

## WAYS TO IMPROVE THE EFFICIENCY OF SMALL BUSINESSES

**Adashev Azimjon Urinboevich,**

Namangan Engineering Construction Institute

Republic of Uzbekistan, Namanagan city, 12 Islam Karimov street.

E-mail: nammqi\_info@edu.uz Phone: +998 (69) 234-15-23

**Juraev Ulugbek Ayubkhon oglu**

Namangan Engineering Construction Institute student

**Abstract:** Scientific and practical recommendations on ways to improve the efficiency of small businesses.

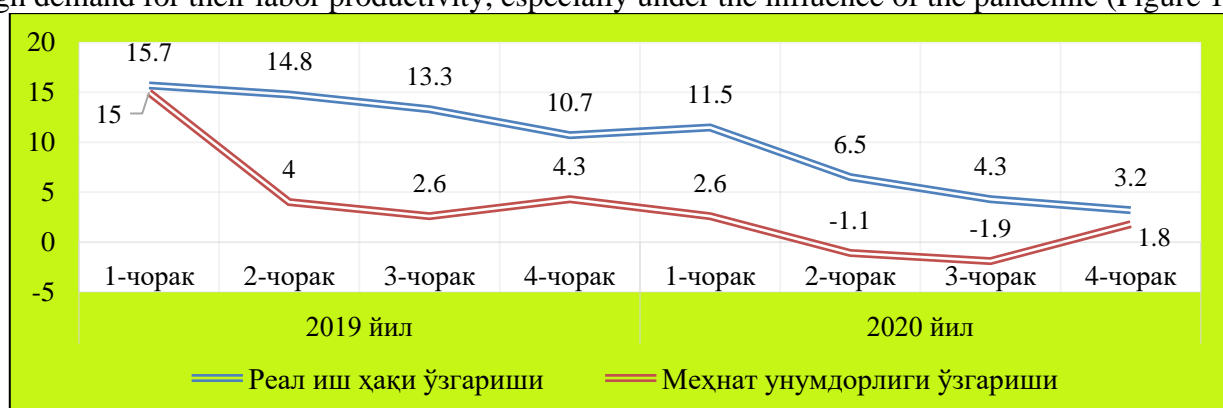
**Keywords:** Small business, production, technological innovation, financial system, labor productivity, real work, synergy efficiency, expansion principles.

There is evidence that these conditions of significant changes in the balance of relations between society and nature in the modern economy require significant changes in production activities with an integrated and ecologically logical sustainable approach. A number of countries have adopted the concept of sustainable development of small businesses in their national legislation and have strengthened the standards with environmental policy. Many other countries have also set barriers to non-tariff trade by restricting small businesses from developing and selling products that use certain types of chemicals and materials. It is, of course, a credible set of actions that can reduce the impact on the environment, without compromising the business model or business scale on environmental issues. This means that as technological improvement increases, so does the efficiency of resource use, and therefore the likelihood of their use and demand increases.

The most important task of small business is to create new jobs, which will provide employment opportunities even in the most remote areas of the country. It should be noted that small business also provides employment to young people with no work experience, who are socially disadvantaged segments of the population, helping them to gain experience and skills. According to the results of the study, based on the analysis, it is possible to identify a number of factors that hinder the formation of small businesses as the basis of the economy.

First, in the early days of independence and even today, trade and brokerage activities have been the only means available to entrepreneurs to raise and convert funds. Changes in the sale of goods and services by small businesses in trade were positive in the areas of financial services (25.6%), education (7.4%), trade (1.7%) and communication and information services (15.3%) [ 6].

Second, the number of sole proprietors and dehqan farms is more than two-thirds of the total number of small businesses operating in the country. The nominal growth of the population's income was 15.9%, of which 14.8% was 15.1% of the income from labor, which has a high share in the total income of the population. The high income of individual entrepreneurs and farms from the sale of goods and services is determined by the high demand for their labor productivity, especially under the influence of the pandemic (Figure 1).



