



# INNOVATIVE APPROACHES TO SUSTAINABLE DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

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## ABSTRACT

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*This Article describes the role of small business and private entrepreneurship in the national economy, its characteristics, factors affecting the development of the sector, the main innovative approaches to the development of the entrepreneurship sector in our country.*

**KEY WORDS:** *Small Business, Entrepreneurship, Innovation, Innovative Approach, Technological Developments, Business Environment, Economic And Social, Technological Factors, Small Enterprise, Micro-Firm*

Today, the importance of strategic management in small business and private entrepreneurship activities is increasing. Therefore, attracting modern equipment and technologies to the small business sector is considered one of the priority tasks today.

Any small business and private entrepreneurship depends on the developed strategy. If there is no development strategy for small businesses, or if this strategy is developed with one or another error, this situation does not allow small businesses to take a stable and strong position in the market. Modern science and practice have extensive experience in strategic planning and management, but many strategies are still unable to adapt to the changing conditions of the external and internal environment. This indicates that not all problems of strategic management have yet been fully resolved, which is primarily due to the development of mechanisms for the strategic sustainability of enterprise development.<sup>1</sup>

The strategic management system involves studying retrospective indicators of the future activities of a small enterprise and determining them using the extrapolation method. Extrapolation is the introduction of trends established in the past into the future. In other words, when developing a forecast, it is assumed that the conditions for the activities of a small enterprise in the future will not worsen, that is, the results of the enterprise's activities will be better than in previous periods. This is how the upward trend in the development of the enterprise is manifested.<sup>2</sup>

stability of the small business sector, and an extended system of indicators is used for deeper statistical analysis and reserve determination. Thus, the assessment of the future stability of the small business sector implies a statistical assessment of various aspects of the enterprise's activity. Such assessment is carried out in development and in the field.

<sup>1</sup>Kaplan Kaplan R.S., Norton D.P. *Strategy-oriented organization. How balanced scorecard organizations succeed in the new business environment/translated into English.* – Moscow: Olimp-Business. 2004–46 p.

<sup>2</sup>Ansoff I. *Strategic management.* – M.: economics, 1989. – P. 358;

Nowadays, the development of small business can be achieved only through the continuous introduction of innovations. M. Porter defined the role of innovation in achieving competitive advantage of companies as follows: “...companies gain competitive advantage through innovation. They approach newly introduced procedures using both new technologies and new methods of work in a broad sense. Once a company has achieved competitive advantages through innovations, it can only maintain these advantages through continuous improvement. Competitors will immediately and inevitably bypass any company that stops improving and introducing innovations <sup>3</sup>. ”

Small business competitiveness is understood as the ability of a small business to produce and sell products that are more attractive to consumers than those of its competitors. Continuous monitoring of the competitive environment is a necessary condition for orienting production to meet its needs in the most efficient way. Conclusions about the state of the competitive environment serve as the basis for developing a small business's innovation policy.

Essentially, the advantage achieved over competitors is achieved through innovation. Therefore, the ability to introduce new elements that provide any advantage achieved over competitors in small business activities is a necessary factor in the competitiveness of these small enterprises and microfirms.

category that characterizes its long-term effective activity in terms of continuity (Fig. 1 ). It is based on three elements: competitiveness, economic security

and economic efficiency of a small enterprise. It should be noted that these elements are closely related and work together, but have different functional tasks.

Competitiveness determines the development potential of the small business sector, and stability determines the long-term perspective of the small business sector.

In our opinion, the sustainability of the small business sector can be described as competitiveness divided into time periods. In relatively small time intervals, both concepts have equal force.

In the organization of production, labor and management in the field of small business, the production potential expressed in its technical and technological capabilities is an element that ensures timely innovation.

The higher the production potential of the small business sector, the lower the share of costs for product production and its quality. The quality of the produced product, which is higher than the quality of competitors' goods, is a material representation of the innovative potential.

we assess the factors affecting the sustainability of the small business sector . We analyze the main innovative directions in small business enterprises and the factors that negatively affect the introduction of innovations in the sector, as well as the factors that ensure the development and support of innovations ( Table 1 ).

**Table 1**  
**Comprehensive analysis of factors affecting <sup>4</sup>the stability of small business activity**

No.	Factors	The results of the influence of factors
1.	Knowledge and skills	Lack of management knowledge and skills in the field of small business prevents the introduction of innovative management
2	Communication system	In small business, poorly organized communication systems or managers' inability to use them effectively sometimes create problems with timely delivery of information and news.
3.	Level of concentration	Lower level managers' ability to think creatively and have a creative approach to management is low
4.	Interest in innovation	Small business leaders have a low interest in innovation, that is, a lack of flexibility in management.
5.	Contractual relations	In the field of small business, the manager and the employee do not know the defined tasks and do not follow them, which hinders the development of the management process.
6 .	Encouragement	In the small business sector, the incentive system is not perfectly developed, which reduces the interest in introducing innovative management.

A large number of factors contribute to economic and innovative development in the field of small business, which allow classification according to certain characteristics.

The external factors of the small business sector include : the state's anti -crisis policy in the economic

sphere; demographic situation in the country; political stability; development of science and technology ; development of transport infrastructure.

Allows <sup>5</sup>small businesses to identify reserves of stability and quickly manage production in the event of changes in external factors .

<sup>3</sup>Author Development .

<sup>4</sup>Author Development .

<sup>5</sup>Pardaev M.K. and others. *Economic analysis. Textbook. - Tashkent - 2011. - 136 p.*

Of Small business is carried out by successively passing through the stages from centralization to decentralization. This means that each element of the enterprise acquires the characteristics of planning and organization. In essence, the transition to a decentralized scheme of management by the small business sector changes the management paradigm itself, which is a purposeful external influence on the object, its transformation into another state. The development of small business elements to the level of independent decision-making in an unknown external environment is a necessity for ensuring the competitiveness of a small business. On the other hand, a small business, as an integral part of the external environment, must have certain characteristics. The main one is manageability. In this regard, the management of an enterprise with such a decentralized nature takes on a different form, different from the traditional one.

