

IMPROVING ORGANIZATIONAL AND ECONOMIC MECHANISMS OF SMALL
BUSINESS MANAGEMENT AT THE LOCAL LEVEL

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Abstract

In this article the role of small business in social and economic development of municipal formation is designated, the basic tendencies of its development are revealed and the main problems interfering development of small business in the territory of municipality are designated; the organizational and economic mechanism of support of small business at the municipal level is offered taking into account the revealed problems

Keywords

small business, municipal formation, organizational and economic mechanism.

Research methodology. In the course of the research, the methods of logical thinking, scientific observation, and systematic approach, statistical and comparative analysis were used in the study of theoretical rules and statistical data on the topic.

Results: Describing the instability of small business under the influence of various factors, sudden changes in efficiency due to limited size, and the impact on financial results increase the need for local management of the industry.

Introduction. Entrepreneurship support in Uzbekistan is one of the most important economic reforms in the country, which contributes to the development of a competitive environment, filling the consumer market with goods and services, creating new jobs, the formation of a large number of property owners and entrepreneurs. is one of the complaints. Entrepreneurship support should not only ensure the sustainable development of the economy, but also economic goals related to the correction of economic ties, the development of competition and the filling of the consumer market. In addition, the state must solve economic and political problems, strengthen political stability in all regions of the country, form positive social relations related to entrepreneurship, involve the population in it, and prevent unemployment, inflation and other negative social conditions.¹

In order to achieve the effectiveness of small business support in our country, in some subjects of entrepreneurship, in every city, first in turn, strategic development A number of practical measures are being taken to identify strategic goals (political, economic and social) based on analysis, assumptions and preconditions arising from the plans, as well as decisions and laws are being developed. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to implement the system of neighborhood work and further support the

¹ Abdullaev Yo., Karimov F. Basics of small business and entrepreneurship. - T.: Mehnat, 2010. - 349-p.

entrepreneurial initiatives of the population"² and the Decree of the President of the Republic of Uzbekistan "On the priorities of state policy for the development of entrepreneurship, employment and poverty reduction in the neighborhood.

The formation and implementation of all elements of the organizational and economic mechanism of management and support of small business at the local level will contribute to the expansion of small business, and hence the socio-economic development of the region.

At the same time, it should be noted that the solution is impossible without the creation of appropriate infrastructure to support and develop small business at the state, regional and local levels, as well as the formation of financial, organizational and other types of supply.

The Small Business Support Program at the local level is a tool for planning and targeting the process of starting a small business, based on the principles of continuity and development in relation to the previously adopted local program, which is economically justified and socially oriented.³

Indeed, the goal of local development is to create a participatory environment that enhances the capacity of local institutions to implement socially inclusive and employment-rich activities.⁴ In many parts of the world, the process of decentralization and democratization has significantly increased the role of local governments in determining the path of economic growth in their communities. Strengthening local social dialogue, strengthening the governance capacity of government and civil society are important mechanisms for the development and implementation of local initiatives to increase the economic and social well-being of societies.

The basis of the principles of local development is the simultaneous implementation of economic and social measures to create an environment that supports social activities and economic goals.

Local social dialogue provides an opportunity to mobilize the foundations of national rights and employment policies and align them with existing local strategies. Based on the rational use of local opportunities and resources, stakeholders will identify common priorities for the development of their territory, taking into account social and environmental conditions. Local development strategies, including the informal economy as active participants and beneficiaries, can help accelerate economic recovery and strengthen the fight against poverty.

Hence, local development strategies are an important tool in ensuring the democratization of policy development and planning.

Discussion. Today, local development strategies focus on social dialogue-based, integrated approaches that can create comprehensive, local-specific options to support entrepreneurs and reduce the informal economy. When local governments, social partners, and civil society organizations support the formalization of the informal economy and businesses, they provide a foundation on which the poorest and most vulnerable can access decent work and sustainable livelihoods. For communities at the local and national levels, the benefits of the transition from

² Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, March 19, 2021, No. 152 - www.lex.uz

³ Vestnik SevKavGTI, 2018. Issue. 3 (34). ISSN 2070-1578.

