THE ROLE OF SMALL BUSINESS IN THE ECONOMY OF NAMANGAN REGION

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Annotation

This article analyzes the role of small business in the economy of Namangan region, its state in the processes of production, trade, export and import. In the regions, scientific summary and recommendations on the development of small business and private entrepreneurship are given.

Key words: region economy, small business, private entrepreneurship, trade, eksport, import, macroeconomic

Annotatsiya

Ushbu maqolada kichik biznesning Namangan viloyati iqtisodiyotidagi oʻrni, ishlab chiqarish, savdo, eksport va import jarayonlaridagi holati tahlil qilinadi. Hududlarda kichik biznes va xususiy tadbirkorlikni rivojlantirish boʻyicha ilmiy xulosa va tavsiyalar berildi.

Kalit so'zlar: viloyat iqtisodiyoti, kichik biznes, xususiy tadbirkorlik, savdo, eksport, import, makroiqtisodiyot

Аннотация

В данной статье анализируется роль малого бизнеса в экономике Наманганской области, его положение в процессах производства, торговли, экспорта и импорта. В регионах даются научные выводы и рекомендации по развитию малого бизнеса и частного предпринимательства.

Ключевые слова: Экономика региона, малый бизнес, частное предпринимательство, торговля, экспорт, импорт, макроэкономика

INTRODUCTION

Namangan, a region in eastern Uzbekistan, has a diverse economy with significant contributions from agriculture, manufacturing, and services. Small businesses and private entrepreneurship play a crucial role in the economic development and overall prosperity of the region.

Namangan's economy is characterized by its agricultural production, particularly fruits, vegetables, and cotton. Additionally, the region has a growing manufacturing sector, producing textiles, clothing, and construction materials. The service sector, including trade, transportation, and tourism, also contributes significantly to the regional economy.

Small businesses are the backbone of Namangan's economy. They provide employment, stimulate local economic activity, and contribute to the diversification and resilience of the region's economic structure. Small businesses are crucial to regional economies because they create jobs, stimulate local spending, and foster innovation. They contribute to economic diversification and stability, making regions less dependent on a few large industries. Small businesses support community development through local engagement and maintain the unique character of regions. They also develop local supply chains, enhancing economic resilience and adaptability. Additionally, they promote environmental sustainability and social responsibility, while providing training and development opportunities for the local workforce. Overall, small businesses are essential for sustainable economic growth and regional prosperity.

LITERATURE REVIEW

Research consistently shows that small businesses are vital for job creation. According to a study by the Kauffman Foundation, small businesses accounted for 64% of new job creation in the United States between 1993 and 2011 (Decker et al., 2014). Another study by Neumark, Wall, and Zhang (2011) found that small businesses with fewer than 20 employees are particularly important for job growth.

Small businesses contribute to economic diversification, which enhances regional economic stability. A study by Wagner (1997) found that regions with a higher proportion of small firms experienced more stable employment patterns and were less affected by economic downturns. This diversification helps mitigate the risks associated with reliance on a few large employers.

Small businesses are significant drivers of innovation. Acs and Audretsch (1988) demonstrated that small firms are more likely to introduce radical innovations than large firms. Additionally, Baumol (2002) highlighted that small businesses play a critical role in sustaining competitive markets by challenging established firms and introducing new products and services.

Research by Civic Economics (2012) shows that small businesses generate more local economic activity than large chains. Their study found that independent retailers return more than three times as much money per dollar of sales to the local economy compared to chain competitors. This local spending supports other local businesses and contributes to community wealth.

Small businesses are integral to community development and social cohesion. A study by Tolbert, Lyson, and Irwin (1998) found that communities with a higher density of small, locally owned businesses had stronger social networks and higher levels of civic engagement. These businesses often support local events, charities, and sports teams, fostering a sense of community.

Small businesses are more adaptable to changing economic conditions. Research by Smallbone, North, Baldock, and Ekanem (2002) showed that small firms are often better able to adjust their operations and business models in response to economic challenges, making them more resilient during economic downturns.

