EXCELLENCIA
INTERNATIONAL MULTI-DISCIPLINARY JOURNAL OF EDUCATION
Volume 02, Issue 05, 2024 ISSN (E): 2994-9521

Small Business as the Main Factor of Economic Development: Status, Development Problems

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Abstract:

Currently, special attention is paid to the development of small businesses and private entrepreneurship in our country. Because the development of small business and private entrepreneurship is a strategic objective of our country's economic policy. Today, this industry takes a leading position not only in accelerating economic growth, but also in addressing issues of increasing employment and income, which are extremely important for our country. This article discusses the main factors of economic development of small business, its condition and development problems.

Keywords: small business and private small business, business and private business entities, small business support system, main indicators of small business development, conditions for the development of entrepreneurship, stimulating the development of small business and private entrepreneurship.

I. INTRODUCTION

The relevance of this article is determined by a number of circumstances and, above all, by the fact that entrepreneurship should become one of the central figures of a market economy. Multidisciplinary entrepreneurship is a small business. This form gives the necessary flexibility to a market economy, mobilizes large financial and production resources of the population, has great anti-monopoly potential, and serves as a significant factor in structural changes and achievements in a number of areas of scientific and technological development. Employment and other socio-economic problems of the Indian Ocean Islands. Therefore, the formation and development of small business is the most important task of socio-economic policy and an important object for managing the process of transition from an administrative-command system to a market one.

The development of views on the role and essence of small business is directly related to the concept and meaning of entrepreneurship.

As noted by the famous American economist P.F. Drucker: "Many years have passed since Say coined the term, and we are all still confused by the definitions of "entrepreneur" and "entrepreneurship" [1].

Let us analyze the opinions of scientists about the concept of "small business". Small business is a complex and diverse phenomenon; the development of its individual types has a different impact on the economy. At the present stage, it is believed that the essence of the concept of small business should be considered from the point of view of spatial economics.

The development of the economic space, strengthening its unity and integrity will contribute to the introduction of a cluster form of business organization, which is associated with the development of the small and medium-sized business sector around large companies and the creation of new jobs. Ultimately, increase the innovative potential of the industry, competitiveness and stability of the region. From this point of view, according to F.F. Khamidullina: "The economic essence of modern small business is manifested in its dialectical nature and shows the originality of small business. its multi-criteria development, functioning as an independent sector of the economy, with a high level of uncertainty and risk, the ability to introduce innovation, adaptability to change, and high potential for oneself" [2].

Okpara John, the Wynns define small business as a dynamic, complex, open, active, controlled, organizational system. "The essence of managing such a system is to influence the controlled and controlling subsystems aimed at effectively achieving the goal of the activity by developing the influence and ensuring its implementation" [3].

According to Anonymous, "... in the last ten years, small business has become a separate independent socio-economic sector of the economy, in which economic contradictions have intensified" [4].

Common definitions are limited to quantitative and legal criteria (balance sheet, number of employees, management formality, statute, taxes, formal/informal, etc.).

It can be concluded that small business plays an important role in the implementation of the idea of spatial economic development: small business as a structural and functional element of the national economy, a dynamic, self-developing system with certain strategic advantages will have.

II. PROBLEMS OF SMALL BUSINESS DEVELOPMENT AND WAYS TO SOLVE THEM

Small business is one of the most important areas of operation of any economy. Small business and private entrepreneurship is one of the important factors of economic development, ensuring employment of the population and increasing the income of the population. In the following years, more than 50 decrees and decisions of the President of the Republic of Uzbekistan were adopted in order to support subjects in this direction.

Since the first years of Uzbekistan's independence, great attention has been paid to the development of the legislation and legal framework, the organization of their financial support, the protection of the rights of entrepreneurs, the training and retraining of personnel, the development of the infrastructure and market serving small businesses. .

Small business continues to grow. In 2023, the share of small business entities in the gross domestic product was 51.2 percent. In 2022, this indicator was 51.8 percent, and in 2021 it was 54.1 percent. Such a decrease is explained by the increase in the share of large enterprises in the gross domestic product. In recent years, the share of small business in the gross domestic product has been growing steadily.

