

DISTINCTIVE QUALITIES OF SMALL BUSINESSES IN THE INNOVATION ECONOMY

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Abstract

The article is devoted to the development of small business in the conditions of the innovative economy, its qualitative uniqueness, as well as the advantages and disadvantages of small business. Also, the activities of small business entities established and operating in Namangan region were analyzed.

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Introduction. In modern conditions, the problems of transitioning the country's economy to the path of innovative development are of particular importance. Solving these problems is closely related to the formation of new ideas about the place and role of small business in the modern economy, which correspond to the changing conditions of its development.

Today, there is a need to develop theoretical and methodological tools that allow a realistic description of small business, mechanisms for innovative development of competitive advantages of different sizes of business, taking into account its specific features, opportunities and limitations. It is recommended to develop a general theory that meaningfully describes the characteristics of the formation of competitive advantages of business firms of different sizes based on the systematic nature of the organization of small business activities, based on the approach that should be systematic, taking into account the evolution. This corresponds to the nature of its competitive behavior as a complex, self-developing and open system, and also connects the ideas of the concept of dynamic capabilities.

Currently, there are different interpretations of small business. "Small business" should be considered as a separate type of entrepreneurial activity, its specific features are determined by the subject, object, purpose and specific features of its implementation. The subject is an entrepreneur. An object is a product (service) offered in the local market. The subject of this type of activity is various economic relations that arise in the process of its implementation in the process of forming relationships in the internal environment and interacting with the business environment. The goal is to meet the needs of customers and society, and to create relationships that allow to increase social benefits, added value and business income on a fair, mutually beneficial basis in the internal and external environment. Successful improvement of business organization and ensuring rational use of resources.

Analysis of literature on the topic

The first studies on the problems of entrepreneurship development appeared in the second half of the 20th century. During the period of market reforms, interest in the topic of entrepreneurship increased in the literature, which B.K. Zlobina, V.V. Radaeva, V.E. Savchenko, V.M. Innovations in entrepreneurship and evolutionary aspects of the development of local economic systems by Yakovlev -

A.I. in his works, effective management in entrepreneurship - A.V. This is explained in his works. Foreign scientists - H. Velu and D. Storey, A. Oslunday, A.V. Avilova's work has a special place.

Especially in the industrial economy, the scale of development and spread of small business was determined to a large extent by the specific features of the mechanisms of the formation of competitive advantages of large enterprises. A.D. The concept of formation and development of large enterprises created by Chandler is recognized worldwide and stands out from others. He explains the ubiquity of large enterprises with the category of "economies of scale". Using a large amount of factual material, Chandler proved that successful large enterprises on a large scale implement "three interconnected groups of capital investments: production (research and development of new products), distribution network, and management. "Economies of scale in production are simultaneously depends on the size of the enterprise - its production capacity and speed - the intensity of use of these capacities" [1].

In our country, many scientists have dealt with entrepreneurship and the theoretical foundations related to it. Z. Ya., who dealt with the basics of this activity. Khudoyberdiev gives the following definition of entrepreneurship: Entrepreneurship is a multidimensional socio-economic situation based on independent economic activity. It is carried out in order to make a profit and arises from the union of all material, financial and labor resources" [2] S.N. Usmonov and others, scientists dealing with the basics of entrepreneurial activity, in their works entitled "Essentials of Entrepreneurship" defined the concepts of "entrepreneur" and "entrepreneurship". who tried to define it: "Entrepreneurship" means "work", "enterprise" and behind it is a complex organism representing a production-economic system with the goal of producing products and providing services. [3] They base their definition on the need to produce goods and provide services that can satisfy the existing demand and need. A. Gofurov, M. Abdurakhmonovalar "A business entity is an entrepreneur, a person who tirelessly collects raw materials and materials, money and labor in one place, organizes a new product, a new business, a new production method, and organizes its more perfected process. creates methods", they emphasize [4].

Research methodology .

The methodological basis of the research is the qualitative uniqueness of small business in the conditions of innovative economy. In the process of analysis, comparison and systematic analysis methods were used. The state of entrepreneurship was assessed through the observation method and appropriate conclusions were formed through abstract-logical thinking.

Analysis and results.

