

A System of Government Regulation and Support Measures to Improve Small Business Governance in the Digital Economy

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Abstract

The article discusses the system of government regulation and support measures to improve small business governance. The essence of the fiscal, monetary and direct policy of the state is revealed. Studying the scientific views of local and foreign scholars, the forms of government regulation and support of small and medium-sized businesses are presented as an integrated system. In the context of the digital economy, a new content criterion has been developed to identify small businesses. Suggestions and recommendations of scientific and practical significance have been developed on the topic.

Keywords: *small business; forms of government regulation and support; fiscal, monetary and direct policy of the state; small business rehabilitation; content criteria; digital economy.*

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Introduction. In the process of studying the system of state regulation and support measures in improving small business management, the question may arise as to whether government regulation in general helps or harms business. The World Bank has ranked the U.S. as the seventh best country in terms of ease of doing business, but research shows that small businesses still say a lot about regulation. On the one hand, regulation protects consumers and ensures that all businesses are treated equally and contribute equally to society. On the other hand, over-regulation can suffocate businesses, create jobs for them, and prevent them from contributing to the economy.

It is known that the state has a policy of fiscal, monetary and direct support in the control of small business. In fiscal policy, the activities of business entities are governed by taxes and state payments, while in monetary policy, the control and management of the money supply through the state national bank is understood. The direct influence of the state on small business is achieved through the creation of laws in this area.

Main part: While the development of small business depends in many ways on the government's policy to regulate this sector, the in-depth fiscal policy of regulation leads to difficulties in the independent operation of the business entity. Therefore, the weight of fiscal policy in the management of the economy should not be high. This is because the constant changes in tax legislation, the large number of types of taxes and the complexity of the tax system lead entrepreneurs to go bankrupt rather than form their own business.

During the research¹ M. Eshov one of our local scientists, mentioned two directions of state regulation of small business and private entrepreneurship. These include the creation of general conditions for entrepreneurship, including small business and private entrepreneurship; providing support and benefits. The first direction includes the legislative system that guarantees economic freedom for all enterprises, protects the interests of consumers and stimulates competition, and the state's tax and budgetary policy plays an important role in creating the general conditions. In the second direction, the financial and credit policy of the state in relation to small business, the mechanism of ensuring a certain share of small business and private entrepreneurship in the state market, and other types of assistance to them play a key role.

Creating a favorable legal environment for the development of small business and private entrepreneurship in developed countries includes, first of all, antitrust laws. These two areas are closely interrelated and are important for the development of small and private entrepreneurship.

Discussions: The issue of state support for small business has also been studied in the work of many foreign researchers. In particular, the definition of "business-friendly environment" by S. Milano² states that a number of tasks should be performed, such as government subsidies, tax incentives, staff training, free land allocation, low-interest loans, improving infrastructure and licensing.

In the collective monograph³ by V.V. Aleshchenko and V.V. Karpova "Improving the

¹ Eshov M. Development of small business and private entrepreneurship in Uzbekistan: factors, results and prospects. Monograph. Tashkent. "Spirituality". 2017 y. 27. p.

