Research Paper

EPRA International Journal of Economic and Business Review-Peer Reviewed Journal
Volume - 12, Issue - 6, June 2024 | e-ISSN: 2347 - 9671| p- ISSN: 2349 – 0187

SJIF Impact Factor (2024): 8.808 || ISI Value: 1.433 || Journal DOI URL: https://doi.org/10.36713/epra2012

WAYS OF DEVELOPING SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

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ABSTRACT **DOI No: 10.36713/epra17571** **Article DOI: https://doi.org/10.36713/epra17571**

This article describes ways to develop small business and private entrepreneurship in the Republic of Uzbekistan. The article notes the development of small business and private entrepreneurship. Questions are discussed for improving the business environment. The author presents approaches to the measures to further improve the business environment for the development of small business and private entrepreneurship and their free activity. The existing problems in this sector are analyzed. And also, some recommendations for their solution have been worked out.

KEY WORDS: ***business environment; small business; private entrepreneurship; small business entities; interests, innovations.***

INTRODUCTION

Innovative activity includes processes of development, assimilation and realization of scientific and technical innovation, combination of knowledge, efforts of scientific engineers, managers, financiers, production workers and entrepreneurs. To a large extent, innovative activity cover works starting from formation of scientific and technical ideas up to their realization in economic management practice in terms of specific products, progressing of technology, new types of raw materials, materials and energy resources. The priority of innovative development isdefined by creation of conditions fir becoming principally science intensive, competitive, high technology productions.

Small and medium enterprises play an important role in developed and developing countries. In the EU, small and medium-sized enterprises represent 99% of all companies and 85% of all jobs. In China in 2023, the SME sector accounted for 97.9% of all companies, 53.4% of all assets, 62% of revenues and 64.3% of profits. Also Chinese small and medium-sized enterprises provided about 58% of GDP in 2023 and 68% of export volumes. In China, SMEs account for 82% of jobs and 75% of newly created jobs.

Implementing structural transformations in the economy, forming suitable investment atmosphere, modernizing the production and re-equipping it providing legally the development of the banking-financial system are especially emphasized in all the programs of our country made by the initiative of the president of our republic, Uzbekistan. The plan is then summarized in five points:

- Modernization of important parts of the economy with new technologies and equipment;
- Improving support of export-oriented companies;

- Implementing measures to decrease production costs and increase competitiveness of domestic companies on international markets;
- Implementing energy-saving measures;
- Measures to stimulate aggregate demand.

In 2024, we should expect a continuation of the growth rate of the economic development of Uzbekistan, for which all reserves will be used. There is an opportunity for industry growth of 6% by launching more than 300 projects worth $13 billion, stabilizing energy supplies and improving industrial efficiency.

Today, while determining the steady development and the prosperity of Uzbekistan, we can quote our President's speech regarding this :"the year of 2023, in its essence, wasthe year of experience in reforming step by step , in gradually developing strategy by the five principles of the Uzbek Module while transforming our economy from old administrative- commanding system to the market relations" So, the main purpose was generally directed towards the establishment of a legal foundation for a new economic system, formation and consolidation of statehood and elimination of old stereotypes of thinking.

This proves that the Uzbek Module made has a high status in order to develop our country. The government is taking all the steps while generally reforming. Perspective development of tie country is considered in the context of world tendencies and competitive models, focusing on definition of its own way of development using the elements of foreign practices. Intensive reforms required further improvement of organization of research activity, concentration of intellectual and material resources on execution of large scientific programs and innovative projects, development of mechanisms in order to get involved in the innovative activity of the real economy sector, adoption of competitive system of formation and financing of innovative scientific and technical programs arid projects.

Uzbekistan has developed a draft law "On innovation activity", which provides for targeted soft loans as sources of financing for innovation activity, which will be an incentive for the development of new innovative goods and services. The document provides for improving the system of state and social construction, ensuring the rule of law and further reforming the judicial and legal system, developing and liberalizing the economy, as well as the social sphere, and priority areas in the field of security, religious tolerance and interethnic harmony, as well as the implementation of a balanced, mutually beneficial and constructive foreign policy of the country.

Management of innovations en the basis of intellectual property poses a specific problem, the effective resolution of which is considered an urgent task in the period of global economic changes. In turn, the resolution of this problem allows more effective formation of the national innovative system being made up, including external economic sphere.

