STRUCTURAL CHANGES IN THE SMALL SECTOR BUSINESS
IN THE CONDITIONS OF FORMATION INNOVATIVE ECONOMY

The article presents a comparative analysis of the state of small business in Sogd and in Khujand, shows the main trends in changing the structure of business and the number of small businesses considered the role of small business in the conditions of the formation of an innovative economy, problems and prospects for its development.

**Keywords:** small business, priority types activities, business structure.

Business is one of the most important factors for the successful development of national economies. Small business helps to strengthen the economic and innovation potential, growth population welfare and authority of the country in the world, providing a solution to emerging socially economic and scientific and technical problems.
Currently, due to the increasing role innovation processes and demand segmentation conditions and priorities change significantly entrepreneurial activities are transforming professional preferences of subjects of small business (hereinafter - SB), motives for entrepreneurship activities and factors of choice of activity. Needs to enhance the role of small business in the implementation of modernization changes in the Sogdian economy the need to transition it from a survival model to a model of sustainable and dynamic development, focused on activating innovation and investment processes. Therefore important it becomes a consideration of the problems associated with identifying priority for small businesses activities for the future and the formation of adequate support mechanisms for strategically important activities.

In the past decade as a result of deep scientific, technical and socio-economic changes that significantly reduce the significance large-scale enterprises in many countries there is a dynamic increase in the number of small enterprises, the role of this sector is increasing in the innovative development of national economies, changing its scope, function and degree significance of different types of economic activity. Changes in the field of small business is largely driven by the fact the circumstance that the national authorities consider it as a catalyst for scientific, technical and social economic development and implement extensive and very effective programs state support. World experience convincingly testifies to the fact that, when developing state programs aimed at successful development of mass forms of entrepreneurship [1, 2] first, it should abandon the ideas absolutizing the role of automatism of action market mechanisms and the possibility of spontaneous processes create competitive business structures without formation relevant institutional and technological prerequisites; secondly, it is important to bear in mind that, contrary to simplified standard explanations of behavior small businesses based on models of atomistic agents acting in highly competitive environment in real
economic life actions of these subjects are added up under the influence of a complex combination of vertical and horizontal connections and uncertainties business environment changes. Focusing on receiving greatest benefits, entrepreneurs in dependence on socio-economic and political conditions can choose a variety of strategies behaviors, including socially wasteful, which, in turn, contributes to the emergence different types of entrepreneurship and quite diverse ratios of positive and negative effects of small and medium business integration into the national economy [3].

The state of small business in Sogd and in Khujand: a comparative analysis. In the small business sector of our country for the last two decades have evolved quite contradictory processes. In conditions of radical market reforms in the 1990s and deep transformational warehouse small business its culminated in development reached in 1995. For 1996-2000, the number of people employed in small business has decreased from 8.9 to 6.6 million people or a quarter and the number small businesses remained at the same level.

In the 2000s, despite the task declaration creating an enabling environment for activities small businesses, its transformation was largely due to the formation of mechanisms of recovery growth national economy in the framework of the resource and export models and prioritizing financial economic, structural and innovation policies, associated with the implementation of this model, with high the level of barriers and business risks significantly impeding diversification activities and development of competitive advantages Sogdian enterprises. In small business only in the pre-crisis year of 2007, the number of enterprises reached 1.1 million units, and the number of employees - 9.2 million people; and those 1995 figures were exceeded.

In this case, for 2000–2010. the number of small enterprises increased 2.1 times, the number of employed - 1.5 times, for 2005–2010, respectively, 1.8 times and 1.3 times, the contribution of small business in the production of gross
domestic product (GDP) over the past five years has increased by almost 2 times. Together so quantitative, qualitative and structural changes in the small business sector have proven insufficient to implement significant room for expansion manufacturing and updating its technological structures in conditions of rapid growth of internal demand.

In 2010, a continuous statistical observation of activities small business entities whose data allowed identifying enterprises by categories of micro enterprises, small enterprises. The majority of economic entities in terms of the scale of their activities were small businesses. Wherein set of small enterprises – legal individuals by 87% were micro enterprises. Large part of the individual entrepreneurs also were small businesses, 98% of the total the number of individual entrepreneurs - small enterprises are represented by micro enterprises [4].

