

MECHANISMS FOR MANAGING THE FINANCIAL STABILITY OF BUILDING MATERIALS INDUSTRY ENTERPRISES

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Abstract

This article provides a theoretical and practical analysis of the mechanisms for managing the financial stability of building materials industry enterprises. The organizational, economic, and regulatory components of financial stability management are examined, and the main elements of the management mechanism — planning, analysis, control, and regulation — are systematically reviewed. The article also develops practical recommendations for improving the effectiveness of financial stability management in sector enterprises.

Keywords: *financial stability, management mechanism, financial planning, financial control, building materials industry, capital structure, financial monitoring.*

Introduction

In a market economy, the stable operation of industrial enterprises largely depends on the effectiveness of the financial stability management mechanism established within them. Financial stability is a key indicator that determines an enterprise's capacity for long-term operation, its ability to meet obligations on time, and its adaptability to changes in the external environment. However, financial stability itself is not a matter of chance — it is the result of a consistently organized management system within the enterprise.

The issue of managing financial stability is of particular relevance for building materials industry enterprises, since the sector is characterized by high capital intensity, a long investment cycle, dependence on energy and raw material prices, and cyclicity tied to the construction market. Under these conditions, enterprise management must go beyond simply monitoring financial condition and instead possess an integrated mechanism capable of actively managing financial stability — that is, forecasting, planning, and regulating it in advance.

A financial stability management mechanism is a set of methods, tools, and organizational measures that purposefully organize the processes of forming, allocating, and utilizing an enterprise's financial resources. The effective functioning of this mechanism serves not only to maintain the enterprise's current financial equilibrium but also to ensure its long-term strategic development.

The purpose of this article is to elucidate the theoretical foundations of the financial stability management mechanism in building materials industry enterprises, to systematize its structural elements, to identify directions for improving the management process taking into account the sector's distinctive characteristics, and to develop practical recommendations.

Within the scope of this research, the following tasks were defined: to reveal the essence and structural components of the financial stability management mechanism; to characterize the main stages of the management process (planning, analysis, control, regulation); to identify financial management tools specific to the building materials industry; and to formulate practical proposals for sector enterprises.

Literature Review

The management of financial stability is one of the central themes of financial management theory. Classical financial management theory has established that an enterprise's financial stability is directly linked to its capital structure, that is, the ratio of equity to debt capital. The capital structure theory developed by Modigliani and Miller explains how an enterprise's financial decisions affect its market value; this theory was later extended to account for taxes, bankruptcy costs, and agency costs.

On the subject of financial management mechanisms, the works of Russian and CIS economists — in particular Kovalev, Sheremet, and Balabanov — provide a detailed treatment of a step-by-step model for managing financial stability, comprising a system of planning, organization, analysis, control, and regulation. According to this approach, financial management is a continuous process that encompasses all of an enterprise's financial flows.

Research by Uzbek scholars gives particular attention to improving the financial stability management system in industrial enterprises, including those in the building materials industry, and to introducing financial monitoring systems using modern information technology. At the same time, scientific work that comprehensively systematizes sector-specific management mechanisms remains insufficient, which increases the scientific significance of researching this topic.

1. The Essence and Structural Components of the Financial Stability Management Mechanism

The financial stability management mechanism refers to an interrelated set of methods, tools, organizational structures, and regulatory-legal foundations that ensure the purposeful formation, allocation, and utilization of an enterprise's financial resources. This mechanism is aimed at ensuring the enterprise's financial stability not only in the current period but also in the future, and it consists of the following main structural components: the organizational-managerial component, the economic-financial component, the informational-analytical component, and the control-regulatory component.

The organizational-managerial component defines the structures within the enterprise that perform financial management functions (the finance department, budgeting service, internal audit unit) and their authority and procedures for interaction. The economic-financial component includes the methods for forming and allocating financial resources, in particular tools such as optimizing capital structure, investment and dividend policy, and working capital management. The informational-analytical component refers to the system for collecting, processing, and analyzing information on the enterprise's financial condition, while the control-regulatory component refers to the mechanisms for monitoring the implementation of decisions made and taking corrective measures where necessary.

All of these components are closely interrelated, and insufficient development of any one of them negatively affects the effectiveness of the entire management system. For example, in an enterprise lacking a well-organized informational-analytical system, even qualified financial managers have limited capacity to make correct decisions in a timely manner.

2. Main Stages of the Management Process

The process of managing financial stability consists of sequential stages, each with its own specific tasks and tools. The first stage is financial planning, in which the enterprise's short-, medium-, and long-term financial goals are set, the need for financial resources is forecast, and budgets are formed. In the building materials industry, financial planning particularly requires

coordinating the financing schedule of investment projects with the seasonality of construction and installation works.

The second stage is financial analysis, in which the enterprise's current financial condition is assessed through liquidity, financial independence, profitability, and working-capital-coverage ratios. The results of financial analysis serve as the main source of information for management decisions and should rely not only on past-period data but also on forecast indicators.

The third stage is financial control, which involves identifying deviations between planned and actually achieved results, studying their causes, and taking necessary corrective measures. The financial control system is implemented through internal audit, budget control, and financial monitoring tools.

The fourth stage is financial regulation, at which stage necessary changes are made to the enterprise's financial policy based on the results of analysis and control: the capital structure is reviewed, cost-optimization measures are taken, and financing sources are reallocated. These four stages are repeated continuously in a cyclical form, providing ongoing support for the enterprise's financial stability.

