
THEORETICAL FOUNDATIONS OF THE IMPORTANCE AND NECESSITY OF SMALL BUSINESS DEVELOPMENT

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Abstract.

The article deals with theoretical issues of the importance and necessity of developing small businesses in our country, ensuring employment of the population through the creation of new jobs, as well as issues related to factors that serve to improve the well-being of people.

Keywords.

entrepreneurship, investment, business, environment, entrepreneurial activity, foreign investment, innovative economy, economic mechanism, innovative culture, investment system

In our country, the direction of small business is characterized by the fact that it has developed slowly compared to the neighboring countries, and the indicators related to the sector are noticeable, but the level of sustainable development of small business enterprises is being ensured slowly. The increase in the share of small enterprises among the leading sectors and sectors of the economy began to emerge as a solid foundation for economic growth and social stability. In 2020, compared to 2015, Uzbekistan will take 93rd place among 131 countries in the global innovation index ³⁷.

It is known that one of the main factors of success is the result of the economic reforms carried out in our country and the correct selection of the measures included in its structure. The main achievements of the development of the Republic of Uzbekistan are distinguished by the fact that the development of small

³⁷B. Hojiev. New Uzbekistan is the lifeblood of the small business economy. <https://yuz.uz/news/small-biznes--the-blood-vessel-of-economy>

business has been raised to the level of state policy and focused as one of the main strategic areas. Small business enterprises have taken a strong place in the experience of world countries with their high results and successes, the share of the sector in the gross domestic product was 60-70 percent, the indicator was only 1.5 percent in 1991, and 31 percent in 2000. In 2016, the share of this sector in the GDP reached 64.9%.

As a result of our analysis of the received statistical data, we can see that the demand for small business enterprises in the economy has created new production in rapidly growing sectors and industries. During 2017-2020, a total of more than 288 thousand enterprises were established in our country. 14,800 of them belong to large enterprises and 273,200 to small business enterprises. If we analyze the state of this indicator in our country, it can be observed that its level in small business enterprises was 6.2 times higher in 2016 and 6.9 times higher in 2020 than in large enterprises.

In addition, the largest share of newly established small business enterprises during 2017-2020 is trade (32 percent of total enterprises), industry (21 percent), agriculture, forestry and fisheries (12 percent), construction (10 percent), living and corresponds to the food industry (7 percent). In 2020, the share of income from small businesses in the total income of the population was the highest in Jizzakh, Bukhara, and Khorezm regions. In the Republic of Karakalpakstan, Fergana, Navoi regions and Tashkent city, it was noted that the weight of income in the form of wages in large industrial enterprises and organizations is high.

The stable development of this sector is strongly influenced by any changes taking place in the field of entrepreneurship. At the same time, the experience of economically developed countries shows that the constant high standard of living of the population has been achieved primarily through the rapid development of small businesses. Based on this, the development of small business, the digitalization of the economy, as well as the digitalization of the activities of small business enterprises, are of great importance for the people of Uzbekistan.

From the beginning, we know that small business is an enterprise that has characteristics characteristic of the activity at the entrance to the business, is based on the internal relations of the firm, and is inextricably linked with the external environment ³⁸. "Small business" (in English Business means work, profession,

³⁸ Krasnov I. The role of small and medium enterprises and the world economy.-International journal "Problems of the theory and practice of management", Official publication of the International Research Institute for Management Problems, 1/2013, www . uftp . ru , 38 p.

enterprise) is an activity aimed at making a systematic profit ³⁹. In Western European countries, Japan, the concept of "small and medium-sized business" is used in India and Asian countries under the name of "small production".

In our opinion, small business enterprises are compact, rapidly changing, compact enterprises with additional production and service lines, quickly adapting to changes in the market economy. In modern industrial countries, small business is an institution with dynamic development characteristics, competitive products are produced through the production of products rich in innovative innovations.

The word "business" is a widely used concept at the international level, and its scope changes under the influence of any changes in the economy. Business is a profitable economic activity, any activity aimed at obtaining profit or income that implies personal benefit (Figure 1).

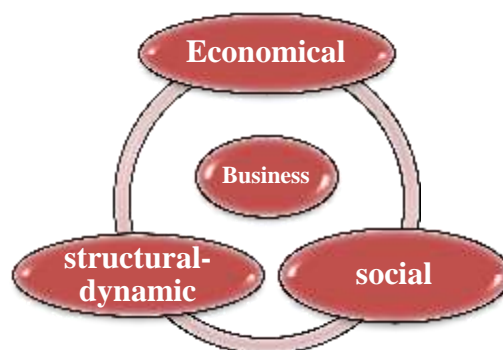


Figure 1. Characteristics of small business

In the socio-economic development of the regions, through the rapid development of small business sectors, positive changes in the distribution of labor in the regions will take place, cooperative relations with medium and large businesses will be established (Fig. 2).