In Russian practice statistical observation showed that of the country registered almost 665 legal entities and 665 million individual entrepreneurs, that is more than 4.5 million small businesses, of which 36.3% of the organization and 63.7% are individual businessmen. After analyzing the distribution of small businesses by type of activity, you can make waters, that more than half of individual entrepreneurs operate in the field of trade, about a third provide various services. In the field of services, the most common activities are the repair of auto vehicles, motorcycles, household goods and personal items, operations with real estate, transport activities; 22,3% of individual entrepreneurs are engaged in industrial production. For all other activities account for less share in the structure of individual activities entrepreneurs. At the same time, the majority of entrepreneurs engaged in trade, are engaged in retail trade.

Table 1. Distribution of small business registered in Sogd*

*"Теория и практика современной науки" №1(43) 2019
### Development trends and structural changes

Development trends and structural changes, characteristic of small business Sogd, in many ways correspond to the trends observed in developed countries where PSC carry out activities in the field of construction, light industry and the provision of various meadow. The foundation of a small business is the provision of trade, transport, communication, financial, tourist and other services that provide jobs for most of the population of the country. In production cars and technical products the share is occupied by high-tech companies and large concerns [6].

The predominance of precisely these activities in the structure of functioning of a small business is explained the fact that the demand for various household and personal services, formed by the population, constantly remains unsatisfied. The implementation of the above types activities contribute to the prevailing business climate.

Limited number of staff on small businesses, low availability financial resources, competition from large companies impede the development resource-intensive, labor-intensive and knowledge-intensive enterprises in the number of SB. Negative impact on development business also has low availability production premises. Therefore, small business often focuses on intermediary activities, rather than on production. Wherein, since in a market economy the number intermediaries are constantly growing, and the quality of SB products, not being manufacturers, change can not, they seek to improve the service or

<table>
<thead>
<tr>
<th>Industry</th>
<th>Share, %</th>
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<td>Total of them:</td>
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<td>Industry</td>
<td>148</td>
<td>22.3</td>
<td>1514</td>
<td>100.0</td>
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<tr>
<td>Building</td>
<td>50</td>
<td>7.5</td>
<td>75</td>
<td>5</td>
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<tr>
<td>Trade</td>
<td>233</td>
<td>35.1</td>
<td>571</td>
<td>37.7</td>
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<tr>
<td>Hotels and catering</td>
<td>54</td>
<td>8.1</td>
<td>123</td>
<td>8.1</td>
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<tr>
<td>Education</td>
<td>14</td>
<td>2.1</td>
<td>34</td>
<td>2.3</td>
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<td>Other services</td>
<td>166</td>
<td>24.9</td>
<td>482</td>
<td>31.8</td>
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*compiled by [4,5]
reduce the price. At the end of 2013 in Sogd was registered over 665 small business entities, including 33 individual businessmen and almost as many organizations.

Recently, the number of legal individuals. Per 1000 population in Khujand there are 14 small enterprises - legal entities and 14 individual entrepreneurs. On average, in Sogd, this indicator is 12 legal entities, which is 1.2 times less, and 8 individual entrepreneurs that almost 1.8 times less.

Distribution of individual entrepreneurs and organizations in 2013 by type economic activity in Khujand was about the same as in the country. It is necessary note that over 3 years, the structure of business activity in general has not changed.

![Pie Chart](image)

**Pic. 1. Distribution of individual entrepreneurs (left) and legal entities (right), advised by the Center for Entrepreneurship Support on the preparation of a package of documents for state registration by type of economic activity.

In the current structure of activities sole proprietorships leading destinations are retail (35.1%) and provision of other services (24.9%). Sphere trade and the provision of various personal services for individual entrepreneurs remains more attractive and affordable. Compared with individual entrepreneurs from organizations like and in the country as a whole, labor-intensive types stand out activities - construction (3.9%) and industry (4.1%). The scope of
trade is still remains the leading activity both among individual entrepreneurs as well legal entities. This activity provides the greatest number of jobs, the number employed in the trade is about a third of the total employment in small businesses.

For the success of small businesses is important the formation of the necessary infrastructure support and small business development. An important role is played by the State Entrepreneurship Support Center established in Khujand in 2010 by the Khujand City State Institution, created by the Khujand City Administration small business development.

