
On Some Problems of Small Business: Essence and Organizational and Methodological Substantiation

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Abstract: This article lists some of the small business challenges. The author notes that the current state and prospects for the development of small business are influenced by multidirectional factors that have both positive and negative effects on it, while conducting organizational and methodological justifications for problems and ways to solve them in this area of the economy is of particular relevance.

Key words: business, small business, business environment, microenvironment, macroenvironment, institutional environment, development factors, risk factors, group of factors, classification of factors, internal factors, external factors, direct impact factors, indirect impact factors, structuring of factors, positive factors

Introduction.

The current state and prospects for the development of small businesses are influenced by multidirectional factors that have both positive and negative effects on it. For example, Uzbekistan is going through a large demographic window with a high proportion of potential young workers and a low dependency ratio. This trend is projected to continue until 2044 and represents an important opportunity to “make the country rich before old age.”¹

Uzbekistan is taking comprehensive measures to comprehensively support the activities of small businesses. At a meeting of the President of the Republic of Uzbekistan with entrepreneurs in the form of an open dialogue, it was determined that “the goal of small business development ... is to increase the share of entrepreneurship in the total income of the country's population up to 70%”².

For ongoing structural reforms to be successful, significant institutional development and capacity building is required. In this regard, the classification of risk factors, which makes it possible to systematize this heterogeneous and multidirectional influence, is not only of theoretical interest, but also makes it possible in practice to identify the main trends and prospects for the development of small businesses and form an appropriate conceptual strategy of behavior both in the macro and meso - and micro levels in the modern market. In this context, a feature of small business is the fact

¹ Economic growth and job creation in Uzbekistan: An in-depth diagnostic (in English). Washington DC: World Bank Group, 2018. <http://documents.worldbank.org/curated/en/130581560953053964/Growth-and-JobCreation-in-Uzbekistan-A-In-depth-Diagnostic>.

² Conceptualist for the development of the social and economic complex of the Uzbek Republic until 2030. <https://regulation.gov.uz/uz/document/9413>.

that it is influenced by three groups of factors that are systemically interconnected to a certain extent and have a synergistic effect:

- factors specific to the business as a whole;
- factors influencing the development of small business;
- factors affecting small business in the regions.

Despite the fact that the factors common to all business structures have been studied in sufficient detail in the economic scientific literature, both domestic and foreign, there is no single approach to isolating and structuring the elements of the business environment.

Literature review. Small business is associated with the need to ensure mobility in market conditions, the formation of specialization. Unlike large business, the main subject in it is the entrepreneur, who combines the functions of both the owner and the manager. Because of this, small business is an independent object of study in the economic literature. However, until now there is no single theory of small business, which is largely due to the study of small business from various positions with the identification of certain of its special characteristics.

The works of foreign authors are devoted to the study of issues of institutional development of economic systems, in particular business: G.B. Kleiner³, T. A. Makareniai and I. Ts. Khazagaeva⁴, E.A. Monastyrny and V.M. Saklakova⁵, J.A. Mingaleva and G.A. Gershanok⁶, G.D. Boush⁷, D. Norta⁸, J. Schumpeter⁹, J. Meyer and B. Rowan¹⁰, K. Freeman¹¹ and etc.

In the same vein, the conclusions of other authors who have contributed to the study of business issues are consistent (Mises (1949)¹², Kirzner (1973)¹³, Klein (2010)¹⁴, Brown (2013)¹⁵, Hafer (2013)¹⁶, Heinonen (2016)¹⁷, Edoho (2016)¹⁸ and etc).

Domestic scientists B. Berkinov, G. Abdurakhmonova, D.S. Almatova, N.K. Murodova, U.V. Gafurov, Sh.I. Mustafakulov, D. Yuldashev, M. Ibragimova, A. Yusupov, I. Kenzhaev and others¹⁹ conducted scientific research on the development of small business in Uzbekistan, its role in the economy, risk insurance, employment in the industry, and its financing.

³ Kleiner G.B. System paradigm and economic policy // Social sciences and modernity. 2007. No. 2. S. 141–149.

⁴ Makarenia T.A., Khazagaeva I.Ts. State and Business: Institutional Environment for Interaction of Responsibility Centers at the Regional Level // Regional Economics: Theory and Practice. 2013. No. 13. P. 37–44.

⁵ Monastyrny E.A., Saklakov V.M. Classification of development institutions // Innovations. 2013. No. 9. P. 59–65.

