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**REGIONAL DIFFERENCES IN SMALL BUSINESS AND ITS MANAGEMENT*****Gofur Abdilakimov****Associate Professor Tashkent State Pedagogical University, Phd Tashkent, Uzbekistan*

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**ABOUT ARTICLE****Key words:** Budget, enterprise, small business, gross national product, income, profit, entrepreneurship.**Received:** 15.03.2023**Accepted:** 20.03.2023**Published:** 25.03.2023**Abstract:** Starting to study the role and place of small business in the economy of the region, and by and large, in the economy of any country, we note, first of all, how small business differs from other types of business, what are its advantages and disadvantages. The experience of foreign countries and partially the Russian experience of small business shows that small business: is more adapted to local conditions; has less need for initial capital; relatively low costs for core activities and management; high human ability to realize their potential; flexibility and efficiency in decision-making; the ability to quickly introduce changes in production processes; higher capital turnover; owners of small enterprises are more motivated to achieve success; contributes to the growth of employment of the population; require less investment; in most cases, local material and labor resources are used.

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**INTRODUCTION**

The role of small business in the economy is objective, just as objective is the fact that small business is a relatively independent sector of the market economy with its own advantages and disadvantages, like all types of business. Of the main shortcomings, we note: weak competence of the owners of enterprises; higher level of risk; dependence on large companies; low opportunity in lending; low qualification of entrepreneurs. In developed countries, small business plays an extremely important role. "... in the USA in 1986-1990. small firms produced more than 40% of the gross national product and half of the private sector's gross product...small firms accounted for nearly half of all private sector employment...more than 100 million Americans directly or indirectly earn their livelihood through small business..." [23].

**THE MAIN RESULTS AND FINDINGS**

The stability of the social structure of any society in most cases is determined by how the middle class is represented in it. Its main characteristics include mass character, material security, economic, political and entrepreneurial activity. In developed countries, the middle class has historically formed at the expense of entrepreneurs, small proprietors and freelancers. With the increase in the income level of highly skilled employees, they also began to be attributed to the middle class. The middle class is traditionally the "supplier" of entrepreneurs. The effective development of small business, in our opinion, contributes to the solution of many regional problems. These include such as: assistance in the structural restructuring of the region's economy; formation of a social layer of owners of enterprises; development and use of local sources of raw materials and waste from large-scale industries; creation of additional jobs; liberation of the state from low-profit and unprofitable industries through sale or lease; attraction of personal funds of the population for the development of production; saturation of local markets with goods, improvement of quality; creation of auxiliary and service industries for large enterprises " ...a significant part of small business is in the sphere of interests of large companies. Acting as an important part of the production chains of large corporations, small firms perform a significant part of the work that is not economically profitable for giant companies" [2].

The solution of these problems, which are inherent in almost all regions, is impossible without the effective development of small enterprises, which makes it possible to reveal additional opportunities for the region. Almost the main thing in solving the social problems of the region, we believe that small business "... smooths out the contradictions between the two poles of human society, reduces social tension ..." [5]. The authors of many studies on the importance of small business in the regional economy, exploring its regional focus, consider "... small business, due to its limited scale of activity, relatively small resource and sales markets, as well as other specific features, is mainly aimed at meeting local needs for goods and services, and therefore, it has a predominantly regional focus..." [26].

The role of small business in the conditions of economic independence of the regions is reaching a higher level. Small enterprises in many regions should bear the main budgetary burden, while creating a competitive environment in the region that allows them to produce goods and services in full accordance with consumer demands and market requirements. "...small business, due to its specificity, has a pronounced regional focus. Small businesses should build their activities based on the structure and local demand, needs and opportunities to saturate the local market. In the context of the development of the economic independence of the regions, it is small business that should become the main factor in optimizing the structure of the regional economy..." [27].

There is no need to talk about the key role of small enterprises in the transition period and the period of formation of the foundations of a market economy, the philosophy of the market. As you know, the process of transition to a market economy involves the redistribution of resources from the public sector to the private sector through the privatization of existing enterprises, or through the creation of new private firms. Empirical studies in many countries show that small businesses grow faster than large ones. The growth of small enterprises expands the market sector and reduces the non-market component of the economy - inefficient enterprises. At present, there is a growth and further increase in the role of small businesses in the economy of developed countries, which is a regularity in the development of productive forces. The transition economies that have followed this example of the Western countries have been significantly successful in achieving higher and more sustainable growth

rates. Russia has a significant space for the development of small business and increasing the rate of economic growth. According to A. Aganbegyan, if in five years the share of small business in Russia's GDP is increased from 11 to 30%, GDP will grow by 18% and will give an additional increase in GDP by 3% per year. That is, half of the 6% economic growth in the country can be obtained in the coming years due to the predominant development of small businesses.

