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## PROBLEMS OF ENSURING THE SUSTAINABLE DEVELOPMENT OF SMALL BUSINESS SUBJECTS

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### ANNOTATION

The problems of ensuring the sustainable development of small business entities are outlined in the article. The competitiveness of small business is explained, first of all, by the significant potential that exists in small business, and it is shown that it is related to such qualitative characteristics as the personified nature of relations between enterprises and customers, unity of ownership and direct management of the enterprise.

**Keywords and phrases:** small business, entity, competitive, ownership unit, enterprise management, entrepreneurial activity.

In the conditions of current globalization, the stable development of the economy depends on many factors, the most important of which is the development of small business. The most optimal way to transition to a market economy is to establish small business and private entrepreneurship and to express confidence in its prospects, therefore, from the first days of independence, the Republic of Uzbekistan paid special attention to this area. Small businesses and private entrepreneurship operating in the Republic of Uzbekistan have certain characteristics that distinguish them from small businesses in many other countries.

The most important of them are combining several types of activities within one small enterprise (through household activities), the majority of small business entities owning their own buildings (according to research, currently 61.4 percent), in most cases not focusing on a single product development model, enterprises most of them (despite the dependence on innovative potential) are low technical level and dependence on low technological equipment and a number of other characteristics.

As world practice shows, small business and private entrepreneurship play an important role in the economy and contribute to its sustainable development, as it has certain advantages. Analyzing the foreign and domestic experience of small business development, faster adaptation to local economic conditions compared to large business, independence of actions of small business entities, flexibility in



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decision-making and implementation, and relatively low costs in the implementation of effective activities, demonstrating the ability of a person to realize his ideas. advantages such as the presence of an excellent opportunity to achieve, low initial capital requirements and the ability to quickly introduce changes in the production processes of products in response to the requirements of local markets can be noted. The competitiveness of small business is primarily explained by the significant potential that exists in small business, and it is related to such quality features as the personified nature of relations between enterprises and customers, unity of ownership and direct management of the enterprise. World experience shows that even in the economies of the most highly developed countries, there are huge enterprises and corporations that seem to monopolize entire sectors of social production, and a large number of small and medium-sized enterprises create the bulk of the gross product.

They are guarantees of the flexibility and dynamism of the economy, a powerful means of constantly adjusting and maintaining the structure of reproduction that satisfies the needs of the population for work, wages and social services. Small business can be classified as a special creative type of economic behavior. It is characterized by an entrepreneurial spirit and active creative activity, which is simultaneously associated with a certain risk. The combination of owner and manager in one person helps to create such an atmosphere in small enterprises. An important advantage of small business, ensuring its efficiency, is the mutual exchange of workers. With a certain limitation of functions between employees, small business and private enterprise are characterized by mutual assistance and support of each other, duplication and exchange if necessary.

An important advantage of small business and private entrepreneurship is the high speed of information transfer. This is due to the small amount of information that can be covered by direct communication between managers and employees. That is, the small size of the enterprise provides good management with relatively low management costs. Finally, it should be noted that the establishment of a small business, as a rule, does not require a large investment in capital funds. This advantage attracts many start-up entrepreneurs and has a positive effect on the price of products, works and services.

Of course, at the same time, along with the positive advantages of small business and private entrepreneurship, there are also a number of disadvantages and problems, including:



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- dependence of small business and private entrepreneurship activities on the influence of the external environment creates a high level of risk and the speed of the possibility of a crisis;
- low ability to collect capital that can be allocated to expand production in small business and private entrepreneurship activities;
- the field of small business and private entrepreneurship is limited, and it is difficult for this field to enter the fields that require capital and science;
- the limited range of products in small businesses and private enterprises and the lack of an opportunity to compete with large-scale production makes it difficult to Experience shows that most of the failures of small business and private entrepreneurship are related to inexperience of managers or professional incompetence of the owners of the entity. According to the results of a survey of small businesses and private entrepreneurs during the study, incompetence was identified as the main reason for their failure. Nevertheless, it should be remembered that the activity of small business and private entrepreneurship enterprises is directed to meet local needs, develop the region and solve social and economic problems at the local level.

This, in turn, increases not only economic, but also social importance of small businesses and private enterprises. With the deepening of economic reforms in the republic, small business is becoming an increasingly important factor in the formation of market relations. At the same time, it should be noted that the potential of small business is not being used sufficiently in the national economy.

This is evidenced, first of all, by the small number of small business entities compared to the population. In the economy of the Republic of Uzbekistan in 2020, the share of active small enterprises (411,203) in total enterprises (475,197) is 86.5% (increased by 2.45% compared to the previous period). According to the Russian Federal Tax Service, this figure is 56.9% in 2020, and the pandemic has taken a heavy toll on countries whose economies are largely based on small businesses and services. In this regard, in 2019, this share for the member states of the Organization for Economic Cooperation and Development is higher than 55%, in Brazil - 50.2%, in the USA - 48%, in Canada - 30%. Compared to the same period in 2020, the impact of the pandemic fell by 11.3%, the UK by 20.8%, and the US by 31.4%

Secondly, its insignificant economic role. In the Republic of Uzbekistan, more than half of the gross domestic product and three-quarters of jobs in the economy are accounted for by small business representatives. According to the Stolypin Institute



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of Growth Economy, in 2020, the average share of the Russian small and medium business sector in the GDP will be 48%, and the number of jobs in the sector will be 15.5 million. per capita, providing 90% of all businesses in the EU and nearly 85% of new jobs in the last five years, as well as two-thirds of the total private sector participation in the region.