⁶ Mingaleva Zh.A., Gershanok G.A. Sustainable development of the region: innovations, economic security, competitiveness // Economics of the region. 2012. No. 3. S. 68–75.

⁷ Boush G.D., Verkhovets O.A., Grasmik K.I. A new approach to managing the development of innovative clusters, taking into account intrasystemic contradictions // Innovations. 2012. No. 1. S. 57–65.

⁸ Douglass C. North. Institutions and Economic Growth: An Historical Introduction // World Development. 1989. Vol. 17. No. 9. P. 1319–1332.

⁹ Schumpeter J. A History of Economic Analysis. Oxford University Press, 1954. 1260 p

¹⁰ Meyer J., Rowan B. Institutionalized Organizations: Formal Structure as Myth and Ceremony // American Journal of Sociology. 1990. No. 83. P. 340–363.

¹¹ Freeman C., Soete L. The Economics of Industrial Innovations. Cambridge, MA: MIT Press, 1997. 480 p

¹² The economic research of von Mises includes the study of business cycles, the development of the theory of interest, the study of money, the analysis of economic systems, the study of the economic functions of such market institutions as monopoly, competition, entrepreneurship - the author's note. // source: <https://istina.msu.ru/journals/94281/>.

¹³ Kirzner, I. (1973): Competition and Entrepreneurship. -Chicago: University of Chicago Press. -246 pp.

¹⁴ A. Klein. Business at the place of residence// "Practical accounting", N 7, July 2010 // <https://base.garant.ru/55002210/>

¹⁵ Brown V.V. Information and technology as an object of sale. // file:///C:/Users/Lenova/Downloads/informatsiya-i-tehnologii-kak-obekt-kupli-prodazhi.pdf

¹⁶ Hafer R.W. (2013), "Entrepreneurship and state economic growth", Journal of Entrepreneurship and Public Policy, Vol. 2, Issue: 1, pp.67-79

¹⁷ Heinonen J., Hytti U., (2016), Entrepreneurship mission and content in Finnish policy programmes, Journal of Small Business and Enterprise Development, Vol. 23 Issue: 1, pp.149-162

¹⁸ Edoho F.M. (2016), Entrepreneurship paradigm in the new millennium: A critique of public policy on entrepreneurship, Journal of Entrepreneurship in Emerging Economies, Vol. 8 Issue: 2, pp.279-294

¹⁹ Berkinov B., Akhmedov U.K. Sources of Income Generation and Forecasting Investments in Fixed Capital of Rural Households in Uzbekistan//Economy and Management in the 21st Century: Development Trends, № 26, 2016.; Abdurakhmonova G.K. Improving the employment of the population in small business according to the principle of decent work: iqt.fan.doc...author. - T.

Since an entrepreneur is engaged in small business, traditionally the study of the theory of entrepreneurship begins with the definition of the essence of the concept itself. In this context, business (eng. business - business, occupation, enterprise; it came into the Russian language, perhaps through the French business or directly from English) - an activity aimed at systematically making a profit. In Russian, the words entrepreneurship and business are used as synonyms²⁰, but sometimes they have different meanings²¹.

In the scientific literature, the term "entrepreneur" was first used by Richard Cantillon²² in his book "Essays on the Nature of Commerce in General" (1725), where he wrote that a person's actions in conditions of risk are entrepreneurship. He distinguished his essence from the manager and pointed out the special significance of the interaction of entrepreneurs. Further, this definition began to be used more and more actively to describe the market system of the economy as a whole. At the same time, the first theorists of business - entrepreneurship directly associated it with the concept of "property".

A significant variation of opinions is also observed when trying to structure the business environment. The only thing that most researchers agree on is its division into external and internal. At the same time, the composition of factors and the mechanism of their influence on the functioning of small businesses are described differently by various authors. For example, A. Hosking distinguishes internal and external (macro- and microenvironment) in relation to the enterprise. In his opinion, the macro environment contains economic, legal, political, socio-cultural, technological, physical (geographical) conditions of business activity. The microenvironment includes the institutional system of business²³.

The business environment is a complex set of conditions under which a business operates. It is a set of economic conditions for doing business and developing business life, which involves the formation of economic incentives and economic freedom in choosing activities. Traditionally, several subsystems are distinguished in the content of the institutional environment. According to O. Williamson²⁴, the institutional environment is subdivided into normative and organizational and technical subsystems, while each subsystem, in turn, is divided into formal and informal. The formal ones include legal acts, infrastructure, while the informal ones include traditions, customs, mentality, intra-family relations, the family, and the shadow economy.

