

SMALL AND MEDIUM-SIZED BUSINESSES: ESSENCE, ROLE AND FUNCTIONS IN THE ECONOMY***Mohlaroyim Habibullaeva****Tashkent State University
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Annotation. In most countries of the world, small enterprises primarily work to meet the needs of the domestic market, while large enterprises work to meet the needs of the external market. However, in recent years, small enterprises have mastered new forms of international cooperation and are implementing innovative approaches in management and production. More and more small businesses in Uzbekistan are considering conducting foreign economic activities as a more profitable alternative to business development, which will help them increase their profits, become more competitive (including in domestic markets) and sustainable in the long term.

The article defines the conditions for the development of small businesses in Uzbekistan. An analysis of their activities was conducted, and a characterization of the country's exporting small enterprises was given, taking into account their age, the number of exporting countries and the range of goods. As a result of the assessment, the main problems in the development of foreign economic activity of small businesses have been identified and measures have been identified to eliminate them based on effective state support for small businesses, taking into account the positive international and regional experience, as well as proposals for the interaction of small and large enterprises.

Small business is an important element of the modern economy, without which the state cannot develop. As an important component of modern production in the light industry, trade and services sector, it largely contributes to maintaining a competitive tone in the economy, creating a natural social sphere of social structure organized on market principles, as well as forming a new social stratum of entrepreneurs. Currently, entrepreneurship needs serious support from the state. Both state bodies and public organizations (unions, associations, agencies) should provide assistance to small businesses. To achieve this, it is necessary to formulate a clear unified state and non-state policy in relation to small businesses, using the accumulated experience of developed countries around the world.

The modern economy is characterized by a complex combination of industries that differ in scale: large, with a tendency towards monopolistic structures, and small, formed under the influence of many factors. On the one hand, the stability of scientific and technological progress is determined by the concentration of production. It is the large firms that possess great material, financial and labor resources, qualified personnel. They are capable of carrying out large-scale scientific and technical developments, which determine technological progress. On the other hand, small and medium-sized enterprises have recently seen significant growth, especially in areas where significant capital, large equipment volumes, and the cooperation of many workers are not yet required. Small and medium-sized enterprises many of them are in science-intensive production, as well as in industries related to the production of consumer goods and the provision of services.

The small and medium-sized enterprises (SMEs) sector is recognized worldwide as a driving force, generating national wealth through the creation of new jobs, the growth of gross domestic

product (GDP), as well as stimulating the development of competitiveness and innovative potential of the economy.

Understanding the essence and characteristics of the country's small and medium-sized enterprises is based on a relatively limited amount of reliable statistical data. Most enterprises are able to operate under a general or simplified taxation system.

The criteria for classifying a business entity as a small business entity and a micro-enterprise in 2019 are presented in Table. 1 and 2.

Small businesses do not need to confirm their status, all the necessary information about compliance with the criteria is present in the reporting submitted to the control and tax authorities.

Table 1

Criteria for classifying a business entity as a small business entity in 2019

Criterion	Limiting value	A document establishing the maximum value
Average number of employees for the preceding calendar year	≤ 100 p	Article 4 of the Federal Law of July 24, 2007 No. 209-FZ
The total share of participation in the Criminal Code of Russian Federation companies, municipalities, public and religious organizations and foundations	≤ 25 %	
The total share of participation of other organizations that are not small or medium-sized enterprises, as well as foreign organizations	≤ 49 %	
Activity income (revenue and non-realization income) for the preceding calendar year (excluding VAT)	≤ 800 млн м	the Resolution of the Government of the Russian Federation dated April 4, 2016 No. 265 (in force since August 1, 2016)

Unlike large enterprises that have access to resources that can somehow compensate for an unfavorable business climate, SMEs are interested in improving the regulatory and investment climate, as these factors significantly improve SMEs' chances of survival and growth in the long term. However, MSPs lack resources and effective dialogue with authorities; they face strong competition, unstable regulatory environment, and bureaucracy. Small and medium-sized businesses need business support services. The contribution of small and medium-sized enterprises to the creation of a better business environment and the more effective formation of business policy can be significantly greater. It should be noted that other problematic aspects of the business environment: despite the existence of an educated workforce, Uzbekistan has a fairly low labor productivity in Europe and Central Asia; the country occupies a low position in

terms of the quality of institutions, which is explained by the insufficient level of protection of property rights and minority rights

The main goals of small business activities include: innovative growth and innovative development of industries, regions, and the country as a whole; improving the living standards and quality of the population of regions and the country as a whole; the formation and constant gradual development of the state's innovative economy.

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