SJBIR

ISSN (online)   : 2319-1422

SAARJ Journal on Banking &
Insurance Research
(SJBIR)

Source: Thomson Reuters

- CDO
- ABS
- CMBS
- RMBS
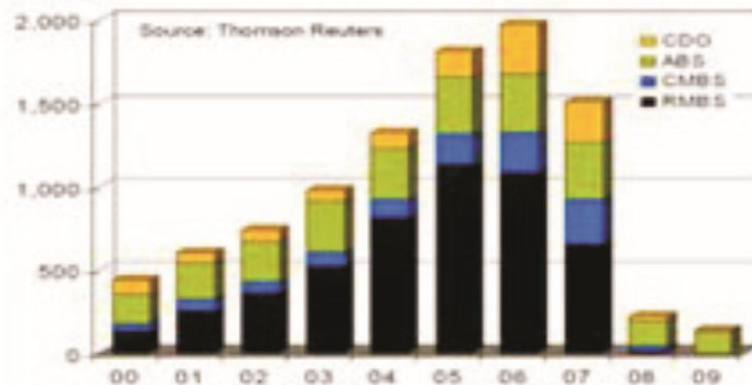
Published by

South Asian Academic Research Journals
A Publication of CDL College of Education, Jagadhri
(Affiliated to Kurukshetra University, Kurukshetra, India)

SJBIR

ISSN (online)   : 2319-1422

VISION

The vision of the journals is to provide an academic platform to scholars all over the world to publish their novel, original, empirical and high quality research work. It propose to encourage research relating to latest trends and practices in international business, finance, banking, service marketing, human resource management, corporate governance, social responsibility and emerging paradigms in allied areas of management including social sciences , education and information & technology. It intends to reach the researcher's with plethora of knowledge to generate a pool of research content and propose problem solving models to address the current and emerging issues at the national and international level. Further, it aims to share and disseminate the empirical research findings with academia, industry, policy makers, and consultants with an approach to incorporate the research recommendations for the benefit of one and all.

DEVELOPMENT OF A BANKING SERVICE SYSTEM BASED ON THE SYSTEMATIZATION OF DIFFERENT DISTANCE SYSTEMS

Abdullaev Altinbek Yangibaevich*

*Professor,
Doctor of Economics,
Head of the Department of Banking,
Samarkand Institute of Economics and Service,
Samarkand, UZBEKISTAN
Email id:oltinbek60@gmail.com

ABSTRACT

This article identifies common problems substantiating the feasibility of using and developing a unified system of innovative banking services based on the analysis and systematization of various systems of remote banking services and methods for assessing its effectiveness. On the example of large commercial banks of Uzbekistan, innovative banking, the use of which will solve the identified problems. Implementation of the specified unified system of innovative banking servicesis designed to provide banking service systems based on the systematization of various distance systems as a whole, with a focus on achieving criterial values of key performance indicators.

KEYWORDS: Performance Criteria, Innovative Banking System, Systematization Of Various Remote Service Systems, Internet Technology, Remote Banking, Communication Technology.

INTRODUCTION

As a strategic goal for the development of the economy of Uzbekistan, the Government of the Republic of Uzbekistan has determined the entire local and widespread introduction of innovative technologies and products created on their basis. This fully corresponds to the trends of modern development of the most economically developed states. Innovations have become the essence of modern development in all spheres of the economy, including banking. This process significantly affected the banking sector both as an area of application (object) of innovations and as a factor contributing to their implementation in the economy as a whole. The concept of "innovation" can be considered in a broad and narrow definition. In a broad definition, banking innovation applies to all innovations in all areas of the bank's operation. The area of interest of this study is innovative banking in a narrow definition, which is the implementation of banking operations and transactions based on communication and Internet technologies. The most common innovative banking products to date, resulting from the use of communication and Internet technologies, relate to remote banking (RBS).

A comparative analysis of the level of development of innovative activities, in particular, remote banking, allows us to assert that the foreign analogue of services is significantly superior to the Uzbek one. In developed countries, for more than 20 years, remote banking has been the main model for the development of the banking sector. At the same time, in Uzbekistan today there is

a noticeable lag behind foreign banks in the field of innovation process management, which leads to a significant weakening of their positions in the competition in the international financial market. To avoid this, it is necessary to urgently take measures to intensify the innovative activities of credit institutions, otherwise the domestic banking system will inevitably face serious difficulties. The consequence of this may be the absolute unwillingness of domestic commercial banks to compete with foreign financial institutions, even in the domestic market. An actively emerging global financial system is leading to an equally global financial competition. A fundamentally new external environment of activity is emerging for national banks. Therefore, the only correct solution in the current situation in the domestic banking services market is the organization of an effective innovation process in Russian credit institutions.

The relevance of this study is also explained by the fact that innovative banking technologies are the most important factor in ensuring the stability of the functioning of banks and contribute to their economic growth. Banking is becoming increasingly dependent on the latest technology. To improve the quality of services, to gain competitive advantages, banks that have entered the market and are striving to change their corporate image use the latest technologies.

The relevance of the work is also dictated by the need to develop mechanisms for the implementation of the task set by the Government of the Republic of Uzbekistan to increase the availability of banking services for the population. Currently, in fact, half of the population of the Republic of Uzbekistan is deprived of the opportunity to use banking services, there are disproportions in banking services between large cities and individual regions, between cities and rural areas. The introduction and widespread use of innovative banking service systems will alleviate this problem.

The above arguments prove the need for a scientific substantiation of ways to intensify the innovative activities of banks in the field of remote banking. Thus, a scientific study of the development of innovative banking activities, in particular, remote banking systems in order to increase the competitiveness and efficiency of the banks of Uzbekistan, ensure the availability and quality of banking services is objectively necessary and relevant.

The purpose of the study is to theoretically and methodologically substantiate the feasibility of using and developing a unified system of innovative banking services based on the analysis and systematization of various systems of remote banking services and methods for assessing its effectiveness.

METHODOLOGY

In the work, the author identified six tasks, the solution of which ensures the achievement of the research goal:

1. **The first task of the work is related to the definition of the economic essence and specific features of an innovative banking product.**. Considering the essence of an innovative banking product, the author in this study used the fundamental provisions of the above documents.

Innovations are innovations introduced into production or into the service sector in the form of objects, technologies, products that are the result of scientific research, inventions and discoveries, and which are qualitatively different from their counterparts (or have no analogues). The paper adopted the well-established concept of innovation, or innovation, as a realized

Saarj Journal on Banking & Insurance Research (SJBIR)
ISSN: 2319-1422   Vol. 12, Issue 1, January 2023   SJIF 2022 = 7.852

A peer reviewed journal

innovation, regardless of the scope. That is, an innovative product is the result of the process of creating new use values. And the novelty of the consumer properties of the goods (product) is a defining feature of innovation.

Innovations have a certain positive economic or strategic effect. At the same time, the benefit from innovation should exceed the costs of its creation and promotion, or at least be equal to them. Banks are interested in modernizing the methods of creating and delivering their services with the goal of bringing operating costs and prices for them to a level consistent with a competitive position.

Thus, the following conclusions can be drawn: the concept of "innovation" is applicable to all innovations in all areas of the bank's operation; innovation has the following characteristics: the use of new technologies; product novelty; satisfaction of market demand; commercial feasibility.

Therefore, an innovative banking product is the end result of innovative activity in the form of new or modified products and technologies for their implementation on the market; innovation is the process of building new and modified products and / or technological processes for their implementation on the market.

Innovative banking activity does not change the essence of banking products and services, but expands their content, modernizes forms, and introduces qualitative changes in the system of bank relationships with customers. The list of innovative banking products cannot be a constant value; it changes in each subsequent period of time. At present, transaction transactions based on communication and Internet technologies are innovative banking products.

2. **The solution of the second task of the work is connected with the systematization of investment banking products, determined by the specific functions of the bank.** In order to concretize the goals and results of innovation activity, as well as to systematize approaches to its many possible manifestations, a fairly complete classification of innovations is necessary.

Currently, in the economic literature there are many different approaches to the classification of banking innovative products. The most complete classification of innovations in the general scientific aspect is given by A.I. Prigogine. Relying on it, and also summarizing the theoretical and methodological studies of other authors (V. V. Maganova, P. Semikova, etc.) in this area, the paper reveals the main patterns that affect the emergence of banking innovations and their whole range is reduced to a certain structure.

The above classification of banking innovations eliminates duplication of the same type of concepts, provides a more complete and holistic understanding of the subject of research, and makes it possible to identify patterns in the development and application of innovative processes and problematic relationships between their various groups and types in credit institutions. The typology of banking innovations makes it possible not only to select a specific strategy and a method for forming an organizational and economic mechanism for managing remote banking services, but also to determine possible forms of implementation and promotion of banking products.

3. As a result of solving the third task and scientific work, an organizational model of banking engineering was built. The process of designing, developing and implementing competitive innovative banking tools, products and business processes is called banking engineering. In the dictionary of the NIGMA website, financial engineering is interpreted as combining or

separating existing financial instruments in order to create new financial products (financing packages). The essence of banking engineering is to create innovative banking products and services that are used by banks to redistribute financial resources, risks, increase liquidity, increase profitability in accordance with their own interests, the specific needs of counterparties and changes in the macro and micro environment of the bank.

The main goal of banking engineering is to extract additional profit based on the use of free market segments and their shortcomings through the achievement of innovative banking

Products of the optimal ratio between competing characteristics (risk, profitability and liquidity). The effectiveness of banking engineering is guaranteed by the methodology adapted to the conditions of Russian banking realities, which provides for its consideration as a process that includes a number of successive stages. The study, systematization and generalization of the methodological foundations and established practice of creating innovative banking products in the Republic of Uzbekistan and abroad formed the basis for identifying the most characteristic stages in the creation and promotion of an innovative banking product. The paper proposes a typical organizational model for the creation and implementation of innovative banking products on the market, based on the principles of banking engineering.

Each of the stages performs certain tasks and functions, reflecting the content of banking engineering. Thus, the proposed organizational model of banking engineering is based on the successive passage of several stages and can be involved in all spectrums of banking activities for the production of a bank-specific product of an innovative banking product. The identification of stages is of fundamental importance for determining the cost structure of the bank for the creation of an innovative banking product and, on this basis, assessing the effectiveness of its implementation.

4. **The solution of the fourth task of the work is connected with the analysis of systems of innovative systems of banking services**. An innovative banking service system is a set of innovative banking products and technologies for their creation, methods of implementation and promotion on the market, forms of service, functional and technical support, as well as the relationship between them.

To date, the most common form of innovative activity of banks in Uzbekistan is remote banking. Remote banking service (RBS) is a technology for providing banking services on the basis of orders transmitted by a client remotely, using communication and Internet technologies. Systems for remote servicing of legal entities are already used by almost all banks. Among the 20 largest banks, this figure is 91%.

