

# Ways to Increase Competitiveness in Small Business and Private Enterprises

Onarboev Shuxrat Mamajonovich

Senior Teacher of the Department "finance and accounting"

Tashkent State University of Economics

Tashkent City, Republic of Uzbekistan

**Abstract:** In the context of the formation and development of various property relations, business entities employed in various sectors and spheres of production and services will have their own development strategy, depending on the opportunities and conditions created in the country. This process requires small businesses and private entrepreneurs to adapt to changing market conditions in a competitive environment. The article scientifically highlights the increase in the competitiveness of small business and private entrepreneurship.

**Keywords:** Globalization, small business and private entrepreneurship, competition, profitability, efficiency, productivity, maximum profit.

## I. INTRODUCTION

In the current context of globalization, the development of countries and the solution of socio-economic problems largely depend on the level of development of small business and private entrepreneurship. This sector is very sensitive to changes in the economy due to its nature.

At a time when Uzbekistan is entering new stages of its social and economic development, the development of small business and private entrepreneurship is of great importance. Unlike the first years of independence, small business and private entrepreneurship are now active in various sectors of the economy.

The experience of developed countries shows that the widespread development of small business and private entrepreneurship in all sectors of the economy has created conditions for employment and higher living standards, and at the same time helped to overcome social and economic problems in the country. Therefore, in our country, great attention is paid to the development of small business and private entrepreneurship, its role and place in the economy, and comprehensive reforms are being carried out in this area.

The small business and private entrepreneurship sector has a number of advantages that are unique to it. In particular, it is possible to organize enterprises in this area at no great cost. At the same time, they adapt quickly to market requirements, can quickly change production strategies depending on market conditions, have the potential to solve socio-economic problems relatively quickly, and have the potential to supply the necessary products to domestic and foreign markets.

## II. ANALYSIS AND RESULTS

It should be noted that in 2019, 4.6% of registered small businesses in the country were not operating, in 2014, 8.01% of all registered enterprises were closed, and in 2019, about 5.0% were liquidated, which is a direct result of the ongoing reforms. indicates a positive result. However, the work being done in our country in this area shows that there are a number of problems that still need to be addressed in the field of small business and private entrepreneurship, which are relatively low compared to foreign developed and some developing countries.

Many of the problems in development are specific to the field, which can be attributed to the following. First, resource issues. Competing with big business in the resource market, "taking its share" from big business, creates difficulties for the industry. Second, the factors inherent in the nature of the industry. In particular, small business and private entrepreneurship are relatively limited in terms of economic potential. The lack of a strong material and technical base, a stable source of resources, sales markets formed over the years, as well as large markets, as well as large tendencies to changes in market conditions, have a significant impact on the development of enterprises in this sector. Such specific aspects of the industry require constant support from the state. Third, the conditions associated with the transition to a market economy have also made the problems in the sector more acute.[1]

The measures taken to develop the industry are not enough yet. The task of studying the latest and most up-to-date support and measures used for the development of this sector in all developed countries and further strengthening their implementation based on the characteristics of our national economy remains very relevant.

The development of small business and entrepreneurship will expand employment opportunities for able-bodied people, in particular, create conditions for the creation of new jobs for our young adults who are willing

to work. In particular, there will be opportunities to take advantage of unused internal resources and opportunities. The processes of production and service will be accelerated, inefficient use of resources, looting and destruction will be eliminated, and the production of goods and services will be established in accordance with market requirements.[2]

Despite the wide-ranging changes being made by the government in the sector, there are still a number of shortcomings in supporting and creating conditions for small business and private entrepreneurship. Small business development and job creation are still not in demand. The process of state registration and licensing of small business and private entrepreneurship is still difficult. Such shortcomings persist in matters related to tax and payment benefits and credit, the import process and tariffs, and these shortcomings continue to have a negative impact on the development of the sector. In addition, there are other shortcomings in small business and private entrepreneurship, which are mainly due to the internal characteristics of these entities. In particular, lack of professionalism and knowledge in the field, shortcomings in doing business, lack of legal literacy, lack of innovative and creative approach to activities.

