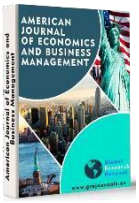

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*Article*

# Scientific Views to The Concept of Financial Resources

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**Abstract:** The article examines the essence of the concepts of "finance" and "financial resources," focusing on their formation, distribution, and use in enterprises under conditions of innovative economic development. Attention is paid to the diversity of views among domestic and foreign scholars, showing the absence of a unified definition of financial resources. The study highlights that financial resources should be considered not only as monetary funds but also as an economic category reflecting socio-economic relations in the process of creating and using these funds. It is emphasized that in Uzbekistan's innovative economy, strengthening mechanisms for generating financial resources and their efficient allocation is vital for ensuring competitiveness and stability of enterprises. The author proposes a refined definition of enterprise financial resources as funds generated from revenue, part of which is directed to mandatory payments, while the rest remains for financing innovative activities. The conclusion is drawn that proper management of financial resources is essential for profitability, liquidity, solvency, and sustainable development of enterprises.

**Keywords:** Financial Resources, Financial Condition, Financial Relations, Cash Flow, Financial Potential, Formation and Use of Financial Resources

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## 1. Introduction

Referring to global economic literature, past and present, we see significant differences in the interpretation of the term "financial resources". Academic views in both scientific and journalistic literature are limited in their understanding of the essential differences between these concepts.

It follows that, in the process of developing enterprise activities in the context of Uzbekistan's innovative economic development, one of the most important conditions is finding solutions to the challenges of forming the enterprise's financial resources. Therefore, studying and finding an acceptable methodology for interpreting the term "financial resources" within the context of financial relations remains highly important.

### Literature Review

One of the prerequisites for the successful development of enterprises is ensuring a level playing field. Therefore, the study of financial literature, as well as research in the field of financial resources, currently suggests that this issue remains insufficiently studied, both theoretically and practically. In the face of insufficient financial resources, enterprises are faced with new, equally complex problems, both in financial theory and practice, especially in the area of financial management.

At the same time, based on further research into the problems of financial resource formation, there is a need to expand the study at a specific level in the context of an innovative business model. A wide range of scientific recommendations on this topic does not cover this subject, and there are unresolved problems that have no clear solutions due to ongoing globalization, market instability, increased risks, and fierce competition.

These problems require further research and the development of new methods for identifying optimal funding sources. Hence, the conclusion is that the authors mentioned above did not consider it possible to apply the term and the formation of monetary resources, and this indicates the absence of a complete and precise definition.

Today, foreign approaches and the specifics of financial resource formation are increasingly gaining popularity among Russian authors. Foreign authors treat the concept of the object under study rather limitedly.

Most sources do not provide a specific definition, and when using the terms "finance" or "cash flow", they are usually supplemented with clarifying answers. However, these are not scientifically meaningful, as they refer to a specific segment (component), i.e., the sources of financial formation, which dictates the localization of the general concept of "financial resources". Their views provide a more nuanced understanding of financial resources than the concept of "finance"

Thus, the dynamic development of mechanisms regulating the formation of financial resources necessitates a scientific substantiation of the category of "financial resources" in conjunction with the theory and practice of financial relations in order to determine the development and effectiveness of financial resource formation.

Based on the above, we believe that "finance" is the monetary relationship through which financial resources, i.e., monetary funds, are created.

Consequently, economists' views on the definition of "financial resources" diverge. Despite this, insufficient research has been devoted to the individual issues of enterprise financial resources, much less the problems of their formation in the context of Uzbekistan's innovative economy. This means that fundamental research into the definition of financial resources remains unresolved.

In our opinion, research into the methods of forming financial resources will allow for some amendments to their definition, taking into account the innovative foundations of economic activity.

Having examined economists' scientific approaches to this definition in more detail, we deemed it necessary to provide our own definition of enterprise financial resources, taking into account the innovative development of their activities.

Thus, "enterprise financial resources" are monetary funds generated in the form of revenue from the expansion of products (goods, services), part of which is subject to distribution in accordance with mandatory payments established by the state, while the rest remains at the disposal of the enterprise to meet its own needs for the expansion of innovative activities.

At the same time, an equally important question that must be addressed as a methodological prerequisite when considering the concept of financial resources is the substantiation of criteria that would allow for a scientifically sound formulation of financial resources.

When formulating the definition of financial resources, economists depart from those of its components that are mandatory for a justified socio-economic reality of the definition of the concept of financial resources.

According to L.A. Drobozina, financial resources are a collection of targeted funds of enterprises' cash. The primary condition for the growth of financial resources is an increase in national income. The country's financial resources are reflected in the consolidated financial balance sheet. They include resources from the state budget system,

extra-budgetary government funds, and investments of various forms of ownership (depreciation and profit remaining at disposal) [1].