The most common remote banking system for legal entities - "Internet-client" - is installed in 94.7% of banks. Remote banking services for individuals are used in 80.8% of banks. The most common remote banking system - "Internet Bank" - is installed in all banks that have remote banking services for individuals (80.8%). The most actively developing segment is "Internet banking", and Uzbek bankers note the constant growth of the client base. According to MForum Analytics, at the end of 2022, the number of users of Internet banking services in Uzbekistan exceeded 8 million people, and its penetration was more than 8%, which is 4.5 times higher than the corresponding indicator in 2008. However, therefore, the indicator of Uzbekistan is still significantly behind countries such as Canada, France, Great Britain, Spain and the USA, in which this indicator ranges from 75% to 65%. According to the statistics of the Central Bank of

the Republic of Uzbekistan, there are currently about 100 software and information systems that provide Internet banking services. The number of organizations developing Internet banking systems has approached 50. In addition, remote banking systems are also created by credit organizations themselves, which have specialists of a certain qualification and hardware and software. The presented information clearly indicates good opportunities for increasing in the future the level of distribution among the population of Uzbekistan of such a type of remote banking service as Internet banking, which is becoming more and more accessible to customers of banks in the Republic of Uzbekistan. The annual growth in demand for Internet services will be at least 100% in the coming years.

There is a significant territorial differentiation of innovative banking services. The degree of dissemination of innovations in the banking sector of the country's regions is significantly lower than in Tashkent. In order to study the situation in this area of banking in more detail, during the study, on October 1, 2022, a survey was conducted of 14 credit institutions, that is, 85% of 27 independent regional and branches of nonresident banks (excluding additional and operating offices and operating cash desks outside the cash center) Samarkand region.

The data show that the indicator of remote access increased in 2022 by more than 1.5 times compared to 2019. In 2022, 1.27 million customers of surveyed banks were covered by remote banking services, which is almost 40% more than in 2019. A fairly high level of Internet solutions is noted in the accounts of individuals. The share of which is 84.7%. At the same time, their coverage with remote banking services is 9.2%, which is not much more than in 2019 - 8.3%. Clients - legal entities are more actively using remote banking systems. In the total number of clients in this category, more than a quarter of clients use remote banking systems. Of these, every third (32.1% against 24.3% in 2019)) small and medium-sized businesses use various remote banking systems. Comparison of the growth rates of the total number of clients serviced by credit institutions in the Samarkand region (107.6%) and the number of clients using remote banking systems (134.0%) indicates the activation of investment processes in the region. It should also be noted that small and medium enterprises are more actively involved in remote banking services than corporate clients. The growth in the number of clients using remote banking systems for these categories of clients amounted to 147.0% and 109.8%, respectively. Comparison of the growth rates of the total number of clients serviced by credit institutions in the Samarkand region (107.6%) and the number of clients using remote banking systems (134.0%) indicates the activation of investment processes in the region. It should also be noted that small and medium enterprises are more actively involved in remote banking services than corporate clients. The growth in the number of clients using remote banking systems for these categories of clients amounted to 147.0% and 109.8%, respectively. Comparison of the growth rates of the total number of clients serviced by credit institutions in the Samarkand region (107.6%) and the number of clients using remote banking systems (134.0%) indicates the activation of investment processes in the region. It should also be noted that small and medium enterprises are more actively involved in remote banking services than corporate clients. The growth in the number of clients using remote banking systems for these categories of clients amounted to 147.0% and 109.8%, respectively. It should also be noted that small and medium enterprises are more actively involved in remote banking services than corporate clients. The growth in the number of clients using remote banking systems for these categories of clients amounted to 147.0% and 109.8%, respectively. It should also be noted that small and medium enterprises are more actively involved in remote banking services than corporate clients. The

growth in the number of clients using remote banking systems for these categories of clients amounted to 147.0% and 109.8%, respectively.

The most demanded service among individuals is the Mobile client (bank). 127,900 respondent bank clients are used, which is 8.9% of the total number of individual clients. However, it should be noted that this service is offered in the region by only 2 banks, one of which accounts for 99% of the volume of this type of service. Despite the apparent ease of serving customers through the Self-Service Kiosk, only four banks have installed it. It is not possible to determine the actual number of users of this service in view of the fact that when using it, registration of clients and opening of accounts is not required. Thus, the most accessible system of remote banking customer service - individuals is Internet - banking.

For legal entities, the most common service at the moment is the Client-bank. 70.3% of corporate clients in the surveyed banks are used. Internet banking and Telebank are used by only 29.3% and 9.8% of clients, respectively.

Almost half of the operations conducted by banks via the Internet are payments for cellular services. The share of traditional banking services accounts for only 12%. This indicates the underdevelopment of the innovative system of banking services and the existing large potential for growth.

The results of a survey of credit institutions in the Samarkand region show that the main factor hindering the wider use of various remote banking systems is the conservatism of customers. This opinion is shared by 11 out of 22 correspondent banks (50%). Almost a third of banks cited the high costs of their implementation and maintenance as such a reason. Most banks are accompanied by two or more remote banking systems, which increases the costs of their activities.

Correspondent banks also pointed out the difficulties in the development of a new product by customers, the risk of transactions, problems with communication and with the provider. Therefore, in order to expand and improve the effectiveness of the Application of remote banking systems, it is necessary to: increase their security, expand the information content and accessibility of customers to the systems; reduction of bank expenses for the implementation and use of innovative service systems.

The solution of these problems is connected with the need to modify the innovative systems used in banks.

5. **The solution of the fifth task of the study is related to the justification of the need and the development of a unified innovative system for servicing bank customers.**

The paper scientifically substantiates the possibility of modifying individual remote banking systems, taking into account two factors: the client base and the list of services offered. Such a unified system is "Internet-Bank Client" Freedom on/off line", which is based on the integration of the most demanded by clients systems "Client-Bank" and "Internet - banking". The advantages of this system are: support for a larger number of simultaneously connected users; mandatory notification of users of all actions performed by the bank with payment documents; better functionality (prompt updating of the regulatory framework, import / export of payment documents using accounting programs 1C, INFIN, Parus).

The introduction of such a unified system provides the bank with the opportunity to serve legal entities and individuals at the same time. For banks using this system, the savings in implementation and, most importantly, customer service are obvious, which is confirmed in the dissertation by calculations. Of no small importance in the universalization of remote banking systems is the use of tools (cards, communication channels) of third-party banks in a single interface. This will allow using, for example, bank cards, to pay for utilities, communication services, transfer funds to a card of another person and replenish a card from an account in any bank. To service the card, you do not need to open a bank account. "Plastic clients" of the bank get access to a wide range of banking and information services through various channels and means of communication:

6. **The solution of the sixth problem is related to the development of a methodology for assessing the effectiveness of innovative banking systems.**

Evaluation of the effectiveness of innovative banking systems is considered on the example of remote banking systems. The methodology includes two blocks: 1) a methodology for the comparative effectiveness of remote banking services and 2) a methodology for evaluating the effectiveness of remote customer service.

The paper provides a comparative assessment of the total income and expenses of the bank for customer service in different ways: in the bank branch and through the remote banking system. The calculations were based on the actual data and expert assessments of the heads of the banks of the respondents in the Samarkand region. The current annual service costs in the remote banking system depend on the type of system and the number of customers, although there is no clear interdependence of these parameters. The decisive influence is exerted by the type of system (own development or purchased) and the degree of its development (operation) in the bank.

Based on a comparison of itemized assessments of the necessary investments, it is obvious that the use of innovative systems is more economically feasible compared to the "classic" customer service through a bank office. Customer service remotely in large banks is on average 10 times cheaper than in the office.

However, this approach has certain disadvantages: it is impossible to evaluate some parameters (for example, the quality of service), the assessment is made on the basis of the current market situation, while market conditions are changing rapidly, new participants and regulations for their activities appear. In addition, there are factors that lead to a change in the business itself.

In this regard, the paper proposes a new approach to evaluating the effectiveness of remote banking systems, which consists in developing a methodology for a comprehensive assessment of the effectiveness of remote banking systems. We consider it expedient to assess the effectiveness of the implementation of an innovative banking product using modified indicators that combine, on the one hand, traditional indicators, and, on the other hand, take into account the specifics of banking innovation. This involves determining the main indicators of the effectiveness of the implementation of the remote banking system: net present (discounted) income, internal rate of return and payback period, taking into account the time factor of investment risks.

Net present (discounted) income is the difference between the reduced (discounted) income and the reduced (discounted) costs of the following formula:

$$CPD = PD - PR \qquad (1)$$

These incomes can be calculated using the formula:

$$PD = D_i : (1 + r)^n \qquad (2)$$

These costs can be calculated using the formula:

$$PR = R_i : (1 + r)^n \qquad (3)$$

where D_i - income from the implementation of i - that stage of the project; r-discount factor; n - is the number of project implementation periods, years; R_i - expenses (costs) from the implementation of the i - that stage of the project.

With CPD $\geq$ 1, the implementation of the RBS system is recognized as effective, with CPD $\leq$ 1 - ineffective. The discount factor (r) is most often determined by banks in an authoritarian manner, based on an analysis of the macroeconomic situation in the country, the level of inflation, the refinancing rate, and the interbank lending rate. We also consider it appropriate to calculate the discount rate taking into account the real financial condition of the bank. Given the fact that investments in innovative banking products ultimately lead to an increase in the total bank capital, the discount rate can be calculated based on the return on equity of the bank. So, according to the author, the discount rate can be calculated by the following formula:$\geq\leq$

$$R = DCC * CC/(CC + ZK) + DZK * ZK/(CC + ZK) \qquad (4)$$

where DCC - is the return on equity of the bank (return on equity); CC - equity (capital) of the bank; ZK - borrowed capital of the bank; DZK - is the return on the bank's borrowed capital.

This method of evaluating investments in an innovative product based on the calculation of net present (discounted) income is applicable to justify the adoption of one project. When choosing between two or three projects for the implementation of the remote banking system with completely different levels of funding, it is necessary to bring them to the total budget in order to be able to compare them. For this, the internal rate of return or internal rate of return (VNR) is used.

$$VNR = CPD /PR*n*100, \qquad (5)$$

The indicator reflects the value of the current value of income per each ruble of net investment in the RBS system. The higher the rate of return, the more preferable the project. If the profitability index is equal to one or lower (VNR < 1), then the project is not profitable. An index of one (VNR = 1) corresponds to zero net present value.

The payback period (SO) is the estimated date starting from which the net present (discounted) income takes on a positive value. This means that the discounted value of income should be equal to the discounted value of capital costs (discounted costs). Based on this equality, the payback period can be represented as the following formula:

$$SO = PR/PD \qquad (6)$$

Banking activity is associated with a high level of risk, which can lead to real losses for the bank. Therefore, when calculating the Efficiency indicators for the implementation of remote banking systems, it is necessary to take into account the risk factor. Here it is possible to use different approaches.