**Figure 1. Changes in labor productivity and real wages in Uzbekistan, in percent**

In the reporting year, in the context of the pandemic, labor productivity tends to decline due to the fact that enterprises do not work at full capacity, the movement of labor resources is limited. In particular, labor productivity growth slowed in the first quarter of 2020 compared to the first quarter of 2019, while in the second and third quarters it decreased by 1.1 and 1.9 percent, respectively. From the third quarter of 2020 there was a positive change in labor productivity in the context of easing of quarantine restrictions, the recovery of economic activity, and in the fourth quarter its growth was 1.8%. The decline in labor productivity is explained by the efforts of some enterprises and organizations to maintain jobs, even in the face of declining production (works, services) [7].

Third, there is an increase in the number of small businesses that have ceased operations, and an increase in the number of newly established small businesses. At the same time, 94% of the total number of registered small businesses are active, that is, able to carry out economic activities.

Fourth, inflation expectations of business entities remained unchanged compared to the corresponding period of 2020 (18%). The low level of capital-labor ratio of small business does not allow to expand the collateral base and increase the volume of lending to small businesses provided with fixed assets.

Fifth, the high population density of the Republic of Uzbekistan leads to the expansion of the sales market for small businesses.

Sixth, the consequences of non-compliance with existing legislation governing various aspects of production and economic activity of small businesses lead to an increase in administrative barriers that hinder the development of small businesses and force them to transition to a shadow economy.

Analyses show that the economies of rapidly developing countries have achieved great results due to small and medium-sized businesses. The Republic of Uzbekistan has a number of advantages for accelerating the development of small businesses and the impact of this process on economic growth.

First, increased competition in the country's medium and large cities is creating the preconditions for the transition to diversification of small businesses, expanding their profile and shifting investment flows to new industries.

Second, the increase in deposits of individuals in banks indicates the emergence of excess funds of the main depositors - individual entrepreneurs, which in turn creates new small businesses.

Third, during the period of market changes in the country, the majority of the population focused on small business has a high level of professional education in various specialties. This potential allows entrepreneurs to create processing and science-intensive industries, as well as participate in import substitution programs and establish partnerships with large domestic and foreign enterprises.

Fourth, a stable banking and financial sector will allow the development of a multi-tier system of financial and credit provision, encouraging the development of the financial services market and increasing the assets of small businesses.

Fifth, the favorable geographical location of Uzbekistan opens up great opportunities for small business products (works, services) to export.

Sixth, the formation of the regulatory framework for the regulation of small businesses.

The results of the above analysis allow us to conclude on the need to deepen reforms in the framework of the current policy on small business development and state support. At the same time, the directions of further reforms should be systematic, taking into account all the weaknesses and strengths of the current development of the economy, and ultimately the economic model is needed to further develop small businesses, increase efficiency.

A model is a system of elements that replicates the characteristics, functions, and relationships of a research subject, and has the following characteristics:

written information about the differences between the modeled object and the actual object;

the commonality of features with the simulated object, which is important for research purposes;

the ability to replace a modeled object that is close to the object;

the existence of clear rules for the transition from sample data to information about the object itself.

A clearly selected model for the process is of great importance in business systems that use selected character diagrams, graphs, charts, character sets, laws, and picture sets that allow the study of many processes and events specific to the market, allowing to work with environmental and small business structure

development elements gives The reason for applying the model is that the individuality obtained from them as a result of simultaneous involvement of several activities in the envisaged small business entities does not fully reflect its expression. Therefore, in this case, in our opinion, it is expedient to resort to synergistic efficiency. In this case, it is recommended to take into account the following indicators to calculate the resulting synergistic efficiency in the quantitative assessment:

