THE CONCEPT OF SMALL BUSINESS AND ENTREPRENEURSHIP AND THEIR FEATURES OF DEVELOPMENT

Turginova Mavludahon Makhammadjanovna
Assistant of the "Economics" Department,
Andijan State Technical Institute

Received: 13.08.2025
Revised: 14.08.2025
Accepted: 15.08.2025
Key words:
small business, entrepreneurship, economy, market, government support, innovation, Uzbekistan, development, competitiveness, investment.

Abstract
This article examines the essence and key characteristics of small business and entrepreneurship, their role in the modern economy, as well as the features of development under market transformation conditions. Special attention was paid to the experience of the Republic of Uzbekistan, the analysis of statistical data, and measures for state support of small businesses. Based on the conducted research, the main problems were identified and recommendations for further stimulating the development of small businesses were proposed.

Introduction. In the context of globalization and the dynamic development of global economic processes, small business and entrepreneurship are gaining particular importance. They are the most important factors in the formation of a sustainable national economy, provide employment, stimulate innovation, and stimulate the development of regions. In the Republic of Uzbekistan, the development of small business and private entrepreneurship is considered a priority area of state economic policy. Every year, the legislative framework is expanding, new instruments of financial support and preferential taxation are being created, which contributes to the intensification of business activity.

The methodological foundations of using human resources in the activities of small businesses today allow for the formation of an economic space and environment, setting numerous tasks for the research area. The most important task of assessing the resource base of an individual enterprise is to study the results of its use, which are expressed in ensuring stable profit, solvency, and competitiveness. Also, the main tasks are the systematic monitoring and study of the use of individual types of resources by the enterprise, its purpose is to assess the level of effectiveness of individual areas of activity, identify strengths and

weaknesses of activity, determine the rationality of setting specific goals for the company's activities, as well as the possibility of adjusting them when conditions change, study the possibilities of increasing the effectiveness of individual areas of activity, taking into account risks and the influence of the time factor, justify the choice of certain combinations of resources to achieve the set goals, and combine the skills of economic analysis of the applied tools and management methods in the context of resource base use effectiveness.

Main part

1. Concept of small business

Small business is a form of entrepreneurial activity characterized by a small number of employees, relatively small production volume, and limited capital turnover. The criteria for classifying an enterprise as a small business may vary depending on the legislation of the specific country. In Uzbekistan, according to the current legislation, small business entities are enterprises whose number of employees does not exceed the established norms, and the volume of annual turnover corresponds to the established limits.

The experience of small business development accumulated in our country shows that to increase the competitiveness of enterprises, it is necessary to expand and enlarge them at all stages of their activities. However, quantitative restrictions on businesses, allowing them to receive benefits and advantages established by the state to support small businesses, can, in a number of cases, hinder these processes. Over the past period, as a result of the improvement of the level of socio-economic development of our country and the creation of favorable conditions for small businesses, many enterprises that have increased their economic potential are striving to maintain the number of their employees within the established quantitative limits in order to continue to enjoy these benefits. This hinders the process of their consolidation. The development of small business in the Republic of Uzbekistan has gone through certain stages since independence. Over almost 30 years, a number of regulatory documents and legal frameworks have been created for the development of small business.

2. The concept of entrepreneurship

Entrepreneurship is the initiative activity of citizens aimed at obtaining profit by producing goods, performing work, or providing services. Entrepreneurs take on the risk associated with investing capital and organizing production, and at the same time create new jobs, develop competition, and stimulate economic growth.

In our opinion, in order to ensure the continuity of reforms being carried out in the context of economic liberalization, as well as to improve the mechanisms of private property, increase production efficiency, and improve the management system, it is advisable to strengthen the restructuring processes based on the experience of developed countries. The results of our research show that competitiveness, restructuring processes, and human resource utilization processes in the activities of small business entities are inextricably linked categories. That is, restructuring means comprehensive restructuring and improving the efficiency of the industry, enterprise, firm, and small business entities.

3. The role of small business in the economy

Small business plays a key role in ensuring employment, developing regions, creating a competitive environment, and implementing innovations. It is flexible and adaptable to changes in market conditions, which allows it to successfully compete even with large companies in certain niches.

The methodology for using human resources in small businesses is aimed at achieving specific goals and can be generally divided into three groups:

- organizational restructuring, in which the industry, enterprise, firm is aimed at improving the management system, changing production lines, dividing into various small market-oriented sectors, etc., with the goal of overcoming various unfavorable situations in the activities of small enterprises.
- financial restructuring, i.e., the effective use of financial resources, identifying new sources of financing, strengthening the attraction of bank loans and investments, etc.;
- functional restructuring, this type of restructuring encompasses a wide range of problems, namely: raw material supply, technological processes, labor productivity, production efficiency, etc. in the activities of small business entities.

