



FACTORS INFLUENCING SMALL BUSINESS AND ENTREPRENEURSHIP AND THE EXPERIENCE OF DEVELOPED COUNTRIES IN THE DEVELOPMENT OF THE INVESTMENT CLIMATE

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ABSTRACT

The article examines the system of measures for the implementation of public investment strategy, foreign experience in the development of small business and entrepreneurship, and draws conclusions on the activities of this sector.

KEYWORDS: *entrepreneurship, small business, small business administration, specialized bodies on small business and entrepreneurship, foreign experience.*

INTRODUCTION

In recent years, in order to facilitate and stimulate entrepreneurship in Uzbekistan, a number of regulations in the field have been critically revised, and outdated bureaucratic barriers and obstacles have been removed. As a result of the measures taken, the business environment in the country has improved, and a wide range of opportunities has been created for businesses and private investors.

Such positive changes are widely recognized by influential international organizations. In particular, in the Doing Business 2020 report published by the World Bank and the International Finance Corporation, Uzbekistan ranked 69th and was among the top 20 reformers in the world in terms of the scale and effectiveness of reforms.

At the same time, meetings with entrepreneurs and investors show that local executors are not fully aware of the essence of the ongoing reforms in the sector, the implementation of the adopted regulations is significantly behind, there are excessive bureaucratic obstacles in obtaining some licenses and permits.

In order to further improve the business environment in our country, to continue the reforms launched to give greater freedom to entrepreneurship, and to ensure the proper implementation of the adopted legislation on the ground, great work is being done. Any business is carried out in a certain area: province, city or village. In order to conduct business effectively, there must be a certain working

environment. Such an environment is concentrated in some regions and includes the implementation of business functions.

In general, the business environment is mainly the result of the interdependence of the following four factors: social, political, economic, legal factors. They can also take the form of positives or incentives. The entrepreneur is more interested in the interdependence of the factors that determine the business environment.

Of the factors mentioned above, the legal factor is the main one. The legal factor is a set of all laws (tax, land, labor relations) and guidelines for doing business, which regulates business, as well as integrates the relationship of the entrepreneur with other actors in the economic process. Incomplete or incomplete implementation of the legal framework can have a significant negative impact on the level of entrepreneurial activity. At present, the Republic of Uzbekistan has a single legal framework that forms the basis of economic reforms in practice. The definition of the legal factor also includes the concept of "legal culture". Underlying this is the nation's full observance of the law, that is, the notion in the minds of the people that the requirements of the law must be obeyed. If all the necessary laws are passed, but they do not work or are not implemented in practice, such a society cannot be considered subject to the law, and this must be taken into account by the entrepreneur in his activities. The political factor determines the attitude of the state to all events in the business process and the influence of the state on them. The



extent to which the state should influence or interfere in business activities is also included in the concept of the political factor. Such interference may be undefined or pre-determined. In general, the attitude of the state to the level of entrepreneurial activity is manifested in the form of incentives or non-participation. The social factor is more complex than others in terms of its composition. That is why its composition consists of many elements.

If an entrepreneur ignores them, it can lead to negative consequences in the future. The following are the key elements of this factor

- the state of ideology in society;
- national traditions; -cultural and everyday customs of the nation;
- attitudes of people around to entrepreneurship and entrepreneurial activity;
- the attitude of the state to entrepreneurship and entrepreneurial activity.

The economic factor reflects the competition in the market and the price situation. The pricing system, in turn, includes the price level, the factors of production involved in the production process by the entrepreneur, the amount of the labor credit rate, as well as taxes and mandatory payments. In this case, the conditions of competition in the market are analyzed qualitatively and quantitatively. The future of entrepreneurial activity is determined by the business environment, which reflects the socio-economic situation in society. The socio-economic situation includes economic independence, the class of entrepreneurs, the dominance of the market in economic relations, the availability of conditions for the accumulation of entrepreneurial capital and the use of the necessary resources. The main goal of entrepreneurship development is to play a major role in overcoming social problems as an additional source of economic growth in the country, solving employment problems, increasing national wealth and serving the well-being of the nation. Entrepreneurship, which is an important form of economic activity and independence, is supported by the most developed countries in the form of employment and the creation of new jobs in our country for several years. The business environment forms the basis of the country's development and determines the content of the activities of business people.

Globalization in today's world economy requires a unique approach to the development of the investment climate in the country and the attraction and efficient distribution of investment. In particular, no country attracts all investment funds first and then organizes its distribution. Because this situation is not considered satisfactory for the investor. The state organizes the distribution of attracted investments using a prudent tax policy and various benefits. Also, based on the effective distribution of investment funds, the state offers investment projects to foreign

investors. In addition, the implementation of this process in the framework of the Public Investment Program shows that the state is moving towards strategic goals. At the same time, it is difficult to know which process is effective and which is ineffective in certain situations, as the effective tools of public investment policy are relatively limited. Depending on the results of this activity, it will be possible to see how effective the state has been in the distribution of investments.