³⁹ <https://en.wikipedia.org/wiki/%D0%91%D0%B8%D0%B7%D0%BD%D0%B5%D1%81>

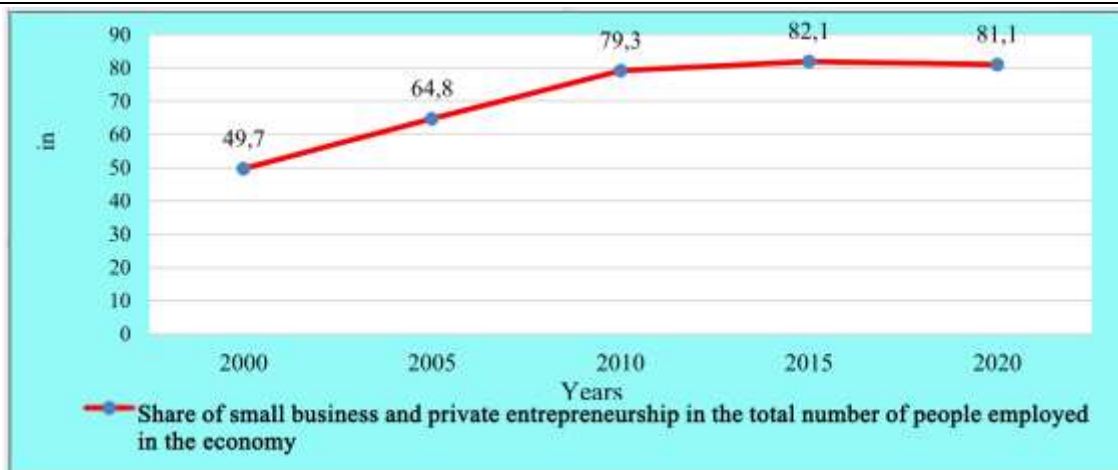


Figure 2. The share of small business and private entrepreneurship in the total number of people employed in the economy⁴⁰

In 2000, the share of small business and private entrepreneurship in the total number of people employed in the economy was 49.7%, in 2005 it was 64.8%, in 2010 it was 79.3%, in 2020 it was 81.1%, and it increased by 31.4% compared to 2000. Despite the growing share and importance of small business in the economy of our country, the value of these indicators is equalizing compared to developed and developing countries (more than 57 million employees work in more than 32 million small businesses in the United States, 99.8% of all businesses in the European Union are small business enterprises, ⁴¹and it is 85% of places) it can be noted.

At the same time, based on the number of employees in the United States, enterprises are divided into five categories:

1. Very small enterprise - 10 people;
2. Very small enterprise - 20 people;
3. Small enterprise - 99 people;
4. Medium enterprise - 500 people;
5. Large enterprise - more than 500 people.

Of course, it is appropriate to consider that achieving such positive results is due to the expansion of small business activities and the improvement of economic relations of cooperation with other organizations and institutions.

We know that small businesses operate in strong relationships and relationships with medium and large businesses:

⁴⁰ Uzbekiston Republicasi statistikas kŷmitasi ma'lumotlari asosida muallif tomonidan tayerlangan

⁴¹ Small Business Statistics 2020 - Affde Marketing . <https://www.affde.com/small-business-stats>

- firstly, small business is the most important part of the regional economy;
- secondly, small business is an invisible part of big business, it can be used to quickly solve many problems in the market economy;
- thirdly, for the development of small business, a comprehensive study of regions is carried out and strategies for the development of the industry are developed, national projects are adopted;
- fourthly, it acts as a strong platform for the development of medium and large businesses under the influence of small business development in the regions;
- fifthly, the development of the industry is an important factor in ensuring the self-employment of the population, a number of social problems are solved, it affects the reduction of the unemployment rate, and it leads to the opening of new jobs (Fig. 3).

