

“FACTORS AFFECTING FINANCIAL STABILITY OF BUSINESS ENTITIES”**Jalolova Asila Kamoliddin Qizi****Abstract:**

The primary objective of this study is to examine factors influencing financial stability of business enterprises. Business entities play a significant role in the economy of the country as they provide job vacancies to communities and have own contribution to the country's Growth Domestic Product (GDP). The analysis of statistical data shows that European companies prefer raising debt than own capital. The average level of ratio "own capital to total assets" is equal to 32.89%. This fact points at: 1) instability of companies being analyzed and 2) possibility of their insolvency risk. For this reason, this paper aims to analyze and evaluate crucial factors that have impact on business entities' financial sustainability with specific focus and reference on Somalia markets. An example that determines the financial stability of various foreign enterprises is also presented.

Key words:

Financial stability, business entities, economic growth, employment creation in small and medium-sized businesses, financial development, SMEs

Relevance of the work:

In the context of economic reform, many developing countries place particular importance on active structural financial policy, the formation of more rational proportions, ensuring interconnected development of industries national economy and economic regions of the country, close linkage material and cost proportions, production and social indicators, etc. Such tasks arise from the need achieving financial stability in all sectors of the economy through efficient use of financial resources. Uzbekistan's President Shavkat Mirziyoyev has officially approved the “Uzbekistan-2030 Strategy”, signifying a pivotal moment in the nation's ongoing development trajectory. The strategy, which comes as an evolution of the previous “Development Strategy of New Uzbekistan”, reflects the country's commitment to building a prosperous, modern, and equitable society¹.

The current stage of economic liberalization, despite numerous financial and economic achievements of Uzbekistan, requires constant improvement of government regulation. AND plays an important role in relation to financial stability inconsistency of modern points of view on financial stability

Context of the Research:

It is commonly recognized that SMEs' interactions with the business environment impact their growth, profitability, and, ultimately, the organization's overall financial success. Various external factors influence the financial performance of these firms, including but not limited to their entrepreneurial education and experience, access to finance facilities, national political and regulatory frameworks, technology advancements, national infrastructure, and market knowledge. In light of this, the study's focus is on the variables influencing the financial standing and management of Somali SMEs. Given that it employs and pays a significant portion of the populace, the SME sector is regarded as one of Somalia's most significant economic drivers (Rotar et al. 2019; Perevozova et al. 2019; Zahoran and Zizlavsky 2021). Small and medium-sized business bankruptcy

¹ <https://lex.uz/ru/docs/6600404>

causes job losses, more instability, less economic flexibility, and slower economic growth. Muhammad et al. (2010) and Arsawan et al. (2020) so state that a significant. Because many entrepreneurs lack the means to adequately engage in all aspects of production, the problem of limited resources has led to SMEs being handled in an unprofessional manner. The main reason is still human resource management since owners rarely devote time to it. Furthermore, the deficiency of job specialization and inadequate control of these small enterprises makes them vulnerable to fraudulent reporting². They lack a foundational understanding of business concepts and are ignorant of how to manage a company.

Introduction:

Business enterprises offer a significant contribution to economic growth through creating jobs, alleviating poverty, distribution of income, and innovation. To create a sound industrial sector in the economy, having a good enterprises' sector becomes essential. Well-functioning business entities are necessary for continuous and sustainable economic growth. It is important to consider that, the business entities are getting to be progressively seen as a key driver of work advancement, wage advancement, and work creation. This has been incited by the government's developing acknowledgment that significant activities within the fabricating industry are less likely to form the fundamental work conceivable outcomes, considering the industry's critical capital. Requesting administration and budgetary explanations are other noteworthy components constraining these organizations' money related execution and capability to raise capital. Differentials in data related to credits for little moneylenders have restricted the stream of capital to littler companies. The SME sector has the capacity to improve generation capacity, which encompasses a critical effect on financial and social advance. Since the tremendous lion's share of individuals in creating nations are utilized in business entities, they are imperative components of making a showcase through inventive capabilities.

Depending on their condition, financial stability is divided into types:

Types of financial stability			
Absolute	Sustainable	Unsteady	Crisis

1 picture. Types of financial stability

² Rotar, Laura Južnik, Roberta Kontošič Pamič, and Štefan Bojnec. 2019. Contributions of small and medium enterprises to employment in the European Union countries. *Economic Research-Ekonomska Istraživanja* 32: 3296–308.

