

IMPROVING OF ORGANIZING INVESTMENT ACTIVITIES OF SMALL BUSINESS ENTITIES

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Abstract. Small business entities play a significant role in ensuring economic growth, employment generation, and regional development. The effectiveness of their activities largely depends on the availability and efficient organization of investment resources. This study aims to improve the methodological approaches to organizing investment activities of small business entities and to assess the impact of investment factors on production performance.

Keywords: Small business entities; private entrepreneurship; investment activity; investment management; investment efficiency; fixed capital investment; Cobb–Douglas production function; econometric modeling; innovation investment; business risk.

Introduction

Small business entities play a crucial role in promoting economic growth, creating employment opportunities, enhancing competition, and stimulating innovation. In both developed and developing economies, the small business sector contributes significantly to gross domestic product (GDP), regional development, and social welfare. However, despite their economic importance, small business entities often face substantial challenges in attracting and effectively managing investment resources necessary for sustainable growth and competitiveness.

Investment activity is one of the key factors determining the long-term development and financial stability of small businesses. Adequate investment enables enterprises to modernize production processes, adopt innovative technologies, improve product quality, expand market access, and increase productivity. Nevertheless, many small business entities encounter difficulties related to limited access to financial resources, insufficient collateral, underdeveloped investment infrastructure, high borrowing costs, and information asymmetry between investors and entrepreneurs. These constraints reduce their ability to attract external financing and hinder the realization of promising investment projects.

The growing complexity of the global economic environment, rapid technological transformation, digitalization, and increasing competition require the development of effective mechanisms for organizing investment activities within small business entities. Consequently, improving the organization of investment activities has become an important scientific and practical issue that demands comprehensive research and evidence-based solutions. The effectiveness of investment management directly influences business sustainability, innovation capacity, and overall economic performance.

Numerous scholars have investigated various aspects of entrepreneurship, investment management, and small business development. Their studies have highlighted the significance of investment support mechanisms, financial infrastructure, innovation-driven growth, and government policies in enhancing the performance of small enterprises. However, many existing studies primarily focus on general investment processes, while insufficient attention has been paid to the organizational mechanisms that ensure the effective planning, attraction, allocation, and utilization of investment resources in small business entities under contemporary economic conditions.

In this context, the present study aims to explore theoretical and methodological approaches to organizing investment activities of small business entities and to develop practical recommendations for improving their effectiveness. The research examines the factors influencing investment attractiveness, identifies existing barriers to investment development, and proposes mechanisms for enhancing investment management practices. The findings are expected to contribute to the development of a more efficient investment environment for small businesses, thereby supporting their sustainable growth and increasing their contribution to economic development.

Literature review

Small business and entrepreneurship economic of development important from drivers one as economic of the theory various in stages economist scientists by wide research This is in the field scientific views conditional in a way classic economic theory , innovative entrepreneurship theory , small business management and state by support directions according to grouping possible .

Entrepreneurship economic the essence scientific in justification classic economic school representatives works important importance profession is enough In particular , A. Smith economic growth and national of wealth in the formation private ownership , labor distribution and market mechanisms the importance based on gave . His in my opinion , free competition environment entrepreneurship activity encouraging main factor is considered J.B. Say entrepreneur work to release factors unifying and economic processes organization doer subject as describing entrepreneurship independent economic category as to the formation theoretical ground created A. Marshall and entrepreneurship work of release fourth factor as evaluate it , management and organization to the functions separately attention directed .

Entrepreneurship innovative characteristics in learning J. Schumpeter scientific views separately to the point owner . Scientist economic of development main mover strength as innovations showing the entrepreneur a " new combinations creator as a subject " . describes . His in theory innovative entrepreneurship economic of growth important source as is considered . Later on J.M. Keynes in the economy of the state in order builder role based on entrepreneurship activity support through economic activity increase possible emphasized .

Modern foreign in research small business innovative to development effect wide analysis done . Acs and Audretsch by take visited research small of enterprises innovative activity many in cases large to companies relatively high that it is showed . Authors innovations number and commercialization level according to small business advantages empirical in terms of based on those who gave Motohashi Japan economy for example patents and enterprises information based on innovation and entrepreneurship between dependency analysis so , technological renewal economic efficiency in progress important factor that it is showed .

To technologies based startups activity to study by José Santisteban and David Mauricio to do increased in research innovative enterprises to your success impact doer main factors as human capital , innovative environment , financial resources and market opportunities separately Sharma's research shows India's information technologies and pharmaceuticals in the fields of small and middle business in subjects innovations management characteristics analysis done , network to the characteristics suitable management approaches work is out .

