



STABILITY, TENDENCIES AND OPPORTUNITIES OF DEVELOPMENT OF SMALL BUSINESS ENTITIES IN ANDIJAN REGION

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ABSTRACT

The article describes the concept of small business, its scale in the national economy, the conditions created for small businesses, as well as the need to ensure sustainability. At the same time, the activities of small businesses in Andijan region are analyzed and opportunities to address existing problems in the field are presented.

KEYWORDS: *Small business, sustainable development, domestic market, action strategy, reform, export, market, income, demand, economic growth, economic relations, stability, agrarian reform, infrastructure, capital investment, living standards, integration.*

INTRODUCTION

Sustainable development of society is a pressing issue for every country. Sustainable development involves three aspects. These are: efficient use of nature and resources, social equality and health, efficient functioning of the economy. In other words, sustainable development is a society based on the efficient use of resources to improve people's living standards. This process is closely related to the activities of economic units. In particular, the scale of economic entities is interpreted as large and small businesses. Given that small business operates on the basis of low resource consumption, it is inextricably linked to the sustainability of society.

MAIN ISSUE

The growth and development of small business in the national economy - fills the domestic market with quality and competitive goods. It will also ensure the expansion of the service sector, increase the structure of exports in line with world market requirements, and create new jobs. Employment in this area will increase their income and well-being. This immediacy, in turn, is the source of sustainable economic development.

The concept of "sustainable development" was first introduced by the International Commission on Environment and Development (Brundtland Commission) in 1987, and is primarily concerned with achieving environmental goals: "Sustainable development is about meeting current needs without compromising the needs of the next generation". [2. 40] In turn, there are economic approaches to the concept of "sustainable development", which,

according to I. Kayumova, "... is a multidimensional and multifaceted indicator that reflects the social, institutional and political changes in the country, living standards, human needs". "Sustainable economic development includes the satisfaction of people's basic needs, living conditions, health care, education and opportunities for sustainable development".¹ Ш. Шодмоновнинг фикрича "Sustainable development" means that there is a certain balance between its various aspects, sectors and departments, ensuring the smooth, stable, efficient and balanced development of the economy without crises, major cyclical fluctuations². [3. p 37.]

Summarizing the research of the above authors and our views on them, sustainable development means the efficient use of existing resources, taking into account the future needs of society. The role of small business in solving this problem is of particular importance.

It is known that the field of small business plays an important role in the economy of any country and is one of the key areas that ensure not only economic but also social stability.

The "Action Strategy of the Republic of Uzbekistan for 2017-2021" has given a great impetus to the further development of small business in the

¹ Qayumova I.O. Econometric study of the processes of the new qualitative stage of economic development in Uzbekistan. Doctoral dissertation in economics. –T.:, 2012. 21-p

² Sh.Sh.Shodmonov et al. "Theoretical and methodological bases of austerity and balance in the economy." TSEU. Monograph. –T .: ADIB PUBLISHING HOUSE, 2010. 37 p.



Republic of Uzbekistan³. [1] According to this, the implementation of 42 specific measures in five priority areas, including legal regulation of business, reduction of inspections and prevention of unwarranted interference in business, further liberalization of business entities, improving the financial system, improving the business environment, improving the investment climate, increasing the investment attractiveness and international rating of the country, as well as comprehensive measures covering tax, customs and other areas was approved.

As a result of these measures, in 2019, 92.9 thousand new small enterprises and micro-firms (excluding farmers) were created in the country, which is 1.9 times more than in the same period of 2018. The largest number of small enterprises and micro-firms were established in trade (39.1%), industry (21.0%), construction (9.4%), agriculture, forestry, fisheries (8.0%), catering and utilities (7, 8%) and transportation and storage (3.2%)⁴. [10]