1. Ranking the types of innovative banking products, taking into account the probabilistic assessment of the occurrence of risk and calculating, on this basis, the average level of risk of implementing a remote banking system. Using the classification of innovative banking products given in the work, the author proposes risk level parameters by types of innovative banking products. The proposed approach, of course, requires the accumulation of a sufficient array of a representative sample of information on a large number of banks. But in any case, it will reflect only general trends in this segment of the banking sector of the Republic of Uzbekistan. Therefore, it seems more appropriate to use the second approach, which reflects the specifics of management and the level of risks in a particular bank.

2. Taking into account the general level of risks in a particular bank, the risk indicator can be taken as a correction factor when calculating the economic efficiency indicators of remote banking services.

Using the approaches discussed above, the effectiveness of remote banking services was calculated based on indicators of net present income, or net present effect; internal rate of return (profitability); payback period according to the "Client-Bank" and "Internet-banking" systems, as the most common in banking practice at present. To calculate the economic efficiency of the introduction and use of remote banking services, we also used data from a survey of respondent banks by types of remote banking systems.

The proposed methodology will allow banks at the stage of making a management decision to determine the economic feasibility of introducing and using certain remote banking systems in their practice, without conducting independent research on this issue. It allows you to take into account the impact of risk factors on the bank, reduce their impact on the financial stability of the credit institution, which is very important during the financial crisis, characterized by economic instability.

Calculations of the effectiveness of remote banking systems have shown a significantly higher economic efficiency for e-service banks, compared with the provision of the same services in offices. There fore, their interest in the development of remote banking systems is obvious.

CONCLUSIONS

As part of the work, a theoretical generalization and practical solution of the important task of developing a modified innovative banking product and a methodology for evaluating its effectiveness were carried out. The main results of the work are as follows:

1. The existing types of innovative banking products have been systematized and a new approach to their classification has been developed, which makes it possible to determine the competitive strategy of the bank, the method of building an economic and organizational and managerial mechanism, forms of implementation and promotion of banking products, patterns in their development and application in commercial banks (for example, risk level, capital costs, etc.).

2. An organizational model of banking engineering was built, which formed the basis for identifying the most characteristic stages of creating an investment banking product and determining the average costs for each of them.

3. An analysis was made and an assessment was made of the use by banks of innovative banking systems, as well as various forms of remote banking services, which made it

possible to identify the advantages and disadvantages of their use.

4. Based on the consolidation of disparate approaches to evaluating the effectiveness of the implementation of innovative banking systems, an author's methodology has been developed that provides for the calculation of the main indicators of the effectiveness of the implementation of the remote banking system: net present value (discounted) income, internal rate of return and payback period, taking into account the time factor of investment risks.

5. A method for calculating the discount factor for determining the values of reduced income and reduced costs for the implementation and use of remote banking systems is proposed.

LITERATURE

Abdullaev A.. Methods of assessmentand risk assessment of economic security of banks in Uzbekistan. Journal of Hunan University Natural Sciences. Vol. 49. No. 09 September 2022. https: //johuns.net/index.php/abstract/423.html

Abdullaev A.. Empirical approach to assessing the reliability rating of Uzbekistan commercial banks. Journal of Hunan University Natural Sciences. Vol. 49. No. 10 October 2022. https: //johuns.net/index.php/abstract/447.html

Abdullaev, A.&Abdullaeva, G. (2021). Empirical research on the impact of financial resourceson ensuring the economic security of banks. Nveo-natural volatiles & essential oils Journal| NVEO, 9225-9248.

Abdullaev, A.&Abdullaeva, G. (2021). Research on economic security of commercial banks. *SAARJ Journal on Banking & Insurance Research*, 10(6): 21- 36.

Abdullaev, A.(2019). Forecasting of processes the turnover and structure of the financial resources of the banking sector. *SAARJ Journal on Banking & Insurance Research*,8(5): 28 – 44.

Abdullaev, A. (2014): Development of a methodology for determining the rating assessment of the liquidity of commercial banks in Uzbekistan. *Russian scientific journal Financial management*, 61, 83 – 90.

Abdullaev, A. (2015): The development of methods of analysis and forecasting of the liquidity of commercial banks in Uzbekistan. *SAARJ Journal on Banking & Insurance Research*, 4(6), 73-87.

Abdullaev, A. (2015): Working out under methods of the construction of a rating of liquidity while functioning commercial banks of Uzbekistan. *International Journal of Economics, Commerce and Management*, 3(11), 241 – 249.

Abdullaev, A. (2016): Withonceptual bases of the study of the crisis and liquidity of commercial banks. *Journal of Management Value & Ethics, India*, 6, 31 – 51.

Abdullaev, A. (2020):Issues of modeling the perspective development of cattle breeding. South Asian Journal of Marketing & Management Research, 10 (6), 89-96.

Abdullaev, A. (2019):Optimization of formation, distribution and use of monetary resources of the financial sector of the country. South Asian Journal of Marketing & Management Research, 9(3), 4-. Abdullaev, A. (2021):Research on economic security of commercial banks. *SAARJ Journal on Banking & Insurance Research*, 10(6): 21 – 36.

Абдуллаев А. **Исследование оценки обеспечения экономической безопасности коммерческих банков в Узбекистане.** Российский научный журнал «Финансовый менежмент». - Москва (Россия). № 4, август 2022. http://www.finman.ru/annotations/2022/4/.

Abdullaev A. Development of optimization models and methods for their solution for asset management of commercial banks in Uzbekistan Saarj Journal on Banking & Insurance Research (SJBIR) Vol. 11, Issue 05, September 2022, 1-15

Abdullaev A. Portfolio management of assets and liabilities in commercial banks of Uzbekistan. SAARJ Journal on Banking & Insurance Research. India. Vol 11, Issue 05, September 2022, 62-82

Абдуллаев А. **Совершенствование научно-методических подходов к оценке риска экономической безопасности банков Узбекистана.** Российский научный журнал «Финансовый менежмент». - Москва –Россия. № 1, февраль 2023 года. - с. 84 – 93.

EMPRICAL STUDY OF ANALYSIS AND ASSESSMENT OF CREDIT CREDIBILITY OF BORROWERS OF COMMERCIAL BANKS

Abdullaev Altinbek Yangibaevich*

*Professor,
Doctor of Economics,
Head of the Department of Banking,
Samarkand Institute of Economics and Service,
Samarkand, UZBEKISTAN
Email id: oltinbek60@gmail.com

ABSTRACT

This article identifies typical problems of providing analysis and assessing the creditworthiness of borrowers of commercial banks focused on modernizing and updating their production base. On the example of commercial banks of Uzbekistan, a phased development of a special methodology is considered, the use of which will solve the identified problems. The implementation of this methodology is designed to provide analysis and assessment of the creditworthiness of borrowers of commercial banks and, in general, with a focus on achieving the criteria values of key performance indicators.

KEYWORDS: *Lending Operations, Banking Sector, Bank Lending, Credit Assessment Of Borrowers, Credit Transaction.*

INTRODUCTION

Credit operations are one of the main types of banking operations, and in modern economic conditions, lending is also one of the most profitable active operations of commercial banks. Even in the Strategy for the Development of the Banking Sector of the Republic of Uzbekistan dated January 1, 2022, the Government and the Central Bank of the Republic of Uzbekistan emphasized that one of the key conditions for the accelerated economic development of the country is the expansion of bank lending. The development of bank lending to the real sector of the economy is one of the strategic tasks of the state and in accordance with the new Strategy for the Development of the Banking Sector of the Republic of Uzbekistan for the period up to 2026. The share of loans and other placed funds provided by banks to non-financial enterprises and resident organizations in the country's GDP increased by 5.6% over the past 3 years. The share of credit operations in the assets of commercial banks of Uzbekistan also increased significantly over the indicated years. As of the beginning of 2002, the share of loans provided to non-financial enterprises and non-resident organizations in the assets of banks was 28%, and at the beginning of 2022. - 37%.

The dynamic development of bank lending to the real economy was caused, in particular, by the following factors: the growth of the resource base of commercial banks; an increase in the demand of enterprises for loans due to a decrease in the cost of bank loans; decrease in profitability in the main segments of the financial market.

At the same time, the growth in the volume of loans extended increases credit risks. Although the share of overdue loans granted to non-financial enterprises and organizations in the structure of assets of credit institutions as of January 1, 2022, compared to January 1, 2021, did not change and amounted to 0.9%. However, in absolute terms, overdue debt for the specified period increased by more than 12 trillion soums.

The growth in lending leads to the need to pay special attention to the organization of an integrated approach to the prevention and reduction of credit risks of banks. At the same time, increased competition requires banks to make prompt decisions on issuing loans. However, high credit risks associated with lending to the real sector of the economy (the share of unprofitable enterprises, filed by Uzstat, was more than 24% in January-October 2022), poses the need for banks to develop and improve technologies that can qualitatively and within an acceptable timeframe assess the creditworthiness of borrowers.

The urgency of the problem of accurately determining creditworthiness is also determined by the increased attention of supervisory authorities to the assessment by banks of their credit risks. In 2004, the Basel Committee on Banking Supervision adopted a new Capital Adequacy Agreement (Basel-P), the main purpose of which is to promote adequate capitalization of banks and improve the system. The theme of risk management, thereby strengthening the stability of the financial system as a whole. Particular attention in the document is paid to the assessment and management of credit risks, and in the first place early warning systems for these risks. At the same time, an adequate determination of the creditworthiness of each borrower is understood as an integral part of the early warning system for these risks.

Since February 1999, a new Regulation of the Central Bank of the Republic of Uzbekistan No. 242 dated November 9, 1998 «On the procedure for the formation of reserves by credit institutions for possible losses on loans, on loan and equivalent debts» came into force. One of the main requirements of this Regulation is a comprehensive and objective analysis of all information about the borrower and his activities, the formation of a reserve by the bank for possible loan losses. In this regard, many banks are faced with the problem of developing a methodology that will combine all the factors that characterize the borrower's creditworthiness, but at the same time will not lead to an increase in the time for processing loan applications.

The issues of determining the borrower's creditworthiness were in the focus of attention of domestic specialists even in the pre-revolutionary period. Among the researchers of that period, it is necessary to note Adadurov I.E., Bunge N.Kh, Kosinsky V.P. Currently, in almost every textbook on banking, when describing credit operations and credit processes in banks, a definition of the concept of the borrower's creditworthiness and methods for assessing it are given. The approaches to this problem of V.I. Kolesnikov, L.P. Krolivetskaya, Yu.S. Maslenchenkova, V.A. Moskvin, A.M. Tavasiev, A.G. Tagirbekova, N.F.In the process of determining the creditworthiness of enterprises, mainly techniques and methods of economic analysis are used, therefore, during the work on the dissertation, developments in the field of economic analysis of such domestic authors as Efimova O.V., Kovalev V.V., Negashev E.V., Savitskaya G. V., Saifullin R.S., Sheremet A.D. and etc.