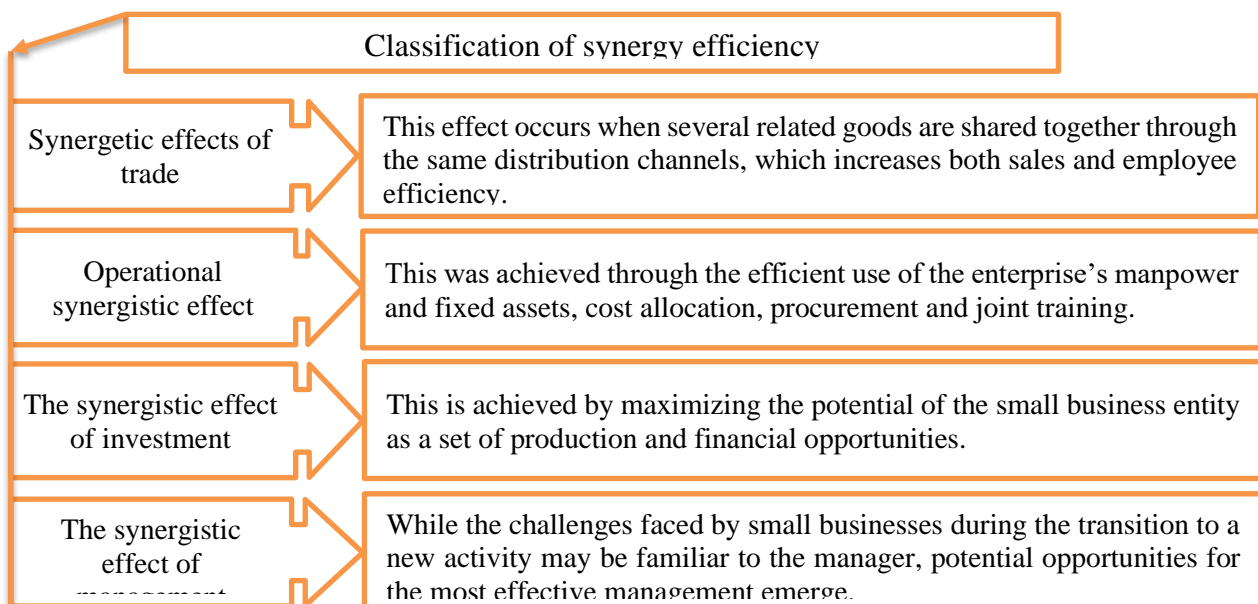
1. Control over labor productivity and prices for services due to the increase in the volume of services provided due to the growth of gross profit from sales through each activity - MUXN.

2. Reducing the cost of maintenance and repair of office equipment - TTXK.

3. Tax benefits received within 2 years after registration of a small business entity - OSI. When discounting these cash flows for small businesses over the next 3 years, the discount rates for cash flows are chosen differently, taking into account the associated risks. The synergistic effect manifests itself in the form of an economic effect equal to the sum of the three discounted cash flows:

$$ST = MUXN + TTXK + OSI$$

It should be noted that by discounting cash flows, it will be possible to analyze the distribution of efficiency over time and to take into account all apparent classifications of synergistic effects (Figure 2).