On September 24, 2020, during a video conference chaired by the President of the Republic of Uzbekistan Sh.M.Mirziyoev to discuss additional measures for the development of entrepreneurship in the regions, Sh.M. Mirziyoyev expressed the following views, "It is known that small business and local resource taxes are left entirely to the regions. That is, the budget stability, development of the regions is directly related to entrepreneurial activity. Over the past 4 years, many small businesses have expanded as a result of the opportunities created for business development. It is necessary to encourage such aspirations, to create a favorable environment that encourages enterprises to grow"⁵. [9]

Scientists from foreign countries describe the development of small business based on its share in socio-economic indicators. CIS countries have different interpretations of this concept. In particular, according to ES Kozma, the development of small business is a high reflection of the share of small business in key economic indicators.⁶ [4. 33-35 б.] In this definition, it is interpreted as a criterion for the

size of the industry in the economy. Development also requires change not only in quantity but also in quality.

According to V.Gorfinkel and V.Shvandar, the development of small business creates a favorable environment for economic recovery, develops competition, creates additional jobs, accelerates structural reforms, expands consumption, saturates the market, increases exports, rational use of local raw materials.⁷ [5. 7 б.] This resource describes its characteristics more than the description given to small business development.

In the research conducted by N.I.Sultanova, the level of development of small business is characterized by the system of financing and its functioning.⁸ [6. 13 б.] The development process of a small business is really inextricably linked to financial resources. However, when talking about the development of this area, it is advisable to take into account the criteria that represent the result.

Thus, the development of small business is a positive change in the national economic system and its share in the economic performance of industries and sectors. At the same time, the development of small business is characterized by a positive change in its share in the socio-economic indicators and its impact on the development of sectors at the macro level. Small business development should include not only quantity but also quality issues and ensure the continuation of positive trends.

By analyzing the state of small business development in Andijan region in recent years, we have obtained the following. In 2019, the share of small business in the gross regional product was 71.4%, which is 1.3 times more than in 2010. Also, in the study of the share of industries and sectors of small business in 2019, agriculture (99.3%), construction (97%), freight (95%), passenger transport (96%) were the leading contributors. Иқтисодийнинг реал сектори тармоқларидан бири – саноатнинг улуши 2010-2019 йиллар давомида 2,5 мартага ортаган бўлсада, 21,4 фоизни ташкил этган (Table 1).

As a result of the assessment of the scale of small business in the regional sectors and industries, it was found that services have a leading share. However, passenger and freight transport, retail and wholesale services accounted for the largest share in the service sector.

³ Decree of the President of the Republic of Uzbekistan "On the Action Strategy for further development of the Republic of Uzbekistan" № 4947 February 7, 2017.

⁴ www.stat.uz Data of the State Statistics Committee of the Republic of Uzbekistan.

⁵ www.daryo.uz 7. Sh. Mirziyoev. "Report at a video conference on the discussion of additional measures for the development of entrepreneurship in the regions." September 24, 2020..

⁶ Kozma. "Sustainable development of small business as an indicator of PMR development" // Innovations in Science: scientific journal. - No. 1 (77). - Publishing. ANS SibAK, 2018. - pp. 33-35

⁷ Ed. V.Ya.Gorfinkel, V.A.Shvandar "Small business. Organization, economics, management". - 3rd ed., Rev. and. add. –M.: UNITY-DANA, 2009. P.7

⁸ Sultanova N.I. Microfinance of small business and private entrepreneurship: theory and practice // International scientific-electronic journal of finance and accounting. 2019, №3



Table 1
Share of small business in sectors and industries of Andijan region (in percent)