Methods for determining the creditworthiness of a borrower are always of interest to banks. Therefore, recently, the works of specialists on this issue have been actively published (Edronova V.N., Tipenko N.G., Solovyov Yu.P., Panich VB), and some of their results and approaches are used by banks in the development of internal methods.

In foreign economic literature and banking practice, a significant number of methods for assessing the creditworthiness of borrowers have been developed. This problem was studied, in particular, by E. Reid, R. Kotter, R. Smith, P. Rose and others.

Despite numerous publications on the issues of creditworthiness, the methods presented in the economic literature and used in foreign banking practice do not make it possible to correctly and comprehensively assess the creditworthiness of bank borrowers in Russian conditions. The main reasons for the incorrectness of the methods are related to the inconsistency of domestic and foreign forms of financial statements, their constant variability; with insufficient transparency of Russian accounting forms provided by the borrower; with the lack of standards for financial indicators specific to enterprises.

Insufficient scientific and practical elaboration of the issues of determining the creditworthiness of borrowers, their high significance and relevance determined the choice of the topic.

The purpose of this study is to develop an integrated methodology for determining the creditworthiness of a bank borrower that meets the requirements of modern banking practice in Uzbekistan.

Unanimity on the concept of the creditworthiness of the borrower in all its aspects

tach is not worked out. All researchers consider creditworthiness asa certain set of characteristics of a potential borrower, allowingabout the likelihood of repaying the loan. But the methods and techniques proposedwhen assessing creditworthiness, differ.

Based on the study and analysis of the concept of creditworthiness, foreign and domestic approaches to this issue are proposed to be modified. The general concept of creditworthiness in such a way that from its definition it is clear that we are talking about the ability and readiness of the borrower in a timely manner and infully repay their obligations to the creditor (bank) filed (certain, specific) type of loan. In accordance with this approach, attempts to determine the creditworthiness "in general" of borrowers in relation to specific credit transactions lose their meaning. In our opinion, at least 2 types of creditworthiness should be distinguished - current and investment.The current creditworthiness of the borrower should be understood as the waythe latter's ability to timely and fully repay its obligationson a loan received from a bank for a relatively short period, at the expense of the results of its current financial and economic activities, and readinessdo it.

When assessing the current creditworthiness of a bank borrower, the criteria and methods of assessment will vary, in particular, depending on the subject of lending (individuals, enterprises in the real sector of the economy, financial organizations or authorities).In the course of considering the criterial components of creditworthiness in

Foreign and domestic literature concluded that they are all called differently, but the flail refers to a set of interrelated qualitative and quantitative indicators that allow assessing the creditworthiness of the borrower. Creditworthiness criteria, their application should provide answers to the main questions about the loan transaction, which have the greatest impact on the opinion of the loan officer: 1) who? 2) for what? 3) how much? 4) for how long? 5) under what security (against what)?

In credit practice, creditworthiness is an integral characteristic of the borrower, on the basis of which the bank makes a decision on lending. Therefore, it is proposed to consider the system of characteristics of the borrower, and not its individual elements.

The analysis carried out made it possible to conclude that the process of assessing credit properties can be considered: in terms of determining the borrower's compliance with the components (criteria) of creditworthiness; in the aspect of forming the opinion of bank specialists regarding the fact that the loan, if issued to this potential borrower, will be carefully repaid in due time. At the same time, the first aspect of this process plays a purely "technical", auxiliary role, i.e. the real purpose of assessing creditworthiness is to obtain a given degree of confidence in the future timely and qualitative repayment of the loan by the borrower.

Such a goal in its specific parameters is set by the lending policy of the bank and depends on the level at which the lending decision is made. Loans that are decided at the lower level should have a minimum risk of non-repayment. For loans with a more pronounced element of riskiness, the decision is made to the credit committee of the bank. When deciding the possibility (impossibility) of issuing a loan, the borrower's compliance with the requirements of the bank's credit policy is considered.

In the course of consideration and analysis of the regulations of the Central Bank of the Republic of Uzbekistan, regulating the activities of commercial banks in the field of active credit operations, it was concluded that the current norms of the acts rather force banks to look for ways to bypass the formal requirements imposed on them, rather than improve the quality of the analytical work of decision-making about lending.

The main work in this area should be carried out by the Central Bank of the Republic of Uzbekistan. The regulation of credit risks in the exclusive hands of the commercial banks themselves is risky, given the share of credit operations in the assets of banks. It seems that the activities of the Central Bank of the Republic of Uzbekistan in this part should be directed primarily to the analysis and systematization of assessments of the activities of business entities, in order to help and facilitate banks in assessing their pending credit risks. Thus, for an adequate assessment of the financial condition of borrowers, it is necessary to systematically analyze the activities of enterprises in different industries to identify industry average values of their financial ratios.

Methodology for assessing the creditworthiness of borrowers and the level ofcredit risks also depend on the organization of the credit process in each particular bank. The organization of the lending process varies depending on the bank and the nature of the loan transaction. The sequence of operations can also change, the analysis and evaluation of a credit transaction can be carried out by one analyst or a group of experts can be involved.

The paper analyzes the impact of creditworthiness analysis methodsorganization of the lending process. When assessing creditworthiness, many creditworthiness criteria are not amenable to formalization (the reputation of the borrower, the level of management, etc.), which is why the results of the analysis of creditworthiness initially contain elements of subjectivity, related, in particular, to the level of preparedness of the loan officer (experience, inclinations, theoretical training). analytics). The process of assessing creditworthiness is influenced by time and other factors (the time spent by analysts to consider the application, the availability of information sources).

Each bank in its own way solves the methodological problem of assessing the creditworthiness of borrowers. Most often, qualitative and quantitative methods of analysis are used.

The paper analyzes the information base for determining creditborrower's ability; financial statements of the borrower; transcripts and explanations of the financial statements; bank's own data; information from open sources.

The paper analyzes in detail 4 methods for determining creditworthiness, presented in the economic literature and used in the banking practice of Uzbekistan, for example, LLD «XXX», engaged in wholesale and retail trade (cars).

When assessing the borrower's economic opportunities, despite the incomplete reliability (and in some cases, unreliability) of financial statements, the primary source of information about the borrower in almost all methods is financial statements. If an auditor's report is presented, then it is necessary to familiarize yourself with it, it is also advisable to find out the opinions of other creditors and the borrower's rating agency.

When working with the financial statements of the borrower, it is necessary to payattention to short-term financial investments, accounts payable, under which loans and investments provided by the borrower to related organizations can be hidden Deciphering loans indicating the lender, maturity, loan amount allows you to identify the connectedness of the parties to such transactions. If there are organizations associated with the borrower, it is necessary to request and analyze their financial statements.

An analysis of methods for assessing collateral for a loan showed that banks consider collateral, surety and a bank guarantee as the main types of collateral. Security is a set of measures that perform the following functions: 1) encouraging the debtor to fulfill obligations to the creditor; 2) compensation to the creditor for damage caused to him by the debtor as a result of non-performance (improper performance) of obligations under the contract. In this paper, the assessment of collateral is analyzed according to 3 criteria: legal characteristics of the subject of collateral; the acceptability of the offered collateral; sufficiency of security.

To assess the borrower's readiness to repay the loan, information is analyzed information about his business reputation. Today, among the companies of Uzbekistan, first of all, companies operating in international markets take care of their reputation. Goodwill plays an important role in the performance of a company and its market value. The sources of obtaining information about the borrower's business reputation are the media, international rating agencies, bank security information, the borrower's credit history in the bank and other servicing banks.

In the analyzed methods, the business reputation of the borrower is unknown.

significant weight in the overall assessment of its creditworthiness. Although in practice it turns out. If the bank's security service has received information compromising the borrower (presence of a criminal record, prosecution of members or company executives, etc.), then the bank almost always refuses the borrower a loan.

The final rating (creditworthiness class) is determined in each method based on the assessment of the borrower's business reputation.

The results of assessing the borrower's creditworthiness according to the analyzed methods are different and vary from "unsatisfactory" to "high" due to different approaches to its assessment.

Comparison of 4 methods of banks shows that the results of rating methods for assessing creditworthiness are less subjective. In these methods, the evaluation criteria are more developed, and the approach to evaluation is complex, both quantitative and qualitative indicators are used. The main influence on the evaluation results is provided by quantitative indicators. The use of qualitative and quantitative indicators in the analyzed methods of banks, their significance and weight in the final assessment are presented in Table. 1.

TABLE 1 SIGNIFICANCE OF INDICATORS USED IN THE METHODS BORROWER RATING, %

Indicators	Method 1	Method 1	Method 1	Method 1
1. Economic borrower's capabilities	69	89	80	95
Quantitative indicators	69	80	62	84
- liquidity ratios	10	46	35	0
- financial independence ratios	20	17	13	22
- profitability and turnover ratios	0	17	13	40
- client cash flow analysis	0	0	0	2
- assessment of turnover on the borrower's bank account	39	0	0	0
- revenues from sales	0	0	0	20
Quantitative indicators	0	9	18	eleven
- industry risks	0	3	6	3
- commercial risks	0	3	6	5
- production risks	0	3	6	6
2. Evaluation of the business reputation of the borrower	32	eleven	20	5
Quantitative indicators	32	eleven	20	5
- borrower's credit history	10	6	7	0
- management quality	12	5	7	3
- borrower connectedness	10	0	6	2
Borrower rating	100	100	100	100

The data obtained indicate that when assessing the risk of non-repayment of a loan by a borrower, banks rely mainly on quantitative indicators that characterize the economic capabilities of the borrower. The main difference in the methods of banks is related to the composition of the indicators used to determine the borrower's rating and their shares in the total score.

Qualitative indicators occupy a smaller share in the final assessment. Bank 3 gives the highest significance to these indicators, due to a positive assessment of quality indicators, the borrower's rating can be increased, as in our example. In the methods of banks 2 and 3, there are no clear procedures and parameters for assessing qualitative indicators, so the results are subjective. Obviously, the assessment of qualitative indicators should be based on the exact indication of the parameters, their unambiguous characteristics and appropriate assessment in order to obtain objective and most accurate results.

To compare the methods of banks, the results of determining the solvency are summarized in a summary table. 2. From the table. Table 2 shows that in methods where more ratings (classes)

are used, qualitative indicators are taken into account and the parameters of a credit transaction are evaluated, the evaluation results are more reasonable. A positive decision to issue a loan can be made in Bank 1 and Bank 3. The lending limit in almost all banks is set by experts, with the exception of Bank 1, while the main question of determining creditworthiness is a loan for what amount and for how long can be issued to the borrower so that he can repay him on time?

