

Principles of Effective Management of Small Business

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Abstract – The principles of effective management of small business are one of the most important issues in the economy. The article discusses the principles of effective management of small businesses and makes recommendations.

Keywords – Small business, principle, entrepreneurship, economy, flexibility, independence, manufacturing, taxation, finance, credit.

From the first years of independence of Uzbekistan, great attention has been paid to the development of the legislative and legal framework, the organization of financial support, protection of the rights of entrepreneurs, training and retraining, development of market infrastructure for small businesses.

Today, small businesses continue to demonstrate the growth rates of production and services. The share of small business in GDP has been growing steadily in recent years,

and in 2019 alone, the share of small business in GDP was 56.5% (60.4% in 2018). This decline is explained by an increase in the share of large enterprises in GDP.

This means that in all industries (trade, construction, industry, etc.) a certain proportion of the total mass of products and services produced in a year, in which case more than half of them are produced by the same small firms and enterprises (Figure 1).

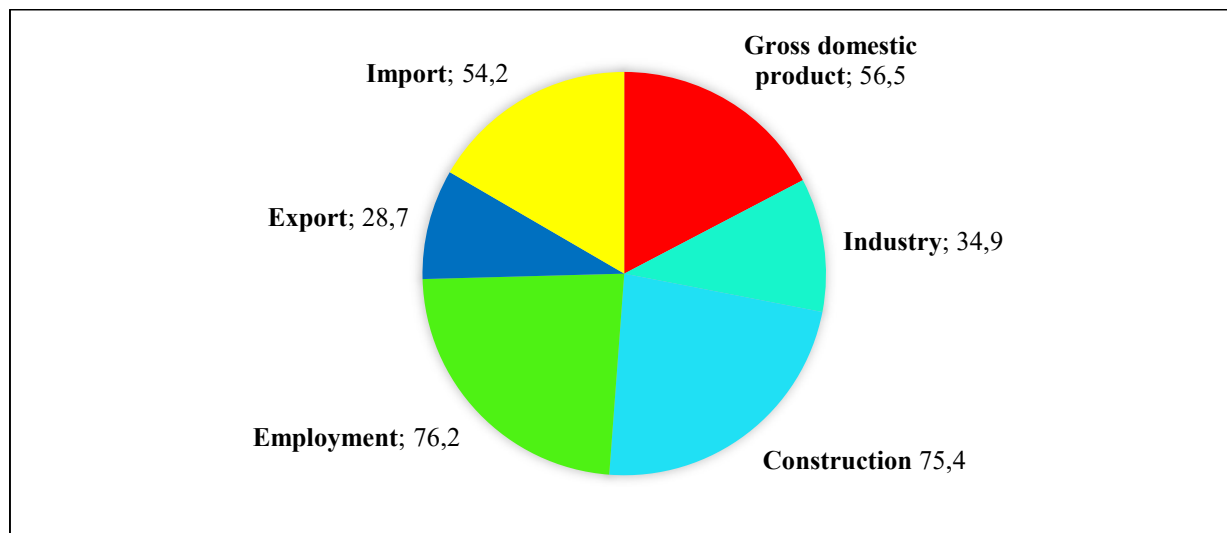


Figure 1. The share of small business and private entrepreneurship in the sector, in%

In 2019 alone, the volume of industrial production by small business and private entrepreneurship in the Republic of Uzbekistan amounted to 115,406.4 billion soums. soums (34.9%), construction works amounted to 51949.8 billion soums. UZS (75.4% of the total volume of construction works) and 99139.3 bln. soums (52.1% of the total volume of services in the country).

If we compare the share of small and medium-sized businesses in the GDP of developed countries, it is 50-60%, in Poland - 51%, in Germany - 53%, in Finland - 60%, in the Netherlands - 63%.

One of the key indicators of the development of the business environment in the world is the World Bank's Doing Business report, which is the most authoritative, recognized and most cited study assessing the ease of doing business in 190 countries on 10 indicators in 190 countries. The position of the Republic of Uzbekistan in this ranking reflects not only a favorable business environment, but also an important criterion for making investment decisions in the international business community.

Small business and private entrepreneurship are one of the important factors of economic development and increase employment and income of the population. In order to support the subjects of this sphere, in recent years, more than 50 decrees and resolutions of the President of the Republic of Uzbekistan have been adopted. In this regard, the decree "On additional measures to improve the rating of the Republic of Uzbekistan" set the task to rise to 20th place in 2022 in the annual report of the World Bank and the International Finance Corporation (IFC) "Doing Business". Thanks to the measures taken in recent years, Uzbekistan has risen from 138th to 69th place in the Doing Business ranking among 190 countries. Of course, it is reasonable to assume that such positive results are due to the consistent implementation of reforms carried out by our government, which should be responded to by small businesses.

