

Shamsieva Feruza MuratkhodjaevnaSenior Lecturer, Department of "Econometrics",
Tashkent State University of Economics, olmos.79@mail.ru

Abstract: This article presents ideas and comments on the study of the theoretical and methodological foundations of the organizational and economic mechanism of the activities of small businesses and business entities, the assessment of the place of the foundations of state regulation of small businesses and private entrepreneurship, the study of the importance of small businesses in the development of the country's economy, the economic analysis of the activities of small businesses in the Namangan region, the development of measures to increase the export potential of the Namangan region through the regulation of small businesses and private entrepreneurship.

Keywords: Small business and private entrepreneurship, organizational and economic mechanism, export, capital market.

INTRODUCTION

The importance of small business in the world economy in ensuring economic growth and sustainable development is growing. This sector has a positive impact on solving such issues as strengthening the competitiveness of the economies of developed countries, introducing the achievements of scientific and technological progress into production, creating new jobs for the population, and increasing their incomes. In this regard, if we look at world experience, we can see that the share of small business in the number of employed people in the economy is “78.0 percent in Japan, 71.0 percent in Italy, 69.5 percent in Germany, 56.0 percent in the UK, 54.0 percent in the USA, and 25.6 percent in Russia”[1]. This, in turn, indicates the urgency of ensuring sustainable development and increasing the efficiency of small business entities.

In the context of globalization, increasing the competitiveness of the national economy, accelerating the integration of its industry structure and sectors at the international level, and the problems of innovative development of the country's economy are considered important research areas. The formation of small business entities that are quickly adaptable to the production of modern innovative products, taking into account the growing needs of the population, increasing the efficiency of small businesses on the basis of sustainable economic development, the formation and development of modern small business and entrepreneurial entities with innovative characteristics, the development of mechanisms for making management decisions on the all-round development of enterprises, and the improvement of the scientific, methodological, and practical foundations for increasing the impact of small business in ensuring socio-economic stability are the priority areas of scientific research.

In Uzbekistan, special attention is paid to strengthening macroeconomic stability and maintaining high economic growth rates. Special attention is paid to the comprehensive and balanced socio-economic development of regions, districts and cities through economic stimulation of the development of small businesses and entrepreneurial entities.

“The introduction of free market mechanisms, ensuring healthy competition and the inviolability of private property, and support for entrepreneurship should occupy a special place in the Constitution. You are all aware of the dramatic processes taking place in the world today. The world is facing a complex geopolitical situation, energy resource shortages are increasing, the need for food is increasing, and financial resources are becoming more expensive. In such a situation, no matter how difficult it may be, we will resolutely continue economic reforms, fully mobilize internal

resources, and further support the private sector. For this, first of all, important tasks have been set to accelerate reforms to further improve the business environment”[2]. The implementation of these tasks requires the intensification of work to ensure the sustainable development of small business and entrepreneurship in the economy and to increase its efficiency. The increasing socio-economic importance of small business and private entrepreneurship in all areas of the socio-economic development of new Uzbekistan, the expansion of its technical, technological, economic and social content, increases the relevance of comprehensive scientific research into the development of the sector.

LITERATURE ANALYSIS

Theoretical aspects of the development of small business and private entrepreneurship have been thoroughly analyzed in the scientific works of scientists from developed countries, such as R. Khizrich, M. Peters[3], F. Hayek, M.G. Lapusta[4], K.R. McConnell, F.F. Khamidullin[5], M.M. Khait[6] and others.

General aspects of the development of small business and private entrepreneurship, as well as ways to increase their efficiency in economic sectors and socio-economic problems of their development, have been described in the scientific works of scientists from Uzbekistan, such as A. Olmasov, M. Sharifkhodjaevlar, H.P. Abulqosimov, Q. Muftaydinov, U.V. Gafurov, O. Aripov and others.

Economists A. Olmasov and M. Sharifkhodjaev argue that “Entrepreneurship is not just about making money, but also about generating income through creative activity”[7], and argue that entrepreneurship is not so much an activity as an economic activity aimed at generating income, and if it is not activated, economic growth will not occur, and they focus on the qualitative aspect of entrepreneurship.

