

**DIRECTIONS FOR IMPROVING THE EFFICIENCY OF SMALL BUSINESS ENTITIES IN INDUSTRY****Axmedov Farrux Ganiboy ugli**

Tashkent State University of Economics

A first-year student in a master's program

**Annotation:** In this scientific article, modern directions for improving the efficiency of small business entities working in industries are studied. The main objective of the study is to identify factors influencing productivity gains in small industrial enterprises and to develop practical recommendations for improving their economic activities. In today's environment of globalization and digital transformation, small business entities are becoming an important tool for economic growth, innovative development, and employment. However, inefficient production, technological backwardness, limited financial resources, and weak governance are all undermining their competitiveness. The study used analytical, comparative, statistical and systematic approaches. Based on international and domestic experience, digitalization, innovative management, introduction of modern technologies, improvement of staff skills, logistics and supply chains are proposed as priorities for improving the efficiency of small businesses in the industry. use of energy-efficient equipment and strengthening of state support mechanisms. The results of the study found that the use of lean management, ERP systems, automated production, e-commerce and marketing systems in industrial enterprises can significantly improve production efficiency. Also justified the necessity of modernization of internal management system in enterprises, improvement of investment environment and development of public-private partnership mechanisms. The results of this article have practical significance for representatives of small businesses, entrepreneurs, economists and government bodies working in industrial sectors.

**Keywords:** Small business, industry, efficiency, innovation, digitalization, technology, management, lean management, ERP system, automation, investment, production, logistics, competitiveness, entrepreneurship, financing, modernization, productivity, Resource saving, optimization

**Introduction**

Today, small business actors are an important strategic factor in the sustainable development of the world economy. Especially in the industrial sector, small businesses play an important role in expanding production, creating new jobs, providing a domestic market for quality products and increasing export potential. According to the 2024 Global Report on Micro, Small and Medium-sized Enterprises, more than 90 per cent of businesses worldwide are classified as micro, small, and medium-sized and provide the bulk of employment. The importance of small businesses in the economy of Uzbekistan increases with each year. The share of small and medium-size businesses in the country's GDP is more than 50 per cent, and further increases are planned in the coming years. At the same time, small businesses' share of industrial output is steadily increasing, but performance remains low compared to many developed countries. Small business actors in the industry often cannot organize their activities fully and efficiently due to lack of financial resources, difficulties in implementing modern technologies, lack of qualified personnel and insufficient automation of production processes. International studies show that SMEs, by adopting lean production and modern manufacturing practices, increase productivity and economic efficiency. In modern economics, the concept of efficiency is closely associated not only with increasing production, but also with rational use of resources, cost reduction, innovation, and product quality. From this point of view, improving the efficiency of small businesses in the industry is considered one of the priorities of the country's industrial policy. In today's digital economy, technological innovation, artificial intelligence, the Internet of Things, Industry 4.0, and digital management systems are ushering in a new era of small-business

efficiency. Industry 4.0 technologies enable SMEs to reduce costs and increase production efficiency. The relevance of this study is that the systematic study of scientific and practical approaches to increase the efficiency of small business entities in the industry has a direct impact on the long-term development strategy of the economy of Uzbekistan. The main objective of the study is to identify ways to improve the efficiency of small business entities working in industries, analyze existing problems and develop scientifically based recommendations.

### **Methodology**

Statistical, analytical, comparative, observational, inductive, deductive, logical, monitoring, rapid assessment and other methods of analysis were used in the study. As a result of the literature studied, the topic was fully revealed.

### **Literature review**

According to the economist Michael Porter, creating a competitive advantage plays an important role in improving enterprise efficiency. According to him, enterprises achieve market advantages by reducing production costs and introducing innovations. According to Peter Drucker, the foundation of business efficiency is quality management and rational use of resources. He emphasizes that small business development can be accelerated by optimizing management processes. Joseph Schumpeter saw innovation as the main driver of economic development. In his theory, a small business can have an advantage in the market through innovation.

Philip Kotler studied the impact of marketing strategies on efficiency and proved that it is possible to increase the profitability of a company by means of an in-depth analysis of customer needs. Gary Becker has shown that investment in employee training and education boosts enterprise productivity through the theory of human capital. Investment in human capital has been shown to be directly linked to productivity. These scientific views point to the need for a comprehensive approach to improving small business efficiency in the industry.

