HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

MECHANISMS FOR ENSURING THE FINANCIAL STABILITY OF HOUSING CONSTRUCTION ENTERPRISES

Mahliyo Islamovna Diyarova,
Samarkand Institute of Economics and service,
Acting Associate Professor at the
Department of Finance, ORCID: 0009-0000-7331-7242
e-mail: maxlishka665@gmail.com, Тел: +998(93) 963-00-02
Rahimov Sanjar Abdulahodovich,
Acting Associate Professor,
Department of Economics and Finance,
Zarmed University. ORCID: 0009-0008-9037-495X,
sra25011985@gmail.com
doi:**https://doi.org/10.5281/zenodo.23182858**

Annotation. This article examines the organizational and economic mechanisms for ensuring the financial stability of housing construction enterprises. The factors influencing the solvency and liquidity of construction companies are analyzed, and both regulatory and non-regulatory indicators used for their assessment are discussed. Particular attention is paid to housing pricing, investment activity management, financial risk assessment, and the sustainable development of housing construction enterprises.

Keywords: housing construction, financial stability, solvency, liquidity, investment activity, financial risk, construction enterprise, investment resources, housing market, mortgage lending, pricing, financial management.

Introduction. Housing construction is one of the strategic sectors of the national economy. Meeting the growing demand for housing, increasing construction volumes, and stimulating investment activity require housing construction enterprises to maintain a stable financial position. The financial stability of construction enterprises determines not only their production and investment capabilities but also the balanced development of the housing market and the protection of consumer interests.

Under market economy conditions, the financial performance of construction enterprises is influenced by numerous factors. In particular, liquidity, investment efficiency, taxation mechanisms, housing pricing policies, and risk management systems play a crucial role in ensuring financial stability. Therefore, a comprehensive study of these factors and the development of measures aimed at improving them are of significant scientific and practical importance.

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

Literature review. Issues related to the financial stability of housing construction enterprises have been widely discussed in economic research. Among foreign scholars, L.A. Soldatova examined the financial support system of housing construction and its economic efficiency. A.V. Vasyutichev studied entrepreneurial activity in the construction services market and the factors influencing its development. M.E. Gerber explored the theoretical foundations of financial management and sustainable business development.

Among Uzbek researchers, M.B. Hamidulin investigated mechanisms for improving corporate financial management, while R.Kh. Karlibayeva focused on enhancing financial management systems in joint-stock companies. U.I. Djumaniyazov studied the improvement of corporate governance mechanisms in housing construction based on public-private partnership principles.

Although existing studies propose various approaches to ensuring the financial stability of housing construction enterprises, issues related to liquidity management, reduction of investment risks, and efficient utilization of financial resources remain highly relevant in modern economic conditions. Therefore, this study focuses on improving the economic mechanisms aimed at ensuring the financial stability of housing construction enterprises.

Main Part. One of the most important conditions for ensuring the effective functioning of housing construction enterprises is maintaining their financial stability and solvency. The ability of a construction enterprise to meet its financial obligations in a timely manner directly affects its competitiveness, investment attractiveness, and long-term sustainability. Consequently, the evaluation of solvency indicators plays a crucial role in the financial management system of housing construction enterprises. To ensure a comprehensive assessment, solvency indicators can be classified into regulatory and non-regulatory categories.

It should be noted that the solvency level of housing construction enterprises is determined using solvency indicators. When studying the solvency behavior of housing construction enterprises, it is appropriate to divide solvency indicators into two groups:

- regulatory solvency indicators, determining the relationship between regulatory and actual solvency indicators;
- non-regulatory solvency indicators.

First. These solvency indicators are usually established by government authorities to control the stable development of housing construction enterprises and are mandatory for compliance.

In particular, a number of regulatory solvency indicators have been established, for example:

- the total amount of assets of housing construction enterprises placed in the charter capital of other legal entities is limited to 50% of the charter capital of the enterprises, unless otherwise provided by legislation;
- the equity participation of housing construction enterprises in the charter capital of any one legal entity must not exceed 30% of the charter capital of that legal entity (unless otherwise provided

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

by legislation), except for subsidiaries engaged in construction activities, in particular housing construction;

- when housing construction enterprises place assets in bank deposits, the deposit in any one commercial bank must not exceed 40% of the enterprises' assets;
- when housing construction enterprises place assets as deposits in credit organizations (other than commercial banks), the total amount of deposits must not exceed 20% of the assets of housing construction enterprises.

Based on the above indicators, the ratio of the actual volume of assets to the regulatory asset levels can be assessed, or their condition can be evaluated by calculating the difference between these values.

Second. Non-regulatory solvency indicators characterize different aspects of the solvency of housing construction enterprises. Relative indicators are usually used when determining their solvency. In this case, for a comprehensive study of the solvency of housing construction enterprises, it is appropriate to divide the indicators into two groups based on liquidity and profitability criteria.