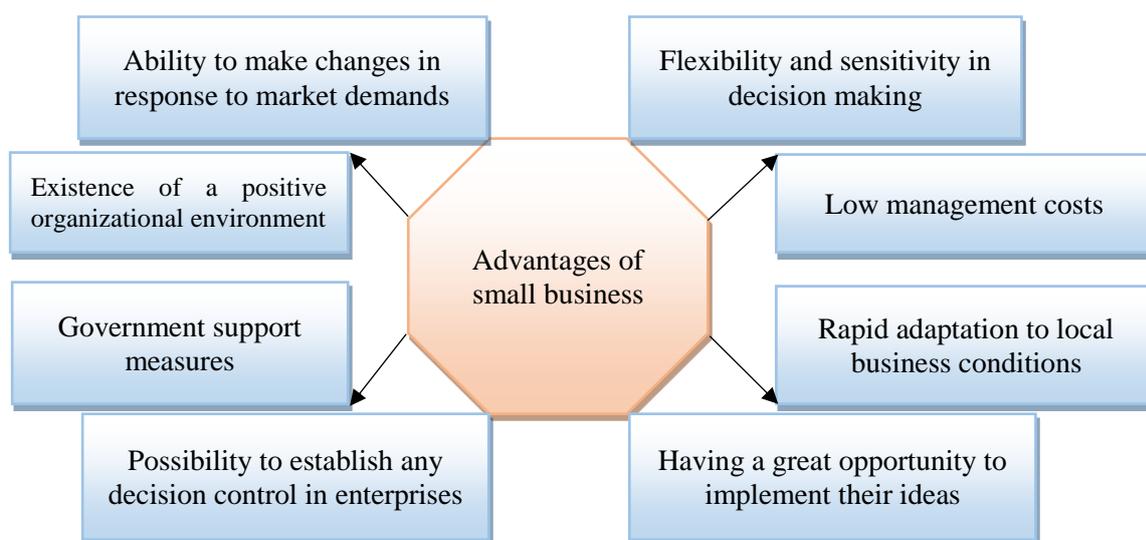


Figure 1: Developed by the author

One of the advantages of a small business is that it has a close relationship with customers. This allows entrepreneurs to quickly track customers' wishes and opinions, respond to them in a timely manner, and adapt to them. As a result, buyers will be able to choose the product of this company when comparing this product with other products.

The level of competition between small enterprises is much higher than that of large enterprises. This is due to the fact that a small enterprise can be squeezed out of the market by the same small and large, medium-sized enterprises. A large enterprise can basically be squeezed by one large enterprise or a larger enterprise. In large enterprises, the decision-making process is long and the quality of decisions is low, while in small business, decisions are made quickly, the quality is high and the market adapts quickly.

The larger the organization, the greater the number of its administrative staff, and the greater the number of administrative departments. This increases non-production costs, which can affect the price of goods or services and the final profit. In small organizations, however, lower management costs do not lead to higher costs.

Today, the market is filled with all kinds of products and services. In such a situation, large enterprises focus on increasing the types and scale of their activities, while small enterprises focus on development through innovation, often without having such a scale. Later, these innovations can become a major segment or industry.

In a competitive environment, small businesses need to be constantly changing and adapting to changing market conditions. In order to find their place in the market, they will have to move with completely new offers. When both ownership and management are combined in one person, such small businesses often have the opportunity to be pioneers in new activities. The reason for this is that the owner of this enterprise puts his funds at risk and becomes the only person who has the right to make decisions that affect the activities of the enterprise. This creates great opportunities for the implementation of their ideas.

Possibility to establish any decision control in enterprises. In a small enterprise, the owner can make any decisions related to the activities of the organization and have 100% control over the activities of the enterprise. In large companies, the owner cannot make relatively important decisions without the participation of the board of directors. This is because for each additional amount raised, it gives up part of its control and relinquishes

ownership of the company.

Small business is the foundation of stability and economic development. Therefore, in many countries, small business is supported by the state. This is manifested in the form of various benefits, subsidies, grants.

In small businesses, in most cases, the community defines itself as a family. There is mutual support and cooperation. It's not about big businesses that have a lot of struggles and aspirations to rise to a big career. A "healthy" organizational environment has a positive impact on an enterprise's performance and its perception of the market.

In the development of the economy, small business plays an invaluable role in creating jobs and increasing employment, contributing to the stability of the economy due to its important attribute of a market economy and easy adaptability to changes in economic conditions. As mentioned above, the organizational environment in small enterprises is drastically different from that in large enterprises. It follows that jobs in small business are not only a way to make money but also a means of social engagement. In addition, small businesses often become the workplace of "socially unstable segments of the population" such as the elderly, refugees, young people, and immigrants. All of these factors, in general, have a positive impact on the external environment, the socio-economic situation in which a small business exists.

