



# METHODOLOGICAL BASIS, FORMS, METHODS AND PROPERTIES OF SMALL BUSINESS AND ITS MANAGEMENT

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<b>Article history:</b>	<b>Abstract:</b>
<b>Received:</b> 20 <sup>th</sup> July 2021 <b>Accepted:</b> 28 <sup>th</sup> July 2021	This article examines the methodological foundations, forms, methods and features of small business and its management, and the theoretical views of category of management and management. In the study of the methodological basis of small business and its management, special attention is paid to the periods of development of management theory and practice. It also provides conclusions on how to improve small business management in the current digital economy.

**Keywords:** Small business, management, forms of entrepreneurship in small business, methods, features, digital economy, industry 4.0.

## INTRODUCTION

Small company prospects in the digital economy, including its function, importance, and practical aspects of socioeconomic development, as well as the necessity for scientific research into its theoretical and methodological foundations, forms, methods, and characteristics. One of the economic sectors that is the initial stage of entrepreneurial activity and contributes significantly to development of the social sphere is small business. Despite the name of small business, the economic power of all developed countries is measured by how developed this type of activity is. In developed countries, the late 60s - early 70s coincided with the heyday of small businesses and are still strengthening their positions. Small business has become a dynamic part of entrepreneurship in many countries and has become an important sector for the growth of the national economy.

Small business – usually are firms that have their own property and economic independence and are not considered high (dominant) in the field of their activities. A number of Russian scientists in the textbook published by M.N. it is stated that there is no generally accepted definition and that its definition is usually determined by criteria such as the volume of activity, the number of employees in the enterprise<sup>1</sup>.

According to the U.S. Census Bureau, about 99.7% of all companies in the United States are small businesses, and if they include firms with less than 500 employees and sales of less than \$ 20 million, European small and medium-sized businesses are targeted at 250 people. In Uzbekistan, the average annual number of employees in small businesses is as follows<sup>2</sup>:

- 20 people in production;
  - 10 people in services and other non-manufacturing;
  - 5 people in wholesale and retail trade and catering;
  - 100 people in the light and food industries, metalworking and instrumentation, woodworking, furniture industry and building materials industry;
  - 50 people in the field of mechanical engineering, metallurgy, fuel and energy and chemical industry, production and processing of agricultural products, construction and other industries;
- small enterprises with 25 employees in science, scientific services, transport, communications, services (except for insurance companies), trade and catering and other non-manufacturing sectors.

**Table 1.1 Economic indicators of small business in Uzbekistan<sup>1</sup>**

Nº	Economic indicators of small business	2016	2017	2018	2019
1	The share of small business and private entrepreneurship in GDP and GRP (%)	64,9	63,4	60,4	56,5
2	Number of people engaged in small business and private entrepreneurship (thousand people))	10 397,5	10 541,5	10 128,8	10 313,4

The share of small business and private entrepreneurship in the number of people employed in the economy in 2019 was 76.2%, in terms of GDP, in 2019 the production of goods reached 58.7%, the production of services - 32.2%. The turnover of private enterprises increased by 33% compared to 2020. Loans for entrepreneurship increased by 13% compared to the corresponding period of 2020. Numerous studies confirm that the development of small business is interrelated with the characteristics of the socio-economic development of the country. In particular, Russian researchers say that "small and medium-sized businesses in the economy create jobs and determine the socio-economic situation in the country, mainly providing incomes to the middle class." conditionally there were three types<sup>2</sup>:

1. Increase the share of small business in GDP to 60-70% in the coming years;
2. Ensuring employment and increasing their incomes, which is one of the key factors in this sector;
3. Formation of a small and middle class of owners as the most effective means of achieving political, economic and social stability in the country.

Both definitions emphasize how small business is one of the most important areas in improving the socio-economic situation of the country, and it is important to understand the importance of its management in the development of this sector.

**MAIN PART**

Issues of business and management first appeared in Western countries centuries ago, and the research conducted by many scholars became a fundamental theoretical and methodological basis. In particular, scientists from Western countries A.Smith, F.Taylor, A.Fayol, L.Mizes, P.Druker, M.H.Meskon, I.Adizets and Russian scientists N.I.Kabushkin, S.Shimilov, L.I. .Evenko, M.N.Dudin, N.V.Lyasnikov, A.S.Senin et al. From our local scientists SS Gulomov, GM Kasimov, A.Abdullaev, Q.Muftaydinov, H.Aybeshov, N.H.Jumaev, M.Boltaboev, M.Kasimova, U.P.Umurzakov, A.J. Tashbaev and others can be cited. In the process of studying small business management, it is important to first study its methodological foundations. That is, the formation of management in business, the views, methods, forms and characteristics of scientists. In the study of management theory and practice, they can be divided into four important historical periods. (See Table 1.2). The first period was much longer than the rest, lasting from the 9th to the 7th millennium BC to the 18th century. Socrates was one of the first to analyze various forms of government.

