



## RISKS IN BUSINESS ACTIVITIES AND THE REASONS FOR THEIR INCREASE

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<https://doi.org/10.5281/zenodo.10317457>

**Abstract:** In the article, the connection of entrepreneurial activity with risk, the content and essence of the approaches to risk defined by different scientists are highlighted. The reasons for increasing the level of risk in business activities are also stated. Appropriate recommendations have been developed to reduce the level of risk.

**Keywords:** risk, possibility of loss (threat), "risk situation", presence of uncertainty, damage, presence of opposite trends, instability of macroeconomic environment, negative change of exchange rate, buyer's ability to pay, product price unexpected change, failure of the partner to fulfill his obligations

### Introduction

Currently, any business enterprises face risks due to the variability of the probability of the development of certain events and the instability of the external environment. They feel the need to properly assess and manage them. Insufficient data or inaccurate calculations can quickly push a business to the brink of bankruptcy. At the same time, the correct analysis and conclusions based on many scientific studies can not only reduce negative trends from the external environment, but also raise the business to a new level.

Risk assessment and decision-making in conditions of uncertainty are important elements of the economic process, and their effectiveness depends entirely on the tools and methods used for risk assessment. The correct use of risk analysis and assessment tools allows the enterprise to withstand fluctuations in the external environment and maintain internal stability. At the same time, the correct allocation of financial resources with a certain amount of risk allows attracting additional funds for the development of the enterprise. The existence of these issues represents the relevance of the topic.

### Analysis of resources on the topic

The problem of risk is one of the main concepts in business activity and is of particular importance. Risk plays the role of an incentive for efficient use of capital.

Modern business cannot be imagined without risk, because the success of business depends not only on the correctness and reasonableness of the chosen business strategy, but also on taking into account the possibility of critical situations. In order to survive in the market conditions, it is necessary to introduce technical innovations and make decisions about bold, decisive actions, and this increases the risk. Therefore, the main tasks of an entrepreneur are the ability to assess the level of risk and manage it, as well as not to avoid risk [1].

There are different views on the definition, nature and importance of risk. This is due to the multifacetedness of this phenomenon, insufficient use of opportunities in real activity, ignorance of the current legislation. Let's look at two main concepts that complement each

other and cover the general content of risk.

The first definition is that the risk is the probability (threat) of the enterprise losing part of its resources, the loss of income or the occurrence of additional costs as a result of certain production and financial activities. Therefore, risk means the possibility of an unpleasant event, the possibility of failure, and the possibility of danger.

The second definition of risk is directly related to the concept of "risk situation". The situation, in general, is a combination, a combination of various circumstances and conditions that create a certain environment for a certain type of activity. The environment can help or hinder this action.

Research shows that:

- risk is a characteristic of a situation with an uncertain outcome, associated with the inevitable presence of negative consequences;
- risk in a narrow sense - a quantitative assessment of risks, defined as the frequency of occurrence of one event when the other occurs;
- risk is an uncertain event or situation, which, if it happens, will have a positive or negative impact on the company's reputation, lead to monetary gains or losses;
- risk is the possibility of an undesirable loss of something under bad conditions ;
- risk – the probability of the risk going out of control and the seriousness of its consequences expressed by the level of its manifestation.

In order to better understand the concept of risk, we will explain the scientific views of scientists as follows[2,3,4,5,6].

**Table 1**  
**Scientific approaches to the concept of risk**

No	Approach groups	Authors	The content of approaches
1.	Only losses	Grabovy PG	It is understood that enterprises may lose part of their resources, not be able to get the expected income or additional expenses as a result of production and financial activities.
		Webster T.	Probability of possible losses.
		Van Horn DK	Probability of potential losses.
		Adhamov M.	From the point of view of economics, it is represented by the probability of occurrence of bad consequences, such as loss of profits and losses due to other reasons.
		Alenichev VV, Alenicheva TD .	To the creditor belongs to has been main debt and interest pay not get as a result surface coming losses risk _
		Petrovlar SN	It is an enterprise of resources one part loss or income take don't get , adverb expenses to do is a risk .
2.	Only damages	Abdullaev Yo ., Bobokulov T.	Interest rate risk is the risk of loss as a result of changes in the level and movement of interest



			rates.
		Malikov T.	The possibility of failure to obtain the planned profit or loss.
		Belyavsky IK	Risk of harm or failure to achieve the intended purpose.
		Balabanov IT	The risk of loss in the form of money arising from the nature of one or another type of economic operation.

A businessman spends money on research, expanding production and building new ones, without having a guarantee that the market will work for tens of thousands or millions of products that he has not yet produced. *The danger of bad luck* in his every move hidden.

Accepting a risky project involves identifying and comparing potential losses and gains. If the risk is not provided with calculations, then it mostly ends in failure and leads to certain losses[7,8].

Entrepreneurial risk is inseparable from entrepreneurial activity. Risk in business activity - loss of resources invested in the production process, lack of planned income or the appearance of additional costs, loss of suppliers, choosing the wrong marketing strategy, hiring an incompetent person for a key position and other such risks may occur.

**Research methodology**

In the course of the research, the approaches of scientists to the concept of risk were studied, the reasons for the increase in risk were shown, and relevant conclusions were formed. Observation, theoretical research and generalization methods were used on the basis of the studied data.

**Analysis and results**

Based on the results of our research, we can list several *reasons for the increase in the level of risk* : spontaneous natural processes and events, natural disasters, randomness, the presence of conflicting trends, conflicting interests. conflict, the probabilistic nature of scientific and technical development, the presence of uncertainty, incomplete and insufficient information about the decision-making object, process, event, the complexity of the process of knowing the sources of uncertainty and risk, the influence of unfavorable political factors in the importing country secret, the instability of the macroeconomic environment in the importing country, the ability of the national economy to collect enough foreign currency to pay interest and principal debts to foreign creditors, the level of reliability of the partner and its inability to fulfill its obligations for various reasons.

Most of the above risks are objective (unfavorable trends in the development of the world economy, a number of its regions, individual countries and commodity markets, natural and climatic conditions) and subjective ( miscalculations in government and business policies, competitors, counterparties dishonesty of actions) has a description.

It should be noted that elements of uncertainty and risk in economic activity - in the conditions of the transition from extensive methods to intensive methods of economic development, also cause the need to choose new tools, imbalance in planning, pricing, logistics and financial-credit relations.

**Conclusion**

Qualitative and quantitative analysis of risk is carried out on the basis of assessment of the conditions and causes of risks, considering the influence of internal and external factors.

In order to reduce the level of risk in business activities, we think it is appropriate to implement the following:

- full study of the market of newly produced products or rendered services, comprehensive analysis of various risks, obtaining more information about them;
- to increase the number of business partners, project participants as much as possible, reduces the level of possible risk and damage;
- in order to reduce the level of risk, the entrepreneur should allocate his capital to several unrelated objects;
- business entities should always build up reserves in their activities. Reserve funds are needed for the possible consequences of risks in the activity.

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