



**SYSTEMATIZING THE FACTORS THAT MAKE SMALL BIZNES DEPEND ON  
MANAGEMENT ACTIVITIES**

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**Abstract.** In this article, the conclusions are drawn to the point systematization of factors that make small business depend on management activities in the conditions of modernization of the economy.

**Key words:** small business, competitive environment, modernization, inflation, consumer prices, favorable business environment, small enterprise and microcompanies.

**Кичик бизнесни бошқарув фаолиятига таъсир этувчи омилларни тизимлаштириш**

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**Аннотация.** Ушбу мақолада иқтисодиётни модернизация қилиш шароитида кичик бизнесни бошқарув фаолиятига таъсир этувчи омилларни тизимлаштириш бўйиша хулосалар келтирилган.

**Таянш тушунчалар.** Кичик бизнес, рақобат муҳити, модернизация, инфляция, истеъмол нархлари, қулай ишбилармонлик муҳити, кичик корхона ва микрофирмалар.

**Систематизация факторов, влияющих на управленческую деятельность малого бизнеса**

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**Аннотация.** В данной статье представлены выводы по систематизации факторов, влияющих на управленческую деятельность малого бизнеса в условиях модернизации экономики.

**Ключевые слова:** малый бизнес, конкурентная среда, модернизация, инфляция, потребительские цены, благоприятная деловая среда, индивидуальные предприятия и микропредприятия.

## Introduction

Internal and external factors have a positive and negative impact on the process of managing small business activities. Internal factors include the amount of resources of a small business, their size and distribution, methods of organizing labor, technological level, pricing policy, etc. External factors affect the management of small business from the outside. They include factors such as the competitive environment and conditions of the market, the actions of sellers and buyers, political and social factors, natural and climatic conditions, legal and regulatory framework, and government.

“Since internal and external factors affecting management have a significant impact on the results of production, commercial, financial and other activities of small business (entrepreneurship), it is necessary to take into account each factor when making management decisions. The specific features of small business management depend on the functions that small business performs, its place in the economy, the business environment in which it operates, and, finally, the policy pursued by the state in relation to it. These factors give rise to factors specific to small business management. These factors can be divided into quantitative and qualitative factors. Quantitative factors include the number of employees in small business (entrepreneurship), the volume of goods sold, and the value (amount) of assets.

## Material and Method

The number of employees working in a small business (entrepreneurship) is of great importance for its management. The level of management of the owner of the business and the relationship with the employees (staff) depend on this factor. The craftsman is the owner of the business himself, he is a manager and an employee. The small entrepreneur manages his small business (entrepreneurship) himself and is in close contact with the working staff. The owner of a medium-sized small business (entrepreneurship) hires specialist managers for management and with their assistance manages the business. The relationship of the owner of a large business (small business) to the management of a small business (business) is connected with its employees. Although the advantages, disadvantages, and characteristics of a small business (business) constitute qualitative factors in small business management, it is derived from quantitative factors. There is no consensus among scientists about the criterion of quantitative factors. There are two directions in this regard, the views of the supporters of the first direction are based on the characteristics of the external environment. The supporters of the second direction do not consider small business (business) as a reduced form of a large enterprise, but as an organization that differs from small business (business) with its own characteristics. The first direction includes four types of factors.

## Material and Method

The first group of factors includes the state of the economy and the conjuncture. The second group of factors includes the state of market infrastructure, the third group of factors includes state policy aimed at managing small businesses, and the fourth group of factors includes society's attitude towards entrepreneurship. The second direction is the desire of small business (entrepreneurship) for innovation, adaptability to the external environment, and recommends combining small business management with marketing. With the transition to a market economy, a new form of management is emerging. Working according to a plan leads to profit and satisfaction of consumer demand <sup>1</sup>.

## **Results**

A number of factors influence the development of small businesses. They can be divided into organizational and legal, technological and economic factors. The combined effect of these factors ensures the future development of small businesses.