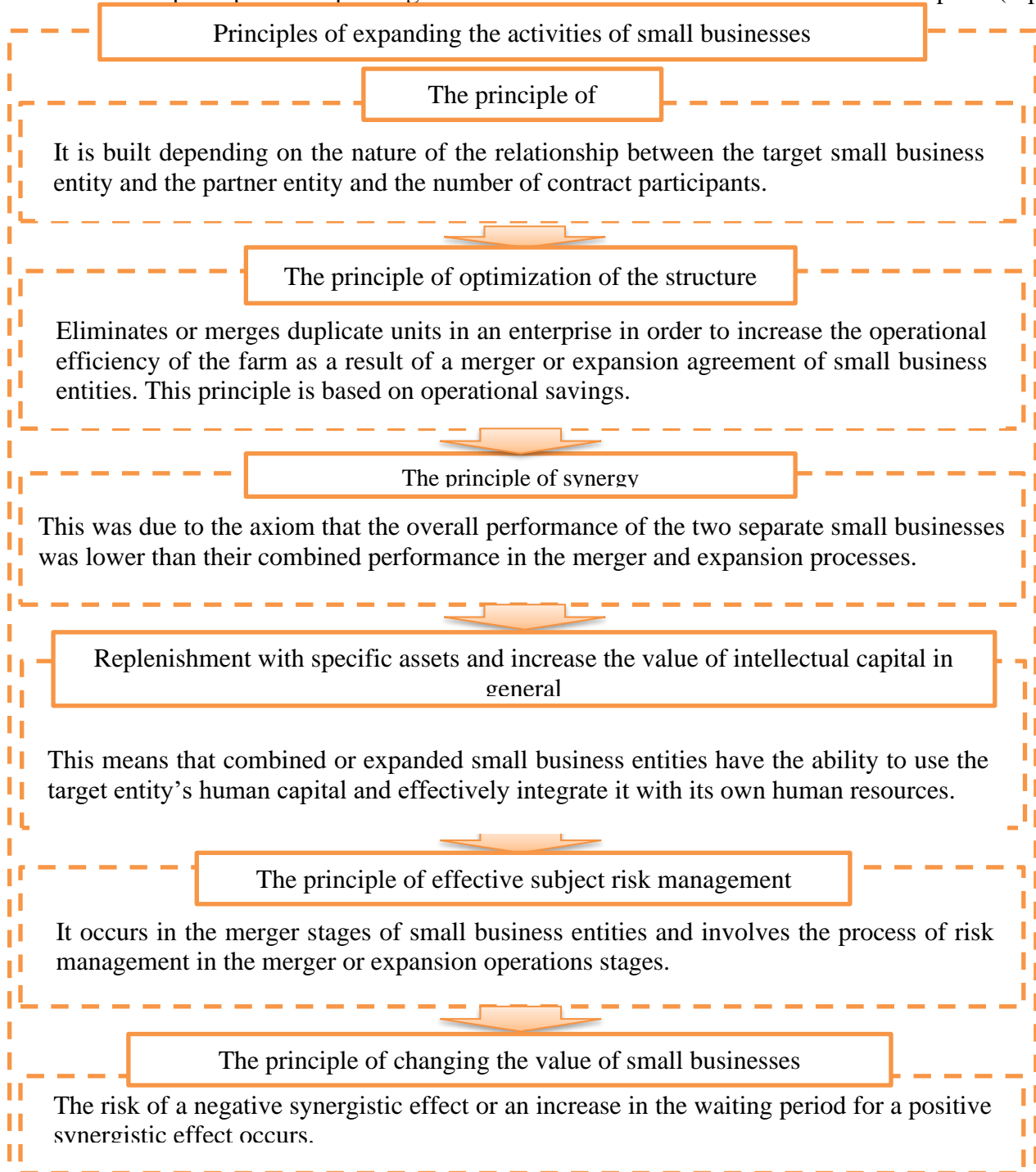


**2-picture. Classification of synergy efficiency**

The data in the figure show that the synergistic effect of sales occurs mainly in the process of production and joint sale of different products by small businesses, which is determined by the increase in sales of products and labor productivity of employees. Operational synergistic effect Changes in small business income are associated with labor growth and efficient use of fixed assets, which is directly reflected in the experience, knowledge and research and development of the workforce, a decrease in administrative costs. The synergistic effect of investment occurs when the activities of small businesses expand, investing in various investment projects to increase income through additional funds, the effective use of the potential of small businesses [10].

The mechanism for assessing the synergetic efficiency of small business entities includes a set of elements that affect the formation of synergistic value in the process of expanding economic activity. In other words, a mechanism for the efficient use of resources in the existing business is formed within the framework of the enterprise expansion procedure, taking into account some of the reasons for the contract. Synergetic efficiency consists of three elements, including profit, operating costs, and the need for capital, and the elements of synergy can have both positive and negative meanings, i.e., profits increase, operating costs decrease, and capital needs decrease. Formation and distribution of profits, which is one of the elements of synergy, is based on the principles of fulfillment of tax obligations to the budget, accumulation of own capital and material benefits of employees and minimization of costs in achieving maximum results:

As for the principles of cost formation, only one, if any, has the principle of systematizing cost management. Of course, in practice there are more principles for cost formation. The principles of investment portfolio formation are based on a number of requirements for investments, namely: ensuring their liquidity, profitability, growth and security of investments, reducing the risk of losses from investments. In this regard, it is useful to cite the principles of expanding the activities of small businesses and their description (3-pacm).