Many small businesses adopt sustainable practices and contribute to environmental conservation. A study by Jenkins (2006) found that small businesses are increasingly engaged in corporate social responsibility (CSR) activities, which can lead to positive environmental and social outcomes. This engagement helps build a positive reputation and customer loyalty.

Scientific research underscores the crucial role small businesses play in the economy. They are key drivers of job creation, innovation, and economic diversification. Small businesses enhance local economic activity, foster community development, and contribute to environmental sustainability. Their adaptability and resilience make them essential for maintaining economic stability and promoting sustainable growth.

RESULTS

Small businesses play a crucial role in the economy of a country for several reasons. Small businesses are significant employers, providing jobs to a large portion of the workforce. They are often the primary source of employment in many communities, especially in rural and developing areas. Small businesses contribute to economic diversification. They operate in various sectors, reducing dependency on a few large industries and promoting a more resilient economic structure.Small businesses are a source of innovation. They often bring new products and services to the market and foster competition, which can lead to better quality and lower prices for consumers. Small businesses support local economies. They keep money circulating within the community, which helps other local businesses and contributes to the overall economic health of the area. Small businesses encourage entrepreneurship, providing opportunities for individuals to create their own ventures. This promotes economic independence and can lead to greater wealth distribution. Small businesses are typically more adaptable and can respond more quickly to changing market conditions compared to larger corporations. This agility helps them survive economic downturns and contributes to the economy's overall resilience. Small businesses contribute significantly to tax revenues at local, state, and national levels. These taxes support public services and infrastructure. Small businesses are often deeply embedded in their communities. They support local events, charities, and activities, contributing to social and cultural development.Often, small businesses can have a smaller environmental footprint compared to large corporations. They can implement sustainable practices more easily and cater to environmentally conscious consumers.

In conclusion, small businesses are vital to the economic well-being and growth of a country. They create jobs, foster innovation, support local economies, and contribute to a diversified and resilient economic structure.

Complex measures implemented to further improve the business environment in Namangan region enable rapid development of small business and private entrepreneurship and ensure stable economic growth. As a result, the production volume of the region's gross territorial product increased by 106.6% to 40,565.1 billion soums in 2022, and this indicator reached 47,112.6 billion soum by 2023, an increase of 105.4% compared to 2022. Compared to 2022, industrial products will increase by 107.2%, production of public goods by 107.5%, investment volume by 130.8%, retail turnover by 108.2%, agriculture, forestry and fisheries by 104.5%, total services by 111.1%. grew up. In 2023, the production index of industrial products amounted to 20,826.5 billion soums, consumer goods to 8,911.8 billion soums, and retail trade indicators to 70,650.7 billion soums. In conclusion, we can say that in the economy of

Namangan region, we can see that the volume of production of industrial and retail trade, agriculture, forest and fishery products has a larger share than other macro indicators. Table 1

Table 1

Macroeconomic indicators of Namangan region [1]

N	Indicator name	Unit of measure	2022 y	2023 y
1	**Gross regional product**			
	- size	mlrd.so'm	40 565,1	47 112,6
	- growth rate	%	106,6	105,4
2	**Industrial products**			
	- size	mlrd.so'm	18 241,8	20 826,5
	- growth rate	%	109,4	107,2
3	**Investments**			
	- size	mlrd.so'm	14 348,2	20 734,5
	- growth rate	%	101,2	130,8
4	**Construction work**			
	- size	mlrd.so'm	6 762,3	7 463,8
	- growth rate	%	110,3	107,1
5	**Retail**			
	- size	mlrd.so'm	17 273,1	20 650,7
	- growth rate	%	113,3	108,2
6	**Agricultural, forestry and fisheries products**			
	- size	mlrd.so'm	27 710,2	32 824,7
	- growth rate	%	104,2	104,5
7	**Total services**			
	- size	mlrd.so'm	14 722,6	17 822,9
	- growth rate	%	116,6	111,1

Further development of small business and private entrepreneurship, more complete use of the production and labor potential of Namangan region, creation of new jobs, filling the domestic market with local goods and services, and on this basis, increasing employment and income of the population are important.