- Absolute. If the company has enough cash to continue working, while it is independent of debts and creditors, then it can be called absolutely financially stable.
- Sustainable. Provides the enterprise with the necessary funds and resources, is in a state of relative stability.
- Unsteady. Inability to pay financial bills on time, to provide the organization with the necessary funds and resources to function.
- Crisis. Simply put, this is a condition that is also called bankruptcy. It means a complete loss of the ability to maintain the financial condition of the enterprise and continue business activities. Financial stability, in turn, guarantees the high productivity of the company and the fulfillment of planned tasks. A normally functioning enterprise can be called one that can independently pay for its financial needs and perform the services offered.

The research by Zayed, Nurul Mohammad, Isse Sudi Mohamed, Khan Mohammad Anwarul Islam, Iryna Perevozova, Vitalii Nitsenko, and Olena Morozova in 2022 showed first that human resource management and associated activities, such as employee training and development and lowering staff turnover, were critical in improving business performance among SMEs. Secondly, the study also looked at the link between financial access and financial performance. Thirdly, the study discovered that access to bank loans and credit from financial institutions had a beneficial impact on the financial performance of the SME. Furthermore, access to financing increased the overall business value and facilitated corporate development. For business enterprises, the finances, ownership, and control offered by directors, for example, may be drastically different and more direct than those in large enterprises. As a result, governance has grown in relevance among administrators, academics, and other key stakeholders, particularly for firms owned by the public or listed on the stock exchange. Additionally, adequate equalization empirical and theoretical studies on SMEs have been focused on developed economies (Berger and Udell 2002; Piliaiev 2019; Biekša and Baležentis 2019; Kurkova 2021). This is a big issue, given the critical role that business entities play in the Somali economy. However, many barriers, most notably a lack of suitable finance, prevent SMEs from adopting corporate governance (Sarmiento et al. 2019). According to some, a shortage of cash causes many SMEs to fail to start or develop. This is because SMEs have limited access to financial markets, both locally and worldwide, due to a perception of heightened risk, informational barriers, and higher intermediation costs for smaller firms. As a result, they usually struggle to get long-term funding in the form of debt or equity (Alauddin and Chowdhury 2015; Sitharam and Hoque 2016).

It is commonly understood that small and medium-sized enterprises (SMEs) engage with the business surroundings that have an impact on their growth and profitability, consequently influencing their financial performance as an entity. Entrepreneurial training and background, availability of financing options, national political and regulatory frameworks, technological progress, national infrastructure, and market knowledge are among the environmental elements that shape the financial performance of such firms. Given this context, this study centers on the determinants influencing the financial status and administration of business establishments. The insolvency of business enterprises leads to job losses, heightened insecurity, reduced economic flexibility, and a decline in economic expansion. Therefore, as per the research of Muhammad et al. (2010) and Arsawan et al. (2020), insufficient resources pose a significant challenge to business

entities, which are often managed in an unprofessional manner since many entrepreneurs lack the resources to handle all production components efficiently. The primary factor contributing to this is human resource management, which owners seldom prioritize. In addition, these small businesses are susceptible to fraudulent reporting due to the absence of specialized job roles and weak governance. However, many entrepreneurs lack the necessary business acumen and knowledge to run a successful business.

The aim of this study was to examine the elements that impact the financial conditions of enterprises. The primary inquiry of the research was to analyze if the HR department is responsible for keeping the employees informed of the latest technological advancements in the industry. The secondary question of the investigation was to ascertain if the establishment has enforced programs for the growth and education of their workforce. A domain where enterprises have not met expectations is in the realm of professionalism. Most of these businesses rely on untrained labor, with only a small fraction comprising of skilled personnel, which significantly affects the attributes of entrepreneurial ventures.

Hypothesis 1 (H1). The employees are cognizant of modern technological advancements. It is common knowledge that the digital revolution is here, and remote and hybrid work arrangements are now commonplace. This has hastened the progress of collaborative technologies like artificial intelligence, cloud computing, and augmented reality (AR). Kotane and Kuzmina-Merlino (2017) contend that corporate governance frameworks in businesses allow for greater access to cash, lower capital costs, better financial performance, and a positive brand image and perception among partners. However, this does not apply to small and medium-sized enterprises (SMEs) since they do not separate ownership and management. Additionally, enterprises have a small workforce, most of whom are relatives or friends of the boss. As most business entities are not publicly traded, their responsibility to investors is minimal, reducing the need for corporate governance. Due to these factors, it is challenging to find legislation and regulations mandating enterprises to meet disclosure criteria or strict corporate management and reporting restrictions. Internal control has traditionally been viewed as a strategy for large organizations and companies that have organizational problems (Janita and Chong 2013). Nevertheless, there is a real increase in enterprise management among business entities in the contemporary environment due to their significance and role in the country's economic growth and development.