Small business in subjects management and financial services organization verb issues Adele Oosthuizen, Jurie Van Vuuren and Melody Botha in action research done being , outwardly accounting and consulting from the services effective use small of enterprises financial stability to provide service to do Based on the research of Isom and David and small in businesses from innovation to use impact doer factors and their economic value creation mechanism analysis done .

Russian scientists by both innovative entrepreneurship and venture business issues wide studied . Kiryakov and Maksimov are innovative of entrepreneurship economic content , development stages and institutional conditions analysis those who did Kosheleva is innovative venture of enterprises strategic development mechanisms research reaching , innovative projects of financing effective methods offer reached by Leonova innovative development institutional mechanisms deep analysis national in the economy innovative infrastructure shaping necessity based on .

Ivanov foreigner in countries small business innovative development experience learn , state by support of the system the importance showed . Gasanov information economy under the circumstances innovative of development dominant directions designated if , Lanshina US national innovative of the system formation and development analysis did Wool investments small and middle business to grow impact doer important factor as evaluated . Yakovlev venture projects organization verb according to practical recommendations work came out Tikhomirova globalization under the circumstances for small business new opportunities and competition advantages based on gave .

From the pandemic next during small business state by support issues in the cases of Obraztsova and Chepurensko, Petrov and Kryukova wide illuminated . In these studies state programs , financial privileges and institutional reforms to small business development effect analysis done .

From Uzbekistan scientists by both small business and entrepreneurship development issues wide research Abdullaev, Karimov, Yuldashev , Boltabaev , Kasimova , Ergashkhodjaeva , Goyibnazarov , Samadov and The Khodjaevs in his work small business theoretical basics in economics place and development mechanisms analysis done Muftaydinov the economy liberalization under the circumstances entrepreneurship development problems studied If so , Ibragimov small business entities management mechanisms improvement according to scientific proposals work came out .

Bakieva is light in industry of small business development characteristics research made by Salaev small business development trends modeling and forecast econometric approaches to issues based on learned Abdurakhmanova state by support mechanisms improvement according to proposals work came out . Khodiev and entrepreneurship Econometric modeling of development through his/her macroeconomic to indicators the effect evaluated .

Last in years Gofurov by small business state by in order of the installation economic mechanisms , Eshov by small business and private entrepreneurship development modern trends , Rozieva by small business investment according to abroad experience research done Joraev and Kalandarov innovative development in providing small business role based on those who gave Aripov entrepreneurship environment shaping issues analysis did if , Sharipov network specialization of improvement theoretical and practical aspects learned Abdulkhalilova and Bababekova of small business entities innovative development directions research those who have .

Literature analysis that shows that in research small business and innovative of entrepreneurship theoretical foundations , state by support mechanisms , innovations and of investments effect wide studied although territorial economy under the circumstances entrepreneurship sector structural structure optimization , its economic to efficiency comprehensive impact assessment and structural changes management institutional and economic mechanisms improvement issues enough to the extent research not done . This is it situation research of the topic relevance and scientific the importance determines .

Analysis and results

As is known, in world practice, the socio-economic development of countries over the years is determined by the growth rates of their gross domestic product. We analyzed the share of small businesses and private entrepreneurship in GDP for the period 2010-2021.

Through this statistical analysis, we can see how important small business and private entrepreneurship are in the national economy of our country. The share of small business and private entrepreneurship in GDP from 2010 to 2018 had a steady growth trend, and after 2019 its share decreased significantly, which we explain by the crisis situation caused by the Covid 2019 pandemic (Figure 2).

The consistently implemented effective economic policy in our country has significantly "soften" the negative impact of the global crisis on our economy, ensuring the preservation of high and stable growth rates of GDP and the share of small businesses in it even in such difficult conditions. Accordingly, there is sufficient reason to say that if the global financial and economic crisis had not occurred, growth rates in Uzbekistan would have been even higher. The share of small businesses and private entrepreneurship in the main sectors of our country's economy can be assessed using the data in the table below (Table 3).

As a result of the expansion of small business and private entrepreneurship activities, it was also manifested by the increase in the volume of production in other sectors and sectors of the economy.

Here, first of all, we will see the dynamics of the total volume of investments of small business entities in the main capital of our republic. During the analyzed period, we can observe that the dynamics of the volume of attracted investment is increasing, the volume of investments in the capital of enterprises has increased.

