Prospects for Improving the Efficiency of Participation of Small Business Entities in Foreign Trade Activities

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Abstract. **In this paper has been researched prospects for improving the efficiency of participation of small business entities in foreign trade activities**.
Keywords: Correlation matrix, regression metrics, foreign trade activities, efficiency, small business.

1. INTRODUCTION

Across countries at all levels of development, small and medium-sized enterprises (SMEs) play an important role in creating jobs – they employ around 60 to 70% of workers in most countries – and can be an important source of economic activity. There is also evidence that SMEs support greater economic inclusiveness, for example by promoting participation of women as entrepreneurs and in the workforce.

In spite of their contribution to our economies and society today, SMEs tend to be underrepresented in international trade. In particular, they account for a small proportion of exports relative to their share of overall activity and employment. This is in part because SMEs have fewer resources to meet the high costs often associated with engaging in international markets. Smaller firms also face greater challenges than larger firms in navigating foreign markets, with less capacity to address complex regulatory requirements.

The rise of global value chains (GVCs) and the digital transformation offer new opportunities for SMEs to integrate into the global economy. The key question is how governments can create the best policy environment to help SMEs – and the many people they employ – to take advantage of these opportunities.[4]

2. LITERATURE REVIEW

Internationalization is international business, which has the form and strategy of companies in economic activities abroad. Internationalization requires large capital expenditures, as well as knowledge in entrepreneurship, the advantage of internationalization activities is the creative mobility of ideas (Chang et al. 2017). Internationalization activities are carried out by many governments including institutions in Europe, as well as providing information on export promotion, assistance with international exhibitions, making it easier for companies to operate abroad and playing an important role in enabling companies to establish business relations with their competitors.Internationalization is the process of transferring business activities by a company outside its country. An important role in the company's internationalization process is marketing, but with product features to match. Internationalization depends on the policies of exporters and the organization of export activities in companies to eliminate surplus production or often unwanted orders especially in the domestic market. There are two ways of internationalization: first, as a transfer of business outside the country of origin, and second, as a process of increasing corporate involvement in international transactions, Piercy & Turnbull (1985). The process of corporate internationalization has been tested empirically showing that there is no broad way to capture the potential paths of corporate internationalization, (Welch and Luostarinen 1988). [5]

3. ANALYSIS AND RESULTS

In May 2020, the President of the Republic of Uzbekistan signed a decree "On measures to further support export activities", in which it is most important to reduce or exempt customs fees, create a significant number of new jobs and conclude promising contracts for the supply of export products. rules. [1]

Nowadays, the concept of efficiency of foreign trade activities is illuminated by various economic indicators, most of which demonstrate the benefits of developing foreign economic relations. The task of improving the efficiency of the enterprise's foreign trade activity cannot be considered in isolation from the problems of modernization of the production structure, product quality, improvement of the entire economic mechanism, improvement of various aspects of the enterprise's management, and other important factors. [2]

The task of increasing the efficiency of foreign trade operations is multifaceted, it depends on the efficiency of

using the company's assets, its funds, the implementation of investment processes, the achievement of high-quality products, and other processes. The effectiveness of foreign economic operations is mainly determined at the stage of preliminary preparation for their planning and implementation and is evaluated through financial analysis.

Correlation-regression analysis and economic-mathematical modeling methods were used in order to determine the factors influencing the foreign trade activity of small business entities.

The analysis was carried out according to the following indicators of small business: agriculture, forestry and fisheries in terms of absolute value (billion soums), services (billion soums), freight transportation (million tons), freight turnover (million ton-km), passenger transportation (million passengers), passenger traffic (million passenger km), industry (billion soums), construction (billion soums) and employment (thousand people).