The availability of agent-principal relationships presents a difficult challenge for organizations. The principal (owner) delegates control and leadership to the supervisory authority (operator), expressing the objectives and desires of the shareholders. However, directors may disregard the needs, wishes, and goals of shareholders in pursuit of their own self-interest. Additionally, efforts to separate corporate ownership and management have sparked concerns about corporate governance and agency issues worldwide. In many countries, the SME sector is a vital economic driver, providing employment and income for a significant portion of the population. The failure of SMEs results in job losses, increased insecurity, reduced economic flexibility, and a decline in economic growth. Therefore, according to Muhammad et al. (2010) and Arsawan et al. (2020), SMEs are often managed in an unprofessional manner due to a lack of resources, as many entrepreneurs lack the resources to effectively engage in all aspects of production. Human resource management remains a significant issue, as owners often neglect it. Due to the lack of job specialization and weak governance, these small businesses are prone to fraudulent reporting. Previous studies have shown

that good corporate governance enhances firm performance. For example, Rajan and Zingales (1998) found that companies in industries that require substantial external funding grow faster in countries with high financial development indicators. As a result, corporate governance appears to be essential for financial performance (as indicated by higher accounting standards, greater legal protection for investors, and stronger rule of law). Additionally, Suharto et al. (2021) and Gemmill and Thomas (2004) found a positive correlation between effective corporate governance practices and business value. Effective corporate governance is also thought to result in lower operating costs. Bhatti and Do (2019) examined recent research on copula models, including Gumbel, Clayton, Frank, Gaussian, and vine models, as well as the theoretical creation of a mixture of bivariate and multivariate copula distributions for both static and dynamic applications. Financial constraints are a significant impediment to the growth and development of small and medium-sized businesses³.

Knowledge as a vital component of stable finances

The stability of an organization is impacted by a vast majority of things. However, the business has to focus on the examination of information about controllable factors. The modern environment reflects developments in business and the degree to which an organization needs information. Information is a tool designed to assist with market orientation. According to studies, a manager's time is often spent between 50 and 90 percent searching, analyzing, and exchanging information. Adequate data, the capacity to gather pertinent information, and analytical abilities are key components of a successful organization. Several scientists have categorized and assessed the elements that contribute to company success.

The components that lead to triumph in business have been classified and evaluated by various researchers. In 1995, Hoary identified data management as one of the 8 key components to success in pharmacy and distribution. The data calculation was recognized as the winning calculation by Estonian researcher Tiber in 2002. The reliability of the undertaking can be ensured by performing the stages of data management: 1) Determining the capabilities of the enterprise, 2) Gathering information, 3) Information research, 4) Selecting the main winning variables, 5) Critical calculation analysis. Of course, the above stages are not final and after completing all stages the company must move on to developing measures to improve its budgetary position. The most difficult of the past stages is data research. The "activity statements" that convey the essence of the enterprise should be characterized. To increase the adequacy of the company, it is necessary to create cognitive competence. In 2002, Peppered proposed taking the company's educational competence as a basis: educational competence in procedures, competence in using data. In any matter, data is extremely important to characterize the main factors of victory. Here you can talk about data structures and data quality, as well as monetary information. To ensure the financial sustainability of the company, it is necessary to increase the level of educational competence in areas such as: competence in charging and competence in increasing valuation, asset value, in aspects of evaluating a venture victory, as well as in cash flow management competence. in accounting and warehouse accounting, in organizing costs and increasing benefits, competence in discovering the attraction of committed capital, in the use of information technology and increasing the amount and quality of work. Part of

³ Muhammad, Mohd Zulkifli, Abdul Kamal Char, Mohd Rushdan bin Yaso, and Zakiah Hassan. 2010. Small and medium enterprises (SMEs) competing in the global business environment: A case of Malaysia. *International Business Research* 3: 66.

IT is changes in branches and companies. The companies that pay the most attention to IT in many countries are banks and media transmission companies. As the pros suggest, the situation is very peculiar in those circles where companies primarily focus on updating mechanical capacities, relegating forms and promotion of resources to the background. However, IT is needed to adjust the separation of assets, stores and order fulfillment.

