



SMALL BUSINESS AND ITS ROLE IN THE ECONOMY

Jurakhanov Muzaffar Eskandarovich

PhD, Docent of the Department of “Economics”

Andijan Machine-Building Institute. City of Andijan. Uzbekistan

Abstract

Issues of small business development in Uzbekistan also determine the place of small business in the further development of our economic potential. The article examines the role of small business and private entrepreneurship in the development of the national economy, and trends in the development of its branches.

Keywords: small business, efficiency, private entrepreneurship, sustainable development, development strategy.

INTRODUCTION

In the conditions of current globalization, the stable development of the economy depends on many factors, the most important of which is the development of small business. The most optimal way to transition to a market economy is to establish small business and private entrepreneurship and to express confidence in its prospects, therefore, from the first days of independence, the Republic of Uzbekistan paid special attention to this area. Small businesses and private entrepreneurship operating in the Republic of Uzbekistan have certain characteristics that distinguish them from small businesses in many other countries.

MATERIALS AND METHODS

The most important of them are the integration of several types of activities within one small enterprise (through household activities), the fact that most small business entities own their own buildings (according to research, 61.4 percent currently), in most cases, not focusing on a single product development model, enterprises most of them (despite the dependence on innovative potential) are low technical level and dependence on low technological equipment and a number of other characteristics.

As world practice shows, small business and private entrepreneurship play an important role in the economy and contribute to its sustainable development, as it has certain advantages. Analyzing foreign and local experience in small business development, faster adaptation to local economic conditions compared to large business, independence of actions of small business entities, flexibility in decision-making and implementation, and relatively low costs in the implementation of





effective activities, demonstrating the ability of a person to realize his ideas. It is possible to highlight such advantages as the presence of an excellent opportunity to achieve, low initial capital requirements, and the ability to quickly introduce changes in the production processes of products in response to the requirements of local markets.

RESULTS AND DISCUSSION

An important advantage of small business and private entrepreneurship is the high speed of information transfer. This is due to the small amount of information that can be covered by direct communication between managers and employees. That is, the small size of the enterprise provides good management with relatively low management costs. Finally, it should be noted that the establishment of a small business, as a rule, does not require a large investment in capital funds. This advantage attracts many start-up entrepreneurs and has a positive effect on the price of products, works and services.

Of course, at the same time, along with the positive advantages of small business and private entrepreneurship, there are also a number of disadvantages and problems, including:

- dependence of small business and private entrepreneurship activities on the influence of the external environment creates a high level of risk and the speed of the possibility of a crisis;
- low ability to collect capital that can be allocated to expand production in small business and private entrepreneurship activities;
- the field of small business and private entrepreneurship is limited, and it is difficult for this field to enter the fields that require capital and science;
- the limited range of products in small businesses and private enterprises and the lack of an opportunity to compete with large-scale production makes it difficult to organize marketing services and a dealer network.

Experience shows that most of the failures of small business and private entrepreneurship are related to the inexperience of managers or the professional incompetence of the owners of the entity. According to the results of a survey of small businesses and private entrepreneurs during the study, incompetence was identified as the main reason for their failure. Nevertheless, it should be remembered that the activity of small business and private entrepreneurship enterprises is directed to meet local needs, develop the region and solve social and economic problems at the local level.



This, in turn, increases not only economic, but also social importance of small businesses and private enterprises. With the deepening of economic reforms in the republic, small business is becoming an increasingly important factor in the formation of market relations. At the same time, it should be noted that the potential of small business is not being used sufficiently in the national economy.

This is evidenced, first of all, by the small number of small business entities compared to the population. In the economy of the Republic of Uzbekistan in 2023, the share of active small enterprises (411,203) in total enterprises (475,197) is 86.5% (increased by 2.45% compared to the previous period). According to the Russian Federal Tax Service, this figure is 56.9% in 2020 and the pandemic economy has taken a heavy toll on countries based mainly on small businesses and services. In this regard, in 2022, this share will be higher than 55% for the member states of the Organization for Economic Cooperation and Development, in Brazil - 50.2%, in the USA - 48%, in Canada - 30%. Compared to the same period in 2023, due to the pandemic, it fell by 11.3%, the UK by 20.8%, and the USA by 31.4%.

The development of small business is relevant for the economy of every country in the world, and the main task of small business is to create jobs and increase the gross domestic product of the country. The following can be cited as the main and actual problems of entrepreneurship faced by newly established and operating small enterprises.

In order to create conditions for the free self-development of small business, the state authorities are obliged to eliminate the above-mentioned problems that prevent the rapid development of small business. It is known that if we reduce the types of activities that are licensed at the same time and if we move from the licensing feature to the principle of informing about their registration, it is possible to stimulate the growth of the number of small business entities.

Small business and private entrepreneurship in the consumer market not only solve social problems (create jobs for citizens), but also provide an individual approach to customers, product specialization and are a sales channel for manufacturers. Studies show that the consumer market can be developed in the directions of designing and implementing residential neighborhoods, public transport projects, and organizing and holding fairs, taking into account the needs of business in the trade sector.

In our opinion, in order to develop small business and private entrepreneurship activities in our country and increase production efficiency, it is necessary to establish cooperative relations between subjects. This, in turn, leads to increased confidence in small business and private entrepreneurship, trust in public institutions and the





market. Of course, the establishment of cooperative relations of subjects is a complex process, and for almost the same reasons, establishing relations between small and large enterprises is carried out with great difficulty.

CONCLUSION

Small business is an integral part of the market economy, which is characterized by special mobility, flexibility and high efficiency. The development of small business contributes to the development of positive processes in the economy, the democratization of society, the increase of political weight in the international arena, which in turn brings not only political but also economic dividends to the state. Many characteristic features of small business are directly related to the main problems that hinder the development of normal market relations and private entrepreneurship in general.

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