The organization of these activities depends mainly on the economic policy of the country, the legislation (mainly tax legislation), the development of investment infrastructure and the economic situation in the country.

The state seeks to achieve efficiency through the organization of activities at the meso-level and macro-levels with the application of a system of measures and investment tactics for the implementation of the investment strategy.

In meso-level activities (regions and industries) - the distribution is carried out through the development of targeted investment programs aimed at supporting the development of sectors and regions of the economy, promising projects.

In macro-level activities - the development and implementation of public investment strategy, efficient use of funds, implementation of measures to support promising sectors and regions, including the rational use of attracted investments.

Today, in the context of modernization of the economy, the role of the state in determining the priorities of modernization of various sectors and industries, structural reforms and investment policy remains. At the same time, the state is involved as a key reformer in solving existing problems and further improving the effective distribution of investments. This article examines the foreign experience of small business and entrepreneurship, the various bodies and organizations responsible for the control of the small business and entrepreneurship sector in foreign countries, as well as the reforms carried out by them.

At present, small business and entrepreneurship remain one of the most important sectors of the economy not only in our country, but also in developed countries. Over the past years, the development of small business and private entrepreneurship has been identified as one of the main priorities in our country, with special emphasis on creating a favorable business environment, increasing the share of small business in GDP and overcoming various barriers to entrepreneurship. The reason for this is that the sector is rapidly organizing new industries and creating new jobs on this basis, as well as flexibility to innovative activity. As a confirmation of our opinion, we can say that 55% of innovations in the United States and about 3/4 of new jobs are created in the small business and entrepreneurship sector.



Criteria for creating new jobs when starting a business in the United States and the European Union have been developed, which can create up to 20 jobs in US micro-enterprises and 21-100 jobs in

small businesses. It is also possible to create up to 10 jobs in micro-enterprises in the European Union, and up to 11-50 jobs in small businesses.

Criteria for job creation in business activities in the US and EU countries

Countries	Jobs in business
USA	In micro-entrepreneurship - up to 20 jobs In small business - from 21 to 100 new jobs
EU countries	In micro-entrepreneurship - up to 10 jobs In small business - from 11 to 50 new jobs

Source: Russian Foreign Economic Bulletin. 10/2014

The experience of developed countries shows that the support and development of small business and entrepreneurship by the state has a positive effect. For this reason, many countries around the world have established specialized government agencies and organizations to support and develop this sector. In particular, the Small Business Administration (SBA), a specialized agency under the President of the United States, was established in 1953 to develop and support the small business and entrepreneurship sector in the United States. The effectiveness of the SBA in its early years has shown that small business and entrepreneurship in the country have been developing steadily. Therefore, the U.S. experience in industry development (reforms and programs to support small business and entrepreneurship development and government support) has been studied by the UK, Japan and various other countries and applied to their economies. Today, the National Agency for Small Business Services and Entrepreneurship Development in the United Kingdom, the Small Business and Entrepreneurship Agency in Japan, the National Council for Entrepreneurship Development in Hungary, and the Crafts, Small and Medium-Sized Enterprises in Poland. specialized government agencies such as the Department of Medium Business.

Although the world experience of state support of small and private entrepreneurship and the formation of a competitive environment is rich and diverse, they differ from each other in the mechanism, methods and means of implementing this process. Today, in order to maintain a competitive environment in the economy in developed countries and to ensure the effective functioning of the competition mechanism, along with the creation of a favorable macroeconomic environment for small and private entrepreneurship, it receives various state support. The study of this experience, the effective use of its positive aspects based on the specifics of our country is one of the most pressing tasks today.

Developed countries, primarily the United States, Japan and Germany, address the issue of competitiveness differently depending on the

interests of their countries. The general directions of activity of the governments of the developed countries in this sphere are:

- pursuing a unified state policy to increase the level of competitiveness through the use of economic, legal and political tools;
- support of priority industries and influence on structural changes in the industrial complex;
- state support of national producers and protection of the domestic market, including support of national producers through marketing;
- assistance in the development of market infrastructure.

In conclusion, we can say that the theoretical and practical study of the experience of developed countries in the development of small business and private entrepreneurship in the world and its application in our country will be the basis for further expansion and strengthening of the industry. Also, the establishment of small business and private entrepreneurship in the country, the establishment of a specialized body for the development of their activities or an organization with extended powers (agency, department) can take the activities of this sector to a new level. A specialized body or organization in the field of small business and private entrepreneurship allows you to centralize the export of products and services in this sector, simplify the process, combine them on a single basis based on the requirements of a particular region or world market.

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