The scale of distribution of small businesses and their role in the development of the economy is formed under the influence of many factors that affect the possibility of forming competitive advantages for small businesses in certain types of economic activity. At the same time, competitive advantages are primarily related to supply factors (low transaction costs and small impact of scale growth, savings on transportation costs due to proximity to resources and consumers, propensity for innovation, business mobility, etc.); secondly, with demand factors (a limited sector of the market, taking into account the specific characteristics of demand, reputation, image, etc.); thirdly, with the development factors of partnerships and hybrid structures; fourth, with the influencing factors of the distant environment (current economic and technological policy, development of business infrastructure, etc.).

Traditional economies of scale in manufacturing are no longer as important to competitive success as they once were. Today, we need more than economies of scale and diversity. Such an approach is becoming important not only for high-tech industries, but also for enterprises in various industries. In order to achieve financial success, large and small enterprises must follow the principles of entrepreneurial management market economy.

entrepreneur 's cultural-value orientations and cognitive skills, as well as the existence of organizational

skills related to determining the opportunities for added value and rent. The growth of the diversity of knowledge, innovation and market demand is accompanied by the emergence of a new combination of internal and external influence components, which become the main factors determining the changes in the internal and external environment of small business and its boundaries.

The presence of dynamic capabilities allows the enterprise to adapt resources and powers to the changing business environment, to ensure the effective interaction of endogenous and exogenous factors of economic development, and to obtain the best ratio of internal and external economies of scale. The success of adapting the existing way of doing business in accordance with the requirements of the business environment is determined by the existence of basic creative abilities that serve as a source of changes in cultural and value trends, technologies, internal and external organizational-economic relations, and also form a new structure of space and time.

The evolution of business competitive advantages is related to the use of different approaches based on a different understanding of the main business process variables and interrelationships that should be used to achieve the best economic results, to form and maintain competitive advantages. At the same time, it is important to distinguish the following business models:

- 1) entrepreneurship focused on the use of agile management methods;
- 2) entrepreneurship based on the use of reactive methods of strategic management;
- 3) active entrepreneurship, formation, implementation and change of the offered dynamic capabilities.

Quantitative indicators of small business, used resources and the volume of produced products determine the uniqueness of the boundary conditions for the formation of their competitive advantages as a specific branch of the economy. Favorable conditions for the development of small business appear when the negative effect of scale is formed, exceeding the scale of the enterprise leads to a faster growth of expenses compared to income.

At the same time, the implementation of comparative advantages is of particular importance, which allows to ensure low transaction costs, high flexibility and speed of adaptation to the changing business environment, as well as segmented market requirements.

2020 , according to the State Statistics Committee, the total number of small enterprises and micro-firms operating in the country was 436,981. This figure was 242,379 in 2017, 276,237 in 2018, and 353,924 in 2019, and the organization of small enterprises and micro-enterprises in our country has grown from year to year (Fig. 1).