Liquidity, being one of the main factors ensuring solvency, determines the sufficiency of readily realizable assets to meet current and other obligations.

At housing construction enterprises, liquidity is ensured through the following sources:

1. Cash flow. Such funds are received through two channels:

- provision of construction services, i.e. housing repairs;

- receipts in the form of interest, dividends, rents from real estate, and receipts in other forms resulting from the investment of funds by housing construction enterprises.

2. Sale of assets. This source of liquidity covers investment assets. In order to obtain cash, a housing construction enterprise may sell real estate or other types of assets.

Thus, calculating the potential need for housing construction volumes based on an assessment of the level of effective demand of households implies the first method. The resulting effect of this approach is an improvement in the quality of forecasts of housing construction development, which in content approach traditional forecasting. In our view, this only facilitates the coordination of construction forecasts or territorial business plans and contributes to reducing the level of risks in the activities of developer organizations. At the same time, the disadvantages of the method include insufficient consideration of pricing factors, primarily in the secondary housing market, the parameters of development of the individual housing construction segment, and the risks of external influences on the state of the housing construction market. The generally weak information base for forecasting contributes to increased forecasting risks, as it is oriented toward the use of only two sources: national statistical observation data and internal departmental reporting. Moreover, the methods of collecting and assessing the reliability of the latter are not disclosed in the LTPs, which reduces their informational value.

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

An attempt to expand the information base for forecasting the housing market may be based on the results of sociological surveys of the population concerning their desire to improve housing conditions. However, in this case, the solvency factor is not used or may be considered auxiliary. A positive feature of this method is the stimulation of participation in housing construction financing by the second of the identified groups. It also creates potential for forecasting trends in changes in the price factor, since an increase in housing supply contributes to lower prices and increases opportunities to meet the housing needs of the third identified social group. A negative effect of applying the second development method is the increased dependence of the effectiveness of LTPs on external factors, i.e. market conditions and the elimination of segments that limit the development of the housing market. Another problem that may arise in developing territorial LTPs may be related to identifying, based on the analysis results, uncertainty factors and the procedure for applying the classification criteria used to implement the programs. Thus, to ensure that LTP texts comply with the requirements for participation in the implementation of federal targeted programs (FTPs) and for obtaining state financial assistance, developers use the following set of terms to designate similar types of facilities: economy-class housing, low-rise residential buildings, and individual housing construction (IHC) facilities. However, a regulatory definition exists only for the first group of facilities, while for the other two, a certain similarity of the construction technologies and materials used is considered sufficient.

Another, more vulnerable factor affecting the solvency of the population intended to purchase housing is the solvency of the construction enterprise itself. The most important factors affecting the solvency of housing construction enterprises are presented in Scheme 1.

Results. Based on the above scheme, it should be noted that housing construction enterprises must establish their income (profit) level based on the volume of construction-contract obligations assumed toward the housing buyer, i.e. the population. Only then can the enterprise decide to invest part of the funds received from the population for housing or its reserves in order to generate profit and retain these funds to cover unforeseen risk-related compensation when risk events occur. This, in turn, means that housing construction enterprises must possess sufficient financial and resource potential to cover all payments and current expenses.

For example, under current conditions, traditional factors in the development of IHC may include:

- a high share of the rural population, whose settlement patterns and transport accessibility conditions preclude high-rise development and the use of the latest housing construction technologies;
- the widespread persistence of traditions of using local construction materials (wood, stone, etc.).

