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Analysis of Sustainable Development of Small Business and Ways to Increase Them

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Abstract: The article presents the concept of small business, its role and importance in the sustainable development of the economy. The opinions of experts and scientists in this field are analyzed. The distinctive features of the sustainable development of small business are presented. Based on indicators such as economic, social, financial, institutional and foreign economic activity, the sustainable development of small businesses in the Andijan region is analyzed. The ways of assessing the sustainability of the industry are presented.
And also, the ways of sustainable development of the small business sector of the region are proposed on the basis of the conducted research.

Keywords: small business, gross domestic product, sustainable development, small business efficiency, domestic market, indicators: economic, social, financial, institutional, foreign economic activity indicator, export, employment, stability, investment, infrastructure, consulting and logistics companies.

Small business is the largest group of enterprises in any national economy. It is generally recognized that small business is a driver of qualitative transformations, which is realized through structural diversification, acceleration of innovation processes, the impact on employment and the general well-being of the population. Recognition of the role played by small business in the development of individual regions and the state as a whole explains the increased attention to this sector of the economy, necessitates state support to ensure its viability and competitiveness, realize its potential in solving social and economic problems, and transfer the economy to an innovative type of development .

The specifics of small business are different and have a number of advantages. In particular, small enterprises quickly adapt to changes in the external environment, although financial resources are limited, production processes are relatively short, and the management process is simple [2].

In recent years, large-scale reforms have been carried out in Uzbekistan to ensure economic stability through the development of small businesses and entrepreneurship, and increasing production efficiency.

In turn, in the "Strategy for the Development of New Uzbekistan, developed by President Sh.M. Mirziyoyev, much attention is paid to the issue of further stabilization of the country's economy in the coming years. In particular, it is expected to increase the gross domestic product per capita in the next five years by 1.6 times, and the per capita income will reach $4,000 by 2030, thanks to which Uzbekistan will be able to join the ranks of "states with an upper-middle income level. Average annual GDP growth rate in 2023-2025 will amount to 6.5%, and the annual growth rate of lending to the economy is planned at the level of 16-18%. In the field of ensuring macroeconomic stability, it is planned to gradually reduce the annual inflation rate from 9% in 2022 to 5% by 2023, as well as reduce the State budget deficit, which from 2023 should not exceed 3% in relation to GDP. [1.5].

Sustainable development of society is an urgent problem for every country. Sustainable development includes three aspects. These are: economical and rational use of nature and resources; social equity and health; efficient operation of the economy. These processes are closely related to the activities of economic units. Indeed, the scale of economic entities is interpreted as large and small businesses. Considering that small businesses operate on a low resource consumption basis; this is inextricably linked to the sustainability of society. In turn, a small business entity must also ensure the sustainable development of its activities. In particular, based on improving the quality of goods and services, reducing their cost, meeting customer needs, sustainable growth of their business and, thus, sustainable development will be achieved [3.11].

Small business development is a key sector in ensuring the economic and social stability of each country and is seen as an important link in the reform process.

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Thus, the development of small business is a positive change in the national economic system and its share in the economic indicators of industries and sectors. At the same time, the development of small business is characterized by a positive change in its share in socio-economic indicators and its impact on the development of industries at the macro level. The development of small business should include not only questions of quantity, but also quality, and ensure the continuation of positive trends. This requires studying its stability. Therefore, it is advisable to study studies on the sustainable development of small businesses.

Foreign scientists describe the development of small business based on its share in socio-economic indicators. According to E.S. Kozma, the development of small business is a high reflection of the share of small business in the main economic indicators [4.32]. Also, according to the definition of G.K. Sherova, D.R. Sikhimbaeva, M.R. Sikhimbaev, the development of small business is a positive change in the economic and social indicators of the country [5.54]. Along with the above views, in the studies of B. Yusupov, this area is considered to increase the economic potential of the industry and its full use [6.6]. However, in basic terms, it is characterized by the growth of the socio-economic indicators of the industry. Consequently, the development of small business is a positive change in the quantitative and qualitative aspects of the national economic system and its share in the economic indicators of industries and sectors.

Currently, the volume of research aimed at ensuring not only the development of the industry, but also its sustainable development is expanding. In studies related to the sustainable development of small businesses, the main influence is directed to government support for the sector. In particular, according to G.V. Petruk and I.S. Ustich, the sustainable development of small business is based on state support and increasing the role of local and regional authorities [7.4]. A.V. Tsoi, notes that the development of small business and its sustainability depends on measures and programs to support entrepreneurship from the state [8.12]. According to M. Umarova, the conditions created by the state and its support are the basis for the sustainable development of small businesses. Based on the study of the experience of a number of countries, she emphasizes that the state should always create the necessary conditions for the development of small businesses [9.10]. However, the conditions created by the state must be targeted in order for the measures taken to bring effective results.

