PROSPECTS FOR THE EFFECTIVE USE OF COMPETITIVE ADVANTAGES OF SMALL BUSINESS ENTITIES

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Abstract: In the article, a mechanism for the development of small business entities, ensuring the competitiveness of small business entities and ensuring that small business entities have competitive advantages is proposed, and in order to evaluate their level, a multifactor model of the production volume of a small business entity is determined based on econometric analyzes and forecast results are developed based on it. developed.

Keywords: small business, competitiveness, determinant, retrospective quality criteria, MAPE, TIC, econometric analysis, model, forecast

Introduction

The number of small business entities in the world, the competitiveness of their products, the share of small business entities in the country's gross domestic product (GDP) and population employment, as well as the share of the middle class, which is the basis of small business, are growing in society. According to the World Bank, "...global GDP is set to shrink by 4.3% worldwide in 2021"[1]. SMEs in high-income countries, where SMEs are more likely to change, are growing in revenue. Such a situation is the reason why small business entities have competitiveness is the effective use of digital tools. Development of small business entities and increasing their competitiveness are urgent issues.

In the world, research is being conducted aimed at solving scientific problems in the areas of identifying mutually beneficial aspects for relations between small and medium-sized enterprises, analyzing the factors determining beneficial relations, as well as creating strong inter-firm relations, increasing the competitiveness of products of small business entities, and reducing the costs of products. This means that the activity of small business entities should be organized based on the observation of international competitiveness trends, and this trend requires increasing the efficiency of the activities of small business entities in the future.

In order to form the competitiveness of small business entities in New Uzbekistan, priority measures are being implemented in such directions as supporting small business entities, ensuring their stable development, increasing their gross domestic product, production, employment and income of the population, and as a result, increasing human value. In particular, in the "Development Strategy of the New Uzbekistan for 2022-2026", the establishment of 200 new industrial zones in the regions and the development of the system of business incubators, the creation of more favorable conditions for the development of entrepreneurship in the districts with difficult conditions, the tax burden on business entities by 2026 priorities such as reducing the GDP from 27.5% to 25%,

encouraging entrepreneurship in the regions, improving the activities of existing structures for reducing unemployment and poverty [2]. These defined tasks are important in improving the scientific and methodological basis of the development factors and competitiveness of small business entities at different levels, as well as the trends of effective use of competitive advantages.

Literature review

From foreign scientists on the theoretical and methodological foundations of the formation of competitiveness of small business entities: Y. Schumpeter[3], M. Porter[4], S. Shein[5], E. Maleski[6], J. Karpach, D. Isenberg[7]], N.Yusuf, R.Yakob, and D.Ibrahim[8], N.Bosma and others [9], H.G.Broadman[10] and others are covered in scientific works.

At the same time, V.S. Prokhorovsky, L.N. Chaynikova[11], S.A. Kasperovich, G.O. Konovalchik on the research of effective use of competitive advantages in enterprises and increase of population income in the countries of the Commonwealth of Independent States (CIS) [12], V.A.Rube[13], B.N.Ichitovkin[14], I.A.Juravleva[15], L.E.Sboylova[16] and others conducted scientific research.

From local scientists on general problems of enterprises in Uzbekistan, issues of ensuring their competitiveness: Yo.Abdullaev[17], B.B.Berkinov[18], O.T.Kenjaboev[19], D.Kh.Suyunov[20], O.A .Aripov[21], Sh.I.Otajonov[22], M.M.Ibragimova[23] and others conducted scientific research.

In the works of the cited specialists, approaches to more enterprises and organizations, their impact on the general economy are widely and deeply studied, but the prospects for the formation of competitiveness of small business entities and the effective use and development of competitive advantages have not been described. This led to the selection of the research topic and determination of its goals and objectives.

Methods

Methods such as systematic analysis, statistical observation, statistical aggregation and grouping, selection, correlation and regression analysis, econometric modeling and forecasting were used in the research process

