

## Influence of Small Enterprise on Increasing Financial Efficiency of Entities

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### Abstract

*The article discusses the pressing issues of today to increase the impact of small business development on increasing their financial efficiency. The main indicators of the level of entrepreneurship development are noted. Based on practical material, specific recommendations are given on the formation of a civilized market and achieving optimal employment of the population.*

**Keywords:** *small business, entrepreneurship, individual entrepreneur, standard of living, labor activity, self-employment, motivation, education, flexible forms of employment.*

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The formation of a promising business model is impossible without studying the problems of small business development. This is largely due to the growing role of small businesses in an innovatively developing economy. In our opinion, in the next 5-7 years, small businesses in Uzbekistan should double their contribution to the creation of gross domestic product (GDP). Currently, the share of small enterprises in GDP is 79.1%, while in industrialized countries the share of small businesses accounts for up to 40% of the created gross product, and taking into account medium-sized businesses - up to 70%, which are involved in the field of activity of more than half of all employed in the economy.

The pace of development of small business activity can be judged by the example of small business activities. For example, at the beginning of 2022, according to the State Statistics Committee, 789.7 thousand small businesses were registered in the republic, which is 46.5% more than in 2020. Of the registered small businesses, 91.8% were active, including legal entities - 22.9%.

The number of operating individual entrepreneurs and farms increased over the comparable period by 9.5%. At the same time, in the total number of operating entities with a minimum number (less than 6 people) amounted to 76.3%. An insignificant share of existing small businesses is legal entities with an employee population of 31 to 40 people. (2.7%), from 41 to 50 people. (5.4%).

One of the main indicators of the level of development of entrepreneurship is the number of operating small businesses per 1000 residents, income from the sale of finished products (goods, works, services) received by individuals. Thus, the number of operating small businesses and legal entities per 1000 residents was 9.5, farms - 25.6 and individual entrepreneurs - 14.5 units. Income from the sale of finished products (goods, works, services) received by individuals belonging to small businesses in 2021 amounted to 5418.2 million soums, which is 51.7% more than the corresponding period in 2020.

The movement of supply and demand for labor is determined by a set of contradictory influences on the interests and motivation of small and medium-sized businesses and factors that can be

divided into two groups: factors caused by the crisis of the socio-economic systems of society, and factors caused by the formation of a multi-structured economy and structural restructuring. The supply of labor in these sectors of the economy is characterized by the number and composition of labor resources by gender, character, education, qualifications, and profession. The number of people employed in small businesses amounted to 2.6 million people, i.e., increased by 15.1%.

The labor force of Uzbekistan is 18.9 million people.

As established from the analysis, the growth of the labor force is influenced by demographic processes that are developing in the direction of reducing natural and mechanical growth, which is due to a decrease in the birth rate, an increase in the mortality rate, as well as an increase in emigration and a decline in immigration of the population over the past 10 years. And this poses serious questions for the republic and indicates the need to take the most decisive measures to improve the healthcare system, as well as to change the behavioral stereotypes of a number of social groups, normalize the situation, and prevent demographic processes.

The emergence of a market economy in the republic is accompanied by a decrease in the standard of living and purchasing power of the population, which affects both the scale and structure of labor supply and its quality. This leads, on the one hand, to an increase in labor supply in the labor market and overemployment of a number of socio-demographic groups, due to the desire to ensure the necessary standard of living. On the other hand, a significant and persistent lag in the level of wages from socially necessary costs for the reproduction of labor and the objectively determined standard of living of the population causes a decrease in the economic and labor activity of workers, a loss of incentives for hired labor and their career guidance towards self-employment and entrepreneurship.

From the study of the structure of labor supply from young people, two trends should be noted: an increase in the supply of labor by teenagers aged 16-18 who want to earn extra money, and a change in the share of labor supply from young people aged 18 to 30 years, since this category is characterized by reorientation of her motivation towards employment in private, rental, joint-stock enterprises, as well as a decrease in the employment of young people in off-the-job studies, and, as a consequence, a decrease in the educational potential of younger generations.

A significant decline in living standards has increased the labor supply of older people of pre-retirement and retirement age, who previously had the opportunity not to work. Due to economic growth, starting from the beginning of 2021, there has been a steady increase in the nominal monetary income of the population. During 2021, the increase in this indicator was 228%. This was largely facilitated by an increase in the average monthly wage by 56%, the minimum wage by 81%, and the average monthly pension by 51%. At the beginning of 2022, the average value of nominal cash income per capita per month reached 4.0 million soums, increasing by 1.1 times compared to 2020.

Real cash incomes of the population, that is, nominal cash incomes taking into account changes in consumer prices, also have a positive trend. For the period from 2017 to 2021. they increased by 41.7%. Moreover, at the beginning of 2021, there was the greatest increase in this indicator over the past four years - 10.1% compared to the previous period. In the past year, in almost all economic territories of the republic, monetary incomes of the population outpaced price growth at a higher rate than in 2019.

The formation of a civilized market and the achievement of optimal employment of the population is unthinkable without the widespread development of entrepreneurial activity, where in various

forms of its implementation the main thing is a support policy, including the organization of the necessary information services, a training system for beginning entrepreneurs, advanced training, and the current system of tax and credit benefits.

As the President of the Republic of Uzbekistan Sh.M. Mirziyoyev noted, small businesses should play a big role in solving the problems of employment and poverty. Therefore, promoting the development of small enterprises is necessary not only to modernize the economy, giving it greater flexibility, but also to mitigate the severity of employment problems through job creation by supporting entrepreneurship, which has significant potential for expanding the demand for labor.

Based on a generalization and analysis of the long-term development of the economy of Uzbekistan, the implementation of the Innovative Development Strategy, the Household Program, the Agricultural Development Program, the Territory Development Program of the Republic of Uzbekistan, the Program for the Development of the Territory of Karakalpakstan, the Aral Sea and a number of other programs, measures to support small businesses, we predicted that in 2021-2025. About 618 thousand jobs will be created in all areas of economic activity.

More than 20% of jobs will be created in small businesses, more than 20% in the manufacturing sector and in tourism and infrastructure. The largest number of new jobs created is observed in the city of Nukus and other areas. The state policy of regulating employment and creating new jobs may be implemented through further restructuring of various enterprises with attraction of investments for the development of small businesses on the terms of ensuring the modernization of outdated ones and the creation of new high-performance industries; creating motivational investment and tax mechanisms for creating and preserving jobs, identifying priority sectors and sectors of the economy for implementation and financing from state and local budgets; developing flexible forms of employment, creating part-time jobs and seasonal and public work; providing conditions for the legalization of labor migration; determining industry priorities for creating new jobs, which is associated with government support for industries that can ensure the fastest possible increase in GDP.

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