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THE NEED FOR GOVERNMENT REGULATION OF SMALL BUSINESS

Submission Date: January 08, 2023, Accepted Date: January 13, 2023,

Published Date: January 18, 2023

Crossref doi: <https://doi.org/10.37547/ijmef/Volume03Issue01-02>

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ABSTRACT

Currently, there are different opinions about the reasons for state regulation of the small business sector. According to the traditional theory, the government should intervene in the economy when the market fails to allocate resources efficiently, resulting in market "failure". In the framework of welfare theory, it is emphasized that the reason for market "failures" is not only monopoly, but also the existence of externalities (externalities). This article discusses the factors and functions affecting the regulation of small business by the state, and provides analytical information on its share in the main types of economy.

KEYWORDS

Small business, gross domestic product, innovation, entrepreneurship, industry, automobile industry, income, profit, resource, factors.

INTRODUCTION

At the end of the 20th century and the beginning of the 21st century, deep changes took place in the real economy, which required a revision of the ideas about the role of competition and the state in the evolution

of economic structures. G. As Kleinerta says, taking into account the complex interaction of actors requires changing the fundamental foundations of economic theory, many paradigms on which modern economic

theory is based and modern business recommendations are built. Here, the change of the concept in terms of the degree of revolution can be compared with the transition from Newton's idea of the geometry of space to Einstein's idea.

Based on the intersubjective nature of the economic reality, it is necessary to revise the dominant ideas about the reasons, goals and mechanisms of the state regulation of the economy of the small business sector in a paradigmatic way. In the context of the Barcelona consensus, which replaced the failed Washington consensus, the functions of ensuring the competitiveness of the national economy by creating conditions for the reduction of production and transaction costs of the state are generally recognized. However, significant differences remain in the interpretation of the importance and role of state regulation. The common shortcoming of these interpretations is that the theories and concepts developed within the economic mainstream are based on the methodology of individualism and a narrow, individualistic interpretation of the mechanisms of systematization of economic reality. In this regard, state regulation of the economy and the small business

sector is usually seen as an exogenous, political process of state intervention in the economy to address market failures.

Main part. A meaningful explanation of the reasons for regulation by the state is related to the recognition that the centrifugal forces in the form of cooperation as well as the centrifugal forces in the form of competition should act in the economy, and the state should make its contribution. It is necessary to form and successfully operate these forces, to maintain their production balance by creating a system that corresponds to reality, and to regulate business activities.

A fundamental revision of the distorted ideas about the reasons for state regulation involves reformatting the research views based on the value-rational nature of the behavior of entrepreneurs. At the same time, it allows to develop a systematic and integrated vision of the role of the state as a single economic entity acting as an active organizer and coordinator of various subsystems of the business environment, regulatory, economic, institutional, economic and business environment.

Table 1.

Factors limiting the development of the small business sector in the country's economy

Factors	The result of the factors
High risk; increase sensitivity to changes in business conditions	- highly unstable market position of small enterprises; - significant variability of small enterprises.
Difficulties in attracting additional funds and obtaining loans	- low opportunity in financial markets compared to small business; - limiting the size of the enterprise to the size of its own capital, using venture capital.
A high share of personal financial resources	- financial independence; - decreased efficiency and slower business growth

The level of self-organization of small enterprises to protect their interests is low	- dependence on large companies; - monopoly at the local level
Access to real estate is limited	- losing to large and old firms in terms of property availability
Difficulties in obtaining the necessary information	- wrong management decisions
Uncertainty and caution of economic partners	- Difficulties in negotiating contracts
Lack of qualified personnel	- personnel problems; - a high share of personnel costs and related allocations in current costs

The state has a special place as an organizer in the process of interaction with small businesses. Having an impact on the formation of the business environment of small businesses, it plays a systematic and regulatory role and should help to develop the most promising directions of business activity, to develop a set of measures that help small businesses to adapt to changing conditions.

RESULTS AND DISCUSSION

It is known that the goal of our research is to develop the criteria for the use of innovations in the sustainable development of small business and to think about the elimination of existing problems in the future. For this, it is necessary to take into account the indicators of its

use of innovations. In fact, the implementation of innovations creates a great opportunity to improve the quality of products and services, as well as to increase the income of small business entities. However, this process is characterized by its complexity.

Based on this, we consider it important to pay attention to the indicators that determine the overall situation of existing problems and opportunities during the study and analysis of the practical situation of the development of small business and private business entities. At the beginning of our study, if we focus on the share of small businesses and private enterprises in the GDP, we can see that a decline has been observed for each period.