The institutional environment is a set of institutions responsible for performing certain functions and contributing to the effective interaction of economic entities.

2016. -59 p.; Almatova D.S. Improvement of attraction of investments in the development of entrepreneurship in the regions: i.f.d. diss. autoref. -T.: TMI.2018. - 76 p.; Murodova N.K. Improving the ratio of state support to small business and private enterprise: iqt.fan.doc...author reference. -T. 2016.; Gafurov U.V. Improving economic mechanisms of state regulation of small business: iqt.fan.doc...diss. -T. UzBMA. 2017. -74 p.; Mustafakulov Sh.I. Improving the scientific and methodological basis of increasing the attractiveness of the investment environment in Uzbekistan: iqt.fan.dok...avtoref. -T. UzBMA. 2017. -67 p.; Aripov O.A. State regulation of small business and development of business environment: i.f.d. diss. autoref. - T.: NDU.2020. -72 p.; Yuldashev D.T. Improving the economic mechanism of brewing family business. : i.f.f.d. diss. autoref. - T.: FDU.2019. -54 p.; Ibragimova M.M. Improving efficiency of small business and private entrepreneurship activities based on structural changes. i.f.f.d. diss. autoref.-T.TDIU. 2018. – 53 p.; Yusupov B. A. Improving the mechanisms of using the economic potential of small business in Uzbekistan: i.f.f.d. diss. autoref.-T.: TDIU.2020. -60 p.; Kenjaev I.E. Improving the effectiveness of using foreign investments in small business (in the case of Namangan region): i.f.f.d. diss. autoref.-Namangan: NDU.2021. -55 p.

²⁰ Business // Scientific and educational portal "Big Russian Encyclopedia".//<https://old.bigenc.ru/vocabulary>

²¹ Asaul A. N. Organization of entrepreneurial activity. Archived January 27, 2018 at the Wayback Machine. - p. 19.

²² Richard Cantillon is a French economist, banker and demographer of Scottish origin.//Great Soviet Encyclopedia: [in 30 volumes] / ch. ed. A. M. Prokhorov. - 3rd ed. - M.: Soviet Encyclopedia, p.1969 -1978.

²³ Hosking A. Course of Entrepreneurship / per. from English; total ed. and foreword. V. Rybalkin. M.: International relations, 1993. S. 22-25. (-343 p.).

²⁴Williamson O. Economic institutions of capitalism. Firms, markets, "relational contracting". Saint Petersburg: Lenizdat, 1996. 163 p.

Institutions as human-designed constraints that structure human interactions²⁵, may change due to changes in the composition of the participants in the business environment. When explaining the features of institutional changes, it is most appropriate to use evolutionary theory: over time, inefficient institutions die off, while effective ones survive, and therefore effective institutions that are accepted by business entities and have an impact on economic, social, political organizations and subjects of the business environment are developed. At the same time, the inefficiency of some and the effectiveness of other coordination mechanisms is revealed as a result of institutional metacompetition²⁶, that is, the competition of institutions.

By analogy with market competition in the institutional market, institutions are selected depending on their ability to cover the largest number of interactions of market agents at a relatively low level of transaction costs. Dynamic processes in the institutional environment lead to situations that create disequilibrium in the system. As a result of the activity of small businesses, effective institutions are created and selected to ensure the regulation and coordination of the entire system, and in particular the economic one. The functioning of institutions is determined by the nature of their activities, cultural traditions and many other factors, among which efficiency is far from a determining parameter. Change often happens to them because the values that condition their existence change, or they themselves become incompatible with other values and institutions, but not for reasons of efficiency.

Analysis and results. Usually, business entities independently determine what factors and to what extent they can affect the effectiveness of their activities in the current period and in the future, and what measures should be taken to successfully run a business. In this context, the organizational structure of a business is a logical relationship between management levels and functional areas, which is structured in such a way as to ensure the most effective achievement of the organization's goals.²⁷

Based on this, I.N. Gerchikova gives the following classification of external factors of the business environment (Fig. 1)²⁸:

a). Factors of direct influence:

- nature and state of market relations: consumer demand; offers; terms of trade in the market (forms and methods of trade, commercial practice, terms of commodity circulation, legal issues);
- economic relations of the company: a network of suppliers of raw materials, materials, equipment, fuel and energy; providing labor force with the necessary specialties and qualifications; relations with financial institutions - creditors or investors (banks, shareholders, individuals); relations with trade unions.