Table 1: Correlation matrix

	y	x1	x2	x3	x4	x5	x6
y	1.0000						
x1	0.9377	1.0000					
	0.0000						
x2	0.8874	0.9762	1.0000				
	0.0000	0.0000					
x3	0.9350	0.9479	0.8913	1.0000			
	0.0000	0.0000	0.0000				
x4	0.6970	0.6606	0.5682	0.8584	1.0000		
	0.0003	0.0008	0.0058	0.0000			
x5	0.9194	0.9068	0.8292	0.9906	0.8993	1.0000	
	0.0000	0.0000	0.0000	0.0000	0.0000		
x6	0.9582	0.9744	0.9105	0.9767	0.7540	0.9637	1.0000
	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	
x7	0.9420	0.9982	0.9788	0.9509	0.6635	0.9083	0.9724
	0.0000	0.0000	0.0000	0.0000	0.0008	0.0000	0.0000
x8	0.9385	0.9952	0.9797	0.9568	0.6922	0.9150	0.9669
	0.0000	0.0000	0.0000	0.0000	0.0004	0.0000	0.0000
x9	0.9570	0.9479	0.8702	0.9771	0.7894	0.9761	0.9938
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

	x7	x8	x9
x7	1.0000		
x8	0.9956	1.0000	
	0.0000		

In order to conduct a correlation-regression analysis and create an economic-mathematical model, statistical data on the efficiency of participation of small business entities in foreign trade activities were collected in 2000-2022.

Table-2: Multiple regression metrics

Source	SS	df	MS			
				Number of obs	=	22
				F(2, 19)	=	88.84
Model	4.00875784	2	2.00437892	Prob > F	=	0.0000
Residual	.428689515	19	.022562606	R-squared	=	0.9034
				Adj R-squared	=	0.8932
Total	4.43744735	21	.211307017	Root MSE	=	.15021

y	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
x5	.7290715	.3460039	2.11	0.049	.004877	1.453266
x8	.3225221	.0953646	3.38	0.003	.1229216	.5221226
_cons	-.572346	.9054882	-0.63	0.535	-2.467555	1.322863

$$Y = -0{,}57 + 0{,}729 \cdot X_5 + 0{,}32 \cdot X_8 \qquad (3.1)$$

In Table 3.3.3, the data were grouped and analyzed based on the matrix of pairwise correlation coefficients. The analysis of these coefficients shows how close the export activity of small business entities and the change trends of the state of small business entities are.

If other factors remain unchanged, an increase in the volume of passenger transportation by small business entities by 1 unit will increase the export volume of a small business entity by 0.72 units, while an increase in the volume of construction works carried out by small business entities by 1 unit will increase the export volume of a small business entity by 0.32 units. .

We create a multifactor regression model in different variations, in which variable Y is the export volume of small business entities in Uzbekistan for 2000-2022.

Table-3: Multiple regression metrics

Source	SS	df	MS			
				Number of obs	=	22
				F(2, 19)	=	132.82
Model	4.14125339	2	2.0706267	Prob > F	=	0.0000
Residual	.296193962	19	.015589156	R-squared	=	0.9333
				Adj R-squared	=	0.9262
Total	4.43744735	21	.211307017	Root MSE	=	.12486

y	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
x4	-1.317274	.2631733	-5.01	0.000	-1.868102	-.7664461
x5	2.993728	.2652561	11.29	0.000	2.43854	3.548915
_cons	-2.181717	.4501267	-4.85	0.000	-3.123843	-1.239591

$$Y = -2{,}18 - 1{,}31 \cdot X_4 + 2{,}99 \cdot X_5 \qquad (3.2)$$

If other factors remain unchanged, an increase in the volume of cargo turnover carried by small business entities by 1 unit leads to a decrease in the export volume of a small business entity by 1.31 units, an increase in the volume of passenger transportation services performed by small business entities by 1 unit leads to an increase in the export volume of a small business entity by 2.99 units while serving.

According to the next regression model, an increase in the volume of services provided by small business entities by 1 unit will decrease the export volume of a small business entity by 0.30 units, while an increase in the volume of industrial products produced by small business entities by 1 unit will increase the export volume of a small business entity by 0.91 units. .

The coefficient of determination R-square = 0.90. Adjusted coefficient of determination for loss of degrees of freedom Adjusted R2 = 91.5.

