

ECONOMIC FOUNDATIONS OF SUSTAINABLE DEVELOPMENT OF SMALL BUSINESS

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Abstract

Small businesses are the main link in the national economy. At the same time, they play an important role not only in the national economy, but also in the social sphere. The article examines the microeconomic foundations of the sustainable development of small businesses.

Keywords: Entrepreneurship, sustainable development, export, competition policy, competitiveness, income diversification, short-term profit, scientific and technical potential, labor resources.

Introduction

In the context of systemic changes in the world economy, globalization, intensification of the competitive environment and resource constraints, the demand for qualitative aspects of economic growth is increasing. In these conditions, the sustainable development of entrepreneurship and small business entities is emerging as one of the priority areas of economic policy. Small business is playing a crucial role not only in ensuring economic growth rates, but also in increasing employment, diversifying incomes, introducing innovations and mitigating regional disparities. Therefore, a deep scientific and theoretical substantiation of the economic essence of the sustainable development of entrepreneurship and small business is one of the urgent tasks of modern economic research.

The topic

In order to ensure the rapid development of the country's economy, its integration into the world community, the volume of scientific work aimed at ensuring the sustainable development and increasing the efficiency of small business entities and further improving their operating mechanisms is increasing. In economically developed countries, this issue is given serious attention, and the attitude of many economists to this problem can be cited, including: A. Smith, J. B. Say, R. Cantillon, J. Keynes, Y. S. Humpeter, H. Landstrom[1] A. Marshall, J. B. Clark, S. Arzeni, A. D. Artemenko, M. I. Balanov, E. P. Golubkov, V. G. Fimova, L. Chyorny[2], N. Baldich, O. A. Anya, B. F. Joselits, M. Harris, R. M. Hodgetts, R. Reinek, N. L. Samuel, H. Diao, J. Kveka, M. Ms. Milan, J. P. Pelegrin, U. Venesar, Z. A. Yusof, D. Battasali, S. N. Nicholas, F. Kotler, J. Lamben, D. Daniels, D. Sanders, G. Armstrong[3] and others have reflected their views on ways to ensure the sustainable development of small business entities and increase their efficiency.

The research methodology used dialectical methods, the method of analyzing economic processes, and comparative and statistical analysis methods.



Analysis and results

From a microeconomic perspective, the sustainable development of small businesses has a broader meaning than profit maximization. While in traditional microeconomic models the goal of a firm is considered to be profit maximization, in modern approaches sustainability, risk diversification, and long-term value creation are priorities. For small businesses, this is achieved through optimizing production volumes, controlling costs, and increasing innovative activity.

At the same time, the decision-making process in small businesses often depends on the personal competence, knowledge and experience of the entrepreneur. This requires considering human capital and management capacity as an important economic factor of sustainable development. Thus, the sustainability of entrepreneurship is determined not only by material resources, but also by non-traditional factors.

The economic literature interprets the relationship between sustainable development and efficiency in different ways. According to some researchers, sustainability increases costs and reduces profits in the short term. However, in the case of small businesses, this view is not entirely justified. On the contrary, strategies aimed at sustainable development serve to increase efficiency in the long term. For example, the introduction of energy-saving technologies, resource conservation, and investment in innovation, although initially requiring additional costs, will reduce production costs in the future and increase competitiveness.

From this perspective, it is appropriate to interpret the economic essence of sustainable development of entrepreneurship and small businesses through the category of "long-term economic value creation" rather than "short-term profit".

Table 1 Information on small business and private entrepreneurship in Namangan region

No.	Indicators	20 21 years	20 22 years	20 23 years	20 24 years	20 25 years
1	Share of small businesses in GRP	76.1	74.6	74 , 0	73.9	73.6
2	operating small and micro enterprises , units	26500	28900	32300	19500	22500

Source: Author's development based on data from the Namangan Regional Department of Statistics of the Statistical Agency under the Republic of Uzbekistan

The table shows that the share of small businesses in the gross regional product in 2021 was 76.1% in the Namangan region, and in 2025 it was 73.6%, which was achieved by small businesses operating in these regions.

Namangan region is one of the leaders in organizing and developing small businesses and private entrepreneurship based on structural changes.

In 2025, the number of small businesses and micro-firms operating in the Namangan region decreased by 4,000 compared to 2021, amounting to 22,500. Of course, this indicates that reforms to provide state support and incentives to operating small businesses and micro-firms need to be implemented more consistently in the regions.



A critical analysis of the work being carried out in this regard in the Namangan region revealed some errors and shortcomings, as well as cases of improper use of unused existing opportunities, which requires a systematic organization of the implementation of the program for the establishment of new industrial enterprises and the modernization of existing ones.

that the high share of small business and private entrepreneurship in the gross regional product in Namangan region is due to the fact that attention has been paid to the criteria of the production essence, economic and social significance of this sector , and the effective organization of activities based on structural changes . They are manifested in the following:

- economically and structurally, it determines the structure of the industry and fills the domestic market with goods and services based on supply and demand;
- socio-economically, it provides the majority of the rural population with jobs and a stable source of income, serving as the basis for improving the living standards of the population ;
- allows for the reorganization and equipment of production and workplaces without requiring large investments;
- socio-psychologically, it ensures that work skills and traditions are passed down from generation to generation in the family, and that the process of acquiring the culture, skills, and secrets of product production continues.