№	Sectors and industries	Years									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	GRP	54,7	56,3	57,4	57,5	59,4	60	66	72	73,4	71,4
2	Industry	8,4	12,3	12,3	11,7	17,4	18,3	49,6	34,4	19,8	21,4
3	Agriculture	98,9	99,8	99,8	99,9	99,8	99,8	99,7	99,7	98,9	99,3
4	Capital investments	50,4	42,9	42,9	49,6	52,1	50,5	57,8	54,1	53,8	67,3
5	Construction works	94,0	93,1	93,1	89,9	92,8	93,1	94,1	94,3	96,4	97,0
6	Retail turnover	51,0	45	44,5	44	44,1	44,6	93,6	91,9	88,8	87,4
7	Total services	61,5	64,8	65,8	68,1	74,2	71,5	72,9	73,7	71,7	68,7
8	Shipping	71,8	79,7	82,5	82,5	85,6	93,3	94,2	94,8	94,0	95,0
9	Passenger transportation	83,9	82,9	85,8	85,8	84,5	87,8	92,1	96,6	96,4	96,0
10	Export	6,4	9,7	11,9	18,3	27,5	56,3	75,7	56,0	74,1	59,8
11	Import	3,7	7,0	8,0	5,3	7,0	8,1	16,5	18,1	16,4	15,9
12	Employment	81,2	82,4	82,9	83,2	84,0	83,8	84,1	84,5	84,6	84,8

Source: Author's calculations based on the data of the Department of Statistics of Andijan region..

In general, the assessment of the activities of business entities by industry and sector allows to identify a priority sector. However, districts and towns of Andijan region also have territorial features. Therefore, it is necessary to study the status, number and activities of small businesses in the districts and cities. At the same time, we determine their relative advantages through the identification of their sustainable activities, a systematic study of its factors and a comparative assessment. The density indicator of small business plays an important role in this evaluation process. In particular, special attention

should be paid to the activities of small businesses in the industry and sectors, as well as their performance in the regions, its density.

When studying the density of small businesses in the districts and cities of Andijan region, the highest values were in the cities of Andijan (22.7) and Khanabad (12.1), while the relatively low values were in Bulakbashi (5.2), Jalal-Abad (5.4) and Pakhtaabad. (5.0) districts (Figure 1). In the systematic analysis of the share of entities operating in the assessment of this situation, the highest situation was in the cities of Andijan and Khanabad.

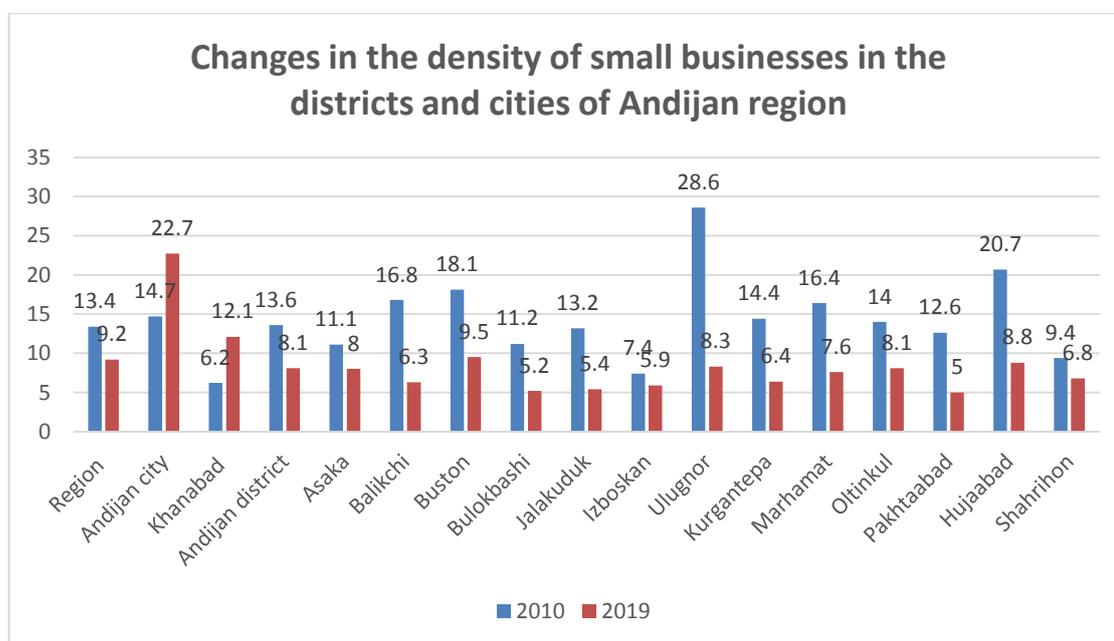


Figure 1. Changes in the density of small businesses in the districts and cities of Andijan region

