

# Small Business Development and Increase Financial Efficiency of Enterprises

*Aziza Tokhirovna Akhmedova<sup>1</sup>*

**Abstract:** The article discusses the pressing issues of today to increase the impact of small business development on improving their financial efficiency. The main indicators of the level of entrepreneurship development are noted. Based on practical material, specific recommendations are given on the formation of a civilized market and the achievement of optimal employment for the population.

**Key words:** small business, entrepreneurship, individual entrepreneur, standard of living, labor activity, self-employment, motivation, education, flexible forms of employment.

Small business is an entrepreneurship that has an amazing ability to produce demanded products, meet the needs for scarce goods and services, manufacture piece products, as much as possible coordinating their characteristics with the requirements of the customer. Today, the level of small business development is a criterion of how competitive the market economy is in the country.

When competition is more developed, prices are fair, and the degree of economic freedom of each economic agent is higher, that is, the easier it is for him to start his own business, to find a niche for himself in the social division of labor. Therefore, it is no coincidence that, in general, in the developed countries of the world, the share of small businesses is up to 80.0% of the total number of enterprises, they create 50.0–60.0% of the gross national product, are employers of 50.0–60.0% of employment, form up to 60.0–70.0% new jobs.

Building a promising business model is impossible without studying the problems of small business development. This is explained to a large extent by the growing role of small business in the innovatively developing economy. In our opinion, in the next 5-7 years, small businesses in Uzbekistan should double their contribution to the creation of gross domestic product (GDP). At present, the share of small enterprises in GDP is 79.1%, while in industrialized countries, small businesses account for up to 40% of the gross product created, and taking into account medium-sized businesses - up to 70%, which are involved in the field of activity of more than half of all employed in the economy

The pace of development of small business can be judged by the example of small business. So, for example, at the beginning of 2022, according to the State Statistics Committee, 789.7 thousand small businesses were registered in the republic, which is 46.5% more than in 2020. Of the registered small businesses, 91.8% were active, including legal entities - 22.9%. The number of operating individual entrepreneurs and farms increased by 9.5% over the period under comparison. At the same time, in the total number of operating entities with a minimum number of employees (less than 6 people) amounted to 76.3%. An insignificant share among the operating subjects of small business of legal entities with the number of employees from 31 to 40 people. (2.7%), from 41 to 50 people. (5.4%).

One of the main indicators of the level of entrepreneurship development is the number of operating small businesses per 1000 inhabitants, income from the sale of finished products (goods, works, services) received by individuals. Thus, the number of operating small businesses and legal entities per 1000 inhabitants was 9.5, farms - 25.6 and individual entrepreneurs - 14.5 units. Income from the sale of finished products (goods, works, services) received by individuals belonging to small businesses in 2021 amounted to 5418.2 million soums, which is 51.7% more than in the corresponding period of 2020

The movement of supply and demand for labor is determined by a combination of factors that act contradictory on the interests and motivation of business entities of small and medium-sized businesses and factors that can be conditionally divided into two groups: factors caused by the crisis of the socio-economic systems of society, and factors caused by the formation of a multi-structural economy and structural adjustment. The supply of labor in these sectors of the economy is characterized by the number and composition of labor resources by gender, character, education, qualifications, and profession. The number of people employed in small business amounted to 2.6 million people, i.e. increased by 15.1%.

Labor resources of Uzbekistan are 18.9 million people.

As established from the analysis, the growth in the number of labor resources is influenced by demographic processes that develop in the direction of a decrease in natural and mechanical growth, which occurs due to a decrease in the birth rate, an increase in the death rate, as well as an increase in emigration and a decline in immigration of the population over the past 10 years. And this raises serious questions for the republic and indicates the need to take the most decisive measures to

<sup>1</sup> Acting Associate Professor, Samarkand Institute of Economics and service

improve the healthcare system, as well as to change the behavioral stereotypes of a number of social groups, normalize the situation, and prevent demographic processes.