2 – table Volume of work carried out by small businesses and private entrepreneurs in economic sectors of Namangan region (billion soums)

T/R	Indicators	20 21 years.	2022	20 23 years old.	20 24 years old.	2025
1.	Industrial product volume	7174.3	8 112 , 6 8	10133.7	11454.8	22154 , 4
2.	Agricultural product volume	22671.5	26,208.5	30915.6	32497.2	38787 , 9
3.	Construction work volume	5247.9	6,069.8	6722.4	12298.2	14237 ,3

Source: Author's development based on data from the Namangan Regional Statistics Department of the Statistical Agency under the Republic of Uzbekistan

Measures taken by our government to further develop small business and private entrepreneurship, more fully utilize the production and labor potential of the regions, create new jobs, fill the domestic market with local goods and services, and on this basis increase employment and income of the population, its share in economic sectors is increasing (Table 2).

Table 2 shows that in 2025, the volume of industrial production by small businesses and private entrepreneurship in Namangan region increased by 14980.1 billion soums compared to 2021, reaching 22154.4 billion soums. The volume of work carried out in Namangan region on the production of regional industrial products increased by 32.3% compared to the previous period. This, in turn, led to an increase in the importance of small enterprises in industrial sectors, which are the locomotive of the country's economy.



There are a number of other problems in improving the efficiency of small business entities, including the low level of management, lack of knowledge, experience, and culture of market relations, which are expected to lead to the closure of newly established enterprises before long.

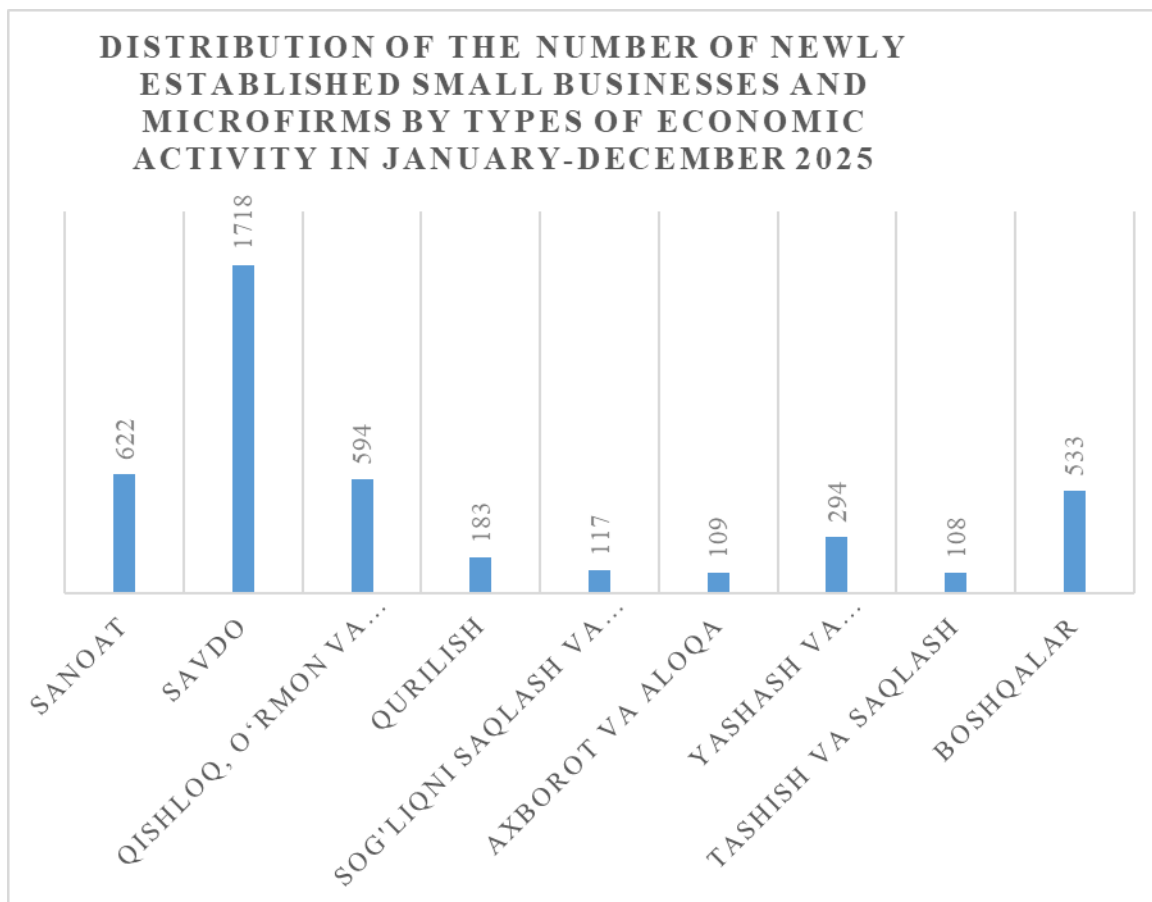


Figure 1. Distribution of the number of newly established small businesses and micro-firms in Namangan region by type of economic activity¹

From the data in Figure 2.2.1, it can be seen that as of January-December 2025, the largest number of small business entities was established in the trade sector (1,718 of the total number of established entities), industry (622), agriculture, forestry and fisheries (594), and accommodation and food services (294). This, in turn, can be explained by the development of the business environment in the country and the expansion of the conditions for doing business, the implementation of reforms to meet the requirements of a free market economy, and the simplification of all types of procedures related to the activities of enterprises .

Conclusion and suggestions

Based on the above analysis, it is worth noting that the economic essence of the sustainable development of entrepreneurship and small business is multifaceted and complex. It is not

¹ Developed by the author based on data from Namstat.uz



limited to economic growth or profit indicators, but includes factors such as financial stability, production efficiency, the quality of the institutional environment and human capital. The sustainable development of small business serves the overall stability of the economic system and requires the formation of qualitatively new approaches in the economics of entrepreneurship. These theoretical foundations serve as a solid scientific foundation for the development and implementation of a methodology for assessing the sustainable development of small business in the following chapters.

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