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# Financial Methods for Increasing the Competitiveness of an Enterprise

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A B S T R A C T

*Improving the methods of financing industrial enterprises. Development of infrastructure for financial support of industrial enterprises. Financial methods of managing the costs of industrial enterprises. Mechanisms for increasing the investment attractiveness of an industrial enterprise. Stimulating the financing of innovation activities as the basis for creating a competitive economy.*

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**Relevance of the topic:** The relevance of the study lies in the development of solutions in the field of financial methods to stimulate the industry in order to increase its competitiveness and accelerate growth. The need for these studies in the field of enterprise management in competitive markets is the main factor in reforming national production, ensuring high rates of development, improving the investment climate in the regions and increasing the capital of companies.

In the industrial policy of most countries, special methods have been developed for the formation of a diversified industry and the driving forces of competition have been identified, the main of which are scientific innovations, technological advances, cost reduction, efficiency from attracting investments, increasing the commercialization of scientific developments in production, changes in the industrial policy of the state. At the same time, the development of new forms of financial interaction between the state and business continues to improve the investment climate, create new industries, technologies and jobs in the field of innovative sectors of the economy.

**The aim of the study** was the scientific generalization of financial methods and the development of provisions in the practical implementation of ways to finance industrial enterprises to create conditions for innovation, modernization of technological equipment in order to increase the competitiveness of national production.

In accordance with the goal of the study, the following **tasks** are solved that determine the structure of the work:

- reveal the theoretical provisions, principles of financing and features of financial methods for stimulating industrial enterprises;
- identify external and internal factors in the functioning of innovative industrial enterprises that ensure their sustainable development and competitiveness;
- substantiate the criteria for the economic efficiency of an enterprise as a key indicator of financial stability and increasing the capitalization of companies;

- explore methods of financing innovation activities and substantiate the factors of profit maximization and value added increase;
- to determine the directions of tax incentives for the creation of domestic competitive production and forms of industry financing by state and financial-credit organizations.

**The object of the study** is industrial enterprises and the financial methods of stimulation applied to them.

**The subject of the study** is a set of economic relations in the field of increasing the competitiveness of domestic production and improving the financial performance of this sector.

**The theoretical basis of the study** was the modern achievements of economic science, as well as the results of scientific research in the field of financial management of enterprises and methods for stimulating their activities. When conducting research, systematic and complex methods, the method of expert assessments, the method of comparative analysis, statistical analysis, grouping and classification, methods of objective and subjective empirical generalization of data were used.

**The novelty of the work** is as follows:

- expanded understanding of the factors for ensuring the reproduction of capital and increasing the competitiveness of industrial enterprises, the main of which are the financial and industrial policy of the state, tax and investment support for production and scientific and technical activities. It is proved that financial incentive methods will stimulate the growth of national production, reduce the unprofitability of companies, the debt of enterprises to budget and non-budget funds, reduce disproportions in the sectoral development of the economy and increase the socio-economic development of the regions of Uzbekistan. Methods for the development of competitive enterprises are as follows: state support in creating an infrastructure for financing industry, decentralization of budget financing and increasing the level of state investment in existing industrial enterprises in the regions (development of already established city-forming enterprises, industrial, technology parks, innovation centers and clusters), reducing the tax burden on industrial enterprises, state control over prices for products (services) and the level of operating and administrative costs of state corporations, the creation of an infrastructure for an innovative market in order to intensify scientific and technical activities in industrial production;
- theoretically substantiated the need to apply new mechanisms to stimulate production and industry on the basis of improving the tax policy of the state, for this purpose it is proposed to reduce insurance payments from the wage fund to 20%, introduce tax holidays for newly created industrial enterprises for 5 years (on income tax and VAT). The system of taxation in industry should stimulate the production and sale of products for export, so it is necessary to save enterprises from advance payments on value added tax. When reinvesting net profit in enterprises' investments in capital assets, introducing quality management systems, certifying products according to international standards, purchasing complexes for laboratory tests and tests, it is proposed to reduce the taxable base for income tax by up to 25%. This benefit can be carried out for 5 years starting from the tax period in which the above expenses were made. Created industrial enterprises with investments, in which investors' contributions in cash amount to more than 10 million US dollars, should be exempt from corporate income tax, value added tax, property tax for up to 5 years;
- a mechanism was proposed to increase the investment attractiveness of manufacturing enterprises and improve the investment climate in the regions, by creating a Concept for the long-term development of the industrial and technological policy of the state for the period up to 2030. The main components of this policy should be the principles, criteria for competitiveness and guidelines for the development of all industries, the pace of modernization of fixed assets, indicators of the required level of intellectual and human potential by industry, the share of industry financing by state and non-state funds. A special role in this is proposed to be given to administrative methods for controlling the banking sector in financing the domestic industry, the introduction of the principles of transparency and strict liability for the misuse of budget funds in state-owned companies (PPP, clusters, industrial and innovation parks). To this end, it is also necessary to single out the principles of state control over the targeted spending of budgetary funds in large projects and pricing for products; the principle of