²⁵ North D.C. Government and the Cost of Exchange. *Journal of Economic History*, 1984, vol. 44, iss. 2, pp. 255 -264. doi: <https://doi.org/>

²⁶ Kapelyushnikov R.I. *Economic theory of property rights*. M.: IMEMO, 1990. 216 p..

²⁷ *Enterprise Economics: A Textbook for High Schools*. 5th ed. / Ed. acad. V. M. Semenov. - St. Petersburg: Peter, 2008. - 416 p..

²⁸ Gerchikova I.N. *Management: textbook*. 2nd ed., revised. and additional M.: Banks and exchanges: UNITI, 1995. p. 104 (- 480 s.).

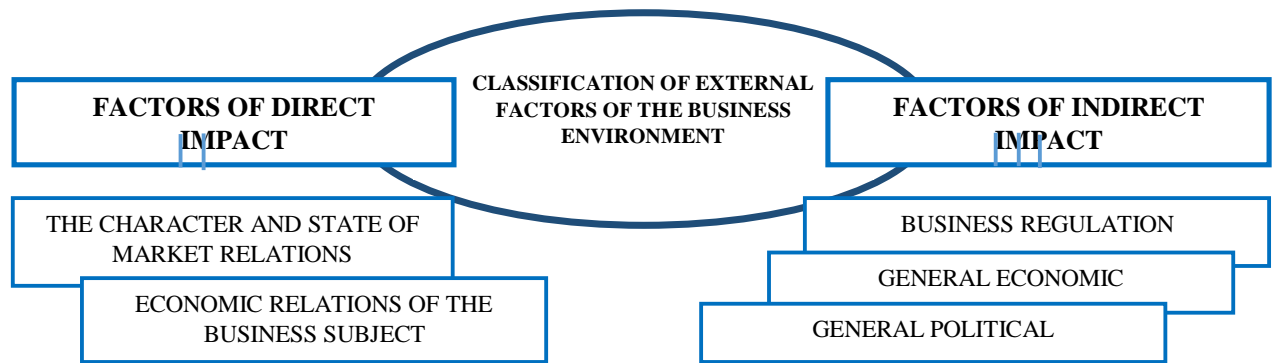


Fig.1. Classification of external factors of the business environment²⁹

b). Factors of indirect impact:

- regulation of entrepreneurial activity;
- general economic: the requirements of the scientific and technological revolution; state of the country's economy; business climate;
- general political.

R.G. Dobrov divides environmental factors into macro- (environment of direct and indirect impact) and micro- (environment of direct impact) entrepreneurial environment.

Among the factors of the macro environment, he refers³⁰ (fig.2):

- the level of economic development of the state and the region;
- legislative system that determines the legal field of activity of business entities;
- a political system characterized by the stability of the development of society and the state;
- the level of state regulation and support of entrepreneurship;
- socio-economic situation in the country and region;
- cultural environment, determined by the level of education, traditions and mentality of the population;

²⁹ Compiled by the author on the basis of a synthesis of educational and scientific literature, for example, Gerchikova I.N. Management: textbook. 2nd ed., revised. and additional M.: Banks and exchanges: UNITI, 1995. p. 104 (- 480 p.)

³⁰ Dobrov R.G. Internal entrepreneurial environment as a complex system of elements from the position of organization management. Izvestiya VGPU. 2014. No. 3 (88). pp. 136-141.

