

## PRIORITY DIRECTIONS FOR THE DEVELOPMENT OF SMALL BUSINESSES IN UZBEKISTAN

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### Abstract:

This article discusses the priority directions for the development of small businesses in Uzbekistan, emphasizing the importance of free market mechanisms, competition, and private property protection in economic reforms. It highlights the role of small businesses in the country's GDP, noting fluctuations in their share due to the growth of large enterprises. The article outlines key measures for enhancing the business environment, including improving regulatory frameworks, ensuring financial support, and strengthening market infrastructure. Additionally, it underscores the significance of effective small business management, emphasizing modern tools such as cloud collaboration systems. The study concludes that adhering to organizational principles and adapting management strategies are crucial for sustainable business growth and economic development.

**Keywords:** Small business, economic reforms, Uzbekistan, business environment, market mechanisms, private sector, regulatory framework, financial support, management principles, cloud collaboration, GDP, entrepreneurship, sustainable development.

### Introduction

The introduction of free market mechanisms, ensuring healthy competition and the inviolability of private property, and supporting entrepreneurship should occupy a special place in the Constitution. You are all aware of the dramatic processes taking place in the world today. The world is facing a complex geopolitical situation, energy shortages are increasing, the need for food is increasing, and financial resources are becoming more expensive. In such a situation, no matter how difficult it may be, we will resolutely continue economic reforms, fully mobilize internal capabilities, and further support the private sector. For this, first of all, important tasks have been set on "accelerating reforms to further improve the business environment." In the context of economic modernization, the development of scientific proposals aimed at improving regulatory and legal documents for the development of small business activities, their sustainable development, and increasing their efficiency is of scientific importance.



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

### Analysis of Thematic Literature

Scientific-theoretical and practical foundations of the development of small business and private business activities foreign researchers D.Leyung, S.Kao, R.B.Seppay, R.Anderson, R.Cooper, S.Researched by Harvey .

Economic scientists of the CIS countries V.Vysokov, Y.Mazilov, V.Volgin, V.Tishkov, S.In their scientific research, the polzikovs studied and covered the history of the development of small businesses, state regulation and support issues with various benefits .

The issue of the development of small business and private entrepreneurship in our country has also been the subject of several works on the study of kishik business and entrepreneurship. On this issue, Q.Q.Mambetjanov, H.T.Kadyrov, M.S.Kasimova, R.A.Sadykova, Sh.Yuldashev, S.Gulomov, N.Q.Muradova and others conducted a lot of research on the priorities of the development of small business and private entrepreneurship in the Republic . These works highlight various aspects of the use of digital platforms in small businesses and help to gain in-depth knowledge in this area. M.R. Boltaboev, M.S. Kasimova, Sh.J. The book "Small Business and entrepreneurship", co-authored by Ergasheva et al . This tutorial provides information on the essence of small business and Entrepreneurship, its role in the economy, types and forms, as well as the impact of digital technologies on entrepreneurship. B.J. Ishmukhamedov and A.A. Abdurashidov's book" Small Business and entrepreneurship". This tutorial provides information on the essence of small business and Entrepreneurship, its role in the economy, types and forms of entrepreneurship, as well as the impact of digital technologies on entrepreneurship.

### Research Methodology

#### The study used methods in sheep.

1. Literature studies-scientific articles on small business, economic reports, government decisions and analysis of international organizations were studied.
2. Statistical analysis-on the basis of official statistical data, the share of small businesses in the economy was analyzed.
3. Comparison method-by comparing the experience of developed countries of the world with Uzbekistan, effective strategies were identified.
4. Expert interviews-interviews with economists and entrepreneurs-explored practical aspects of Small Business Development.
5. Empirical research-on the example of Uzbekistan, conclusions were made by observing the activities of local entrepreneurs in order to determine the impact of small businesses on real economic growth.

### Analysis and Result

In recent years, the share of small businesses in GDP has been steadily growing, and in 2019 alone, the share of small businesses in GDP amounted to 56.5% (60.4% in 2018). This decrease



is explained by the increase in the share of large enterprises in the GDP structure. This means that in all sectors (trade, construction, industry, etc.), a certain part of the total mass of products produced and services provided in a year, in this case more than half of them, was produced by these small firms and enterprises. In January-September 2020, the share of small businesses in GDP amounted to 54.2%. The number of small businesses was 15.0 units per 1,000 population. In January-September 2020, 70.3 thousand new small enterprises and microfirms (excluding farms and peasant farms) were established, which is 3.0% less than in the same period last year. In 2020, the volume of industrial goods created by small business and private business organizations of the Republic of Uzbekistan (27.9%), construction (72.5% of the total volume of construction work) was completed. If we compare the share of small and medium-sized businesses in the gross domestic product of developed countries, then this indicator is equal to: in Poland - 51%, in Germany - 53%, in Finland - 60%, in the Netherlands - 63%. In order to increase the efficiency and development of small business entities, first of all, it is necessary to adhere to the effective organization of small businesses. And for this, first of all, it is necessary to organize small businesses in accordance with the principles of effective organization.