In 2023, the share of small business entities in the gross regional product of Namangan region was 72.8%, and compared to 2022, it increased by 0.4 units.

As of January 1, 2024, the number of small enterprises and micro-firms operating in the region was 23.1 thousand, and compared to the same period of 2023, it decreased by 9.2 thousand or decreased by 28.4%. The number of small business entities in the region is 9.6 units per 1000 inhabitants. A total of 1,318 in the field of living and catering services, which has the highest share of operating small enterprises, 162 in construction, 1,899 in agriculture, forestry and fishing, 4,880 in industry, 9,023 in trade. Diagram1

[1] https://namstat.uz/uz/rasmiy-statistika/macro-indicators-2

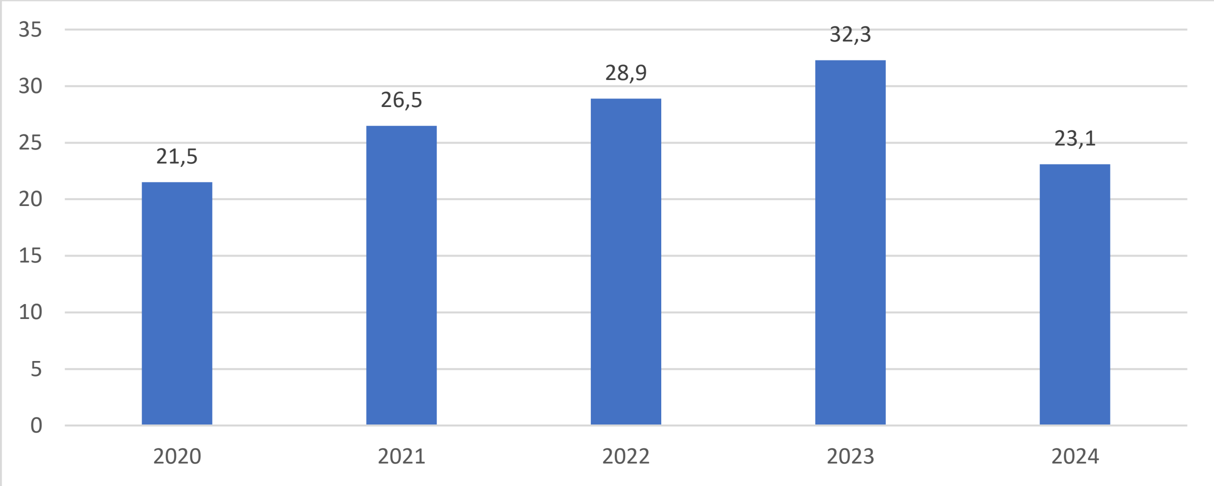

Diagram1. Number of small enterprises and micro firms in Namangan region (thousand) [1]

As of January 1, 2024, the total number of small enterprises and micro-firms was 23,136, of which 4,636 were newly established. The largest number of small enterprises and micro-enterprises operating in the regions was 7,192 in the city of Namangan or 31.1% of the total.

Table 2

Number of enterprises operating in Namangan region by regions

	Areas	2022 y	2023 y	The ratio of 2023 to 2022 is in %
1	Namangan region total	32305	23136	71,6
2	Namangan city	10657	7192	67,4
3	Chust	2667	2038	76,4
4	Pop	1995	1646	82,5
5	Uchkurgan	2101	1646	78,3
6	Turakurgan	2042	1551	75,9
7	Chartak	1958	1483	75,7
8	Namangan district	2128	1480	69,5
9	Uychi	2112	1385	65,5
10	Kosonsoy	1978	1351	68,3
11	Yangikurgan	1646	1167	70,8
12	Norin	1617	1149	71,0
13	Mingbulak	1404	1048	74,6

As of January 1, 2024, the number of small business entities was 9.6 units per 1000 inhabitants, and this indicator decreased by 3.6 units compared to 2023. The ratio of the number of small business entities per 1,000 inhabitants in the cross-section of regions reached 12.1 units in Mingbulok district, 11.0 units in Uchkurgan district, 10.9 units in Chortoq district, 10.7 units in Chust district and 10.5 units in Namangan city.