Therefore, L.A. Drobozina, when examining financial resources, provides a unique definition within the context of the aggregate of target funds of enterprise cash. In our opinion, financial resources alone do not define the essence of finance, nor do they reveal their internal content or social purpose. As is well known, financial science studies not resources per se, but the social relations that arise from the formation, distribution, and use of resources. However, L.A. Drobozina explores the patterns of development of financial relations.

Bocharov V.V. defines the term as a complex nature of the formation of management decisions that have a direct or indirect impact not only on financial resources, but also on the final financial result [2].

V.V. Bocharov places the main emphasis not on monetary and financial resources, but only on the final results, that is, an indirect attempt is made to indirectly form financial resources. In accordance with this key goal, a number of fundamental provisions were formed that are characteristic of the formation and management of components of funds that facilitate the formation of financial resources necessary for the functioning of enterprises. It follows that V.V. Bocharov is attempting to indirectly form financial resources, pushing aside the essence of the aspects of this category.

Another economist, N.A. Lupey, defines financial resources as the sum of all monetary funds and other financial assets available to the state, economic entities, and the population to cover their expenses. He then describes the distinction between centralized and decentralized resources. He notes that the financial resources of economic entities are formed through owners' contributions to the authorized capital, while the enterprises' own financial resources subsequently increase from sources such as profits, depreciation from the sale of assets, interest, and dividends [3].

N.A. Lupey distinguishes that the concepts of "finance" and "financial resources" are not identical, although they are often used synonymously. He correctly defines finance as a set of economic relations associated with the formation and use of monetary funds. Thus, he differentiates the definition of "non-finance" from the definition of "non-financial resources".

"Financial resources are funds of monetary assets at the disposal of the state, economic entities, and the population, formed in the process of distributing and redistributing part of the value of GDP, primarily net income in monetary form, and intended to ensure expanded reproduction and national needs," cites economists Zayats N.E., Fisenko M.K., Bondarov T.E., and others [4].

Balabanov A.I., Balabanov I.T. provide the following interpretation of the term "financial resources" – as a financial component of an economic entity – this is a characteristic of its solvency, creditworthiness, use of financial resources and capital, fulfillment of obligations to the state, economic entities, creditors [5].

Scientist and expert A.M. Kovaleva bypasses the definition of financial resources, but only draws attention to the fact that "the effective use of financial resources is possible only on the basis of an active financial policy" [6].

A.M. Kovaleva also doesn't address the issue of forming an enterprise's financial resources. She departs from this category, concluding that the most important aspect of an enterprise's financial activity is the formation and use of various monetary funds. These funds are used to provide necessary financial resources for economic activity, as well as for expanded reproduction, financing scientific and technological processes, the development and implementation of new technology, economic incentives, and budgetary payments.

V.V. Bocharov and V.B. Leontiev define "financial resources" as the distribution (redistribution) of GDP value accompanied by the movement of funds, which take the form of financial resources [7].

Here, financial resources are generated for entities from revenues from the sale of goods (works, services), and for the state from taxes and fees levied on legal entities and individuals without dispute. Identifying the essential characteristics of finance, they define it as follows: "Finance expresses a system of monetary relations regulated by the state for the purpose of forming funds of financial resources to meet various social needs".

In our view, this definition is more general, characterizing finance as a value category. However, there is no answer as to what financial resources represent.

Moreover, in all definitions of the term "financial resources", economists base their definition of financial resources on the total social product, which is hardly justified, as it is not the sole source of financial resources. It should also be taken into account that financial resources are formed as a result of the complex process of distributing the monetary form of created value, and on this basis, allocating certain forms of income.

Therefore, in our opinion, failing to select financial resources as a portion of total GDP as the criterion for defining them could lead to a reduction in their volume and would not allow us to reveal the socioeconomic essence of financial resources, i.e., the complex nature of this concept.

Currently, there is virtually no transparent definition of either the concept of "financial resources" or the methods for calculating it. The need for such a definition, in particular, has been noted by N.E. Zayats, M.K. Fisenko, T.E. Bondarov, and others, related to determining the optimal production structure and the balance of material and financial resources. Underestimating the composition of financial resources narrows the possibilities of influencing finance on production results, while arbitrary expansion of the composition of financial resources leads to an excessive increase in investment programs, which can lead to structural imbalance[8].

In the context of innovative development of enterprises, a prerequisite for their active functioning is the provision of financial resources, that is, the development of their financial potential. A priority role in this is played by the availability of sufficient financial resources and reserves (that is, financial resources + financial reserves = financial potential), the ability to obtain additional funds at a minimal and affordable cost, despite additional costs and the inevitable declines in enterprise activity. In this regard, in our opinion, the main support should be the company's own sources, which include net profit (that is, profit after taxes).