Of course, in addition to the specific advantages of small business, there are also a number of disadvantages, which are manifested in high levels of risk, dependence on large companies and low leadership skills, as well as difficulties in raising funds and so on. Lack of funds is one of the biggest problems, especially in small businesses. The causes of this problem are:

- small inflow of investments - in 90% of cases, investors choose large companies with a leading position in the market as an object of investment;
- lack of high-volume loans (high interest rates) - small businesses (especially start-ups) are often unable to provide collateral for loans and banks have no interest in lending to them;

The recommendation of equipment leasing at high prices eliminates the opportunity to raise funds for a small business.

Constantly searching for and adapting to social needs is the foundation of a small business strategy. Small business operates in a situation where the diversity and variability of demand is incompatible with large production.

The economic importance of small business is growing significantly due to the deepening development of the scientific and technological revolution. Today, the growth of entrepreneurial activity is largely due to the informatization of economic and social life, the achievements in the field of the latest technologies, which has allowed to automate a large part of the work in the field of small business. As a result, the need to retain large management staff has decreased, the efficiency of small enterprises and, accordingly, the attractiveness of small enterprises have increased.

Economist Ya.Aliyev emphasizes in his scientific developments that "... the increase in the number of small businesses and private entrepreneurship, in turn, increases competition between enterprises, competitiveness in turn increases profitability, and efficiency increases productivity" [3].

The ability to formulate and implement a strategy has become an integral factor of competitive business in recent years, which is a key example of adaptation to a dynamically changing environment. In this context, previously unknown factors such as organizational innovation, project management, change management, quality assurance, or social responsibility have become key elements of the business.

The main goal of any business is to get maximum profit with minimum cost. The best way is to ensure you win this competition. Winning the competition is not a coincidence. This is the result of timely measures taken to increase the competitiveness of the products and the enterprise as a whole. The competitiveness of a small enterprise is a dynamic category that depends on a number of factors divided into internal and external factors, and the determination of competitiveness is characterized by a scientific debate that has been going on for several years and has not yet been completed.

Given the current state of the market economy, it is clear that society is competitive, as challenges arise for small businesses in an environment where large corporations are trying to keep up the pace and maintain their profits. The problem is that small businesses and private entrepreneurship are weaker than large enterprises and their financial capacity is limited. A strong local competitor or large enterprises entering the market together will have a negative impact on small business. If this happens, small businesses and private entrepreneurs will lose control of a large portion of their customers and will not be able to determine the price of the product at will. In order to have strong competition, small businesses and private entrepreneurs will be forced to adopt new market rules set by an incoming competitor. This in turn leads to a decrease in their status.

In the context of the establishment and development of different property relations, economic entities engaged in various sectors and areas of production and services will have their own development strategy, depending on

the opportunities and conditions created in the country. In this process, small businesses and private entrepreneurs try to easily adapt their activities to changes to one degree or another.

The successful development of each enterprise determines the conditions under which it will produce the products needed by the population and other consumers at the most reasonable price, the optimal ratio of costs to profits, and the future of the enterprise. This is because the general demands made by the population are a motivating factor. At the same time, the growth of general demand creates strong incentives to increase the production of almost all goods, especially consumer goods. It is the result of such stimulus factors that leads to the emergence of competitive relationships, and this process leads to the emergence of pure economic struggles for the consumer market between the subjects.[10]

Indeed, in a market economy, the key factor in the commercial success of a commodity is the quality of the consumer value of the commodity and its competitiveness. This in turn can lead to economic stability of the enterprise. Therefore, the categories of competitiveness and economic stability of small business and private entrepreneurship are very complex and interrelated, and competitiveness occurs only when there is economic stability. Economic stability is influenced by many internal and external factors, and they are crucial in the development prospects of small business and private entrepreneurship, creating an opportunity to win in a competitive environment.

Economist Ya.E. Aliyev, based on his research, said that “... the concept of competition is very multifaceted, the product meets the market conditions, technical, economic, aesthetic details of the goods not only meet the specific needs of consumers, but also trade and sales. It also depends on other processes in the process ”[4].