⁴Prepared by the author based on data from the Namangan Regional Statistics Office. -<https://namstat.uz/uz/rasmiy-statistika/national-accounts-2>

informal firms to formal operations come in the form of a more dynamic economy that is economically and socially inclusive and generates income and investment that can be redirected locally. Extensive local government support for businesses allows them to grow their businesses and encourage them to leave the informal sector of the economy.

Local governments and civil society organizations are the main, and in some cases the only, point of contact for informal economy participants to access social and economic development services. Local governments and civil society organizations have an organizational and social closeness that allows them to better understand the priorities of their communities. They are ideal for local social dialogue and inclusiveness, economic development and employment promotion, as well as social protection activities. Indeed, local development strategies provide opportunities for a multifaceted and integrated approach to skills development for workers and economic units in the informal economy. Creation of basic infrastructure, creation of a regulatory framework and zoning rules, support for small and medium business development, assistance in conducting public contracts and tenders, development of public-private partnerships, addressing the poorest segments of the population, such as women and youth It is part of the tools available to support, infrastructure development and job creation. The combination of these tools and strategies has the greatest impact, as opposed to different approaches.

Regions, specialized governmental and non-governmental organizations (eg, local employment agencies, chambers of commerce), social partners (workers 'and employers' organizations), and civil society organizations are often the mainstays of informal economic opportunities. In the informal economy, it is necessary to create a communication mechanism that will help build the capacity of organizations, businesses, workers and other entities. Even if communication mechanisms are in place with the informal economy, maintaining commitments on these communication platforms will require constant efforts.

One of the factors that can hinder local economic development is the uncertainty and complexity of the licensing environment for small and medium-sized enterprises. If business licensing procedures are too bureaucratic, contain serious financial or documentary requirements, they can intimidate entrepreneurs and prevent them from registering. In addition, the excessive bureaucracy of the licensing process can be a signal to firms that the local government is not friendly to business and, as a result, keeps businesses informal.

The role of local government is often limited to the management of public services and the regulation of business activities. Traditionally, local agencies have supported enterprise

regulation (such as business licensing and licensing agencies) and physical planning (ie, planning and engineering agencies).

Table 1.

The volume of gross regional product of Namangan region in terms of economic activities

(at current prices, billion sums)

	2020 y.	2021 y.	2022 y.	2023 y.	2024 yil *	Percentages in 2024 compared to 2020
I. YaHM, jami	15 311,1	18 916,1	23 920,9	28 077	34 479,8	225,2%
<i>including: Gross value added of networks</i>	14 969,8	18 433,1	23 003,3	27 339,1	33 492,5	223,7%
Net taxes on products	341,3	483,0	917,6	738,3	987,3	289,3%
II. Gross value added of networks	14 969,8	18 433,1	23 003,3	27 339,1	33 492,5	223,7%
Agriculture, forestry and fisheries	6 962,4	8 371,0	9 901,7	11 551,2	13 681,8	196,5%
Industry (including construction)	2 353,3	3 352,2	4 480,9	5 828,4	7 489,8	318,3%
<i>industry</i>	1 679,0	2 342,2	2 939,6	3 779,6	5 022,9	299,2%
<i>construction</i>	674,3	1 010,0	1 541,3	2 048,8	2 466,9	365,8%
<i>Services</i>	5 654,1	6 709,9	8 620,7	9 959,5	12 320,9	217,9%
<i>trade, accommodation and catering services</i>	1 113,9	1 353,7	1 666,6	1 929,1	2 434,5	218,6%
<i>transportation and storage, information and communication</i>	976,5	1 069,5	1 229,2	1 325,5	1 749,6	179,2%
<i>other service networks</i>	3 563,7	4 286,7	5 724,9	6 704,9	8 136,8	228,3%

* initial information

OResolution of the President of the Republic of Uzbekistan "On additional measures to further improve the activities of sectors for integrated socio-economic development of the regions"⁵ and the Secretariat of the Cabinet of Ministers of the Republic of Uzbekistan for the organization and coordination of receptions of entrepreneurs of the Prime Minister of the Republic of Uzbekistan, receptions of entrepreneurs of the Prime Minister of the Republic of Uzbekistan in the Republic of Karakalpakstan, regions and Tashkent. Resolution of the Prime Minister of the Republic of Uzbekistan "On approval of regulations on receptions for consideration of appeals of entrepreneurs in districts and cities"⁶ and many other decisions show that the legal framework for these processes is improving. As a result of the developed measures, the gross regional product of Namangan region in 2024 increased by 225.2% compared to 2020, including the gross value added of industries by 223.7%, net taxes on products. while an increase of 289.3 percent can be seen.