In order to increase and develop the efficiency of small business entities, they must first adhere to the effective organization of small business. To do this, first of all, it is necessary to organize small business in accordance with the principles of effective organization (Figure 2).

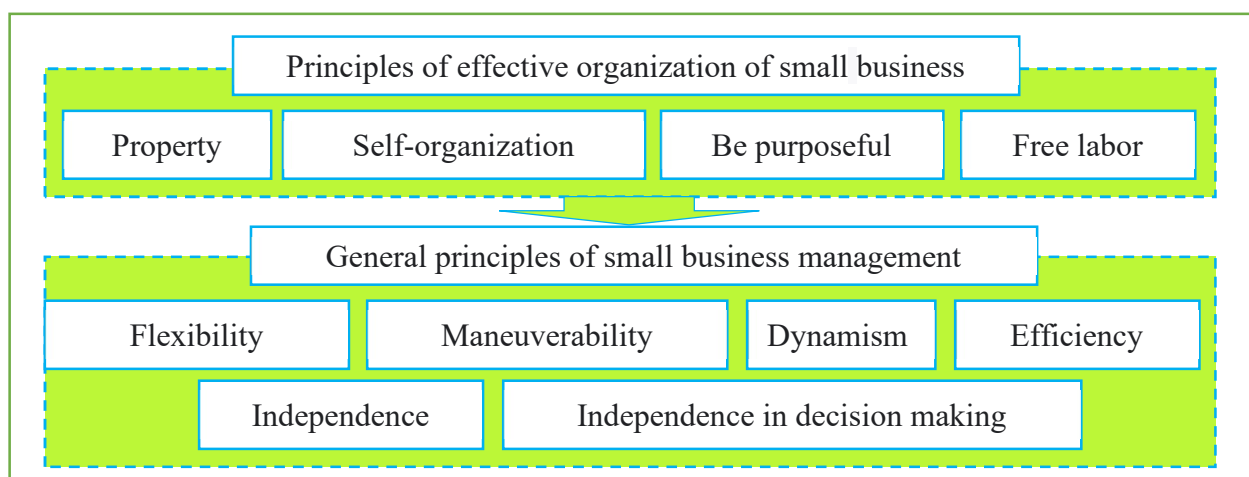


Figure 2. Principles of organization and management of small business

The current state of small business development calls for a review of measures to further improve the strategy of state support. In our opinion, the new strategy should be developed taking into account the sectoral and regional characteristics of small business development. However, the main components of this strategy can be suggested as follows:

- improving the existing regulatory framework;
- assistance in expanding the interaction of small and large enterprises;
- improving the taxation system;
- improving financial and credit mechanisms;
- elimination of administrative barriers;

development of a system for providing services and information to small businesses;

support for the development of the social movement of entrepreneurs;

formation of a system of training and education of specialists for small business.

The comprehensive implementation of these components will create favorable conditions for the development and effective operation of small business in the national economy in the medium term. It should be noted that in the current pandemic, one of the most important tasks facing the state is to provide employment and encourage small business to increase income.

Creating a single set of regulatory measures in the construction of this management system, including the creation of a modern arsenal of tools to influence small industrial businesses; should be based on administrative-legal, administrative-economic principles.

Management in small business companies is not much different from management activities in large holdings and associations. At the same time, it is important to achieve the set goals as quickly and accurately as possible without excessive expenditure of available resources. Competent small business management is based on the successful use of the basics of managing the performance of assigned tasks to achieve a set goal.

However, the plans created are not always implemented in accordance with the original. The implementation of the plan and tasks is often monitored and the lists are changed. This is because they require regular review and correction, and accordingly, team members should receive all relevant information in a timely manner. Therefore, even in small businesses, it is necessary to create an existing information environment for effective management in achieving the goal.

In this regard, the use of local and cloud collaboration systems as modern management tools is very effective among small businesses, which allows the company's employees to be constantly aware of any changes, regardless of their location. This, in turn, allows management to quickly assign tasks and monitor the execution of orders at any time.

Although small business owners may not think it is necessary to follow the organizational principles of management, in reality, everyone understands that it is never possible to start a business without a purpose and plan. The principles represent the guidelines that business owners can use in management decision-making. But it is important to note that principles are not rigid laws. Sometimes principles do not mean that they should be used exactly as they are stated, sometimes they can be changed or even completely ignored. Only small business owners need to learn when and where to use the principles or change them based on their own experiences.

The use of principles in an effective and correct context often results in organizational efficiency and thus leads to business growth. Some organizational principles apply to both small and large enterprises and can be used as general principles.

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