Results and Disscusion

Research on factors influencing the competitiveness of small business entities, which play an important role in the country's economy, has increased significantly in recent years. As stated by J.Robinson, it is necessary to evaluate the competitiveness of small business entities in a wider interaction or to consider it in the constant change of the business environment and to take into account the ability to access capital sources and its internal capabilities[24]. It is worth noting that internal resources play a more important role than external factors to achieve competitive advantage[25].
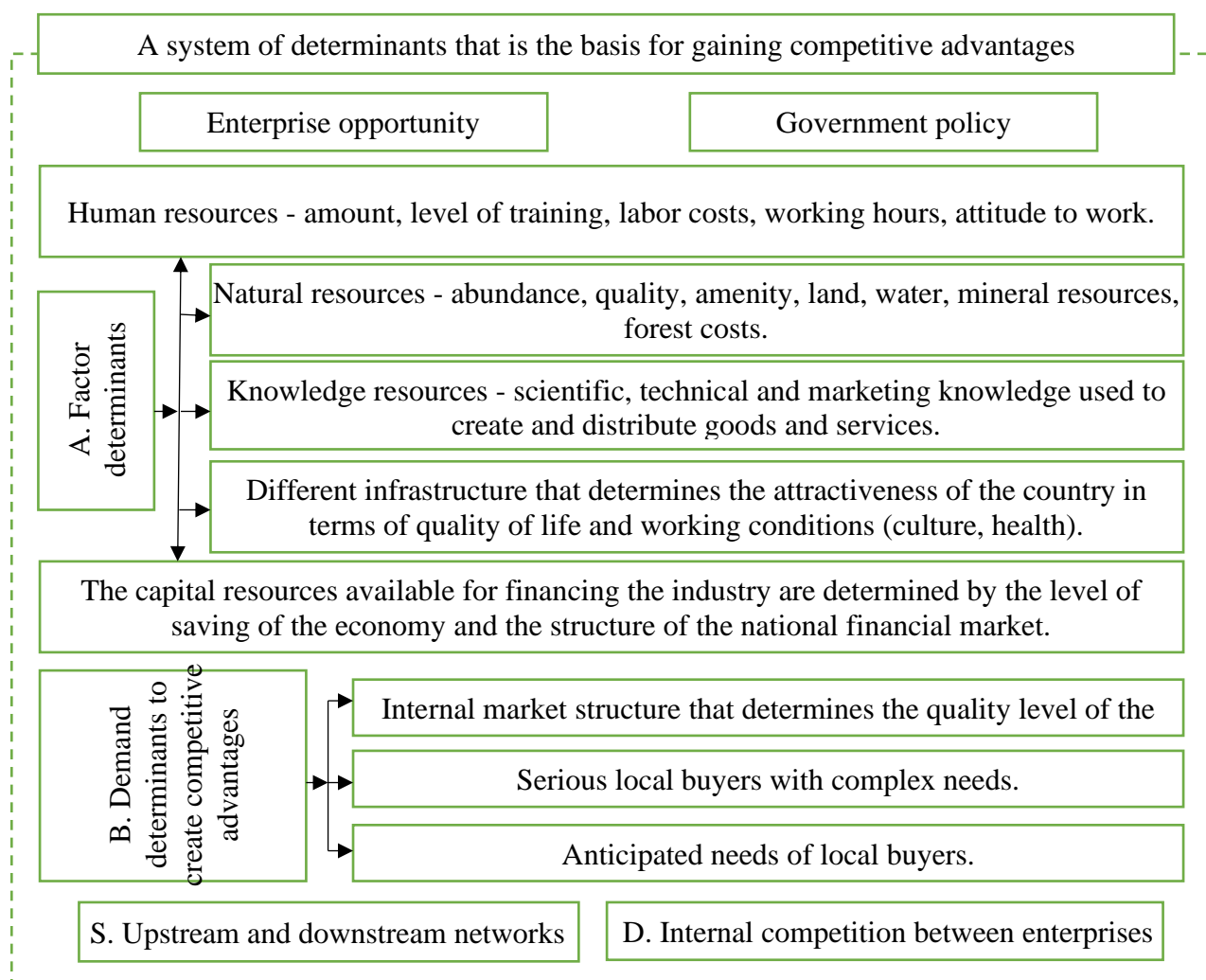
A system of determinants that is the basis for gaining competitive advantages

Enterprise opportunity

Government policy

Human resources - amount, level of training, labor costs, working hours, attitude to work.

A. Factor determinants

Natural resources - abundance, quality, amenity, land, water, mineral resources, forest costs.

Knowledge resources - scientific, technical and marketing knowledge used to create and distribute goods and services.

Different infrastructure that determines the attractiveness of the country in terms of quality of life and working conditions (culture, health).

The capital resources available for financing the industry are determined by the level of saving of the economy and the structure of the national financial market.

B. Demand determinants to create competitive advantages

Internal market structure that determines the quality level of the

Serious local buyers with complex needs.

Anticipated needs of local buyers.