Hypothesis 2 (H2) Experienced staff members can enhance the financial performance of a company.

Although employee engagement is the most valuable asset for a business, low levels of engagement can cost firms billions of dollars annually. Since most SMEs are not publicly traded companies, they do not have any public obligations to investors, reducing the need for corporate governance in SMEs. As a result, it is challenging to find legislation and regulations that require SMEs to meet transparency standards or strict corporate management and reporting criteria. Since there are no investor concerns, there is no agency problem, and there is no motivation to increase profits and market value (Oteshova et al. 2021; Leonova et al. 2021; Kader et al. 2021; Shahriar et al. 2021). Furthermore, due to the nature of most SME conflicts, corporate governance is unnecessary (Janita and Chong 2013; Amaradiwakara and Gunatilake 2016). Corporate governance standards ensure that shareholders receive adequate returns on their investments (Gherghina et al. 2020; Philip 2011; Hosseininia and Ramezani 2016). Without these procedures, outside investors would not lend to firms or buy their shares. The overall economic performance would suffer due to the loss of numerous lucrative business opportunities, and temporary financial difficulties with specific organizations would quickly spread to other enterprises, employees, and customers.

Literature review.

Researchers	Major Findings
Maseko and Manyani (2011)	Found out that the majority of business entities in Zimbabwe (Bindura) do not keep complete accounting records because of lack of accounting knowledge and as a result, there is inefficient use of accounting information to support financial performance measurement by business enterprises
Madurapperuma, Thilakerathne and Manawadu (2016)	Found that most enterprises in Sri Lanka do not keep complete accounting records due to lack of accounting knowledge and the cost of hiring professional accountants.
McMahon (1999)	Revealed that some business entities fail to prepare complete set of financial statements even though they have well-maintained books of accounts but because financial statements and reporting accurately requires proper preparation.
Newhard (2013)	Recommends from his research that owners of business entities use financial reporting framework as it has extensive accounting, reporting, and disclosure guidance that will result, over time, in effective and consistent financial reporting. Although there are many reliable accounting information systems for SMEs to support accurate preparations of financial statement, they are not prioritized and used to benefit the

	organization. As a result, this makes it difficult for the entrepreneurs to calculate their business profits efficiently
Mohamed and Ramli (2022)	Made a research and found out that management commitment, human capital efficiency, business user competency, and cost capabilities play an important role in CAS implementation in Bakara Market SMEs. Furthermore, CAS simplified report preparation, boosted trust in decision-making, and improved report quality.
Demirhan and Wassem (2014)	categorized four groups of factors that influence the financial performance of a business, including "liquidity," which is measured by the current ratio and the acid-test ratio, two ratios that provide information about the ability of the business to meet short-term debts; "profitability," which evaluates the profit-generating capability of the business through net profit margin, operating profit margin, and return on assets; "asset management efficiency," which is measured by inventory turnover, accounts receivables turnover, and total asset turnover; "financial leverage," which is measured by return on equity and debt-to-equity ratio. Financial leverage refers to how much a company utilizes debt to finance its operations. A business's leverage, or return on equity, increases when the company earns more from investments funded by borrowed capital than the interest paid (Brigham & Houston, 2012)
Sulairnan, Jili, and Sanda (2001)	Investigated business failures in Malaysia. They developed a logit model and studied factors that can be used to predict failure. Various financial ratios were used in the study, but three main ratios were found to have significant predictive power. These ratios include leverage, interest rate, and total asset turnover.
Olawale and Garwe (2010: 279)	Indicated that 63 percent to 75 percent SMEs, in the first two years of trading, are liquidated. Besides, nine out of ten firms are liquidated in the first year of operation, while 80 percent of new start-up fail within the first three years.