TABLE 2 THE RESULTS OF DETERMINING THE CREDITWORTHINESS OF LTD "XXX" ACCORDING TO THE ANALYZED METHODS OF BANKS

Banks	Number of borrower ratings	Number of borrower ratings credit deal	Rating LTD "XXX"	Credit Deal Rating	final decision
1	5	3	R3	RS3	A positive decision on issuing a loan in the requested amount is possible
2	3	0	2	0	Lending requires a balanced approach, the borrower's credit limit is not calculated, installed expertly
3	4	4	1st or 2nd grade	0	Funding (accepting credit risks) appropriate
4	10	10	B3-	B3	Opportunities to attract borrowed funds are small. Credit limit is not calculated

As a result of the analysis of the advantages and disadvantages inherent in these methods, it was concluded that it is necessary to further develop the characteristics and criteria for assessing creditworthiness in order to obtain a more advanced system for assessing the creditworthiness of borrowers.

At the beginning of the work, an analysis and selection of sources of the information base for evaluation are carried out. To determine the objectivity of financial statements, typical errors and methods of distorting information are highlighted. They are divided into the following groups: 1) distortions that affect the clarity and reliability of information, but do not affect the value of the financial result or capital of the organization (veiling); 2) distortions associated with obtaining an incorrect figure of the financial result and equity (falsification).

It is proposed to assess the creditworthiness of borrowers-enterprises in the following sequence of stages: 1) building an aggregated balance sheet based on the borrower's financial statements, calculating financial ratios and their assessment, taking into account the dynamics for the analyzed period; 2) calculation and evaluation of indicators characterizing the dynamics of the financial and economic activities of the borrower for the analyzed period; 3) analysis and evaluation of qualitative indicators characterizing the economic capabilities of the borrower; 4) analysis and evaluation of indicators characterizing the business reputation of the borrower; 5) calculation of the integral scoring of the borrower's creditworthiness and establishment of the creditworthiness group; 6) analysis and evaluation of the proposed collateral for the loan and determination of its category; 7) determination of the category of a credit transaction and calculation of the borrower's credit limit.

When choosing integrated characteristics of the borrower's economic opportunities, it should be taken into account that they should contain both quantitative and qualitative indicators. Of all the characteristics of the borrower's creditworthiness, it is necessary to choose those that most affect this ability. The influence of one or another indicator from among those indicated on creditworthiness can be assessed as low, moderate, medium, high and high.

To assess the borrower's economic opportunities, financial ratios were chosen as quantitative indicators. They must meet the following criteria: the calculated coefficients must determine the essential (significant) features of the enterprise; coefficients should overlap as little as possible.

When choosing financial ratios, expert and statistical methods were used. According to the results of the analysis, the list of indicators characterizing the borrower's economic opportunities includes the following coefficients: current liquidity (K_1); security with own working capital (K_2); return on sales (K_3); autonomy (K_4).

The analysis showed that the optimal value for the coefficients K_1, K_2 and K_4 must be taken in accordance with their industry average values calculated by Uzstat for the last year. In table. Figure 4 shows the values of the coefficients for 2003. For the K_3 coefficient, the optimal value is more than 0,1.

To determine the economic capabilities of the borrower, the value (in percent) of the deviation of the actual values of the coefficients as of the last reporting date from the optimal values is determined. Financial ratios are assigned points depending on the specified amount of deviation.

TABLE 3 OPTIMAL VALUES OF THE COEFFICIENTS OF SECTORS OF THE ECONOMY

Odds	Industry	Rural economy	Construction	Transport	Connection	Wholesale trade	Retail	Public nutrition	Housing communal economy
K_1	1,127	1,119	0,901	1,809	1,002	1,004	1,003	0,967	0,701
K_2	- 0,141	-0,049	-0,123	0,297	-0,49	-0,069	-0,14	-0,37	-0,030
K_3	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
K_4	0,531	0,527	0,364	0,701	0,432	0,198	0,207	0,313	0,817

At the same time, the author proceeds from the fact that, regardless of the reasons that led to a decrease in indicators by more than 50%, the financial position of the enterprise cannot be considered good. The probability of default of the borrower increases with the deterioration of its financial position.

Evaluation of the dynamics of indicators for the period under study makes it possible to judge the stability of the borrower's financial and economic activities. To determine the level of stability of indicators, it is advisable to calculate the coefficient of variation. It shows how the value of the coefficient for the analyzed period deviated from the average value: the denser the distribution, the more stable the borrower's activity; the wider the distribution, the more unstable the activity of the borrower and, accordingly, the higher the probability of deterioration of its financial condition.

TABLE 4 DETERMINING THE STABILITY OF FINANCIAL RATIOS

Odds	Reporting date 1	Reporting date 2	Reporting date 3	Reporting date 4	Coefficient variations	Coefficient stability
K1	0.967	0.971	1.304	2.021	39%	0.7
K2	-0.014	-0.009	-0.014	-0.012	-12%	1
K3	0.049	0.031	0.041	0.042	18%	1
K4	-0.007	-0.009	-0.008	-0.005	-25%	0.7

The stability of the financial ratio is determined depending on the value of the coefficient of variation. The results of calculations according to the financial statements of the analyzed borrower are presented in Table. 4.

The total score of financial ratios is determined taking into account the significance of the coefficient (Table 5).

TABLE 5 DETERMINATION OF THE TOTAL SCORE OF FINANCIAL BORROWER RATIOS

Odds	The significance of the coefficient	Scoring grade	Coefficient stability	Total score grade
1	2	3	4	5 = 2 * 3 * 4
K_1	0,3	10	0,7	2,1
K_2	0,2	10	1	2
K_3	0,3	3	1	0,9
K_4	0,2	0	0,7	0
Total	1	x	x	x

To assess the dynamism of the financial and economic activity of the borrower, quantitative indicators should be analyzed: asset turnover ratio; growth rate of proceeds from product sales; growth rate of short-term liabilities; growth rate of overdue receivables; growth rate of receivables.

The calculated indicators make it possible to assess the development trends of the enterprise. The latter can be considered negative if: asset turnover decreases; the growth rate of proceeds from sales is less than the growth rate of short-term liabilities; the growth rate of overdue receivables exceeds the growth rate of receivables.

The sustainability of trends needs to be assessed. The negative trend in the activity of the borrower may be caused by the seasonal nature of its activity. If it can be traced constantly in the analyzed period of time, then it is stable, therefore, the probability of deterioration in the financial and economic activities of the borrower is high.

In addition to quantitative indicators, it is proposed to evaluate the following qualitative indicators: 1) the macroeconomic situation and the industry in which the borrower operates; 2)

the reliability of suppliers and buyers (the more counterparties the borrower has, the less likely it is to lose solvency and stop production activities due to non-delivery of raw materials and materials); 3) the material and technical base of the borrower (availability of own storage facilities, equipment, necessary licenses and permits, the validity of which exceeds the term of the loan); 4) the position of the borrower in the industry (the severity of competition in the industry and the market share occupied by the borrower).

To assess the business reputation of the borrower, it is mainly analyzed its qualitative characteristics: 1) assessment of the organizational structure of the enterprise - the borrower. It considers the borrower's relationship with other enterprises, their impact on the borrower's activities, the distribution of assets and cash flows within the group of related enterprises and their participation in the loan transaction as guarantors; 2) the quality of information provided by the borrower to the bank. The disclosure of information about the company's activities and the provision of information requested by the bank, the transparency of the company's activities are assessed; 3) relationship between the borrower and the bank. The period of customer service in the bank is determined (the duration of the period during which payments were made on the borrower's current account). The borrower's fulfillment of obligations to the bank is assessed, the volume of cash flows of customers passing through his bank account; 4) the relationship of the borrower with the tax authorities. This indicator is proposed to be singled out separately, since in the event of claims from the tax authorities, the company's activities may be suspended for a long period, which may lead to its bankruptcy; 5) the quality of the company's management. The qualifications of the management team of the company, the use of modern approaches in management (budgeting, reporting in accordance with international financial reporting standards, management reporting) are assessed; 6) credit history of the borrower in other banks. At present, it is not possible to evaluate this characteristic in full, since credit bureaus have not actually started working yet. According to this, the assessment can be carried out on the basis of certificates, provided by the borrower from other servicing banks, about the presence of overdue debts to them; 7) external information about the borrower is evaluated on the basis of publications about the company, its owners and senior managers in the media, documents of authorities, data from the bank's security service.

After determining the impact of the main characteristics on the creditworthiness of the borrower, its integral score should be determined (Table 6). Depending on the measure of influence, the characteristic can be assigned the following scores - low - 10 points, moderate - 8, medium - 6, increased - 5, high - 0.

TABLE 6 CALCULATION OF THE INTEGRAL SCORE OF THE BORROWER'S CREDITWORTHINESS

Characteristics creditworthiness borrower	Low score	Moderate score	Average score	Increased score	High score	Significance factors, %	weighted score grade
Financial ratios		8				16	1,42
The dynamism of the financial and economic activities of the borrower	10					14	1,22

Macroeconomic situation and the situation in the industry	10					14	1,4
Supplier Reliability			6			16	1,0
Material and technical base of the borrower			6			10	0,8
Position of the borrower in the industry		8				10	0,6
Business reputation of the borrower				5		20	1
Integral assessment of the borrower's creditworthiness	**X**	**X**	**X**	**X**	**X**	**X**	**7,44**

Depending on the obtained integral creditworthiness score, the borrower can be classified into one of the following groups.

TABLE 7 DETERMINATION OF THE BORROWER'S CREDITWORTHINESS GROUP

Credit group borrower	Score	Group characteristic
1	Over 9,36	The borrower's creditworthiness can be assessed as high in terms of the totality of factors characterizing it. The bank's credit risk in lending to this group of borrowers is assessed as low. It is possible to provide the borrower with loan products without collateral.
2	7,60 to 9,35	The activity of borrowers in this group is subject to cyclical changes, concentrated on a certain group of suppliers or buyers. According to the totality of factors characterizing the creditworthiness, the bank's credit risk in lending to borrowers in this group is assessed as moderate.
3	6,00 to 7,59	There are negative trends in the activities of the borrower. According to the totality of factors characterizing the creditworthiness, the bank's credit risk in lending to borrowers in this group is assessed as medium. Lending to clients of this group is possible only if there is collateral.
4	4,00 to 5,90	The financial position of the borrower is unstable, its activity is deteriorating due to the unfavorable situation in the industry. Based on the combination of factors characterizing the creditworthiness, the bank's credit risk when lending to borrowers in this group is assessed as increased. Lending to borrowers in this group is possible only if there is liquid collateral.
5	Less than 4	The financial situation of the borrower is critical, a significant amount of overdue debt to creditors threatens its bankruptcy. Based on a combination of factors, the bank's credit risk when lending to borrowers in this group is assessed as high. Borrowers in this group are not creditworthy

The borrower analyzed in the work, in accordance with the integrated methodology, can be assigned to the 3rd groups of creditworthiness.