Therefore, the sustainable development of small business means a positive change in the quantitative and qualitative aspects of the industry in the long term. It is also based on the efficient and rational use of factors of production. This requires special attention to the factors of production when studying the issue of sustainable development of small businesses.

Among the features and advantages of small business, the rational and efficient use of resources is of particular importance. Evaluation of the production efficiency of small businesses, generalization of its trends will ensure the sustainable development of not only the industry, but also the economy. The effectiveness of small business factors depends on increasing the share of the sector in employment, investment and exports, which are quantitative criteria. Quantitative indicators reflecting the activity of small businesses lead to a change in performance criteria. In particular, labor efficiency, return on capital, working capacity, capital intensity, material intensity, and energy intensity can be recognized as efficiency factors. As part of quantitative indicators, natural, cost and percentage indicators were evaluated.

It is known that the area of Andijan region is 4.2 thousand square kilometers. makes up 1% of the territory of the republic, and 9.2% of the population belongs to the region. As of October 1, 2021, the population of the region is 3253.5 thousand people, and the population density is 7741 people per 1 sq. km. km. [10.15] This is a high figure not only in the republic, but also in the CIS countries. This indicates that the cities and districts of the region have specific aspects of the labor market compared to other regions of the republic. However, the unemployment rate is equal to the national average. The sufficiency of labor resources requires the development of measures to develop the small business sector in the region.

In the Andijan region, small business has a high range of activities and is the main link in providing employment (table 1) [10.12].

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Table 1
Economic performance of small businesses in Andijan region (as a percentage of the total) [10]

№	Indicators	Years					
		2010	2015	2018	2019	2020	2021
1	GRP	54,7	60	73,4	71,4	69,9	71,8
2	Industry	8,4	18,3	19,8	21,4	20,0	27,1
3	Agriculture	98,9	99,8	98,9	99,3	97,0	97,6
4	Capital investment	50,4	50,5	53,8	67,3	63,5	54,8
5	Construction	94,0	93,1	96,4	97,0	93,4	95,3
6	Retail turnover	51,0	44,6	88,8	87,4	88,4	90,3
7	Total Services	61,5	71,5	71,7	68,7	67,0	65,4
8	Freight transportation	71,8	93,3	94,0	95,0	95,6	93,0
9	Passenger transportation	83,9	87,8	96,4	96,0	97,9	97,9
10	Export	6,4	56,3	74,1	59,8	44,6	36,6
11	Import	3,7	8,1	16,4	15,9	12,9	13,1
12	Employment	81,2	83,8	84,6	84,8	85,1	85,9

In 2010-2021, the share of small businesses in the region's GDP increased by 1.3 times, showing an increase from 54.7% to 71.8%. Also, when studying the share of industries and sectors of small businesses at the end of 2021, the leading places were occupied by agriculture (97.6%), construction (95.3%), freight transportation (93%), passenger transportation (97.9%). Although the share of industry, one of the leading sectors of the real sector of the economy, in the period 2010-2021. increased by 3.2 times, but amounted to 27.1% (see table 1). The expansion of the industrial sector, the increase in its production capacity, leads to a shift in the value chain.

In 2021, the main indicators of regional small businesses increased compared to 2010, but some indicators decreased than in previous years. This is due to the negative impact of the coronavirus pandemic, which was observed in 2019-2020. and continues to this day.

There is sufficient potential to increase the share of industry in the region. Including raw materials, resources, as well as labor capital, which include the unemployed. An institutional framework has also been formed in the implementation of the integration processes of industrial development. That is, the automobile plant, the main part of its enterprises and organizations are located in the regions of the region and the valley. This is an increase in the share of the real sector, which ensures the qualitative development of the economy, where it is necessary to pay attention to the integration of large and small businesses into industry.

In general, the number of small businesses operating in the regions varied unevenly. It has decreased since 2010 from 95.9% to 93.2% in 2021. This indicates an increase in the share of non-functioning small businesses. Therefore, for a systematic analysis of the causes, it is necessary to study the share of inactive small businesses.

