

THE ESSENCE OF SMALL BUSINESS AND ITS IMPORTANCE IN THE ECONOMY (SOCIO-ECONOMIC ANALYSIS)

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Abstract:

This article covers the history of the origin of the concept of small business, its essence, its place and necessity in the economy, and its relevance on the basis of socio-economic analysis. The study examines the stages of small business development, its role in increasing economic growth and employment, and measures of state support. On the example of world experience and Uzbekistan, the impact of small business on the economy is analyzed, focusing on its prospects and existing problems. The results of the study serve to promote proposals and recommendations aimed at further development of small businesses.

Keywords: Small business, economy, entrepreneurship, socio-economic analysis, innovation, employment, world economy, economic diversification of economic recovery of technological progress.

Introduction

Today, the development of small business is very relevant for the world economy and Uzbekistan. The reasons for this can be attributed to:

1. Economic recovery during the Post-pandemic-after the COVID-19 pandemic, many countries are accelerating economic recovery by supporting small businesses.

2. The need to create new jobs – in the context of the Global economic crisis, small businesses remain one of the main tools in reducing unemployment.
3. Technological progress-the development of the digital economy opens up new opportunities for small businesses, including the expansion of the online trade and electronic services market.
4. Government support-the decree of the president of the Republic of Uzbekistan PQ-306 of September 14, 2023 proposes financial and institutional support mechanisms aimed at the development of small businesses.
5. Economic diversification-small business plays an important role in diversifying the economy of Uzbekistan and other countries and ensuring sustainable growth. Small business is an important factor not only in ensuring economic growth, but also in ensuring social stability. It serves the sustainable development of the country by creating new jobs, promoting innovation and strengthening the local economy. Today, the development of small business is one of the priorities of Public Policy, and the benefits and support programs allocated to it serve its further development. Therefore, the further deepening of reforms aimed at the development of small businesses remains an urgent issue.

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 Results

The history of the development of small business goes back many centuries, and it was formed at different stages:

1. Ancient times:

Small business activities originated in the form of merchants, artisans, farmers and ranchers. Small-scale production and trade in markets, fairs and cities developed as the main economic activity during this period.

2. Middle Ages (XIV-XVII centuries):

Guild systems were formed, with artisans and merchants being the main exponents of small businesses. They operated in the manufacturing, trade and service sectors.

3. Industrial Revolution (XVIII-XIX centuries):

The Industrial Revolution was a turning point in the development of entrepreneurship and business:

Technological progress has introduced new production methods.

- Entrepreneurs began to organize large factories and factories.
- During this period, the work of economists such as Richard Cantillon and Adam Smith became the basis for the theoretical study of entrepreneurial activity.
- Richard Cantillon (18th century) defined entrepreneurship as a risk-based activity in market conditions.
- Adam Smith viewed entrepreneurship as the main mechanism of a market economy. In addition, with the advent of large factories and factories, the establishment of small businesses became more complicated. At the same time, small businesses have maintained a strong position in the service and trade sectors.

4. 20th century and later:

In the second half of the 20th century, small businesses became an important part of the economic strategy of developed nations. The globalization of new technologies and Markets has developed small businesses as alternatives to large corporations. In the 20th century, entrepreneurship reached a new level. Through the development of innovations, new products and services were created. International trade and economic globalization have expanded the scope of entrepreneurship. Joseph Schumpeter (20th century) described entrepreneurship as the main driving force behind economic development. In his opinion, the entrepreneur will update the economic system through innovation.

Although the concept of entrepreneurship appears in the garb, its essence is also interpreted in the Holy Book of Zoroastrian religion “Avesto”. The avesto states that” it is necessary to plow the land not one, but one hundred times in order to use the land, plant wheat, and achieve the fruit of its outcome". While "Avesto" does not provide specific concepts directly related to entrepreneurship, it does feature a lot of values and principles that form the basis of entrepreneurial activity. The "Avesta" emphasizes honest labor and fairness as a sacred duty of man. Ensuring the well-being of society through honest work and acting for the common good are consistent with the ethical principles of entrepreneurship.

The "Avesta" defines farming, animal husbandry, handicrafts and trade as the main areas of economic life. The importance of trade and production is emphasized, which refers to the early manifestations of entrepreneurial activity. Abu Nasr Farabi, in his work "the city of the faithful", described an ideal society and showed the principles of socio-economic activity in it. Although the work does not directly use the term "entrepreneurship", it contains valuable ideas about important aspects of economic activity and its place in the life of society. Forobius values labor in society highly and emphasizes the need to find wealth in an honest way. He believes that in society, each person must contribute to the satisfaction of social needs through a unique ability and profession. This principle is consistent with one of the main ideas of entrepreneurship – the creation of wealth through honest labor.

Phoebe fozil states that justice forms the basis of the city.

– Even in economic activity, all produced wealth and services must be fairly distributed.

- Entrepreneurs must serve the needs of society and take into account the common interests, as well as making a profit.

In addition, although the work "Timur traps" does not directly use the term "entrepreneurship", many of the ideas in it directly refer to entrepreneurial activity. Amir Timur promoted honest labor in all areas to promote the economic foundations of society. He considered it important to teach hard work to members of society and to create conditions for them to work.

Amir Timur gave them special protection and benefits to encourage entrepreneurs. Provided safe caravan routes for traders to move freely. It provided incentives for artisans and farmers to improve land and property. These were measures aimed at expanding the activities of entrepreneurs and creating a favorable environment for the development of the economy. related to contributing to economic stability.