S. Upstream and downstream networks

D. Internal competition between enterprises

Figure 1. A mechanism for ensuring that small business entities have competitive advantages [1]

We explain the system of determinants, which is the basis for gaining competitive advantages of small business entities presented in Figure 1 above, as follows. In the picture A) factor determinants - the country is provided with factors; B) demand determining factors - internal market characteristics; C) upstream and downstream networks; D) strategy and structure of small business entities and competition between them - internal competition; These four factors are significantly influenced by two other factors: opportunity and government policy. All these determinants are interconnected. According to M. Porter, countries "where the national diamond is the most useful" are achieving success[4]. As complex and dynamic as a country's economic environment is, some businesses fail if they fail to adequately capitalize on the demands of this environment.

In order to gain and maintain competitive advantages, individual motivation of employees is important in improving professional training. Achieving and maintaining competitive advantages is closely related to the presence of real and strong competition in the domestic market, which encourages small business entities to open new markets to promote new products and stimulate growth. Domestic competition is at least as important as international competition because the existence of many competing companies is favorable because domestic companies are as strong as foreign competitors.

The adoption of certain regulations by the government that encourage the establishment of new enterprises determines the growth of competition and thus helps to maintain a competitive advantage. As mentioned above, these four determinants of a diamond evolve closely with two other factors: opportunity and government policy. "Opportunity" - M. Porter said that in the course of

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[1] Compiled by author

evolution of many industrial sectors with a competitive advantage, wars, major changes in the international financial market, and changes in the costs of production factors were of great importance.

Government policies can influence the acquisition of competitive advantage as it is the most important determinant. This is due to the fact that the government can influence the local market through subsidies, investments in education, regulation of the domestic market, creation of competitive infrastructure to reduce the costs of input to factors. The state is also an important buyer for some sectors such as the defense industry, aeronautics, and telecommunications. It is important to approach the system of competitive conditions with consistent action of the state in order to create or improve national competitive advantages.

Competitiveness is seen by all countries as a key condition for maintaining high levels of income and employment. A high level of competitiveness allows developing countries to move away from dependence on exports of a few key commodities and to move up the ladder based on skills and technology. This, in turn, allows for greater gains in productivity and sustaining wage growth. Competitiveness can be assessed at the national or enterprise level. At the national level, it is defined as the ability of the nation to produce products and services that meet the test of international markets while maintaining and expanding real incomes in the long term.

The ability to compete in international markets is generally considered to depend on macroeconomic policy, trade policy and exchange rate conditions, as well as a country's comparative advantage, that is, its supply of factors such as land, labor, and capital. There are a few exceptions to this, namely becoming the most competitive country in the world by investing in institutions and human resources to compensate for its lack of natural resources and capital.

In general, the development of technology plays an important role in economic competitiveness, but economists have generally been careful to combine economic analysis with detailed discussions of technology issues. Empirical approaches adopted by economists account for technology and technical change in terms of their effects on productivity. The lack of measurable correlation between productivity changes and technology development has made it difficult to accurately assess the impact of technology on economic development, growth and competitiveness.

For this purpose, using the statistical data of the currently operating small enterprise "Tumor-N" for the years 2010-2022, the production volume - the renewal of the main means selected as factors affecting the change of Y - AVYa, the number of employees in the enterprise - KIS and the total cost of the period - We determine the correlation coefficient of factors such as JDX (Table 1).

Table 1

Correlation coefficient between the factors selected for the change in the volume of production of "Tumor-N" enterprise

		Y	$AVYa$	KIS	JDX
a	Y	1			
	AVYa	0,8146 3	1		
	KIS	0,9839 9	0,63663800 4	1	
	JDX	0,9840 2	0,79923509	0,682556426	1

If we pay attention to the values of the table, the number of employees in the enterprise is KIS($r_{Y,KIS}$=0.98399) and the total period cost - JDX ($r_{Y,JDX}$=0, 98402) is determined to be closely related, and in turn, if both factors are chosen correctly, the increase in the production volume of the enterprise is observed. It can be seen that although the update of the main means selected as influencing factors for analysis in the study - AVYa ($r_{Y,AVYa}$ =0.81463) is definitely strongly connected with the resulting factor, it is weaker compared to the previous two factors.

However, this result does not mean that the factors were selected incorrectly. It is worth noting that the result of another verification of the correct selection of the factors is the private correlation coefficient between them, since there is no multicollinearity between the factors of the renewal of the main means - AVYa, the number of employees in the enterprise - KIS and the total cost of the period - JDX under the condition $r_{x1,x2}<0.8$ the determination of the regression equation between the observed relationship can be continued through the EViews software. Since the initially selected factor measurement units are different, according to the rule of econometric modeling, we continue the work with logarithmization of all factors (Table 2).