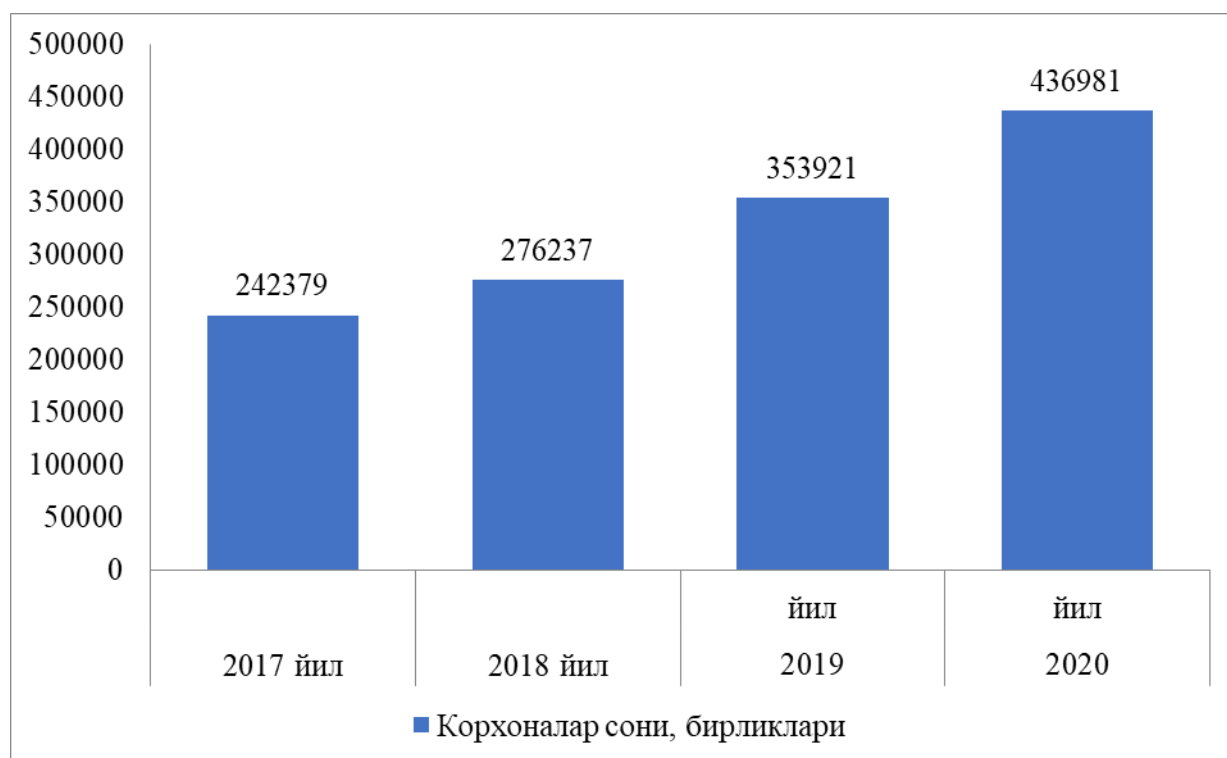


Figure 1. The number of small enterprises and micro- firms in 2017-2020

Analysis of the current state of small business in the country allows to determine a number of features of its activity in modern conditions:

- ✓ combining several types of activities within one small enterprise;
- ✓ low level of technical and technological equipment of small enterprises;
- ✓ low level of management, lack of knowledge, experience and culture of market relations;
- ✓ underdevelopment of the self-organization system and market infrastructure for small business support;
- ✓ lack of development of the system of information and consulting services.

The average number of employees of small enterprises decreased by 9865.7 thousand people or 93.5% in 2020 compared to 2017. Revenues from sales (works and services) amounted to 283,972.4 billion soums (Table 1).

Table 1. The main economic indicators of ¹small enterprises and micro- firms in 2017-2020

Indicators	2017 year	2018 year	2019 year	2020 year	Difference between 2020 and 2017 (%)
Number of enterprises, units	242379	276237	353921	436981	180, 3
Average number of employees, thousand people	10541.5	10128.8	10318.9	9865.7	93.5
Revenues from the sale of goods (works and services), billion	110347.9	184609.6	249862.5	283972.4	257.3

¹ Small business in Uzbekistan. State Statistics Committee of the Republic of Uzbekistan. Tashkent-2021. Pages 49, 114, 116,119

soums					
Cost of sold products (works and services), billion soums	76808.3	135628.5	195373.4	233212.4	303.6
Period expenses, billion soums	13871.0	21612.8	29593.4	30729.4	221.5
Profit before tax, billion soums	19668.6	27368.3	24895.7	20030.6	101.8

Table 1 shows that the cost of goods sold increased by 303.6 percent in 2020 compared to 2017. The amount of profit before tax was 19668.6 billion soums in 2017, and it reached 20030.6 billion soums by 2020.

The economic indicators of small enterprises allow us to conclude that there is a tendency to increase micro-enterprises in our country and improve the results of their main activities.

Qualitative and quantitative criteria of small enterprises allow to determine their characteristics, advantages, disadvantages and patterns of development (Table 2).

