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PRIORITY DIRECTIONS FOR IMPROVING THE EFFICIENCY OF ECONOMIC MANAGEMENT IN SMALL BUSINESS ENTITIES

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Abstract: This article analyzes priority directions for improving the efficiency of economic management in small business entities. Small business is an important source of economic growth, employment, regional development and innovation activity. However, small enterprises often face limited financial resources, insufficient managerial experience, low digital competencies, market risks and difficulties in cost control. The article substantiates financial planning, cost management, digitalization, marketing management, risk management, human capital development and effective use of state support as key priority directions.

Keywords: small business, economic management, efficiency, financial planning, cost management, digitalization, risks.

Introduction

Small businesses are an important source of flexibility, employment, competitiveness and regional development in any national economy. While large enterprises are often distinguished by their capital, technology and export potential, small businesses are important because they can quickly adapt to the needs of the local market, create new jobs, expand the network of services and increase the entrepreneurial activity of the population. In the conditions of Uzbekistan, small businesses are also an important part of economic life, and according to official statistics, the share of small businesses in GDP in January-June 2024 was 47.5 percent.

At the same time, small businesses face more restrictions than large enterprises in terms of economic management. They have fewer financial reserves, the management system often depends on the personal experience of the owner, are less resilient to market changes, and the ability to introduce digital technologies may be limited. The OECD notes that small and medium-sized businesses can use digitalization to increase productivity, innovation and competitiveness, but notes that in doing so, small businesses face low awareness, lack of internal resources, lack of skills and financial constraints.

Economic management in small businesses is not just about keeping accounts or reducing costs. It includes financial planning, cash flow management, efficient use of resources, pricing policy, marketing decisions, employee motivation, risk assessment and development strategy definition[1]. Therefore, improving the efficiency of economic management in small businesses is one of the main conditions for the survival, sustainable growth and competitiveness of the enterprise.

Methodology

The study used the methods of systematic analysis, comparative analysis, economic analysis, institutional approach and logical generalization. Systematic analysis made it possible to consider

[1] Kichik biznesda iqtisodiy menejment deganda moliyaviy rejalashtirish, xarajatlar nazorati, narx belgilash, pul oqimi, risklar, mijozlar va resurslardan foydalanishni boshqarish tizimi tushuniladi.

economic management in small businesses as an interrelationship between finance, costs, marketing, personnel, digital technologies, risks and state support.

Through comparative analysis, differences in the management of small businesses and large enterprises were identified. In large enterprises, economic management is carried out through special departments, specialists and automated systems. In small businesses, in many cases, one person simultaneously acts as a manager, financier, salesperson, marketer and HR manager. This provides speed, but also leads to a weakening of strategic analysis and control[2].

The institutional approach served to analyze how the external environment — access to credit, tax regime, public services, infrastructure, digital platforms, and entrepreneurship support mechanisms — affects small business performance. The World Bank's 2025 Economic Memorandum for Uzbekistan notes the need to improve the efficiency of domestic markets and strengthen private sector development to accelerate the country's economic growth.



Figure 1. Model for assessing the effectiveness of economic management in small businesses

This model shows that the efficiency of a small business is formed not by a single profit indicator, but by a combination of financial, market, resource, personnel and digital management factors.

Results

The analysis results show that the first priority area for improving the efficiency of economic management in small businesses is financial planning and cash flow management. A small business may be profitable, but if cash flow is not managed properly, the enterprise will not be able to purchase raw materials on time, pay rent or wages, and fulfill credit obligations. Therefore, it is necessary to plan income, expenses, debts, reserves and investment expenses in advance.

The second area is strategic cost management. Even a small increase in costs in a small business can significantly reduce profits. In this case, rent, utility bills, raw materials, transportation, advertising, wages and taxes should be separately controlled. Cost reduction should be achieved not

[2] Kichik biznesda boshqaruv funksiyalarining bir shaxsda jamlanishi tezkorlikni oshiradi, lekin strategik rejalashtirish va chuqur moliyaviy tahlil uchun vaqt yetishmasligi mumkin.

by producing low-quality products or undervaluing employees, but by identifying excess costs, streamlining processes, and using resources more efficiently.

The third direction is digitalization and the introduction of simple management technologies. Expensive ERP systems are not always necessary for small businesses. However, electronic accounting, CRM, online sales, electronic payments, warehouse accounting, Telegram bots, or simple BI spreadsheets can also significantly improve the quality of management. The OECD notes that small businesses can increase productivity and innovation through digitalization, but financial and skills constraints slow this down.