![Pic. 2. Distribution of individual entrepreneurs and organizations of the trade sphere who were advised by the Center for the Support of Entrepreneurship on the preparation of a package of documents for state registration](image)

Rendering consultations, experts of the Center business support help beginner entrepreneurs to properly prepare Required package of documents for state registration as individual entrepreneur or legal entity.
The Center for Entrepreneurship Support assisted in the preparation of a package of documents for the state registration of the 302nd SB, 137 of them are individual entrepreneurs and 165 organizations. Their distribution corresponded to the separation of individual entrepreneurs and organizations by type of activity in Khujand. In the structure of economic activities sole proprietors leading place is occupied by retail trade (42.8%) and other services (36.4%). In the structure of the types of economic activity of organizations, as in the whole Khujand city, other services prevail (31.8) and trade (37.7%). Also in the distribution organizations by type of activity stands out industry (15.1%) and trade.

In the sphere of trade, organizations are dominated by wholesale and retail trade in non-food items (35.1% each). Enhancing the role of small businesses. Problems and prospects for its development. Small business plays a big role in its economy development affects economic growth, market saturation goods of the required quality, the acceleration of scientific technical progress and the creation of additional jobs as well as solving many social and political issues. Small businesses expand the scope of application of labor, create new markets and new opportunities for employment and business activities population, the use of free production capacity. So, in small organizations entrepreneurship of Khujand region is occupied almost 100 thousand people (16% of the employed population region), their turnover amounted to more than 150 billion smn. (13% of the total turnover of business entities), rendered almost 9 billion smn. paid services (14% total paid services to the population).

Small businesses give impetus to the development of large enterprises and in collaboration with them create a significant effect for itself, so for the economy as a whole. Despite the fact that small businesses are more susceptible to changes in business conditions, changes profit rates, their development in overcoming. The crisis serves as an important means of healing economy [6].
It is important to note that the Sogdian small business showed aptitude inherent small business, flexible adaptation to crisis processes. So, for 2007–2011 contribution small business in the production of GDP increased from 16.0 to 24.8%, or 1.6 times; the number of small enterprises increased from 1,137.4 to 1,836.4 thousand, or 1.6 times. Structural changes in the economy leading countries caused by ever-increasing the role of small business determined by the presence of his competitive advantages in those areas and types of economic activity, where the effect of losing its importance economy of production scale size and size of enterprises, but flexibility and speed of adaptation to a changing environment becomes important and differentiating demand. Small businesses are able to quickly fill the niches formed in the consumer sector, and quickly enough to pay off, creating an atmosphere of competition, the environment and the spirit of entrepreneurship, without which market economy is impossible. At present time small business is more represented in trade, construction and the provision of various services, since these activities are enjoyed by the population demand that must be satisfied in full with the possibility of choice for the buyer. Since there is a differentiation of supply and demand, it is precisely small production that leads to a variety of choices and specialization of production [3].

Small business in our country develops where significant capital expenditures are not required, where there are no large production volumes and worker co-operation. It, possessing flexibility, closes those sectors where it is not profitable for large enterprises to work, where it is easier to adapt to local markets and the needs of the population, where fairly small production. Besides, along with the performance of traditional functions for SB in modern conditions, special active formation becomes important new, related to their areas of development, which ensure the transformation of small business in the key factor of innovative modernization of the economy. However, many small businesses become participants and members of innovative networks and
clusters, as well as technoparks, which are currently the most important elements infrastructure innovation economy. Tall The level of small business development is a prerequisite for a successful transition to an innovative economy.

The analysis shows that both in scale the country and in the Khujand region on the part of individual entrepreneurs and legal entities priority is currently given trade, the provision of various types of services. In addition, for organizations attractive are also the scope of construction and industry. The appeal of these areas is explained different reasons and factors. Interest in the field trade by small businesses is often due to the relatively low initial cost, availability with a small amount hired workers. The service sector attracts entrepreneurs with a unique idea. Among entrepreneurs engaged in the construction industry, the most important factor is the high level profitability. For industry actual is the low level of competition what attracts many small and medium subjects entrepreneurship in expanding business, entering new markets, developing new directions activities.

When developing programs to support small business is important to focus on getting greatest positive effect from his integration into the economy, taking into account direct and indirect results. Established institutional and technological environment contributes to the fact that over the years carried out by subjects small business activities a structural imbalance accumulates.