### **Results and discussion**

This table shows the number of industrial enterprises for 2021-2025 (as of 1 April, in the period January-March), as well as their composition and the dynamics of newly created enterprises. The table allows for an in-depth analysis of structural changes in the industrial sector. First of all, if you look at the total number of operating enterprises, in 2021 they were 85,525. In 2022, this figure will rise to 92,064, and there is some growth. However, a sharp downward trend has been observed since 2023: 75,578 (2023), 62,807 (2024) and 56,321 (2025). This situation shows that the number of industrial enterprises is declining.

1-table<sup>1</sup>

---

<sup>1</sup> The table is based on the sources studied by the author.

**Корхоналар сони**  
**1 апрель ҳолатига кўра**

| Саноат<br>корхоналари                                   | Январь-март   |               |               |               |               |
|---------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                         | 2021 йил      | 2022 йил      | 2023 йил      | 2024 йил      | 2025 йил      |
| <b>Жами фаолият<br/>юритаётган<br/>корхоналар сони</b>  | <b>85 525</b> | <b>92 064</b> | <b>75 578</b> | <b>62 807</b> | <b>56 321</b> |
| <i>шундан:</i>                                          |               |               |               |               |               |
| йирик корхоналар                                        | 870           | 830           | 794           | 757           | 972           |
| кичик тадбиркорлик<br>субъектлари                       | 84 655        | 91 234        | 74 784        | 62 050        | 55 349        |
| <b>Жами янги ташкил<br/>этилган корхоналар<br/>сони</b> | <b>5 614</b>  | <b>4 242</b>  | <b>3 987</b>  | <b>3 596</b>  | <b>2 314</b>  |
| <i>шундан:</i>                                          |               |               |               |               |               |
| йирик корхоналар                                        | 9             | 5             | -             | 5             | 3             |
| кичик тадбиркорлик<br>субъектлари                       | 5 605         | 4 237         | 3987          | 3 591         | 2 311         |

According to structural analysis, the number of large enterprises is relatively stable: in 2021 - 870, in 2022 - 830, in 2023 - 794, in 2024 - 757. In 2025, it soared to 972, implying an increasing role for large producers. On the contrary, although small businesses account for the largest share, their number has been declining every year, from 84,655 (2021) to 55,349 (2025). The number of newly created enterprises also has a downward trend. In 2021, 5,614 new businesses were created; in 2022, 4,242; in 2023, 3,987; in 2024, 3,596; and in 2025, 2,314. This indicates a slowdown in the rate of new business creation. The majority of newly created enterprises are small business entities. For example, 5,605 small enterprises were established in 2021 and 2,311 in 2025. Large enterprises were created in very small numbers, and in some years they were not counted at all or were at a very low level.

2-  
table<sup>2</sup>

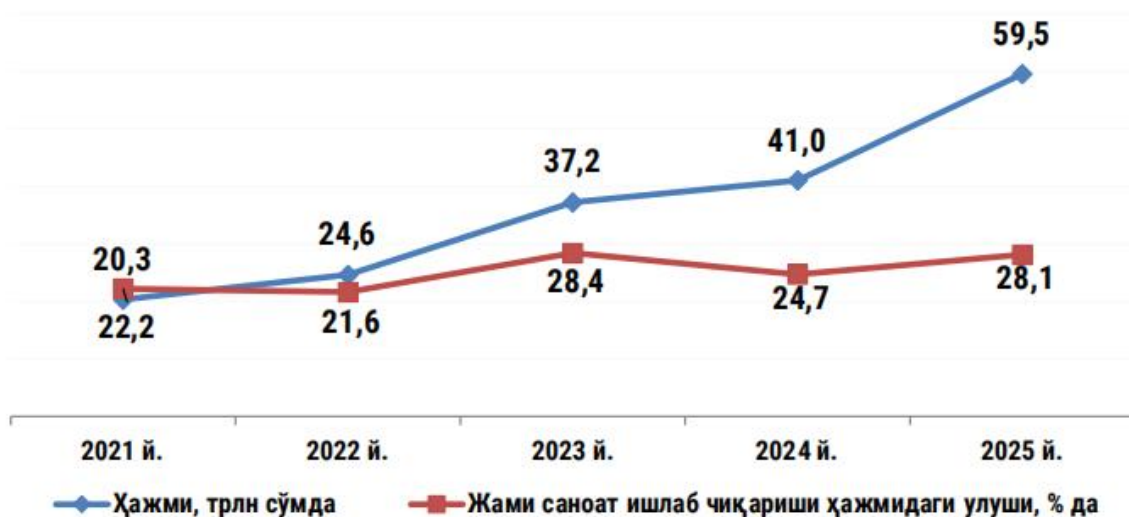
**Аҳоли жон бошига саноат маҳсулотлари ишлаб чиқариш ҳажми**  
**январь-март ойларида**



<sup>2</sup> The table is based on the sources studied by the author.