The second period was the industrial period (1776-1856), in which the views of Adam Smith and the teachings of R. Owen had a great influence on the formation of many modern scientific directions and schools of management. In the third period - the period of systematization (1856-1960) schools of management, directions improved. The founder of the scientific organization of labor and management, the American engineer F. Taylor (1856-1915), formed the scientific school of management and shaped the management revolution. He explained the importance of management in business: "Scientific management ensures the fair interests of both workers and entrepreneurs and benefits the whole nation.

**Table 1.2**  
**Periods of development of management theory and practice**

<b>Periods of development of the government</b>	<b>Scientists of that period</b>	<b>The essence of the management period and the views of scientists</b>
<b>I</b> <b>9-7- from the millennium to the XVIII century</b>	Socrates, Plato	This period was a period of formation, in which various forms of governance were analyzed.
<b>II</b> <b>1776-1856 years</b>	A.Smith, R.Ouen	This period was an industrial period, and the teaching of scientists had a great influence on the formation of many modern scientific directions and schools of management.
<b>III</b> <b>1856-1960 years</b>	F.Taylor, A.Fayol, L.Mizes,	During the period of systematization - schools of management, directions have improved.
<b>IV</b> <b>From 1960 to the present</b>	P.Druker, M.X.Meskon, I.Adizes,	In the information age - new innovative models of management have been formed.

Ludwig von Mizes (1881-1973), an American who later defined the relationship between entrepreneur and manager, combined these two aspects and determined that an entrepreneur acts as a leader. although the manager has the ability to perform business functions. With this view, Mizes equates the role of managers in business with the level of the head of the enterprise, arguing that the role of managers is important in the implementation of effective management, and this is confirmed in modern world practice.

The modern concept of management emerged in the nineteenth century during the Industrial Revolution. F. Taylor, the founder of Scientific Management, was the first to use the terms management and manager in a modern

sense as management and manager. It was later formed on the basis of scholars 'definitions of the concepts of management and administration.

**Definitions given to the category of management<sup>1</sup>**

<b>Scientists</b>	<b>Management</b>	<b>Scientists</b>	<b>Management</b>
L.I.Evenko <sup>2</sup>	Management is the process of planning, organizing, motivating, and managing an organization to formulate and achieve its goals.	L.I.Evenko <sup>2</sup>	Management is the ability to achieve set goals using the motives of hard work, intelligence, and the actions of others.
P.Durker <sup>2</sup>	Management is a special type of activity that turns an unorganized crowd into an effective, focused, and efficient group.	R.L.Daft <sup>3</sup>	Management is the effective achievement of organizational goals through planning, organization, leadership (leadership) and control of organizational resources.
A.Fayol <sup>4</sup>	Management means predicting, regulating, managing, coordinating and controlling.	I. Adizes <sup>5</sup>	Management is not a group of people who occupy a certain place in the hierarchy or position of an organization. It is the process of defining, setting, and finally achieving corporate goals.
U.P.Umurzakov, A.J.Toshboev	The main goal of management is to ensure that the enterprise makes efforts to achieve the highest results.	G'.M.Qosimov <sup>6</sup>	Management is the goal of the organization planning relationships and activities to achieve, efficient use of resources organization, rational coordination of the division of labor, fair application of the mechanism of inclination among the employee and their implementation control.

It should be noted that in the above definitions, serious results have been achieved in revealing the essence of the concepts of management and management, and these concepts are complementary.

In many management literatures, the term management is actually considered synonymous with the term management, but in most cases it is not completely synonymous, as stated in GM Kasimov's textbook "Management". applied (driving a car, driving a state).

It is important to study the views of Western scientists in this regard. Dr. I. Adizets has made a significant contribution to improving the management efficiency and achieving high results of many companies around the world today. According to I. Adizets, enterprise or organization management should perform four functions: results generation, administration, entrepreneurship, and integration. He concluded that in order to perform these functions simultaneously, there must be an ideal manager. However, stressing the complexity of the management process, he explained that there are no ideal managers in the world and that a single manager will cause difficulties in implementing the management system.

