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WAYS TO IMPROVE THE FINANCE OF SMALL BUSINESS ENTERPRISES IN THE CONDITIONS OF AN INNOVATIVE ECONOMY

Abstract: Further development of the small business and private entrepreneurship sector, which occupies an important place in this article, and thereby replenishing the domestic market with competitive, high-quality and export-free products, creating new jobs, as well as reforms to increase the income of the population and ensure sustainable economic growth, increase their financial stability by introducing effective methods of management, one of the issues of urgent importance is the scientifically based ways of ensuring the need for financial resources at the expense of attracting new sources of financing.

Key words: small business enterprises, financial management, financial planning, sector enterprises, gross domestic product, industry enterprises, capital, development strategy, foreign economic activity, Foreign Investment, small business entities, promising development.

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Introduction

To compare the theories and practices of financial management of small businesses, as well as to consider the possibility of applying foreign experience in national practice, it is advisable to first compare the criteria for classifying organizations into small business enterprises. As mentioned above, the criteria for classifying small businesses in the legislation of our country are: ownership structure, field of activity and number of employees. In general, the use of similar criteria is acceptable in the classification of small business enterprises in foreign countries. The main criterion indicators will be such as the number of employees, income and or the size of the balance sheet assets. There are also requirements for independent ownership, which means that a small organization cannot belong to another legal entity.

The decree of the president of the Republic of Uzbekistan "on the development strategy of New Uzbekistan for 2022-2026" No. President "Decree"-60 of January 28, 2022 "on the" growth points " of the neighborhoods and the specialization of the population living in them in entrepreneurial activity, to strengthen the state support system, organize

entrepreneurial activity and create conditions for, the fact that the tasks of " bringing the share of the private sector in the gross domestic product to 80 percent and its share in exports to 60 percent " are indicated by the abundance of problems associated with the development of entrepreneurial activity.

Found that small business entities were present in the strategy documents of governments of all economic periods. However, it should be noted that it does not prevent the development of small and medium-sized business entities directly. We see today evidence that creating a developed policy environment and removing excessive political regulatory restrictions can give more pragmatic, effective results.

State support for small business entities in Uzbekistan includes nine forms. The operation of these forms in a complete system contributes a lot to the development of small businesses in our country.

Analysis and results

One of the most complex problems that hinder the development of small entrepreneurship today is that most small business entities do not have sufficient

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financial resources to meet their investment and working capital. Banks are forced to increase the risk value on loans by increasing the interest rate on loans, due to the low credit guarantee of small businesses. At the same time, the failure of small business enterprises to provide sufficient funds necessitates an increase in the economic efficiency of the small business sector, limiting lending to the guarantee of collateral that the main means are putting in return for the funds received.

In the European Union, small and medium-sized businesses include organizations with no more than 250 employees, no more than 50 million euros in annual revenue, and/or no more than 43 million euros in total year-end assets. In this case, a distinctive feature from many other countries is expressed in the fact that their legislation does not provide for the existence of a limit on the size of assets.

In the United States of America (USA), the division into small and medium-sized enterprises by the category of micro-enterprises and the size of organizations does not apply. The annual revenue - an average of \$ 7.5 million and the number of employees - an average of 500 people - is used in the classification of small businesses. At the same time, different quantitative restrictions of the above criteria apply for different manifestations of economic activity. When differentiating small enterprises, the volume of annual products and the amount of revenue are taken as the basis for the network affiliation of enterprises.

In foreign sources, special attention is paid to the significant role of small business enterprises in the stable development of the national economy, as in domestic sources, as well as to the difficulties in the development and effective functioning of small business enterprises in developing countries [1]. It is clear that all current problems are exacerbated in crisis conditions. So:

1. Small business enterprises are required to carry out financial planning, which is part of the process for the development and implementation of their financial strategy and is aimed at achieving the main goal of the organization to maximize its market value.