We need to pay attention to the following factors that will influence the future development of small businesses:

### **Organizational and legal factors include:**

- correctly determining of the degree of specialization of production in small business management activities;
- choosing a convenient place for small business;
- establishing the correct management mechanisms for small businesses;
- level of service provision for small business management activities;
- organization and coordination of small business management activities;
- increasing the level of knowledge and skills of small business entities;
- determine the level of information resources available to those engaged in small business;
- providing small business entities with resolutions, laws and other regulatory and legal documents;
- improving the system of contractual relations in small business management activities;
- correctly determining the prices of products manufactured and sold by small businesses based on supply and demand;
- monitoring the level of credit resources available to small business activities;
- economic support from the state in the form of subsidies for small business activities;
- providing small businesses with customs payment privileges to increase the assortment of various consumer products;

### **Technological factors include:**

- increasing the level of mechanization of production in small businesses;

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<sup>1</sup> Kasimova M.S., Shodibekova D. A., Yusupov M. A., Samadov A.N. Small business control . Read more manual . - T .: Uzbekistan Writers association Literature fund publishing house , 2005. 160 p .

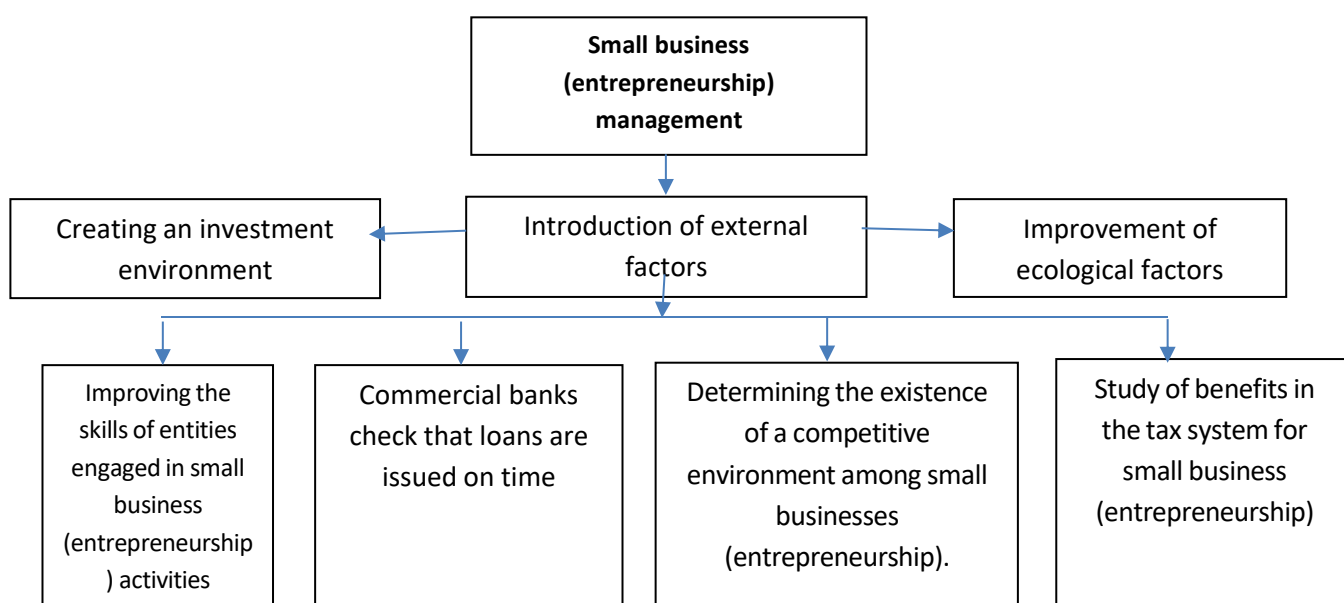
- ensuring financial support from the state in applying modern technologies to the production of small businesses.

