



DOI: **10.5958/2249-7137.2021.01685.2**

## CRITERIA AND DIRECTIONS OF DEVELOPMENT OF SMALL BUSINESS ACTIVITIES

**Abdulhamid Khapizovich Kholmiraev\***

\*Senior Lecturer,  
Namangan Institute of Engineering and Technology,  
UZBEKISTAN

### ABSTRACT

*This article describes the importance of small business and private entrepreneurship in our national economy, the criteria for their organization, the theoretical basis for their organization. The article also examines the status and development of existing enterprises and small businesses in the country. For this reason, the rapid development of small business and private entrepreneurship is a key link in ensuring the sustainable growth of any country's economy and a priority of ongoing economic reforms.*

**KEYWORDS:** *Entrepreneurship, Business, Small Business, Private Entrepreneurship, Individual Entrepreneurs, Micro-Firms, Small Businesses.*

### INTRODUCTION

From the first years of independence of Uzbekistan, special attention has been paid to the development of small business as one of the important areas of increasing the economic potential of the republic. If we talk about the convenience of small business in our national economy, such entities do not require a lot of money, provide high rates of resource turnover as an economic activity, restructuring the economy, shaping the consumer market in conditions of economic instability and limited resources and allows you to solve the problem of filling it quickly and economically. Small businesses are important because they can adapt immediately to changes in consumer demand and thus ensure the necessary balance in the consumer market. At the same time, it plays a leading role in addressing the issues of employment and income growth, poverty reduction, which are extremely important for our country.

The Action Strategy for Further Development of the Republic of Uzbekistan for 2017-2021 states that small business and private entrepreneurship are important for the creation of the

national economy, the formation of the middle class, the creation of a competitive environment and sustainable economic growth. is a factor ”[1].

Small business plays a special role in the development of the national economy of our country, and in the current situation, its role and position is growing. For this reason, the rapid development of small business and private entrepreneurship is a key link in ensuring the sustainable growth of any country's economy and a priority of ongoing economic reforms. The economy of the Republic is based on a market economy, and the various positive changes taking place are in many ways closely linked with the development of small business and private entrepreneurship.

**Main part.** There is no single definition of it among economists in the data on small business and private entrepreneurship in the literature published abroad and in our country. Although the normative documents of the countries have adopted definitions of small and medium enterprises, these definitions are different and differ from each other.

According to American economist Steele, the enterprise is run by its owner personally and is relatively less specialized; the establishment of direct personal relations between the supreme governing bodies and employees, customers and suppliers; the complexity of accessing capital markets and obtaining short-term loans; lack of a strong position to enter into a purchase agreement; enterprises with at least two characteristics, such as the enterprise's strong dependence on relatively close markets and supply sources, are referred to as small enterprises [2].

British economist F. In his book on small business, Clark states: “It must be acknowledged that the essence of small business is not only to maximize profits, but also to meet intangible needs such as freedom, the creative nature of work, and a unique independent lifestyle. This can never be used for profit or loss. ”[3]

French economists J. Shaten and R. Gordon gives the following classification of enterprises, focusing on quality indicators:

- Craftsmen and small farms that receive their main income directly from the production function, the owner of the enterprise is directly involved in the production process and has a high level of qualification.

-Small enterprises that use a limited number of hired workers, whose income is the main source of livelihood for its owner, and where a simple process of reproduction takes place.

-Small and medium-sized enterprises with tens or even hundreds of hired workers, carrying out expanded reproduction, which is affected by changes in supply and demand, as well as the consequences of economic and political decisions.

- Medium and large monopolistic enterprises, whose position in the economy depends on the degree of monopolization of any industry [4].

Uzbek economists A.Olmasov and M.Sharifkhodjaev, Sh.Sh.Shodmonov, UVGafurov and P.Abdulkasimov explained the concepts of entrepreneurship, business and small business and gave relevant definitions.

Although the above classification does not clearly show the distinguishing features of small, medium and large enterprises, it provides an overview of the status and position of different enterprises in a developed market economy.

Quantitative criteria for determining the status of small and medium enterprises are the number of employees, turnover, assets, capital and profits, and other indicators. Foreign and domestic economic literature often focuses on small and medium-sized enterprises based on a single indicator - the number of employees, which is easy to determine on the basis of such a single quantitative criterion, which allows comparative analysis of small and medium enterprises in different countries. However, the specific characteristics of countries, the diversity of industries and areas of activity indicate that the use of a single quantitative criterion is not appropriate.