Development at the local level will make a significant contribution to increasing employment. With appropriate financial and human resources, local governments and private

⁵ Resolution of the President of the Republic of Uzbekistan, 08.01.2019 PQ-4102-son. - www.lex.uz

⁶ Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, July 4, 2019 No. 558. - www.lex.uz

sector organizations have the tools to actively strengthen the support of their businesses to expand the capacity of informal economic entities and economic units. The region can increase its economic strength and competitiveness by investing in human capital, manufacturing infrastructure and other areas of business support. Local economic and social development is designed to facilitate transactions between the market and society. Strengthening local governance, social dialogue, and advocacy can increase the ability of local governments and social partners to respond to social services, as well as labor market demands, by society.

Local governments have ample opportunities to support small and medium enterprises. These are categorized into the following areas:

- increase skills and abilities;
- Methodology to encourage domestic investment, including local tenders and employment;
- increase the competitiveness of the enterprise;
- creating a favorable environment for business registration and development of infrastructure support.

Together, they create a comprehensive package of business support, which significantly improves the prospects of supporting the transition to formalization.

Local authorities can cooperate with organizations and employers in identifying required jobs. Creating an unsolicited offer does not provide employment. Training development and crisis risk management skills for local government administration can enhance the ability of administrators to design, deliver, and optimize local projects based on local requirements.

Employing or training workers is not always a problem. Lack of employment opportunities for vocational education graduates leads to unemployment or underemployment. As a result, there is a need for an informal economy in absorbing surplus labor supply. Local government and the private sector could be part of a broader initiative to better align supply with demand. These include job adaptation, teacher-student and post-graduate opportunities support.

Increasing fiscal autonomy at the local level will encourage more domestic investment and reduce investment inflows as they can support local businesses that meet their local needs. Community subcontracting is an important part of employment-intensive strategies to support local development. The assets of the society can be found not only in the multiplier effect of employment, but also in the construction of infrastructure and physical facilities to ensure the flow of agricultural crops and other products to the local market, as well as improving access to health care for the rural population. When donors and firms select tenders from local firms or engage in collective subcontracting, employment growth in the local economy is observed and local spending is stimulated by the local economy.

From the above considerations, it can be concluded that small businesses are one of the forms of entrepreneurial activity that increase employment in the region through the development of the local economy and the creation of new jobs. Despite the huge economic potential of the sector, it is not able to compete on an equal footing due to economic constraints. Accordingly, local governance and support are important in regulating the sector, and small businesses can be highly cost-effective if properly addressed.

CONCLUSION

Based on the above theoretical and practical studies, it is advisable to do the following to improve the organizational and economic mechanisms of local small business management:

- Introduce more domestic investment by hiring local firms for community subcontractors, road construction and other local public works projects to improve local government policy and the fiscal area;
- Increase the number of employment-creating and repair infrastructure projects to create jobs and create social (e.g., schools, hospitals) and economic (i.e. markets) supportive infrastructure;
- Strengthening the capacity of informal workers by strengthening the links between local vocational centers, employment agencies and public organizations to assess the demand for the profession, capacity building and job adaptation;
- strengthening ties between formal and informal economic firms to increase the economic potential of both groups of firms;
- Prioritize mapping of local economic strengths and opportunities, development of local capacity, strengthening of firms, creation of infrastructure and support of domestic investments;
- Encourage reform of the business environment at the local level;
- Strengthen the ability of community-based organizations to identify priorities for economic and social development, participate in joint planning and coordinate projects with local authorities in local government;
- Improving the quality of public-private forums and partnerships to increase the activity and efficiency of public institutions and the private sector in the implementation of initiatives at the local level;
- Support and strengthen coordination activities between local economic entities to prioritize activities, reduce redundancies and make maximum use of scarce development resources.

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