2. It is necessary to constantly monitor the economic situation, identify possible signs of security by the external environment. At the same time, it is necessary not only to analyze and study the macroeconomic indicators of the country, the data of rating agencies, reports of national banks, etc., but also to monitor the financial situation of key counterparties, including suppliers, distributors and consumers.

3. In small business enterprises, the focus on financial management is required to focus on the process of effective management of cash flows.

4. In the process of carrying out financial analysis, it is necessary to pay attention to the influence of nonlinear factors and indicators, not

limited to a complex of common financial coefficients.

5. Small business enterprises need to constantly analyze and optimize their output.

Summarizing the considered foreign research, it should be noted that in the financial management of small business enterprises, the central element of the system is precisely financial planning.

Most foreign studies address the issue that it is strategic financial planning that is relevant in small businesses. For example, the results of studies of Romanian small organizations showed that 75% of them use different tools of strategic planning (especially SWOT - analysis and development scenario-specific planning). Strategic planning the beginning of the process is the setting of strategic goals. At the same time, research determines that the choice of strategic planning tools can depend on the area where the small organization is located and vary in different countries. In North America, business leaders prefer customer interaction, strategic planning, and benchmarking in management [4].

A team of Malaysian authors found that the application of strategic planning, as well as the focus on the small business enterprise market, had a direct impact on the efficiency of activities. Strategic planning methods aimed at supporting the competitiveness of small and medium-sized business entities should encourage market orientation with increased business efficiency. Economist scientists have found that market orientation promotes the improvement of the entrepreneurial environment of small business enterprises. The complexity of high competition evokes the need to focus on market data (data from customers, counterparties, competitors), which in turn allows monitoring changes in market conditions. Thus, market orientation promotes the improvement of the efficiency of the activities of small business enterprises through the implementation of strategic planning [18].

If we consider financial analysis as one of the main methods of financial management, then here, first of all, certain different aspects are observed between foreign and domestic practices associated with financial accounting, which is an information base for financial analysis.

In the activities of small and medium-sized organizations, as well as large business entities abroad, accounting is carried out in accordance with the rules of International Financial Reporting Standards. And in local practice, National Financial Reporting Standards are used in the activities of small business enterprises. Almost complete implementation has not been achieved in the activities of all economic entities.

The initial differences in the accounting system and, as a result, the different reflection of financial information in reports lead to the fact that local and foreign companies do not have the opportunity to

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compare financial analysis data, since the calculation of the same financial coefficients is carried out on the basis of differently formed data. In addition, in domestic practice, it is noted that financial analysis is carried out mainly on profitability, entrepreneurial activity, financial stability and various indicators (liquidity, solvency).

In addition to this in foreign practice, great attention is paid to the analysis of the change in the value of shares, profit, the share of fixed costs in total costs, the ratio of cash flow and liabilities. At the same time, it should be noted that a single list of indicators for assessing the financial situation is not available in domestic and foreign practice.

Summarizing the above, we can conclude that from the study of foreign experience in financial management in small business enterprises, there are no fundamental differences in views with domestic scientists on theoretical grounds. One of the main methods of financial management in small business enterprises is noted in both domestic and foreign literature as financial planning and financial analysis.

Financial planning implies, first of all, orientation towards promising development, that is, strategic planning. Although the research work of domestic and foreign authors emphasizes the importance of strategic financial planning for small business enterprises, in practice, domestic organizations lag significantly behind Western organizations in this matter. In small business enterprises, it is necessary to constantly carry out financial planning taking into account the current economic situation, adapting the values of current and operational indicators for strategic purposes. In terms of performance assessment and analysis indicators, domestic and foreign theories on the theory of financial management do not contain indicators necessary for use by small business enterprises or a single standardized procedure of types of financial analysis. Nevertheless, the main calculated financial indicators of domestic and foreign practice are suitable. At the same time, in the West, special importance is attached to economic and mathematical modeling as a universal way to assess the impact of factors on the result, as well as to predict the results of the activities of small business enterprises.