**Figure 3. Principles of merging or expanding the activities of small businesses**



Depending on the principles of formation of processes for evaluating the synergetic efficiency of small business entities, it is possible to determine the choice of criteria for achieving a positive value of synergy for the buyer. Based on the research, the following types of criteria can be distinguished:

the smaller the relative size difference between the production volumes of small businesses depending on the volume of demand, the more difficult it will be to implement the reorganization procedure;

an additional criterion for the financial sector is the amount of profits from the reorganization, in which when leasing or insurance companies are merged by a banking organization, they will have a number of benefits in the form of expanding the customer base, favorable interest rates, etc. ;

In addition to the criteria of the buyer enterprise, it is worth considering the contractual criteria of the small business entity, ie the sale of non-core or unprofitable assets due to lack of working capital and the transition to maturity;

a decline in the reputation and image of companies. However, when small businesses expand their production and implement a real purchase agreement, a number of factors may arise that disrupt their movement due to the imperfection of market relations in the economy as a whole.

However, since the purpose of this study is to assess the synergistic impact of mergers and acquisitions of small businesses, it is necessary to take into account the age difference between producer and buyer to interconnect the organizational structures of economic entities at the stage of enterprise selection to determine the basic principles of synergetic impact assessment mechanism.

In addition, the synergistic effect includes a number of components: profit, operating costs, the need for investment. These elements represent the generalized results of the motives of integration agreements: if there are motives for diversification - the buyer plans to increase the profitability of the enterprise, if there is motivation to increase the efficiency of management - reduce labor costs. seeks to increase costs and profitability of the company.

Studies have shown that achieving the integration results of one element or a set of synergistic effects elements at the same time requires adherence to the principles of synergy elements formation with the possibility of obtaining a positive value of synergetic effect in a merger or subject expansion agreement. This is because the synergistic effect is directly based on the difference between the costs of enterprises before and after the integration process.

In general, the effective development of a small business depends on certain conditions of its activity, which are the formation of technology transmission infrastructure and information exchange system; creation of regional development and new technology distribution centers; financial savings for small businesses based on the potential of existing enterprises and the implementation of a system of technological support.

At the same time, the results of the study show that the peculiarity of local small business is that there is a spontaneous decline in the activities of individual economic entities due to the lack of a favorable business environment at present. This, in turn, leads to the liquidation of small enterprises in various forms of management, which today can become serious competitors for large enterprises and negatively affect their further development. However, in the Republic of Uzbekistan it is necessary to make accurate official calculations to increase the competitiveness of small businesses, under the influence of which it can be seen that the production of enterprises, which traditionally play an important role and are located, changes positively from year to year (Table 1).

**Table 1**  
**Economic indicators of small business in the Republic of Uzbekistan**

	2000 .	2005	2010.	2015	2020	Changes in 2020 compared to 2000 (+, -)
Number of enterprises engaged in entrepreneurial activity	82867	100751	164052	207104	411203	328336
Number of employees, thousand people	4467,1	6602,5	8643,9	10170,4	12040,17	7573,07
Including:						
part-time workers, thousand.	1342,8	2738,3	3724,6	5737,5	7834,5	6491,7
Salary fund, bln. sum	67,6	186,2	1035,7	2991,5	5444,7	5377,1
The volume of production of goods (services) by small business and private entrepreneurship, bln. sum,	1009,2	6082,7	38872,1	114549,8	133481,3	132472,1

The data in Table 1 show that the main indicators of small business in the Republic of Uzbekistan for 2000-2020 reflect a positive growth. Thus, in 2020, compared to 2000, the number of enterprises engaged in entrepreneurial activities increased significantly - from 328,336 to 411,203. The number of employees increased 2.7 times, the salary fund increased 80.5 times and the volume of production of goods (services) by small businesses amounted to 132472.1 billion soums. soums [6].