Thus, in a year, all sectors (trade, construction, industry, etc.) produce a certain part of the total mass of goods and services, more than half of which are produced by these small firms and enterprises.

For comparison, the share of small and medium-sized businesses in the gross domestic product of developed countries is 50-60 percent. In Poland - 51 percent, in Germany - 53 percent, in Finland - 1 percent, in the Netherlands - 1 percent.

The following conditions have been created for the development of entrepreneurship in our republic:

1. Small business registration time - 30 minutes. To register a person as an individual entrepreneur, it is necessary to prepare only one document, and as a small business under a legal entity - two documents.
2. Financial support of small business entities is carried out in the following order:

- ✓ provision of preferential bank loans at a subsidized rate;
- ✓ a guarantee of the state fund for business support in the amount of up to 50% of the received loan amount for business entities;
- ✓ Ensuring that the fund covers interest expenses on loans from commercial banks.

3. The interests of business activities are protected by the representative institution for the protection of the rights and legal interests of business entities. In Uzbekistan, unscheduled inspections of the activities of small business entities were canceled, business entities that committed financial and economic offenses for the first time were exempted from all types of liability;
4. Training courses on business management were organized for entrepreneurs implementing projects on the basis of privatized objects throughout our country. Youth entrepreneurship clusters are being established, and young entrepreneurs who have started working in them are being offered space for rent at a zero rate for a period of 5 years.

The measures taken were aimed at improving the legal framework and regulatory procedures in the field of business activity, creating a favorable business environment, and building a positive reputation of our country in the international arena.

According to the “Index of Economic Freedom – 2024” report of the American Heritage Foundation research center, Uzbekistan took 103rd place among 184 countries with a score of 55,9. In 2019, he took 140th place with 53,3 points.

The "Business Freedom" sub-index, which is directly related to the development of small business and business environment in general, reflects the possibilities of opening, conducting and closing business activities.

The data for 2010-2023 show positive dynamics, which is directly related to changes in the field of regulation of the business environment and the creation of favorable conditions for small business.

The main problems in the field of small business and private entrepreneurship are still being considered:

lack of own and borrowed financial resources, as a result of which small enterprises cannot purchase modern and high-tech equipment;

problems and difficulties in obtaining land plots for business activities, as well as connecting to engineering and communication networks;

the lack of liquid collateral or the fact that this collateral is insufficient for a bank loan at the time of its operation, which reduces the possibility of obtaining a loan;

difficulties in obtaining long-term loans that encourage the formation and development of small innovative industrial production;

the inefficiency of the mechanisms for the export of small business products to the regional and world markets, as well as the complexity of competition in the foreign market in some sectors of the economy and the problems of entering foreign markets;

insufficient development of information systems, marketing, management and logistics services; insurance companies, audit firms, trading houses, consulting offices, business centers, business incubators;

insufficient development of sales markets, as well as markets of raw materials and materials;

low level of professional and skill training of those employed in small business.

The fact that small enterprises are not provided with modern technological equipment that ensures the production of competitive products.

At the same time, many entrepreneurs point out that there are unsolved problems in the banking sector, as well as credit rates and commission fees for banking operations, in particular, additional fees are charged for reviewing documents submitted by the credit commission.

In addition, entrepreneurs have to assess insurance and collateral, notarize loan documents, etc. when getting a loan. must cover their expenses.

To prevent such a situation, it is proposed to revive the activities of credit unions and microcredit organizations, which can become real competitors for commercial banks, which will allow to lower rates. Also, commercial banks must accept collateral evaluations conducted by independent evaluation organizations. Currently, the value of the collateral is indicated by the bank itself, and the value of the evaluated collateral may be underestimated.

Conclusions and recommendations

Proposed measures to encourage the development of small business and private entrepreneurship:

1) further reduction of interest rates on loans, which allows small businesses to reduce costs and ensure financial stability, because in global practice, the lower the loan rate, the more production growth and consumer demand are stimulated ;
2) to continue the development and strengthening of cooperation relations between large enterprises and small business entities, as well as holding cooperation fairs;
3) development and implementation of criteria for evaluating the activities of state administration bodies and local government bodies in terms of the development of business activities and the business environment in general.

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