Fourthly, differentiation of weak types and new technical-technological backwardness remain the characteristics of small business and private entrepreneurship in the national economy. Currently, the share of small enterprises working in the industry is not very large. A large share of small enterprises is represented by small associations, in small production sectors, the average annual number of employed employees is no more than twenty people, in the service sector and other sectors not related to production, the average annual number of employees is no more than ten people, wholesale, the average annual number of employed employees in the retail trade and general catering industry is five people at most.

Fifth, uneven distribution of small business entities by region. If we look at regions, the highest rate per 1000 inhabitants is in Tashkent city (28.8), Navoi region (18.1), Syrdarya region (), Jizzakh region (15.6), Tashkent and Bukhara regions. (14.9 cases), Fergana region (12.2 cases) is observed. This, in turn, increases the risk of business disruption and the lack of infrastructure to support even small businesses. According to the experts of the National Institute for Systematic Research of Entrepreneurial Problems, entrepreneurs collect loans from illegal credit markets during the crisis, because the access to credit services in the legal credit market is limited.

There are a number of other problems in improving the efficiency of small business and private entrepreneurship, among which, as a result of the low level of management, lack of knowledge, experience and culture of market relations, it is expected that the newly established enterprises will be closed soon. (Table 1).



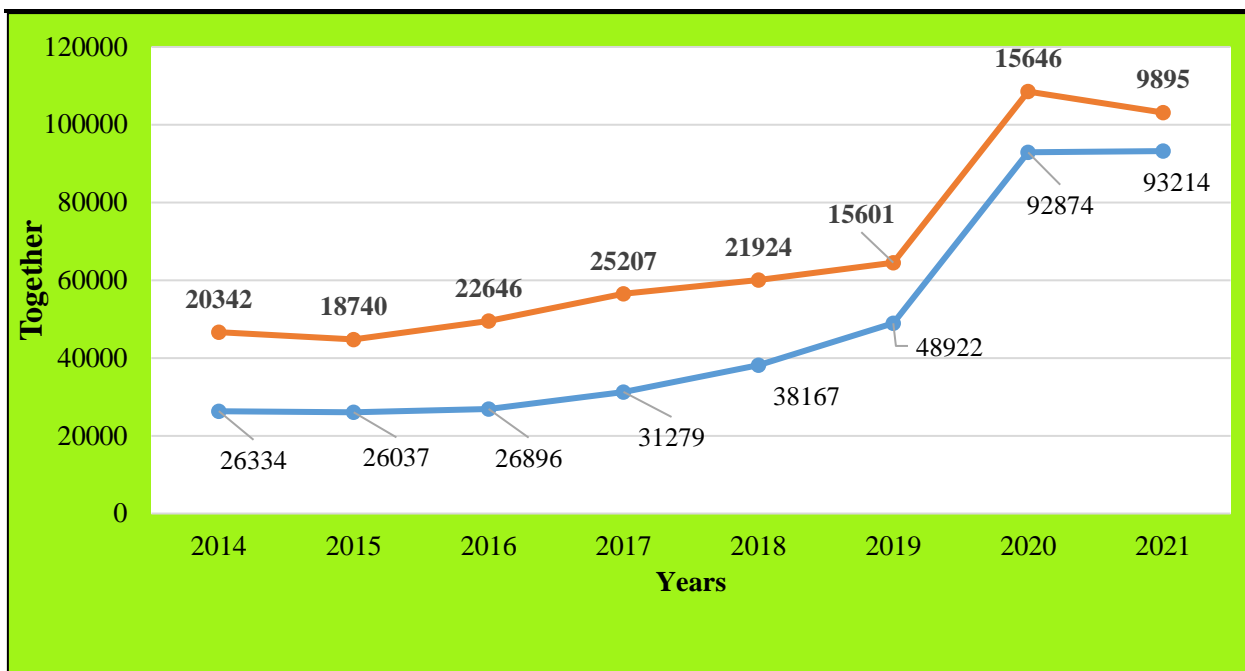
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He started a new job

Finished

**Table 1. The number of small business and private entrepreneurship enterprises in the Republic of Uzbekistan**

From the data of Table 1, it can be seen that in 2014, 77.3% of newly established small business entities were terminated, and in 2021, this indicator decreased to 10.6%. This, in turn, can be explained by the development of the business environment in the country, the expansion of business conditions, the implementation of reforms to meet the requirements of the free market economy and reduce all types of procedures related to the activities of enterprises.

Of course, our government actively participates in solving a number of economic and social problems in the regions of small business and private entrepreneurship. Its confirmation can be seen in the activation of economic reorganization, the filling of the market with goods and services, the formation of a competitive environment, the development of market infrastructure, the solution of employment problems, the formation of new ownership entities, and the formation of the middle class of society.

In short, small business is an integral part of the market economy, which is characterized by special mobility, flexibility and high efficiency. The development of small business contributes to the development of positive processes in the

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economy, the democratization of society, the increase of political weight in the international arena, which, in turn, brings not only political but also economic dividends to the state. Many characteristic features of small business are directly related to normal market relations and the main problems that hinder the development of private entrepreneurship in general. Therefore, in the near future, it is necessary to implement complex measures for the rapid and effective development of small business.



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