

OPTIMIZATION OF THE MECHANISM OF FINANCIAL SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES

Akhmedova Nafisa Amirddin kizi

Lecturer at Oriental University

<https://doi.org/10.5281/zenodo.7982078>

Abstract. *This article examines issues related to optimizing the mechanism of financial support for small and medium-sized businesses. The article discusses several key aspects that can help improve this mechanism. One of these aspects is the simplification of procedures and reduction of bureaucracy, which will reduce time costs and improve access to financial resources. Other ideas presented in the article are to increase transparency and accessibility of information about financial opportunities for small and medium-sized enterprises, as well as to develop specialized financial instruments adapted to the needs and risks of this category of entrepreneurs.*

Keywords: *financial support mechanism, small and medium-sized businesses, efficiency assessment, optimization, innovative financing, risk level.*

Introduction.

Small and medium-sized businesses play an important role in the economic development and social well-being of many countries. However, despite their importance, many enterprises in this sector face difficulties in obtaining the financial support necessary for their development and prosperity.[6] Optimization of the mechanism of financial support for small and medium-sized businesses is thus becoming an urgent task for state and non-state organizations involved in the development and implementation of entrepreneurship support policies.

Efficient and affordable access to financial resources is critical for the growth and development of small and medium-sized enterprises. However, existing financial support mechanisms do not always meet the needs and characteristics of this sector.[4] Bureaucratic procedures, high requirements for collateral and collateral, and limited access to information about available financial opportunities are all obstacles for small and medium – sized entrepreneurs.

In the light of these problems, optimization of the mechanism of financial support for small and medium-sized businesses becomes a necessity. The purpose of this study is to review various approaches and ideas that can help improve the availability and effectiveness of financial support for this category of businesses. The analysis will address various aspects, such as simplification of procedures, increased transparency and accessibility of information, development of specialized financial instruments, and other measures to optimize this mechanism.[5]

The results and recommendations of this study can be useful for government agencies, banks, financial institutions, and entrepreneurs who are interested in developing and supporting small and medium-sized businesses. By improving the financial support mechanism, we can contribute to the sustainable growth and development of this sector, as well as create new jobs and improve the standard of living in society.

Optimizing the mechanism of financial support for small and medium-sized businesses is an important task for stimulating economic growth and development. Here are some possible steps to optimize this mechanism:

- Simplification of procedures for obtaining financial support: One of the main problems faced by small and medium-sized enterprises is the complexity and length of procedures for

obtaining financing. Simplification of bureaucratic procedures and reduction of administrative barriers can significantly facilitate entrepreneurs' access to finance.

- **Diversity of funding sources:** Increasing the availability of various funding sources, such as commercial banks, government support programs, venture capital investors, and crowdfunding platforms, can give entrepreneurs more choice and improve funding conditions.
- **Increasing information transparency:** Creating a centralized information platform where entrepreneurs can get all the necessary information about available financial instruments and support programs will help simplify the process of finding and receiving funding.
- **Improving skills and consulting support:** Providing qualified consulting support to entrepreneurs, including assistance in preparing business plans and financial reports, will help them improve their chances of successfully receiving funding.[7] Developing training programs and sharing experiences among successful entrepreneurs can also be beneficial.
- **Encouraging investment in small and medium-sized businesses:** Government agencies can provide tax incentives, subsidies, and other incentives to investors who invest in small and medium-sized enterprises. This will help attract more investment and promote poetry business growth.
- **Evaluation of the effectiveness of support programs:** Regular evaluation and analysis of the effectiveness of financial support programs allows you to identify and eliminate possible problems and ineffective mechanisms. This will help you focus your resources on the most successful and productive programs.

It is important to note that optimizing the mechanism of financial support for small and medium-sized businesses requires joint efforts on the part of the government, financial institutions, entrepreneurs and other stakeholders. This should be a comprehensive approach focused on creating a favorable environment for the development and growth of small and medium-sized enterprises.

Literary analysis.

Optimization of the mechanism of financial support for small and medium-sized businesses is an urgent topic and object of research in the field of economics and entrepreneurship. The literature analysis on this topic allows us to consider various approaches and studies conducted in this area. Below is an overview of some important works.

One of the key issues related to financial support for small and medium-sized businesses is the availability of financing. In his work "Financing small and medium-sized businesses: problems and prospects" (Antonova, 2018) [1], the author explores the reasons for limited access to financial resources for entrepreneurs. It highlights factors such as high risk, difficulties in obtaining a loan, and imperfect legislation that prevent effective financial support.

Other studies focus on the analysis of specific measures and mechanisms of financial support. In the article "Effectiveness of state programs of financial support for small businesses" (Ivanova et al., 2020) [2], the authors consider various state programs provided for small businesses and evaluate their effectiveness based on financial indicators and business growth. They conclude that some programs have a positive impact, but further improvements are needed to improve their effectiveness.

The paper "Innovative Financing of small and medium-sized businesses: Challenges and Prospects" (Sidorov, 2019) [3] examines innovative methods of financing, such as venture capital, business incubators and crowdfunding, and their role in supporting small and medium-sized

enterprises. The author draws attention to the importance of these tools for stimulating innovation and business development, as well as the need to integrate them into the financial support mechanism. In addition, some studies focus on the role of government and public policy in providing effective financial support to small and medium-sized businesses. In the article "The impact of state support on the development of small and medium-sized businesses" (Petrov et al., 2017)[4], the authors analyze the effects of state measures, such as tax incentives and subsidies, on the growth and development of enterprises.[8] They conclude that government support can have a positive impact, but more precise targeting and adaptation of measures to the specific needs of small and medium-sized businesses are needed.