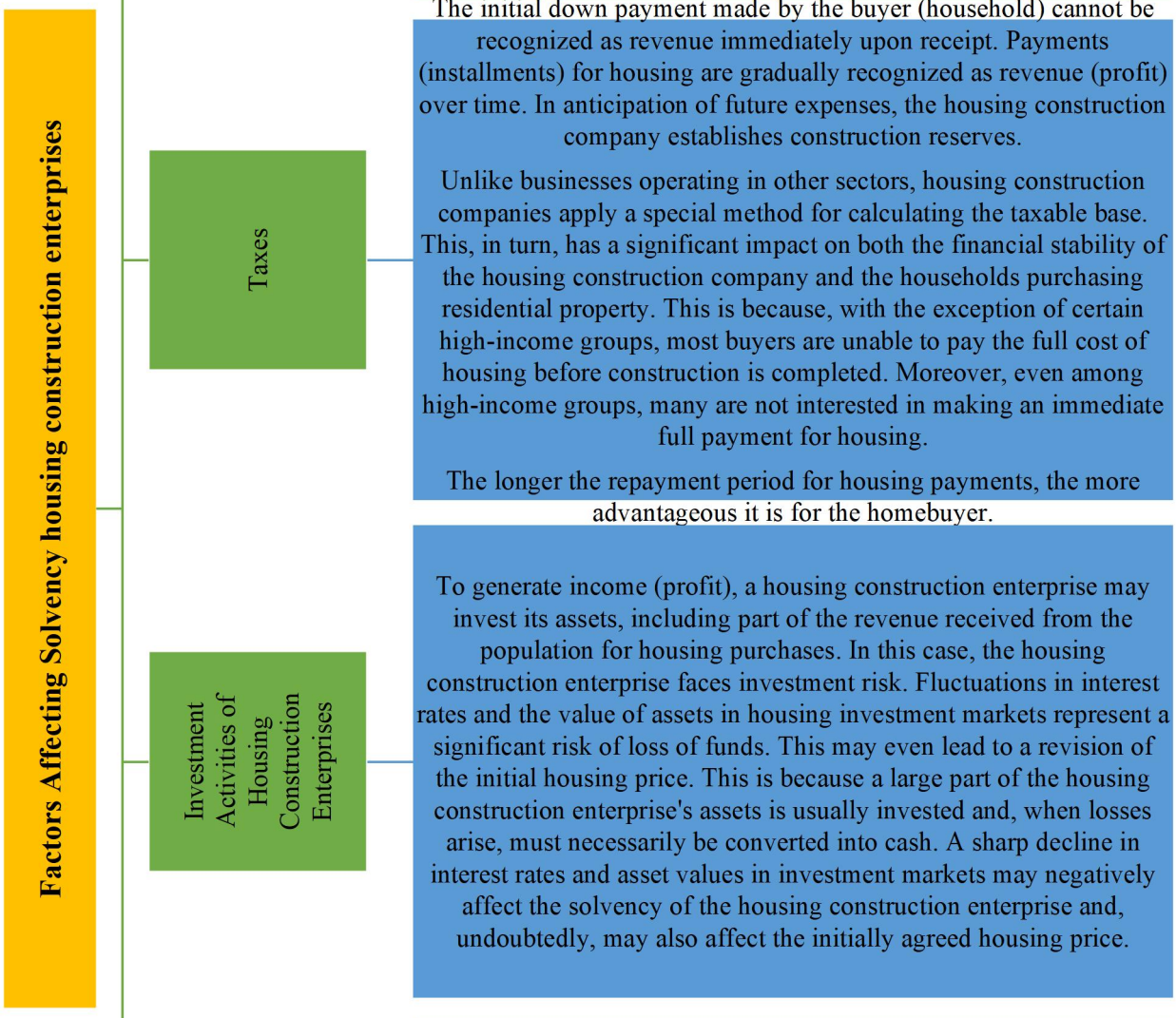
In the described situation, obtaining commercial loans by developers has advantages over mortgage loans provided by highly specialized enterprises. Accordingly, the development of LTPs is affected by a complicating factor associated with assessing the need for territorial differentiation of directions for the development of the financial and credit sector. Here, the identified factors manifest

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

themselves differently in low-urbanized areas, for example, in the form of widespread IHC, and in cities with better initial conditions for the development of mortgage lending.

Accordingly, an essential stage in the development of territorial LTPs is a comprehensive classification of housing construction facilities using an expanded set of criteria and an assessment of its conformity with the parameters of the local housing market.

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr



HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

Scheme 1. Factors Affecting the Solvency of Construction Enterprises

From the analysis of manifestations of information asymmetry in the housing construction complex (HCC), it seems logical to move to modeling the influence of internal-level factors, the regulation of which constitutes the main content of territorial LTPs. Analysis of the latter indicates that methods of managing effective demand in the housing market can be classified into four main groups:

- accumulation of funds and savings for investment in the HCC, including the organization of targeted bond issues;
- budgetary stimulation of the corresponding behavior of clearly identified social groups, including through direct financing from budgets at different levels and the provision of budget guarantees;
- creation of conditions for consolidating different types of investment resources, for example, by facilitating the organization of specialized housing construction cooperatives, homeowners' associations, or mutual credit societies for the population;
- stimulation of the targeted use of resources (credit and investment) for long-term investments in new housing construction (housing mortgage lending).

The extraordinary diversity of the forms used to organize relations, which cannot always be unambiguously classified as material forms, and the high risks of applying formal criteria to distinguish their groups, provide a basis for using a simplified model of the phenomenon for research purposes. In particular, analysis of the content of the measures makes it possible to assert the appropriateness of distinguishing, as the main classification criterion, their belonging to such basic models of financial and economic relations as fund-based and non-fund-based (banking) forms of organization.

The proposed approach makes it possible to conduct a SWOT analysis of the advantages and disadvantages of using each organizational form to stimulate effective demand in the housing market, as reflected in Table 1.