Table 2. Advantages and disadvantages of small business

Advantages	Disadvantages
Flexibility	Relatively low income
movement freedom _	Strong competition conditions in the market unstable position
Initiative and spirit of dynamism	Limited personal resources
Mobility , production release quickly again to build ability	Job with of those provided social of protection decline
Expertise	Labor of intensity growth , development release injuries growth
Capital turnover high level	Professional development of opportunity decrease
Investments development acceleration ability	Big to networks dependent semi -craft enterprises create
Work release sure to the consumer proximity	Most of the time primitive from technology use
Work release expenses savings	Unstable economic situation conditions long term investments internal incentives for lack of
Quick actions adjustment	Managers low level of qualification
In control simplicity and affordability	of the population informal from employment work legislation broke without use
Innovative activity	Small-scale production, reducing the efficiency of using modern scientific potential

Modern global trends in economic development have a significant impact on the activities of small businesses in the following main areas:

small enterprises are subjects of the world economy, and their functions include solving very complex problems;

the post-industrial economy intensifies competition in areas that are traditional for small businesses, to the point of excluding them from these niches;

competition in the market increases the requirements for the quality and duration of work, which implies the complexity of the small business management system (use of logistics elements, introduction of the quality management system, etc.);

global informatization of the economy and business leads to the emergence of a large number of

"virtual" small enterprises - subjects of the global post-industrial economy.

The place and role of small business in the innovative economy is largely determined by the qualitative and quantitative parameters of the entrepreneurial structures that make it up. Currently, in world practice, there are more than fifty statistical criteria for classifying an enterprise as a small enterprise. In the most general form, they can be divided into qualitative, quantitative and combined (economic).

Qualitative ones include: economic independence, simplicity of management system, combination of owner and manager functions in one person, small market share and small spatial field of activity (local markets), relatively limited financial resources, sufficiently clear purpose of entrepreneurial activity, economic activity based on risk and innovation, organization based on full economic responsibility.

The complexity of using a qualitative approach is primarily due to the difficulty of accessing internal data to determine a number of characteristics, such as the management system, as well as a wide range of criteria.

Quantitative criteria are based on the number of employees in the enterprise, the value of the main production capital, the volume of product sales or the provision of certain services. Combined criteria allow to classify the enterprise as small based on legal independence and personal management of the owner. It is legitimate to use different approaches when choosing criteria for goals and objectives, which vary significantly from country to country, but quantitative criteria are often used in the practice of most countries.

In the context of the innovative economy, it is important to distinguish the following criteria for classifying small enterprises as the level of innovation, therefore, small enterprises can be divided into "passive", "passive" and "active" (initiative) categories. "Disinterested" innovators are not interested in introducing innovations. "Passive" - has the experience of introducing innovations, but currently they are not implemented.

"Active" (initiative) innovators - constantly innovate, and this group of small enterprises is divided into "successful", "promising", "home" and "Conjuncture" innovators. "Successful" innovators are characterized by a high level of productivity, a high level of involvement in innovation, and consider the growth of innovation as the main goal of further development of the company. "Promising" innovators are low productivity, highly committed to innovation, see innovation as a natural extension of the company's capacity development, and typically have large amounts of resources to invest in their innovation. "Home" innovators are characterized by a high level of productivity, a low level of participation in innovative activities and have various reasons for not participating in innovative activities, they are fully aware of its advantages, they are not fully convinced of its prospects, they prefer to keep calm as usual. "Konjunktur" innovators are characterized by low productivity, low level of participation in innovative activities, and are focused on short-term profit, but they are not interested in long-term capital investments.

Conclusions and suggestions.

Small enterprises in the innovation economy perform economic and social functions. In the conditions of innovative economy, the quality of small business is changing. Creative abilities are becoming more and more important - the ability to be creative in one's work, to create something new; cognitive skills - the ability to interpret information, formulate and solve problems independently; reflexivity - the ability to imagine different ways of solving a problem and choose between them; ability and skills to integrate theoretical knowledge and practical experience; to have a wide range of knowledge and the ability to multi-disciplinary activities and experience; self-development ability - constantly acquiring new knowledge and skills; the ability to make autonomous decisions, risk and responsibility, trust, tolerance of others' ideas, etc.

Solving the problem of the transition of the country's economy to the path of innovative development is

closely related to the formation of realistic ideas about the place and role of small business in the modern economy, corresponding to the changing conditions of its development. Today, there is a need to develop theoretical and methodological tools that allow realistic description of the mechanisms of innovative development of entrepreneurship and competitive advantages.

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