The dominance in economic policy of the interests of oligarchies and monopolies, based on raw material potential, is purely opportunistic in nature and does not meet the strategic goals of the country's development. We believe that: the more efficiently operating competitive small and medium-sized enterprises in industry, construction and innovation, the greater the contribution of this sector to GDP and the higher the economic growth rates. Therefore, the philosophy that unites the interests of large, medium and small businesses should be extremely simple: strengthening the economic and innovative potential of the state should begin with local, local markets that contribute to the growth of the welfare of the population and the country's authority in the world.

We believe that the change in the role of small business, primarily at the regional level in the direction of strengthening its development, should be objectively natural. Even if the state and regional authorities pay little attention to this type of business, as is happening now, objective market laws, albeit belatedly, will force the regional economy and the state as a whole to give small businesses their share in the GRP. "... it should be noted that the strengthening of the role of small and medium-sized firms in regional development is of an objective nature. In addition to global changes in the external environment, we believe that it is necessary to name the following reasons. First, the objective trend of world economic development is the steady growth in the importance of the service sector. In the structure of social production, the share of services in 1990 was: USA - 70.3%, Japan - 58.4%, England - 67.4%, Russia - 37.4%. It is this area of activity that is of the greatest importance for small firms in all countries, which is associated with its low capital intensity and the individualized nature of services.

Secondly, the emergence of a fundamentally new equipment and technology, primarily computer technology, the widespread development of communications made it possible to ensure a high effect in the production of enterprises with different scales of activity. The third reason for the strengthening of the role of small business is the change in the demographic structure of employment, which is expressed in an increase in the employment of women and people of older age groups.

The analysis of the state of small business abroad made it possible to formulate the following conclusions and research directions:

1. Small business is defined by various organizations and agencies in countries with developed market economies in different ways. The following indicators are mainly used as criteria for classifying small enterprises: the average annual number of employees in the enterprise, the value (volume) of the enterprise's assets, and the annual turnover.
2. Small business has a number of competitive advantages over large enterprises. The most important of them are the flexibility and agility of MT, without which modern business is doomed to failure.
3. MPs play a very important role in maintaining employment, that is, in the processes of balancing between the demand for labor and its supply.

4. MT is of great importance in innovation processes. Small businesses in the United States and Western Europe have carried out almost 50% of the largest innovations in the world market.
5. Small business has not only strengths, but also weaknesses in the field of competitiveness. First of all, its vulnerability is expressed in the fact that, with a lack of financial resources, SEs are forced to more actively attract borrowed capital to carry out their activities.
6. The participation of small companies in the competition is complicated by the fact that they are not able to dictate prices in the relevant area of production of goods and services, as large firms do, they can only "follow in the wake" of their pricing policy.
7. Painful problems of small companies are high advertising costs, difficulties in accessing specialized information, finding clients, paying for legal and other business services. There are problems of a personal order, a low level of specialization and incompetence of managers, the sole responsibility of the entrepreneur for his business.
8. As world experience shows, small business needs to be supported by the state. State support is needed, first of all, to actively influence the process of demonopolization of production, to saturate the national and foreign markets with goods, services and new technologies, and to smooth out fluctuations in the economic situation.
9. A comprehensive study of foreign experience in supporting the small business is relevant for Russia. However, direct copying of forms of small business organization will not necessarily be effective for Russia. Due to the lack of powerful budgetary funds in Russia, it is necessary to look for new ways of organizing and functioning of small business.
10. It is necessary to reorient the system of financial support for small businesses to the efficient use of the minimum required amount of centralized resources. The transition from concessional lending to individual business projects to the predominant use of indirect support instruments will significantly expand the circle of recipients of financial resources.
11. Obviously, in the absence of budgetary funding, it is necessary to actively attract and use extrabudgetary sources of funding.
12. A deeper development of the methodological base is needed for the assessment and possible transformations of the activities of the IB.

## **CONCLUSION**

Representatives of small businesses in the regions of Uzbekistan currently have to solve numerous problems of conquering, retaining and expanding their own niche in the markets for goods and services. Small enterprises cannot provide customers with highly qualified services in all areas of activity on an equal basis with large companies and specialized firms. At the same time, they use a fairly wide arsenal of opportunities for presence in the market. But small businesses also have undeniable advantages over large firms. First of all, it is flexibility and mobility, quick adaptation to market changes. These benefits can be significantly enhanced through the strategy of cooperation and partnership - benchmarking. A benchmarking system can significantly increase the business potential of each of the partners as a result of a concerted easing of competition.

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