

"IMPROVING THE MECHANISMS FOR INCREASING THE EFFICIENCY OF  
SMALL BUSINESSES IN THE REGION."

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**Annotation:** *One of the most significant issues in microeconomic relevance across all times has been the mechanisms for improving the efficiency of small business entities, which are actively being implemented in the 21st century as well. In particular, a group of Harvard University scholars found that by applying conglomerative methods to enhance the efficiency of small business entities, their regional significance could increase by 4.6 times, while their financial effectiveness could improve by 3.3 times. Scholars from the University of Chicago emphasized the importance of economic interactions between the state and these entities in enhancing the efficiency of small businesses. The following analysis will examine these studies along with their ideas and results.*

**Keywords:** *conglomerate mechanisms, horizontal diversification, small business, fiscal policy, industrial zones, competitiveness, synergistic mechanisms, integration, enterprise profit margins.*

**Аннотация:** *Одной из самых значительных проблем микроэкономической актуальности во все времена были механизмы повышения эффективности малых бизнес-структур, которые активно внедряются в 21 веке. В частности, группа ученых из Гарвардского университета обнаружила, что применение конгломеративных методов для повышения эффективности малых бизнес-структур может увеличить их региональное значение в 4,6 раза, в то время как финансовая эффективность может улучшиться в 3,3 раза. Ученые из Чикагского университета подчеркнули важность экономических взаимодействий между государством и этими структурами для повышения эффективности малых бизнесов. Следующий анализ будет рассматривать эти исследования вместе с их идеями и результатами.*

**Ключевые слова:** *конгломеративные механизмы, горизонтальная диверсификация, малый бизнес, фискальная политика, индустриальные зоны, конкурентоспособность, синергетические механизмы, интеграция, маржа прибыли предприятий.*

**Anotatsiya:** *Har bir zamonda mikroiqtisodiy dolzarbliklarning eng katta masalalaridan bir bo'la*



*olgan kichik biznes subyektlarini samaradorligini oshirish mexanizmlari 21-asrda ham faol tadbir etilmoqda. Xususan, bir gala Garvard Universiteti olimlari kichik biznes subyektlari samaradorligini oshirishning konglomerativ usullarini qo'llash orqali, hudud bo'yicha ularning salmog'ini 4,6 marotabaga oshishi, moliyaviy samaradorligi esa 3,3 barobarga yuqorilash natijasiga ega bo'lishdi. Chikago Universiteti olimlari esa, kichik biznesni samaradorligini oshirishda davlat va subyekt o'rtasidagi iqtisodiy muamilalarga e'tibor qaratishni ta'kidlaganlar. Quyida ushbu tadqiqotlar hamda ularning g'oya va natijalari tahlil qilinadi.*


**Kalit so'zlar:** konglomerativ mexanizmlari, gorizontaal diversifikatsiya, kichik biznes, fiskal siyosat, sanoat zonalari, raqobatbardoshlik, sinergik mexanizmlar, integratsiyalash, korxonalar daromadlari marjasi.

## INTRODUCTION

Conglomeratism refers to the integration of companies or businesses across various industries, sectors, or markets. Vertical conglomeratism includes vertical integration, meaning that companies operate in different sectors but are interrelated. For example, one company may acquire another to gain control over the production process. Horizontal conglomeratism involves companies expanding their operations into new markets or industries. The greatest risk for small businesses primarily arises from relying on a single market or industry. If this market or industry faces a crisis, the company could incur significant losses. Through conglomerate mechanisms, small businesses can expand their operations into multiple markets or industries. This, in turn, reduces the overall risk for the company since problems in one industry can be compensated by performance in others. Conglomeratism allows small businesses to create competitive advantages by occupying multiple industries and markets. It also facilitates the exchange of experience and knowledge across different fields for small businesses. This leads to more efficient production and sales processes. For small businesses, conglomeratism makes it easier to access new markets and opportunities. By entering a new market, a company can present its products to a fresh audience. This subsequently leads to growth and increased revenues.