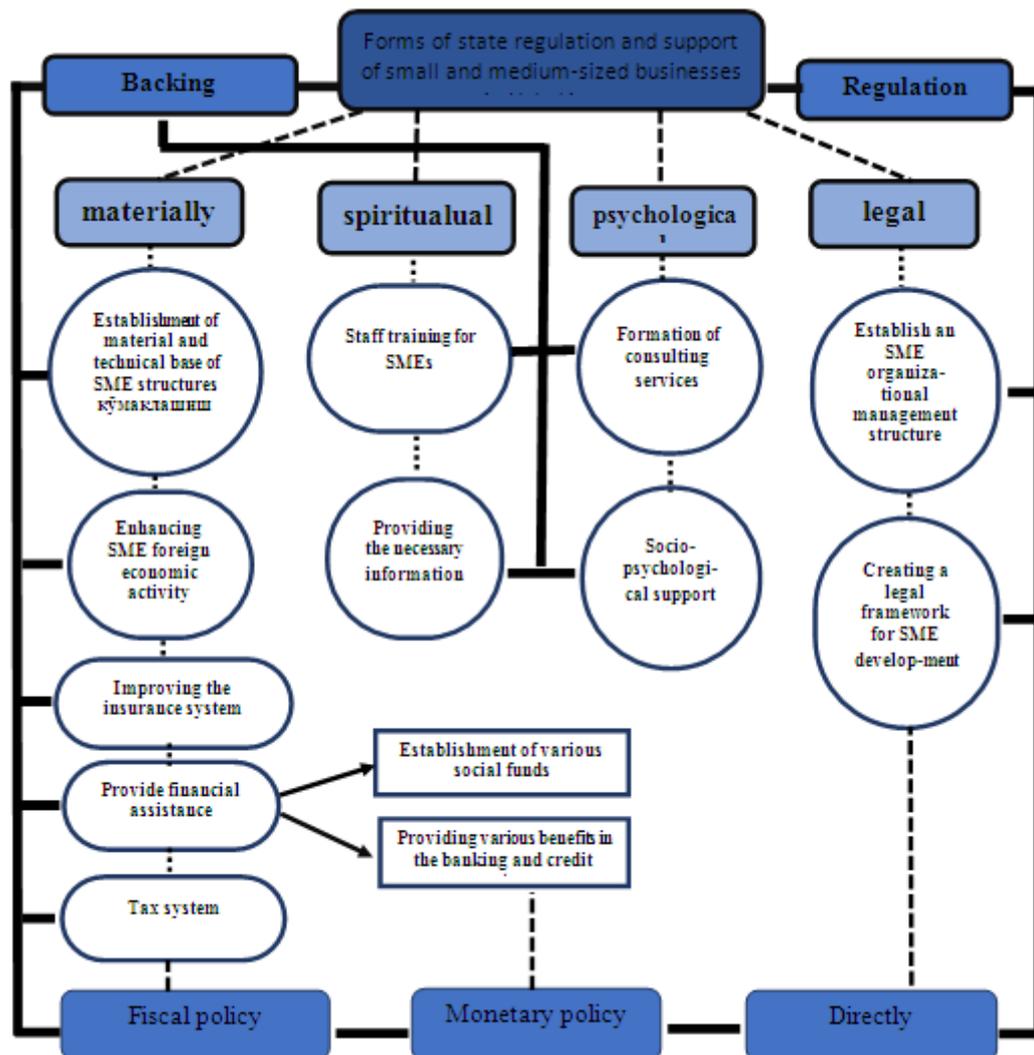
² Steve Milano. "Role of Government in Promoting Small Business". January 25, 2019

³ Aleshchenko V.V., Karpova V.V. "Improving the mechanism of state support for small and medium businesses". Collective monograph. LLC Publishing Center "Omsk Scientific Bulletin". Omsk 2015. SovershMehGosPoddergky.pdf. lib.ieie.su c. 7.

mechanism of state support for small and medium businesses" - it is necessary to understand that support does not always have to be financial, in the interests of a particular industry, knowledge, and it is important to transfer technologies in a certain sequence. From this definition it is clear that a small business should have not only financial support, but also intellectual capabilities and technologies. This is especially important in the context of the formation of the digital economy.

The scale of state support for small and medium-sized businesses is carried out in different directions and forms, depending on the socio-economic and political situation in each country. Analyzing the socio-economic situation in Uzbekistan and the views of the above-mentioned scientists, we have created the following forms of support and regulation of small business in the form of an integrated system (scheme 1).

