

The Significance of Financial and Economic Stability of Small Business Entities and the Main Directions of its Ensuring

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ABSTRACT

The article is devoted to the study of the importance of financial and economic sustainability of small businesses and private entrepreneurship and the main directions of its provision. Methodological, scientific, theoretical and practical foundations for ensuring and improving the financial and economic sustainability of small businesses and private entrepreneurship are presented, in particular: a scientific description of the theoretical and methodological foundations for ensuring the financial and economic sustainability of small businesses and private entrepreneurship, financial and economic sustainability of small businesses analysis influencing factors, a scientific study of modern directions of mechanisms for ensuring the financial and economic sustainability of small businesses, a mechanism for developing alternative options for small businesses in improving the financial and economic sustainability of small businesses, and innovations of small businesses in construction from financing mechanisms through a digital platform scientific proposals and practical recommendations for use are presented.

Scientific research is being carried out on the development of small businesses and private businesses, which are considered an important condition for ensuring the socio-economic stability of the world economy. Support for small businesses through financial and credit mechanisms, the transformation of traditional production into a high-tech platform, the expansion of the use of digital technologies, the reduction in the cost of products and services, the implementation of the policy of "spot placement of small industries" in the development of regions, the consistent introduction of modern and innovative technologies, development of programs, establishment of forms of labor motivation of employees, ensuring compliance with the description of the development of socio-economic processes.

Important measures are being taken in Uzbekistan to use the opportunities of small business and private entrepreneurship to ensure the socio-economic development of the economy. State support for this sector, creation of a favorable business environment for efficient operation, provision of appropriate infrastructure services increases the efficiency of small businesses and private entrepreneurship.

In the new Development Strategy of Uzbekistan for 2022-2026 "Creating conditions for organizing entrepreneurial activity and generating permanent sources of income, increasing the

share of the private sector in gross domestic product up to 80% and the share of exports up to 60%” [1] task is defined. The implementation of this task requires the development of effective measures to ensure the financial and economic sustainability of small businesses and private entrepreneurship, the formation of promising development models, increasing the efficiency of specialization processes in the sectoral context, and the implementation of innovative ideas and technologies.

It is worth noting that tax incentives and funds allocated by the state to support small businesses deserve great attention, especially in a pandemic. The state has created various funds, the main directions of their activities are as follows:

- assistance in the development of small business and private entrepreneurship, in the implementation of state policy in the field of supporting entrepreneurial initiatives of the population;
- participation in the implementation of state network and regional programs, projects and events that allow creating jobs through the development of small businesses and private entrepreneurship;
- support for innovative activities of small businesses and private entrepreneurs, stimulation of the creation and production of new types of products, as well as assistance in the introduction of effective new technologies into production activities; organization of the implementation of complex scientific and practical research aimed at studying the problems of improving support for the development of small businesses and private entrepreneurship in the republic together with research institutions.

Financial and economic sustainability is the ability and potential of enterprises to successfully operate in modern socio-economic conditions. In this case, a small business is considered as an open socio-economic system. These are broad internal and external factors of system activity, and although they are different in nature, their impact on the system is reflected in economic results. The monetary results of these results appear as financial results. It can be seen that financial and economic stability is, firstly, the regular achievement of the necessary economic results, secondly, the growth of economic results, financial resources generated from its own sources, and thirdly, the ability of the enterprise to fulfill its financial obligations. obligations are regularly fulfilled.

Since socio-economic life is systemic, it is necessary to use a systematic approach to study the financial and economic sustainability of an enterprise, that is, it is assumed that the enterprise operates under the influence of the external environment.

The sustainability of an enterprise as a system has many aspects, one of them is economic sustainability based on the goals of the enterprise, that is, the ability to perform economic tasks and achieve economic goals.

Small businesses determine the nature of the management of assets, capital, investments and other economic resources in order to achieve a positive financial result, meet the needs of owners and potential consumers of products. It is an aggregate measure of an enterprise's ability to meet its core objectives in a changing business environment and is considered a measure of "economic sustainability". includes Small business entities achieve their financial and economic sustainability through proper externalization of the sustainable development mechanism.

The stability of the enterprise depends, first of all, on the composition and structure of products and services, which are inextricably linked with the cost of production. Therefore, the ratio between fixed and variable costs is of great importance.