In Uzbekistan, too, the number of criteria for identifying small businesses is high. Law of the Republic of Uzbekistan "On guarantees of freedom of entrepreneurial activity"; According to the Decree of the President of the Republic of Uzbekistan dated April 7, 2014 PF-4609 "On additional measures to further improve the investment climate and business environment in the Republic of Uzbekistan", the criteria for identifying small businesses in Uzbekistan are as follows:

1) individual entrepreneurs;

2) in the manufacturing sector, the average annual number of employees is not more than twenty, in the service sector and other non-manufacturing sectors, the average annual number of employees is not more than ten, in the wholesale, retail and catering industries, microfirms with an average annual number of employees of not more than five people;

3) in the following networks:

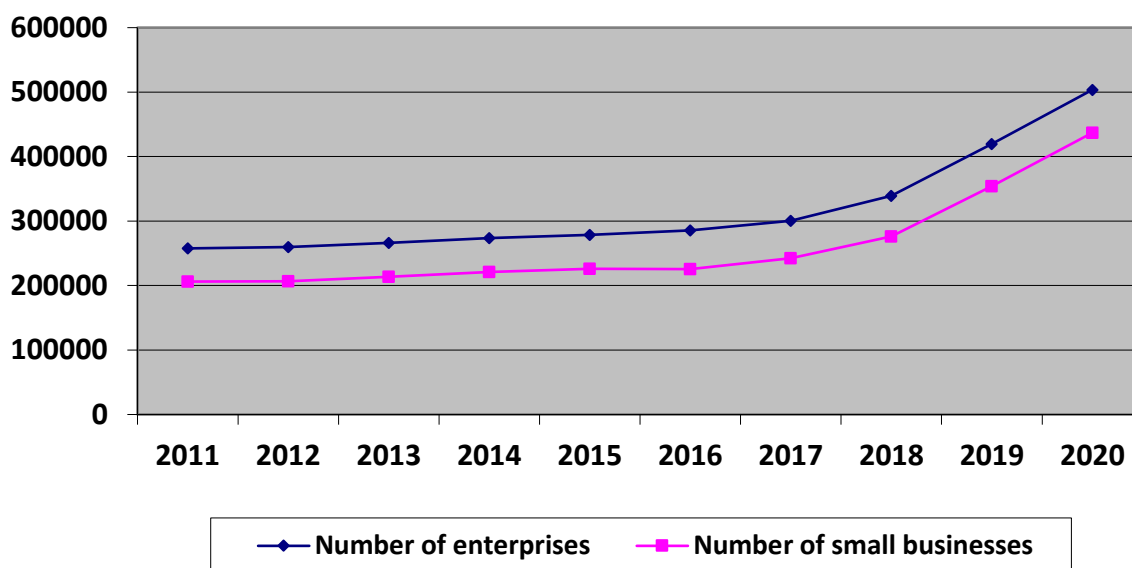
the average annual number of employees employed in the light, food and building materials industries, provided by law, is not more than two hundred people;

the average annual number of employees in the metalworking and instrumentation, woodworking, furniture industries, as well as in other industrial and production sectors provided by the legislation, not more than one hundred people;

average number of employees in mechanical engineering, metallurgy, fuel and energy and chemical industry, cultivation and processing of agricultural products, construction and other industries provided by the legislation

## **RESULTS AND DISCUSSION**

As a result of reforms in the field of small business and entrepreneurship in the Republic of Uzbekistan, many opportunities and benefits are being created. As a result of the reforms, enterprises and small businesses have been established in the national economy of the republic, and the dynamics of the number of registered enterprises and small businesses is given in the following diagram.



**Figure 1. Number of enterprises and small enterprises in the Republic of Uzbekistan**

We can see the growth of the number of enterprises in our country in 2011-2020. The number of enterprises in 2011-2020 was 257602, 259622, 266397, 273627, 278452, 285361, 300240, 339034, 419490 and 503538, respectively.

If we study the relative and absolute differences of enterprises compared to previous years, the changes in 2011-2017 were in the range of 2000-15000 compared to previous years, increasing to 38797 in 2018, 80456 in 2019 and 84048 in 2020. In relative terms, it has the highest growth rate of 23.7 percent in 2019, 20.0 percent in 2020, 12.9 percent in 2018 and 5.2 percent in 2017 compared to the previous year. In 2011-2016, there were changes in the range of 0.7-2.7 percent compared to previous years.

The number of small businesses was also on the rise in 2011-2020. The number of small enterprises in 2011-2020 was 205,184, 206,589, 213,643, 221,140, 225,998, 225,560, 242,397, 276,237, 353,921 and 436,981, respectively.

The relative and absolute differences of small enterprises compared to previous years. The changes in 2011-2017 were in the range of 2000-15000 compared to previous years, increased to 38797 in 2018, 80456 in 2019 and 84048 in 2020. In relative changes, it has the highest share in 2013 at 23.7 percent, in 2020 at 20.0 percent, in 2018 at 12.9 percent and in 2017 at 5.2 percent compared to the previous year. In 2011-2016, ea was observed in the range of 0.7-2.7 percent compared to previous years.

