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## **FOREIGN EXPERIENCE OF SMALL BUSINESS DEVELOPMENT**

***Abstract.** Small business as a separate sector of the market economy is considered. It is noted that recently the problem of small business has become more urgent than ever, not only in our country, but also in developed countries. Small business performs a number of important economic and social tasks. In addition to tax deductions to the budgets of all levels, it develops the real sector of the economy, creates additional jobs, promotes competition. Therefore, the development of small business is an important task of the state. Small business is characterized and its role in the market economy of different countries is clarified, its positive and negative positions are highlighted.*

***Key words:** small business, sustainable development, employment.*

## **INTRODUCTION**

In the light of the current economic crisis, which has affected many countries, the problem of small business has matured more acutely than ever. As world practice shows, the main criterion on the basis of which enterprises of various organizational and legal forms are classified as small businesses is, above all, the average number of employees employed in the enterprise. Given the small number of employees who are quickly mobilized for market change, small business can be an important basis for turning to positive business processes. It should also be noted that small businesses provide employment for socially unstable segments of the population, in particular, youth, women, emigrants, etc.

It is at these enterprises that they gain experience, knowledge, achieve career growth and self-realization. It is advisable to take into account a number

of advantages of this business, namely: low capital intensity and therefore easy access of the population, a large number of enterprises, which allows in a short time to establish production of various goods and services, mobility in the market and technology, which contributes to rapid development, ability to quickly hire additional labor, lack of bureaucracy in management, insignificant negative environmental impact on the environment. Small businesses are more resilient to external change. During the general economic downturn in Uzbekistan in the early 1990s after independence, it was small businesses that supported the Uzbek economy and adapted to new market conditions in a timely manner.

State-owned enterprises failed to compete, were destroyed or privatized. Thus, small business demonstrates its flexibility, "viability", strengthening and supporting the national economy.

The degree of development of small business directly characterizes the degree of development of the economy as a whole. The development of small business in the West is much faster, as national governments pay considerable attention to small businesses and promote their development at the national level.

## **RESEARCH**

In most countries, small business is the middle class, which is the basis for sustainable economic development. It is no secret that developing countries, thanks to small and medium-sized businesses, have made great economic progress (Taiwan, Singapore, Indonesia, etc.). If we trace how the pace of development of small enterprises in these countries has changed, we can draw a parallel with the development of the whole country. For Europe, small business is a kind of foundation for socio-economic development. There are more than 20 million enterprises engaged in small and medium-sized businesses and, accordingly, provide more than half of total turnover and value added. The share of small business employees in Europe is about 70%. The vast majority of small

businesses operate in trade, construction and the food industry. It can be stated that small business is the "pusher" of the economy, which stimulates producers to compete.

The development of the EU depends on the successful operation of small and medium-sized businesses. Therefore, the European Union pursues a policy of supporting small business, the main purpose of which is to balance the interests of the state and business, provide the best conditions for entrepreneurship, increase the competitiveness of small business.

Analyzing the development of small business in different countries, it is worth focusing on Japan as a country of private enterprise. It includes 5 million 738 thousand enterprises - 99% of their total number. They employ 88% of all employees. Most small businesses are in labor-intensive industries: retail, catering, services, construction and engineering. In terms of ownership, half of them are individual, ie actually family. But now families in Japan are small, as in all urbanized countries, the population has begun to decline, and the number of these enterprises is declining. The economy develops through the prism of the coexistence of large and small enterprises. Yes, housing is built by small businesses, because most Japanese believe that it is best to live in small houses. Big business is engaged in construction of roads, factories, shopping centers, high-rise buildings. Basically, big business employs small businesses through outsourcing. About 55% of small businesses in industry work this way.

The Japanese government cares about modernizing the business sector and facilitating the creation of new businesses. In 2019, a law was passed that would allow you to open a small business without start-up capital - only one yen. 32,000 enterprises have already been established in this way. Also in 2020, a law was passed that simplifies the bankruptcy procedure as much as possible in the field of small enterprises. According to it, it is allowed to go to court to protect against creditors before the liabilities exceed the assets to prevent their dispersion. Thus, the state does not provide financial assistance to entrepreneurs,

but provides legal and informational support. In the United States, small businesses employ 77% of those employed in the private sector and account for 47% of total sales of goods in the country, as well as 50% of gross domestic product. The leading body of state support for small business is the Small Business Administration (SBA), which solves three important tasks: providing financial support to small and medium enterprises, assistance in obtaining government orders, providing technical and consulting services on management. According to her, about 1 million new companies are created in the country every year. Of these firms, 60% are employed in the household with the support of the US Department of Labor. About 21 million Americans (17% of all employees) work part-time through small businesses. It should be noted that small businesses are run mainly by women. For example, in one year the number of firms headed by women increased by 29% and 1.4 million enterprises received \$ 2.8 billion in the year.

A kind of franchising revolution took place in the United States. Thus, in just a few decades, the sales of franchised companies accounted for 40% of total retail sales, total gross sales exceeded \$ 800 billion. The US Congress has developed a special program for the development of innovation for small businesses. Contributions to these programs increase annually by \$ 1 billion. A significant role in stimulating small business belongs to the government's fiscal policy, which provides for a reduced tax rate, an effective system of discounts on overdue loans, and so on. In addition to budgetary measures, small businesses are provided with benefits in the collection of local property tax, which helps to partially solve the liquidity problem [5]. It is important to focus on individual programs that aim to promote small business. One of these programs provides patronage to small firms in the form of consultations on marketing finance management, and after approval of all these programs is implemented by the Small Firms Service. Another loan guarantee program, aimed at providing financial assistance to small firms, is designed for three years

and provides for the payment of insurance premiums on behalf of successful businessmen. There are programs that stimulate the export activities of small firms that want to export their goods and others. At the same time, with the general support of small businesses in the UK, there is a fairly strict system of control over the activities of enterprises. Every year, small and medium-sized businesses replenish the Italian treasury by 70 billion euros. An important financial resource for a large part of small business is cooperative lending. Spain is one of the first places in the world, along with Italy and France, for wine production, which is why it owes small business. He also has a central role in the tourism industry. The Spaniards are building family hotels, running restaurants and bars, doing household services. As a positive factor in the development of small business, it should be noted that the country has virtually minimized bureaucracy. Yes, to register a company and get a license, 24 hours is enough. This creates a favorable climate for small business development. And for those who intend to start their own business, there are special programs to help. For example, for the first 5 years, an entrepreneur does not pay taxes and is also entitled to an indefinite loan for business development. The guarantor in the latter case is the State Institute of Official Lending of the country. The result of a skilful government policy to support small business is that Spain ranks 2-3rd in terms of goods and services. Thus, small businesses in the EU employ more people than in the US, ie in EU countries small business is more important in terms of employment, especially in manufacturing. Regardless of the definition, small businesses make up 95% of all businesses in the EU.

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