The study of the reasons for the inactivity of small businesses revealed a number of problems. In particular, one of the main reasons is the lack of working capital, lack of demand for products. Especially here it is necessary to systematically analyze and evaluate the market for manufactured goods and services.

However, it is not enough to assess the level of sustainability of small businesses by the share of inactive entities. It is important to evaluate sustainability on the basis of complex indicators.

In monitoring the sustainability of small businesses, it is necessary to include indicators of "financial", "institutional", "foreign economic activity". As a result, it is possible to assess not only the overall sustainability of the industry, but also the performance of the industry and sectors.

When assessing the overall sustainability of small businesses in the Andijan region, the average figure was 0.471 units. However, if the lowest rates were found in 7 districts and cities, the level above the average (0.471) was registered in 9 districts (Table 2).

Regions with a high level of overall stability are directly related to indicators of financial and external economic stability. In particular, investments are the basis of financial criteria. That is, the medium-term type of investment in fixed assets has a strong impact on the efficiency of the real sector. Considering that this type

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of investment is mainly focused on industry, the performance of this sector is related to medium-term investments.

Table 2
The level of sustainability of small businesses in Andijan region
(Author's calculations based on data from the Main Department of Statistics of Andijan region)

Regions	Economic sustainability	Social sustainability	Financial stability	Sustainability on foreign economic activity	Institutional sustainability	General stability
By region	**0,533**	**0,50**	**0,408**	**0,372**	**0,285**	**0,420**
Andijan	0,537	0,63	0,312	0,371	0,829	0,536
Khanabad city	0,611	0,66	0,418	0,106	0,183	0,395
Andijan district	0,590	0,40	0,554	0,430	0,219	0,439
Asakinsky district	0,578	0,38	0,026	0,242	0,208	0,286
Balikchinsky district	0,608	0,46	0,699	0,430	0,290	0,497
Bustan (Buz) district	0,632	0,43	0,724	0,285	0,312	0,477
Bulakbashinsky district	0,700	0,46	0,736	0,339	0,055	0,457
Zhalakuduk district	0,641	0,46	0,666	0,471	0,138	0,474
Izboskansky district	0,688	0,59	0,705	0,324	0,047	0,470
Ulugnarsky district	0,394	0,51	0,298	0,323	0,481	0,402
Kurgantipinskiy district	0,632	0,51	0,816	0,700	0,218	0,576
Markhamatsky district	0,663	0,42	0,640	0,654	0,266	0,529
Altinkulsky district	0,713	0,44	0,627	0,468	0,272	0,503
Pakhtaabad district	0,673	0,50	0,610	0,456	0,100	0,468
Khudjaabad district	0,583	0,52	0,696	0,513	0,337	0,530
Shakhrikhan district	0,743	0,45	0,756	0,651	0,137	0,548
Highest value	0,857	0,66	0,816	0,752	0,829	0,782
Lowest value	0,148	0,38	0,026	0,090	0,047	0,138
Mean	0,619	0,49	0,570	0,420	0,257	0,471

At the same time, calculations on the structure of foreign economic activity show that the effectiveness of entrepreneurship in industry reflects a strong dependence on technology transfer. That is, along with the introduction of technology transfer based on foreign investment, its export potential is growing. In particular, industrial enterprises based on new technologies mainly produce products for export.

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A strong correlation with the institutional stability of regions with a low coefficient of stability was revealed. In particular, this indicator is based on the population, the level of employment, their indicators for small businesses.

The main part of the employed in the Andijan region are people employed in small businesses. In particular, this figure increased from 81.2% in 2010 to 85.2% at the end of the study period. This indicator in all districts and cities of the region by 2021 compared to 2010 increased and had a positive trend.

The level of employment in small businesses in the districts and cities of the Andijan region is a characteristic feature of the developing economic system. Even in most developed countries, small business employment accounts for 80% of the total. In recent years, the main share of employment in small businesses has been in light industry and construction. However, these indicators reflect the quantitative aspects of the use of the labor factor. In developed countries, the share of employed in small businesses by industry has a higher place in the service sector and in industry. In the Andijan region, this indicator is mainly in line with the service sector, and the share of industry is very small. Therefore, the efficiency aspects are also low.

When assessing the relative productivity of using the labor factor by industry, the share of industry is 2-3 times higher than in other industries. This is usually due to the high value added and productivity of the industry. This calls for special attention to the industry. For the development of industry in the regions, it is necessary to increase the number of infrastructure facilities. It is also advisable, taking into account regional characteristics, to develop food processing and light industry.