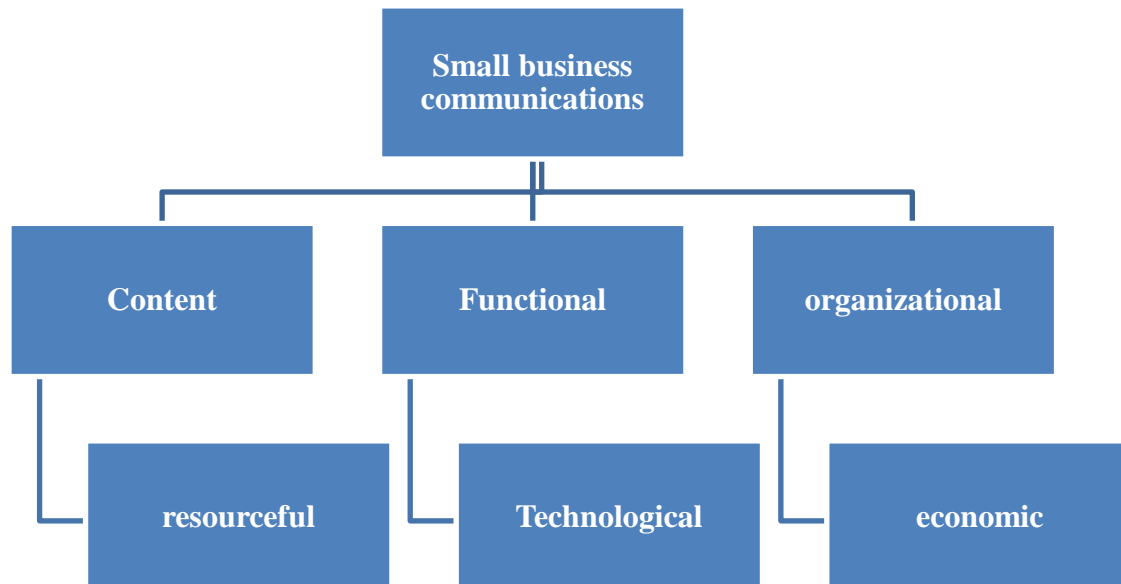


Figure 3. Small business communications

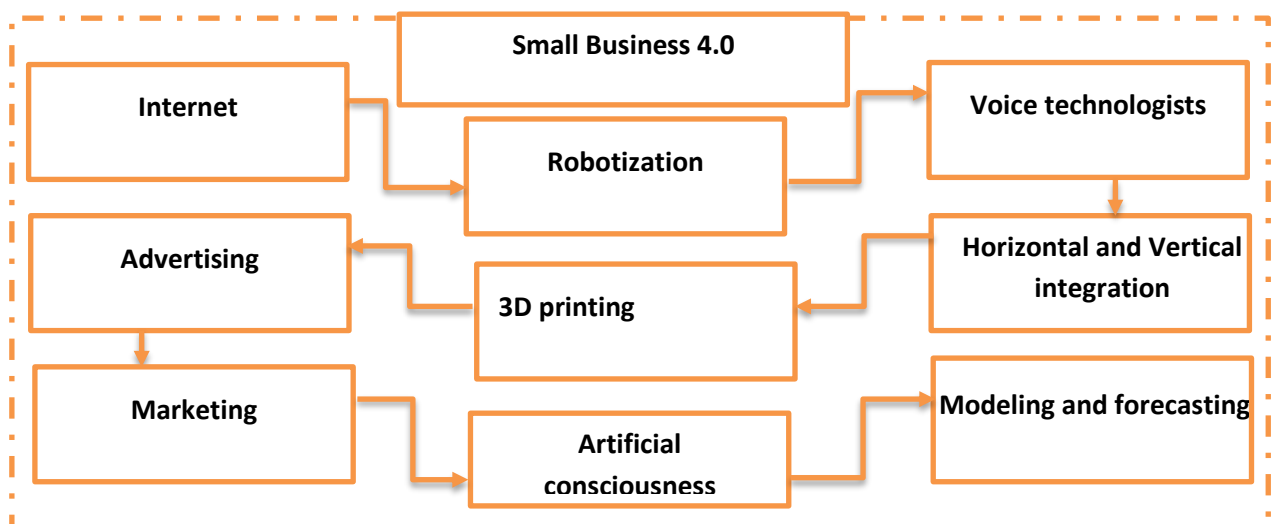
Small businesses quickly adapt to changes in the market economy, quickly specialize based on market requirements, quickly absorb new innovations in the economy. Since the 1990s, modern innovative systems have begun to form, including technology parks, business incubators, engineering centers, scientific research organizations, and nanotechnological centers ⁴². In order for small business enterprises to develop in accordance with the requirements of the market economy, it is desirable to introduce more innovations into the industry.