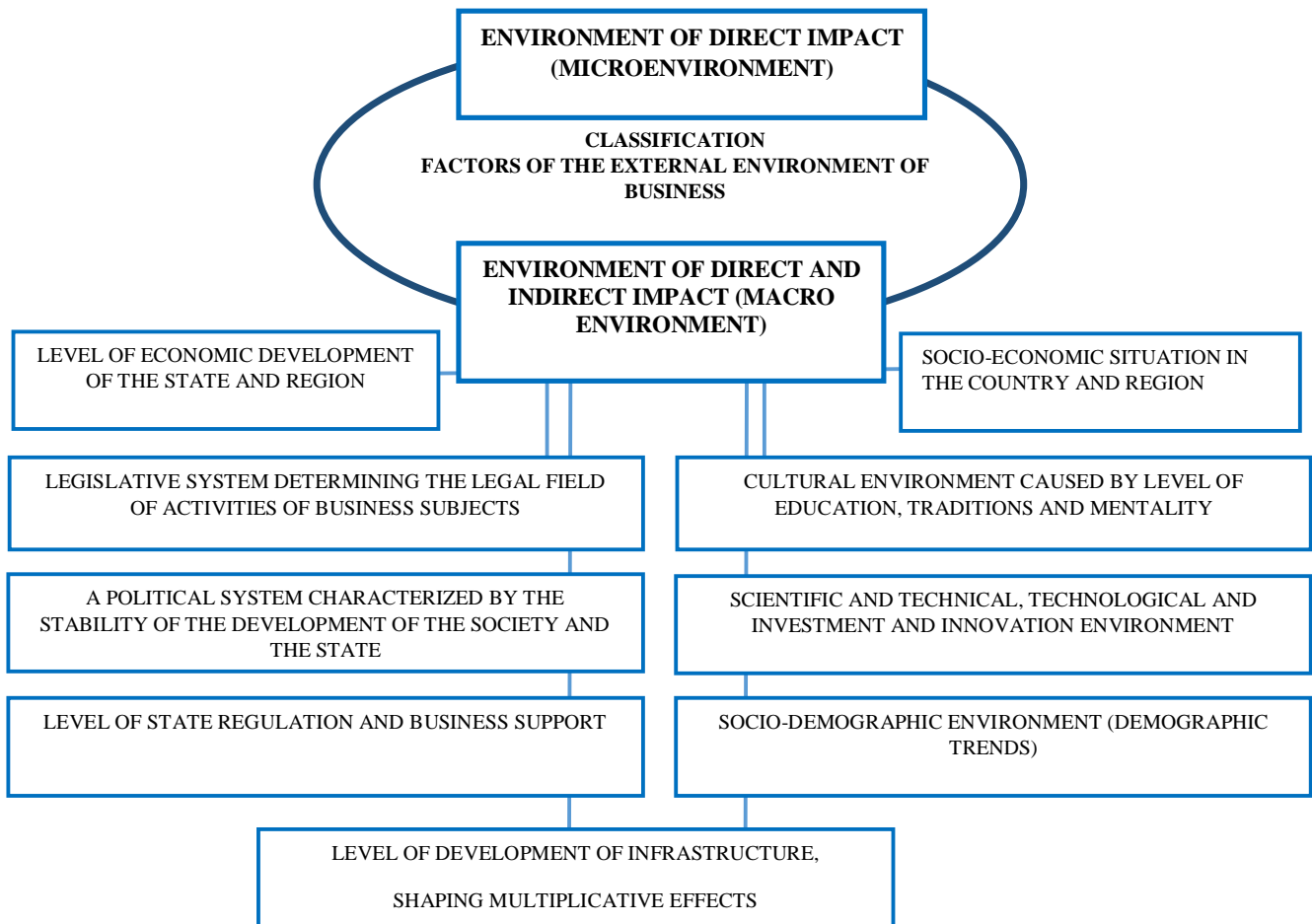


Fig.2. Classification of business environment factors³¹

- scientific and technical, technological and investment-innovative environment;
- socio-demographic environment (demographic trends);
- the level of infrastructure development that generates multiplier effects, etc.

T.N. Kosheleva considers it a priority task to study the internal factors of small business functioning and establish the dependence of its functioning on the influence of external factors in order to determine the starting conditions and development opportunities. She refers to internal factors the resource opportunities of small businesses, which include economic, production, personnel, organizational and other opportunities³².

N.V. Rasskazova refers to the internal factors of small business development mental, cultural, resource characteristics, as well as the experience of functioning in the market, expressed in the choice of a certain orientation of behavior³³.

In this context, economic analysis is a scientific way of understanding the essence of economic phenomena and processes, based on their study in all the variety of connections and

³¹ Compiled by the author on the basis of a synthesis of scientific developments by a number of authors, for example, Dobrov R.G. Internal entrepreneurial environment as a complex system of elements from the position of organization management. *Izvestiya VGPU*. 2014. No. 3 (88). pp. 136-141. and etc.

³² Kosheleva T.N. Factors and patterns that determine the development of small business in the system of economic relationships // *Problems of modern economics*. 2009. No. 4. S. 198-201.