**Economic factors include:**

- ensuring price stability in our country;
- achieving a reduction in administrative restrictions imposed by the state in the country's economy;
- creating a competitive environment among small businesses;
- achieving stability of exchange rates in our country;
- creating conditions for small businesses to freely choose sources of financing.

The above factors together ensure that the future of small business is positive for effective management. While some of these factors can be directly controlled by small business entities, some factors have an impact that is beyond the control of the entrepreneur. Natural and ecological factors or the macroeconomic situation in society have an impact that is beyond the control of the entrepreneur.

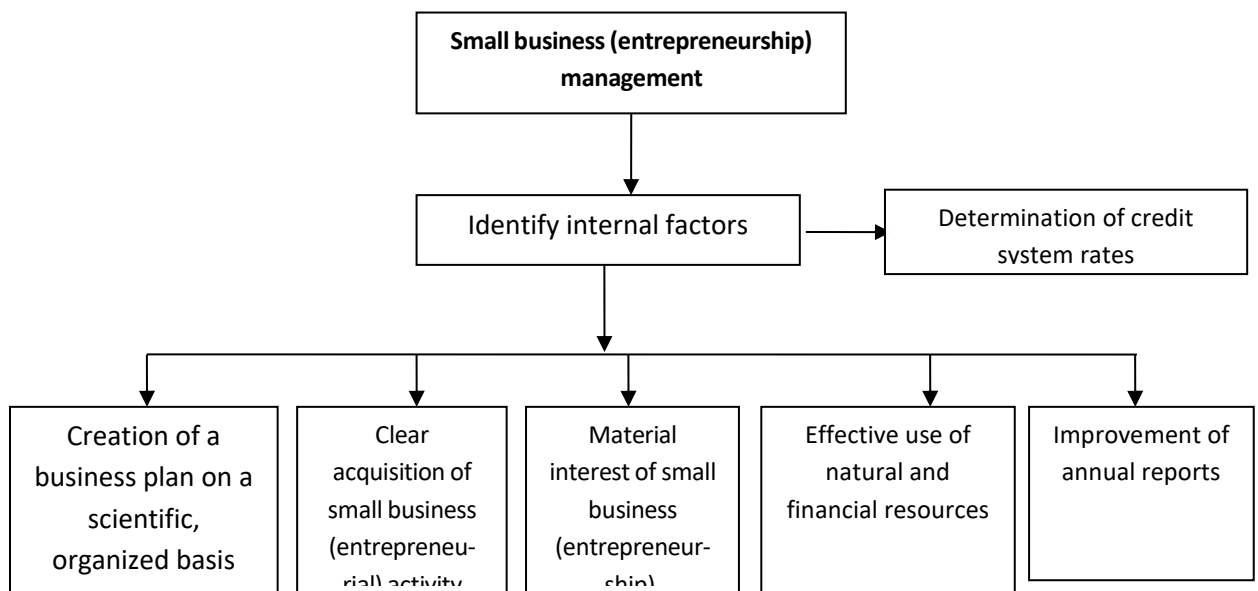
2. The figure shows the positive factors influencing the management of small businesses (entrepreneurship) in the Republic of Uzbekistan.



**Figure 2. Positive aspects of external factors influencing the management of small (enterprises) in the Republic of Uzbekistan<sup>2</sup>**

It should be emphasized that some of these factors are of decisive importance in the production process. The knowledge and skills of a small business (entrepreneur) allow them to properly use other factors and control some of them.

<sup>2</sup>It was compiled as a result of the author's scientific research.



**Figure 3. Positive aspects of internal factors influencing the management of small business (entrepreneurship) in the Republic of Uzbekistan<sup>3</sup>**

As we can see from Figure 3 above, there are a number of economic factors influencing the effective management of small businesses. Environmental factors also play a significant role in entrepreneurial activity and small business management.