Table 1

Stages and Tools of the Financial Stability Management Mechanism

Stage	Main Task	Tools Applied
Planning	Defining financial goals and resource needs	Budgeting, financial forecasting
Analysis	Assessing current financial condition	Ratio analysis, trend analysis
Control	Identifying deviations and studying their causes	Internal audit, budget control, monitoring
Regulation	Adjusting financial policy	Reviewing capital structure, cost optimization

3. Financial Management Tools Specific to the Building Materials Industry

The distinctive characteristics of the building materials industry call for the application of special financial stability management tools in this sector. First, because of the sector's high fixed-asset intensity, managing fixed assets — in particular, properly organizing depreciation policy and planning equipment renewal schedules — is of particular importance. An effective depreciation policy allows an enterprise to build up the internal financial resources needed to renew fixed assets.

Second, because of the sector's cyclical dependence on the construction market, building up financial reserves is an important management tool. Allocating part of the additional profit earned during periods of high market activity to reserve funds allows an enterprise to maintain financial stability during market downturns. Third, managing working capital — in particular, optimizing raw-material inventories and accounts receivable — is an important task for sector

enterprises, since holding large volumes of raw materials in inventory can cause funds to remain out of circulation for extended periods.

Fourth, managing the financing structure of investment projects occupies a special place. Choosing an optimal combination of sources such as own funds, debt capital, and leasing when implementing large technological projects allows an enterprise to keep its financial leverage under control. Fifth, modern digital management systems — financial planning and analysis software tools (ERP systems, financial monitoring dashboards) — are being increasingly widely adopted as modern tools that enable real-time tracking of financial data and prompt decision-making.

4. Organizational Aspects of Financial Stability Management

The effectiveness of the financial stability management mechanism largely depends on the organizational structure established within the enterprise. In large building materials industry enterprises, a financial management service is usually organized under the leadership of a Chief Financial Officer (CFO), who coordinates budgeting, financial analysis, treasury, and internal audit functions. In small and medium-sized enterprises, these functions are often assigned to the chief accountant or the economic department, which can weaken the strategic aspects of financial management.

Establishing a clear distribution of authority and decision-making procedures within the enterprise is of great importance for managing financial stability. In particular, clearly defined authority for managing financial risks, approving investment projects, and authorizing major expenditures ensures that decisions in this area are made in a timely and well-grounded manner. Likewise, regular information exchange between enterprise management and the financial service, along with periodic review and monitoring of budget execution, enhances the practical effectiveness of the management mechanism.

5. Accounting for Risk in Financial Stability Management

The financial stability management mechanism must be implemented in close conjunction with a system for identifying and managing financial risks. For building materials industry enterprises, volatility in energy prices, exchange rates, interest rates, and market demand constitutes the most important sources of risk. For this reason, elements of risk monitoring and forecasting must be incorporated into the financial stability management mechanism.

In practice, enterprises can use scenario analysis to forecast in advance how financial stability indicators would change under various macroeconomic conditions (rising energy prices, exchange-rate fluctuations, declining demand). Such an approach enables enterprise management not merely to react to existing risks but to prepare for them in advance. Integrating the risk-management system with the financial stability management mechanism significantly increases an enterprise's overall financial resilience.

6. Directions for Improving Financial Stability Management

Improving the financial stability management mechanism in building materials industry enterprises can be pursued in several directions. The first direction is the digitalization of financial management processes, which enables the collection, analysis, and reporting of financial data in real time. The second direction is enhancing the qualifications of financial management personnel, training them to work with modern financial analysis methods and software tools.

The third direction is strengthening the internal financial control and audit system within the enterprise, which increases the transparency and soundness of financial decisions. The fourth direction is integrating financial management with the enterprise's overall strategic planning system, that is, aligning financial goals with the enterprise's production and marketing strategies. Implementing all of these directions in a comprehensive manner significantly enhances the overall effectiveness of the financial stability management mechanism.

Discussion

The analysis conducted shows that the effectiveness of the financial stability management mechanism in building materials industry enterprises depends on several factors: the degree of development of the organizational structure, the consistent and continuous implementation of the management stages, and the level of use of modern informational-analytical tools. Although many sector enterprises have financial planning and analysis functions in place, these are often carried out in isolation from one another, without systemic linkage, which reduces the coherence of the management mechanism.

Furthermore, the sector's distinctive characteristics — high fixed-asset intensity, cyclical demand, and dependence on energy and raw material prices — require the application of specialized tools tailored to the sector (depreciation policy, reserve funds, working capital management) in addition to standard approaches to managing financial stability. The introduction of modern digital technologies can significantly increase the speed and accuracy of the financial management process; however, the fact that the technological and human-resource capacity of enterprises in this area is not yet sufficient deserves particular attention.

Conclusion and Recommendations

Based on the results of the research conducted, the following conclusions and recommendations can be formulated:

1. In building materials industry enterprises, the financial stability management mechanism should be formed as an organic unity of organizational-managerial, economic-financial, informational-analytical, and control-regulatory components.
2. It is recommended that the stages of financial planning, analysis, control, and regulation be organized in enterprises as a continuous, interrelated cycle.
3. Given the sector's high fixed-asset intensity, enterprises need to develop an effective depreciation policy and an equipment-renewal plan.
4. To mitigate exposure to market cyclicity, it is recommended that enterprises build up financial reserve funds.
5. Large enterprises should establish a dedicated financial management service under the leadership of a CFO, while small and medium-sized enterprises need to clearly allocate financial management authority.
6. It is recommended that the speed and quality of decision-making be improved by automating the financial management process and using ERP systems and financial monitoring dashboards.

In conclusion, forming the financial stability management mechanism as an integrated and consistent system enables building materials industry enterprises not only to maintain current financial equilibrium but also to ensure long-term sustainable development even under conditions of market volatility. This, in turn, makes a positive contribution to the sustainable growth of the sector and of the country's economy as a whole.

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