The results of the study show that the density of small businesses in the cities and districts of Andijan region in 2010-2012 showed high values. Since 2013, however, there has been a sharp decline. The main reason for this is related to the agrarian

reforms implemented in the agricultural sector. That is, as a result of the expansion of farms, their number has decreased. To assess this situation more clearly, we analyze the trend of indicators for the cities of Andijan and Khanabad. In Andijan, the density of



small business fluctuated from 14.7 units in 2010 to 22.7 units in 2019. In Khanabad, the density increased from 6.7 to 12.1 units during this period. In the rest of the regions, ie in the districts, it was determined on the basis of our calculations that the indicators have smaller units than their values for 2010-2012. This situation, as noted above, is related to the optimization measures of agricultural enterprises.

We also need to study the impact of changes in the regional density of small business on factors other than the impact of institutional reforms in the agricultural sector. In particular, density is usually determined based on the relative variation of the two indicators. They are changes in the population and the number of small businesses. The number of small businesses represents the correct relationship, while the population represents the inverse proportionality. However, density indicators are not always considered sufficient to assess the efficiency of a small business. Because it also takes into account those that do not operate, but are organized. Therefore, in order to fully assess the performance of small businesses, we systematically examine those who are operating, those who are not, and those who have ceased operations.

The trend of indicators for small businesses operating in the regions has changed unevenly. It decreased from 95.9 percent in 2010 to 89.4 percent in 2019. Even when assessed at the district and city level, the trend as a general indicator was determined on the basis of calculations. However, in the cities of

Andijan and Khanabad, it was calculated from our research that this figure reflects a positive situation. For a systematic analysis of the reasons for this, it is advisable to study the share of non-operating small businesses.

Among districts and cities, the highest negative values of these indicators in 2019 compared to 2010 were recorded in Andijan (from 7.6% to 20.2%), Boz (from 7.1% to 25.1%), Jalalkuduk (from 3.2% to 20.1%), Izboskan (1.8% to 24.1%), Ulugnor (1.3% to 25.3%), Marhamat (4.2% to 22.5%) districts.

Positive trends were observed in Andijan (4.1% to 3.5%) and Khanabad (2.1% to 4.1%). That is, this figure decreased from its 2010 value in 2019. Also, in Pakhtaabad and Khojaabad districts there is a negative trend, but the level of indicators is not so high. The identification of positive indicators in urban centers is based on the adequate formation of infrastructure facilities in these areas.

As a result of the above negative reasons, a number of small business entities have ceased their activities. An assessment of the situation of small businesses that ceased operations during the survey period showed that in the region, this figure has a positive trend in 2019 compared to 2010, in other words, it decreased by 1.5 times from 10.2% in 2010 to 6.8% in 2019. However, in Asaka, Balikchi, Jalalkuduk, Kurgontepa, Oltinkul, Pakhtaabad, Shahrihan districts, the share of entities that ceased operations during the reporting period has increased. (Table 2).

Table 2
Dynamics of the share of ceased entities of small businesses in districts and towns of Andijan region