H. Abulqosimov defines entrepreneurship as “an economically productive type of activity that is not prohibited by law”[8].

Revealing the essence of the socio-economic problems of developing entrepreneurship, Q. Muftaydinov defined it as “Entrepreneurship, as a driving force of economic activity, is an economic flywheel that ensures the continuity of expanded reproduction, taking into account entrepreneurial activity and consumer demands in a market economy”[9].

Economist U.V.Gafurov put forward the idea that “the forms and means of state regulation of small business entities should change depending on the level of development of the small business sector, and appropriate means should be used”[10].

Doctor of Philosophy, Prof. O. Aripov in his monograph “State Regulation of Small Business in Uzbekistan” studied the main directions of state regulation of small business and private entrepreneurship in Uzbekistan and the development of the business environment[11].

The scientific works of the above-mentioned economists are focused on ensuring the sustainable development of small business entities, and the need for a new approach to improving the organizational and economic mechanisms of regulating entrepreneurial activity in the processes of globalization and integration determines the relevance of the topic.

METHODOLOGY

The research used systematic analysis, statistical-economic and comparative, structural analysis, economic-mathematical modeling, forecasting, and a number of other methods.

ANALYSIS AND RESULTS

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The theoretical justification of the role of the state in a market economy is associated with the name of the English economist J.M. Keynes. He proved that the economy does not regulate itself during a crisis. According to Keynes, “economic policy is necessary as a tool that can bring the economy out of a crisis, bring aggregate demand and aggregate supply into balance, and also contribute to sustainable development”[12]. The emergence of Keynesian doctrine led to a new understanding of the market economy. In other words, Keynesian views justify the emergence of the theory of state regulation of the market economy. “In modern conditions, there is no classical market in the sense of the former, as understood by Smith. Today, the state is actively involved in the formation of macroeconomic market processes... However, at different stages of political development in these areas, the attitude of society to state intervention was not the same”[13].

It should be recognized that Keynesian “state regulation” did not completely destroy the “classical traditions” of the market economy, but rather required its support. In this way, from the time when state regulation of the economy was necessary, it was necessary to regulate the activities of small businesses and private entrepreneurship through state policy.

State regulation of the economy is a system that includes measures of the state that support, create conditions for market equilibrium and promote the activation of market entities. At the same time, it is a system that includes solving the socio-economic problems of the national economy and society as part of its function. Therefore, state intervention in the economy includes:

- Creating conditions for the effective functioning of the self-operating market mechanism;
- Limiting market processes that lead to bad consequences;
- Solving problems that the market mechanism poorly solves or cannot solve at all;
- protecting national interests on a global scale.

So, according to the author, by state regulation of small business and entrepreneurship, one should understand the system of ensuring the economic, social, organizational, legal and political environment for the sustainable development of modern entrepreneurship through state bodies. It should be recognized that “in some countries of Western Europe (France, Germany, the Netherlands, Scandinavia, Austria, Spain), Japan, a number of rapidly developing countries in Asia and Latin America, the most advanced forms of the state regulatory mechanism existed. Compared to these countries, state regulation was relatively weaker in the USA, Canada and Australia, and unlike Europe, these countries did not experience socio-economic shocks similar to the consequences of World War II, the emergence of the socialist camp and its subsequent spread. On the contrary, there was a strong influence of private capital in these countries. Nevertheless, in these countries, especially in situations of high unemployment and inflation, state regulation of the economy plays an important role”[14].

Thus, in fulfilling its function, the state takes measures that contribute to the development of small business and private entrepreneurship and the creation of a business environment for its activities.

In our opinion, “state regulation of small business and private entrepreneurship” is a component of “public administration”. Theoretically, there are certain differences between these two expressions. Although these two expressions are close in content, they differ significantly in scientific approaches. Because “public administration” directly means the management of entire sectors of the economy based on certain tools and mechanisms. We see the direct and continuous participation of the state in any development processes of the economic sector.