⁴² Zaverza E.V. Formation of the regional infrastructure for the development of small innovative business. Ph.D. dissertation abstract . Russia, 2019, 8-p.

It is necessary to accelerate the implementation of the achievements of the fourth industrial revolution by widely applying the principles of "Industry 4.0" to the small business sector, like all other sectors. It is necessary to develop a new innovative small business system compatible with the digital economy based on innovation from traditional production in all economic sectors.

The fourth industrial revolution, in turn, will shape the digital economy, creating a single virtual system connecting computer technologies to all production sectors and consumers. During its formation, it led to the development of "online service, products", electronic payment, electronic commerce, electronic trade, internet products (Iot - Internet of Things), crowdfunding, internet banking. The formation of new digital platforms on the basis of new digital technologies, Big Data technologies, the development of neurosets (artificial intelligence), creates a solid foundation for the emergence of intelligent technologies.

According to the research of "International Data Corporation", the growth of the digital economy in the world in 2019 will reach 16.8%, and its income will be 2.1 trillion US dollars. Accenture researchers predict that in 2020, digital technologies will remain in the TOP-10 with high growth and the world economy will see an income of 1.36 trillion US dollars. In the first quarter of 2020, the role of digital technologies has increased due to the impact of the "COVID-19" coronavirus pandemic, which covered the world economy. The development of the economy based on digital technologies has led to serious structural changes in the field of production, agriculture, services, and small business. According to "The Boston Consulting Group", by 2035, the digital economy will develop at a high rate and will see an income of 16 trillion US dollars.



4-distance "Kichik Business 4.0" platforming moslashtirilgan models⁴³

Year after year, the world economy undergoes reconstruction processes based on digital technologies. In this sense, in our opinion, it is appropriate to develop an adapted model of the "Small Business 4.0" platform for the digitalization of small business, taking into account foreign experiences and available opportunities, and for this, based on the achievements of the fourth revolution mentioned above and based on its scientific conclusions and recommendations, as a first step, "Small We believe that it is appropriate to create an adapted model of the "business 4.0" platform.

Based on the study of the data in Figure 4 above, it can be said that an adapted model of the "Small Business 4.0" platform, which serves the development of small business in the Republic of Uzbekistan, was developed after studying the experiences of digitalization of the small business sector in a number of developed countries. In order to develop an adapted model of the "Small Business 4.0" platform, it is desirable to solve several issues. Including:

- automation of all entities;
- increase internet speed across the republic;
- extending the life cycle of products and services developed by small business enterprises;
- launching products and services developed by small business enterprises in the virtual system.

From the above information, it can be understood that an adapted model of the "Small Business - 4.0" platform has been developed, ensuring the minimization of costs of small business entities, the optimality of increasing the volume of trade, and the level of information of the small business process from H1-0.381 to H9-0.421.

New technological revolutions change human working and living conditions and provide new opportunities. Such changes lead to the formation of new business models and ideas, and serious structural and innovative changes occur in companies operating in a traditional state. At the beginning of the new millennium, new production and service systems have developed against the background of the increase of digital technologies, the activation of the mobile Internet, the increase in the production of small-scale production equipment, and the rapid penetration of artificial intelligence into the production and service industries.

⁴³Source: author development as a result of research

Small and medium-sized enterprises that actively use online platforms and applications seek to optimize the time and effort spent on receiving the service. Today, there are many platforms, applications where registration is required to make transactions, get advice, leave an application, and the number of such services that are useful for small businesses is increasing. However, it is necessary to register for each separate resource, which complicates the work and causes confusion. Different services with a single account for receiving not only reduces unnecessary red tape, but also allows for easy switching between different services within the same ecosystem, which can increase awareness of additional services that are useful for small businesses.

"A virtual system, a virtual economy has begun to form in the course of providing the unlimited needs of billions of people through today's mobile communication tools. At the heart of such changes, new business models have fundamentally changed the production, transportation, consumption, and delivery systems of traditional companies. These innovations serve to replace old and non-working mechanisms, radically change them, and start reforms anew ⁴⁴. "

The rapid development of new technologies and their implementation will lead to the formation of new industries in the long term. With the development of digital technologies, the deepening of integration between countries and enterprises, the transformation of the country's economy into a global economy has developed.

In 2011, the term "4th Industry" appeared at the Hanover fair in Germany. The development of new technologies has created "intellectual factories". The fourth industrial revolution spurred the development of a new virtual economy. This virtual economy has developed on a large scale and began to cover all areas of the economy. "17% of the globe and 1.3 billion people are developing under the influence of the achievements of the second industrial revolution, and half of the globe and 4 billion people are developing under the influence of the achievements of the third industrial revolution ⁴⁵.

