European Journal of Business Startups and Open Society

Vol. 3 No. 11 (Nov - 2023): EJBSOS

http://innovatus.es/index.php/ejbsos

Development of Small Business and Private Entrepreneurship as the Main Factor of Increasing Competitiveness of the Economy

Shokirova Yulduzkhon Saydalievna

Fergana Polytechnic Institute

Abstract: This article defines the essence of entrepreneurial activity related to innovation. Today, the need for theoretically substantiated and practical proposals to increase the innovative activity of small businesses and entrepreneurship, to develop and improve the mechanism of innovation, and the effective use of innovation is growing and contributes to increasing competitiveness and entering new markets.

Key words: innovation, innovative activity, entrepreneurship, efficiency, strategy, small business, development.

Introduction.

In the current stage of socio-economic development, known as the 6th technological structure, characterized by the digital economy and a rapid transition to an innovative mode of development, innovation and the efficient utilization of innovations have become the determining factors for success and competitiveness. In the face of the challenging conditions brought about by the pandemic, countries worldwide have started placing special emphasis on the development of small businesses and entrepreneurship as a means to implement and further foster economic growth.

Small businesses and entrepreneurship have emerged as critical focal points upon which the recovery and future growth of the economy depend. The development of small businesses and entrepreneurship is closely intertwined with their innovative activities. Innovation plays a crucial role in the competitiveness, adaptability, and resilience of small businesses, allowing them to create new products, processes, and business models that meet evolving market demands.

In the context of the digital economy, small businesses and entrepreneurs have access to a wide range of technological advancements and digital tools that can enhance their productivity, efficiency, and market reach. Embracing digital transformation and leveraging technologies such as artificial intelligence, cloud computing, and e-commerce enables small businesses to streamline operations, optimize resource allocation, and tap into new markets.

Moreover, fostering an environment conducive to innovation and entrepreneurship requires supportive policies, access to financing, and the availability of entrepreneurial education and training programs. Governments and policymakers recognize the significant role played by small businesses and entrepreneurship in job creation, economic diversification, and overall economic development, and have been implementing measures to facilitate their growth.

In summary, in the current era of the 6th technological structure and the digital economy, small businesses and entrepreneurship are key drivers of economic recovery and growth. Their ability to innovate and effectively utilize innovations is crucial for their success and competitiveness in the global marketplace. By embracing digital technologies and creating an enabling environment, countries can foster the development of small businesses and entrepreneurship, leading to sustainable economic growth and prosperity.

Methods. In the process of preparing the article were used formal-logical, specific research methods econometric modeling, empirical research, and forecasting

Results. Net profit: BARKAS-TEKS LLC has the highest net profit among all enterprises in the textile industry. This may be the result of a successful management strategy, efficient use of resources, increased sales, or reduced production costs. A high net income may indicate that a company is successful and profitable.

Cost of fixed assets: BARKAS-TEKS LLC has the highest cost of fixed assets among all enterprises. This may indicate that the company is investing heavily in machinery, equipment and other inputs. A high value of fixed assets may indicate that the company has modern technology and equipment, which contributes to increased productivity and competitiveness.

Expansion, reconstruction, modernization and technical re-equipment: It is not clear from the table whether there is specific data on expansion, reconstruction, modernization or technical re-equipment of enterprises. However, if BARKAS-TEKS LLC has the highest value of fixed assets, this may indicate that they are actively investing in the expansion, reconstruction or modernization of their production base. Retrofitting can involve replacing outdated equipment with more modern and efficient ones, which can help improve productivity and product quality.

Sales Revenue: The table does not provide specific sales revenue data for each business. This indicator is important for assessing the financial performance of a company. Higher sales revenue may indicate successful sales, growing demand for the product, or a successful marketing strategy.

Number of employees: The table also does not contain data on the number of employees at each enterprise. The number of employees can be an important indicator of the size of a company's operations and growth potential. However, based on the available data, we cannot draw conclusions regarding the number of employees

Analyses. Entrepreneurs must take into account their capabilities and limitations when carrying out innovative activities. To create and implement a new complex system or a new product, collaboration between many industries is necessary. For such coordination to take place, centralized support from the state is necessary.