Public administration includes components such as organization, planning, control, and regulation, among which only state regulation is an indirectly decisive link in public administration (Figure 1).

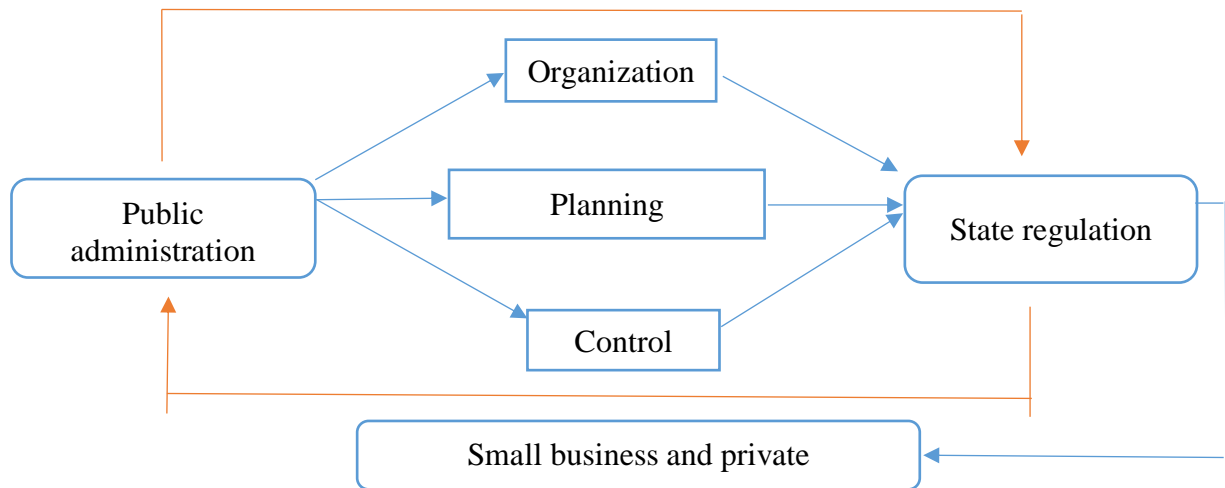


Figure 1. Regulation of small business and private entrepreneurship through components of public administration

In public administration, each of the forms of direct and indirect management is important in organizing the activities of small businesses and private entrepreneurship. However, the importance of indirect management is more priority and its impact is more effective. Because the activities of these entities are organized on the principles of freedom, and market relations support these very principles. There are also levers in public administration that cover social relations. In general, the concepts of public administration and state regulation are different. The first is interpreted as a broader concept than the second. In our opinion, the relationship between the economic categories of management, state regulation, management and business in relation to economic processes can be imagined in the form of Figure 2. [15]

