

**FRAMEWORK FOR IDENTIFICATION AND ELIMINATION OF  
STRUCTURAL INCONSISTENCIES IN SMALL BUSINESS PERFORMANCE  
DETERMINANTS**

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**Abstract.** The article examines the importance of administrative mechanisms in ensuring the balance of production factors and increasing economic stability in small business enterprises. The analysis of Karakalpakstan enterprises showed that the imbalance of resources has a negative effect on efficiency. On this basis, an organizational-economic mechanism based on monitoring, resource exchange and institutional support was proposed. This approach strengthens the stability of small business activity.

**Keywords:** small business and private entrepreneurship, production factors, optimization, organizational-economic mechanism, production volume.

### **1.Introduction**

In the context of increasing global competition in the world, the economic development of the country and the social security and well-being of the population through the use of the potential of small businesses in the economy are becoming an integral part of economic policy. In this regard, special attention is paid to increasing the efficiency of small business enterprises by ensuring the balance between the factors of production. “The disclosure of the main factors of production in the economy represents an important task, since it implies not only the possibility of creating a coherent model of knowledge and explanation of the surrounding reality, but also the development of recommendations for external influence on it.” The balance between the factors of production has its own characteristics, depending on the scale of business.

In the world, scientific research is being conducted to increase the impact of the balance between the factors of production on the efficiency of small business enterprises in the development of international competitiveness. Changing the ratio between traditional and modern types of production factors, expanding the use of innovative factors, evaluating the impact of the level of development of production factors on the efficiency of operations, applying innovative ideas and technologies to increase the efficiency of factors, researching the

possibilities of using digital technologies in small business enterprises are among the priorities of scientific research in this regard.

Ensuring the sustainability of enterprises and determining the main criteria for assessing the correspondence of economic resources or processes in small business enterprises to the status of a production factor requires scientific research aimed at preventing imbalances between production factors and reducing the risk of negative impacts on activities by forming groups to coordinate the mutual movement of resources between small business enterprises by agencies supporting entrepreneurial activity in the region, the level of proportionality of production factors in enterprises, systematic monitoring and diagnostics of the effectiveness of their use, the establishment of consulting services to ensure the current and future economic sustainability of the enterprise, and the development of forecast indicators of the impact of production factors in small business enterprises in the country on the volume of gross industry output.

## 2.Literature review

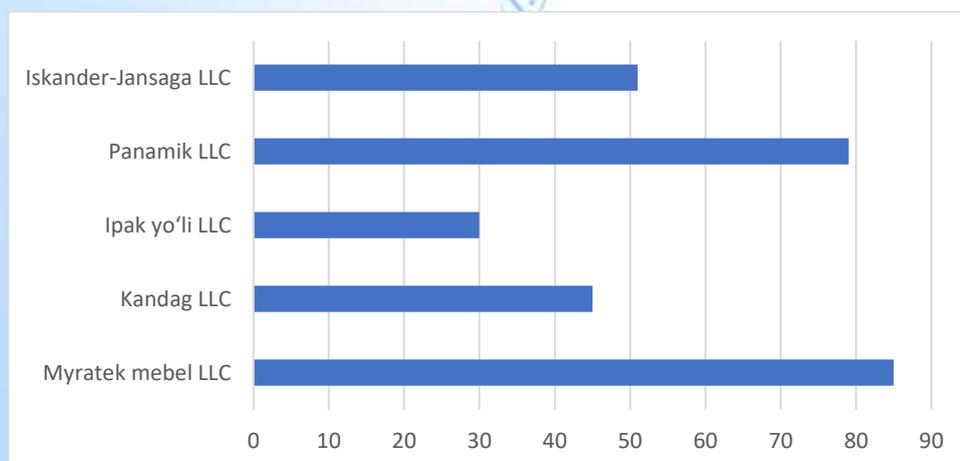
The study of the main aspects of the effective organization of the activities of small business entities, ensuring their stability and increasing their efficiency was carried out by foreign scientists V. Gorfinkel, I. Zagoruyko [1], G. Imaeva [2], V. Karpushkin, E. Kozma [4], A. Kopysova [3], I. Krotov [5] T. Turenko, I. Ustich, V. Shvandar, G. Sherova, A. Shilkina, It was carried out by A. Tsoi and others.