As a result of the great attention given by the President of the Republic of Uzbekistan to the support of small business entities and the qualitative improvement of the business environment, in 2023, the largest share of newly established small

[1] https://namstat.uz/uz/

enterprises and micro-firms in the regions in relation to the total is the city of Namangan - 26.1%, the district of Uchkurgan - 9 .7%, Chartak district - 8.1%, Torakorgan district - 8.0%, Chust district - 7.1%, Mingbulak district - 7.0%, Pop district - 6.7%, Uychi district - 6.1 % corresponded to contributions. 1,851 small enterprises were newly established in trade, 851 in industry, and 459 in agriculture, forestry and fisheries. Analyzing by cities and districts, the largest number of small enterprises and micro-firms were established in Namangan city, 449 in Uchkurgan district, 377 in Chartak district, and 370 in Turakurgan district.

In 2022, the share of small business entities in the industry was 44.8 percent, and in 2023, this indicator increased by 2.4 percent to 47.2 percent. In 2023, it was 94.2% in agriculture, forestry and fisheries, 91.7% in construction, 94.7% in retail trade, 66.4% in services, and 97.5% in passenger transportation. Small business and private entrepreneurship in 2023 compared to 2022 in the economy of Namangan region, there was a decrease in export and import indicators, that is, in 2023, compared to the previous year, exports decreased by 3.4 units to 41.0 percent, and imports decreased by 2 units to 70.2 percent.

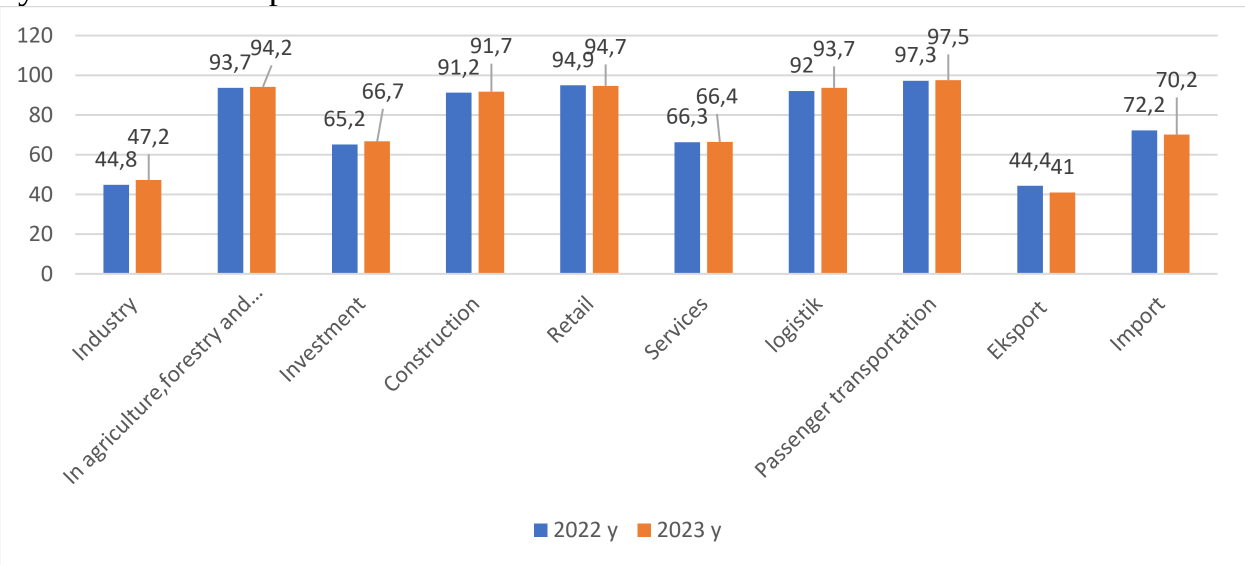

Diagram 2. The main indicators of small business in the economy of Namangan region, in % [1]

