



ANALYSIS AND SOLUTIONS OF THE CURRENT SITUATION AND PROBLEMS OF ORGANIZING THE ACTIVITIES OF SMALL AND PRIVATE BUSINESS ENTITIES IN UZBEKISTAN

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Article history:	Abstract:
<p>Received: 14th January 2024 Accepted: 8th March 2024</p>	<p>The article considers information about the current state of small business and private business entities, their growth trends, and the article also shows the role of small business and private business entities in the current economy and their share in some sectors. The article describes the external and internal problems that are currently the most difficult for business entities and how to solve them. Additionally, the results of the survey conducted among entrepreneurs are also included in the analytical center of the article. Statistical indicators and results of econometric analysis are expressed in a convenient visual graphic form.</p>

Keywords: business entities, entrepreneurs, entrepreneurial activities, market demand, small business, economic growth, GDP, infrastructure

INTRODUCTION. One of the factors of stable development of the economy of Uzbekistan is to ensure the development of small business entities. This industry is characterized by the ability to quickly adapt to changes in the market situation, to ensure employment of the population by creating new jobs and to create sources of income, and to form a class of middle owners.

In the regulatory documents adopted in the Republic of Uzbekistan, the measures aimed at creating wider conditions for small business entities, ensuring their free operation and deepening the ongoing reforms and liberalization are reflected, and special attention is paid to increasing the activity of small business entities in the development of the national economy.

In particular, in 2022-2026, the 29th goal of the Development Strategy of New Uzbekistan stipulates the following regarding the support of small business and private business entities: Creating conditions for the organization of entrepreneurial activities and the formation of permanent sources of income, the private sector increase its share in GDP to 80% and its share in exports to 60% [1].

Development of activities of small business entities is one of the most important priorities of the economic reforms implemented in Uzbekistan. Small business, as an economic activity that does not require a lot of capital, provides high rates of resource turnover in the conditions of capital shortage, solves the problem of forming and filling the consumer market in the conditions of economic restructuring, economic

instability and limited resources in a quick and cost-effective way. Small businesses immediately adapt to changes in market demand and thus provide the necessary balance in the consumer market.

MATERIALS AND METHODS

This article uses data from the State Statistics Committee of the Republic of Uzbekistan and internet sites. The statistics collected were analyzed using a comparison method as well as in the econometric analysis section of the article.

The article also uses scientific works and articles of local and foreign scientists. In particular, the scientific work of Adashev A., who did scientific PhD work on the sustainable development of business subjects, and the scientific work of U.I. Jamalov, who did scientific work on improving the use of motivational factors in the development of entrepreneurship, were used in the article.

RESULTS

As part of the country's economic development programs, special attention is paid to the rapid development, stimulation and support of small business entities, which play an increasingly important role in ensuring economic growth, creating new jobs, solving the employment problem, and increasing the income and well-being of the population.

As of 2022, the number of small business entities operating in our republic (excluding farmers and farms) is 462,834, compared to 210,594 in 2017, it has increased by 2.19 times to 252,240 (see Fig. 1) [2].