4. Features of the development of small business in Uzbekistan

In recent years, large-scale measures have been taken in Uzbekistan to support and develop small businesses. State policy is aimed at simplifying registration procedures, reducing the tax burden, expanding access to credit resources, and stimulating exports. According to the State Statistics Committee, in 2024, the share of small business in the country's GDP was more than 55%, and its contribution to employment exceeded 75%.

There are various models for enhancing competitiveness and restructuring small businesses and entrepreneurship. For example, in industrially developed countries, competitiveness is determined mainly by the level of efficiency. In them, high technologies are primarily used to ensure a national standard of living. In developing countries, the situation is reversed, and the main strategy is to ensure a relatively low standard of living in the country and utilize the advantages of competitiveness.

Conclusion. Small business and entrepreneurship are the most important components of sustainable economic development. For Uzbekistan, further stimulation of this sphere involves improving the legislative framework, expanding access to financing, and introducing innovative technologies. Comprehensive support from the state and the creation of a favorable business climate will allow small businesses to effectively develop and increase competitiveness in domestic and foreign markets.

1. For the further development of small business and private entrepreneurship, first of all, to establish clear sources of financing for business entities, including the funds of the population, extra-budgetary funds, loans from entrepreneurs, commercial banks and financial institutions, grants from international organizations and foreign states, as well as the activities of credit unions in accordance with international standards.

2. Create benefits for the payment of a single tax for newly created small business entities that construct facilities for their own needs.

3. Establish cooperation between small business and private entrepreneurship entities and large enterprises in the scientific and technical sphere. Strengthen the legal framework for outsourcing services such as accounting and marketing to large enterprises.

4. We believe that expanding the participation of small business and private entrepreneurship entities in public procurement will contribute to further simplification of public procurement procedures for business entities.

Appendix: Statistical Analysis

The following figure shows the dynamics of the share of small business in the GDP of the Republic of Uzbekistan for the period 2020-2024. The data show that the indicator is growing steadily, which indicates the strengthening of the role of small business in the country's economy.

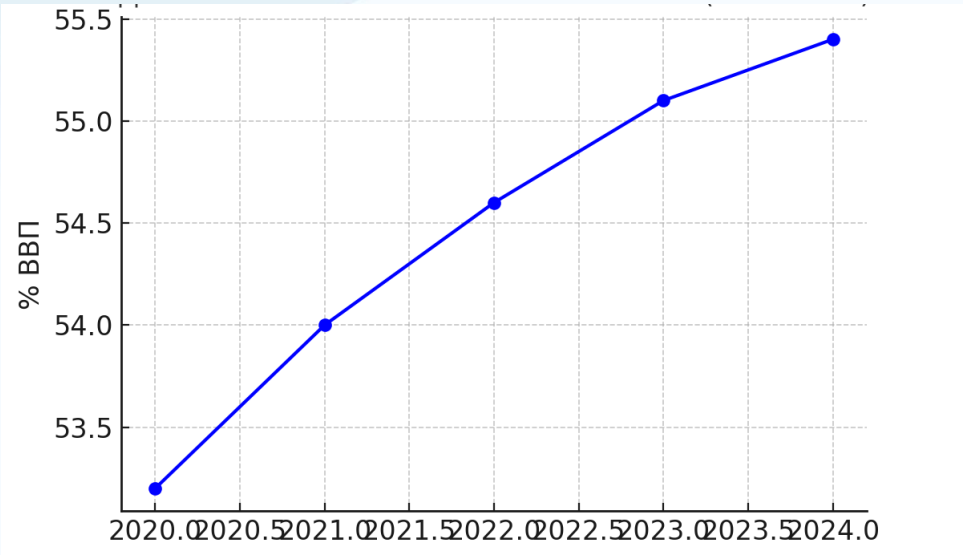

Fig 1. Contribution of small business to employment of the population of the Republic of Uzbekistan (2020-2024).

Year Employed share (%) Note
2020 74.2 According to the State Statistics Committee
2021 74.8 According to the State Statistics Committee
2022 75.0 According to the State Statistics Committee
2023 75.3 According to the State Statistics Committee
2024 75.6 Forecast

REFERENCES

1. Law of the Republic of Uzbekistan "On Private Entrepreneurship."
2. State Committee of the Republic of Uzbekistan on Statistics. Reports for 2023-2024.
3. Portal of the President of the Republic of Uzbekistan. Small business support programs.
4. Drucker, P. Innovation and Entrepreneurship. HarperBusiness, 2006.
5. Hisrich, R., Peters, M., Shepherd, D. Entrepreneurship. McGraw-Hill, 2017.