It is a priority to actively participate in the economic development of the country and in strategic national projects, to provide its customers with ample opportunities for changing the infrastructure that forms networks by providing banking services in accordance with international standards. At the same time, to increase the awareness of each client about the characteristics of the network and increase the efficiency of the activities of their business – corporate, small and medium-sized, retail business, using the most relevant banking tools. When choosing its strategy, the Bank relies on the tasks set by the Republican government to reform the banking sector,

create a banking system, implement changes.

The criterion for implementing reforms aimed at the development of small business entities should be to solve issues related to small business financing in the first place and ensure that it is widely introduced into practice in search of ways to implement the proposals presented by experts in the field. Another criterion for reforms related to the support of small businesses and private business entities is the intervention of neutral and targeted policies. Among the most important target policies can be direct participation in the financial market through state-owned enterprises and selective (selective) protection to certain categories of small business entities. Such measures include lowering the lending rate for small businesses and private business entities, as well as developing a friendly structure of small business entities (Jia, X., Cui, Y., Patro, R., Venkatachalam, S., Kanday, R. & Turayevich, J. (2023)).

At the same time, small businesses as well as private business entities usually do not have basic funds such as land or buildings needed by banks as collateral to secure loans. Instead, small businesses as well as private businesses rely primarily on movable property for financing. To ensure the necessary legal and institutional protection, it is possible to find alternative lending options based on traditional guarantees and access the resources necessary for entrepreneurs to start and manage their businesses, as a result of the use of guaranteed registration tools.

One way to reduce financial barriers to small businesses and private businesses is to systematically strengthen the infrastructure supporting the creation, registration and implementation of financial instruments, including laws, resolutions and institutions guarantees, creditworthiness indicators and credit reports.

The most successful state governments in the economic sector in the world are implementing measures to support the private sector and expand small businesses. Among them are Germany, Japan, the Republic of South Korea, USA and the United Kingdom. From this it is not difficult to imagine that the Republic of Uzbekistan in the future is one of the main goals of the economy aimed at maximizing the support of this high-speed locomotive.

Today in our country, in order to further liberalize the business environment, special attention is paid to the implementation of measures aimed at ensuring their transparency, simplifying the procedures related to entrepreneurial activity. In the early years of independence, there was practically no person in Uzbekistan with a private enterprise. Today, more than half of the countries are producing gross domestic product, nine of the ten economic entities are its representatives, small businesses.

Experts note that private entrepreneurship occupies a special place in increasing the income of private jobs and the population - 78% of employed

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people work in the field of small business, more than 52% of the population's income comes from entrepreneurial activity, which indicates that this area is of great importance in increasing the level and quality of human development.

From the experience of the studied abroad, it is known that small businesses and private entrepreneurship are growing. Many ambitious people have unusual ideas, but often face the problem of finding funds to fulfill this dream. Entrepreneurs prefer to focus all their efforts on increasing their capital. They do not want to spend time and funds on borrowing to open a new business. There are several elements that play an important role in securing financing for small businesses as well as private businesses, which include:

Proper execution of documentation - banks give a large part of the debt in this country. Small businesses are generally unable to provide the necessary guarantees that banks are looking for. The fact that the debtor does not provide the bank with sufficient information is another obstacle for the bank providing the loan. The lack of documentation can cause problems between the bank and the borrower. Since this can be a huge obstacle, enterprises must ensure the availability of all relevant documents;

Professional leadership-some entrepreneurs are able to solve each issue on their own. On the other hand, trying to control every aspect of the industry can create problems. An entrepreneur may have the ability to make calculations and taxation, but if he is not an expert in obtaining a loan, then a little may not understand the fundamental essence of the process. Interest rates-loans to small businesses and private entrepreneurship are usually issued at much higher interest rates. Therefore, it is important to show and demonstrate excellent results in order to achieve good results in small businesses and private entrepreneurship. As the performance continues, the overall perception of this sector gradually changes.

Credit rating-plays a very important role in the loan approval process and affects interest rates. Any change in credit history can lead to a bad credit score result. Bad credit scores can be an important obstacle to getting a loan.