³³ Rasskazova N.V. Factors for the implementation of economic interests of small businesses: questions of theory // *Proceedings of PSPU im. V.G. Belinsky*. 2011. No. 24. S. 393-398.

dependencies³⁴. There are macroeconomic analysis, which studies economic phenomena and processes at the level of the global and national economy and its individual sectors, and microeconomic analysis, which studies these processes and phenomena at the level of individual business entities. The latter is called business analysis.

Analysis of the business environment provides a comprehensive study of the impact of external and internal, market and production factors on the quantity and quality of products manufactured by the subject, the financial performance of its work and indicates possible prospects for the development of further activities in the selected area of the economy³⁵.

When analyzing business environment factors, one should take into account the existing patterns of functioning of individual sectors of the economy. First of all, we are talking about the features of the sectors of the economy that form the specific composition of the factors of the internal and external environment. They have been studied in sufficient detail in the domestic literature and do not require additional commentary. Secondly, it is necessary to take into account the peculiarities of doing business in the regions, which are associated both with the specifics of demand for manufactured products (services provided, work performed), and with the formation of an appropriate supply. Features of demand for the products of small businesses are caused by the inelasticity of demand for the final product, for example, food, as a result, product prices are more influenced by market demand. To this should be added the features of the composition and structure of business entities, which are distinguished by a variety of specializations, etc. Another factor that requires a special approach to the analysis of the small business environment is the relatively low mobility of subjects. To a large extent, for them, the workplace and the place of residence are inseparable.

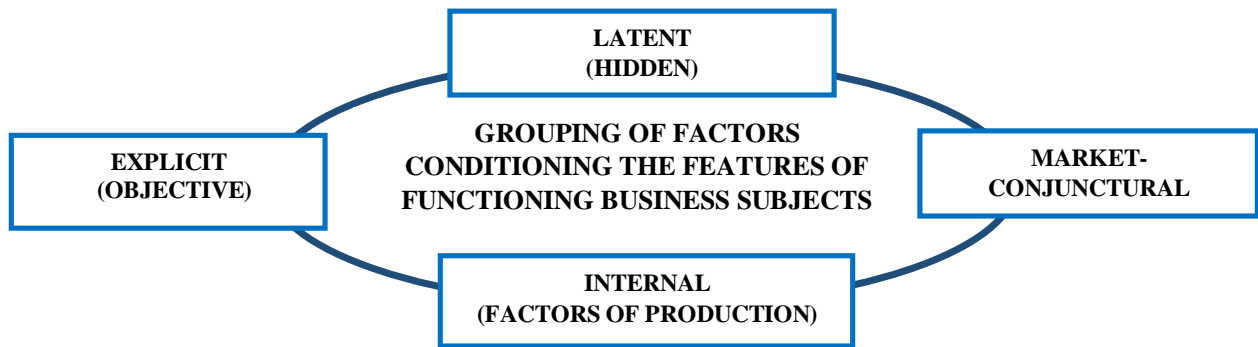
The experience of the development of economic entities shows that new tasks were put forward for economic science in general and for economic analysis in particular at various stages, the previously set ones were strengthened, and the corresponding accents were designated in a different way. This process will naturally continue in the future.

L.D. Kiyanova believes that small business in the territories has its own specifics, which is associated with an insufficient level of competition, cheap labor, as a result of higher unemployment and relatively affordable raw materials, which makes business more attractive. Despite the fact that the author points to the fact that the reverse side of such work is a lower level of demand as a negative factor, L.D. Kiyanova draws a conclusion about the profitability of a business with proper consideration of all factors³⁶.

³⁴ Savitskaya G.V. Analysis of the economic activity of the enterprise. - Minsk: New knowledge, 2002. S. 85 (- 704 p.).

³⁵ Pyastolov S.M. Economic analysis of the enterprise. - M.: Academic Project, 2002. - 573 p.

³⁶ Kiyanova L.D. Factors of development of small business in rural areas // Nikon readings - 2013: materials of the International scientific and practical conference dedicated to the 95th anniversary of Academician A.A. Nikonova, September 24, 2013 - M.: VIAPI im. A.A. Nikonova: S. 390-393.