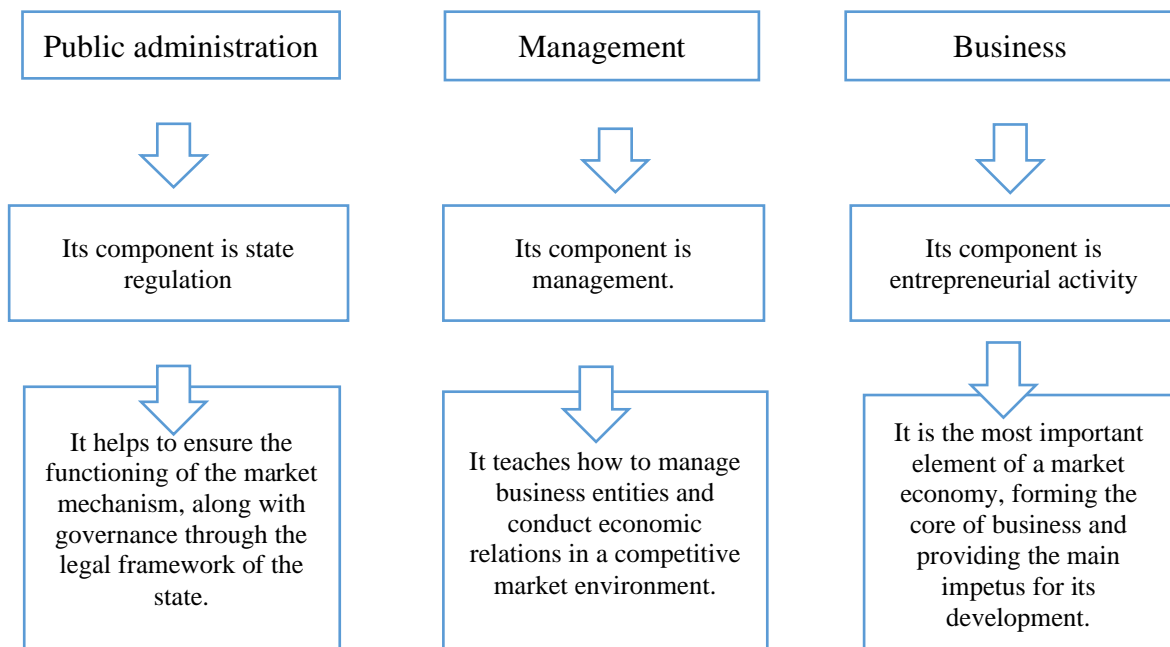


Figure 2. Relationship and distinction between the categories of public administration, management, and business

State regulation is an activity that is part of the direct management of the market economy. The state exerts its influence on economic entities through its various laws and regulatory documents. The scope of this influence consists in creating legal conditions. State regulatory instruments provide an impetus for the development of underdeveloped sectors of the national economy.

In state regulation, economic levers that activate the market mechanism are launched. When economic levers are launched, they must, of course, take into account the laws of the market. Because such levers are aimed at ensuring market balance. In order to achieve the growth of the national economy, it is necessary to ensure market balance. State regulation has an encouraging, stimulating nature. At the same time, it is precisely through state regulatory instruments that the rapidly developing sectors of the economy are brought into balance with slowly developing sectors. State regulation of small business and private entrepreneurship involves the indirect activation of economic levers, and its executive nature is embodied in the activities carried out by a single state authority.

State regulation of small business and entrepreneurship means the conscious formation of economic and legal conditions with the participation of management bodies, stimulation of business development, as well as attraction of material and financial resources to this sector on preferential terms.

