

THEORETICAL BASIS FOR ASSESSMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP AND INCREASING ITS EFFICIENCY

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Abstract. *This article examines the theoretical foundations of performance appraisal in improving the efficiency of small business and private entrepreneurship, and establishes mechanisms to ensure the sustainability of activities. The article develops as a proposal a mechanism for assessing and increasing the cost-effectiveness of small business and private entrepreneurship .*

Keywords: *small business, efficiency, evaluation, efficiency.*

ТЕОРЕТИЧЕСКИЕ ОСНОВЫ ОЦЕНКИ МАЛОГО БИЗНЕСА И ЧАСТНОГО ПРЕДПРИНИМАТЕЛЬСТВА И ПОВЫШЕНИЯ ЕГО ЭФФЕКТИВНОСТИ

Аннотация. *В данной статье рассматриваются теоретические основы оценки работы в повышении эффективности малого бизнеса и частного предпринимательства, а также устанавливаются механизмы обеспечения устойчивости деятельности. Статья развивает в качестве предложения механизм оценки и повышения экономической эффективности малого бизнеса и частного предпринимательства.*

Ключевые слова: *малый бизнес, эффективность, оценка, эффективность.*

INTRODUCTION

The most effective mechanism for establishing an entrepreneurial environment in strengthening the economic power of countries is the focus on giving small businesses a broad path. In the first years of independence of the Republic of Uzbekistan, property, enterprises, privatization and denationalization and a number of other normative acts established the principles of pluralism, which established equality of all forms of ownership, strict protection of property rights, further protection of private property, business development. and attracting foreign investment.

MATERIALS AND METHODS

Today, the rapid development of scientific, technical and socio-innovative processes, the formation of a digital information and communication environment requires increasing its efficiency based on the assessment of the activities of small businesses. In this regard, the evaluation of the performance of small businesses and private entrepreneurship should be considered as a key criterion in the effective provision of services.

A. Kolesnikov's theoretical approach emphasizes the need to focus on "two types of performance appraisal in small business and entrepreneurship".

According to scientists EA Mazilov and AE Kremin, "Assessment of the impact of small business on the components of socio-economic development should be carried out using appropriate methodological tools. In this regard, it seems appropriate to consider existing methods of assessing the contribution of small business to the regional economy. "

E.V. Romanenko cited the following indicators, which reflect the contribution of small business to the development of the region and increase its ability to assess its macroeconomic indicators:

- The share of small business in the gross regional product;
- share of the number of small enterprises in the total number;
- The share of the number of employees in small enterprises in the number of employees in all enterprises in the region.

According to the theoretical definitions given by scientists, the evaluation of their activities is important in improving the efficiency of small businesses.

The study used economic, comparative, analytical and sample observation, statistical and forecasting and other methods.

RESULTS

Existing approaches to assessing the efficiency of economic activity of small businesses should be based on a set of indicators that allow to characterize its level of development and viability at a high level.

The importance of the benefits and preferences provided by the state in influencing and evaluating the effectiveness of small business and private entrepreneurship can be considered significant. Decree of the President of the Republic of Uzbekistan dated September 15, 2021 PF-6314 "On measures to further reduce the administrative and tax burden on business entities, improve the system of protection of the legitimate interests of business." According to the decree, from January 1, 2022 to January 1, 2023, the social tax rate for individual businesses operating in the districts of the republic (except Tashkent) will be reduced by half to 50% of the base amount .

In determining and increasing the efficiency of small business and private entrepreneurship, it is advisable to use the following methods of analysis, which allow to analyze the economic, production and service activities and evaluate their performance:

- analysis of marketing activities;
- analysis of the solvency, liquidity and financial stability of the entity;
- analysis of cash flows and sources of capital formation;
- analysis of property status and evaluation of the efficiency of capital use;
- analysis of the use of fixed assets and material resources;
- analysis of labor resources;
- analysis of financial results;
- Analysis of the effectiveness of investment and innovation activities.

The above methods allow a comprehensive assessment of the effectiveness of small businesses and private entrepreneurship and determine whether their sustainable development or growth rates are declining. The sustainable development of domestic business and private entrepreneurship is influenced by internal and external factors, micro and macro levels, and regional impact processes. After studying the factors affecting the economic efficiency of small business and private entrepreneurship, we came to the conclusion that their division into groups of internal and external factors should result in a mechanism to increase the efficiency of small business (Figure 1).