After determining the borrower's creditworthiness group, thecollateral they offer for a loan transaction. In accordance with the main criteria for such an assessment, the security is divided into 4 categories. The classification of collateral and characteristics of the respective categories are presented in Table 8.

TABLE 8 COLLATERAL CLASSIFICATION

Collateral category	Characteristics
1 category	Highly liquid collateral - property that the bank can quickly sell without financial losses or accept as compensation if the borrower fails to fulfill obligations under the loan pledge of quoted securities; security deposit; debentures; pledge of refined precious metals in bullion
2 category	Pledge of liquid vehicles (subject to insurance and collateral in the bank). Pledge of quoted securities and debt obligations of limited liquidity. Pledge of liquid real estate in the region where the bank operates. Guarantees of third parties belonging to the first group.
3 category	Pledge of goods in circulation or in stock, fixed assets (except for liquid vehicles). Pledge of unquoted securities or debentures of low liquidity. Pledge of property rights to real estate under construction. Guarantees of third parties belonging to more than the first group.
4 category	Other collateral or lack thereof

Depending on the proposed collateral for the loan transaction and the borrower's creditworthiness group, the category of the loan transaction is determined.

TABLE 9 DEFINITION OF CREDIT TRANSACTION CATEGORY

Credit group borrower	Collateral category			
1 group	1	2	2	2
2 group	1	2	2	3
3 group	1	3	3	4
4 group	1	4	4	5
5 group	1	4	5	5

In the example considered in the paper, goods in circulation are offered as collateral for a loan. Collateral category - 3. Therefore, the credit transaction is classified in the 3rd category. The credit limit is calculated depending on the category of the credit transaction. So, for the 1st category, the market value of the collateral should act as the basis for calculating the credit limit. Highly liquid collateral reduces the bank's credit risk. In other cases, the basis for calculating the credit limit should be the average monthly proceeds from sales for the analyzed periods.

The adjustment factor is set expertly by the bank's specialists based on its credit policy and the category of the credit transaction. It seems appropriate to set the following values of such a coefficient.

TABLE 10 DETERMINATION OF THE CORRECTION FACTOR

Credit transaction category	The value of the correction factor
2 category	0,7
3 category	0,5
4 category	0,2
5 category	0,0

When setting these coefficients, the following was taken into account: most often, the company's revenue goes to the borrower's settlement accounts in servicing banks. Most banks, when granting a loan, first of all put a condition on the transition to settlement and cash services in a lending bank. Thus, the latter can use the right without acceptance to write off funds from the bank account to repay the loan. In addition, a short-term loan is most often intended to replenish working capital, which means that in the future, the company's sales revenue will have to increase. If we take a pessimistic forecast, then the source of repayment of loan a will be the current sales proceeds.

The proposed integrated methodology for determining the creditworthiness of borrowers in practice can be automated using the Excel program.

The credit risk associated with the issuance of a loan to the borrower analyzed in the work on the stated conditions is medium. The bank may decide to issue a loan in the amount of 11 million rubles. secured by vehicles, subject to the transfer of proceeds from the borrower's financial and economic activities in the amount of at least the loan amount to a current account with a lending bank. In order to reduce the credit risk in a transaction, the bank may offer the borrower to consider as a guarantor for the transaction an enterprise that has real estate and fixed assets of related companies on its balance sheet.

CONCLUSIONS

The results of the study on assessing the creditworthiness of borrowers-enterprises are as follows:

Based on the identified shortcomings of existing practical methods of 4 banks by the author; The work suggests directions for improving methods and recommendations for compiling a methodology for assessing creditworthiness: the choice of quantitative indicators should be carried out by experts, but depending on the correlation between financial ratios in order to eliminate their possible duplication; normative values of financial, coefficients, it is necessary to establish diversification, for example, depending on the industry; or if there are appropriate databases, depending on the volume of products sold (manufactured); the significance of the indicators is established expressly depending on the credit policy of the bank; regional features, their justification is necessary, in addition, the decision should not be made individually, but collectively; quantitative indicators must be considered in dynamics, when calculating indicators, an expert needs to analyze the reporting, exclude or single out overdue debts, illiquid assets in order to obtain objective results; qualitative indicators must be concretized, characterize each indicator and possible development options; events, for example, the presence (absence) of

negative information about counterparties, including connection with criminal structures, litigation, etc.). Specification is necessary in order to reduce the subjective impact on the assessment; in the internal methodology of the bank, it is necessary to identify external information sources for the analysis of qualitative indicators. Often a negative or vice versa positive publication about a company is "custom-made";

An integrated methodology for determining the creditworthiness of borrowers has been developed. Based on the above approach, it is possible to single out the stages of determining the creditworthiness of borrowers-enterprises: building an aggregated balance sheet based on the borrower's financial statements, calculating financial ratios and evaluating them, taking into account the dynamics for the analyzed period; calculation and evaluation of indicators characterizing the dynamics of the financial and economic activities of the borrower for the analyzed period; analysis and evaluation of qualitative indicators that characterize the economic capabilities of the borrower: the macroeconomic situation and the industry in which the borrower operates; reliability of counterparties; material and technical base; the position of the borrower in the industry; analysis and evaluation of indicators characterizing the business reputation of the borrower; calculation of an integral scoring of the borrower's creditworthiness and establishment of a creditworthiness group; analysis and evaluation of the proposed collateral for the loan and determination of its category; determination of the category of a credit transaction and calculation of the borrower's credit limit.

LITERATURE

Abdullaev A.. Methods of assessmentand risk assessment of economic security of banks in Uzbekistan. Journal of Hunan University Natural Sciences. Vol. 49. No. 09 September 2022. https: //johuns.net/index.php/abstract/423.html

Abdullaev A.. Empirical approach to assessing the reliability rating of Uzbekistan commercial banks. Journal of Hunan University Natural Sciences. Vol. 49. No. 10 October 2022. https: //johuns.net/index.php/abstract/447.html

Abdullaev, A.&Abdullaeva, G. (2021). Empirical research on the impact of financial resourceson ensuring the economic security of banks. Nveo-natural volatiles & essential oils Journal| NVEO, 9225-9248.

Abdullaev, A.&Abdullaeva, G. (2021). Research on economic security of commercial banks. *SAARJ Journal on Banking & Insurance Research*, 10(6): 21- 36.

Abdullaev, A.(2019). Forecasting of processes the turnover and structure of the financial resources of the banking sector. *SAARJ Journal on Banking & Insurance Research*,8(5): 28 – 44.

Abdullaev, A. (2014): Development of a methodology for determining the rating assessment of the liquidity of commercial banks in Uzbekistan. *Russian scientific journal Financial management*, 61, 83 – 90.

Abdullaev, A. (2015): The development of methods of analysis and forecasting of the liquidity of commercial banks in Uzbekistan. *SAARJ Journal on Banking & Insurance Research*, 4(6), 73-87.

Abdullaev, A. (2015): Working out under methods of the construction of a rating of liquidity while functioning commercial banks of Uzbekistan. *International Journal of Economics, Commerce and Management*, 3(11), 241 – 249.

Abdullaev, A. (2016): Withonceptual bases of the study of the crisis and liquidity of commercial banks. *Journal of Management Value & Ethics, India*, 6, 31 – 51.

Abdullaev, A. (2020):Issues of modeling the perspective development of cattle breeding. South Asian Journal of Marketing & Management Research, 10 (6), 89-96.

Abdullaev, A. (2019):Optimization of formation, distribution and use of monetary resources of the financial sector of the country. South Asian Journal of Marketing & Management Research, 9(3), 4-. Abdullaev, A. (2021):Research on economic security of commercial banks. *SAARJ Journal on Banking & Insurance Research*, 10(6): 21 – 36.

Абдуллаев А. **Исследование оценки обеспечения экономической безопасности коммерческих банков в Узбекистане.** Российский научный журнал «Финансовый менежмент». - Москва (Россия). № 4, август 2022. http://www.finman.ru/annotations/2022/4/.

Abdullaev A. Development of optimization models and methods for their solution for asset management of commercial banks in Uzbekistan Saarj Journal on Banking & Insurance Research (SJBIR) Vol. 11, Issue 05, September 2022, 1-15

Abdullaev A. Portfolio management of assets and liabilities in commercial banks of Uzbekistan. SAARJ Journal on Banking & Insurance Research. India. Vol 11, Issue 05, September 2022, 62-82

Абдуллаев А. **Совершенствование научно-методических подходов к оценке риска экономической безопасности банков Узбекистана.** Российский научный журнал «Финансовый менежмент». - Москва –Россия. № 1, февраль 2023 года. - с. 84 – 93.

A REVIEW OF THE EFFECT OF TALENT MANAGEMENT ON THE INNOVATIVE PERFORMANCE OF ORGANIZATIONS

Akbar Bahmani*; Hosein Karvar**; Syedah Masoume Ghamkhaari***

*Department of Management,
Payam Noor University,
Tehran, IRAN
Email id: bahmani@pnu.ac.ir

**Department of Management,
Payam Noor University,
Tehran, IRAN

***Department of Management,
Payam Noor University,
Tehran, IRAN

ABSTRACT

The absence of talent management in an organization and the lack of its use as a defining strategy of an organization will lead to a reduction in the maturity period of the organization and an increase in the organization's laxity. This even led to the bankruptcy of companies whose product market competition was very high. Information technology companies are always involved in these competitions, and sometimes, the lack of proper leadership in these companies ignores new and dynamic talents, and the incompatibility of the organization's innovative strategies with the organization's talent attraction and development policies leads to the decline of the organization. The present research describes the concept of talent management and its effect on the innovative functions of the organization, which is based on the purpose of a review and applied research and based on the implementation method, a library research. The method of data collection in this research is of the library type, which was collected by reading books and articles from internet sites and reliable domestic and foreign databases. In order to analyze the topic, the researcher first stated the research problem and explained the theoretical issues, and finally summarized the opinions of the thinkers regarding this issue, and discussed the effects of talent management on innovative performance in the form of a conceptual framework of the research, and finally made some suggestions. proposed.