The formation of a market economy in the republic is accompanied by a decrease in the standard of living and the purchasing power of the population, which affects both the scale and structure of labor supply, and its quality. This leads, on the one hand, to an increase in labor supply in the labor market and overemployment of a number of socio-demographic groups, due to the desire to ensure the necessary standard of living. On the other hand, a significant and persistent lag in the level of wages from the socially necessary costs for the reproduction of the labor force and the objectively determined standard of living of the population causes a decrease in the economic and labor activity of workers, the loss of incentives for hired labor and their professional orientation towards self-employment, entrepreneurship.

From the study of the structure of labor supply by young people, two trends should be noted: an increase in labor supply by adolescents aged 16-18 who want to earn extra money, and a change in the share of labor supply by young people aged 18 to 30, since this category is characterized by reorientation of its motivation towards employment in private, rental, joint-stock enterprises, as well as a decrease in the employment of young people in studies with a break from work, and, as a result, a decrease in the educational potential of the younger generations.

A significant decline in the standard of living has increased the supply of labor for elderly people of pre-retirement and retirement age who previously had the opportunity not to work. The COVID-19 year that passed at the beginning of 2020 led to a massive reduction in demand for labor, to an absolute reduction in jobs caused by a decline in production in connection with the announcement of quarantine.

Due to economic growth, starting from the beginning of 2021, there has been a steady increase in the nominal cash income of the population. During 2021, the increase in this indicator was 228%. This was largely facilitated by an increase in the level of the average monthly wage by 56%, the minimum wage - by 81%, and the average monthly pension - by 51%. At the beginning of 2022, the average nominal cash income per capita per month reached 4.0 million soums, an increase of 1.1 times compared to 2020.

Real cash incomes of the population, that is, nominal cash incomes, taking into account changes in consumer prices, also have a positive trend. For the period from 2017 to 2021 they increased by 41.7%. Moreover, at the beginning of 2021, there was the largest increase in this indicator over the past four years - 10.1% compared to the previous period. In the past year, in almost all economic territories of the republic, the monetary incomes of the population outpaced the growth in prices at a higher rate than in 2019. At the same time, the highest growth rates in real monetary incomes of the population were observed in Tashkent, Navoi, Karshi, Samarkand, which is due to the highest growth rates of nominal cash income in these regions and cities, and for the last two - and rather moderate inflation that has developed in them.

The formation of a civilized market and the achievement of optimal employment of the population is unthinkable without a broad development of entrepreneurial activity, where in various forms of its implementation the main support policy is the organization of the necessary information services, the training system for start-up entrepreneurs, advanced training, and the current system of tax and credit benefits.

As the President of the Republic of Uzbekistan Sh.M. Mirziyoyev noted, small business should play a big role in solving the problems of employment and poverty. Therefore, promoting the development of small enterprises is necessary not only to modernize the economy, making it more flexible, but also to mitigate the acuteness of employment problems through the creation of jobs through the support of entrepreneurship, which have a significant potential to increase the demand for labor.

Based on the generalization and analysis of the prospective development of the economy of Uzbekistan, the implementation of the Strategy for Innovative Development, the Program "Households", the Program for the Development of the Agro-Industrial Complex, the Program for the Development of the Territories of the Republic of Uzbekistan, the Program for the Development of the Territory of Karakalpakstan, the Aral Sea and a number of other programs, measures to support small businesses, we predicted that in 2021-2025. about 618 thousand jobs will be created in all spheres of economic activity. More than 20% of jobs will be created in small businesses, more than 20% - in the manufacturing sector and in tourism and infrastructure. The largest number of new jobs created is observed in the city of Nukus and other regions.

The state policy of regulating employment and creating new jobs may be implemented through further restructuring of various enterprises with the attraction of investments for the development of small businesses on the terms of ensuring the modernization of outdated and the creation of new high-performance industries; creation of motivational investment and tax mechanisms for creating and maintaining jobs, identifying priority sectors and sectors of the economy for implementation and financing from the state and local budgets; the development of flexible forms of employment, the creation of part-time jobs and seasonal and public works; providing conditions for the legalization of labor migration; determining sectoral priorities for creating new jobs, which is associated with state support for industries that can ensure the fastest possible increase in GDP.

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