In general, in order to further increase these results, it is expedient to develop and implement measures aimed at equal and effective development of all forms of small business in the future, and to propose a number of ways to achieve efficiency of small business:

reduction of the tax rate on income of enterprises of all types of legal entities;

taking measures to reduce allocations to state budget funds;

directing the government to financial incentives for small businesses;

reduction of existing customs duties on imported raw materials, components and other components that require effective growth of production;

it is advisable to reduce the single customs duty imposed on individuals in order to reduce price growth in the domestic market.

In short, the specific methods proposed for the promising development of small business in the country on the basis of the identified measures, to some extent, have a positive impact on increasing the income and welfare of the population and individual businesses.

## References

1. Yusupjonovich, D. T. (2020). IMPROVING THE ORGANIZATIONAL AND ECONOMIC ASPECTS OF FARMS SPECIALIZING IN HORTICULTURE. *International Engineering Journal For Research & Development*, 5(4), 6-6.
2. FROM, E. L. Asian Journal of Multidimensional Research (AJMR). *Asian Journal of Multidimensional Research (AJMR)*, 4(5), 185-203.

3. Yusupjonovich, D. T. (2019). Development of integrated gardening based investment. *Asian Journal of Multidimensional Research (AJMR)*, 8(7), 119-124.
4. Yusupjonovich, D. T. (2019). Effective use of investment in agriculture of the republic of Uzbekistan. *Asian Journal of Multidimensional Research (AJMR)*, 8(7), 6-10.
5. Ismatov, R. O., Dadaboev, T. Y., & Karabaev, S. A. (2019). Investment possibilities in agricultural networks. *Theoretical & Applied Science*, (2), 350-355.
6. Yusupjonovich, D. T., Saodat, S., & Shakhnoza, N. (2021). The Impact Of Optimizing The Composition Of Arable Land On The Fruit And Vegetable Complex In The Innovative Development Of Agriculture. *International Journal of Progressive Sciences and Technologies*, 25(1), 87-89.
7. Dadaboyev, T. Y., & Mirzaabdullayeva, G. M. (2018). RESULTS IN THE AGRICULTURE OF UZBEKISTAN. *Economics and Innovative Technologies*, 2018(1), 38.
8. Dadaboyev, T. Y., Qoraboyev, S. A., & Mullabaev, B. B. (2017). Corporate Management As The Factor Of Investment Attraction. *Научное знание современности*, (5), 77-80.
9. Дадабаев, Т. Ю., & Мирзабдуллаева, Г. (2016). Направления повышения эффективности системы хранения сельскохозяйственной продукции. *Высшая школа*, 1(23), 65-68.