At the same time, managing financial resources means that enterprises must be viewed as an asset in the competitive struggle, which must be allocated, motivated, and developed along with other resources to achieve strategic goals.

## 2. Materials and Methods

This study examines the methodological concepts of "finance", "financial resources" and "cash flow" as well as the process of generating and utilizing financial resources at enterprises. The theoretical basis for the study is provided by the scientific works of foreign and domestic scholars in the field of financial relations.

The sources for the study included domestic and foreign scientific articles, monographs, and analytical materials.

Comparative analysis of local and international practices regarding the concepts of "finance" and "financial resources" was used.

## 3. Results and Discussion

A long-term renewal strategy must be based on a targeted enterprise strategy that ensures the necessary concentration of material, human, and financial resources. This requires the use of a broad range of levers and tools, ensuring their interrelationships, that can consolidate these actions, pooling all resources and efforts aimed at achieving the overall corporate strategic goal and achieving a financially stable advantage for enterprises. To achieve this goal, financial resource regulation should be based on the following principles of financial resource formation strategy:

a. Focusing enterprises on market demand and needs, and on customer requests for goods (products) that are in demand and can generate projected net profit for the enterprise;
b. Constantly striving to improve the efficiency of enterprises' operations in order to minimize costs and achieve optimal results;
c. Adjusting and regulating the goals, objectives, and programs of the development strategy depending on the state of the financial market (deposit, credit, interest, securities, tax, and preferential markets);
d. Public use of it (computer networks and connections to currency and stock exchanges, and other financial and credit institutions to make optimal decisions on regulating the mechanism for generating financial resources);
e. Intelligent personnel selection and effective use[9].

Having studied the views of domestic and foreign economists on the formation of financial resources for enterprises, we can conclude that the essence of financial resource formation as an economic category for enterprises lies in the implementation of a scientific and practical approach to the implementation of innovative products while generating financial resources[10].

Moreover, the main objectives of effective financial resource formation are:

a. Generating the necessary financial resources to maximize income (profit);
b. Consistent formation of a framework for the innovative development of enterprises;
c. Ensuring full settlement and payments to maintain liquidity at a level sufficient to implement current measures, but not unprofitable in terms of income (profit) generation;
d. Monitoring the formation and use of financial resources to ensure a reasonable balance of assets and cash reserves;
e. Continuous development of production technologies necessary to increase profitability, i.e., the introduction of innovative processes in enterprise operations;
f. Continuous employee development. The socio-economic significance of the financial resources of enterprises is determined by their two-sided nature: on the one hand, they are a key component (segment) of the economic system of the enterprise, and on the other hand, they perform an important social task, influencing its development[11].

From an economic perspective, financial resources are the foundation of an enterprise's functioning, ensuring its stability and development. Their formation, distribution, and use are the most important aspects of financial management.

An enterprise’s financial resources are generated from various sources:

a. Equity;
b. Borrowed funds;
c. Borrowed funds. The structure of financial resource sources, if it has a direct impact on the financial stability of an enterprise, its level of financial risk, and the cost of capital, then its use is important for:
d. Covering operating costs – these are the costs of purchasing raw materials, supplies, and labor;

e. Investment – these are the costs of innovative production development, the implementation of innovations, equipment modernization, and the costs of financial obligations, primarily taxes[12].

The formation of reserves includes insurance funds, development funds, and loss reserves.

The use of prudent mechanisms for the formation of financial resources largely depends on the efficient allocation of financial resources, which contributes to an enterprise's competitiveness and its long-term stability. Proper allocation of funds has a stimulating effect on the growth of enterprises' final financial resources[13].

Therefore, finances are used to generate all cash income and funds available at an enterprise.

Therefore, the prudent use of financial resources should serve as a key factor in ensuring profit (income) growth, profitability, liquidity, and solvency of processing enterprises.

Proper management of financial resources should also contribute to achieving maximum utilization and thereby minimizing financial risks[14].

Therefore, financial indicators that lead to the growth of financial resources should be used to create enabling conditions for economic levers and incentives (taxes, benefits, subsidies, investments, etc) [15].

## 4. Conclusion

Having studied the views of domestic and foreign economists on the formation of enterprise financial resources, we can conclude that the essence of financial resource formation as an economic category lies in the implementation of a scientific and practical approach to the implementation of innovative products while generating financial resources.

Also, managing financial resources means that enterprises must be viewed as an asset in the competitive struggle, which must be allocated, motivated, and developed along with other resources to achieve strategic goals.

We believe that "financial resources" refer to the actual movement of cash from current, financial, and investment activities, supporting profitability, liquidity, solvency, competitiveness, the absence of debt on all financial obligations, and increasing its value. Thus, highly liquid assets of enterprises are more conducive to the growth of financial resources, while cash resources, although highly liquid, do not have a significant impact on the growth of current financial resources.

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