Methodology

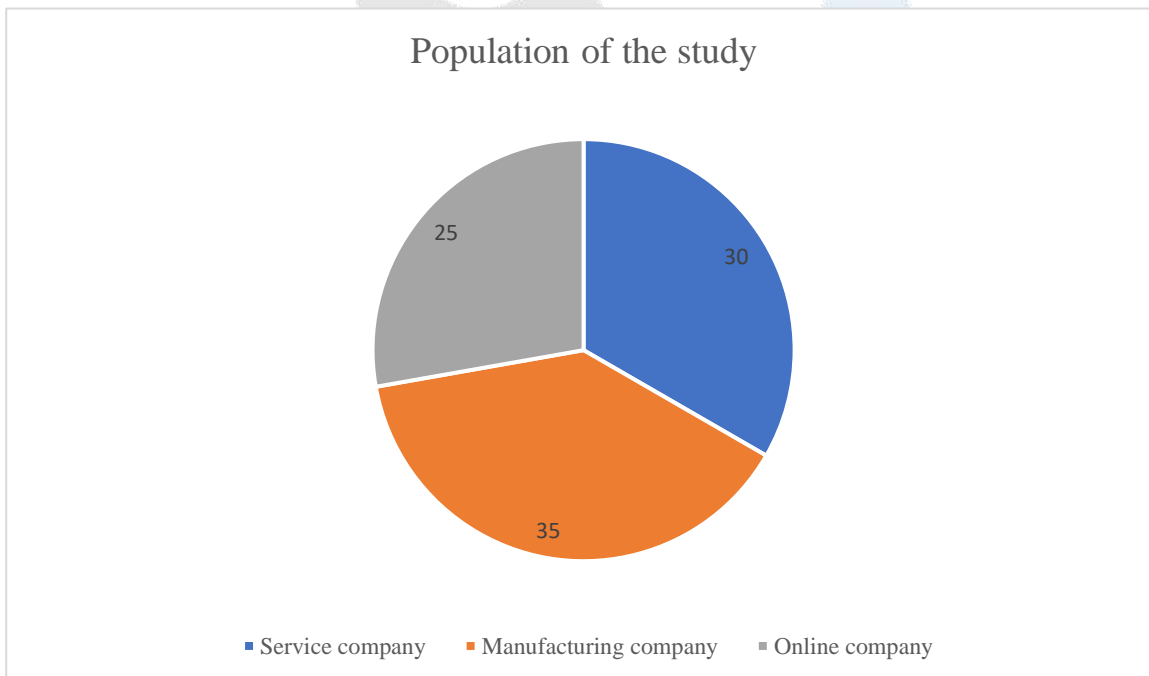
This study examined the results of the survey which was provided in Somalia. Both qualitative and quantitative research methods were utilized in this study. To explore new directions for the scientific community regression analysis and correlation methods were employed. To assess the sampling adequacy and the strength of relationships among variables, validity and reliability tests were selected. Frequency distributions were deemed appropriate as they facilitated a thorough evaluation of the factors impacting the financial status of SMEs. A descriptive case study was also recommended as it prioritizes depth over breadth. The study utilized a descriptive research

technique, which involved interviewing or administering a questionnaire to a sample of participants. The regression analysis was used to test the hypothesis, while correlation analysis was utilized to compute and measure the linear association between the salient variables. The target population for this study consisted of the 90 SMEs.

The case consider given broad data to the analyst, which profited in accomplishing the study's goals. The target population for this study were SMEs appropriately recorded and found in Somalia. The target population included the 90 SMEs in Somalia (Table 1).

Table 1. Population of the study

Category of the Company	Target Population
Service company	30
Manufacturing company	35
Online company	25
Total	90



Yamane’s formula was used by the researcher, and it is as follows:

$$n = N / (1 + N(e)^2)$$

Where:

n = sample size;

N = population size;

e = margin errors;

$$n = 90 / (1 + 90(0.1)^2)$$

Analysis of information

As per Zelick (2013), descriptive analysis refers to the procedure of converting extensive quantities of unprocessed information into tables, charts, frequency distributions, and proportions, which are crucial in comprehending the information. The research evaluated the demographics of the participants by utilizing descriptive statistics like proportions and frequency distributions.

Table 2. Gender respondents.

Respondents	Frequency	Percentage
Male	37	61.7
Female	23	38.3
total	60	100.0

According to Table 2, most of the participants were of the male gender (61.7%), while a smaller percentage were females (38.4%) when questioned about their gender. The respondents were requested to indicate their age groups. The participants were requested to determine whether the utilization of panels efficiently enhances the excellence and effectiveness of the panel's responsibilities and directives. As per Chart 10, 28.8% of the surveyed concurred with the declaration, 11.9% firmly differed, 16.9% differed, and 25.5% remained indifferent. The respondents were inquired to recognize in case the work of committees viably moves forward the quality and productivity of the board's assignments and commands. Concurring to Table 3, 28.8% of those surveyed concurred with the articulation, 11.9% emphatically oppose this idea, 16.9 disagreed, and 25.5% were unbiased

Table 3. The employment of committees effectively improves the quality and efficiency of the board's tasks and mandates.