Table 1

SWOT Analysis of Organizational Forms of Relations among Participants in Investment Relations in Housing Construction

No.	Form of organization of financial relations	Advantages and benefits of use	Specific features and risks of applying the form
1	Bank-based	Availability of independent sources of financial resources, including the issuance of money.	Lack of transparency in the formation of sources of credit resources. Risky nature of long-term investment

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

			activities.
2	Fund-based	Transparency of financial relations. Possibility of making long-term investments.	Increased dependence on sources of financial resource formation.

The content of Table 3 supports the proposition that the fund-based form of organizing resources (financial, material, and labor) provides certain advantages for making long-term investments, including in housing construction. Therefore, the vast majority of the analyzed LTPs use various models for creating and ensuring the functioning of targeted financial funds.

At the same time, most organizational and legal forms provided for by legislation are used: from state institutions and state-owned enterprises to joint-stock companies and non-profit organizations. There is a tendency not to use the term "fund" in their names, which makes it difficult to apply a formal criterion for identifying the organizational form. A common feature is the uniformity of methods for forming sources of financing their activities, represented by the following set of financial instruments:

- participation of government authorities in the charter capital of the organization managing the fund;
- subsidization of the fund's activities from budgets at different levels;
- lending;
- obtaining, on a competitive basis, funds from a development fund (the housing and communal services development fund, mortgage program, etc.);
- issuance of targeted bond loans under state guarantees;
- use of other sources of financing not prohibited by the legislation of the Republic of Uzbekistan.

The classification of sources for forming funds reveals the main problem in ensuring their operation, namely their partial inconsistency with budget legislation, i.e. the Budget Code of the Republic of Uzbekistan. This circumstance is the reason for using management methods, the most common of which are the following:

- refusal to disclose information about the sources of financing the activities of funds;
- use of budget fund resources consolidated into the budgets of all levels;
- combination of forms of activity that combine features of fund-based and banking models of organizing financial resources.

A negative effect of using the above management methods is the loss by funds of the advantages that serve as instruments for attracting extra-budgetary sources of financing for their activities. For example, a disadvantage of a budget fund is the complicated procedure for coordinating the timing and directions of use of budget resources and their inconsistency with the long-term objectives of program

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

implementation. Similar effects are generated by attempts to consider fund-creation procedures as one of the program measures of an LTP.

Conclusion. In general, housing construction enterprises must constantly maintain an adequate level of solvency. In addition to fulfilling consumer requirements established by contract to protect the interests of housing consumers, the enterprise must independently analyze its condition and take appropriate measures based on the results of the analysis. The presence of constant and stable solvency of a construction enterprise specializing in individually commissioned housing construction, on the one hand, increases customer confidence and, on the other hand, strengthens its position in the housing market. Therefore, the construction enterprise has an interest in analyzing and strengthening its solvency. This analysis can be carried out on the basis of the above indicators according to performance criteria. Analysis of the activities of construction enterprises according to a particular criterion and the selection of indicators used (even in the form of coefficients) depend on the purpose of the analysis. It is only necessary to identify the criterion points for providing high-quality services to housing consumers.

References:

1. Soldatova, L.A. Financial Support for Housing Construction: Monograph. Orenburg: Orenburg Institute of Economics and Culture, 2011. – 250 p.
2. Vasyutichev, A.V. Entrepreneurial Activity in the Construction Services Market (Based on the Materials of the Kaluga Region): Dissertation for the Degree of Candidate of Economic Sciences. Moscow, 2003. – 134 p.
3. Gerber, M.E. The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It (Translated from English). Moscow: Olimp-Business Publishers, 2005. – 242 p.
4. Ekimova, K.V. Formation of an Integrated Mechanism for Interaction among Subjects of Regional Investment and Construction Activities. Saint Petersburg: Saint Petersburg State University of Economics and Finance Publishing House, 2006. – 175 p.
5. Khamidulin, M.B. Development of the Financial Mechanism of Corporate Governance: Abstract of the Dissertation for the Degree of Doctor of Economic Sciences. Tashkent: BMA, 2008.
6. Karlibayeva, R.Kh. Ways to Effectively Organize the Financial Management System in Joint-Stock Companies: Abstract of the Dissertation for the Degree of Doctor of Economic Sciences. Tashkent, 2018. – 34 p.
7. Djumaniyazov, U.I. Improvement of Corporate Governance Mechanisms in the Housing Construction Sector Based on Public-Private Partnership: Abstract of the Dissertation for the Degree of Doctor of Philosophy (PhD) in Economics. Tashkent: Tashkent State University of Economics, 2017. – 28 p.

HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

8. Diyarova, M., & Zaynalov, J. (2024, November). The basis of modeling and stimulation of construction objects development. In AIP Conference Proceedings (Vol. 3244, No. 1, p. 040016). AIP Publishing LLC.
9. Rahimov, S. A., & Abdivaitova, U. A. (2024). Econometric analysis of interpendence of factors of production of industrial products. GWALIOR MANAGEMENT ACADEMY, 60.