The algorithm of national innovative system functioning includes the following stages:

- Initial innovative product (IIP) represents reports on research or development works; physical models of specific inventions, as research and development products. These reports are accompanied with necessary documents proving competence of this IIP;
- Representatives of innovative infrastructure select the most acceptable IIP on competitive basis; secondary selection is performed based in the results of the firs-stage competition;
- The selected HP are provided with conditions for development into the status of final innovative product (FIP) ready for sale in the market of business product or ready product sample and technology of its production;
- In the process of offering of FIP for sale in the market, advertising work is conducted as well as auction or other forms of trade that facilitate selling to the consumer.

Modern trends in the development of the world economy are closely related to the growing role of innovative technologies and knowledge in the life of society. The economy is changing, becoming more innovative, and these changes are based on the use of new technologies, high-speed telecommunications and the transformation of the education system. In this regard, in the process of implementing reforms, it is necessary to improve and develop new tools for innovative development adapted to modern conditions and focused on solving the problems set in priority areas of economic development.

In order to ensure accelerated innovative development of all sectors of the economy and the social sphere, the Ministry of Innovative Development of the Republic of Uzbekistan was recently established. Within the framework of the 2018 State Program, it is provided :

- Exemption from payment of all types of taxes and obligatory payments of enterprises engaged in innovative activities;
- Creating conditions for the activation of financial institutions in innovative activities;

- Ensuring the effectiveness of legal institutions in the innovation sphere.

All the steps concerning making Uzbekistan and other developing countries be dependent on another country aren't justified. In this period, our country accepted several laws, such as strengthening the protection of private property, forming the class of proprietors , consolidating farming actions, entrepreneurship, and first of all making convenience for small business and creating wide ranged market infrastructure.

Proceeding from the elaborately fundamental propositions laid in the basis of the privatization process and taking into consideration the already accumulated experience, we set up main goals of further consolidation of the process of denationalization and privatization in the republic as following:

- To expand the scale of privatization through the involvement of medium and large enterprises of priority sectors and spheres of economy into this process;
- To convert the monopolistic production and management structures into small ones and to create the competitive market environment;
- To improve privatization facility providing for the participation of various strata of society and foreign legal and natural entities in this conversation;
- To render every kind of assistance to the converted enterprises during post- privatization period;
- To create full fledged market of securities and real estate.

Rapidly carrying out reforms in our country, creating conditions, conveniences and benefits paves the way for the effective operation of small business and private entrepreneurship. In order to fully support the representatives of this industry over the past two and a half years, more than fifty Presidential decrees and resolutions of the Republic of Uzbekistan have been adopted. Procedures for state registration of business activities, obtaining various permits and many other services have been simplified.

In developed countries, there are many research structures that study the entrepreneurship development by the state. Due to the rapid adaptability of local authorities to change, the entrepreneurship supporting task in countries such as Japan, the United States, Germany, the Republic of Korea is directly assigned to them.

The Action Strategy for the five priority development areas of the Republic of Uzbekistan for 2017-2021 sets such tasks as "Encouraging the small business and private entrepreneurship development, comprehensive and balanced socio-economic development of regions". If we look at the world experience, the activities of special state institutions or organizations established with the state or mixed capital participation, coordinating the complex measures implementation in the small business support. Such institutions include the Small business administration (SBA) in the United States, Small and medium enterprise agency In Japan, State Corporation for small business financing in South Korea and the Czech Republic, Specialized credit institution with state capital in Germany, Entrepreneurship development agency under the Ministry of trade and industry (SPRING)in Singapore.

According to the Presidential Decree of the Republic of Uzbekistan on August 13, 2019 the world bank has established the agency for Small business and entrepreneurship development under the Ministry of economy and industry of the Republic of Uzbekistan as a government agency to expand the support system for business development and increase its efficiency, attracting the general public to do business and provide access to start-up capital. As a result of the small business and private entrepreneurship importance in the country economy and its definition as one of the strategic directions, the systematic organization of work to support entrepreneurship, the industry began to develop rapidly.

The scientific novelty sequences such as the formation of a business idea, the correct assessment of their status, develop an effective business plan, market research, selection of organizational and legal form of business and state registration, naming the enterprise, funding, advertising and public relations (PR-public relations) are important steps in the establishment of small business and private entrepreneurship.