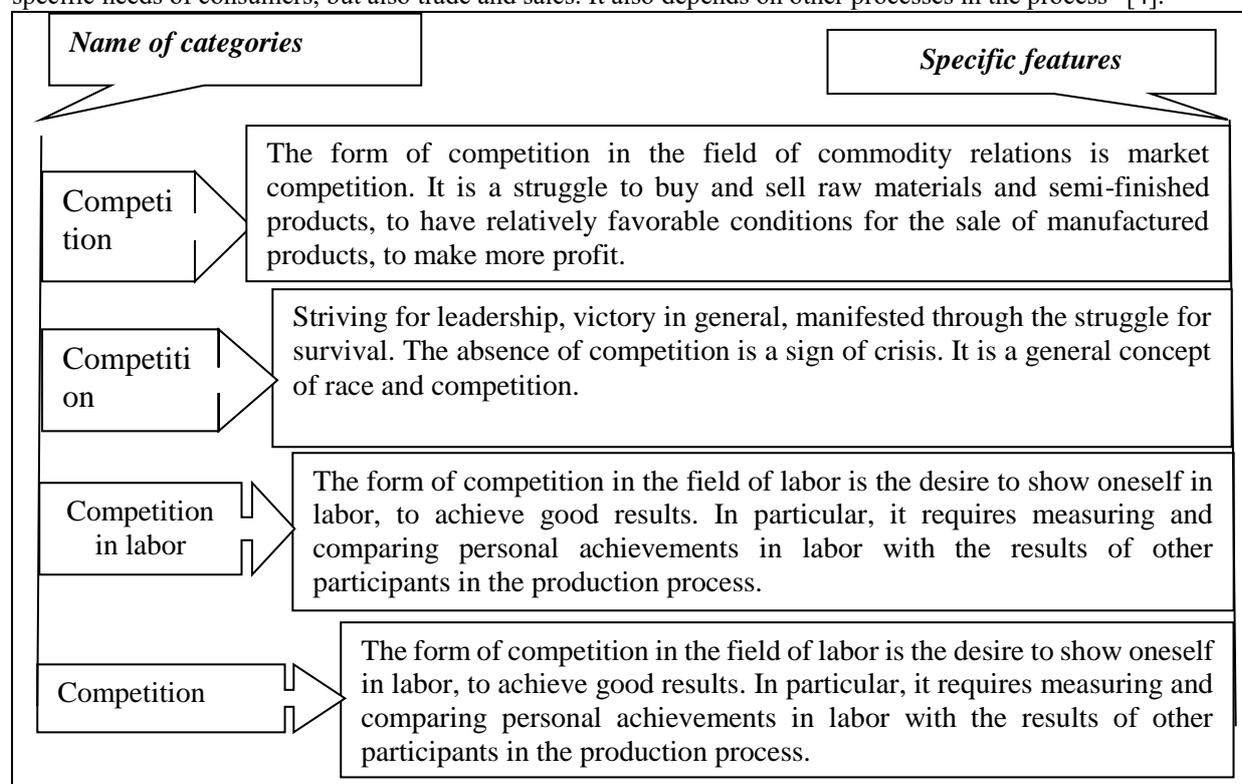


Figure 2: Naming of competition categories [6]

Source: author's elaboration.

It is crucial in determining what consumers are most interested in, i.e. product quality, consumption, price competitiveness. Although competition has been a concept for a relatively long time, there is reason to believe that its essence is not fully disclosed today because of its relatively complex economic nature. This is explained by the fact that in the process of revealing the economic content and objective basis of competition, the diversity and contradictions in its definition continue logically. That is why the interest in competition, competitive relations has always been relevant. Indeed, in today's environment of globalization and integration, the concepts of competition and competitiveness are manifesting themselves in many different ways. It should be noted that competition is a conflict of economic interests of market participants, which means a struggle between them for higher profits and more profitability. [6] This is because there is a struggle between producers to get more profit for each unit of cost incurred. As a result of this pursuit of profit, there is a struggle between the circles of sales of goods, that is, for favorable markets, in order to have access to cheap raw materials, energy and cheap labor.

In turn, any buyer, that is, consumers, strive to have more nafl at the expense of every sum spent, each of them strives to have a higher nafl by having cheap and quality goods and services. Competition and monopoly form a dialectical unity and are constantly opposed to each other in the market. It is clear that competition is manifested not only as a struggle, but also as a process of interaction and communication. According to Aliyev, "... the purpose of competition is to meet the diverse needs of buyers, to fully realize the interests of participants, to meet the diverse needs of buyers" [5].