Table 2

Multifactor regression equation of the change in production volume of "Tumor-N" enterprise

Dependent Variable: LNY
Method: Least Squares
Date: 08/20/22   Time: 09:31
Sample: 2010 2022
Included observations: 12

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LNAVYA	0.012994	0.071877	0.180787	0.0410
LNKIS	-0.935412	0.447745	-2.089161	0.0501
LNJDX	1.233792	0.181187	6.809490	0.0001
C	2.849399	0.826667	3.446854	0.0087

$t_{жад}=2,306004$

R-squared	0.979884	Mean dependent var		7.918316
Adjusted R-squared	0.972340	S.D. dependent var		1.316032
S.E. of regression	0.218874	Akaike info criterion		0.060559
Sum squared resid	0.383246	Schwarz criterion		0.222195
Log likelihood	3.636646	Hannan-Quinn criter.		0.000716
F-statistic	129.8945	Durbin-Watson stat		2.011017
	0.000000		931	

$F_{жад}=0,245$

Based on the values of the coefficients given in the table, the following equation is created:
$$LnY=0,013LnAVYa-0,94LnLKIS+1,23LnNJDX+2.85 \quad (1)$$

If we pay attention to the significance of the determined parameters of the 2nd regression equation according to the t-Statistic criteria, with $\alpha=0.05$ and df=8, only the total period cost is equal to $t_{jad}=2.306004$ - JDX ($t_{JDX}=6.80949>t_{jad}=2.306004$) is significant, and it is necessary to check the real significance of the remaining parameters with the retrospective quality criteria MAPE (Mean Absolute Percentage Error) and TIC (Tayl inequality coefficient - an alternative measure of Tayl forecast accuracy) (Fig. 2).
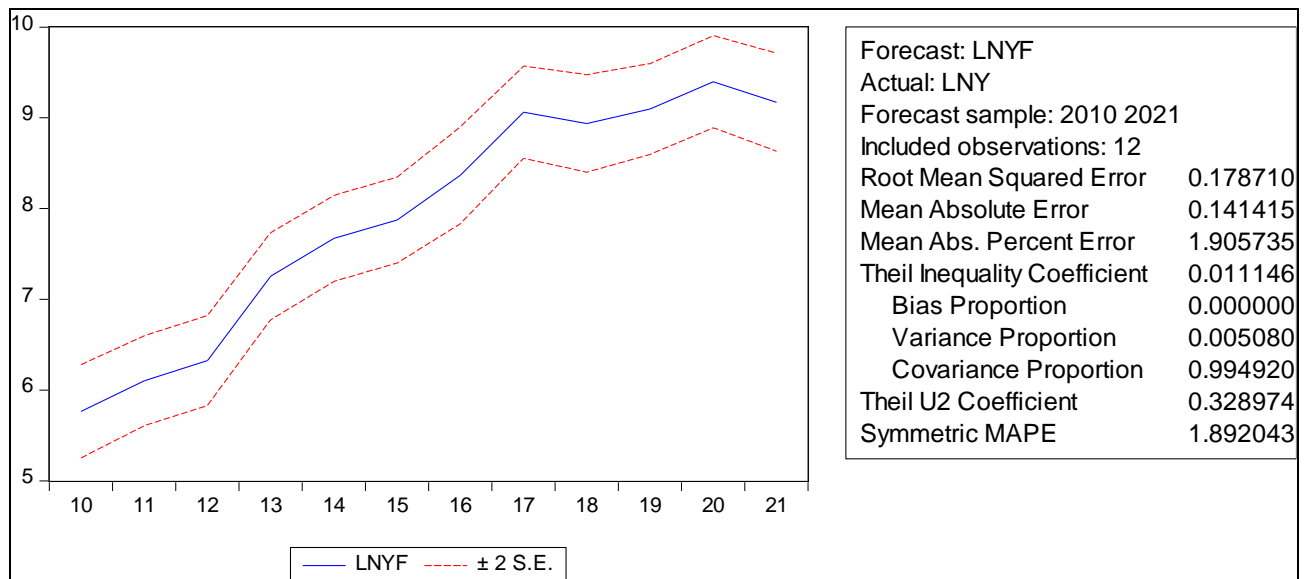
Figure 2. Results of retrospective quality criteria regression parameters 1[2]