In 2023, the highest shares of small businesses will be 97.5% in passenger transportation, 95.6% in passenger traffic, 94.7% in retail trade, 94.2% in agriculture, 93.7% in cargo transportation, 91.7% in construction, 7%, and 91.5% in cargo turnover. 9,831.0 billion soum industrial products worth soums were produced by small business entities in 2023. Namangan city has the largest volume of production of industrial products of small business entities in the cross-section of regions 4,506.8 billion. soums, Namangan 900.6 bln. soums, Uychi 788.1 billion soums, Chust 693.2 billion soums. soums, Chartak 493.0 billion and Kosonsoy 464.3 billion soums. Contributed to regions 247.6 billion in Uchkurgan district Soum industrial products were produced, which is less than other regions.

[1]https://namstat.uz/uz/

The highest share of small businesses in the total industrial output of the regional regions is Chartak district 100.0%, Yangikurgan district 100.0%, Norin district 93.5%, Namangan district 77.5%, Pop district 73.4%, Uychi district 65, 5% and the city of Namangan was 58.1%. Figure 3

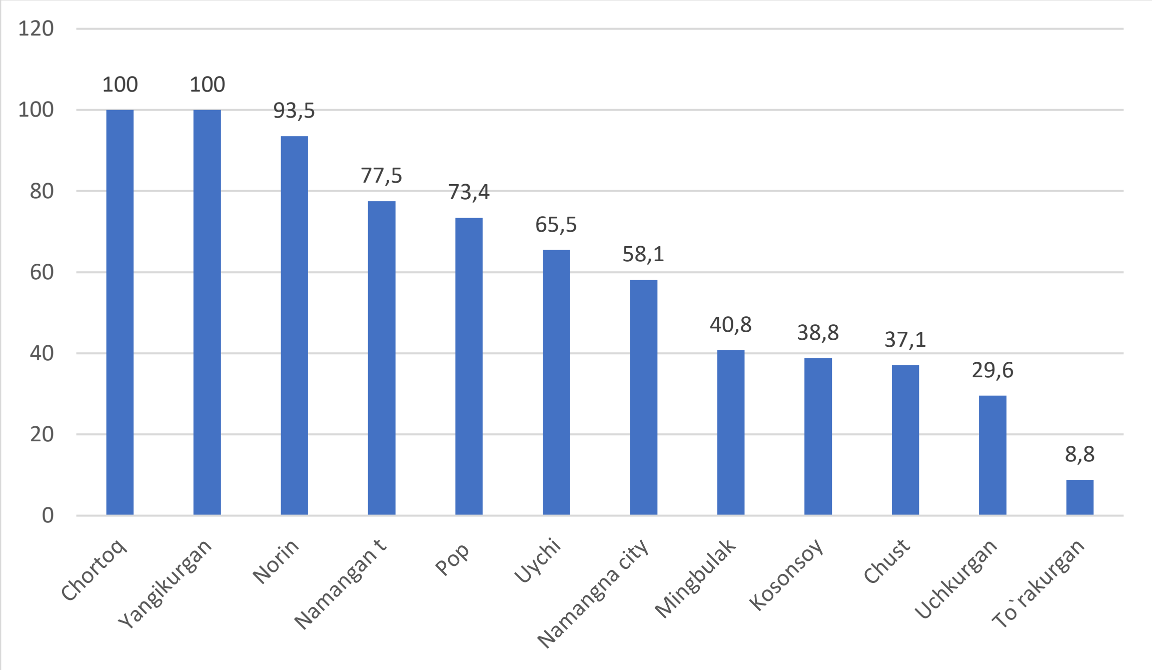

Figure 2.3. In 2023, the share of small businesses in the total industrial output in the region, in %

The volume of construction works carried out by small business entities is 6,845.1 billion. soums or 91.7% of the total volume of construction works in 2023 compared to 2022, the growth rate was 110.3%. The volume of investments made by them in the main capital amounted to 13,831.2 billion soums or 66.7% of the total investment volume. The growth rate compared to the corresponding period of 2022 was 133.9%. The volume of produced agricultural products is 30,915.6 billion. soums or 94.2% of the total volume of agricultural products. The growth rate compared to 2022 was 114.4%. The volume of retail turnover of small business entities is 19,564.8 billion. soums or 94.7% of the total retail trade turnover, the growth rate compared to 2022 was 108.0%. 11,829.1 bln. soum services were provided or 66.4% of the total volume of provided services, and the growth rate compared to 2022 was 111.3%.

