



PROSPECTS FOR ENTREPRENEURSHIP DEVELOPMENT IN THE REGIONS

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Abstract:

The main goal of the economic policy pursued in Uzbekistan for the development of entrepreneurship is to ensure a decent standard of living and quality of life, to take a worthy place among the developed democracies. Thus, one of the most pressing issues in our country's economy is a precise functioning of the mechanism for its implementation. This article analyses the prospects for entrepreneurship development in the regions of our country.

Keywords: Small business, world experience, enterprise, population, economic policy, entrepreneurship, economic development, poverty reduction.

INTRODUCTION

The world practice shows that small business plays an important role in solving socio-economic problems in countries around the world. According to the International Monetary Fund, "today, 90.0% of the world's enterprises are small and medium-sized businesses, which employ 63.0% of the world's population. Across the EU, small and medium-sized businesses account for 99.8% of total non-financial enterprises, employing two-thirds of the workforce."^[6]

MATERIALS AND METHODS

World experience indicates that it is important to establish an effective system for implementing the programs adopted by the state in a number of countries for the development of small and medium-sized businesses in the period of crisis. As a result, small business employs 50-70% of the working population, and the share of this sector in the gross domestic product (GDP) is increasing to 33-55% in the economy of many countries (See Table #1).

Table 1
The role of small business in the economies of developed countries [7]

Indicators	USA	Canada	Japan	Germany	France	Italy	England
Share in the country's GDP, %	52	43	51.6	57	49,8	55	52
In employment share, %	50,1	47	69,5	69,3	56,6	71	55,5
Share in the number of enterprises, %	97,6	99,8	99,2	99,3	97,6	99,2	99,1

"Our task in this regard is to firmly implement our model of development and renewal, based on the accumulated experience and best international practice. In this regard, we need to work hard to achieve the goals set for the near and medium term."^[1]

The main goal of the economic policy pursued in Uzbekistan for the development of entrepreneurship is to ensure a decent standard of living and quality of life, to take a worthy place among the developed democracies. In terms of this economic policy, one of the most pressing issues in the country's economy is a well-thought-out program and the precise functioning of the mechanism for its implementation.

"It is no secret that in the regions, especially in rural areas, the majority of the population does not

have a sufficient source of income. As in any country, we have low-income groups. According to various estimates, they make up about 12-15 percent. We do not mean about small numbers, but about 4-5 million people. Poverty reduction is about awakening the entrepreneurial spirit in the population.

It should be noted that the share of income from entrepreneurial activities increased from 47.1% in 2010 to 52% in 2019, which is higher than in the Commonwealth of Independent States. As a result of rising incomes, domestic consumer demand is expanding. Retail turnover increased by more than 15% year-on-year, while the volume of paid services grew by 10.3%. Banking, insurance, leasing, consulting and other services in Uzbekistan are developing at a steady pace and serve the

development of the private sector and small business. There are 80,400 small businesses in the service sector, accounting for more than 80% of the total number of enterprises forms.

The current results of state support for small business in our country can also be justified by the rating of international economic organizations. In particular, in 2017, according to the World Bank's Doing Business ranking, Uzbekistan rose 16 places to 87th place in just one year. It ranks 32nd in terms of contract enforcement and 75th in terms of the effectiveness of the bankruptcy system for economically insolvent enterprises. In terms of lending to small businesses, Uzbekistan has risen from 154th to 42nd place over the past three years, improving its ranking to 63rd previous year. Recognition that Uzbekistan has been among the top ten countries in the world in recent years for improving the business environment for entrepreneurship is an important basis for evaluating performance [Mirziyoyev, 2017].

Effective use of the economic mechanism to support small business and entrepreneurship affects entrepreneurship as an internal driving force and becomes an integral part of it. The economic mechanism is an integrated system consisting of support such as taxes, public procurement, customs tariffs, licensing, subsidies, credit, price control, investment and exports. At the same time, "we will seriously change the procedures for licensing and permitting, which is a difficult area for entrepreneurs. Frankly, among the nearly 280 licenses and permits

available, some have been introduced for bookkeeping, fundraising, or simply control. This has led to legitimate objections from entrepreneurs. Therefore, the Ministry of Justice, the Chamber of Commerce and Industry, the Business Ombudsman should radically reconsider the basis for issuing licenses and permits by March 1, 2020 and make a clear proposal to reduce their number by at least 2 times." [1].

RESULTS AND DISCUSSIONS

The effective functioning of this system depends on the multifaceted processes of economic development, which is reflected in the growth of the share of GDP in GDP, participation in structural changes in the economy, improving the living standards and quality of the employed population.

It is known from the theory that the economic development of a society is a very multifaceted process, which includes economic growth, structural changes in the economy, improvement of the quality of life and conditions of the population. It never happens on a straight, ascending line. Economic development includes periods of ups and downs, quantitative and qualitative changes in the economy, the pros and cons.

Today, along with the sharp decline in demand in world markets, increasing competition, the decline in production rates is also causing significant problems in the field of CBT (Figure #1).