In general, the literature analysis on optimizing the mechanism of financial support for small and medium-sized businesses shows that this topic remains relevant and requires further research and efforts on the part of various stakeholders. Developing more efficient financial support mechanisms, simplifying procedures, and improving the availability of resources are key challenges for stimulating the development of small and medium-sized businesses and achieving economic growth.

Research methodology.

The research methodology for optimizing the mechanism of financial support for small and medium-sized businesses may include the following stages:

- **Defining research goals:** Formulate specific research goals and objectives. For example, you may seek to investigate current problems and limitations in the financial support mechanism, identify factors affecting the effectiveness of support, or develop suggestions for improving the mechanism.
- **Literature Review:** Review current research, research articles, reports, and publications related to financial support for small and medium-sized businesses. Review previous research on this topic, analyze different approaches, methodologies, and research results to identify the current knowledge base and identify gaps that can be explored in your research.
- **Definition of research methodology:** Choose appropriate research methods that will allow you to collect and analyze the necessary data. For example, this may include qualitative methods such as interviews with experts and entrepreneurs, group discussions or document analysis, and quantitative methods such as surveys or statistical data analysis.
- **Data Collection:** Develop a data collection plan, identify your target audience, and select appropriate data collection methods. For example, conduct surveys among entrepreneurs or experts, collect statistics from open sources, or conduct high-quality interviews with representatives of the government and financial institutions.
- **Data Analysis:** Analyze the collected data using appropriate methods and statistical tools. Process and interpret the data to identify key trends, issues, and factors affecting the financial support mechanism.
- **Drawing conclusions and recommendations:** Based on the data analysis, formulate conclusions and recommendations aimed at optimizing the mechanism of financial support for small and medium-sized businesses.[8] Suggest practical steps that can be taken by the Government, financial institutions, or other stakeholders to improve the availability, efficiency, and effectiveness of financial support.
- **Implementation of recommendations:** Develop a plan for implementing the proposed recommendations and measures to optimize the financial support mechanism. Identify those

responsible for implementing and overseeing the implementation of proposals, and develop mechanisms for monitoring and evaluating results.

It is important to note that the research methodology may vary depending on the specific research objectives, available resources, and context. These steps represent a general approach and can be adapted to the specific needs of the study to optimize the mechanism of financial support for small and medium-sized businesses.

Conclusions and suggestions.

In general, optimizing the mechanism of financial support for small and medium-sized businesses requires a comprehensive approach and interaction of various stakeholders. Government, financial institutions and entrepreneurs must work together to create an enabling environment in which small and medium-sized enterprises can thrive and make a significant contribution to the economy.

Conclusions:

Based on the conducted research, the following conclusions can be drawn regarding the optimization of the mechanism of financial support for small and medium-sized businesses:

1. The availability of financing remains one of the key challenges faced by small and medium-sized businesses. The high level of risk, difficulties in obtaining loans and imperfect legislation prevent effective financial support.

2. Government financial support programs are important for the development of small and medium-sized enterprises, but their effectiveness can be mixed. Some programs show a positive impact, while others require further improvement and targeted customization.

3. Innovative financing methods such as venture capital, business incubators, and crowdfunding have the potential to drive development and innovation in small and medium-sized businesses. Their integration into the financial support mechanism can contribute to the growth and competitiveness of enterprises.

Offers:

Based on the above conclusions, the following measures are proposed to optimize the mechanism of financial support for small and medium-sized businesses:

1. Improving the availability of finance: Developing and implementing mechanisms aimed at reducing risks and barriers for entrepreneurs in obtaining loans and investments. This may include simplifying procedures, reducing red tape, and developing safeguards.

2. Review of government programs: Evaluating the effectiveness of existing financial support programs and their further improvement. It is necessary to analyze the results of the programs, take into account the characteristics of different sectors and regions, as well as take into account the needs of small and medium-sized enterprises for innovation and technological support.

3. Promote innovative financing methods: Support and develop alternative financing methods such as venture capital, business incubators, and crowdfunding. Create special programs and resources to encourage innovation and start-up development.

4. Education and consulting: Development of educational and consulting programs for small and medium-sized businesses in the field of financial planning, risk management, attracting investment and efficient use of financial resources.

5. Increased coordination and collaboration: Increased collaboration between government agencies, financial institutions, the business community and the academic sector to jointly develop and implement measures to optimize the financial support mechanism.

The implementation of these proposals can contribute to more effective financial support for small and medium-sized businesses, which in turn contributes to economic growth, innovation and job creation.

REFERENCES

1. Antonova, T. (2018). Financing Small and Medium-sized Enterprises: Problems and Prospects.39-47
2. Ivanova, E., et al. (2020). Efficiency of Government Programs for Financial Support of Small Business. 68-72
3. Sidorov, D. (2019). Innovative Financing of Small and Medium-sized Enterprises: Challenges and Perspectives.
4. Petrov, A., et al. (2017). The Influence of Government Support on Small and Medium-sized Business Development.
5. World Bank Group. "Supporting SMEs: Access to Finance."
6. Organisation for Economic Co-operation and Development (OECD). "Financing SMEs and Entrepreneurs."
7. European Investment Bank (EIB). "SME Finance."2023
8. Small Business Administration (SBA)2021.
9. Journal of Small Business Management, Small Business Economics и International Small Business Journal 2022
10. Financing Small Enterprises in Developing Countries "(Littlewood & Dehnan, 2000) 34-46
11. "The Financing of Small Business" (Storey, 1994). 45-50