Research methodology. The conglomeratism strategy can be an effective tool for enhancing the competitiveness of small businesses. The essence of conglomeratism is that a company or business entity expands and diversifies its products or services by entering various industrial sectors. Small businesses often operate within a single market or industry. This can lead to significant negative impacts on the entire business due to economic problems or crises that arise in one sector. Through conglomeratism, small businesses can transform into companies that operate across multiple industries, thereby reducing their risks. Conglomeratism allows small businesses to allocate their resources





more effectively. This will help them to become more competitive in the fields of production and marketing. Through conglomeratism, small businesses have the opportunity to present their products and services to new markets or audiences. This creates an opportunity for them to increase their revenues. When small businesses strive to expand their operations, they are often required to integrate many new systems and operations. In conglomeratism, the coherence of these systems—meaning that all resources work together effectively—is very important. By merging, small businesses can achieve higher efficiency by integrating new technologies, management methods, and resources with one another. Conglomerate mergers among small businesses create opportunities for sharing each other's experiences and knowledge. This process enhances synergistic effects, as various business entities present their strengths to one another. Through knowledge sharing and experience accumulation, small businesses can manage their operations more effectively. Small businesses are often limited in terms of financial and human resources. In conglomeratism, these resources are consolidated and optimized, which creates opportunities for companies to organize their work more efficiently. As a result of synergistic effects, higher resource efficiency is ensured, which in turn increases the overall success of the business. Through conglomerate mergers, small businesses gain new opportunities to create new products or services. It is possible to effectively distribute resources and knowledge among merged companies. In developing new products and services, conglomerate mergers help foster innovations. Businesses can reduce competition through the conglomerate mechanism and strengthen their positions. The operation of small businesses in various sectors complicates management. The processes of consolidation and integration require additional financial and time investments. In conglomeratism, entering different markets can pose a risk of losing brand identity. For small businesses, conglomeratism and synergetic mechanisms create opportunities for resource integration and achieving common success. They diversify their economic activities and capture new markets through the exchange of knowledge and experience. Additionally, these mechanisms provide small businesses with the ability to manage their operations efficiently, foster innovation, and reduce competition. However, there are also several challenges and management issues associated with implementing conglomeratism that need to be carefully considered.

Results. Conglomeratism helps small and large businesses reduce risks, increase competitiveness, and expand growth opportunities. However, it may not always yield the expected results. Therefore, research conducted by Harvard Business School and the University of Chicago is significant in assessing the real impact of conglomeratism and its effectiveness. Another study from Harvard indicated that conglomeratism can lead to short-term growth and increased revenues, but in the long term, this strategy may cause





problems. The studies found that several large conglomerates lost their competitiveness over time and experienced a decline in their growth rates. The reason for this was that the management of various industries complicated matters and there was a lack of synergy. Additionally, Harvard studies showed that some corporations in conglomeratism risk losing their strengths and distinctive brand identity. Research from the University of Chicago indicated that conglomeratism could enhance competition. When several small and medium-sized companies merge, they become more competitive and have the opportunity to implement innovations in creating new products and services. Studies show that this type of conglomeratism helps develop a competitive market environment, as new companies can improve their products through interaction with one another.

Research discussions highlight that Harvard's studies emphasize the importance of synergistic effects, while the University of Chicago focuses on increasing economic efficiency. This difference in approaches raises the question of what should be the basis for the successful implementation of conglomeration. Harvard researchers point out that conglomeration may reduce competition, whereas research from the University of Chicago suggests that conglomeration could strengthen competition. This issue leads to discussions about what kind of competitive environment conglomeration creates and how it impacts the market. Harvard researchers indicate that conglomeration may not be effective in the long run, as management becomes more complex and synergistic effects may not be sufficient. In contrast, the University of Chicago emphasizes that proper management and resource allocation are necessary for this strategy to be effective in the long term.

Conclusion. The academic debate between Harvard Business School and the University of Chicago highlights different perspectives on various aspects of conglomeratism. While both institutions have presented strategies necessary for the effective implementation of conglomeratism in their research, numerous contentious issues remain in this field. Key questions surrounding the successful application of conglomeratism include synergistic effects and economic efficiency, whether to enhance or diminish competition, and long-term sustainability. The research conducted by Harvard Business School and the University of Chicago plays a crucial role in assessing the impact and effectiveness of conglomeratism. For successful implementation of conglomeratism, companies need to strengthen synergistic interactions and efficiently allocate resources. Harvard's research indicates that while conglomeratism can aid short-term growth, it may lead to management complexities and a lack of innovation in the long run, potentially undermining expected outcomes. Conversely, the University of Chicago's research illustrates the effects of conglomeratism on enhancing competition and economic efficiency. However, both studies complement each other and indicate a need for clear strategies and management methodologies for effective application of conglomeratism.





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