The development of small business and private entrepreneurship in Uzbekistan, including the rational use of production factors and increasing economic efficiency, has been studied in the scientific studies of Y.Abdullaev [6], U.Gafurov, G.Abdurakhmonova [6], H.Abulkosimov [7], O.Aripov [8], I.Bakieva, M.Boltabaev, M.Ibragimova [9], F.Karimov, N.Murodova [10], K.Muftaydinov [11], S.Salaev [12], B.Gayibnazarov and a number of other scientists. Despite the scientific research work carried out and the scientific and theoretical studies conducted, the scientific, methodological and practical issues of the balance between production factors in small business enterprises have not been systematically studied.

## 3.Analysis and results

In order to study the situation related to the balance between production factors in small business enterprises in Karakalpakstan and the problems of ensuring it, a social survey and monographic research were conducted with the participation of a number of enterprises within

the framework of this study. The results of the survey on the existence of problems related to the balance between production factors in a number of enterprises can be represented by the following diagram (Figure 1).



**Figure 1. The presence of problems related to the balance between production factors in small businesses in Karakalpakstan, as a percentage of respondents**

The diagram shows that 90% of respondents in Muratbek Mebel LLC, 68% in Kardar LLC, 43% in Jipek Joli LLC, 83% in Panamilk LLC, and 49% in Iskander-Jansaga LLC confirmed that there are problems with the balance between production factors in their enterprise. Based on these response rates, the following conclusions and considerations can be made:

1) The main reason why problems with the balance between production factors are noted at a high level in Muratbek Mebel LLC (90%) and Panamilk LLC (83%) is the specialization of these enterprises in the production sector. This is because the demand for equipment, raw materials and materials, buildings and structures in the production sector is high, and it changes from time to time under the influence of various factors;

2) the low level of this indicator in “Jipek joli” LLC (43%) is explained by the fact that this enterprise specializes in providing hotel services;

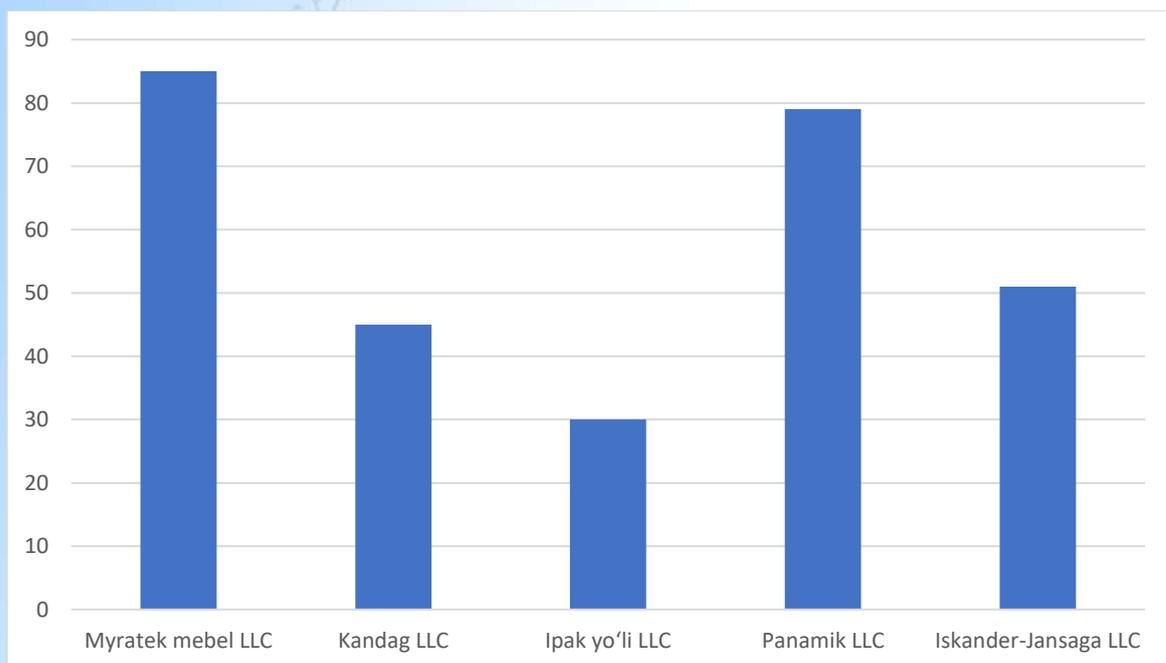
3) the relatively moderate level of this indicator in “Kardar” Multi-industry LLC (68%) is explained by the fact that this enterprise specializes in production, service, and trade activities. If a certain degree of imbalance between production factors occurs in this enterprise, it is possible to eliminate it by redistributing (deploying) production factors to different areas of activity.