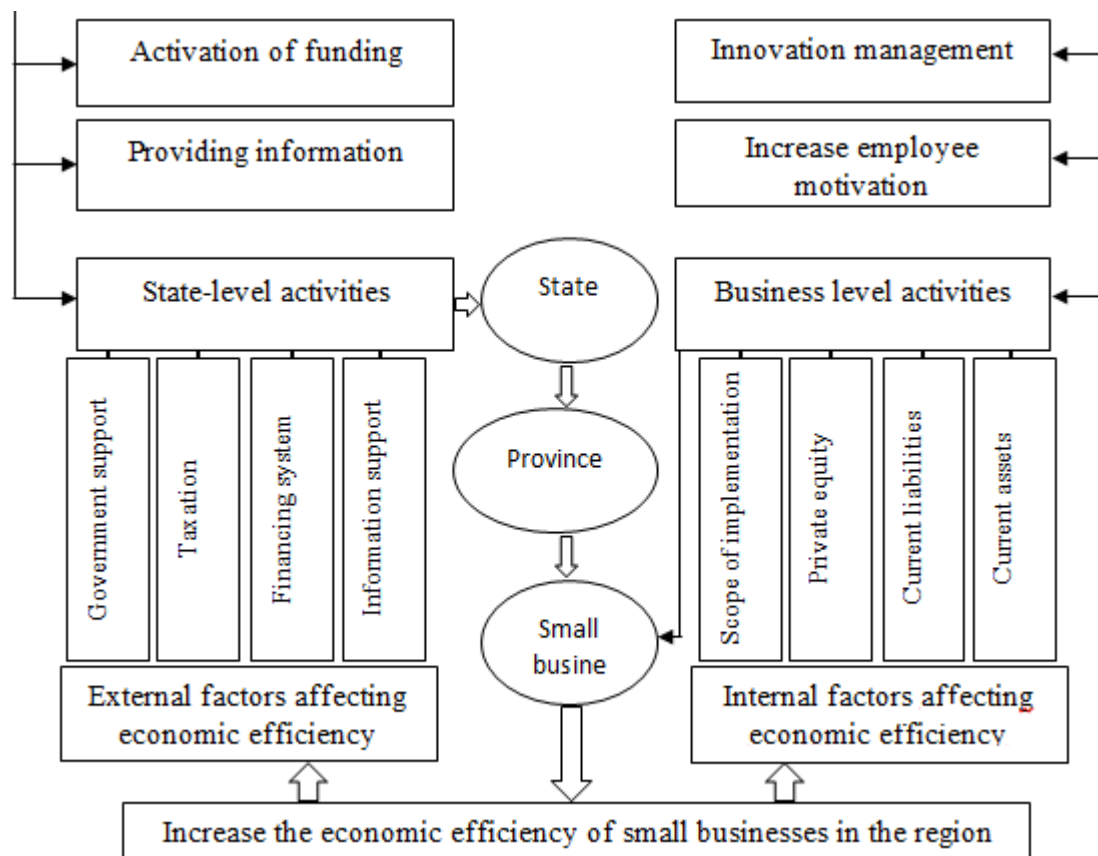


Figure 1. Mechanism for assessing and increasing the economic efficiency of small businesses in the region

This mechanism will increase the economic efficiency of small businesses in the region through the influence of external and internal environments on increasing the economic efficiency of small businesses. This means that there must be effective factors influencing the activities of small business and private entrepreneurship.

Evaluation of efficiency in small business is based on the evaluation of cost-effectiveness indicators. Indicators of economic efficiency of the enterprise structure allow to assess the level of results obtained in relation to the use of resources or costs incurred.

Efficiency is a complex economic category and it is usually necessary to analyze various indicators to measure its level. In terms of economic content, all indicators represent the ratio of the result to costs or resources (Figure 2).

$$\frac{\text{EFFICIENCY}}{\text{Depending on the cost}} \quad \text{Or} \quad \frac{\text{EFFICIENCY}}{\text{Depending on the recourse}}$$

Figure 2. Criteria for determining the effectiveness of small business and private entrepreneurship

As a result of the enterprise's activity, the product is divided into production efficiency indicators and financial efficiency indicators, depending on the volume of production (sales) or financial result.

The most common methods of evaluating small business-specific entrepreneurial activity are cost-effectiveness (profit-to-cost ratio) and sales profitability (profit-to-revenue ratio).

DISCUSSIONS

Based on the theoretical views of many scholars in evaluating the effectiveness of small businesses, one group of scholars argued that financial and non-financial criteria should be considered in evaluating efficiency, while another group argued that the efficiency of small businesses could be determined by evaluating economic and non-economic indicators.

In the analysis of the study, it became clear that EM Pivanova in her scientific article noted the need to distinguish between two types of subjects in determining and evaluating the effectiveness of small businesses:

- 1) those who pursue economic goals (business development and innovation);
- 2) those with small business-oriented but non-economic goals (e.g., personal satisfaction or providing for a family's standard of living).

The classical economic literature notes that success in business and efficiency of activity require not only economic knowledge but also business experience. Similarly, an entrepreneur can go bankrupt not only because of mistakes or shortcomings, but also due in part to failure. Alternatively, it depends on the overall business environment. Most entrepreneurs associate their success with general and specific opportunities (having the right knowledge and skills), capital, and luck.

CONCLUSIONS

In conclusion, it should be noted that in general, there are specific methods of assessing the effectiveness of business entities, as well as the theoretical basis. Without evaluating the effectiveness of its activities can not be considered sustainable, so in determining the effectiveness of small businesses should take into account the criteria that determine the evaluation, the mechanisms for improving economic efficiency. Based on the theoretical views of many scientists in assessing the effectiveness of small businesses, it can be said that a group of scientists should take into account the financial and non-financial criteria in assessing the effectiveness.

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