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## IMPROVING THE EFFICIENCY OF SMALL BUSINESS ENTITIES

**Abstract:** The article analyzes issues such as the scientific-theoretical basis of small business, current problems, activities of small business entities in the country and opportunities to increase its efficiency.

**Key words:** small business, private entrepreneurship, macroeconomic policy, potential, gross domestic product, stability, modernization, diversification, integration, specialization, efficiency.

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### Introduction

The global economic changes taking place in the world economy in turn affect the economy of each country. Positive changes in internal and external economic activity occurring in the economy of countries are largely the result of positive activity in small business facilities in the country. In developed countries, the share of small business entities in the gross domestic product is 50-60%, 51% in Poland, 53% in Germany, 60% in Finland, 63% in the Netherlands [1]. According to the data of January 28, 2021, more than 6 million business enterprises were registered in Italy, one of the European countries, in 2020. Individual enterprises have the largest segment, 3131611, companies with authorized capital 1791853, partnership-based enterprises 945236, and other forms of enterprises 209331 [2]. It can be seen that the activity of individual business entities is expanding in Italy as well as in many countries.

Today, the sustainable development of the economy in developed countries is inextricably linked with the positive changes taking place in the field of small business. It is important to increase the standard of living of the population through the rapid development of small business. Notably, small business is used as a concept of "small and medium-sized business" in Japan, and "small production" in India and Asian countries. It is worth noting that mature specialist scientists of developed countries consider the socio-economic development of the

scientific society as the most important task of studying the problems related to small business, preparing promising programs for identifying directions for their elimination, and applying them to life.

In Uzbekistan, the organizational and economic mechanisms for the formation of small business entities at the level of demand have been defined as the main directions of fundamental reform. The necessary regulatory and legal frameworks for the improvement of the organizational and economic mechanisms of small business development have been adopted and will create large-scale opportunities for the development of small enterprises in the economy. It is not for nothing that the scientific justification of the organizational and economic mechanisms of small business development, the identification of the factors that negatively affect their activity, the acceleration of research in this regard, the determination of the mechanisms of the achieved results, and the conduct of new scientific research related to the field are among the most urgent issues. The reason is that small business is the driver of socio-economic development of society.

Although the direction of small business in Uzbekistan is characterized by the slow pace of development compared to neighboring countries, the indicators related to the sector are noticeable, but the level of sustainable development of small business enterprises is being ensured slowly. The increase in

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the share of small enterprises among the leading sectors and sectors of the economy began to emerge as a solid foundation for economic growth and social stability. In 2020, compared to 2015, Uzbekistan rose by 29 places in the global innovation index, taking 93rd place among 131 countries [3].

As one of the main factors of the above successes, it is related to the result of the economic reforms being carried out in our country and the correct selection of the measures taken from its structure. The main achievements of the development of the Republic of Uzbekistan are distinguished by the fact that the development of small business has been raised to the level of state policy and focused as one of the main strategic areas.

### Methodology

Statistical analysis, factor analysis, survey and selective observation methods of small business entities operating in the Republic of Uzbekistan were used in the research. The obtained results are presented in tables and diagrams, based on which a logical observation was made.

### Results and discussion

Small business enterprises have taken a strong place in the experience of world countries with their high results and successes, the share of the sector in the gross domestic product was 60-70 percent, the indicator was only 1.5 percent in 1991, and 31 percent in 2000. In 2016, the share of this sector in the GDP reached 64.9%.

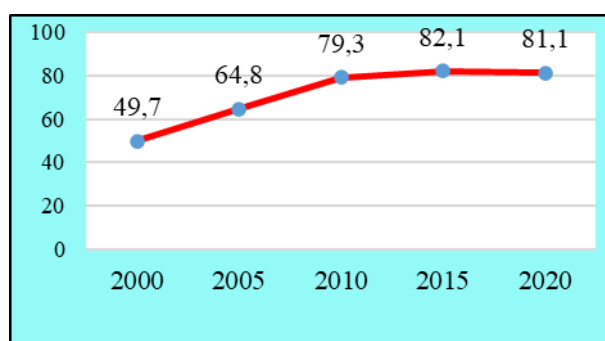
Demand in the economy for small business enterprises creates new production in rapidly growing

sectors and industries. During 2017-2020, a total of more than 288 thousand enterprises were established in our country. 14800 of them belong to large enterprises and 273200 to small business enterprises. If we analyze the state of this indicator in our country, it can be observed that its level in small business enterprises was 6.2 times higher in 2016 and 6.9 times higher in 2020 than in large enterprises.

At the same time, the largest share of newly established small business enterprises during 2017-2020 is trade (32 percent of all enterprises), industry (21 percent), agriculture, forestry and fisheries (12 percent), construction (10 percent), living and corresponds to the food industry (7 percent).

In 2020, the share of income from small businesses in the total income of the population was the highest in Jizzakh, Bukhara, and Khorezm regions. In the Republic of Karakalpakstan, Fergana, Navoi regions and Tashkent city, it was noted that the weight of income in the form of wages in large industrial enterprises and organizations is high.

The stable development of this sector is strongly influenced by any changes taking place in the business sector. At the same time, the experience of economically developed countries shows that the constant high standard of living of the population has been achieved primarily through the rapid development of small businesses. Based on this, the development of small business, the digitalization of the economy, as well as the digitalization of the activities of small business enterprises, are of great importance for the people of Uzbekistan.



