

ANALYSIS OF FACTORS LEADING TO BANKRUPTCY RISKS IN ENTERPRISES
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Annotation: This article develops approaches and opportunities for analyzing the types of bankruptcy risks in the Republic of Uzbekistan and the application of international models for their assessment. Recommendations are provided on introducing foreign experience in evaluating financial risks, identifying objects in need of risk assessment, and implementing effective projects aimed at risk reduction.

Keywords: bankruptcy, financial analysis, bankruptcy risk, capital, assessment, financial decisions, risk

According to the legislation of the Republic of Uzbekistan, an enterprise is a business entity that has the status of a legal person and independently carries out economic activity. On the basis of the property belonging to it, an enterprise produces and sells or exchanges goods (works, services) in order to satisfy consumer (buyer) demand and generate income (profit). An enterprise is an independent economic entity that produces goods, performs work, and provides services to meet social needs and obtain net profit.

The words of the President of the Republic of Uzbekistan, Shavkat Mirziyoyev — “Creating all conditions for the rapid and broader development of entrepreneurship is our most important task” — indicate that wide opportunities are being created by the state for the development of small business and entrepreneurship.

The activities of enterprises directly affect the national economy and its sectors. The more efficiently, effectively, and profitably enterprises operate, the higher the indicators of the entire economy, including their own performance. A market economy liberalizes enterprise activity, strengthens their independence, and creates broad opportunities to organize production and achieve high profitability.

Since entrepreneurship is the process of investing one's own property in business on the basis of risk with the aim of earning profit, such activity is inevitably associated with certain risks. Both domestic and foreign experience show that entrepreneurial activity cannot be carried out without risk.

In economics, uncertainty is also referred to as danger, threat, or risk.

Depending on their nature and origin, the risks associated with entrepreneurial activity can be classified as follows: risks related to natural processes; risks related to the transportation and storage of products; risks related to commercial activity; risks related to financial activity; and risks of political, economic, and social nature.

Thus, a risk situation is a type of uncertainty in which the probability of events occurring exists and can be determined. In such cases, it is objectively possible to assess the probability of events arising as a result of joint activities with partners, actions of competitors or opponents, the impact of the natural environment on economic development, and the introduction of scientific and technological achievements into the national economy. Since ancient times, risk has been



considered a factor in the formation of profit.

Bankruptcy risks can be understood as risks that arise in the process of interaction between enterprises and other financial institutions. These include relations with commercial banks, insurance companies, investment companies, stock exchanges, and other financial institutions. The emergence of bankruptcy risks in enterprises is mainly influenced by inflationary factors, increases in bank loan interest rates, and declines in securities prices. Studying the essence of risks, identifying and assessing them in advance, and taking measures to prevent or reduce them are important for all economic entities.

In recent years, due to the specific dynamics of economic and financial activity, companies have faced the need to obtain more accurate information about the probability of bankruptcy in the future.

When analyzing the factors leading to bankruptcy in enterprises of Uzbekistan, the following main aspects should be considered. The factors causing bankruptcy can be divided into two groups:

- a) external factors, which cannot be managed by the enterprise;
- b) internal factors, which are related to the organization of enterprise activity.

External factors include the inflation rate, tax rates, the tax and customs system, and the state regulatory framework. Internal factors, in turn, can be divided into national and international internal factors and grouped as follows: the enterprise's market position and competitive environment; management and operating principles; enterprise resources and the efficiency of their use; marketing strategy; and the quality and level of financial management.

Bankruptcy may occur due to the separate or combined influence of the above-mentioned external and internal factors. In order to avoid bankruptcy, the effectiveness of measures developed to reduce the negative impact of unpredictable external changes or to eliminate their consequences becomes an important factor in maintaining and developing the enterprise's competitiveness. To achieve this, each enterprise must continuously monitor market conditions, the introduction of new technologies, changes in legislation, socio-cultural, demographic, political, and even climatic changes. In a market economy, the probability of crisis in real sector enterprises is an integral part of their activity.

This led to the development of the method known as the Z-Score model for predicting bankruptcy risk. The Z-Score model, developed by Edward Altman, is widely used to assess bankruptcy risk. This model determines the probability of bankruptcy by analyzing financial indicators such as income, assets, and liabilities. It is considered a method that has achieved significant development by using statistical approaches to analyze the financial condition starting from financial ratios.

In conclusion, a deep analysis of the concept of bankruptcy and the identification of factors influencing it are of great importance. Bankruptcy risk is the risk that a company will be unable to meet its financial obligations in full and on time. A high level of this risk can undermine a company's financial stability and lead to the inability to continue its operations.

Several basic concepts and methodologies have been developed to assess bankruptcy risk. Therefore, for effective assessment of bankruptcy risk, it is necessary to continuously monitor the financial and operational indicators of an enterprise, analyze them using various models, and take appropriate measures. This, in turn, creates opportunities to stabilize company activity and



increase reliability for investors.

Overall, in Uzbekistan, to further develop the assessment of enterprise bankruptcy risk based on international models, it is necessary to adapt international experience to national conditions and develop new methodologies that take local factors into account. This will not only help ensure the financial stability of enterprises but will also have a positive impact on the overall stability of the economy.

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