10. EditorJournals and Conferences. (2021, July 2). THE IMPORTANCE OF THE IMPLEMENTATION OF VERTICAL INTEGRATION PROCESSES IN THE DEVELOPMENT OF INNOVATIVE ACTIVITIES IN INDUSTRIAL ENTERPRISES. <https://doi.org/10.17605/OSF.IO/5TG7B>
11. Soliyev Ibodulloxon Ismatullayevich, Mullabayev Baxtiyarjon Bulturbayevich, & Bokhodirova Zulfizar Bokhodir qizi. (2021). DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN THE ECONOMY OF THE REPUBLIC OF UZBEKISTAN. *Academicia Globe: Inderscience Research*, 2(6), 419-425. <https://doi.org/10.17605/OSF.IO/A3NCG>
12. Bulturbayevich, M. B. (2021). Challenges of Digital Educational Environment. *Academic Journal of Digital Economics and Stability*, 4, 54-60.
13. Bulturbayevich, M. B. (2021). Development Of Innovative Activities Of Enterprises On The Basis Of Vertical Integration Processes. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, 12(10), 5020-5031.
14. Bulturbayevich, M. B. (2021). CHALLENGES IN DEVELOPING A DIGITAL EDUCATIONAL ENVIRONMENT. *Academic Journal of Digital Economics and Stability*, 2, 1-9.
15. Tursunaliyevich, A. Z., Bulturbayevich, M. B., Ismatullayevich, S. I., Urayimovich, B. O., & Yokubovna, Y. H. (2021). Use of Gravitation Models in the Development of Tourism and Recreation. *Annals of the Romanian Society for Cell Biology*, 3124-3143.
16. Bulturbayevich, M. B., & Qobuljon, T. (2021, February). THE STATUS OF DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP DURING THE CORONAVIRUS PANDEMY. In *Archive of Conferences* (Vol. 15, No. 1, pp. 124-129).
17. Bulturbayevich, M. B. (2021, February). IMPROVING THE MECHANISMS OF STRATEGIC MANAGEMENT OF INNOVATION PROCESSES IN ENTERPRISES. In *Archive of Conferences* (Vol. 15, No. 1, pp. 130-136).
18. Bulturbayevich, M. B. (2021). FORMATION AND MANAGEMENT OF THE INVESTMENT PORTFOLIO OF A COMMERCIAL BANK. *International Engineering Journal For Research & Development*, 6(ICDSIIL), 5-5.
19. Bulturbayevich, M. B., & Ibrohim, E. (2021). EXPANDING EXPORT OPPORTUNITIES FOR SMALL BUSINESSES AND PRIVATE ENTREPRENEURSHIP. *International Engineering Journal For Research & Development*, 6(ICDSIIL), 6-6.
20. Bulturbayevich, M. B., & Diyora, J. R. (2021). PROSPECTS FOR THE DEVELOPMENT OF INNOVATIVE ACTIVITIES OF INDUSTRIAL ENTERPRISES. *International Engineering Journal For Research & Development*, 6(ICDSIIL), 5-5.
21. Bulturbayevich, M. B., & Nurbek, N. (2021). OPPORTUNITIES TO INCREASE THE COMPETITIVENESS OF SECTORS OF THE ECONOMY, INVESTMENT AND EXPORT POTENTIAL. *International Engineering Journal For Research & Development*, 6(ICDSIIL), 6-6.