Table 1 Main economic indicators of textile industry enterprises related to innovation activities [1]

№	Enterprises / Indicators	LLC "BARKAS-TEKS"	GABON TEXTILE LLC	IFTIHOR KIYIM SANOAT LLC	MEGA TEKSTIL LLC
1	Net profit, thousand soums	27918498	3804912	11117862	46526
2	Cost of fixed assets, thousand soums	43127536	22579006	14500170	8267365
3	Newly added funds during the year, thousand soums	17858060	7303952	8460933	9407809
4	Cost of machinery, equipment, vehicles, production and household equipment (excluding equipment installation costs), thousand soums	17858060	7284407	2046093	9407809
5	Of which, imported machinery	17858060	7284407	2046093	9407809

[1] Developed by the author.

	and equipment, thousand soums				
6	Expansion, reconstruction, modernization and technical re-equipment, thousand soums	17858060	7284407	2046093	9407809
7	Bank loans, thousand soums			204609330	68938643
8	Foreign loans, thousand soums	17858060	7284407	-	2513945
9	Product cost, thousand soums	73212499	51257721	137,1	1067

All of these newly raised fixed assets were used to purchase machinery, equipment, vehicles, production and business equipment. As a result of the use of acquired fixed assets, an increase in labor productivity was achieved. During 2020, BARKAS-TEKS LLC imported almost 2 times more machinery and equipment than other enterprises; this activity was mainly aimed at expansion, reconstruction, modernization and technical re-equipment of the enterprise. These figures and data show how the implementation of innovative activities affects the improvement of enterprise efficiency.

According to this method, each enterprise is considered as a point in n-dimensional Euclidean space. The coordinates of the point are the indicators by which the comparison is made. In this case, the indicators used are considered as independent. If various assessment indicators are incommensurable, they are normalized by dividing the value of the indicator under consideration by the value of similar indicators of the standard object. If an increase in the value of the assessed indicator is preferable (reflects an increase in efficiency), then standardization is carried out according to the formula:

Xj = Zj / max Zj,

Where

Xj– normalized value of the j-th indicator;

Zj– the value of the j-analyzed indicator;

Max Z j– the maximum value of the j-th indicator for the reference object.

An integral assessment indicator based on the distance method, characterizing the final result - growth potential (GP), calculated using the formula:

$$ПР = \sqrt{\sum_{j=1}^{m}(1-x_j)^2}$$

Where:

ПР – coefficient characterizing growth;

Xj – normalized value of the indicator used to assess growth potential;

j = 1– normalized value of the indicator for the reference object;

m – number of indicators used in the assessment.

A PR value greater than 1 indicates the presence of growth potential. The higher the PR value, the higher the potential.

The cost method for assessing innovation activity was applied to all 4 small enterprises in the processing industry of the Namangan region, which showed the following result:

Table 2 Results of the integral indicator of growth potential (GP) using the distance method

№	Company	Integral indicator of growth potential (GP) using the distance method	Result
1	LLC "BARKAS-TEKS"	0,5	Bad
2	LLC "GABON TEXTILE"	1,8	Good
3	IFTIHOR KIYIM SANOAT LLC	3,48	Great
4	MEGA TEKSTIL LLC	1,2	Average

As can be seen from summary table 2, three enterprises have the potential for innovative development, under the competent and effective management of which good results can be achieved in increasing competitiveness through innovative activities. Using an integral indicator, it is proposed to assess the innovative potential of small businesses and private entrepreneurship operating in the textile industry as “excellent” (2.1-2.5), “good” (1.51-2.0), “ average" (0.51-1.5) va "bad" (0-0.5);

Let's imagine that there are many factors influencing the effective use of innovations in order to increase the competitiveness of manufactured products. Determining these factors in the unknown case x= 1,2,3 ... n, we can express them as follows:

- financial resources - x1; - logistics - x2;
- Intellectual potential - x3.

An analysis of the activities of small businesses and entrepreneurship, as well as the products they produce, revealed a number of factors that negatively affect their implementation of innovative activities, the development of an innovative development strategy, the development and implementation of “smart” technologies and innovations.