In 2007, iPhone mobile phones appeared on the market. At the end of 2015, about two billion mobile phones were produced. In 2010, Google launched its self-driving cars. Along with them, information goods were also introduced to the market. Companies such as Instagramm, WhatsApp, Telegramm were able to use

⁴⁴Akhunova Sh.N. The fourth industrial revolution and its impact on the world economy. Business-Expert magazine. 2020, No. 2. 22-23 p.

⁴⁵K. Schwab. Chetvertaya promyshlennaya revolution / "Eksmo" 2016-(Top Business Awards)

the achievements of the fourth industrial revolution to organize their virtual industries in the virtual world, and this, in turn, became the basis for the emergence of "Small Business 4.0". (Figure 5).

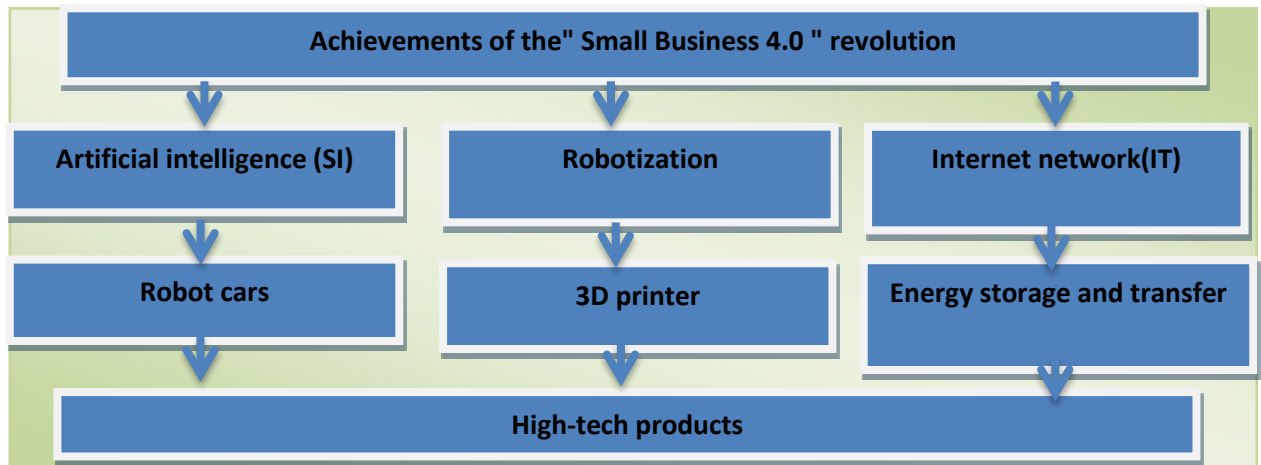


Fig. 5. "Small Business 4.0" is the achievements of the fourth revolution⁴⁶

They have covered millions of people like a spider's web. Brynjolfsson and McAfee in their book "The Second Machine Age" state: The computer has emerged as an indispensable element for economic sectors with many additional capabilities. Computers are controlled by artificial intelligence. Artificial intelligence has covered all fields today. Driverless cars, drones are virtual assistants, and new opportunities for economic development are opening up with the help of programmed translators.

The demand for computer developments, intellectual developments and innovations has increased in the countries of the world. Apple has introduced its AI development called AI Field. With this, new types of services began to develop, such as ordering taxis, online ordering of rail, water and air transport services, booking, making payments, watching movies and listening to songs online.

Through thousands of applications on smartphones, the possibilities of using the Internet have increased dramatically. Such simple devices, which work as tablets, search for information, and store information have become cheaper, they spend 0.03 dollars to store 1 GB of information. The fourth industrial revolution changed the quality of products and services and developed the world economy

⁴⁶Author development

rapidly and dramatically. The People's Republic of China and the Republic of Korea can be cited as examples.

In conclusion, we think it is appropriate to make the following conclusions and suggestions for improving the economic mechanisms of small business development:

1. To regularly study the problems that hinder or may hinder the effective operation of small businesses and private enterprises in the regions and to take measures to eliminate them in a timely manner.

2. Effective organization of the processes of obtaining accurate information about vacant buildings and structures in the regions and providing them to small businesses and private enterprises.

Based on the above, we believe that the development of small business will create the basis for the stable growth of the national economy and will have the opportunity to release competitive products to the world market.

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