

Problems Ensuring the Competitiveness of Small Business in Uzbekistan

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Abstract: The development of the competitiveness of small business is one of the priority directions of the state's economic policy. The ability of small business to function effectively, export goods and services in the right quantity and quality that meets the demand of consumers in the domestic and foreign markets depends on it. The low price of products on the domestic market relative to the world market, provide small businesses with specific advantages.

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The strategy of modernization of the national economy of Uzbekistan is impossible without strengthening the role and activation of small business, especially production, innovation and export-oriented. It is small and private enterprises, as the most adaptive segment of entrepreneurship to changes in the internal and external environment, that create the basis for the sustainable development of national economies. To analyze the activities and competitiveness of small businesses at the national and international level, it is necessary to clearly understand what range of enterprises is included in the small business. The differences between countries are not only in quantitative indicators, but also in qualitative criteria for determining. In many economically developed countries, the competitiveness of small business is promoted by the state support in the organizational and financial aspects.

The small business plays a crucial role in such areas of the economy as consumer services, consulting services, technical services, including repair and maintenance of machines, trade and procurement operations, intermediary activities.

Every entrepreneur must find himself in the economic space-time, find his economic niche. In other words, an entrepreneur needs to have information about the "general climate of entrepreneurship": the conditions and opportunities for investing money in various industries or regions, the state support for entrepreneurship, the state of the market (supply and demand), the measure of saturation of industries or regions with entrepreneurial initiative and activity. All these are "external" conditions of entrepreneurial activity, they are, as it were, predetermined, and are not determined by the entrepreneurs themselves. Making his choice in these conditions, the entrepreneur finds an acceptable living environment.

The concept of competitiveness as an economic category began its development during the formation of commodity exchange, when the question arose about how such an exchange is beneficial to each of the participants in economic relations. There was a need to increase the utility and economic benefits, and therefore to gain a competitive advantage. The concept of competition arose due to free trade and was inextricably developed along with it. This connection is also relevant at the present time, since participation in trade (for a product, enterprise or country) is the starting point of participation in a competitive struggle, only now success in this struggle is determined by a much wider set of factors. Competitiveness, that is, the ability to successfully compete in the market, is inextricably linked with competition. It arises and manifests itself where competition arises and develops. The market and competition are the cornerstones of competitiveness. This means that the more global the competition becomes, the more the boundaries of markets are blurred, the more significant for commodity producers is their ability to successfully compete in constantly changing conditions. Thus, the competitiveness of enterprises can be defined as the ability of entrepreneurs to produce and sell goods on the national and world markets that are more attractive in price and quality than those of foreign or national competitors. Small business is particularly dependent on the action of numerous factors and their combinations that determine the business environment, and, as a result, is the most vulnerable compared to large and medium-sized businesses. Among the main problems of small business competitiveness in Uzbekistan at the present stage of development, the following should be highlighted:

1. The complexity of determining the level of competitiveness of a small enterprise due to the versatility of this concept, which is primarily determined by:
 - a) The dynamism and relative speed of the processes that affect the change in competitiveness.

There are a huge number of factors (internal and external) that affect the change in the competitiveness of enterprises, their associations (clusters) and economies. Some factors can be attributed to long-term impact factors, others are short-term in nature, and others are random or one-time in nature. The effect of some factors increases, while others weaken or stop altogether. All these features create additional difficulties in assessing the level of competitiveness and its changes;

b) Competitiveness can be determined only by comparing an economic object with a competitor analogue. For example, to determine the level of competitiveness of national enterprises, the goods and services they produce, their ability to compete can be assessed only by comparing them with foreign or national enterprises, goods or services;

c) The concept of competitiveness is applicable to various subjects of economic activity, for example, enterprises or industries, countries, as well as to individual manufactured goods. Therefore, it is possible to approach the analysis of the problem of competitiveness at different levels — at the level of the entire economy, at the level of industrial sectors, at the industry level (or the level of clusters), at the level of an enterprise and an individual product. The level-by-level approach suggests using a certain range of indicators for each level of analysis and comparing them based on them;

d) The competitiveness of a product is a complex indicator that reflects the result of the action of many factors: the effectiveness of the work of designers, the production activities of the enterprise and its related companies, the work of sales organizations for the sale of goods on the market. But the competitiveness of a product in a competitive market is not only its high quality and technical level. This is both the skillful promotion of goods in the market space, and most importantly, the maximum consideration of the requirements of the market and specific consumer groups. The manufacturer of the product must flexibly respond to market conditions, customer requirements and the behavior of competitors. The goods accepted by the market must not only be produced in the necessary quantities and delivered to sellers and buyers on time, but the level of its service that has developed in world practice must be guaranteed;

e) A close relationship between the concepts of competitiveness and quality, competitiveness and the technical (or technical-economic) level. However, the concept of competitiveness is much broader, since quality and technical and economic characteristics are an integral part of the competitiveness of a product. For example, the quality of a product at a certain point in time remains unchanged, and competitiveness may change due to the influence of external factors such as changes in the conditions of sale, the magnitude of supply and demand, increased or weakened competition from similar products, etc. Thus, the level of success of a certain product on the market is influenced by both its own characteristics and a number of external forces, so do not forget that a product even with excellent technical and economic characteristics, but not sold on the market will not be competitive; ,

f) The assessment of the competitiveness of the enterprise includes groups of indicators that determine the production and innovation potential of the company, the financial stability of the enterprise, the efficiency of commodity distribution networks, the state of the competitive environment. In addition to the internal characteristics of the company or enterprise itself, external characteristics are also taken into account, such as, for example, the share of this company's products in the domestic and global markets or the number of main competitors.