Table 1. Directions for improving the efficiency of economic management in small businesses

Priority Area	Practical content	Expected result
Financial Planning	Predicting revenue, expenses and cash flow	Payment discipline and stability increase
Cost Management	Identifying and optimizing excess costs	Profit margin is maintained
Digitalization	Digitalizing accounting, sales, customer and warehouse processes	Quick control and accuracy increase
Marketing Management	Managing customer segments, prices, advertising and service quality	Sales volume and customer loyalty increase
Risk Management	Assessing market, credit, supply and price risks	Unexpected losses decrease
Human Resources	Training and motivating employees	Labor productivity increases

The fourth direction is to strengthen marketing management. Small businesses often produce products or provide services, but do not deeply analyze the customer. In fact, who is the buyer, what does he value, what price does he accept, through which channel does he come, whether he will buy again - all these are questions of economic management. Marketing is not a cost, but a means of managing the flow of income[3].

The fifth direction is risk management. In small businesses, delays in supplies, exchange rates, credit interest rates, rent increases, competitor prices, tax requirements, or reduced customer demand have a significant impact. To manage risks, the enterprise should use alternative suppliers, a reserve fund, flexible pricing policies, contractual discipline, and insurance elements.

The sixth direction is to increase human resources and management competencies. The strength of a small business is the hard work of the owner, and its weakness is often the lack of management knowledge. Short, practical training in financial literacy, sales, digital tools, customer communication, and team management can increase the efficiency of a small business.

Discussion

[3] Marketing menejmenti kichik biznesda reklama qilish bilangina cheklanmaydi; u mijoz ehtiyojini tushunish, narx siyosati, xizmat sifati va qayta xaridni boshqarishni ham qamrab oladi.

The most important issue in improving the efficiency of economic management in small businesses is the transition from an intuitive to a systematic form of management. Many small entrepreneurs run their business based on personal experience, daily income, and general observation. This approach may work at the initial stage, but as the enterprise grows, control becomes more difficult. Customers increase, expenses diversify, the number of employees increases, credit obligations appear. At this stage, an economic management system becomes necessary.

To increase management efficiency in a small business, a simple but systematic system of indicators should first be introduced. For example, indicators such as daily revenue, monthly profit, fixed costs, variable costs, number of customers, repeat purchase rate, debt, inventory turnover and cash flow should be under the constant control of the manager.

Table 2. Practical economic management indicators for small businesses

Indicator	What does it show?	Importance in management
Daily Revenue	Sales or service volume	Indicates demand and sales situation
Profit Margin	How much profit is left over from revenue	Evaluates price and cost policy
Cash Flow	Cash flow	Indicates solvency
Fixed Costs	Rent, wages, utilities	Identifies minimum income requirement
Customer Return	Percentage of repeat customers	Indicates service quality and loyalty
Inventory Turnover	Warehouse speed	Identifies excess reserves and frozen capital

The second important issue is not to complicate digitization. For small businesses, digital transformation does not have to be a big project like in large enterprises. A simple spreadsheet, online cash register, CRM, customer base on social networks, electronic payment system or cloud accounting can also bring great benefits. The important thing is that the digital tool should solve the problem: to see the cost, not to lose the customer, to control the debt, to manage the inventory or to measure the effectiveness of advertising.

The third issue is the rational use of state support. For small businesses, loans, subsidies, tax breaks or training can be useful. But support should not replace the business model. If the enterprise does not calculate its costs, does not know its customers and does not control cash flow, the benefit will help temporarily, but will not create sustainable efficiency.

Conclusion

Improving the efficiency of economic management in small businesses ensures their sustainable growth, competitiveness and financial resilience. Small business plays an important role in the economy of Uzbekistan, but its development depends not only on state support or market opportunities, but also on the quality of internal management.

The article substantiates the priority areas for improving the efficiency of economic management in small businesses: financial planning, cash flow management, strategic cost control,

digitalization, marketing management, risk management, human resource development, and rational use of state support.

In general, effective economic management for small businesses is not the blind introduction of complex management systems, but the formation of simple, understandable, and regularly functioning management discipline. If an entrepreneur knows his expenses, controls cash flow, understands his customers, motivates his employees, and uses digital tools rationally, small businesses will have the opportunity to develop sustainably[4].

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[4] Kichik biznesda samaradorlikni oshirishning asosiy sharti katta resursga ega bo‘lish emas, balki mavjud resurslarni aniq hisob, tartibli boshqaruv va bozordagi talabga mos qarorlar orqali unumli ishlatishdir.