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MODELING THE GROWTH OF SMALL BUSINESS DEVELOPMENT

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Abstract: *The article describes the development models of small business and private entrepreneurship in the market segment. In the use of models, the laws of distribution, the random laws on which they operate, the laws of distribution of discrete and continuous random quantities were used.*

Key words: *small business, private entrepreneurship, distribution laws, random quantities, discrete random quantities, continuous random quantities, Poisson distribution.*

Today, a large part of the business in the countries of the world corresponds to the contribution of small enterprises, and they have become the focus of economic research in the next period, as they have gained an important importance in the economy and development of the countries. Small business has a number of advantages compared to large business, in particular, it is distinguished by the importance of creating new jobs, ensuring the development of innovative processes, and forming entrepreneurship and private property skills. In addition, small business is adaptable to different situations and is important in overcoming economic problems that arise during economic crises such as COVID 19, which is affecting the world economy today. Also, small enterprises are more important than large firms and corporations, providing employment to a significant part of the economically active population.

The current stage of economic reforms implemented in Uzbekistan is characterized by the development of small business, giving it wide economic freedom. Giving independence to small business entities realizes a sense of responsibility for the final results of their activities.

The emergence and development of the KFST is conditioned by certain objective reasons that acquire both a general description and a special description that applies to different countries.

Considering small business as one of the important directions in ensuring social and economic development is due to the fact that it has a number of advantages. That is, small business enhances competition, which is the driving force of the market economy; is efficient in terms of scale; easily

adapts to new technology and requirements; ensures the uniqueness of the work organization procedure; is resistant to economic crises; It is a very effective way of increasing employment and generating income.

Summarizing the results of the analysis and the presented opinions, it can be noted that today, small business is considered as one of the main directions in ensuring socio-economic development, eliminating economic problems, and forming market relations throughout the world.

Taking into account the fact that business development is directly related to the realization of manufactured products and the correct implementation of management, in this paragraph of the thesis, we will look at the model of increasing the volume of sales that provides economic growth in the enterprise, which is widely used in the sale of products and services, improving the skills of small business owners, and organizing training. This model serves to determine the duration of the reproduction process in the enterprise, the factors and directions of sustainable economic growth.

In the initial stages of model formation, economists tried to model the stages of business development using the life cycles of the enterprise. Because this model represents the development of the growth phases of the enterprise over time. However, the number of growth phases is interpreted differently by different researchers, and there is no accepted standard for the number of phases. In some research works, five general stages of enterprise development are mentioned: birth, growth, maturity, awakening and extinction stages. At the same time, some scholars, based on a different approach, also cite stages that are less or more than five. It can be noted that from the point of view of the enterprise life cycle theory, growth is considered to be the most important phase of the stages in business life, and the most attention is focused on this stage in modeling. This stage is considered important for any organization that operates for the purpose of profit in the market economy.

At this point, it is proposed to study the growth phase itself, which is important in small business growth modeling, which is widely used in research. Researchers put forward the concepts that the growth stage consists of five phases. That is, growth by innovation, growth by direction, growth by delegation, growth by coordination, growth by cooperation, etc. are among them.

Some theorists distinguish between two types of growth, natural growth or managerial and acquisition-based growth (unnatural growth). However, the development of small business is mostly natural growth.

Growth refers to the change in performance over time, often measured by profit, in-kind production, sales volume, and market share expansion. It should be emphasized that these indicators are interrelated and have mutual influence. However, it is difficult to determine the relationship between these variables, because the results of empirical research in this direction are inconsistent. In particular, some researchers emphasize that profitability is an important indicator of enterprise growth in the evolutionary model, while others emphasize that profitability has a positive relationship with the level of growth, but the level of growth has a negative effect on profitability in the current period.

Sometimes profitability appears as a choice in the process of ensuring growth in the enterprise, because profitability, focusing on short-term results, postpones investments that are sources of growth, but their impact is not felt at that time, which requires looking at the issue of ensuring sustainable growth of the enterprise. That is, in the conditions of existing and financial restrictions, maintaining the maximum growth rate of the annual growth rate of the sales volume is considered as sustainable growth, and it is suggested to use the following formula for its determination.

$$g=P*R*A*T \quad (1)$$

Here: P represents the return on sales (profit margin), R is the dividend-to-earnings ratio, A is the asset turnover (sales/assets), and T is the equity multiplier (assets/equity).

However, it is not recommended to use this model in conditions where the mentioned parameters are not stable.

However, sales growth is considered an important measure in small business growth research. According to the results of empirical research, small enterprises cannot manage growth, that is, they start their activities efficiently, but most of them leave the small markets in which they operate before long. According to the research results, one of the important reasons for this is the fact that small enterprises operate in local markets and have limited growth potential in these markets.

Looking at the factors affecting the growth of small business and evaluating their impact based on econometric models is important in developing promising directions for small business development.

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