2. The inactive participation of small businesses in the use of the latest technologies, although developed countries in their strategies for improving the competitiveness of enterprises rely on facilitating the access of small businesses to modern scientific research and technologies, since they are very mobile and are able to quickly respond to any changes in the competitive environment.

3. Entrance barriers. For the majority of people who want to start their way in business, the first step associated with finding the necessary financing becomes the most difficult. Among the most common difficulties, it is advisable to highlight the following:

a) The lack of start-up capital was called the most difficult barrier to starting a business. The conducted surveys showed that almost 73.8% of the surveyed small business entrepreneurs named the lack or lack of necessary financial resources for creating and developing their own small business as the main reason for refusing to make a decision to start their own business.

4. Financial problems of small enterprises. One of the main problems in this area is the high cost of borrowed financial resources, which is determined by the high lending rate that has developed historically. And although there is a clear tendency to reduce the interest rate on loans, however, resources still remain relatively expensive and not only do not contribute, but rather hinder the mass development of small enterprises. Another problem is that banks prefer to lend to existing and efficient medium and large businesses, including due to its greater transparency, while the majority of small enterprises in the country remain "in the shadows".

To ensure the competitiveness of small businesses, it is necessary to outline certain short-and long-term promising measures, the essence of which is to develop a regulatory and legislative framework; improve the coordination of all state and non-state organizations that contribute to the development of small and medium-sized businesses; form an effective infrastructure for small and medium-sized businesses; simplify the procedure for obtaining permits; facilitate access to financial resources.

The tax system and tax policy in the country are a slowing factor in the development of small businesses at all stages of the life cycle of small businesses. Despite the fact that the country has a system of state support for small businesses, not enough funds are allocated from the state and local budgets for these purposes. The work of the created infrastructure to support small businesses often remains at a low level.

The use of a simplified system of taxation, accounting and reporting for small businesses also cannot solve the problem of economic incentives for small businesses, since the system itself requires significant changes.

The role of entrepreneurship and small business in the modern economy is huge. This sector of the economy stimulates competition, ensures economic diversification at the regional level, promotes innovation and expands the country's export opportunities. Small businesses also have the potential to become public in the future. The development of small business in the country is associated with the solution of a whole range of socio-economic tasks, namely:

- realization of the constitutional right to the free use of one's abilities and property for entrepreneurial and other economic activities not prohibited by law;
- ensuring sustainable socio-economic development and increasing budget revenues;
- increasing employment and improving the quality and standard of living of the population.

- Self-organization of entrepreneurs is possible only on the basis of accumulation and synthesis of various individual interests and the development of a single corporate interest. Such activity assumes that business associations must have:
- innovation potential – an action program containing a clear formulation of goals, main stages and mechanisms for their implementation;
- a developed organizational structure for the implementation of this program;
- administrative resources, including means of influencing the decisions of government structures.

Thus, the basis of state support for small business is the development of the main areas of support, as well as specific targeted measures.

Improving the competitiveness of small businesses should involve:

- a) improving the investment climate, including by strengthening property rights;
- b) reduction of the inflation rate from the current values of the GDP deflator (16-20%) to the average level for developing countries (less than 10%);
- c) reduction and equalization of the tax burden by reducing tax rates on indirect taxes (VAT, excise taxes, social payments) and abandoning individual targeted benefits in favor of industry/commodity;
- d) stimulating the creation of medium-sized businesses.

Small business development strategies should be recognized as one of the ways to ensure the competitiveness of small businesses. Small businesses can use one of 4 strategies in their activities:

- cooperation strategy
 - optimal size strategy
 - strategy of participation in the production of a large company's product
 - the strategy of participation in the sales of a large company.
- a) As a solution to the problem of high interest rates for commercial loans, you can use the scheme of interaction of the Small Business Support Fund with commercial structures.
 - b) As a solution to the problem of low technical equipment of small enterprises, we can offer the organization of a guarantee system for foreign manufacturers of equipment for small businesses that would agree to supply it to Uzbek enterprises on leasing terms. Another option is to organize the production of specific equipment for small enterprises at Uzbek factories using imported technology.
 - c) The problem of lack of information can be solved by creating specialized marketing centers that would provide equal access to information from large and small firms expand the possibilities of analyzing consumer demand, forecasting it and quickly satisfying it. This, in turn, would make the market more visible for the company, would reduce the likelihood of major miscalculations in planning a market strategy.

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