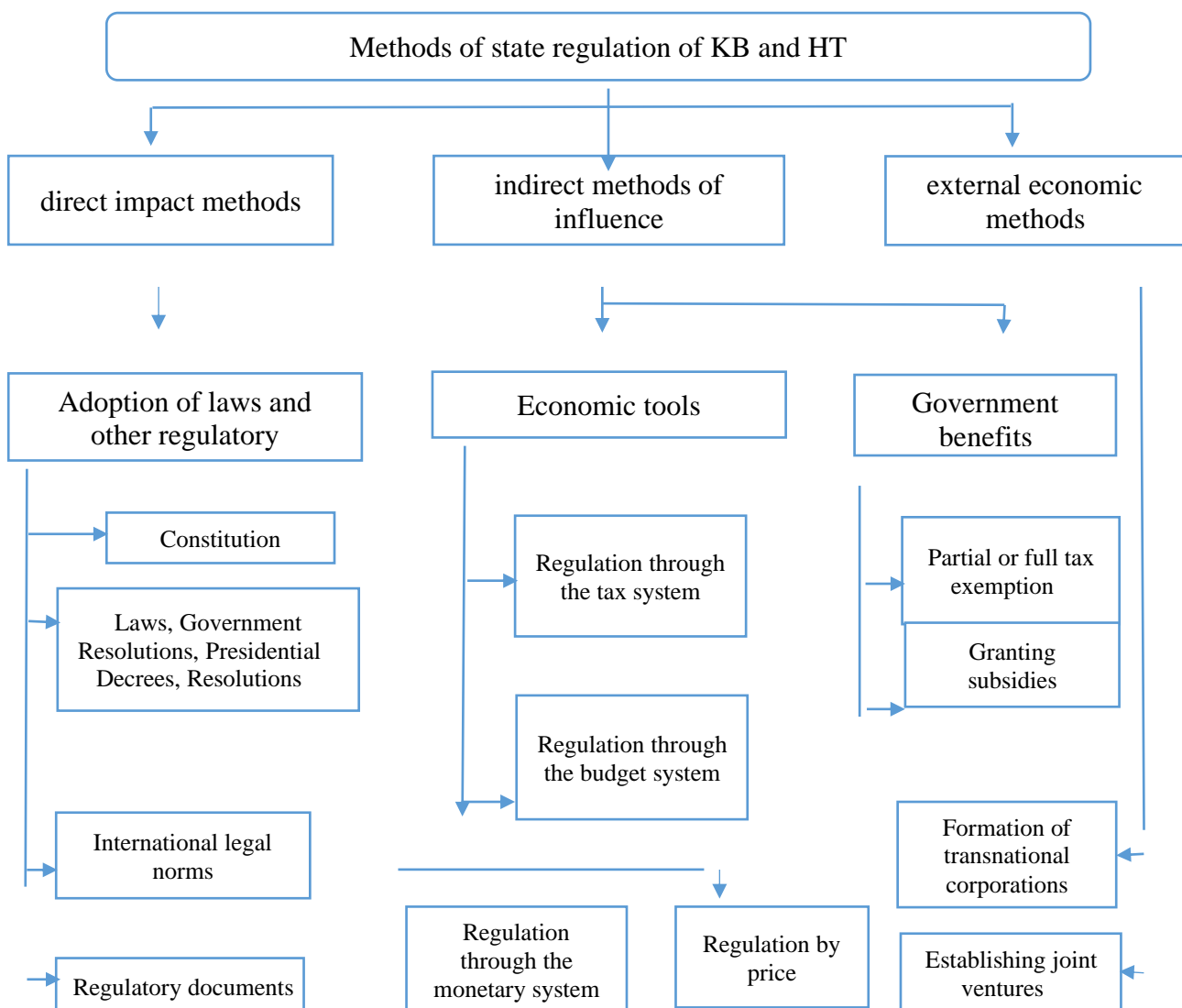


Figure 3. Methods of state regulation of small businesses[16]

In our opinion, the state regulation of small business and private entrepreneurship uses a number of methods (Figure 3). These methods can be summarized and grouped as follows:

- methods of direct influence;
- methods of indirect influence;
- external economic methods.

Direct methods of state regulation provide legal guarantees for small business and private entrepreneurship and create conditions for them to operate in a market environment. With the direct method of state regulation of small business and private entrepreneurship, it is possible to achieve an economic result quickly. Therefore, regulation in this method can be carried out on the basis of high efficiency. However, in some cases, such a method can also create artificial obstacles to market processes of one degree or another.

Indirect methods of state regulation do not directly affect the activities of small business entities. Such methods create conditions for the activities of market entities and pave the way for them to achieve their economic goals. Indirect methods of influence do not disrupt market processes, do not lead to inconsistency in the dynamic state of development. The disadvantage of indirect methods of influence is observed during a certain period of time from the beginning of the application of measures by the state until the results are achieved in economic changes. But this is a temporary situation.

Among the methods of state regulation, foreign economic methods also play an important role. In this case, a global environment is formed that leads to the development of international economic relations and the wide formation of foreign trade relations, which, in turn, partially affects the development of globalization processes.

One of the most important issues in world practice is state regulation of small business and private entrepreneurship. In any country, when it becomes necessary to regulate and manage small business and private entrepreneurship, it is possible to know whether the economic system of this country is based on a market economy. Because a market economy is the main type of economy in places where free enterprise prevails. However, in different countries, the issues of state regulation of small business are resolved differently. Because each country's unique policy and economic development manifests one form or another of state regulation of this sector, which, first of all, takes into account, to a certain extent, the interests of market entities.