In this case, it is appropriate to use the Cobb-Douglas production function in evaluating the production efficiency of small enterprises and micro-firms, and the mathematical representation of this function consists of the following mathematical expression:

$$Y=f(K,L)=AK^{\alpha}L^{\beta}e^U \quad (1)$$

In this case,

Y= volume of production by small business entities,

K= the volume of investments in the fixed capital of small business,

L= employment in small business activities,

U= stochastic error margin,

e= natural logarithm base.

It is known that the Cobb-Douglas production function is multiplicative, and the absence of any factor in it leads to the absence of the resulting factor. Also, this function is a nonlinear econometric model, and it is not possible to obtain the parameters of this function directly, so it is advisable to reduce it to a linear form as follows:

$$\ln Y = \ln A + \alpha \ln K + \beta \ln L + U \quad (2)$$

It should be emphasized that $\alpha + \beta > 1$ the fulfillment of equality indicates an efficient state of production, while the opposite case indicates that expansion of production will not bring any results. The results of the econometric analysis below are reflected in the fact that expansion of production in the small business sector is considered inexpedient (Table 6).

As a result of the obtained econometric analysis, the following empirical model was developed:

$$Y = 92.368 \cdot K^{0.66} \cdot L^{0.18} \quad (3)$$

the quality of the developed empirical model p-value (F) < 0.05 and its parameters p-value ($t_A, t_{\alpha}, t_{\beta}$) < 0.05, the model and its parameters were found to be statistically significant.

Table 1

Regression analysis results

Indicators	The coefficients of the regression equation	Standard error	t - statistics	P - importance
Factors are the quality of parameters				
Y - free limit	4.556533048	1.398343063	3.258523011	0.04218576
LnL - variable	0.186681987	4.650239428	0.00870973	0.00350336
LnK - variable	0.664248385	0.13493788	4.922623559	0.001708535
The quality of the parameters of Eq				
Number of observations	10			
R - square	0.953066946			
F - statistics	71.07430724			
P - significance (F - statistic)	0.00002239			

According to the empirical model obtained, $0.66+0.18<1$ as noted above, there is a situation of inefficiency in production in small business activities, and an increase of 1 soum in fixed capital investments in small business activities can lead to an additional increase in production volume by 0.66 soums, and an increase in employment by 1 person can lead to an additional increase in production volume by 0.18 units.

During the research, the development of national economic sectors on the basis of small business enterprises, based on the requirements of the laws of the market economy, is considered to be the investment-innovative development of production and service sectors based on the characteristics of economic regions. In this, special attention is paid to economically efficient production and ensuring their competitiveness in consumer markets and improving the social living conditions of the population. Also, the development of small business entrepreneurial production in an innovative way is the result of raising the intellectual level of the able-bodied people engaged in production, increasing their intellectual level, organizing and improving production, material resources, means of production, equipment and production of consumer goods, on the basis of improved economic relations, amplifying labor productivity materially and morally. development factors are identified.

Conclusions

As a result of the study on improving the methodology of organizing investment activities of small business entities, the following conclusion was reached:

1. Ensuring the growth of the production process in small business entrepreneurship is

based on the need to reduce the cost of manufactured consumer goods and improve the quality of products and profit, ensure innovative development of production and increase its innovative attractiveness based on the allocation of innovative investment funds. Also, based on the theoretical study and analysis of the innovative development of small business entrepreneurship, a model of its innovative investment has been developed;

2. In order to develop the production process of small business enterprises at a risk-free level, the external risks that affect the organization of the production process of production enterprises based on the study of the classification of risks and their prevention, taking into account the characteristics of economic regions, are brought into one system;

3. Small business entities are subject to constant risks in carrying out their entrepreneurial activities. These risks include organizational, financial, investment and innovation risks. The main causes of these risks are the results of conducting production on the basis of free competition, the organization of production, the provision of means of production, the behavior of buyers in the consumer market in purchasing goods, financial situation, tax payments and other reasons.

4. Business risk is an economic category that affects the economic situation of small businesses:

- in a market economy based on free competition, the main risks in the organization of small businesses are the risks associated with their external environment, which can be prevented by eliminating additional investment and innovation costs at the expense of the enterprise's income or loans from commercial banks;

- Risks in small enterprises indicate the need to perform certain tasks, the main conditions for their prevention and ensuring the efficiency of the enterprise's production have been developed, and these risks have been brought into a single system;

- In order to ensure that small enterprises operate effectively and profitably, it is necessary to publish complete economic data on their economic activities by the Republican Statistics Committee in order to take measures based on an economic analysis of their economic situation.

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