*Fig.3. Grouping of factors that determine the features of the functioning of business entities*³⁷

E.I. Kostyukova, I.B. Manzhosov and A.N. Bobryshev offer their own structuring of the factors that determine the features of the functioning of economic entities. In particular, they consider it necessary to divide all factors into the following groups³⁸:

-obvious or, according to the author's definition, objective factors, which include: climatic; biological; limit and quality of means of production; seasonality of production; netting of products in on-farm turnover; the presence of two large industries, low qualification of personnel;

- latent (hidden): shadow economy; low level of information support; activities carried out with industrial democracy in mind; the possibility of replacing technological methods with the use of cheap labor in compulsory work; insufficient level of consumer confidence in products;

- internal (factors of production): labor, land, capital, entrepreneurship, knowledge - not entirely correct, since they depend on the corresponding resource market, they are transformed into internal factors in the production process as resources used;

-market-conjuncture: regional features; underdeveloped infrastructure; lack of channels for the acquisition of material and technical means; lack of established sales channels for products; decrease in domestic demand for food products; low profit margins.

L.S. Ruzhanskaya, T.A. Tychinskaya, A.A. Shcherbinina consider it necessary to take into account two groups of factors when building a conceptual model for assessing the influence of factors on the development of small businesses: demand factors and supply factors³⁹.

In general, supporting this approach, we consider it necessary to note the fact that the authors talk about taking into account individual supply and demand (individual demand factors for business activities and business opportunity supply factors), while the set of factors proposed by them is actually used to assess aggregate supply and demand.

The territorial approach for structuring the factors of the entrepreneurial business environment is also used by Zh.V. Gornostaeva, T.A. Zabaznova, I.V. Kundrat. They define the business environment as a system of "historical, natural, geographical, demographic, spiritual,

³⁷ Compiled by the author on the basis of a synthesis of scientific developments by a number of authors, for example, Kostyukova E.I., Manzhosova I.B., Bobryshev A.N. Monitoring the effectiveness of the functioning of peasant (farm) farms // APK: economics, management. 2011. No. 3. S. 53-58 and others.

³⁸ Kostyukova E.I., Manzhosova I.B., Bobryshev A.N. Monitoring the effectiveness of the functioning of peasant (farm) farms // APK: economics, management. 2011. No. 3. S. 53-58.

³⁹ Ruzhanskaya L.S., Tychinskaya T.A., Shcherbinina A.A. Factors of development of small business in the Urals: territorial aspect: materials of the X International Scientific Conference on the problems of development of the economy and society: in 3 books. / resp. ed. E.G. Yasin. M.: Higher School of Economics, 2010. T. 2. S. 402-412.

political, economic and social characteristics that are characteristic of a particular territory and affect business activities within its borders"⁴⁰.

At the same time, the authors call the internal business environment situational factors within the company itself, to which they refer goals, structure, technology and people. At the same time, all the conditions and factors that arise in the environment, which do not depend on the efforts of a separate business structure, they refer to the external business environment.

Sufficiently detailed qualification of business activity factors of entrepreneurship was proposed by S.V. Levushkina⁴¹. In particular, she proposes to isolate the factors of the state and market mechanism from the totality of environmental factors. It seems to us that we should agree with this approach, since in order to effectively realize the potential of small businesses, it is necessary to achieve a certain balance of favorable factors of market development and well-thought-out state policy in general and small businesses in particular, as well as the competent use of the existing potential of entrepreneurship.

As you know, small business in the sectors of the economy has certain essential features:

- the need for a combination of industries, which leads to the combination within one enterprise of various, often technologically loosely related types of activities;
- low level of the resource base, which predetermines low technical and technological equipment and insufficient staffing;
- additional factors of market uncertainty and risk associated with the lack of infrastructure, including information, support.

Taking into account the foregoing, as well as generalizing all three approaches to the analysis of the business environment and structuring its factors, we propose the following enlarged classification of factors affecting the development of small businesses (Fig.).

In particular, we consider it necessary to highlight the external and internal factors of the business environment, since they are of a different nature and affect the activities of small businesses in different ways. The factors of the external environment include: natural and climatic, political, economic, legal, socio-demographic, infrastructural and market.

We consider it expedient to structure the factors of the internal environment in the following way, highlighting the organizational and economic, technical and technological, socio-psychological, environmental factors that determine the competitiveness of products and the subject as a whole.

We consider it necessary to include natural and climatic factors: weather and climatic conditions, natural risk, which requires special attention when doing business.

Political factors include: the stability of the political situation, the economic policy of the state, the agricultural policy in the field of small business, state protectionism.

Legal factors affecting the activities of small businesses in the countryside include the legislative framework that stimulates or hinders the development of small agribusiness.