Respondents	Frequency	Percentage%
Strongly disagree	7	11.9
Disagree	10	16.9
Neutral	15	25.5
Agree	17	28.8
Strongly agree	11	16.9
Total	60	100.0

With respect to whether well-trained and experienced accountants may offer assistance improve the company's budgetary execution, Table 4 appears that the lion's share of 30.53% concurred and 30.5% emphatically concurred, with 15.3% impartial, 11.9% unequivocally opposing this idea, and 11.9% of respondents opposing this idea.

Table 4. A well-trained and experienced accountant may help enhance the company's financial performance.

Respondents	Frequency	Percentage%
Strongly disagree	7	11.9
Disagree	8	11.9
Neutral	9	15.3
Agree	18	30.5
Strongly agree	18	30.5

Total	60	100.0
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The respondents were asked to identify if the employment of committees effectively improves the quality and efficiency of the board’s tasks and mandates. According to Table 5, 28.8% of those polled agreed with the statement, 11.9% strongly disagreed, 16.9% disagreed, and 25.5% were neutral

Table 5. The utilization of committees significantly enhances the caliber and efficacy of the board's responsibilities and directives.

Respondents	frequency	percentage
Strongly disagree	7	11.9
Disagree	10	16.9
Neutral	15	25.5
Agree	17	28.8
Strongly agree	11	16.9
Total	60	100.0

The participants were surveyed (Table 6) regarding whether the HR department ensures that employees are informed about new technological advancements as they arise in the market. The results showed that 42.2% concurred, 16.9% strongly concurred, 16.9% disagreed, 6.8% were impartial, and 15.3% strongly disagreed. The participants were requested to indicate their concurrence or disagreement with the speed at which the CEO implements employee training and development initiatives in the organization. The majority of participants (25.4%) strongly agreed with the statement, while 24.4% agreed, 16.9% disagreed, and 20% were impartial.

Table 6. The human resources department guarantees that employees are informed about the latest technological advancements as they arise in the market.

Respondents	Frequency	Percentage
Strongly disagree	9	15.3
Disagree	11	18.8
Neutral	5	6.8
Agree	25	42.2
Strongly agree	10	16.9
Total	60	100.0

This finding appears that benefit has an effect on the money related execution From Table 7, it can be contended that representatives are mindful of innovative advancement, and their involvement might improve the money related execution of the organizations. Employees' mindfulness of innovative improvement and involvement includes an extraordinary impact on the money related execution of the organization with tall relationships of 0.82 and 0.79, respectively. The budgetary execution of the organization may well be clarified by mindfulness of innovative advancement and the involvement of the representatives by 72% and 71.6%, individually. There

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might moreover be no inspecting mistake as the balanced R2 isn't less than 5% than that of R2 for both of the theories. F insights (592.76 and 854.67) for both of the hypotheses legitimize the goodness of fit. As both of the centrality levels are less than 0.05, it might be expressed that both of the elective speculations are acknowledged. Modern innovation has the potential to upgrade numerous components of the operations, from commerce scale to staff efficiency. Representative inclusion may have a significant impact on an organization's execution. Worker engagement may have a critical effect on a company's budgetary victory, in expansion to impacting an employee's demeanor towards their work and how viably they will execute it.

Table 7. Regression Results (Checking of Hypothesis).

	H1	H2
R2	0.720	0.716
Adj. R2	0.719	0.715
Beta	0.823	0.799
F Stat.	592.76	854.67
Sig.	0.000	0.000

. reg h2 h1

Source	SS	df	MS	Number of obs =	5
Model	583606.834	1	583606.834	F(1, 3) =	.
Residual	.091712989	3	.030570996	Prob > F	= 0.0000
Total	583606.926	4	145901.731	R-squared	= 1.0000
				Adj R-squared	= 1.0000
				Root MSE	= .17485

h2	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
h1	1.442283	.0003301	4369.23	0.000	1.441232 1.443334
_cons	-.258027	.0875064	-2.95	0.060	-.5365115 .0204576

The correlation between employee technological proficiency (0.399) and employee experience (0.401) is moderate and strong, respectively, with a highly significant small p-value of 0.000.

Table 8. Correlation between Employee's Knowledge of Technological Advancements and Financial Performance of Business entities.