It is worth noting that in the current conditions, stimulating small business in ensuring employment and increasing income of the population, its objective management is one of the most important tasks facing the state. In building this management system, the creation of a single set of regulatory measures, including the creation of a modern arsenal of tools for influencing small industrial businesses, should be based on administrative-legal, administrative-economic principles. Management in small business companies is not much different from management activities in large holdings and associations. Here, too, it is important to achieve the set goals as quickly and accurately as possible without excessive expenditure of available resources. Competent small business management is based on the successful use of the principles of managing the implementation of tasks set to achieve the set goal. However, the created plans are not always implemented in accordance with the original.

The implementation of the established plan and tasks is often monitored and the lists are changed. Because they require regular review and correction, and accordingly, team members must receive all the relevant information in a timely manner. Therefore, even in small enterprises, it is necessary to create an information environment that is available for effective management in achieving the goal. In this regard, the use of local and cloud collaboration systems as modern management tools is currently very effective among small businesses, which allow company employees to always be aware of any changes, regardless of their location. This, in turn, creates an opportunity for management staff to quickly set tasks and monitor the execution of orders at any time. Although small business owners may think that it is not necessary to adhere to the organizational principles of management, in reality everyone understands that work can never be started without goals and a plan.

Principles represent guidelines that business owners can use in making management decisions. However, it is worth noting that principles are not hard and fast laws. Sometimes the principles do not necessarily have to be used exactly as they are stated, and in some cases they can be changed or even ignored altogether. Small business owners just need to learn from their own experience when and where to use or change the principles. Using the principles effectively and in the right context often leads to organizational efficiency, and thus to business growth.



To date, the systems of measures to support small businesses that have developed in different countries differ significantly in the basic concepts of economic policy, the choice of priority areas, and the funds used and the budget funds involved.

One of the most important issues in increasing employment today is the rapid development of the activities of small businesses, the organization of wide opportunities and benefits for them, and comprehensive support and encouragement of small businesses is considered the most important direction of reforming the real economy. Of course, the use of small businesses is of great importance in positively changing the employment of the population in the labor market. In this regard, small businesses make it possible to mitigate and, if necessary, reduce many problems associated with the influence of socio-economic factors in the employment sector

Currently, small business entities operating in the Republic of Uzbekistan are actively involved in solving a number of economic and social problems in the regions. The specific features of the organization of the activities of each small business entity are determined not only by its content and structure, but also by the structure of the production process in time and space, types of production, the structure of production at the enterprise and other organizational economic factors. In organizing and improving the production process in small business entities, it is necessary to rely on a system of conceptual approaches to the relationship of the technological process with labor objects and the category of sustainability in small business entities for the sustainable development of the national economy. The main goal of the activities of small business entities is to achieve the desired result, or rather, to obtain a high level of profit through the effective use of capital and resources. The most important task of the activities of small business entities is to ensure the effective functioning of the enterprise. This involves focusing on innovation and creating an innovative environment, attracting and using resources from various sources to solve given tasks. Any enterprise, first of all, strives to ensure stable and financially successful operation in the market, using various tools and methods.

Statistical analyses show that in the 1990s, the share of small businesses in Uzbekistan's gross domestic product (GDP) was only around 1.0 percent, and as a result of these reforms, by the end of 2019, the share of small businesses and private entrepreneurship activities reached 56.5 percent in GDP, 45.3 percent in the volume of industrial products, 98.2 percent in the volume of agricultural products, 39.1 percent in the volume of investments in fixed capital, and 78.2 percent of the total population works in this sector. That is: firstly, it leads to an increase in the standard of living of the population as an income factor; secondly, it leads to a reduction in unemployment as an employment factor; thirdly, it leads to diversification as a product and service factor.

Resolutions of the President of the Republic of Uzbekistan, resolutions of the Cabinet of Ministers, and regulatory and legal documents aimed at the development of the sector have been developed in our country regarding the sustainable development of regional entrepreneurship. Resolution No. PQ-4525 of November 20, 2019 "On measures to further improve the business environment in the country and improve the entrepreneurship support system"[5] plays a special role in the implementation of tasks related to this activity.

According to statistics, as of January 1, 2020, a total of 353,921 small businesses and private entrepreneurship entities were registered in our republic, of which 334,767 (94.6%) were operating. Or 19,154 (5.4%) were not actually operating. In 2019, the share of small businesses and private entrepreneurship in the gross regional product (GRP) by region of our republic





reached a high level in Jizzakh region, amounting to 84.1%. This indicator was 79.2% in Namangan region, 78.2% in Surkhandarya region, 77.5% in Samarkand region, 75.7% in Bukhara region, and 75.3% in Khorezm region. In Syrdarya, Andijan, Fergana regions, Tashkent city and Kashkadarya region, it was in the range of 60-73 percent. In the Republic of Karakalpakstan, Tashkent and Navoi regions, these indicators were lower than the republican indicator (56.5%), amounting to 54.4%, 52.7% and 31.3%, respectively. From statistical analysis, we can see that the variation width of small business entities in our republic is very high.