Discussion

Choosing an effective strategy for organizing and managing innovation activities in small businesses and entrepreneurship includes several stages.

Analysis of the external environment: At this stage, the enterprise assesses the current market situation, competitive environment, changes in legislation and other factors that may affect innovation activities. This helps the enterprise understand its competitive advantages and opportunities for innovation.

Definition of strategic goals: After analyzing the external environment, the enterprise determines its strategic goals in the field of innovation. Goals should be specific, measurable, achievable, relevant and time-bound (SMART criteria). For example, the goal might be to increase the share of innovative products in total sales by a certain percentage.

Selection of strategy: Based on an analysis of the external environment and certain goals, the enterprise chooses the optimal innovation development strategy. This could be a strategy of diversification, focusing on a narrow market segment, a strategy of partnership and cooperation with other organizations, etc. The choice of strategy should take into account the resource capabilities of the enterprise and its specifics.

Development of an action plan: After choosing a strategy, the enterprise develops a detailed action plan that defines the steps, resources and time frames to achieve its innovation goals. The action plan must be realistic and flexible to take into account changes in the external environment and internal factors.

Implementation and control: After developing an action plan, the enterprise begins to implement it, introduce innovations and monitor the implementation of its goals. It is important to systematically monitor and evaluate the results of innovation activities in order to promptly adjust the strategy if necessary.

In general, the effectiveness of innovative activities of small businesses and entrepreneurship depends on the correct choice of strategy, adaptation to a changing environment and systematic monitoring of the implementation of set goals.

Reference

1. Алиева Э.А. Повышение инновационной активности субъектов малого бизнеса и предпринимательства текстильной отрасли на основе перехода к «умным» технологиям. Бизнес эксперт. 2021; (8): 88-92 (08.00.00; № 3)
2. Ханкелдиева Г.Ш. Особенности корпоративного управления в акционерных обществах с государственным участием // Бюллетень науки и практики. Электрон. журн. 2017. №11 (24). С. 357-363. Режим доступа: http://www.bulletennauki.com/honkeldiyeva
3. Ханкелдиева Г. Ш. Перспективы развития электроэнергетической отрасли Республики Узбекистан в условиях модернизации экономических отношений // Бюллетень науки и практики. Электрон. журн.2017. №12 (25). С. 293-299. Режим доступа: http://www.bulletennauki.com/honkeldiyeva-g
4. Mirzaev A.T. Assessment of cluster formation in management of recreational activity. International Scientific Journal “Theoretical & Applied Science”, Philadelphia, USA. 04, (84), 2020. – 605-610-pp.p -ISSN: 2308-4944. http://T-Science.org
5. Mirzaev A.T. Evaluation of innovation capacity resource components in effective management of recreational clusters on the basis of econometric analysis. EPRA International Journal of Research and Development (IJRD). India. Volume: 5 Issue: 7 July 2020. –P.131-137. DOI: https://doi.org/10.36713/epra4790
6. DJURABAEV O. Formation of model beekeeping facilities and modernized interindustrial communications in human bearing management //Архив научных исследований. – 2020. – №. 11.
7. Djurabaev O. Methods of the process approach in management and determination of the criterion of technological efficiency of beekeeping farms: methods of the process approach in management and determination of the criterion of technological efficiency of beekeeping farms // Archive of scientific research. - 2021. - T. 1. - No. 1.
8. Saidov M. Increasing Management Efficiency in The Electricity Sector of Uzbekistan //The 5th International Conference on Future Networks & Distributed Systems. – 2021. – С. 343-347.
9. Munira A. Analysis methods of the factors influencing on consumer market //Бюллетень науки и практики. – 2018. – Т. 4. – №. 2. – С. 276-282.
10. Shanazarova G. Features of innovative management strategy of the automotive industry of Uzbekistan //Архив научных исследований. – 2019.
11. Yaxyayeva I. Енгил саноат корхоналарида маҳсулот рақобатбардошлигини ошириш йўналишлари //Архив научных исследований. – 2019.