Competition is the driving force of a market economy, as small businesses and private enterprises strive to win in the competition to reduce production costs, improve product quality, and facilitate the sale of goods to the buyer. Because, otherwise you can not buy goods and see a huge profit. It should be noted that the monopoly is anti-competitive, as it provides the producer with sole dominance and does not leave conditions for mutual competition. Therefore, it is necessary to take measures to limit monopolies in the development of the country's economy.

Competition requires demonopolization, requiring many enterprises to compete with each other. The main area of competition is the market. In the market, different enterprise goods compete, i.e., as mentioned above, competition can only exist in competitive markets. Also, competition is a labor competition, which means that one type of product differs from another in terms of quality. It is necessary to dwell on the content of the concepts of "competition", "rivalry", "competition", "competition" used in conjunction with the concept of competition. The content, interrelationships, and differences of these concepts can be seen below.[7]

It should be noted that market relations require real, effective competition, free competition. The dominance of buyers over producers and sellers in exchange for the development of effective and stimulating, free economic competition becomes a condition that determines the nature of market relations. As we can see in the picture below, competition can only function fully in a free market economy and fully express its essence. As an economic category, "competition" is a relatively common fundamental term. Competition is a multifaceted concept. Competition also emerges as a way of managing, a way in which one capital can compete with another. In addition, competition also manifests itself as a chaotic manager of social production. [8]

### **III. CONCLUSIONS**

It is expedient to evaluate the competition as a struggle between producers to get the maximum profit, to have relatively favorable economic conditions.

On the other hand, competition can be considered as an element of the market mechanism that ensures the interaction of business entities in the production and sale of products, as well as in the field of capital investment. The form of competition is a system of norms and rules of organization of social production (small business and private entrepreneurship), which is based on state reforms, market methods of operation of the national economy, consisting of public and private firms. Therefore, it is reasonable to consider that the essence of competition is to meet the requirements of a market economy as a means of developing small business and private entrepreneurship.[9]

The competition between small business and private entrepreneurship is the struggle to produce products on favorable terms and sell them at a good price, to strengthen their position in the economy as a whole. spend the necessary funds to hire power. In small business and private entrepreneurship, competition between product manufacturers will ultimately end with consumer engagement in the market.

### **REFERENCES**

- [1]. Yuldashev, N., Nabokov, V., Nekrasov, K., & Tursunov, B. (2019, June). Innovative development of Uzbekistan agroindustrial complex. In International Scientific and Practical Conference "Digital agriculture-development strategy"(ISPC 2019). Atlantis Press.
- [2]. Ergashodjaeva, S. J., Kyvyakin, K. S., Tursunov, B. O., & Ahmadovich, H. Z. (2018). Evaluation of textile and clothing industry clustering capabilities in Uzbekistan: based on model of M. Porter. *Int J Econ Manag Sci*, 7(439), 2.
- [3]. Aliev Ya. Organization of innovative activities in the agricultural sector // *Agroeconomics. Scientific-practical agro-economic journal.* - 2019. - T. 4. - S. 14.
- [4]. Aliyev Y. Agrarian market development issues to ensure food security // *Archive of Scientific Research.* - 2020. - No. 21.
- [5]. Aliyev Y. Organization of innovative activities in agriculture // *Archive of Scientific Research.* - 2020. - No. nineteen.
- [6]. Burkhanov, A. U., Hudoykulov, H. H., & Tursunov, B. O. (2019). The factors effecting net actives of investment funds. *Economics and Innovative Technologies*, 2019(2), 6.
- [7]. Tursunov, B. O. (2019). Methodology for assessment the efficiency of production capacities management at textile enterprises. *Vlakna a Textil*, 26(2), 74-81.
- [8]. Tursunov, B. O. (2020). Mechanism for determining optimal management of use of production capacity at the textile enterprises. *Vlakna a Textil*, 27 (1), 99–106.

- [9]. Tursunov, B. O. (2017). Strategija razvitija legkoj promyshlennosti Respubliki Uzbekistan. Vestnik Instituta jekonomiki RAN, 5.
- [10].Burkhanov Aktam & Tursunov Bobir, 2019. "Features Of Investment In Mutual Fund: In Case Of Russia," Working papers 2019-29-12, Voice of Research.