Sustainable development of an enterprise is the composition and structure of assets at the level of demand, as well as the right choice of strategy for managing them. At the same time, the art of

working capital management is to keep the minimum required amount of liquid funds necessary for current operating activities on the account of the enterprise.

The financial balance and economic stability of an enterprise are affected by funds raised in exchange for additional investments in the loan capital market, that is, the more an enterprise can attract long-term funds at low prices, the greater its financial capabilities.

However, the risk that determines the company's ability to pay creditors in a timely manner also increases. To maintain the economic balance by ensuring a continuous reproduction process and achieving a sufficient level of liquidity, it is necessary to use a sufficient amount of funds in the accounts of the enterprise. At the same time, the dynamics of operating stages is one of the main factors in ensuring the efficiency of the economy by maintaining the liquidity of the enterprise and increasing its need for money in current activities, that is, by increasing value chains. production of inventory reserves and circulation funds and management of the financing process.

Since small business is an open socio-economic system, its financial and economic sustainability depends on many internal and external factors. A large number of factors affecting the financial and economic sustainability of small businesses and enterprise management systems, and the diversity of their impact require their categorization.

First of all, it is necessary to distinguish factors depending on the levels of business management: strategic, current and operational.

At the strategic level, the financial and economic stability of an enterprise is influenced by its general economic strategy and other types of business policy (technical policy, personnel policy, etc.). They find expression in long-term strategic programs.

Factors that need to be controlled and managed at the tactical and operational level are the practical application of the means of implementing the policy in relation to the financial and other activities of the business. These include financial and economic relations within the economy, as well as financial relations between business and the external microenvironment.

In practice, factors affecting the financial and economic stability of small businesses are classified according to the objects of their occurrence. As its basis, it is necessary to single out the factors of economic activity, the business process, the direction of economic activity and general activity. Such categorization, of course, is the application of a systematic approach that allows you to get the necessary scientific and practical results when studying the internal business environment. The effective use of this approach in practice makes it possible to identify high-risk business processes and directions in the company's activities and, on this basis, develop a program of appropriate measures to manage the financial and economic stability of the entity.

When classifying factors according to the degree of their influence on the financial and economic stability of an enterprise, it is necessary to distinguish between insignificant, important, significant, strong and destructive influencing factors, as well as to determine their quantitative limits as much as possible.

Based on the conditions of our country, we will try to classify the internal factors that affect the financial and economic stability of small businesses (see Table 1):

Table 1. Classification of internal factors affecting the financial and economic stability of small businesses¹

Organizational and managerial factors	Production and technological factors
<ul style="list-style-type: none"> - business sector; - organizational and legal form; - business model in the organization; - organizational structure of management; - life stages of economic activity of the subject; - quality of management outsourcing; - the presence of a collective spirit; - the quality of the staff; - digital economy and technologies; - the presence of an economic strategy of the subject (financial, banking, insurance, customs, tax, marketing, production, innovation, personnel policy); - availability of a risk management system. 	<ul style="list-style-type: none"> - production potential; - business processes (economical use of raw materials, multiple shifts, creation of new added value); - production potential; - size and structure of assets; - income; - expenses.

The influence of these factors is reflected in a number of indicators of business activity in a market economy:

Competitiveness, taking into account the quality of the company's products, price, terms of sale, service, ability to compete with competitors' products.

Competitiveness can be manifested through two indicators:

the market share of the enterprise and the change in the volume of sales of individual goods;

positive deviation of business profitability, that is, the level of profit of the enterprise from the average level of profit in the industry.

The scientific and technological level of production serves as the basis for increasing competitiveness in the future, since competitiveness is an indicator that reflects today, and the scientific and technical level is a factor that creates conditions for development in the future. Indicators of the scientific and technical level of production are reflected in the consumer characteristics of products: guaranteed service life until primary repair; durability, the possibility of uninterrupted operation, the production of certified raw materials and materials, etc. In turn, these characteristics are formed depending on the level of technological support for production.

The influence of internal factors that determine the financial and economic stability of a business is reflected in the important economic indicators of the entity's activity and analyzed through them. Production and sale of products are considered the last result of economic activity. For small businesses, the volume of products sold (shipped to and paid for by customers) is used to ensure cash flow, cover production costs and other necessary expenses. allows. In addition, the financial composition of cash income includes profit. It is used to expand production, encourage owners, hold social events and fulfill tax obligations to the state budget.