Table 2

Share of small business and private entrepreneurship in GDP and GDP (in percent)

No	Republic and regions	2017 year	2018 year	2019 year	2020 year	2021 year

1	Republic of Karakalpakstan	58.5	57.0	56.3	58.1	56.4
2	Andijan	80.2	73.1	69.6	69.9	71.8
3	Bukhara	79.9	80.9	74.3	75.6	75.4
4	Jizzakh	85.6	86.2	83.1	83.0	81.2
5	Kashkadarya	73.6	72.7	70.8	71.5	69.0
6	Navoi	49.4	42.3	30.7	25.4	27.1
7	Namangan	80.8	80.5	75.9	74.6	73.5
8	Samarkand	82.6	80.8	75.2	74.2	73.4
9	Surkhandarya	79.5	81.2	78.8	77.1	77.3
10	Syr Darya	77.9	77.8	69.8	70.5	69.2
11	Tashkent	65.0	58.9	51.3	49.2	46.8
12	Ferghana	71.7	71.3	69.3	70.5	69.9
13	Khorezm	79.1	79.1	76.4	76.1	73.9
14	Tashkent city	63.0	64.8	53.1	51.2	48.1
	Republic of Uzbekistan	65.3	62.4	56.0	55.5	54.9

2 above , we can see that the share of small business and private entrepreneurship in GDP decreased between 2017 and 2021. In 2017, the share of small business and private entrepreneurship in GDP was 65.3%, which is the highest indicator compared to the previous periods. By 2018-2021, we can see that the share of small business and private entrepreneurship in GDP has changed in reverse proportion and the difference between these years has decreased by 7.5% on average.

It is noteworthy that, despite the fact that the number of small business and private business entities has increased by this period, the share of products created by them has decreased sharply.

Also, when we analyze the share of small business and private entrepreneurship in the main types of economy, we can see the growth and decline sectors in 2017-2021 (Table 3).

Table 3

The share of small business and private entrepreneurship in the main types of economy (in percent)

No		2017 year	2018 year	2019 year	2020 year	2021 year
1	Industry	41.2	37.4	25.8	27.9	27.4
2	Agriculture, forestry and fisheries	98.5	98.3	97.9	96.7	96.0
3	Investments	38.1	38.0	44.3	46.0	45.6
4	Construction	64.8	73.2	75.8	72.5	72.5
5	Trade	88.4	86.3	83.6	82.3	82.3
6	Total services	58.3	56.0	53.2	51.8	51.8
7	Shipping	54.2	55.5	54.4	51.6	42.9
8	Passenger transportation	90.1	89.6	90.4	93.5	92.7
9	Employment	78.2	76.3	76.2	74.5	74.5
10	Export	22.0	27.2	27.0	20.5	20.0
11	Import	53.6	56.2	61.6	51.7	45.2

	Gross domestic product	65.3	62.4	56.0	55.5	54.9
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Table 3 shows that the share of small businesses and private enterprises in the industrial sector was not stable in 2017-2021, that is, in 2017 its share was 41.2 percent, in 2019 it decreased to 25.8 percent, and by 2021 it will reach 27.4 percent. organized. In 2019, it decreased by 13.8% compared to 2017, but increased by 1.6% compared to 2019. We can observe this situation in other types of economic activity.

Due to the insufficient production of industrialized products by small businesses and private entrepreneurs, there is still a gap between large industrialized enterprises and small business entities. That is, corporate relations are not well established.

Commenting on these issues, our president said, "...for example, when studying the automotive and agricultural machinery sectors, it was found that there is almost no cooperation between business entities and large industrial enterprises, and as a result, products and components produced in our country are imported. It is a pity that some industrial enterprises do not even know how to work with the demands of customers, let alone small producers. "...we cannot fully solve the problems of increasing the employment and income of the population, and increasing the budget revenues by building only large enterprises. The most important way to raise the standard of living is to develop entrepreneurship and small business." [1] pointed out.

It was observed that the share of small business and private entrepreneurs in construction increased from

64.8 percent to 72.5 percent in 2021 compared to 2017. This can be explained by the fact that construction works by entrepreneurs have increased in recent years.

The head of our country Sh. Mirziyoev noted that "now our scientists should show clear results in areas that are relevant for us today, such as water and energy conservation, soil fertility and productivity, geology, industry, and construction" [2]. In turn, it also leads to the conclusion that this will lead to the rapid development of this field and the creation of opportunities in the future.

level of employment of the population by these subjects was 78.2 percent in 2017, and by 2018 this indicator was 76.3 percent, by 2021 it will be 74.5 percent. Employment of the population in the field of small business and private entrepreneurship changed negatively in the period 2017-2021, that is, in 2021 it decreased by 3.7% compared to 2017.

Ensuring the employment of the population is one of the main indicators that determine not only the economic potential of the country, but also the standard of living of the people living here. This aspect is of particular importance for our nation, where more than 60 percent of the population consists of young people. In order to ensure the effectiveness of the specified tasks, the state is paying special attention to the implementation of effective mechanisms for ensuring the employment of the population in the field of small business and private entrepreneurship, in particular, increasing the role of the farming

movement, developing services, production, housekeeping, crafts and other effective forms of employment [3].

CONCLUSION

Based on the above analysis, we can say that small business and private business entities in Uzbekistan have a tendency to grow only in some sectors of the economy. In our opinion, one of the main issues facing us in this regard will be the effective establishment of business relations in untapped sectors. This, in turn, requires us to quickly enter the international market, to find new directions of economic relations between the state and small business and private business entities.

Based on the analytical results discussed above, we consider it necessary to implement the following measures in the development of small business and private entrepreneurship in our country:

- in-depth study of the current market situation for the purchase and introduction of foreign equipment and modern innovative technologies to small businesses and private enterprises;
- State assistance in increasing the environment of mutual competitiveness between small business and private business entities;

improving the exchange of information about internal and external market opportunities by small business and private business entities .

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