During his research, the scientist found synonyms for the term management in a number of popular Western dictionaries, including Funk & Wagnalls, Oxford Illustrated, Random House, and Webster's Third New International. Some of them are: implementation, authorization, coordination, control, change, incentive, observation, planning, training, regulation, implementation, inspection, decision-making, assumption of responsibility, direction, management, etc. when using the words "manager" or "management", it meant a process involving the participation of people who were not naturally always in leadership positions, but rather an individual.

In his theoretical and practical views on business management, Adizets said, "If you don't produce what your customers need, inefficiency and inefficiency will prevent you from making a profit. The benefit is not its goal, but the result of good governance. " P.F. Druker, one of the modern thinkers of management, considered entrepreneurship as

<sup>1</sup>Source: Based on the author's development.

<sup>2</sup>There 39 b.

<sup>3</sup>Daft R.L. Management. -SPb: Publishing house "Peter", 2000, p. 18.

<sup>4</sup> Henri Fayol General and Industrial Administration Translated by B.V. Babina-Korenya with a foreword by A.K. Gastev. Central Labor Institute. Moscow. -1923. 120 s. 12 sec

<sup>5</sup>Adizes I. Ideal leader: Why it is impossible to become one and what follows from this. Per. from English - M.: Alpina Business Books, 2007. -- 262 p. 33 s.

<sup>6</sup>Kasimov GM Management: textbook for students of higher educational institutions. T.: Uzbekistan, 2002. - 312 pages. 21 b.

a specific activity, arguing that its content is related to innovations in various fields, including management.

While Drucker’s views are innovative in approach to I. Adizets’ approach, they are different from management. According to Drucker, a small business has the necessary resources for entrepreneurship, it already has management skills, has formed a management team and has the opportunity and responsibility for effective management, and if they want to survive in market competition, they need to learn high-tech management. said.

The Russian scientist IN Kabushkin in his textbook "Fundamentals of Management" said that with each passing period of management, the importance of learning special knowledge about management and the use of methods, techniques, principles, tools and techniques that can not be intuitively called scientific management noting that this can be learned by understanding the basics of management.

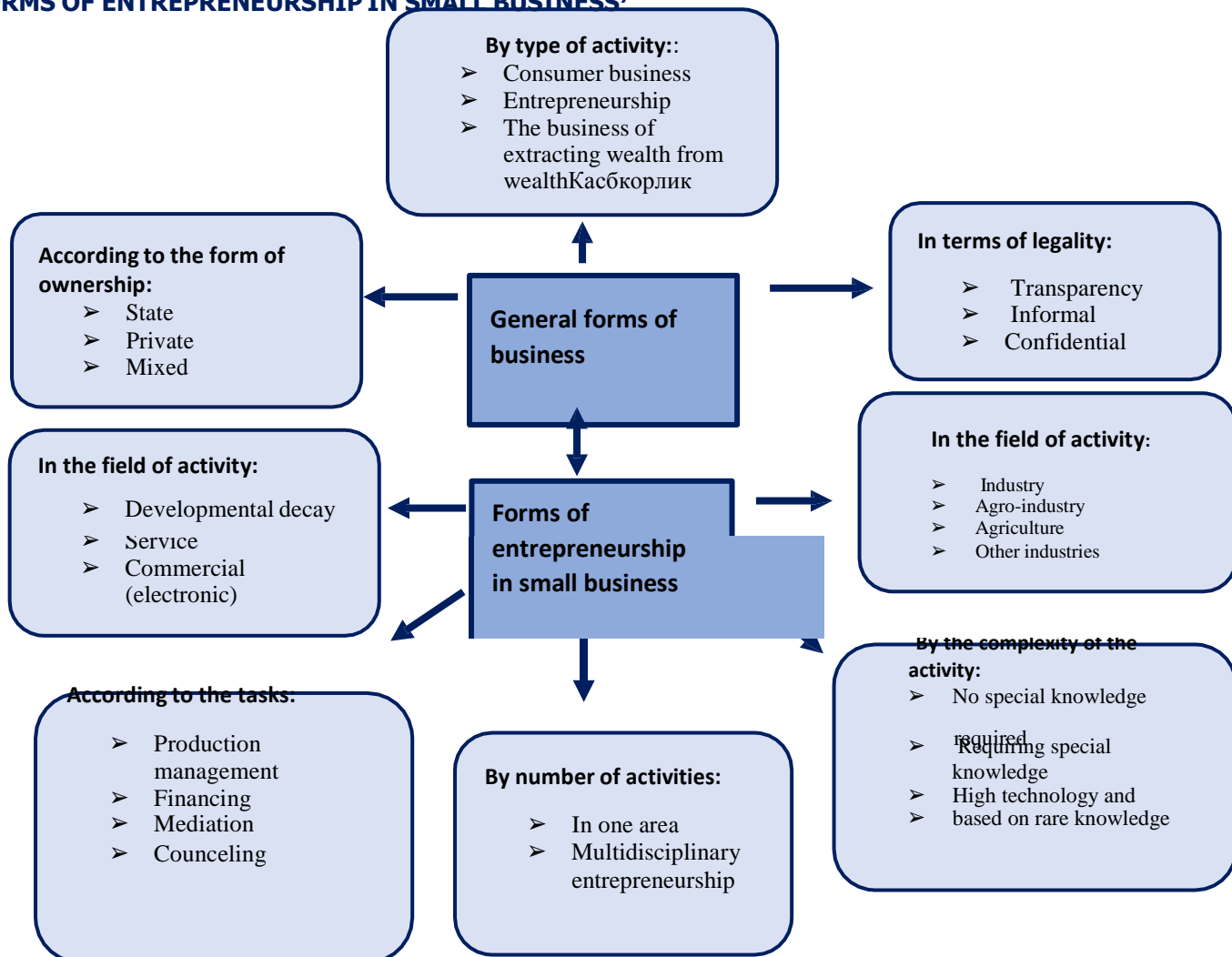
Throughout his research, Kabushkin consistently analyzed management methods, emphasizing their multiplicity and the complexity and importance of the task of selecting the most effective of them in solving specific management problems. He also described the concept of method and cited several types of it. That is, the word "method" comes from the Greek and means the way to achieve a goal. The main content of management activities is carried out through management methods. It should be noted that there is no single interpretation of the content, object of influence, and classification of management methods in the economic literature.