In the process of selling the products of enterprises, this will have a negative impact on economic sustainability as a result of the assumption of some shortcomings. Because in the conditions of market competition, selling is the most delicate step in the circulation of funds.

The cost of production is one of the most important indicators characterizing the economy of small businesses, and directly affects the economic sustainability of the enterprise. The cost of goods sold consists of the production and marketing costs of the enterprise, the gross profit from sales is determined by equalizing costs and income, self-sufficiency is one of the main features of the market mechanism.

¹Table compiled by the author

The sale of finished products, work performed and these services allows you to determine the financial results of the enterprise. During the reporting period, the sales volume does not include the cost of products not shipped to customers, and turnover within the enterprise [2].

We have developed a number of proposals for the development of small businesses in the construction industry and improving their economic and financial sustainability.

It is proposed to develop a "technological map" that allows dividing the activities of the construction network into successive and "conditionally isolated" parts according to functional and technological processes, as well as allowing their continuous and relatively effective implementation with the participation of various forms of small businesses and private entrepreneurship.

To this end, we have proposed a mechanism for implementing the prospects for economic growth based on the coordination of calendar and financial planning to ensure the sustainable development of the activities of construction business entities (see Fig.-1).

The calendar includes the formation of options when developing plans, technologically defined tasks, as well as financing tasks, which allows you to critically determine the stages of liquidity management in project financing. In such a plan, it is necessary not only to consider outgoing payments as separate tasks, but also to determine the demand for timely incoming payments[3].

The proposed approach makes it possible to identify financial situations. Determines the impact of the provision and financing of projects on construction, the speed and timing of construction. Small businesses, as a rule, need their financial resources, this approach allows them to have a realistic idea of the business prospects, an awareness of the sources, risks and possible consequences of their elimination.

Generating strategic alternatives

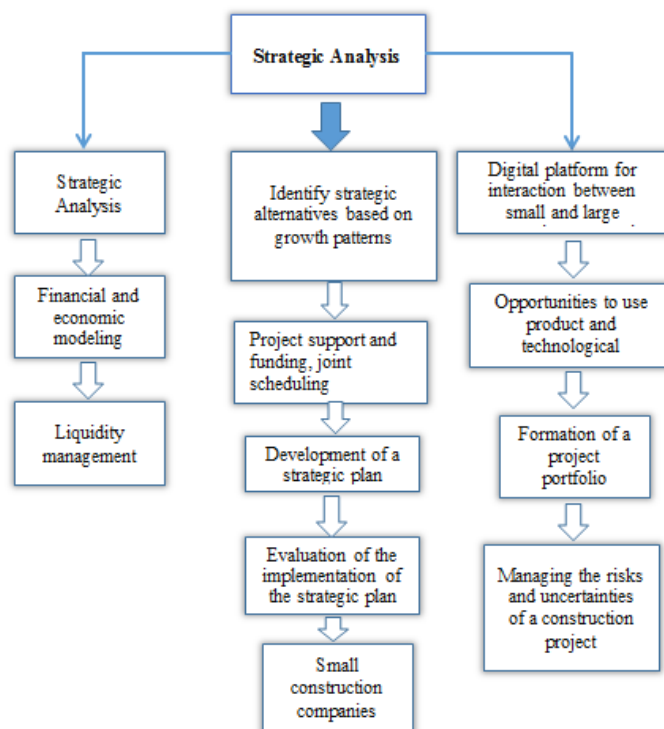


Figure 1. Mechanism for developing promising alternatives for small businesses²

As a result, the activity of the construction network is divided into successive and “conditionally isolated” parts according to functional and technological processes, which makes it possible to develop a “technological map” that allows their continuous and relatively efficient

²Compiled by the author

implementation with the participation of various forms of small businesses and private entrepreneurship. For the sustainable development of small businesses, mechanisms for implementing the growth strategy are used, based on the synthesis of calendar and financial planning, as well as risk accounting. When developing schedules, forming options, along with financing tasks, technologically defined tasks are included, which makes it possible to critically determine the stages of liquidity management in project financing. In such a plan, it is necessary to consider not only outgoing payments as separate tasks, but also to determine the demand for timely incoming payments. This approach allows us to identify important financial issues, in particular, the impact of supply and financing on construction projects, the speed and timing of construction, to really see the prospects for their operation, the risks and possible consequences of their implementation.