KEYWORDS: *Talent Management, Innovative Performance, Innovation, Organization.*

INTRODUCTION

Today, with the significant increase in the number of companies and their need for talented employees, having a talent management strategy has become a big challenge for knowledge-based organizations. On the other hand, one of the leading dimensions in creating a competitive advantage in the field of innovation is talent management (Hakim, 2017), in the conditions of today's dynamic environment, by creating value to ensure efficiency and effectiveness in the

short term and the continuation of activity in the long term, it has an important effect on knowledge organizations. Create a role foundation. As a whole, organizations that have selected, attracted, employed, developed and maintained human resources with the talent management strategy, get more resources to respond to changing environments and develop new skills for better performance. In the process of creating value and innovative performance, attracting, selecting, employing, retaining and developing talent are key inputs. By providing conditions to create innovative performance, knowledge becomes a vital organizational resource in organizations and in this regard, because knowledge is included in human capital, it guarantees that organizations can improve their conditions and provide innovative opportunities and a knowledge-based perspective. The valuable resource of the organization will be achieved and innovative performance will be the heart of the growth and development of organizations (Papa et al., 2018). Since organizations will face an increasing competitive challenge in the future and more competent and effective human resources will be needed to manage these challenges, therefore talent management is becoming more important every day and as a system for identification, recruitment, cultivation, and promotion. And keeping talented people is defined with the aim of improving efficiency and innovative performance (Zay, 2018). Visal and colleagues (2019) have pointed out the growing problems related to the lack of talent in most European countries. In the 21st century, the need for people who have a wide range of skills and abilities to deal with the unforeseen needs of companies is expanding. Companies around the world find themselves competing with others for talent. Therefore, businesses should have the ability to recognize talented people, provide training to them, and maintain valuable employees for the long term, and consider strategies for this (Narayanan, 2019). The absence of talent management in an organization and the lack of its use as determining strategies of an organization will lead to a reduction in the maturity period of the organization and an increase in the organization's laxity (Khalil et al., 2017; Kismura and Lanewes, 2020). This even led to the bankruptcy of companies whose products were very competitive in the market (Khaki et al., 2017). Information technology companies are always involved in these competitions (Ogbario et al., 2018) and sometimes, the lack of proper leadership in these companies ignores new and dynamic talents, and the incompatibility of the organization's innovative strategies with the organization's talent attraction and development policies leads to the decline of the organization. Widodo and Mavarto, 2020;) due to the lack of studies and scientific research in the field of improving innovation performance and the role of talent management in promoting it in knowledge-based companies, a systematic and practical structure has not been presented in this regard. On the other hand, for knowledge-based companies with The mission of providing technology with the necessary tools to deal with the threat of countries is not only the rapid development of technology, but also the provision of a suitable and effective solution to economic and technological challenges, and in this context, the need for innovation to develop strategic intelligence is much more intense and concrete. Therefore, the current research examines the issue of what is the effect of talent management strategies on innovation performance and what is the mediating role of entrepreneurial orientation and entrepreneurial leadership adjustment between these two variables?

Literature Review

Talent management, talent management or talent management are defined as investing in the development of employees, identifying successors and talented people in the organization and empowering them to play various leadership roles. Lewis and Hockman (2006) found three basic

concepts for the term talent management based on existing definitions from writers and researchers in the field of human resource management and management. In the first concept, talent management was defined as a set of human resources such as recruitment, selection, training and development. From this point of view, they argue that talent management may be considered a bit more than a buzzword or euphemism for human resource management. In the reviewed texts, they mentioned that talent management is a systematic method for performing human resource management tasks, but not in its traditional way, but with a broader view and with a more precise function, using new technological tools such as the Internet and relevant software with the aim Implementation in all levels and parts of the organization (Haque, 2020).

innovation performance; Organizational innovation means accepting an idea or a behavior that is new for the industry, market or the general environment of the organization (Qaidi and Khani, 2017). Wu and his colleagues (2010) consider organizational innovation to consist of three elements; product innovation; which means improving the combination of products and services provided. process innovation; which means improving the composition and efficiency of internal operations; and the overall innovation of the organization; which includes improving competitive advantage, company profitability, reducing costs, improving employee productivity, and improving the organization's asset turnover.

Entrepreneurial orientation; Entrepreneurial attitude has 4 basic conditions for establishing entrepreneurial actions: 1- Entrepreneurial attitude reminds the importance of development, communication and sharing of values among the members of the organization and considers the role of the senior management of the organization as the basis for the occurrence of changes and transformation itself (Collin, 2002). 2- Emphasis on the creation of processes that lead to the emergence of innovation and support it. For example, designing and implementing the design process, developing and commercializing products quickly or creating systems that support and encourage innovation champions and allow them to create new products and new businesses (Shaw et al., 2005). 3- Designing and implementing processes that lead to the creation of resources or maintain the existing resources and lead to their specialization to carry out entrepreneurial efforts. It also pays attention to the processes that make the organization fully active in the face of changes through collaborative decision-making and transparent communication (SorianKitkao, 2014). 4- Creating the ability to identify and create ideas. In this attitude, by giving employees a field for experience and innovation, and with the aim of promoting automatic strategic decision-making, it is tried to increase the level of commitment of employees to the organization and their participation. This approach tries to strengthen the process of idea creation by formalizing the motivation to identify and continuously create ideas, develop existing resources, increase flexibility and ultimately lead to new resources, technology and systems (Haman, 2014).

entrepreneurial leadership; Today, entrepreneurship is recognized as a driving force in the development of the local, regional and national economy. Also, in the current competitive environment, it is an important factor in the development and survival of companies, and in the meantime, attention to the characteristics of entrepreneurial leadership in diverse organizations has an important position. It should be noted that organizations that make entrepreneurial orientation their policy and whose leaders have entrepreneurial leadership characteristics can increase their long-term growth potential by developing flexible resources. These organizations try to continuously create value by effectively transferring existing opportunities to their production operations or service processes. In this way, they get the possibility to move faster

than others and offer a new product or service or enter new markets, which will require having leaders with appropriate abilities (Jason et al., 2011).

Research Background

AzamTarianDoronkola (2018) has conducted a research entitled "Extracting the impact of organizational innovation dimensions on the innovative performance of the organization in the construction industry". The results of this research show that there is a significant relationship between the components of organizational innovation and innovative performance. Also, the researcher has come to the conclusion that product innovation has a direct effect on innovative performance more than other components of organizational innovation. Based on this, innovative and progressive organizations can use the results of this research in the implementation of the organization's strategic projects to gain a competitive advantage.

Mohammad EbrahimSanjaghi et al. (2017) in their research entitled "The mediating effect of adaptability culture on the relationship between entrepreneurial leadership and organizational innovation (a case study in selected companies in the supply chain of defense technologies)", found that entrepreneurial leadership in addition to In addition to the direct effect, it also affects organizational innovation indirectly and through an adaptable culture, and the intensity of the indirect effect is far greater than the direct effect.

Lomkin and Diez (2018) also investigated the relationship between the two dimensions of entrepreneurial orientation and company performance, the moderating role of the environment and the life cycle of the industry in a research through interviews with 124 experts and 94 companies, and the process of creating strategies related to entrepreneurial activities showed the following factors given: independence, risk-taking innovation, pioneering and aggressive competition. It should be noted that their findings also showed a positive relationship between pioneering and performance and a very low relationship between aggressive competition and company performance.

Thornberry (2016) in his study entitled "Lead like an entrepreneur" has discussed the active and facilitating roles of the entrepreneurial leader in identifying, evaluating and exploiting entrepreneurial opportunities and focusing entrepreneurial energy inside or outside the organization. And in the end, it has ended up presenting a descriptive model of the four strategies of entrepreneurial leadership based on (acceleration, exploration, search, integration).

SarminaSamad (2016) investigated the impact of innovation and entrepreneurial leadership on organizational performance in Malaysian logistics companies. The research results indicate that all aspects of entrepreneurial leadership and innovation have a positive and meaningful relationship with organizational performance, and entrepreneurial leadership and innovation affect performance in a positive and meaningful way. In this research, the ideal behavior component of entrepreneurial leadership, and the innovation component of innovative services and products have the greatest impact on organizational performance.

García Morales and his colleagues (2016) have investigated the impact of entrepreneurial leadership on innovation and organizational performance, according to the level of organizational learning. This study first examines the existence of a relationship between entrepreneurial leadership and organizational innovation and performance, and then examines the effect of organizational learning as a mediating variable on this relationship. This research was conducted using a questionnaire and on a sample of 164 pharmaceutical companies. The

research results showed that entrepreneurial leadership has a stronger relationship with innovation and performance in organizations with a higher level of organizational learning than in organizations with a lower level of learning.

Framework For Research

Salwa et al. (2018) in a research titled determining the impact of talent management strategy on innovation in a private university in the field of technology in Nigeria, which was conducted with a quantitative and survey approach, concluded that all aspects of talent management strategies such as recruitment and development It has improved the innovative performance in the university and by using this approach, it is possible to maintain excellent practice in the long term.

The relationship between talent management and entrepreneurial orientation has been shown in the research of Dantos et al. (2020) and Liu (2021), in the research of Halberstat et al. (2019) and Al-Mamon et al. It has also been proven in the research of Papa et al. (2018) and Collings et al. (2017) that there is a relationship between talent assessment of managers and the innovative performance of employees in knowledge-based organizations such as the companies present in Silicon Valley. Meanwhile, aspects of talent management such as recruitment, retention and development were investigated separately in studies such as Polo et al. (2021) and Kurtz and Tovera (2021). Also, in the research of Hong and Wang (2012) and Edis (2016), the effect of entrepreneurial tendencies on the innovative performance of the organization has been investigated.

According to the research literature and the gap in the research background, the following conceptual model is proposed:
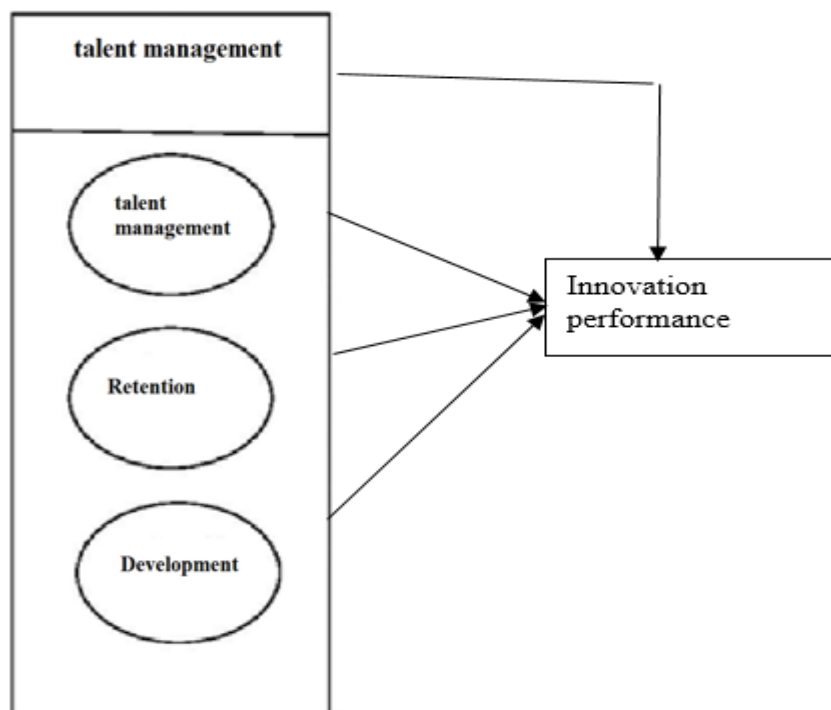
Diagram 1. The conceptual model of research extracted from researchers' research

Summary and Conclusion

The prerequisite of a developed society is to have developed organizations, and developed organizations also gain their real power and authority due to the existence of expert human resources, as strategic capitals. Humans who possess the greatest source of power; That is, thinking can create the causes of excellence, movement and growth of organizations. Intense competition has made it very difficult to maintain competitive advantage for a long time. Considering the many challenges ahead, in order to gain a competitive advantage in facing this complex environment, organizations need elites; Therefore, in recent years, the issue of talent management as a key management activity has been discussed more than in the past. Entrepreneurs play a key role in economic development and social evolution. Now, in the global arena, creative, innovative and innovative people as entrepreneurs have become the source of great developments in the fields of industry, production and services, and they are also referred to as national heroes. Today, human power is considered as an unlimited resource and the axis of any type of development. Unfortunately, in our country and in some recent development programs, special attention has not been paid to this, and it can even be said that this concept is unknown and strange to many professionals and people in the society. Perhaps for this reason, proper planning and setting up in the economic, social and educational system of the country for the development of entrepreneurship, especially in the country's universities, has not been done. Entrepreneurial behavior in the public sector has received the attention of experts due to its prominent role in gaining competitive advantage, and the management of organizational talents directly and with the mediating role of entrepreneurial tendency and entrepreneurial behavior of employees are among the variables that influence organizational innovation.