		Financial Performance of the enterprises	Awareness of Technological Development of the Employees
Financial Performance of the business entities	Pearson Correlation Sig. (2-tailed)	1	0.399 0.000
Awareness of Technological	Pearson Correlation Sig. (2-tailed)	0.399 0.000	1

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Development of the Employees			
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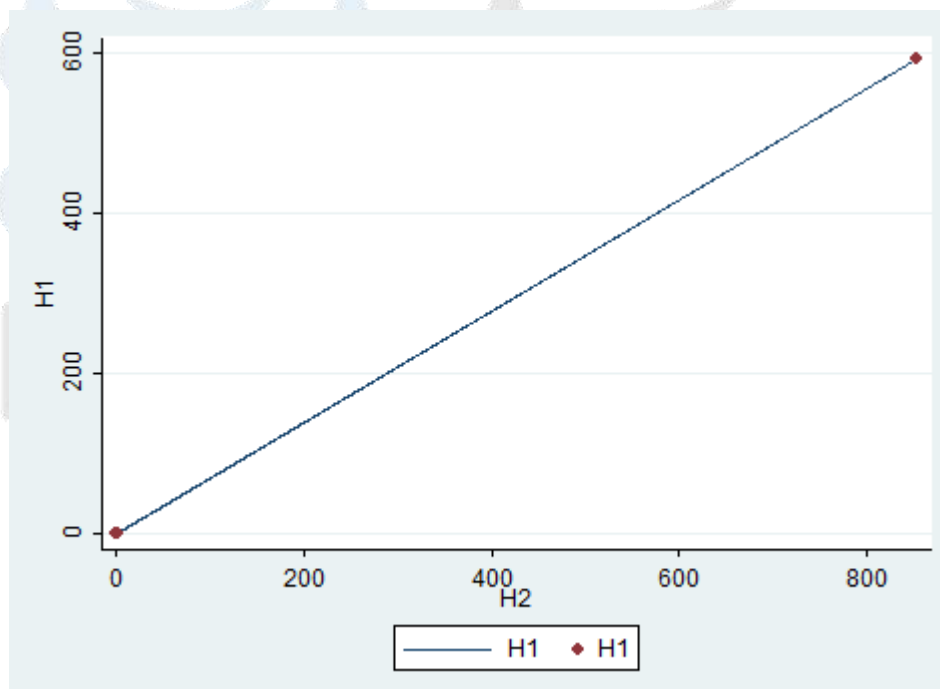
Source : STATA 12

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. cor h1 h2
(obs=5)
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	h1	h2
h1	1.0000	
h2	1.0000	1.0000

Correlation between Employee Experience and Financial Performance of Enterprises.

		Financial Performance of the enterprises	Experience of the Employees
Financial Performance of the Business entities	Pearson Correlation Sig. (2-tailed)	1	0.401 0.000
Experience of the Employees	Correlation	0.401 0.000	1



Source : STATA 12

The fiscal consciousness and long-term monetary viability of enterprises

Numerous studies have established a positive correlation between fiscal consciousness and the sustainable operation of businesses (Anderson, 2017; Schönborn, Berlin, Pinzone, Hanisch, Georgoulas and Lanz, 2019). Companies that are financially aware possess a deeper comprehension

of the financial implications of strategic decisions, resulting in improved efficiency. According to Gong, Gao, Koh, Sutcliffe, and Cullen (2019), financial knowledge is crucial for the survival of small and medium-sized enterprises (SMEs) in both developed and emerging economies. Poor fiscal management practices lead to low financial awareness and repeated financial errors (Schönborn et al., 2019). Gong et al. (2019) suggested that financial awareness is necessary to adapt to rapidly changing economic conditions. Similarly, Flores-Hernández, Cambra-Fierro, and Vázquez-Carrasco (2020) found that individuals with sound financial experience are more likely to make efficient investments in diversified assets. Furthermore, financial knowledge and firm efficiency are significant factors in wealth generation. Therefore, integrating decision-making, long-term financial planning, and fiscal comprehension has become a potent driving force (Tarkhanova, 2018). Business owners who possess fiscal consciousness are more likely to implement sound financial management strategies to enhance the growth and sustainability of their enterprises (Menike, 2018). Kasbun, Teh, and San Ong (2017) also established a correlation between fiscal consciousness and the monetary sustainability of corporate entities. Hence, fiscal consciousness is expected to have a positive impact on the sustainability of business enterprises.