“The main requirement of a market economy is that a producer can only profitably produce a large number of high-quality goods with minimal labor, that is, only when he fully satisfies the needs of people. Otherwise, he will fail. A characteristic feature of a market economy is the differentiation of producers and members of society in general according to their income”[17]. This differentiation arises from the different levels of opportunity of small business entities. The essence of state regulation of small business entities should be that the state gives priority to its function of creating conditions. Simply put, the main tasks of the state should be to create conditions for the activities of small business entities. Until the 20th century, the influence of the state was not aimed at regulating the management of a market economy. In the period after World War II, state intervention in the economy became commonplace. In particular, in Uzbekistan, in order to ensure economic and political independence, it is necessary to form a balanced ratio of the national economy, so state intervention in the economy is of great importance.

At the same time, “there are significant restrictions on regulating the scale of state intervention. For example, the state cannot allow any actions that disrupt the market mechanism. (general directive planning, total control over prices, etc.)”[18]. However, “in cases where the long-term and lasting interests of our country required it and when it was necessary to overcome acute situations and solve the problems they caused, state management methods were used in the economy,

and this approach ultimately fully justified itself”[19]. It should be noted that in the early years of independence, the economic tasks of the state in state regulation of small business were as follows:

1. Creating market conditions during the transition period.
2. Correcting and supplementing the market mechanism.
3. Regulation through the adoption of regulatory documents that strengthen and activate the activities of small businesses and private entrepreneurship.

The first and main economic task of the state in regulating small business and private entrepreneurship is to create market-specific conditions for their direct economic activity. At the same time, it should correct and supplement the shortcomings in the functioning of the market mechanism and increase market activity. A schematic representation of the tasks in these two areas is presented in Figure 4.

As can be seen from the figure, the third task of the state was to regulate by adopting regulatory documents that strengthen and activate the activities of small business entities. The legal framework in the processes of state regulation of small business and private entrepreneurship has been improving from year to year, and the mechanism for state regulation of this sector has also been activated.

In our opinion, effective regulation of entrepreneurial activity consists in creating an external business environment in which the most favorable conditions for supporting the development of entrepreneurship are provided by the optimal combination of the interests of entrepreneurs and the state. The harmony between the interests of entrepreneurs and the state is formed in the mutually trusting relationship between them. Therefore, the mechanism that ensures the compatibility of the interests of the people and the state must work in full force.

It should be noted that the fact that the real liberalization of economic life has become an urgent task that cannot be postponed was noted in the work of President Sh.M. Mirziyoyev in 2016 entitled “Critical analysis, strict discipline and personal responsibility should be the daily rule of every leader’s activity”[20]. Because the application of the principles of limiting unreasonable interference in the development of society, the development of this sector and its regulation by the state is the essence of the liberalization, democratization and renewal of the economy, the modernization and reform of the country. To date, important tasks in the field of development of small business and entrepreneurship are:

further limiting the interference of state structures in the activities of small business and private entrepreneurship;

to mitigate penalties in cases of violations committed by small businesses and private entrepreneurship (if they were not committed intentionally and are not large), that is, not to hold entrepreneurs liable in cases where they voluntarily fully compensate for the damage caused;

to strengthen their activities in all objects of the market infrastructure and eliminate any manifestations of a return to a centralized distribution system;

to expand the support, additional benefits and preferences provided by state administration bodies in order to develop small businesses and private entrepreneurship.