ANALYSIS AND RESULTS

In Uzbekistan, constant attention is paid to both the entrepreneurship and the innovative development of the national economy.

The use of the cluster approach only improves the technical and economic indicators of the entrepreneurship. When forming a entrepreneurship cluster, the life cycle of clusters includes several initial stages: from the zero stage - the period in which the prerequisites for creating a cluster arise (traditions, culture, geographical location, natural resources, macroeconomic environment) to the 3rd stage - a self-learning cluster.

The analysis carried out in the work showed that the innovative development of the industry is not carried out systematically enough, the industry and its existing potential require the formation of an industry innovation cluster based on the following principles:

hierarchy of the cluster structure, consistent implementation of cluster formation processes, taking into account the stages of the cluster life cycle, the sequence of transition to a new stage and etc. Based on this, a hierarchical structure of the cluster is proposed, presented in Table 1.

Table 1. Hierarchical structure of the sectoral innovation cluster and main tasks.

E cluster	Composition of formations (elements)	The most important tasks to be solved at this level
Top rank level	Chamber of Commerce and Industry	1. Development of a strategy for innovative development of the industry; 2. Management of the implementation of the strategy of innovative development of the industry; 3. Monitoring the process of cluster development and innovation.
Second rank level	Chamber of Commerce and Industry and higher educational institutions in its composition	1. Identification of directions of innovative development of the industry; 2. Improving human capital in the industry; 3.Conducting theoretical and applied research studies.
Level third rank	Higher educational institutions and the largest design organizations and research organizations in the	1. Development of domestic innovations; 2. Assessment of the acceptability of foreign innovations to local conditions; 3. Formation and maintenance of an industry portfolio of innovations; 4. Development of recommendations for increasing the potential of construction organizations and the industry as a whole.
Fourth rank level	Regional divisions of the Chamber of Commerce and Industry	Ensuring an effective process of innovative development in the field

CONCLUSIONS

When analyzing the surveys results conducted among small business and private entrepreneurship entities, the following recurring errors were identified by them:

- Misjudgment of the business idea;
- Lack of relevant knowledge, experience and skills in the field in which they operate or plan their activities;
- Misidentification of the enterprise priorities;
- Not knowing how to effectively manage their team and time;
- Hoping to reap great benefits from the early activity stages;
- Lack of desire to learn their direction and further improve;
- Not knowing how to communicate with customers and clients.

In identifying effective ways to develop small business and private entrepreneurship, the following conclusions were reached:

1. Study the activity forms and methods of local authorities of developed countries aimed at small business and private entrepreneurship development, which in turn allows for effective management of entrepreneurial activity across regions.

2. In running a successful business it is expedient for entrepreneurs to have developed personal qualities such as firm character, aspiration for innovation and thinking beyond common standards, correctness, incomplete work, flexibility, quick response and ability to act in complex situations, sensitivity, a tendency not to give in to depression, and a tendency to analyze one's own behavior.

3. Before every entrepreneur starts their own business it is necessary to realize that it may lose its available funds, that running a business is inherently a complex process and that it is impossible to learn it in a short time, and to make a profit without any effort, that it is wrong to divert recent funds to business again without some experience.

It has been established that the use of a cluster approach in the formation of a management system for innovative development at the level of industries and regions ensures the efficiency and sustainability of innovative development at the present stage of economic and entrepreneurship development; The foundations of the industry innovation and entrepreneurial cluster have been formed. At the same time, in order to identify the most significant and priority areas for the formation of a management system for sustainable innovative development, the following areas were selected with a fairly high level of reliability:

- Formation of a methodology for assessing the innovative potential of small businesses organizations; formation of a methodology for the formation of an innovative portfolio of organizations;

- Creation of an apparatus for monitoring the development of innovative activity in the industry in a territorial context, the formation of a methodology for assessing the economic efficiency of creating an innovative cluster insmall businesses.

Currently, the development of measures to stimulate entrepreneurship is a priority for both developed and developing countries, and this the issue is attracting more and more attention both nationally and international level. Criteria for classifying enterprises as entrepreneurship are of great importance because it affects companies' access to financing programs and other types of government support.

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