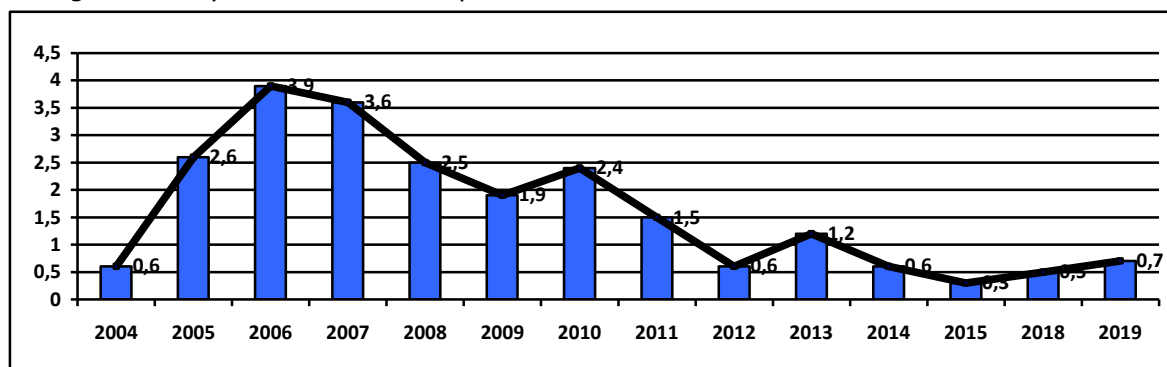


Figure 1. Dynamics of annual changes in the share of small business in GDP in Uzbekistan, in% [Ulashev & Baqoev, 2013:152]

World experience shows that in developed countries, the introduction of many innovations in small business, the process of technical and technological re-equipment of production is considered an important factor in increasing the competitiveness of the economy.

When the Uzbek economy is growing steadily and maintaining macroeconomic balance, modernization and innovative development of small business is one of the most important tasks of today. Our country spent 42.5 billion soums on

modernization, technical and technological re-equipment of production in 2017-2018. The fact that a program for more than 327 projects worth more than USD 1 billion has been developed and is being implemented today shows that this process is deepening and requires improving the methods of assessing and measuring the innovative potential of small businesses.

Based on the results of our research, we can say that the level of knowledge of employees, financial and economic support of the enterprise, production



structure and the level of use of scientific and technical resources determine the innovative potential of small enterprises.

When studying the activities of existing small businesses in the regions, of course, recommend the following methodology, which is effectively used in assessing the innovative potential of small businesses. [Karimov, 2016]

$$Z = \sum_{i=1}^M Z_i, \quad (1)$$

Z - the result is always a coefficient between 0 and 1, which characterizes the innovative potential of the enterprise;

Here, Z_i - the potential of the i-group of innovation potential;

M - the number of components of the innovative potential of a small enterprise;

Z_i - identified in the followings :

$$Z_i = \sum_{j=1}^m s_j \cdot n_{ij}, \quad \sum_{j=1}^m s_j = 1 \quad (2)$$

where: n_{ij} is the j-indicator of the i-group representing the innovation potential; s_j is the significance coefficient of the j-indicator; m is the number of indicators of group i of innovation potential.

This methodology allows us to compare the innovation potential of several small businesses in a particular area. Therefore, this method is called static calculation.

Innovative potential can also be determined dynamically, in which we can calculate the coefficient n by comparing the performance of only one enterprise with the previous period, namely:

$$n = 2 \cdot \frac{k_{t-1}}{k_t} \quad (3)$$

Here: k_t – k the value of the indicator for the current year;

k_{t-1} is the value of k in the previous year.

If the indicator k is an indicator expressed in money, we make the following adjustment to the calculation of the inflation rate:

$$n = 2 \cdot \frac{k_{t-1} \cdot (1 + \alpha_t)}{k_t} \quad (4)$$

α_t – official inflation rate.

According to this methodology, it will be possible to calculate the innovative potential of some

small enterprises operating in various sectors of the economy.

It should be noted that Uzbekistan currently ranks 42nd in the world in terms of so-called "support for new business." The most important aspects of supporting the industry are inextricably linked with the state policy in the economy, which is focused on investment, taxes, credit and exports, as well as consistently implemented in our country.

CONCLUSION

In our opinion, the results of the analysis show that there is a need to improve the economic mechanism of state support based on the ability to study entrepreneurship in foreign markets, the implementation of fiscal and monetary policy governing the internal environment of the enterprise, the creation of a self-regulatory mechanism of the existing state institutional system and such support will create opportunities for the development of medium-sized businesses in the country.

In the new period of development of Uzbekistan, important measures are being taken to further improve the business environment, including:

- The types of taxes were reduced from 13 to 9 in 2020. Simplified mechanisms have been introduced to extend or allow for the payment of taxes in installments;
- If the excess tax paid by entrepreneurs is not returned on time, it is paid interest from the budget at the basic rate of the Central Bank;
- A new system was introduced in each region to provide entrepreneurs with information about land plots in an open and fair manner in 2020, which allow them to get a complete map of vacant land, buildings and structures, their value and conditions online at any time and in any region.
- Transition to the development of medium-sized businesses based on the improvement of the institutional framework for the development of small business and the expansion of the middle class in the country;
- making changes in such indicators as the number of employees, the volume of production, which determines the small business, based on market demand and the growing nature of the labor force;
- In order to further increase the sources of business financing, it is necessary to reduce and simplify the requirements for the establishment and operation of non-bank credit institutions;
- It would be expedient to improve the tax system, reduce the tax burden on business as much as possible.



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