Systematic management of the development of the small business sector can be carried out in the following sequence of the characteristics being formed: flexibility - adaptability - competitiveness. The implementation of innovative technologies, the use of strategic management methods in the field of small business activity will serve to increase efficiency indicators and production volume.

The implementation of strategic management of innovative activities in the small business sector primarily involves improving the knowledge and skills of management personnel, reducing the level of centralization, introducing new information technologies into the information exchange system between levels, developing a system for stimulating interest in innovation, ensuring that each manager clearly and fully understands the tasks assigned to him and fulfills them in a timely manner, and reducing the level of informal meetings<sup>6</sup>.

The economic efficiency of investments in the small business sector is an integral part of the efficiency of the national economy. The main task of all economic activities is to maximize the benefits and efficiency of investments. Deviations from this rule can lead to the loss of resources and the destruction of the past and present labor of society.

The need to assess the economic efficiency of investments arises in cases such as new construction requiring additional capital investments, expansion,

reconstruction and technical re-equipment of existing production, modernization of production, and development of organizational and technical measures. Sometimes the production of new types of products also requires the introduction of investments and other funds, and therefore a preliminary assessment of the ratio of costs and results<sup>7</sup>.

When assessing the economic efficiency of investments, small businesses must solve two important tasks: the first is to assess the efficiency of the investment project, which allows choosing the most optimal option in terms of the payback period and profitability of capital investments; the second is to assess the efficiency of investments made to improve economic indicators in existing production (producing additional products, reducing product costs, increasing profits, etc.).

The production of new products or the improvement of existing ones as a result of human scientific and technical activity. The results of the introduction of innovation allow small enterprises to gain a significant competitive advantage, which is a serious incentive for the enterprise<sup>8</sup>.

World experience shows that small business enterprises are interested in the introduction of advanced resource-saving developments in science, secondly, as a result of this global event, by further developing the potential of our republic's enterprises, their investment attractiveness is increased, thirdly, by implementing deep diversification measures in enterprises, it further expands the possibilities of developing stable and high-quality goods and radically increasing efficiency in the field. Due to the peculiarities of strategic management activity, we will develop a new comprehensive approach to resource management to create a flexible system of sustainable development of enterprises (Fig. 2).

One of the main conditions for the successful adoption of resource-saving technologies in the small business sector is the process of introducing resource-saving technologies. Therefore, a comprehensive approach to management, developed on the basis of foreign recommendations, is needed to introduce these technologies into production, adapting them to the conditions of application and the specific characteristics of their acceptance by small business managers and specialists.

<sup>6</sup>Honkeldieva G.Sh. *Scientific and methodological foundations of corporate management in the context of economic modernization. Dissertation written for the degree of Doctor of Science in Economics. Author's abstract - Tashkent, 2018-71 p.*

<sup>7</sup>Abdurauupov R.R. *Improving the mechanisms for managing the economic potential of foreign-invested enterprises*

*in Uzbekistan. Dissertation written for the degree of Doctor of Science in Economics. Author's abstract - Tashkent, 2017 - 70 p.*

<sup>8</sup>Nabiev H.G'., Nabiev D.N. *Economic statistics. Textbook, Tashkent-2008.-106 p.*

In small business enterprises, this comprehensive approach implies systematic work in four main directions: optimization of the production structure , improvement of the technological system of the small enterprise, modernization of the material and technical base of production, and application of modern organizational and management innovations. A comprehensive approach implies systematic work in all directions of the introduction of resource-saving technologies. Only then can a small enterprise preserve and restore natural resources; saving labor, material and financial resources; it can achieve a

synergistic effect, which is expressed in the increase of production stability and efficiency .

SWOT analysis is a strategic planning method aimed at identifying the factors present in the internal and external environments of an enterprise. They are divided into four categories: Strengths, Weaknesses , Opportunities , and Threats .

We will evaluate the specific aspects of the sustainable development and management of small businesses operating in our republic based on the widely used SWOT analysis ( Table 2 ).

**Table 2**

**SWOT analysis of small business development<sup>9</sup>**

<b>Strengths</b>	<b>Weaknesses</b>
Development of state programs for the development of small business enterprises	Low competitiveness of products. Termination of cooperative relations
Creation of effective infrastructures in small enterprises	The presence of complications and difficulties in exporting products and services
High export potential in small enterprises . Availability of cheap labor. Provision of new equipment and technologies. Availability of a rich base of raw materials. Creating a favorable investment environment.	The existence of problems in the sale and storage of products. Migration of highly skilled workforce to other industries. Lack of investment projects in small enterprises Significant lack of investment. Low profitability of many small businesses
<b>Opportunities</b>	<b>X amnesty or threats</b>
Possibilities of diversification of products and services in small enterprises. Availability of opportunities to implement innovative potential Economic policy of the state to further support the activities of small enterprises	Sudden changes in prices in domestic and foreign markets . Insufficient motivation to work Failure to sell products and services In the conditions of globalization, disruption of economic integration in trade relations between countries
Access to foreign markets	Increasing competition in the world market
Extensive development of integration processes in small enterprises	Changes in the economic and political situation in the states

As can be seen from Table 2, in managing small businesses, along with their strengths, it is necessary to take into account their weaknesses. Therefore, managers of small businesses should pay special attention to their weaknesses, otherwise the expected economic efficiency in small businesses will not be achieved. Ultimately, the activities of small businesses may become not a factor of economic development, but its opposite.

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