In 2023, the volume of export of products (works and services) carried out by small business entities amounted to 229.1 million US dollars or 41.0% of the total export volume. This indicator was 262.2 million US dollars in 2022, the total share was 45.2 percent, and in 2021 it was 245.2 million dollars, the total share was 49.6 percent. The highest share in 2019 was 291.2 million US dollars and made 81.8 percent.

If we analyze the import indicators of small business and private entrepreneurship, in 2018 they made 446.9 mln. If products are imported, this indicator will increase to 576.5 million US dollars by 2023. We can see this indicator increase from 46.8 percent of total imported products in 2018 to 70.0 percent by 2023.

In Namangan region in 2023, the highest share of product imports by small business entities in comparison to the total import of the region is in Yangikurgan and Chartak districts - 100.0%, in Norin district - 98.8%, in Pop district - 96.1%, in Mingbulok district - 92, 6%, in Uychi district - 91.7% and in Namangan district - 86.7%.

From this we can conclude that the export indicators of small business entities are decreasing and the import indicators are increasing year by year, so it is important to develop effective marketing strategies in trade and create products that meet world demand in order to effectively organize their activities.

CONCLUSION

In summary, small businesses are the backbone of regional economies. They create jobs, stimulate local spending, foster innovation, and contribute to community development and economic resilience. Their impact is felt across various aspects of the regional economy, making them essential for sustainable economic growth and development.

Improving a region's economy through small businesses involves several strategic approaches. Here are some key strategies to enhance the economic impact of small businesses in a region:

1.Microloans and Grants: Provide microloans and grants specifically designed for small businesses. This can help startups and existing businesses expand operations. Offer tax incentives and credits to attract investments in small businesses.

2. Infrastructure Development Enhance digital infrastructure to support e-commerce and digital marketing for small businesses. Improve transportation, logistics, and utilities to make it easier for businesses to operate efficiently.

3. Training and Education: Implement training programs focused on entrepreneurship, covering business planning, financial management, and marketing. Offer vocational training and skill development programs to create a skilled workforce that can meet the needs of local businesses.

4. Regulatory Support: Streamline business registration processes and reduce bureaucratic hurdles to make it easier to start and run a business. Implement policies that support small businesses, such as favorable tax regimes and access to public procurement opportunities.

5. Networking and Collaboration: Establish business incubators and accelerators to support startups with resources, mentorship, and networking opportunities. Promote the formation of industry clusters where businesses in related sectors can collaborate and share resources.

6. Market Access and Expansion: Create and promote local markets and fairs where small businesses can sell their products directly to consumers. Provide support for small businesses to explore export opportunities, including market research, trade missions, and export financing.

7. Technology Adoption Encourage the adoption of digital tools such as e-commerce platforms, CRM systems, and digital payment systems to increase efficiency

and market reach. Offer training programs to help small business owners understand and implement technology solutions.

8. Community Engagement and Support: Launch campaigns to encourage residents to support local businesses.

Community Projects: Involve small businesses in community development projects to foster a sense of community and shared growth.

9. Sustainability Initiatives: Support small businesses in adopting sustainable practices through grants, training, and resources. Local Food and Products: Promote locally produced goods and sustainable farming practices to enhance the local economy and environment.

By focusing on these strategies, regions can significantly enhance the role of small businesses in their economies. Supporting small businesses through financial assistance, infrastructure development, training, regulatory support, and community engagement can lead to sustainable economic growth, job creation, and increased resilience against economic fluctuations.

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