## Discussion

These factors, presented in Figure 3, have a direct impact on the management of small businesses. Each businessman or entrepreneur in a market economy is interested in the demand for consumer goods and services, that is, they strive to produce products that are in demand in the market. Otherwise, that is, a business entity that does not take into account consumer demand or implements a market offer without studying it, is unlikely to face a crisis situation. That is why the internal factors mentioned above are the main factors that directly affect the development of entrepreneurship and business.

By analyzing all the factors listed above, it can be seen that the factors of small business management are multifaceted and complex. In most economic literature, these factors are described in a confusing manner, mixed with some elements, in the areas of business management. That is why there are various opinions on this issue. However, they do not deny, but rather complement each other.

The labor market is one of the most important factors affecting the management of small businesses. It is known, that one of the socio-economic tasks of small businesses is to employ a wide range of the population. Ensuring employment of young people allows you to increase the income and well-being of the population. In order for small businesses to operate effectively in a competitive environment, they need qualified and experienced business specialists.

As can be seen from the data in Table 1, in 2023, the number of newly established small enterprises and microfirms in the Republic of Uzbekistan by region increased by 1,939 in the Republic of Karakalpakstan, 1,220 in Bukhara region, 1,209 in the city of Tashkent, 81 in Jizzakh region, and 279 in Surkhandarya region. The growth of those employed in our republic in increasing the production of finished products by small enterprises requires active use of the opportunities created. (Table 1)

<sup>3</sup>It was compiled as a result of the author's scientific research.

**Table 1**

**Number of newly established small businesses and microfirms in the regions of the Republic of Uzbekistan, in units**

Indicators	Years		2023 compared to 2022 (+;-)
	2022	2023	
<b>Uzbekistan Republic</b>	<b>90177</b>	<b>86030</b>	<b>-4147</b>
Karakalpakstan Republic	4308	6247	1939
<b>regions :</b>			
Andijan	5406	4185	-1221
Bukhara	4413	5633	1220
Jizzakh	4505	4424	-81
Kashkadarya	8551	5922	-2629
Navoi	4323	3796	-527
Namangan	5542	4636	-906
Samarkand	10613	7570	-3043
Surkhandarya	4083	3804	-279
Syrdarya	2073	2203	130
Tashkent	6799	6940	141
Fergana	8828	8036	-792
Khorezm	5655	6347	692
Tashkent city.	15078	16287	1209

**Source:** it was compiled by the author according to the National Statistics committee of the Republic of Uzbekistan.

Currently, small businesses that operate effectively have as few management layers as possible in their organizational structures, and they pay great attention to processes such as fulfilling orders, discovering new products and planning production, distributing goods, and providing customer service.

### Discussion

Therefore, in small business (entrepreneurship), the management links are being shortened, a single-level management system is being introduced, and the number of managers is being reduced. Horizontal connections are established between employees of small business (entrepreneurship) performing various functions. They do not have a direct subordination, but

often determine the consistency and interdependence of various production (practical) operations of small business (entrepreneurship). The communication system means that all management bodies perform their functions in close contact with each other. Loss of communication means loss of control. Connections can be of various forms: linear (vertical), functional (horizontal), networked, regional.

In 2023, small businesses in the Republic of Uzbekistan produced industrial products worth of 176,523.9 billion soums, or 26.9% of the total volume of industrial production. The growth rate in 2023 compared to 2022 was 113.9%.

Among the regions of the Republic of Uzbekistan, the highest share of small businesses in total industrial output falls on Fergana region (49.2%), Surkhandarya region (47.3%), Namangan region (47.2%), Samarkand region (44.6%) and Tashkent city (37.8%) .

### **Conclusion**

It is important to study the management of small business entities through quantitative and qualitative indicators and analyze their results in depth. When analyzing quantitatively, indicators such as the number, quantity, and volume of small business entities are studied, while qualitatively, they study how they fulfill the planned tasks of their activities, their export potential, how many people work in this area, and the dynamics of the products they produce.

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