Based on the data presented in Figure 1, it can be noted that MAPE=1.906, which in turn indicates high forecast accuracy under the condition MAPE=1.906<10%, and the coefficient TIC=0.0112<1 tends to zero, which means that all parameters of regression equation 1 are significant. In order to use the above regression equation 1 in practice, the regression equation 1 created above is potentiated and the following equation is created according to the rules of mathematics and in order to facilitate the calculation processes and achieve the accuracy of the results:

$$Y = \frac{AVYa^{0.013} * JDX^{1.234} * e^{2.85}}{KIS^{0.94}} \qquad (1^*)$$

The created 1*-regression equation is statistically significant at α=0.05 and k1=3; Taking into account that F_{Jad}=4.07 when k2=8, Fisher's value F_{his}=129.89, the significance of the 1*-regression equation under the condition $F_{Jad}<F_{his}$ and DW=2.011, the reliability and adequacy of the equation can be derived from the fact that there is no autocorrelation.

If we give an economic explanation to the obtained (1*)-regression equation, if the small business entity "Tumor-N" spends 1.0 mln. soums will be spent additionally, the volume of product production at the enterprise will be 0.1 mln. soums and the total expenses of the period 1.0 mln. if it is increased to soums, the production volume of the enterprise will increase by 1.8 mln. it was found that there is a possibility to increase it to soum. In addition, it should be noted that if we increase the number of workers in the enterprise by one person, the volume of production will be 96.2 mln. it was determined that it will decrease to soum.

The analysis shows that in order to make a multi-factor forecast of the volume of production at the "Tumor-N" enterprise, from the 1*-regression equation given above:

$$Y = \frac{AVYa^{0.013} * JDX^{1.234} * e^{2.85}}{KIS^{0.94}} \qquad (1^*)$$

and each of the selected factors in relation to period t=13:
- use of production capacity – $PC = 66.1 + 0.4 * t$;
- production cost –$PCost = -2647.8 + 1107.9 * t$;
- company's product range –$KMA = 5.5 + 0.07 * t$;

Using trend equations, we determine the multifactor forecast values until 2027 (Table 3).

Table 3.

Multifactor forecast of production volume of "Tumor-N" enterprise[3]

Years	Production volume, in million soums	Utilization of production capacity, %	Production cost, in million soums	The number of enterprise

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[2] Compiled by author
[3] Author's development

				product range
2024	12759,2	71,3	11754,9	5
2025	13969,1	71,7	12862,8	5
2026	15179,2	72,1	13970,7	5
2027	16389,4	72,5	15078,6	5
2028	17599,6	72,9	16186,5	4

If we pay attention to the results of the multi-factor forecast of the volume of production of "Tumor-N" enterprise, the assortment of products produced by the enterprise will be 5 types until 2027, and by 2028 this indicator will decrease to 4 types. This, in turn, can be seen as the inability to withstand competition in a particular product. However, in 2028, compared to 2023, the volume of product production will increase by 27.5% to 17,599.6 million. it is expected to reach soum.

In order to strengthen the financial and economic stability of small business entities, in our opinion, first of all, it is necessary to make them liquid, that is, to increase the availability of cash and their equivalents, to reduce current liabilities and creditors. For this, it is necessary to ensure the efficiency of production and sale of all types of products, which is achieved by fulfilling the following conditions:

- use of economically feasible resource-saving technologies in the production of sewing and knitting products;

- highly profitable products, in which the development of new design products using our own raw materials;

- modernization of the enterprise based on automation and other innovations, continuous updating;

- ensuring production with energy-saving techniques, developing marketing, analyzing and forecasting market demand, promoting product production taking into account the presence of potential buyers. Of course, it should be remembered that the importance of the marketing plan as a strategy to increase the competitiveness of small business entities should be emphasized.

Conclusion

Research shows that direct access to factors of production is not so important, especially in terms of increasing economic and financial efficiency in their distribution and use, given the current conditions in which the mobility of production factors is constantly increasing. In this regard, two categories of production factors appear:

a) primary factors: include natural resources, climate, geographical location, skilled or unskilled labor and are found in different proportions in all countries;

b) advanced factors: include modern informatics infrastructure, highly qualified workforce, competitive scientific and research institutes, and most of these factors are created by significant investments in time.

In short, when large enterprises were asked what are the most important criteria for cooperation between small business entities, they first emphasized attitude. In this regard, small business entities must have the desire to succeed and change. In addition, small business entities must have a strategy or vision for the future, as well as good financial management. Diverse supplier

relationships in global production chains do not contribute equally to the development of competitive small businesses

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