As another proposal, we made a proposal to form a portfolio of joint projects, agreed on the basis of the requirements of an optimal level of efficiency and regular monitoring of cooperation relations with large organizations in ensuring the financial and economic sustainability of small construction organizations in the medium and long term [4]. We recommend using an innovative digital platform for mutual cooperation and financing of construction project portfolios between small and large construction enterprises.

The main source of financing for small businesses are bank loans, mostly short-term, related to the pledge of property. Enterprises in the construction industry cannot use an important part - retained earnings as a source of financing due to low profitability. Direct investments and mechanisms for placing private capital in facilities will be used as a source of financing. To increase the financial capacity of a small construction enterprise, an innovative digital platform can be created, and through it, financial institutions, companies and individuals can be used to provide financing and financial resources (see Figure-2). It should be noted that a significant part of the work of large enterprises in the construction industry can be performed by small enterprises. Small business construction enterprises can be implemented as subcontractors, forming an innovative digital platform, establishing contractual relationships between themselves and large companies to ensure mutual cooperation of small businesses, forming expertise and special skills.

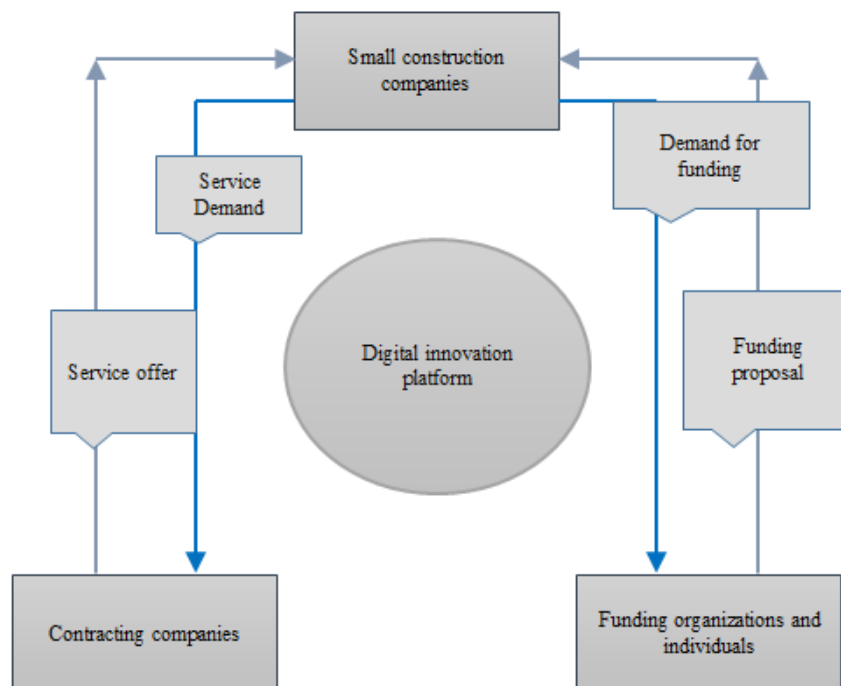


Figure 2. Financing mechanism for small businesses working in the construction industry through an innovative digital platform.

In addition, at this stage, it is recommended to form an information base on the construction business in terms of financing through an innovative digital platform as part of technological innovation, taking into account the possibilities of effective use of the product and the development of strategic alternatives [5] The possibilities of introducing products and innovative technological innovations and ways of involving small businesses in this process are determined.

As a result, in the medium and long term, a portfolio of cooperation projects is being formed, which is agreed on the basis of the requirements for an optimal level of efficiency and regular monitoring of cooperation relations with large organizations in ensuring the financial and economic sustainability of small construction organizations. A portfolio of construction projects is funded between small and large construction businesses using an innovative digital platform for mutual collaboration. Direct investment and private placement mechanisms serve as a broader source of funding. Part of the financial resources of large enterprises in the construction industry is directed to small enterprises. Through the introduction of an innovative digital platform, mutual cooperation between large and small businesses in construction is ensured, contractual relations are established between small companies, and the formation of special skills is accelerated.

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