22. Bulturbayevich, M. B., & Sardor, O. L. (2021). IMPORTANT ASPECTS OF THE METHODS USED IN THE RISK ANALYSIS OF INVESTMENT PROJECTS. *International Engineering Journal For Research & Development*, 6(ICDSIIL), 6-6.
23. Bulturbayevich, M. B., & Bekzod, N. (2021). CREATING AN EFFECTIVE ENVIRONMENT FOR ATTRACTING FOREIGN DIRECT INVESTMENT IN THE TEXTILE INDUSTRY IN THE REGIONS. *International Engineering Journal For Research & Development*, 6(ICDSIIL), 5-5.
24. Jurabaeovich, S. N., & Bulturbayevich, M. B. (2021). POSSIBILITIES OF USING FOREIGN EXPERIENCE TO INCREASE THE QUALITY OF EDUCATION IN REFORMING THE EDUCATION SYSTEM OF THE REPUBLIC OF UZBEKISTAN. *Web of Scientist: International Scientific Research Journal*, 1(01), 11-21.
25. Jurabaeovich, S. N., & Bulturbayevich, M. B. (2021). DIRECTIONS FOR IMPROVING THE FOOD MARKET IN THE FERGANA REGION. *Innovative Technologica: Methodical Research Journal*, 2(01), 1-8.
26. Jurabaeovich, S. N., & Bulturbayevich, M. B. (2021). Management Of Higher Education Institution-As An Object Of Economic Diagnostics. *Emergent: Journal of Educational Discoveries and Lifelong Learning (EJEDL)*, 1(01), 11-20.
27. Tursunbaevich, B. B., Bulturbayevich, M. B., & Rahmat, A. (2021). The Impact of The Pandemic on The Economy of The Republic of Uzbekistan. *Aksara: Jurnal Ilmu Pendidikan Nonformal*, 7(1), 161-168.
28. Bulturbayevich, M. B., Rahmat, A., & Murodullayevich, M. N. (2021). Improving Teacher-Student Collaboration And Educational Effectiveness By Overcoming Learning Challenges. *Aksara: Jurnal Ilmu Pendidikan Nonformal*, 7(1), 153-160.
29. Jurabaeovich, S. N., & Bulturbayevich, M. B. (2021). DIRECTIONS FOR FOOD SECURITY IN THE CONTEXT OF GLOBALIZATION. *Innovative Technologica: Methodical Research Journal*, 2(01), 9-16.
30. Jurabaeovich, S. N., & Bulturbayevich, M. B. (2020). THE ROLE OF DIAGNOSTIC MODELS IN THE STUDY OF THE ACTIVITIES OF HIGHER EDUCATION INSTITUTIONS. *ResearchJet Journal of Analysis and Inventions*, 1(01), 54-65.
31. Jurabaeovich, S. N., & Bulturbayevich, M. B. (2020). The Concept of Food Safety and Its Scientific-Theoretical Concept. *ResearchJet Journal of Analysis and Inventions*, 1(01), 9-22.
32. Jurabaeovich, S. N., & Bulturbayevich, M. B. (2020). THE SYSTEM OF HIGHER EDUCATION IN THE DEVELOPMENT OF THE NATIONAL ECONOMY. *ResearchJet Journal of Analysis and Inventions*, 1(01), 23-32.
33. Bulturbayevich, M. B., Tursunalievich, A. Z., Ahmadjanovna, M. T., & Bozorovich, U. C. (2020). Development Of Public-Private Partnership In The Organization Of Regional Tourist And Recreational Complexes. *European Journal of Molecular & Clinical Medicine*, 7(7), 778-788.
34. Bulturbayevich, M. B., Rahmat, A., & Murodullayevich, M. N. (2021). Improving Teacher-Student Collaboration And Educational Effectiveness By Overcoming Learning Challenges. *Aksara: Jurnal Ilmu Pendidikan Nonformal*, 7(1), 153-160.
35. Bulturbayevich, M. B., Saodat, S., Umida, J., Shakhnoza, N., & Feruza, S. Theoretical and Practical Bases of Investments and Processes of Their Distribution in the Conditions of Modernization of Economy. *International Journal on Integrated Education*, 3(9), 132-137.
36. Муллабаев, Б. Б. DEVELOPMENT OF LIGHT INDUSTRY BRANCHES IN UZBEKISTAN BASED ON VERTICAL INTEGRATION РАЗВИТИЕ ФИЛИАЛОВ ЛЕГКОЙ ПРОМЫШЛЕННОСТИ В УЗБЕКИСТАНЕ НА ОСНОВЕ ВЕРТИКАЛЬНОЙ ИНТЕГРАЦИИ.
37. Муллабаев, Б. Б. (2018). ЭКОНОМЕТРИЧЕСКИЙ АНАЛИЗ ВЕРТИКАЛЬНОЙ ИНТЕГРАЦИИ ПРЕДПРИЯТИЙ ЛЕГКОЙ ПРОМЫШЛЕННОСТИ НАМАНГАНСКОЙ ОБЛАСТИ (НА ПРИМЕРЕ РЕСПУБЛИКИ УЗБЕКИСТАН). *Научное обозрение: теория и практика*, (8), 22-36.
38. Muhiddinovna, I. M., Bulturbayevich, M. B., Sharipdjanovna, S. G., Urinboevich, A. A., & Gulnora, M. The Role of Structural Changes in Small Business in the Development of the Economy of the Republic of Uzbekistan. *JournalNX*, 107-116.