This graph shows the growth trend of manufacturing output per capita (January-March) during 2021-2025. According to the graph, year-over-year performance is growing steadily, indicating positive economic performance. In 2021, the production of industrial products per capita amounted to 2,643,300 sum. This period coincides with the post-pandemic recovery and shows that industrial production has not yet reached full sustainable growth. However, there will be significant growth in the coming years. In 2022, this figure will reach 3,224,400 sum, which is significantly higher than last year. This is due to the recovery of industries, expansion of production and growth in domestic and external demand. In 2023, growth continued and reached 3,627.6 thousand soms. Modernization of the industry, introduction of new technologies and increased investment could play an important role at this stage. In 2024, the figure will be 4,510.8 thousand sum, and growth rates have accelerated. During this period, the efficiency of industrial production probably increased, the volume of exports expanded and industrial infrastructure developed in the regions. The highest figure was recorded in 2025 and reached 5,617.8 thousand sum. This is almost twice the increase compared to 2021.

3-  
table<sup>3</sup>



This graph shows the dynamics of industrial production volume (in trillions of sums) and its share in total industrial production (%) during 2021-2025. The graph allows you to analyze two indicators simultaneously and shows the relationship between them.

Above all, if you look at the volume of industrial production, it is growing steadily from year to year. In 2021, the volume of production amounted to 20.3 trillion soms and in 2022 reached 24.6 trillion soms. There was a significant increase in 2023, reaching 37.2 trillion. In 2024, the figure was 41.0 trillion and by 2025 it had increased sharply to 59.5 trillion. Overall, output has almost tripled over the five years, reflecting strong growth in the manufacturing sector.

The second indicator - its share of total industrial production - shows some changing dynamics. In 2021, the share was 22.2%; in 2022, it declined slightly to 21.6%. In 2023, this figure increased by 28.4% and approached the maximum level. In 2024, there was a further decrease, amounting to 24.7%. In 2025, another increase was recorded, which reached 28.1%. This situation shows that while industrial production has been growing steadily, its share in total industry has grown at uneven rates. That is, other industries developed in parallel and led to redistribution of shares in the total.

### Conclusion

In short, improving the efficiency of small business entities in the industry is an important factor in ensuring the competitiveness of the economy of Uzbekistan. The results of the study

<sup>3</sup> The table is based on the sources studied by the author.

showed that the main factors influencing efficiency are the introduction of innovative technologies, digital transformation, human capital development, optimization of the logistics system and improvement of the investment environment. As an offer, the state will increase subsidies for digitalization, expand industrial zones, introduce innovation grants, expand tax incentives, promote international cooperation, strengthen start-up ecosystems, and enhance education and industrial integration.

**Foydalanilgan adabiyotlar ro'yxati**

1. Becker, G. (1993). *Human Capital*. University of Chicago Press.
2. Drucker, P. (2007). *Management Challenges for the 21st Century*. HarperBusiness.
3. Kotler, P. (2017). *Marketing Management*. Pearson.
4. Porter, M. (1985). *Competitive Advantage*. Free Press.
5. Schumpeter, J. (1934). *The Theory of Economic Development*. Harvard University Press.
6. OECD. (2024). *Strengthening SMEs and Entrepreneurship for Productivity*.
7. World Bank. (2024). *Small Business Development Report*.
8. UNIDO. (2023). *Industrial Development Report*.
9. UNECE. (2022). *Innovation for Sustainable Development Review: Uzbekistan*.
10. Rosales-Córdova, A. (2023). Evaluating Efficiency of SMEs in Manufacturing Sector.
11. Agustin, N. (2023). Production Efficiency of SMEs.
12. Tawil, A. (2023). Data Driven Decision Making in SMEs.
13. González-Varona, J. (2024). Digital Transformation in SMEs.
14. Ministry of economy and finance of Uzbekistan. (2024). Economic Development Report.