



IMPROVING BUSINESS EFFICIENCY THROUGH LENDING TO SMALL BUSINESSES AND ENTREPRENEURSHIP

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Abstract

The issue of increasing business efficiency through lending to small businesses and entrepreneurship is considered one of the most important areas of economic development today. The role of small businesses in the economy is incomparable, because it not only increases production volumes, but also plays an important role in creating new jobs. Therefore, effective financial support for small businesses, in particular, their development through lending, is becoming a priority task of the economic policy of each country. The lending system serves as an important source of financial resources at any stage of business activity. With its help, entrepreneurs have the opportunity to expand their projects, introduce new technologies, and modernize production processes.

Keywords: Small business, entrepreneurship, lending, economic development, business entities, jobs, project, technologies, funds, income.

Introduction

The biggest problem for most small business entities is the lack of start-up capital. Many entrepreneurs do not have enough funds to finance their projects. This serves as a major obstacle to their development. Lending is an important tool in solving this problem. With the help of loan funds, small businesses expand their activities, purchase new equipment, increase the labor force and increase the volume of production. As a result, business efficiency and profitability increase. There are several important conditions for the effective functioning of lending. First, the process of obtaining a loan should be simplified and quick. This makes it possible for the entrepreneur to make business development decisions without



delay. Secondly, loan interest and repayment periods should be acceptable for entrepreneurs. Very high interest rates can discourage small business entities from taking out loans. Also, the flexibility of loan terms allows the entrepreneur to manage his debt depending on his financial capabilities. Public policy is also an important factor for the lending system. Many countries have implemented a system of special preferential loans, subsidies and guarantees to support small businesses. This in turn increases the reliability of the business financing system, raises the level of support of banks and financial organizations. The guarantees provided by the state expand the opportunities for an entrepreneur to obtain a loan and stimulate the development of the business.

MATERIALS AND METHODS

The role of financial culture in lending to small businesses is great. Entrepreneurs are obliged to have sufficient knowledge and skills not only in obtaining a loan, but also in the rational and purposeful use of the funds received. Along the way, it is necessary to have knowledge of financial management, risk management and business planning laws. Misdirection of credit funds can further complicate the financial situation of the business, even leading to bankruptcy. The attitude of financial organizations against small businesses also serves as an important factor. Lenders should conduct a detailed analysis of the financial condition of small business entities and the effectiveness of their investment projects. They also need to introduce simplified forms of lending, automate the analysis process and digitize. This greatly facilitates the process of obtaining loans for entrepreneurs and promotes business development. The widespread introduction of innovations in lending systems plays an important role in improving the efficiency of small businesses. For example, it is possible to speed up the process of obtaining a loan through digital financial services and increase the possibility of making decisions. Also, thanks to the online lending platforms, the process of obtaining a loan for entrepreneurs becomes more convenient and fast. Innovations like this are inextricably linked with the process of digitizing the economy, creating new opportunities for business.[1]



RESULTS AND DISCUSSIONS

The development of small businesses through lending also produces positive social effects. Small businesses with stable operations revitalize local markets, increase employment, and contribute to lower poverty rates. In this sense, as economic efficiency increases, social stability in society also increases. This, in turn, creates conditions for the long-term development of the economy. The system of lending to business entities also serves to improve the business environment. Simplifying legislation in the process of obtaining a loan, expanding tax benefits and improving financial support mechanisms stimulate the investment activities of small businesses. These processes contribute to the formation of new industries in the economy, to increase the export potential.[2]

Another aspect of increasing business efficiency through lending is enhancing business competitiveness. With the help of credit funds, small enterprises will be able to introduce modern technologies, produce quality products and provide services. As a result, they occupy new positions in the market and achieve competition with large enterprises in unequal conditions. This makes the economy more stable and diverse. To improve the efficiency of the lending system, it is necessary to establish effective cooperation between business and financial organizations. In this regard, measures such as the expansion of business credit opportunities, the adaptation of the type of products and services, the introduction of new financial instruments are considered important. [3]

At the same time, it is necessary to perfect the risk assessment and management systems of small businesses for creditors. In general, lending is involved as a decisive factor in the growth and development of small businesses. As loan opportunities expand, entrepreneurs expand their economic activities, create new jobs, and increase the economic potential of local communities. Thus, improving the lending system and providing financial services in innovative forms will help strengthen the position of small businesses in the overall economy.[4]

CONCLUSION

From the point of view of the conclusion, increasing the efficiency of business through lending to small businesses and entrepreneurship is an important factor in ensuring the socio – economic stability of society, and not just financial



systems. Credit funds financially support small businesses, increasing their competitiveness and spurring economic growth. Effective cooperation between state and financial organizations, increasing the financial culture of the business, simplifying lending processes and introducing innovative solutions are important. All this serves to ensure the long-term and sustainable development of small business entities and creates a solid foundation of the national economy. Thus, lending mechanisms become a decisive tool in the development of small businesses and entrepreneurship and strengthen their place as an important element of economic development.

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