If we study the relationship between the organization of enterprises and small enterprises in the national economy, we can see that small enterprises have grown in more weight than enterprises and organizations in the economy. We illustrate this through the diagram below. We can see the growth of the number of enterprises in our country in 2011-2020. The number of enterprises in 2011-2020 was 257602, 259622, 266397, 273627, 278452, 285361, 300240, 339034, 419490 and 503538, respectively.

If we study the relative and absolute differences of enterprises compared to previous years, the changes in 2011-2017 were in the range of 2000-15000 compared to previous years, increasing to 38797 in 2018, 80456 in 2019 and 84048 in 2020. In relative terms, it has the highest growth rate of 23.7 percent in 2019, 20.0 percent in 2020, 12.9 percent in 2018 and 5.2 percent in 2017 compared to the previous year. In 2011-2016, there were changes in the range of 0.7-2.7 percent compared to previous years.

The number of small businesses was also on the rise in 2011-2020. The number of small enterprises in 2011-2020 was 205,184, 206,589, 213,643, 221,140, 225,998, 225,560, 242,397, 276,237, 353,921 and 436,981, respectively.

The relative and absolute differences of small enterprises compared to previous years The changes in 2011-2017 were in the range of 2000-15000 compared to previous years, increased to 38797 in 2018, 80456 in 2019 and 84048 in 2020. In relative changes, it has the highest share in 2013 at 23.7 percent, in 2020 at 20.0 percent, in 2018 at 12.9 percent and in 2017 at 5.2 percent compared to the previous year. In 2011-2016, ea was observed in the range of 0.7-2.7 percent compared to previous years.

If we study the relationship between the organization of enterprises and small enterprises in the national economy, we can see that small enterprises have grown in more weight than enterprises and organizations in the economy. We illustrate this through the diagram below.

According to the results of the analysis, positive results have been achieved in the organization of enterprises and small enterprises in the country, which can be considered as a positive result of reforms in the national economy.

**Conclusions.** Concluding the study of small business and entrepreneurship, we can say that in the organization and development of small business should pay attention to:

- use of several criteria for identifying small businesses and entrepreneurship;
- informing all segments of the population about the ongoing reforms in the organization of small business and entrepreneurship, including the organization of small business and entrepreneurship, forms of financial support, access to soft loans, etc .;
- Formation of information on the activities of small businesses and entrepreneurship, market demand, analytical data;
- creation of platforms for the activities of small business and entrepreneurship and their economic performance;
- organization of small enterprises in coordination with the activities of large consumer enterprises;
- further increase of preferential financial assistance for small business and study of resource efficiency;
- Continuous study of the implementation of regulations adopted in the field of small business and entrepreneurship and improving the legal framework.

In our country, small business and private entrepreneurship have contributed to the development of our national economy by filling the domestic market with competitive and quality products, providing employment, improving the welfare of the population.

## REFERENCES

1. Decree of the President of the Republic of Uzbekistan No. PF-4947 of February 7, 2017 "On the Action Strategy for the further development of the Republic of Uzbekistan."
2. Ramzes V.B. Melkie i srednie predpriyatiya v poslevoennoy Yaponii. – M.: «Nauka», 1965. – S.33.
3. Rube V.A. Sotrudnichestvo ili exploitation? Small business through the eyes of bourgeois economists. – M.: «Mysl», 1986. – P.34.
4. Chtain J., Gaudon R. Petites et moyennes enterprises: L'henre du choix. Paris, 1975. - p.43.
5. Shodmonov Sh.Sh., G'ofurov U.V. Economic theory. Textbook, - T., 2007.
6. Roksatalievich, S.B., Khakimovich, A.R., Mamadzhonovich, Yu.K., Khapizovich, Kh.A., and Burturbaevich, M.B. (2020). Results of assessing the investment potential of the regions of the Republic of Uzbekistan. *European Journal of Molecular and Clinical Medicine*, 7 (3), 4428-4437.
7. Yuldashev, K. M., & Holmirzaev, A. Kh. (2019). Implementation of the implementation of the private partnership mechanism in Uzbekistan. *Young Scientist*, (51), 435-437.
8. Roksatalievich, S.B., Khakimovich, A.R., Mamadzhonovich, Yu.K., Khapizovich, Kh.A., and Burturbaevich, M.B. (2020). Results of assessing the investment potential of the regions of the Republic of Uzbekistan. *European Journal of Molecular and Clinical Medicine*, 7 (3), 4428-4437.
9. Yuldashev, K.M., & Holmirzaev, A.Kh. (2019). Implementation of a private partnership mechanism in Uzbekistan. *Young Scientist*, (51), 435-437.
10. Yuldashev, Q.M, Tursunov, N.N, & Holmirzaev, A.X (2020). Analysis of small business and private entrepreneurship in the development of the economy of the Republic of Uzbekistan. *South Asian Journal of Marketing and Management Research*, 10 (8), 60-67.