Confidence probability $\gamma = 0.95$ and number of degrees of freedom v = n - m - 1 = 12-1=8; tкр. = t0,05;11 = 2,201.. which is the tabular value of the Student criterion. Comparing the calculated t-statistics of the coefficients of the equation with the tabular value, we conclude that only the coefficient in X2 of the regression equation is statistically significant.

Table-4: Multiple regression metrics

Source	SS	df	MS	Number of obs	=	22
				F(2, 19)	=	103.49
Model	4.06434909	2	2.03217455	Prob > F	=	0.0000
Residual	.373098259	19	.01963675	R-squared	=	0.9159
				Adj R-squared	=	0.9071
Total	4.43744735	21	.211307017	Root MSE	=	.14013

y	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
x2	-.3043659	.1197825	-2.54	0.020	-.5550736	-.0536582
x7	.9100376	.1688854	5.39	0.000	.5565564	1.263519
_cons	2.590466	.5520227	4.69	0.000	1.435069	3.745862

$$Y = 2{,}59 - 0{,}304 \cdot X_2 + 0{,}91 \cdot X_7 \qquad (3.2)$$

The study showed that the degree of influence of the considered factors-characteristics is different, but the relationship is linear: the increase in the volume of sangoat products and the volume of construction leads to an increase in the volume of exports and, consequently, the efficiency of foreign economic activity.

In addition, if all other conditions are equal, it is possible to make a long-term forecast to observe which year the Republic of Uzbekistan will join the ranks of countries with high export potential in the textile industry.

We use the model to forecast the republic's small business entities based on it, predicting explanatory variables (Table 5).

Table-5: Indicators selected for the relationship between the growth rate of the number of small business entities in Uzbekistan and the efficiency of foreign economic activity

act_enter	effect_exp
1	0,634971401
1,069365985	0,575795737
1,032375294	0,611558726
1,056577591	0,552987599
1,016851437	0,367323846
1,090562884	0,349095839
1,144836415	0,314903621
1,273217206	0,283366313
1,22832597	0,299554705
1,125560854	0,276682477

Forecast indicators show that until 2030, the export volume of small business entities in Uzbekistan can develop according to the optimistic and pessimistic scenario of forecast values. In both cases, the export volumes of small business entities in Uzbekistan will increase steadily until 2030.

4. CONCLUSIONS

Proceeding from the above, it should be noted that the issues of developing foreign trade relations of Uzbekistan and increasing the role of small business and private business entities are considered important and urgent issues from the point of view of the development of our country. Based on this, we believe that it is appropriate to implement the following measures to further develop the export potential of small businesses and private enterprises in our country:

- state bodies organize specialized wholesale markets, fairs for the sale of products of small businesses and private enterprises and organize their activities, including buildings, structures, equipment, production and auxiliary buildings, leasing other state-owned property, or sales support;
- in the priority sectors of the economy, first of all, the production and processing of agricultural products, food, industrial goods, people, consumer goods, medicines and medical equipment, provision of communal and household services, accommodation , to further increase the level of concessions and advantages to small businesses and private enterprises in the field of construction of production and social purpose objects, innovation activities and the organization of productions that require a lot of science;
- to further expand the participation of small businesses and private business entities in export-import operations, as well as to expand their participation in foreign tenders, as well as to continue to support the organization of contacts between domestic producers and foreign buyers by organizing exhibitions and fairs;
- exporting the products of small businesses and private enterprises to foreign markets, searching for buyers, preparing and concluding contracts, carrying out export operations, reliable protection of exporters from possible risks, as well as the necessary licenses, certificates, and further improvement of the provision of legal, financial and organizational services in obtaining and issuing other permits;
- formation of the mechanism of insurance of export processes on the scale of the country (transportation by air, sea and railways, agricultural products).

In short, to further increase the country's export potential, to change the country's export structure in terms of quality and quantity by developing small business enterprises that produce products that meet the requirements of the world market by small business entities, products with high added value. We believe that the main task of today is to

implement the national export policy aimed at promoting production and sales abroad.

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