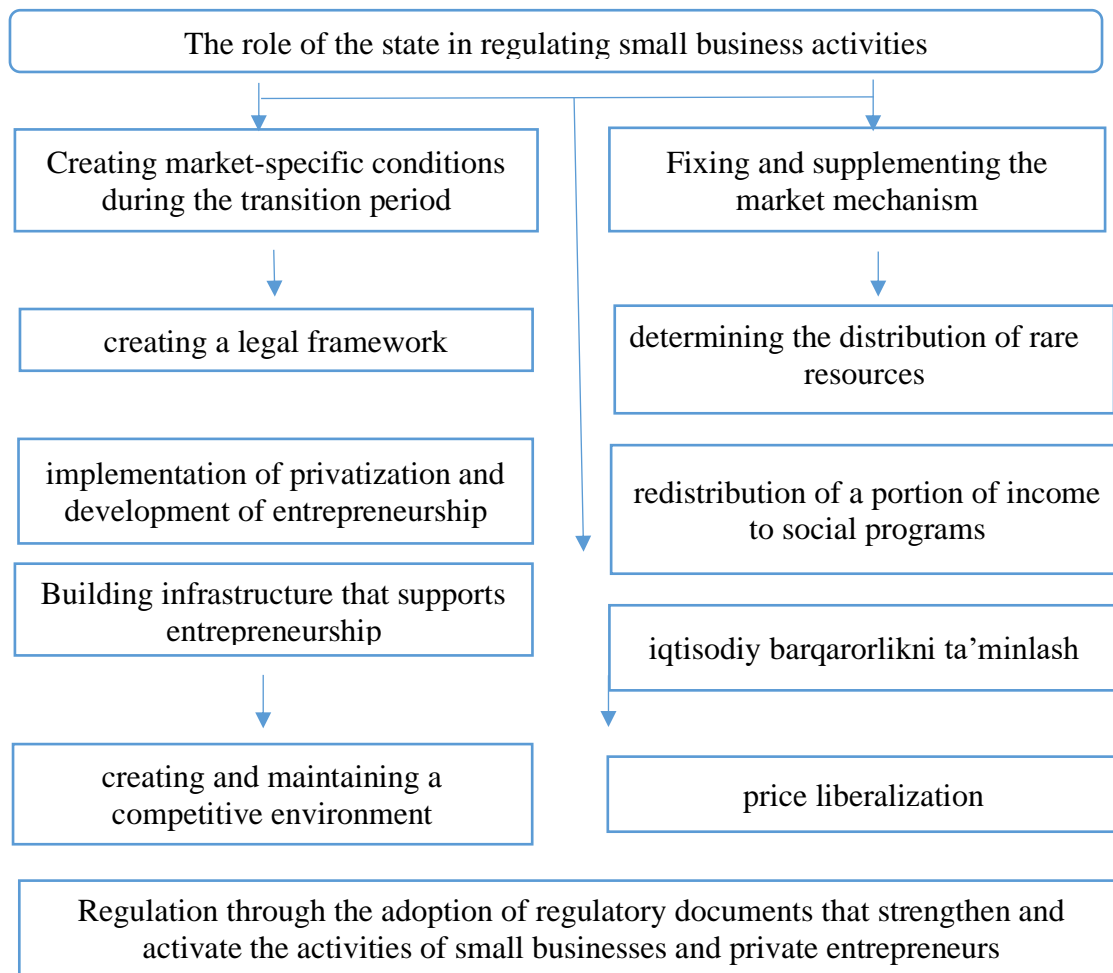


Figure 4. State responsibilities for state regulation and creation of conditions for small businesses in Uzbekistan

CONCLUSION AND SUGGESTIONS

These important tasks create more convenient and improved opportunities for state regulation of small business. This will lead to further modernization of market mechanisms of economic activity in the context of economic liberalization.

In our opinion, state regulation of small business and private entrepreneurship includes the creation of institutional conditions through legal instruments, the state guarantees and protection of entrepreneurial activity, constant encouragement of the social orientation of entrepreneurship, as well as the support of entrepreneurship through the tax mechanism and the financial system and the financial market based on the principles of market equivalence.

State regulation of small business is a system of state bodies that provides economic, social, organizational, legal and political support. It is aimed at creating an environment for the sustainable development of cultural forms of entrepreneurship. In this way, state bodies seek opportunities to regulate the improvement of the business environment. Because the state is the only supreme subject that ensures the freedom (guarantees the interests) of entrepreneurs.

In a market economy, the role of the state should be clearly manifested in the activation of small business and entrepreneurship. The state, by widely applying its legal framework, economic

tools and methods, contributes to the formation of a business environment. The state directs its regulatory measures to the full and free movement of small business entities. Such efforts will in themselves lead to the formation and improvement of a business environment.

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