, especially those that have established cash flow and assets. Businesses can get loans for certain investments, such as purchasing equipment or expanding operations. They provide flexible, revolving access to capital that is used to manage fluctuations in cash flows. These are specialized organizations that provide financial services to underserved markets and populations, often focusing on low-income or minority-owned businesses.

In addition, financial support mechanisms for enterprises in China are shaped by a combination of government policies, public and private financial institutions,



and capital markets. The government plays an important role in organizing and directing financial support, particularly for strategic sectors, start-ups and small and medium-sized enterprises (SMEs). The Chinese government, both at the central and local levels, plays an important role in supporting enterprises through various policies, financial instruments and development initiatives. State-owned banks and development finance China's major banks, such as Industrial and Commercial Bank of China (ICBC), China Construction Bank (CCB), and Bank of China (BOC), are state-owned and play an important role in financing enterprises. . These banks are usually the first point of contact for business entities that want to get a loan, and they are especially active in financing large state-owned enterprises and strategic sectors. In addition to commercial banks, China has several development finance institutions (DFIs) that provide long-term financing for key sectors. For example, the China Development Bank (CDB) and the Export-Import Bank of China (EXIM Bank) are used to finance infrastructure, innovation and export-related projects. , among others, plays an important role in the formation of monetary policy that affects interest rates, lending quotas and business liquidity. The Chinese government has established a number of funds to support innovation and technological development, such as the National High-Tech Industry Development Fund and the China Innovation Fund. These funds are used to finance startups, particularly in the fields of high technology, green energy, artificial intelligence and biotechnology. The government provides subsidies, grants, and tax breaks to companies in certain industries, such as renewable energy, technology, and advanced manufacturing. In particular, the Made in China 2025 initiative aims to support the development of high-tech industry through various financial supports.

2. Bank financing and alternative lending. Traditional financial institutions, particularly commercial banks, remain the main source of financing in China, although non-bank and alternative lending mechanisms are growing. China's public and private commercial banks provide loans to businesses, usually with interest rates and terms regulated by the People's Bank of China (PBoC). Large businesses may have favorable financing conditions, while small and medium-sized businesses may have difficulty obtaining affordable credit. Government and commercial banks have introduced special loan programs to help small and medium-sized businesses, which often have difficulty accessing capital. The China Banking Regulatory Commission (CBRC) and PBoC have launched



programs to encourage banks to lend to small and medium-sized businesses by providing favorable interest rates or guarantees.

3. Foreign investment and joint ventures. China actively encourages foreign investment, especially in high-tech and strategic sectors. Foreign enterprises can establish joint ventures, wholly foreign-owned enterprises (WFOEs), or invest in Chinese firms to gain access to capital and markets. Belt and Road Initiative (BRI): This international infrastructure and investment program also facilitates financial flows to Chinese companies through joint ventures and partnerships.

In summary, the mechanisms for financial support for enterprises in China are deeply influenced by the government, which plays an active role in channeling capital into strategic sectors, innovation, and the development of small and medium-sized businesses.

Financial mechanisms for supporting enterprises in Uzbekistan, in particular during the country's transition from a centrally planned economy to a market-oriented system, have been influenced by different models and practices from several countries. After Uzbekistan gained independence in 1991, it looked to Russian reforms as a model for establishing financial institutions and mechanisms to support small and medium-sized businesses (SMEs). Later, the European Union's development assistance and financial support programs also served as a basis for Uzbekistan. Programs aimed at improving entrepreneurship and access to finance for small and medium-sized enterprises are based on the best practices of the European Union. It served as an example for Uzbekistan, especially in terms of supporting business incubators and microfinance institutions. South Korea's successful transition to a market economy, technological innovation, and focus on the development of small and medium-sized businesses have inspired policy and financial mechanisms in Uzbekistan. Development of local mechanisms Since the beginning of the 2000s, Uzbekistan has introduced its own financial support mechanisms, including, inspired by global microfinance models, these institutions appeared to provide loans to small entrepreneurs. Government Support Programs: The government has launched various initiatives to provide grants and incentives to small and medium-sized businesses, drawing on international experience and adapting them to local needs.

In general, although the mechanisms of financial support of Uzbekistan have local roots, they were formed under the influence of other countries, especially in the early years of independence and reforms.



Conclusions and suggestions. Taking into account the prospects of development in Uzbekistan, within the framework of the new management policy in the conditions of modernization and liberalization of the economy, taking into account the current tasks of socio-economic development, improving the theoretical and methodological foundations of the formation of the financial policy of the enterprise and developing modern mechanisms and measures for the effective use of the possibilities of enterprise finance planning by coordinating and harmonizing the proportions of vital determining factors such as "economy openness and business environment" in a systematic research of trends the development of an improved mechanism should be made the main issue, and this process will allow the following.

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