American economist Josef Schumpeter, in his work "The Theory of Economic Development", says: "the purpose of an entrepreneur is to innovate production methods by putting new inventions and discoveries into practice. To say more fully, the task of the entrepreneur is to use new techniques and technologies to modernize the production and obsolescence of unique goods based on the recently opened market and raw materials base."

On the basis of entrepreneurship, an independent entrepreneurial activity based on the idea of entrepreneurship, aimed at generating income, aimed at a specific goal, and an activity based on responsibility. Abroad, even in our country, there is still no universally recognized definition of entrepreneurship. R. Hezrich is an American scientist who wrote that “entrepreneurship is the process of creating a certain new thing with its own value, and an entrepreneur is a person who spends all the necessary things for this work, that is, time and day, taking all the financial, psychological and social risks for himself, and instead fulfilling money and achieved success in a way of reward.”

Before giving a definition to the concept of small business, we must first give a definition to the concepts of entrepreneurship and business.

Entrepreneurship is the activity of organizing resources, managing risks and introducing innovations in order to meet the needs of the market. An entrepreneur is a person who takes risks and organizes production to make a profit.

The word “business” is an English word, which means entrepreneurial activity, that is, an activity aimed at earning people. Represents the relationship between all participants in a business - market economy - that is, it covers the behavior of not only entrepreneurs, but also consumers and hired workers and civil servants. In this context, in a sense, the concepts of “Commerce” and “commerce” are also considered synonyms of “business, which we define in simple language, is the labor and functioning of people in the system of market relations.

A small business is an economic entity that, on its scale, is organized in the form of a small enterprise, private enterprise, Family Enterprise or individual activities, the main purpose of which is to meet the needs of the market and make a profit. It has the following properties:

1. Flexibility is the ability to respond quickly to market demand.
2. Low cost management, efficient use of resources.
3. Innovative activity, new technology and the possibility of rapid introduction of products.

And the need for a small business is manifested in the following:

Small business is one of the main tools in ensuring territorial development.

Small enterprises provide new opportunities and services as the main driver of economic growth.

It expands the tax base of the state and helps to solve social problems.

Therefore, the support and development of small businesses is one of the priorities of the economic policy of many countries.

Referring to the essence of small business, small business is the main branch of the economy and has the following main essence:

1. Flexibility: small enterprises can quickly adapt to market conditions due to their size and management system.
2. Innovative development: small business has the ability to quickly introduce new ideas and technologies.
3. Development of the local economy: effectively uses local resources and satisfies domestic market requirements.
4. Social tasks: play an important role in ensuring the employment of the population and solving social problems.
5. Efficient use of capital: small businesses establish production at low costs.

Today, small business is the main driver of the economy in many countries of the world:

USA: Small Business accounts for nearly 50% of the country's economy. EU: small and medium-sized businesses in Europe (SMEs) account for over 99% of all businesses. Asian countries: small businesses in China and India are a major factor in territorial development and job creation.

The decree of the president of the Republic of Uzbekistan PQ-306 of September 14, 2023 aimed at improving the financial and institutional support system for the development of small businesses. This decision sets out new mechanisms for providing support to small business entities.

The main content of the decision:

1. "Chain of continuous services" program

An integrated system of services for supporting small businesses will be created. It aims to provide financial, technical and institutional support to small business entities.

2. Business Development Bank

It will be transformed into the main institution of financial support for small businesses. The Bank is designated as the main base body for the effective implementation and improvement of this program.

3. Launch of the business portal

Within three months of 2023, a special digital platform, business portal, will be launched to automate and coordinate business processes using the technical support of international financial institutions.

4. Preferential loans for the development of family entrepreneurship

As of January 1, 2024, within the framework of programs for the development of family entrepreneurship: loans are allocated for a period of up to 3 years, with a grace period of 6 months, at a rate 4 percent higher than the basic rate of the annual central bank.

5. Funding volume

The following funds will be directed to implement the program:

6 trillion from the state budget, US \$ 1.2 billion from international financial institutions will be attracted.

Conclusions and Suggestions

Small business is an important link in the economy, which contributes significantly to the economic growth of the country, the increase in employment and innovative development. Small enterprises are characterized by flexibility, low-cost management and the possibility of rapid introduction of new technologies. Globally, small business is recognized as an economic driver in the United States, the European Union and Asian countries. Uzbekistan is also carrying out large-scale reforms in this direction. Resolution PQ-306 of September 14, 2023 includes effective mechanisms for supporting small businesses. According to this decision, the program “chain of continuous services”, the bank for Business Development, the digital business portal and the system of preferential loans for the support of family entrepreneurship were introduced. These initiatives serve to strengthen small businesses financially and institutionally.

Suggestions

1. Expanding financial support is promoting the development of entrepreneurs ' startups by increasing the volume of preferential loans and government grants.

2. Improving the simplified tax system is to increase the stability of small businesses by reducing taxes or giving relief.
 3. Digital technology development-expanding the capabilities of the business portal and ensuring the effective use of online platforms by entrepreneurs.
 4. Strengthening educational and consulting services-organizing special trainings and consultations for small business owners, establishing a mentoring system for startup projects.
 5. Developing international cooperation-developing programs to expand export opportunities for small businesses and attract international investment.
- These measures serve to accelerate the development of small businesses, increase its contribution to the economy and further improve the entrepreneurial environment.

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