state control over the financial activities of state-owned companies in the stock markets and monitoring the outflow of capital abroad; the principle of forming a strategy for the modernization and reproduction of fixed assets in industry;

- proposals were developed to improve the methodology for estimating costs, along with the management methods used for preventive control and cost savings in production, the joint use of "target-costing" and "break-even performance of works, services" systems was proposed, which, unlike traditional methods, provide for the calculation of the cost of the product , based on the predetermined selling price, the required profit and the rate of return on invested capital, which should take into account the change in the current and real interest rates in the economy. It is recommended for domestic enterprises developing innovative products to implement an indicative planning system within the framework of various pricing strategies focused on maximizing profits and increasing added value by increasing the knowledge intensity of products;
- practical recommendations have been developed to improve the methods of financing scientific and innovative activities of an industrial enterprise to increase investment in domestic companies. This model is built on the basis of the circulation of investments in the economic activity of the subject, taking into account the time factor, the investor's income, and the costs of modernizing the latest generation of technological equipment. The main principles of the model are investment provision with new fixed assets and protection of Russian companies from import supplies (obsolete, material-intensive and energy-intensive technologies, equipment, structures and materials).

**Theoretical and practical significance of the research:** The theoretical provisions substantiated in the study and the proposed financial methods for stimulating investment activity can be used in the activities of industrial companies, as well as federal and regional programs of sectoral planning and industrial policy of the state. The provisions formulated in the work can be used in assessing the activities of companies in financing large investment projects by the state and private investors. The proposed methods of stimulation are of practical importance in the development of financial policy for the modernization of the industrial sector of the economy, in planning activities for the socio-economic development of regions.

The effectiveness of incentives and sanctions by state bodies should be assessed by a limited list of indicators: a decrease in the outflow of capital abroad, the growth of medium and small businesses in the field of production and scientific activities, an increase in the number of employees in industrial sectors and knowledge-intensive enterprises, the reinvestment of enterprises themselves in fixed assets, high-performance equipment and technology, the release of competitive and high-quality products in the domestic and international markets.

One of the main methods of tax incentives for competitive enterprises is the high added value created in the production process and the refinancing of profits into intangible assets and fixed assets, which is a fairly significant indicator of the sustainable development of an enterprise. To do this, the state must create equal competitive conditions in the industry markets.

**Conclusion**

The optimal tax burden for industrial and science-intensive enterprises should be avoiding double taxation of profits and dividends, since the payment of dividends has a direct impact on the share price and the inflow of additional investments into the company. Expanding the information base on enterprises that place securities on the stock exchange and establishing transparency in their financial and accounting statements will increase the activity of investors and will affect the assessment of the company's market value.

The key management decisions to ensure the release of competitive products should be the introduction of a system to ensure competitiveness and product quality, the purpose of which should be to increase the value of the enterprise, long-term planning of activities and entry into competitive markets.

Increasing the investment attractiveness of the enterprise and its management methods should be improved in conjunction with the development of strategies to increase the investment attractiveness of the industry and the region. The solution of these problems will ensure the expanded reproduction of

fixed assets of the enterprise, industry and the economy as a whole.

The integrated use of all factors of enterprise development and the development of financial methods for managing financial resources will make it possible to quickly modernize, increase innovation activity and increase the growth of efficiency and competitiveness of the organization.

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