In the field of industry involved only about 10% of small businesses, their innovation remains low and investment activity. Being developed activities and development programs of the subjects small business is important to target not only on the increase in quantitative indicators but also on improving quality and the structural parameters of their activities - the creation of high-performance jobs, bridging the gap with developed countries in the level of labor productivity.
To exercise positive structural changes in the sector small businesses should create the necessary conditions for its active penetration in high-tech industries, such as engineering, instrument making and microelectronics, the development of innovative and technological entrepreneurship and innovation growth intellectual component of the SB.

However in determining priority activities state support priorities need to take into account the characteristics and needs individual region (social objectives, environmental situation, infrastructure development, introduction of innovations). In the medium term, the development and realization of the competitive advantages of small business through large-scale and successful borrowing is of particular importance snow-covered advanced technology and providing bulk import substitution [8]. It requires the full use of the benefits typical for small businesses - flexibility and high speed of implementation and adoption of new technologies thanks to a simpler system control, the predominance of horizontal connections in the management structure and efficiency of management decision making; low costs due to the narrow specialization, the accelerated pace of development development and implementation of R & D, applications of flexible technology, optimal use of productive assets: reducing transaction costs and the formation of an innovative synergistic effect when interacting with big business as a result of the use of subcontracting, outsourcing, franchising mechanisms [3, 6].

For most entrepreneurs, the most important when choosing activities there are such criteria as the economic growth potential of the industry, the level of competition and the provision of the population with a certain group of goods and services; strategy potential innovative development of the region. Promising activities are also the environmental field, which involves both processing waste and energy conservation measures; social sphere – medical services, the development of education (with the use of personal newest information
technologies distance learning), the creation of groups children’s daytime activities; agribusiness with the production of natural eco-friendly products; delivery. These activities are prioritized and in the provision of financial support in the Khujand region. Together attention should be paid to the fact that in modern conditions in developed countries it is 5–10 times more than in Sogd small business in the field of intellectual services in which labor productivity 2–3 times higher than when rendering standard services.

In connection with this, the development of activities aimed at servicing businesses, infrastructure enterprises providing information, logistics, legal, accounting, financial, marketing services. In the ranking of the most serious obstacles development of small business one of the leading places currently occupies the problem of qualified personnel trained engineers and technicians. Important is the organization of business programs for entrepreneurs in view of the dynamic changing business environment that accounts face different challenges and develop various activities that contribute to strengthening its market position, which is not would violate entrepreneurial ethics.

To create a business environment conducive to positive structural changes, the tax burden on small businesses should be optimized. Business whose excess level remains one of the main factors shaping According to official data, the shadow economy, in which 16% of GDP is produced, and according to estimates experts - 2 times more. As evidenced by 2013, insufficiently considered decisions in the field of Small businesses are fraught with very significant negative consequences. So, in Khujand in 2013 there was a reduction in the number of SMEs by almost 9%, mainly due to termination business activities of more than 7 thousand individual entrepreneurs in connection with increasing the amount of fixed payments payable to extra-budgetary funds. Part individual entrepreneurs changed legal form and registered as a legal entity. Preferred legal form became society limited liability which is the easiest in terms of reference
reporting, conditions of establishment and liquidation, distribution of responsibility [7].

However, many entrepreneurs moved to the shadow economy. In order to improve the efficiency of use resources aimed at implementing small business development programs reassignment of authority between regional and local authorities in favor of the territories because at this level directly crucial vital important issues. For successful development competitive advantages of small business important is the elimination of locks administrative barriers to obtaining monopoly, administrative and corruption types of rent, creating the necessary entrepreneurial infrastructure and active formation activities of the regions innovation and investment attractiveness.

World experience shows the special role of small businesses in shaping mechanisms for the successful development of national economies. They are the guarantors of flexibility and the dynamism of the economy. Small activities enterprises oriented to the greatest degrees to meet local needs, to develop the region, and to address socio-economic problems on the ground. Small businesses are an important element in the development of the Sogdian economy, but the potential of small businesses today day is not fully implemented. Globalization economies and the increasing importance of innovation processes generate significant structural changes in the small business sector, contributing to the development and implementation of its competitive advantage. In these conditions, the identification of priority areas activities are necessary to make the development of small business of the desired direction, to improve the impact of state support and the formation of efficient infrastructure support. As there are many opportunities for business expansion and development, future and existing entrepreneurs, taking into account the existing structure of entrepreneurial activity and promising directions for its
development, can determine for themselves the optimal activity based on the level of competition, initial capital, profitability factors.

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