Economic factors include the state of the economy: the rate of inflation, the level of employment, the structure of the distribution of incomes of the population, interest and tax rates, the value and dynamics of the gross domestic product, labor productivity, etc.

⁴⁰Gornostaeva Zh.V., Zabaznova T.A., Kundrat I.V. Rural territories: current state and modeling of development prospects // Economic sciences. 2009. No. 58. S. 110-115.

⁴¹ Levushkina S.V. Ensuring a new quality of sustainable development of small and medium business structures (theory and practice): monograph. - Stavropol: AGRUS, 2013. S. 14 (-235 p.).

Socio-demographic factors reflect the state of the population and its reproduction, the quality of life, the labor market in general and in rural areas in particular.

Infrastructural factors are associated with the location of the economy, industrial and social infrastructure, the development of inter-farm relations.

Market factors are determined by the action of the economic situation in the agro-food markets: pricing, competition, the balance of supply and demand.

Organizational and economic factors are largely related to the organization of labor and production, specialization, the size of the economy, the combination of industries, the resource base, which determines the potential for the development of a small enterprise and includes labor, material and financial resources, as well as the efficiency of their use.

Technical and technological factors characterize the technologies used, the level of automation and mechanization of labor, the availability and possibility of applying technological innovations, and the introduction of advanced farming practices.

Socio-psychological factors are associated with the existing entrepreneurial potential and the possibility of its effective implementation, the moral and psychological climate created in the economy, which determines social well-being and intra-economic relations.

The competitiveness of small businesses in the countryside and their products is determined by: the range and achieved quality of agricultural products; selling price; the effectiveness of distribution channels and the availability of a unique product offer for the local food market.

Environmental factors are associated with the use of new technologies and technical means of production that meet modern environmental requirements. It should be noted that among the whole variety of criteria, there are both factors that contribute to the development of business, as well as hindering it⁴². In this regard, risk reduction and preparedness for them based on the functioning of systems for its minimization; developing risk mitigation strategies for 2023-2030 and building resilient communities, promoting regional cooperation to minimize the risk of small businesses and more effectively share information.

Conclusions and offers. At any moment, the composition of these factors may change in accordance with changes in the business environment. A specific set of positive and negative factors is individual for each business, however, it is possible to single out the factors that affect the entire small business.

As positive factors, the following should be noted:

- the small business environment in recent years has been characterized by a certain macroeconomic stability, which made it possible for entrepreneurship to expand the strategic horizons of planning and forecasting activities;

- improvement of the regulatory framework that ensures the activities of small businesses;

- strengthening the general positive direction of the state policy towards small business, increased attention to regional programs for its development;

- improvement of infrastructural, including information, ensuring the functioning of small businesses;

- accumulation of a certain experience of the subject, which contributes to greater business stability;

- relatively high incomes that are able to generate those employed in small businesses in relation to the current average income.

⁴²Adukova A.N. Socio-economic development of rural areas. // Nikon readings. 2001. No. 6. S. 16-17.

At the same time, the complex of factors that impede the development of small business retains its influence, and new restrictions appear, primarily:

- complication of the economic situation: acceleration of inflation; high, almost prohibitive level of interest rates on loans; the level of legal support for business is still not optimal;
- insufficiency of infrastructure support for small businesses, in connection with which such risk reduction tools as the insurance system, credit support, marketing and technology consulting still do not meet modern requirements;
- unresolved problems of personnel and resource, including technological support.

It seems to us that it is necessary to agree with those researchers who believe that the current economic state of small business is largely due to the following reasons:

- the consequences of an ill-conceived transformation of the economy, which resulted in a whole system of factors hindering the development of small businesses that have not been overcome to date;
- lack of evidence-based comprehensive policy in the field of business development;
- insufficiency and inconsistency of the current legislation in the field of small forms of management;
- weak cooperation, lack of inter-economic interaction between small businesses and large and medium-sized entities in the economic sphere, in the field of material and technological supply and marketing of products.

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3. Makarenya T.A., Khazagaeva I.Ts. State and Business: Institutional Environment for Interaction of Responsibility Centers at the Regional Level // *Regional Economics: Theory and Practice*. 2013. No. 13. S. 37–44.
4. Mingaleva Zh.A., Gershanok G.A. Sustainable development of the region: innovations, economic security, competitiveness // *Economics of the region*. 2012. No. 3. S. 68–75.
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