**Figure 1. The share of small business and private entrepreneurship in the total number of people employed in the economy (%) [3]**

If in 2000 the share of small business and private entrepreneurship in the total number of people employed in the economy was 49.7 percent, in 2005 it was 64.8 percent, in 2010 it was 79.3 percent, in 2020 it was 81.1 percent, and it increased by 31.4 percent compared to 2000. Despite the growing share and importance of small business in the economy of our country, it can be noted that the value of these

indicators is equalizing compared to developed and developing countries. More than 32 million small businesses in the United States employ more than 57 million people[4], and in the European Union, small businesses account for 99.8% of all businesses and 85% of jobs [5].

In order to increase their profits, it is desirable for small business enterprises to know how to evaluate

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the specific conditions that arise in the market relations and to choose the right way, and to correctly allocate the investments they attract to the directions [6]. This ultimately leads to an increase in the efficiency of small business enterprises and the development of the country's economy (Table 1).

Table 1 shows that the gross domestic product of the Republic of Uzbekistan was equal to 3255.6 billion soums in 2000, and the share of small businesses and private enterprises increased by 31.0 percent. As a result of increased attention to the economic and social sphere in the country and consistent implementation of reforms in the sphere,

these indicators amounted to 602551.4 billion soums in 2020, and the share of small business entities was 53.9 percent.

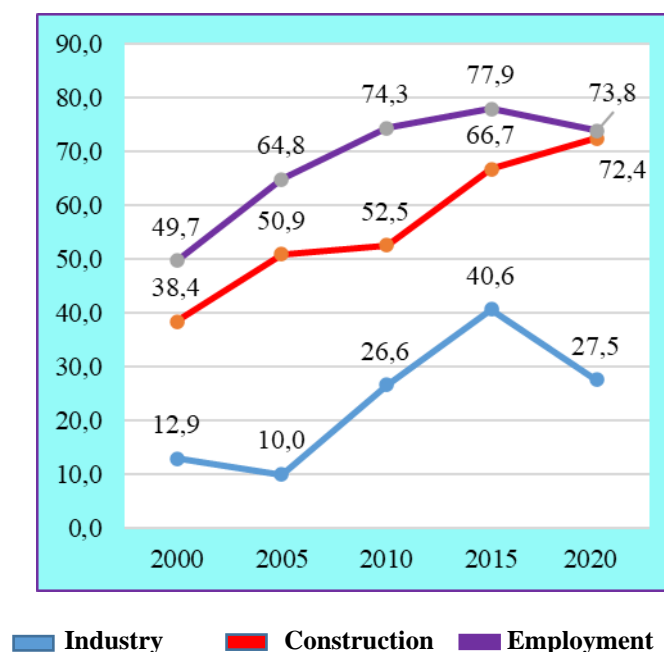
It should be noted that these indicators are in accordance with the indicators presented in the target parameters of the socio-economic development of the Republic of Uzbekistan until 2030. Small business entities are economic activities characteristic of market economy conditions. In other words, it is a conscious and purposeful economic activity of the owners or their representatives on the organization of production and exchange of goods and services in order to achieve a certain socio-economic result.

**Table 1. The volume of GDP of the Republic of Uzbekistan and the share of small business and private entrepreneurship in it [3]**

Indicators	2000	2005	2010	2015	2020	Change in 2020 compared to 2000 (-,+)
GDP, billion soums	3255,6	15923,4	78936,6	221350,9	602551,4	599295,8
Share of small business and private entrepreneurship in GDP	31,0	38,2	52,5	62,9	53,9	22,9

In the republic, great attention is being paid to deepening socio-economic reforms and improving the efficiency of small business and private business

entities in order to improve the living standards of the population, reduce the unemployment rate, and ensure the employment of the population.



**Figure 2. Share of small business and private entrepreneurship in industries [4]**

From the data presented in Figure 2, it can be seen that the share of small business and private

entrepreneurship in construction and employment in 2000 was 49.7 percent and 38.4 percent, respectively,

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by 2020, the share of small business and private entrepreneurship in these sectors will be respectively 73.8 percent, and made 72.4 percent. The share of small business and private entrepreneurship in industry increased by 14.6% compared to 2000 and reached 27.5% in 2020. This serves the socio-economic development of the regions. Its main task is to scientifically substantiate a reasonable compromise between the economic interests of the whole country and its individual regions [7].

The most important factors of the economic development of the regions include the optimal combination of diversification and specialization of the economy and the centralization of innovations in priority areas [8].

In addition, information technologies are deeply penetrating all spheres of human life and activity to improve the efficiency of small business entities. Digital technologies not only improve the quality of products and services, but also reduce excess costs. At the same time, it also plays a major role in eliminating the most serious disease that hinders the development of the country – corruption [9].

To sum up, the share of small business in developed countries is 60-70 percent of GDP [10]. In order to increase the share of small business in the economy of the Republic of Uzbekistan, it will be possible to ensure the efficiency of the small business sector through a practical approach to development.

### Conclusion

In conclusion, it is necessary to provide information about the conditions and privileges created for the development of small business in our country. It is necessary to show the population the experiences of countries that have achieved the welfare of the population through the development of small businesses. The development of this sector is necessary to ensure the well-being of every citizen to develop or start his own business. It is necessary to improve the organizational and economic mechanisms of the development of small business entities in the country, to develop a system of new mechanisms by determining the influence of several factors, and to put them into practice.

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