Conclusions

This study used regression analysis and correlation to uncover unique and exciting directions for the scientific community. All-important variables were found to be consistent and trustworthy, including employee knowledge of technical advancement (0.826) and employee experience. The study's second research question was to determine the impact of human resources on the SMEs' financial performance. According to the study's findings, the vast majority (42.5%) of the respondents agreed that the HR department ensures that employees are aware of new developments and market adoption of technological trends. The study's findings also revealed the existence of a strong positive relationship between human resource performance and financial performance. The relationship was statistically significant at $p = 0.05$. As both of the alternative hypotheses were accepted, there was a positive correlation and strong relationship between awareness of technological development and the experience of the employees, which influences the financial performance of the organizations. According to the study's findings, most respondents (29.8%) agreed that the use of committees effectively improves the quality and efficiency of the board's tasks and mandated performance. Similarly, the study results revealed a positive relationship between committee employment and financial performance ($r = 0.491$) $p = 0.05$. According to the study's findings, the vast majority (42.5%) of the respondents agreed that the HR department ensures that employees are aware of new developments.

In common, it can be expressed that whereas SMEs esteem corporate administration guidelines and their part in moving forward budgetary execution, the lion's share of them have been incapable to execute them since they accept the honours as if it were important to huge and built up organizations. Concurring to the report, SMEs are effectively overseeing their businesses through preparing, contracting the most excellent ability, and embracing administration frameworks that respond rapidly to advertise changes to attain greater financial execution and a competitive advantage. There's a have to be seek after improvement; human assets make a competitive advantage as above-average workforce composition and proficient differences contribute straightforwardly to the advancement of higher-quality administrations and items for consumers. This characterizes the organization's offer. In any case, as the past discourse advanced more altogether than anticipated,

we chosen to proceed the exchange instead of hinder it to conduct a last work out assessing the merits of the authenticity assessment approach.

In common, it can be expressed that whereas SMEs esteem corporate administration measures and their part in making strides monetary execution, the larger part of them have been incapable to execute them since they accept the hones are as it were pertinent to huge and built up organizations. Agreeing to the report, SMEs are effectively overseeing their businesses through preparing, enlisting the leading ability, and receiving administration frameworks that respond rapidly to advertise changes to attain greater financial execution and a competitive advantage. There's a have to be seek after improvement; human assets make a competitive advantage as above-average workforce composition and proficient differing qualities contribute straightforwardly to the advancement of higher-quality administrations and items for consumers. This characterizes the organization's offer. However, as the past discourse advanced more altogether than anticipated, we chosen to proceed the discourse instead of hinder it to conduct a last work out assessing the merits of the authenticity assessment approach.

Recommendations

Concurring to the report, the Somalian government may offer assistance SMEs by giving initiatives to assist them apply corporate administration standards. SMEs are moreover being encouraged to completely embrace corporate administration in arrange to progress their budgetary conditions. Monetary oversight by a board of directors and its subcommittees is additionally exhorted for SMEs. Corporate administration must moreover be instructed to the board and administration. To begin with, the consider proposes that more investigate ought to be conducted on the effect of money related execution on enormous organizations since this think about for the most part centered on little businesses. Consequently, the study may not be appropriate to gigantic firms. Moment, this ponder as it were secured enrolled SMEs in Mogadishu; the SMEs may not be agent of other SMEs in casual settlements or in Somalia as an entire. As a result, encourage think about on unregistered SMEs may be performed.

Apart from that, with SMEs playing a pivotal role in each economy by creating jobs, improving life style, poverty reduction and noticeably, contributing to the gross domestic product, it is the responsibility of the government to ensure their growth and sustainability. Based on the findings and the conclusions of the study, the following recommendations are intended to improve the financial reporting of SMEs which, according to this study is one of the major contributory factors to sustainability of SMEs:

- Substantial assistance is needed from the government and well established organizations to mentor and educate leadership of SMEs. As recommended by Olawale and Garwe (2010: 736) government support agencies that can help new SMEs with finance and training such.
- The existing government incubators should support SMEs with in-depth accounting programs, workshops and training for those SMEs that do not have adequate knowledge and understanding of financial reporting as stipulated by the IFRS. This will improve the awareness of the importance of financial accounting and its purpose towards stability, innovation, growth and sustainability of small businesses.
- SMEs need to have qualified accountants to ensure credibility of financial reports, resource control, administration and data control. If this is not rectified, it can detract potential investors.

- Due to the ever evolving business sector, SMEs need to send their staff members for workshops and training to enhance staff capabilities.
- Businesses continuously need new, fresh ideas, in order to maintain a standard or better achieve their goals than competitors. This will not only improve staff capabilities, but also their level of integration and cohesiveness, which is vitally needed for the business operations to be efficient and productive (Kavanah and Drennan, 2008: 279).

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