For example, if the share of small businesses in GDP in the republic is 55-56 percent, this indicator is highest in Jizzakh region, 84.1 percent in 2019, and lowest in Navoi region, 31.3 percent. The variation range is 52.8 percent. According to our analysis, the highest viability coefficient of small businesses is in Namangan, Bukhara, Samarkand and Jizzakh regions. The lowest indicators are in Karakalpakstan, Tashkent and Navoi regions. This shows that the share of small businesses in GDP in 2019 decreased in all regions compared to 2017-2018.

We can explain this by the fact that making the business environment more favorable, simplifying the tax system, and eliminating unnecessary benefits that could reduce the competitive environment have led to many small businesses operating as large enterprises and an increase in the activity of large enterprises. Reforms implemented in 2019 to improve the business environment led to the establishment of 92,874 new small businesses in our republic in 2019 alone.

To ensure the sustainable development of small businesses in the regions, it is necessary to: increase production efficiency in regional businesses through intensive factors and advanced forms of production; locate branches and branches of large national and foreign companies in order to develop business activities; direct regional business activities in districts and cities to the production of consumer goods; reduce differences in the development of regional businesses between districts and cities, etc.

To ensure the sustainable development of small businesses in the regions, it is necessary to: increase the efficiency of production in regional business entities due to intensive factors and advanced forms of production; locate branches and branches of large national and foreign companies in order to develop entrepreneurial activity; direct regional business activities in districts and cities to the production of consumer goods; reduce differences in the development of regional business entities between districts and cities, etc.

According to the International Monetary Fund (IMF), "today, 90 percent of enterprises in the world belong to small and medium-sized businesses, which employ 63 percent of the world's population. In the European Union, the total share of small and medium-sized businesses is 99.8 percent, employing 85 percent of the population and contributing to the creation of 58 percent of the total value added.

In developed countries, special attention is paid to the training of business professionals. Some experts argue that education in the field of small business and private entrepreneurship is even more important than the provision of financial loans. In Canada, targeted programs are implemented in the state to support entrepreneurship, and management support services (information, technical, marketing) are provided. The Federal Bank of Canada provides advisory assistance to enterprises with fewer than 75 employees. Here, client problems are analyzed and



solutions are proposed, and they also work with them on implementation, and strategic and financial planning services are provided.

“Business Support Bank” and “Business Development Company” in Uzbekistan have set the main plans for small business owners for 2024-2026:

- Increase the balance of bank funds provided to small business owners by 1.7 times, increasing their share in the loan portfolio from 28% to 43%;
- Attract resources from external financial institutions and foreign state financial institutions in the amount of up to 800 million US dollars to finance small business projects;
- Establish and expand the activities of 150 thousand small business entities;
- Attract resources from international financial institutions and foreign government financial organizations in the amount of up to 800 million US dollars to finance small business projects

### Conclusions and Suggestions

Special measures and structures based on the state budget are provided for small business entities in the implementation of future promising projects, technical and technological re-equipment of small enterprises, training and retraining of personnel for small and medium-sized businesses.

**1. When choosing a direction for the development of small businesses, organizations are increasingly seeking to introduce digital solutions and tools.** This approach is justified, as it provides an incentive to increase efficiency, reduce costs, increase the uniqueness and innovativeness of the offer, expand the scope of activities, respond to market demands and economic development trends. Digitalization and digital transformation are relevant stages in business development and achieving high efficiency. The process of digitization is associated with the improvement of individual operations, while the process of digital transformation is associated with a large-scale change in business systems. Understanding the differences between these processes makes it easier to create a general business development strategy and choose tools that meet the intended goals.

**2. The use of digital platforms is a necessary reality of modern business and economy.** Business structures that actively implement digital technologies create strong competitive advantages by adapting to rapidly changing market conditions. Due to the effective and rational implementation of these processes, positive results are achieved in the form of increasing efficiency, developing new production methods and technologies, creating new markets and products, developing innovations, and developing the digital economy. Digital technologies have the potential to transform the economy across sectors

**3. In this chapter of the research work, proposals were developed to eliminate existing problems and shortcomings in the use of digital platforms in the development of small businesses.** The continuous improvement of this mechanism is associated with the natural consequences of the use of digital platforms, within which there is an improvement in the flow of information in the company, improved sales processes, increased efficiency, and, as a result, an increase in income.

**4. Considering that the point of interaction between the competencies of an entrepreneur and a marketer in small businesses and entrepreneurship is the target demand of the consumer,** it becomes possible to describe the implementation of Internet marketing technology as a separate project of interaction between an entrepreneur and a marketer.



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