The data in the diagram shows that the share of those who consider it necessary to support local authorities in solving problems related to the balance between production factors in small

business enterprises was 85% in Muratbek Mebel LLC, 45% in Kardar LLC, 30% in Jipek Joli LLC, 79% in Panamilk LLC, and 51% in Iskander - Jansaga LLC. These results indicate that the majority of respondents, realizing the importance of this problem, highly appreciate the participation of local state and public authorities in solving it.

It can be seen that the role of local state and public agencies in supporting the activities of small businesses and private entrepreneurship in our country, including the creation of conditions that affect their economic efficiency, is significant. In particular, local governments, territorial authorized offices of the Agency for the Development of Entrepreneurship, and territorial departments of the Chamber of Commerce and Industry are the main responsible agencies in this regard.

In our opinion, one of the important tasks facing these agencies is to ensure the effective operation of small businesses, and therefore, the formation of a structure of production factors at their disposal that ensures a high level of efficiency is of priority importance. For this purpose, it is advisable for these agencies to develop and implement a specific mechanism (3).



**Figure 2. The need for support from local authorities in solving problems related to the balance between production factors in small businesses in Karakalpakstan, as a percentage of respondents**

The procedure for the operation of this mechanism can be described in the following sequence.

1. Regional business support agencies, including local authorities, regional authorized offices of the Entrepreneurship Development Agency, and regional departments of the Chamber of Commerce and Industry, jointly form groups to ensure the internal movement of small business enterprises by type of production factors.

2. These groups, for example, when formed on raw materials, materials and components, are formed in the form of an electronic platform (list) at the discretion of small business enterprises that use the same or relatively similar raw materials and materials in their production activities. The purpose of this is that if a member of the group experiences a shortage or excess of a certain type of raw material or material, he will inform other members of the group about this.

3. This message, in turn, also reaches the unified monitoring center organized by the regional business support agencies. If the enterprises in the group solve this shortage or surplus of raw materials through mutually beneficial exchange, no action is required from the monitoring center.

4. If this process does not take place and the demand of the group member is not satisfied, the monitoring center, based on its information, presents its proposals and recommendations to the group members on how to solve this problem. These proposals and recommendations are based on the available data, information base, special calculations, forecasts and other carefully developed scenarios of specialists in this field.

5. A support that encourages the unification of small business enterprises into groups that ensure their internal mobility is the practical assistance provided by the business support agencies in solving this problem. For this, the resource reserve formed by these agencies is used to ensure the mutual compatibility of production factors. That is, if a shortage or excess of raw materials occurs at any enterprise, and it is not possible to resolve this discrepancy with the participation of other enterprises in the group, then, by decision of the joint monitoring center, this enterprise may be supplied with the necessary amount of appropriate raw materials, or, conversely, the excess raw materials at the enterprise may be purchased for reserves.

#### 4. Conclusions

In order to increase the level of effective use of production factors in small business enterprises, attention is paid directly to the production process itself, while its initial, preparatory stage is ignored. Accordingly, the work analyzes the stage of preparing a business

idea and a business plan, and it was found that in most cases the success of a business idea is directly related to the timing of its development and implementation.

From the content of the implementation of the proposed mechanism, it can be seen that these measures will reduce the risk of a shortage or excess of production factors in small business enterprises, that is, the risk of imbalance. This, in turn, has a significant impact on the production efficiency of these enterprises. In our opinion, the state of proportionality between production factors in the enterprise and, accordingly, the efficiency of their use should be regularly assessed. One of the most appropriate ways to do this is to use the potential of agencies that have information on the financial and economic activities of small business entities.

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