Consequently, the sustainability of small businesses is highly dependent on the level of efficiency in the region. Therefore, it is necessary to increase the use of factors of production, including capital. At the same time, the positive impact of infrastructure on the real sector of the economy and investments was studied.

As a result of the development of infrastructure in the Andijan region, the volume of investments is also growing. In particular, based on the country's business development and investment policy, special attention should be paid to infrastructure facilities.

Table 3
Results of an econometric analysis of the impact of infrastructure on the share of small businesses in the GRP of Andijan region
(Developed by the author based on research (compiled on the basis of computer programs Excel and Eviews).

The name of the indicator related to infrastructure	Economic and mathematical dependence	coefficient of determination (R2(R-squared))	F-statistics (F-statistic)	Probability value (Prob(F-statistic)	Durbin-Watson statistic (Durbin-Watsonstat)
Share of small business in GRP	=0.69538*infra_general - 1.009	0.870427	60.45887	0.000002	1.657426
Share of small business in employment	=0.08504*infra_general - 1.579	0.757508	28.11456	0.000492	2.451654
Share of small business in industry	=2.57443*infra_general - 9.135	0.560049	11.45884	0.008056	1.510856

According to the study, an increase in the total amount of infrastructure by 1% will increase the share of small business in GRP by 0.70%, the share of employment by 0.09% and the share of industry by 2.57% (Table 3).

As a result of the study, it was revealed that the factors influencing the sustainable development of small business and private entrepreneurship in the region are: the total number of infrastructure facilities; the amount of legal services infrastructure; the amount of logistics infrastructure; number of infrastructure

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facilities providing project services. Thus, it has now been found that the influence of skilled industries on the organization and conduct of small businesses is great. This calls for special attention to the skills of entrepreneurs in making small businesses sustainable.

Diversification is needed, given the large impact of the number and types of infrastructure on the share of industry in small business (an increase in the total amount of infrastructure by 1% increases the share of industry in small business by 2.57%).

In general, an increase in the number of infrastructure facilities affects the sustainability of small businesses. In particular, an increase in the volume of loans and investments directed to the sector leads to an increase in the supply of capital, an improvement in labor productivity indicators, such as capital intensity. As a result, the activities of small businesses will expand, the scale of the economy will increase, and the macroeconomic stability of the region will be ensured.

Table 4
The results of an econometric analysis of factors affecting the share of small businesses in the GRP of Andijan region

Dependent Variable: Share of small business in GRP (YAHM) Method: Least Squares Method Sample cycles (Sample): 2005 - 2019 Number of Included observations: 15.				
Variables	Coefficient	standard error	t-Statistic	Probability
Share of small business in employment (BAND)	1.194762	1.068229	1.778452	0.1003
Share of small business in investment (INV)	0.133654	0.114333	1.768991	0.1077
Share of small business in imports (IMP)	0.945255	0.213217	4.433311	0.0030
Constant (C)	-54.01293	84.59760	-1.638469	0.1154
	0.945321	Probability value (Prob (F-statistic)	**0.000087**	
	40.33959	Durbin-Watson statistics (Durbin-Watsonstat)		**1.921147**

The analysis results show that an increase in the share of small business in employment by 1% will increase the share of small business in GRP by 1.95%, an increase in investment by 1% by 0.13%, an increase in imports by 1% and a 0.95% increase in the share in GRP (table 4). This indicator is a source of small business sustainability. At the same time, given that the labor factor is one of the main sources of production, it is necessary to ensure its positive change in order to increase efficiency.

Based on the above studies, it should be noted that the influence of industries and sectors on the change in the level of employment is becoming ever higher. Investments and loans also have a positive effect on the sustainability of small businesses.

Based on the conducted research, it seems appropriate to implement the following measures to ensure the sustainable development of small businesses in the Andijan region:
- expansion of targeted investments at the expense of the state budget;
- increase in foreign investments and loans due to the expansion of small industrial zones;
- increasing the investment attractiveness of the industry through the training and retraining of small business and private entrepreneurship specialists;
- increasing the export potential of small businesses and private entrepreneurship;
- expansion of consulting and logistics companies providing services in foreign economic activity;

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- expansion of service infrastructure facilities in the regions;
- it is necessary to develop the branches of light industry and construction;
- introduction of a cluster approach to the processing of fruits and vegetables in the processing of agricultural products.

As a result of the effective implementation of these measures, along with the sustainable development of small businesses, the economic and social development of the Andijan region will also be achieved.

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