Some authors classify management methods according to their composition, the system they manage - the organizational form that has an administrative, economic, social impact. However, all management methods complement each other naturally and are in constant dynamic equilibrium. Kabushkin cited some of these methods: - organizational-administrative, based on direct instructions; - on the basis of economic, economic incentives; - social psychological, used to increase the activity of employees.

A.Kremin summed up the work of foreign scientists in his dissertation: - "Small business is understood as a mass phenomenon, the essence of which is the specific risky activities of small businesses in a competitive environment. the conclusion that finding the most effective solution in the field of merging means how important it is to establish forms of entrepreneurship in understanding the essence of small business.

In the process of researching small business management, it is important to identify its forms and in doing so, scientists study the research work. The forms of entrepreneurship in small business of our country are reflected in the works of SS Gulomov, UP Umurzakov, AJ Toshbaev and a number of scientists, and after analyzing their theoretical research, we have compiled the following forms.

**FORMS OF ENTREPRENEURSHIP IN SMALL BUSINESS<sup>7</sup>**



In the given scheme, along with the general forms of business, several types of forms of entrepreneurship in small business have been developed in the form of an integrated system. One of the important tasks of our research is to determine the essence of these forms and features of effective management of small business in the digital economy. M.N.Dudin, N.V.Lyasnikov, A.S.Senin, a number of Russian scientists, during their research focused on the management of small business, analyzed foreign and domestic experience and mentioned its following features<sup>7</sup>.

These include: faster adaptation to local economic conditions, greater independence of small business movements, flexibility and efficiency in decision-making and implementation, low management costs, more opportunities for the individual to implement their ideas, the ability to quickly make changes in products and production processes reaches Also, small businesses have better information about the level of demand in local markets, they often produce goods to order from certain consumers, and meet the social needs of a blind portion of the hired workers.

### CONCLUSION

The research conducted by well-known foreign and domestic scholars is of fundamental importance to understand the theoretical and methodological foundations of small business management. At this point, based on scientific and theoretical views, we have listed the following features of small business. One of the important features of small business in today's digital economy is that the introduction of new technologies is much safer than the introduction of large business, in which the training of modern - professional workers is effective and very important in developing new innovative practices.

In particular, small businesses have the ability to adapt quickly to changes in market conditions, communicate directly with consumers, implement mobility, flexibility and technical change. because they change quickly. In small businesses, unlike large corporations, the replacement procedure is very simple. It is not easy for large corporations to implement digital innovations.

On the one hand, it allows me to reduce the risks to our business, because not all technological innovations can be effective in the long run. On the other hand, such a delay prevents large companies from participating in the sharing of high returns in the new business segment. Thus, just as the industrial revolution of the eighteenth and nineteenth centuries was a turning point in management theory and practice, the fourth industrial revolution of the twenty-first century will have an impact on all economic processes, including small business. In this context, small business management involves the study and implementation of new business models, completely changing its direction.

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