№	Regions	Years									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	By Andijan region:	10,2	2,0	2,0	3,0	2,4	3,1	12,5	18,6	3,6	6,8
2	Andijan city	10,2	4,1	4,1	2,7	2,7	2,9	9,6	11,8	1,4	3,7
3	Khanabad	15,4	5,5	5,5	7,8	5,5	6,2	7,3	16,7	4,0	5,6
4	Andijan district	28,4	4,2	4,2	2,1	1,3	1,8	11,2	26,7	1,1	3,9
5	Asaka	7,6	1,3	1,3	2,0	0,5	1,5	12,8	19,6	3,0	8,0
6	Balikchi	5,8	0,7	0,7	0,5	1,1	1,0	11,7	20,5	12,9	18,1
7	Buston	42,2	0,4	0,4	5,7	4,3	1,1	13,7	19,5	6,5	10,2
8	Bulakbashi	20,4	1,4	1,4	8,1	11,6	2,8	16,7	16,6	2,6	12,3
9	Jalalkuduk	1,1	0,3	0,3	7,5	1,8	3,8	15,7	18,0	4,1	9,3
10	Izboskan	15,1	5,3	5,3	3,7	2,6	13,4	14,9	25,9	2,5	4,3
11	Ulugnor	9,0	0,2	0,2	0,5	3,4	2,2	13,9	47,9	5,5	9,8
12	Kurgontepa	4,7	1,2	1,2	4,9	4,2	3,4	10,1	11,2	10,6	11,5
13	Marhamat	5,1	0,2	0,2	0,9	1,0	1,6	7,9	33,0	1,1	3,7
14	Oltinkul	6,9	2,8	2,8	0,8	1,4	1,5	10,8	20,3	7,3	12,7
15	Pakhtaabad	3,9	0,5	0,5	4,9	1,6	2,9	14,3	29,1	4,9	7,6
16	Hujaabad	13,8	1,2	1,2	6,4	2,4	7,9	14,7	26,4	4,9	7,3
17	Shahrihan	2,4	2,1	2,1	3,2	2,0	3,1	12,1	18,9	3,3	8,4

Source: Author's calculations based on the data of the Statistics Department of Andijan region.



CONCLUSIONS AND SUGGESTIONS

Based on the above, it can be said that the development of small business is a key area that ensures the economic and social stability of each country. In turn, the sustainability of small business is one of the priorities of socio-economic development of the country.

When analyzing the entities that ceased to operate in the industrial sector during the analysis, the majority of them explained this situation by the shortage of raw materials and the decline in demand for their products. In particular, the assessment of foreign economic activity of small businesses revealed a volatile trend in the regions. Its change indicators did not reflect stability. This requires the identification of priority products by assessing the export potential of districts and towns of the region. The region has sufficient resources to increase the export potential of the textile industry. At the same time, it is necessary to expand the food industry, which processes agricultural raw materials. One of the effective ways to do this is to attract foreign investment and loans in these areas.

While the share of industry is small, it is necessary to develop entrepreneurship.

There is enough potential to increase the share of industry in the region. In particular, there are labor resources, which include those who are not employed. There is also an institutional basis for the implementation of integration processes for industrial development. That is, the automobile plant, the main part of its enterprises and organizations are located in the districts of the region and the Ferghana valley. Small business makes up the bulk of the services sector in the regional product. This requires an increase in the share of the real sector, which qualitatively ensures the development of the economy. At the same time, attention should be paid to the industrial integration of large and small businesses.

As a result of the above, the share of small business in the industrial sector will increase, which will lead to the expansion of infrastructure facilities and an increase in the volume of services. Also, as a result of processing of agricultural products, the profitability of the industry will increase and investment attractiveness will increase. As a result, the capital investment in the industry will increase and the intensive development of production volumes will be ensured. Hence, the expansion of the integration of industries and sectors will ensure the sustainable development of small business in general.

The expansion of the industrial sector, the increase in its production capacity will lead to a shift in the value chain. The expansion of small business in this sector requires special attention. Also, the bulk of innovation is created in the industrial sector.

In addition to the above, ensuring the economic sustainability of small business requires

special attention to market research. At the same time, it is necessary to correctly assess the current and future demand. In particular, it is necessary to take into account internal demand as well as external demand. That is, it is expedient for businesses to take measures to increase export potential. To do this, it is necessary to establish marketing services for businesses. This will increase the opportunities for small businesses operating in the industrial sector in the region to obtain information on market and industry prospects through research in this area.

Through the effective implementation of these measures, along with the development of small business, Andijan region will ensure both economic and social sustainable development.

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