The findings of this research showed that talent management has a positive effect on entrepreneurial behavior. This finding is consistent with the research results of Barbach and Revel (2019), Velan and Karkeri (2019) and AzamTarianDronkola (2018). In his studies, Konrad has pointed out the role and importance of organizational talent management in their entrepreneurial activities and behaviors. Rashid concluded in his research that there is a positive and significant correlation between the strategic dimensions of talent management and organizational entrepreneurship.

Based on the results of the research, there is a direct and meaningful relationship between talent management and the aspects of talent attraction, human resource development and talent retention and organizational innovation in knowledge-based companies of defense industries, that is, with the proper management of talents and abilities through recruitment Powerful and creative forces, the development of the capabilities and capabilities of the human force and the maintenance and preservation of elite and experienced and expert forces in the organization, the level of innovation and creativity in the organization will also increase. Mohammad EbrahimSanjaghi et al.)who showed that talent management has a positive and significant relationship with organizational performance and organizational innovation in the four dimensions of attracting talents, evaluating and discovering talents, developing human resources, and maintaining talents. Based on this, it can be said that when the exploration, discovery, selection, preservation, development and improvement, employment, and reconstruction of the workforce are done efficiently and continuously in the organization, the innovation of that organization increases, as well as when Managers should try to identify talented employees, reward capable and hardworking employees and give them an opportunity to prove their abilities and talents, and support enthusiastic people for better performance. And the organization should

search and select top graduates and innovators, scientific and field efforts should be made to select talented and capable employees and there should be a match between the position of the employees and their ability and talent, then the level of innovation in organizations like the organization should be improved. And creative ideas and opinions appear in the organization.

Suggestions Based On Talent Management

• The importance of human relations in organizations should be a serious priority of high and middle level managers of organizations and experts in order to improve organizational behaviors in accordance with talent management processes.

• It is suggested that the more emphasis is placed on high human relations and the sense of responsibility and commitment, it can turn latent talents into real ones in the organization.

• Foresight to develop and implement an idea in the form of simple and clear goals.

• The ability to coordinate and balance management systems to create and increase service quality and expand it.

• Continuous evaluation of the organization's operations in order to continuously improve business processes.

• The amount of planning to adjust and manage capital in order to strengthen and grow in the future.

• Appropriate presentation of registered functional records and developed functional plans for the future to the audience.

Also, paying attention to the provision of human resources is one of the factors that can be very fruitful in the growth of the organization and its tendency towards an entrepreneurial organization, for this reason, it seems necessary to pay attention to the following:

• Hiring qualified employees who will guarantee the future development of the company at different stages.

• Correctly evaluating and monitoring the performance of current employees with a view to developing functions.

• Recruiting reliable human resources with ideas.

• Ability to identify, attract, and positively guide expert persons from among the groups related to the organization. The following solutions regarding innovation can be useful:

• Creative space: One of the ways of the emergence of innovation is to create a stimulating space for creativity. This means that management should always be ready to hear new ideas from everyone in the organization. In fact, the organization should be looking for such ideas and not just waiting for new ideas to be presented.

• Giving the necessary time for creativity and innovation: for this purpose, organizations can assign a special office to each of the employees who have the necessary competence.

• Establishing a suggestion system: One of the ways to encourage creativity is to establish a system for receiving suggestions; In this way, a method for making suggestions is provided.

Creating a special unit for creativity and innovation: sometimes a special group of employees is hired for creativity and innovation, and in some organizations this group is called a research and

development unit. Such units spend their time finding new ideas for providing services or making products, and sometimes do pure research. Such research is done to advance knowledge without trying to find its immediate application

REFERENCES

Qaidi, Homayun and Khani, Naser. (2017). Evaluation of innovation performance, the second international humanities conference with a native-Islamic approach and with an emphasis on new researches, Behshahr,

Al Mamun, A.; Fazal, S. A. and Muniady, R. (2019). Entrepreneurial Knowledge, Skills, Competencies and Performance. Asia Pacific Journal of Innovation and Entrepreneurship. Approach to Nnew Venture Creation and Management, U.S.A.: Prentice Hall

-Cismaru, L. andIunius, R. (2020). Bridging the Generational Gap in the Hospitality Industry: Reverse Mentoring—An Innovative Talent Management Practice for Present and Future Generations of Employees. Sustainability, 12(1), 263.

-Colin, G. (2002) Entrepreneurship, Resistance to Change and Growth in Small Firms, Journal of Small Business and Enterprise Development, 9(1), 61-72.

-Collings, D. G.; Mellahi, K and Cascio, W. F. (2019). Global Talent Management And Performance in Multinational Enterprises: A Multilevel Perspective. Journal of management, 45(2), 540-566.

-Collings, D. G.; Mellahi, K.; and Cascio, W. F. (Eds.). (2017). The Oxford Handbook of Talent Management. Oxford University Press.

-Cortes, W. A. G. and Tovar, C. A. R. (2021). Human Talent in Geriatrics in Colombia and Its Relevance for The Management of Covid-19. The Lancet Healthy Longevity.

-Donatus ,O.(2020). Talent Management and Entrepreneurial Sustainability in Organizations. International Journal of Innovative Research and Development,9(8),pp144-151

-Ejdys, J.(2016)Entrepreneurial Orientation vs. Innovativeness of Small and Medium Size Enterprises, Journal of Engineering, Project, and Production Management, 2016, 6(1), 13-24

-Haak-Saheem, W. (2020). Talent Management in Covid-19 Crisis: How Dubai Manages and Sustains Its Global Talent Pool. Asian Business & Management, 19, 298-301.

-Halberstadt, J.; Timm, J. M.; Kraus, S. and Gundolf, K. (2019). Skills and Knowledge Management in Higher Education: How Service Learning Can Contribute to Social Entrepreneurial Competence Development. Journal of Knowledge Management, 23(10), 1925-1948.

- Wang L Huang,S.;,Y,. (2012). Entrepreneurial Orientation, Learning Orientation, And Innovation in Small and Medium Enterprises. Social and Behavioral Sciences, 24, 563-570

-Jason, C.; Steve, K and Ken, P. (2011). Exploring Distributed Leadership in the Small Business Context. International Journal of Management Reviews, 13(3), 270-285.

-Khalil, M.; Elsaay, H. and Othman, A. (2017). Talent Management: a Novel Approach for Developing Innovative Solutions Towards Heritage Communities Development. Archnet-ijar: International Journal of Architectural Research, 11(3), 132-145.

-Narayanan, A.; Rajithakumar, S. and Menon, M. (2019). Talent Management and Employee Retention: an Integrative Research Framework. Human Resource Development Review, 18(2), 228-247.

-Ogbari, M. E.; Onasanya, Y. A.; Ogunnaike, O. O. and Kehinde, O. J. (2018). Talent Management As A Determinant of Firm Performance: A Conceptual Approach. Business & Social Sciences Journal (BSSJ), 3(1), 21-32.

-Pandita, D. and Ray, S. (2018). Talent Management and Employee Engagement–A Meta-Analysis Of Their Impact on Talent Retention. Industrial and Commercial Training, 50 (4),185-199.

-Papa, A.; Dezi, L.; Gregori, G. L.; Mueller, J. and Miglietta, N. (2018). Improving Innovation Performance Through Knowledge Acquisition: The Moderating Role of Employee Retention and Human Resource Management Practices. Journal of Knowledge Management, 24 (3), 589-605.

-Polo, Y. E. P. (2021). Strategy From Human Talent. In Handbook of Research on International Business and Models for Global Purpose-Driven Companies (pp. 235-252). IGI Global.

-Salau, O.; Osibanjo, A.; Adeniji, A.; Oludayo, O.; Falola, H.; Igbinoba, E. and Ogueyungbo, O. (2018). Data Regarding Talent Management Practices and Innovation Performance of Academic Staff in a Technology-Driven Private University. *Data in Brief*, 19, 1040–1045.

-Shaw, E.; OLoughlin, A. and Mcfadzean, E. (2005). Corporate Entrepreneurship and Innovation Part 2: A Role- And Process-Based Approach. European Journal of Innovation Management, 8, 393-408.

-Suriyankietkaew, S. and C. Avery, G. (2014), Employee Satisfaction and Sustainable Leadership Practices in Thai Smes, Journal of Global Responsibility, 5(1), 160-173

-Whysall, Z., Owtram, M., &Brittain, S. (2019). The New Talent Management Challenges of Industry 4.0, Journal of Management Development, 38(2), 118-129.

-Widodo, W. and Mawarto, M. (2020). Investigating the Role of Innovative Behavior in Mediating the Effect Of Transformational Leadership And Talent Management on Performance. Management Science Letters, 10(10), 2175-2182.

-Xie, X.; Zou, H. and Qi, G. (2018). Knowledge Absorptive Capacity and Innovation Performance in High-Tech Companies: A Multi-Mediating Analysis. *Journal of Business Research*, 88, 289-297.

Categories

- Business Management
- Banking
- Insurance
- Finance

Review Process

Each research paper/article submitted to the journal is subject to the following reviewing process:

1. Each research paper/article will be initially evaluated by the editor to check the quality of the research article for the journal. The editor may make use of ithenticate/Viper software to examine the originality of research articles received.
2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
3. At this stage, two referees will carefully review the research article, each of whom will make a recommendation to publish the article in its present form/modify/reject.
4. The review process may take one/two months.
5. In case of acceptance of the article, journal reserves the right of making amendments in the final draft of the research paper to suit the journal's standard and requirement.

Published by