The system of forms of state regulation and support of SMEs in Uzbekistan⁴



The scheme below examines the forms of government regulation and support of small and medium-sized businesses in terms of the current state of our economy. However, in the next stage of development, especially in the digital economy, it is inevitable that more attention will

⁴ Source: Developed by the author.

be paid to this area and new forms and types of support measures will emerge.

In this regard, economist U.V. Gafurov in his dissertation research⁵ said that "the forms and means of state regulation of small business should change according to the level of development of small business and use appropriate tools".

Given these features, we believe that in terms of prolonging the life cycle of small business, increasing its competitiveness in the current market environment and improving its management, government regulation and support should be carried out under a new name - Small Business Rehabilitation. That is, we know the word rehabilitation [lot. rehabilitatio - recovery] (in medicine) - a set of medical, pedagogical and social measures aimed at restoring the impaired functioning of the organism and the ability of patients and the disabled to work. Patients with severe illness, severe central nervous system damage, mental illness, and other are more likely to need rehabilitation.

Medical rehabilitation focuses on the organ that has lost its function due to disease, partial or complete recovery of activity, and prevention of the process that is progressing in the affected area as much as possible. Rehabilitation is determined by the form and type of disease, based on the general condition of each patient⁶. The same process occurs in small businesses. Especially in the context of the digital economy, small business will need the support of the state, as mentioned above, its Rehabilitation. At this stage of development, one of the most important tasks is to restore the general activity of small business or, in medical language, to make a correct diagnosis of the disease. The rapid adoption of social (material, spiritual, psychological, legal) measures will lead the sector to a level that can compete with the world market. According to I. Adizes, a business consultant who founded his world-famous school of business administration, "an enterprise is a living organism".

The Small Business Rehabilitation will focus on reforming the most vulnerable aspects of the sector's development. That is, the issues of providing management, technical and information assistance, enhancing the role of advisory services, deepening business education, as well as further development and improvement of infrastructure in the sector, one of the most effective means of state support.

In the support of small business in the country by the state, first of all, great importance is attached to its definition criteria. That is, the number of employees in the enterprise. Some companies are interested in reducing the number of employees in order to benefit from government benefits. Despite the fact that today in the world there are indicators of different quantitative and qualitative characteristics, not a single criterion has been selected from them. Different criteria were used depending on the type of small business activity.

Economist M. Eshov said in his research that "the qualitative criteria for small business and private entrepreneurship are the number of employees and the use of annual turnover." This approach is losing its relevance in the digital economy. After all, with the development of the country, the deep integration of technology into the business process, the digital transformation of enterprises begins, and in this case, the criterion for determining the number of employees in small businesses is losing its relevance. The workforce will be directly replaced by robotic

⁵ Gafurov U.V. Improving the economic mechanisms of state regulation of small business. / Dis. Av. Ref. Iqt. fan. doctors. T., 2017. 30 - b.

⁶ <https://medlife.uz/encyclopedia/r/reabilitatsiya/>

technologies. For this reason, as the process of automation intensifies in the near future, it is advisable to take into account the criteria of "content", such as equipment, mini-technology, artificial intelligence in the enterprise.

Conclusions and Recommendations: Studying the importance of government support for small businesses, as well as creating a favorable environment for the industry, is one of the most important tasks in increasing their competitiveness in the current digital economy. Therefore, in order to prepare small business for the new economic era, we believe that the state should take the following measures to further improve its management:

- measures of state regulation of small business should not exceed the norm for the free operation of the enterprise;
- in the digital economy, it is necessary to radically reform the role of government fiscal, monetary and indirect policies in increasing the competitiveness of small business in the world market;
- in the further development of small business in the country, it is necessary to assess the level of intellectual potential and technological security;
- development of new types of material, spiritual, psychological and legal forms of state regulation and support in the digital economy;
- prolongation of the life cycle of small business, the implementation of the state's small business rehabilitation operation to increase competitiveness in the current market conditions;
- one of the criteria for identifying small businesses in the digital economy, the new criterion "content" should be applied in practice.

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