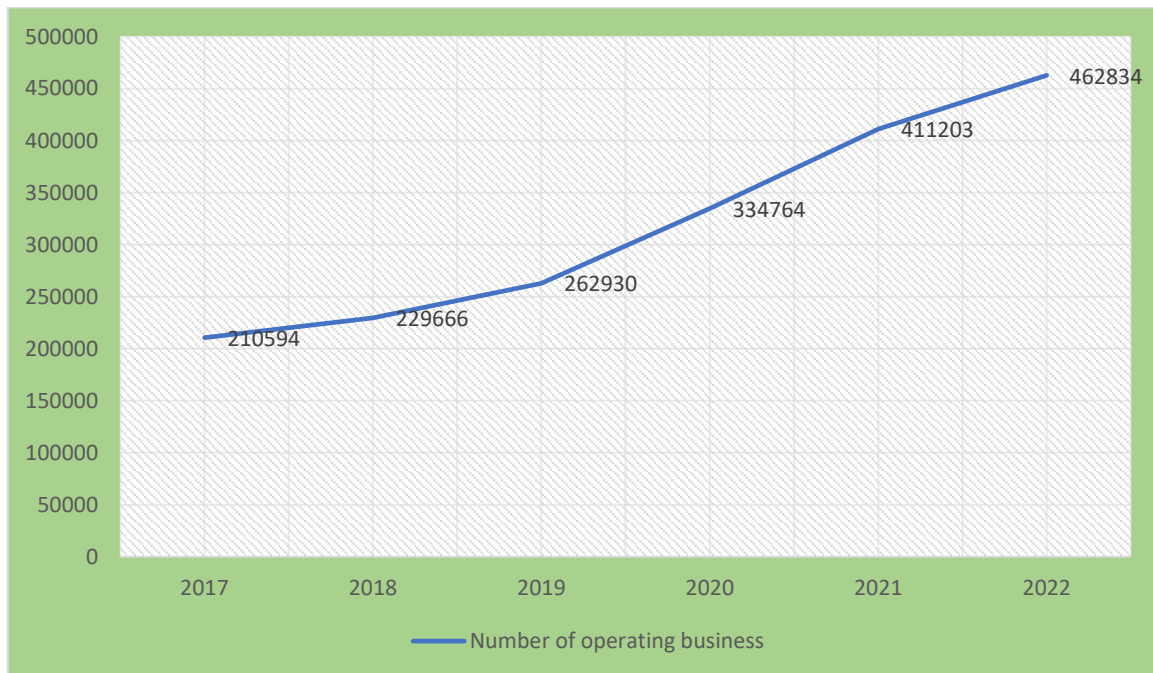


Fig. 1. Number of operating small businesses in Uzbekistan (between 2017 and 2022)

An important factor in achieving these results was the measures taken to create favorable conditions for entrepreneurship, guarantee their free operation, introduce a simplified mechanism for their registration, and expand opportunities to use credit resources for entrepreneurship and small business entities. Entrepreneurship has become an important and inseparable part of the economy, in this respect, the development of entrepreneurial activity in the context of globalization has entered the economic arena as a market demand, and with its production and service provision, it is aimed at the permanent or temporary satisfaction of consumer demand and it is appropriate to develop it in terms of its important economic and social importance in creating a competitive environment [5].

The development of activities of small business entities in various sectors of the economy is one of the

important macroeconomic factors of ensuring the stability of our national economy. In recent years, as a result of the development of small businesses, their share in the weight of the gross domestic product created in the country is increasing. Also, the results of small business entities in our country as an important factor in creating new jobs, increasing the income and well-being of the population are becoming significant. In particular, the share of small business entities in GDP was 65.3 percent in 2017, by 2020 it will be 55.7 percent, and in 2022 it will be 51.8 percent (see Fig. 2) [2]. From this we can see that the share of small business and private business entities in the GDP has been decreasing in recent years, but it is necessary to take into account the fact that the volume of GDP has also increased in these periods.

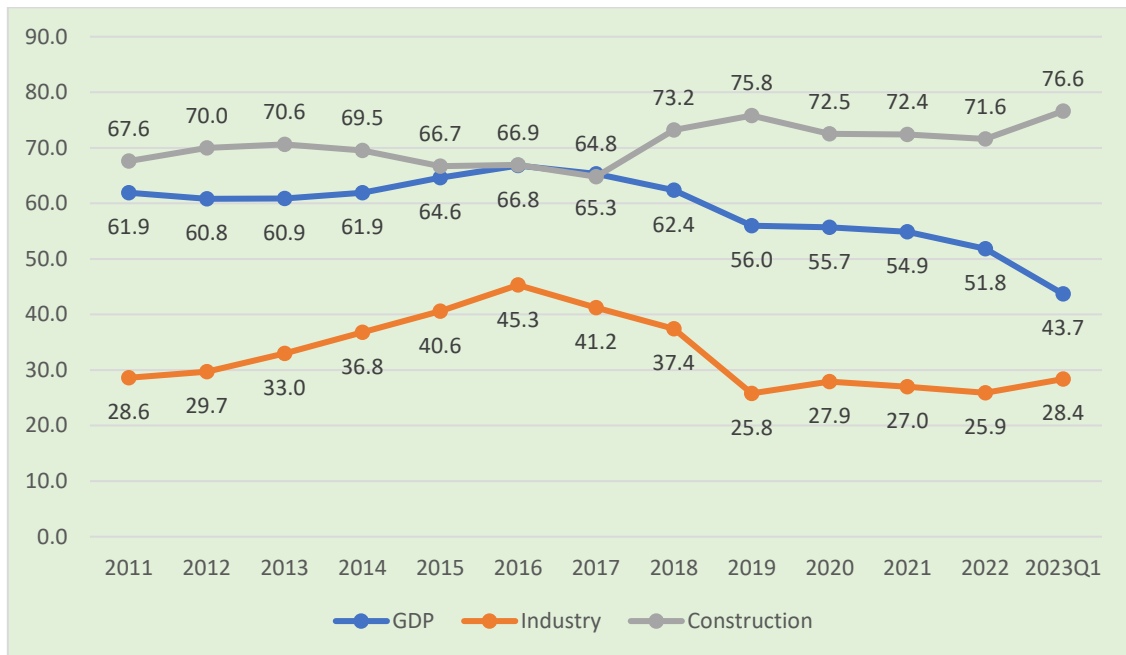


Fig. 2. Share of small business and private entrepreneurship in GDP, industry and construction (2011-2023Q)