Small businesses in developing countries as well as private businesses face a number of similar challenges in increasing their investment. The main reasons are that the sector is seen as highly risky, and some banks consider it risky to invest their funds in this sector. For this reason, many countries have been introducing benefits to encourage investment in the private sector sector.

While "at least 40% of commercial banking credit policies, set policies that lend to the priority sector for private and public banks", "only institutional investors in Bangladesh are set to invest in 30% of their assets in the priority sector" by the government of India .

There are several ways to solve the problems associated with improving the practice of lending business entities by banks on the basis of scientific research and studied advanced foreign experience, the use of which in the banking system of Uzbekistan can have a high effect.

The analysis of activities of small business enterprises shows that due to the slowness of diversification, the main section of its report on cash flows is "operational activity", since it is in the main activity that the most operations are carried out that require effective planning, analysis and control.

The implementation of financial planning is inextricably linked with conducting financial analysis and forecasting the results of the activities of small business enterprises. To solve this problem, it is necessary to study the dependence of the proceeds from sales on the main articles of the balance sheet asset based on an economic-mathematical model based on the type of economic activity. this in turn makes it possible to take appropriate measures to increase the effectiveness of cash flow management of small business enterprises in the cross section of operational activity.

Cash flow management is the most important for small business enterprises in terms of methods of financial management on objects. Reflecting the real situation with solvency, cash flows make it possible to analyze, plan and control the financial situation of the entire organization. The report on cash flows from it allows users to assess changes in the financial situation of the business entity, providing them with information about how much money fell during the reporting period and how much money came out. We believe that the cash flow report should provide information about the cash flows received by the business entity as a result of operational, investment or financial activities during the reporting period.

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Conclusions and suggestions

The conclusions expressed in most of the research carried out by economists and scientists were analyzed and summarized. From them, in our opinion, entrepreneurship is an acocial element of biznec, the development of which serves to establish biznec.

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Entrepreneurial activity manifests itself as a form of biznec and is carried out in different cohas. If biznec means to earn money and increase it, entrepreneurship is to generate income through economic activity with creativity and increase it. Financial management methods in small business enterprises make it possible to carry out financial activities and form funds from various sources of the required volume to achieve strategic goals, taking into account all the costs of selling products, providing services and carrying out work. Currently, in economically developed countries more often use indirect support methods, compared to methods of direct financial support of small business entities;

1. Small and medium-sized enterprises form the majority of enterprises worldwide, making significant contributions to the creation of new jobs as well as global economic development. They provide nearly 90% of businesses worldwide and over 50% of employment. Official SMEs also contribute up to 40% of national income in developing countries. World Bank experts estimate that by 2030, 600 million jobs are projected to be created by small and medium-sized enterprises, expected to make the development of small and medium-sized enterprises a priority for many countries around the world.

2. An algorithm for the implementation of financial planning is developed based on a software-targeted approach, which includes a method for

calculating plan indicators. With the help of economic and mathematical modeling, it was found that the proceeds from the sale of small small business enterprises depend on the main articles of the balance sheet asset regression, which made it possible to carry out a comprehensive financial analysis.

3. One of the important issues in ensuring the stability of the activities of small business enterprises is the effective organization of financial relations, in particular the rational use of sources of attraction of financial resources, increasing investment activity, effective management of financial risks, the widespread introduction of modern methods of financial management into the activity.

4. Indicators of entrepreneurial activity of small business enterprises should be classified on the basis of such criteria as economic potential, financial stability, competitiveness, market activity and social activity. This classification makes it possible to determine the overall effectiveness of small business enterprises in terms of entrepreneurial activity.

In conclusion, the implementation of the developed scientific and theoretical recommendations into practice will help to implement tasks aimed at improving the well-being, standard of living and quality of the population in Uzbekistan in exchange for opening new jobs, solving the employment problem and reducing poverty, as defined in the strategy and concept of poverty reduction until 2030.

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