From the chart above, it can be seen that the share of small business and private entrepreneurship in the construction sector was significant, in particular, it was 73.2 percent in 2018, and it was 72.5 percent by 2020. By the end of 2022, the share of small business and private entrepreneurship in the construction sector was 71.6 percent. You can also see a number of trends in the share of small business and private entrepreneurship in the industrial sector, in particular, after a minimum of 25.8 percent in 2019, it was 27.9 percent in 2020. Currently, it is 28.4 percent as of the end of the 1st quarter of 2023 (see Fig. 2) [2].

However, there are also a number of problems for business entities to operate freely. In this case, we can cite infrastructure and tax system problems as the main problems. According to the results of the survey conducted by the Chamber of Commerce and Industry, more than 2,000 entrepreneurs participated in the survey [3].

Entrepreneurs noted problems related to the activities of state organizations, the banking and tax system, as well as infrastructure. Looking at the results, 48% of the respondents who took part in the voting process said that appeals will not be resolved on time. 73 percent stated that the loan interest rates in banks are high.

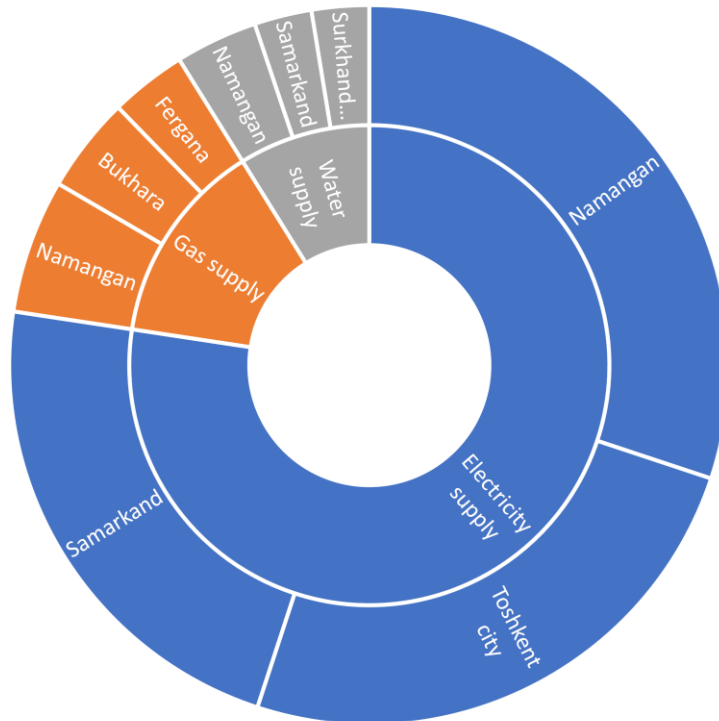


Fig. 3. Infrastructure problems

Another factor that negatively affects the activity of economic entities is the problems related to infrastructure. Because it is important to deliver fuel, energy, and water resources in the right amount at the right time for conducting business activities. In the questionnaire, the problems related to infrastructure were also addressed separately (see Fig. 3) [3].

It can be seen from the above diagram that 45% of the respondent entrepreneurs said that power outages are a problem for them, 79% of respondents in Namangan region, 64% of respondents in Tashkent city, 57% of respondents in Samarkand region said that the presence of power outages has a negative impact on business. showed that he was conducting a secret. 17% of respondents identified gas supply interruptions as the main infrastructure problem. In this regard, the main problem areas are Bukhara, Namangan, and Fergana regions. In addition, 14% of the respondent businessmen indicated interruptions in the supply of water as a problem [3].

In addition, according to the results of the survey, 40% of respondents agree to increase the prices of electricity, gas and water by 1.2 times if continuous supply is established, 10% of entrepreneurs agree to 1.5 times, and 5% ask and the participants of the survey said that they agree to increase the price of energy, gas and water resources up to 2 times. First of all,

businessmen put the continuous supply of resources in the main place, because it is said that various sudden power outages have a negative effect on their business activities. [3]

Also, business representatives pointed out the existence of a number of shortcomings in the tax system. In particular, 31% of the respondents indicated that tax officials are irresponsible, 29% indicated that there is slowness in the digitalization process, and 28% indicated that transparency is insufficient. According to the opinion of 62% of the respondents, the tax reforms of the last 5 years had a positive effect, and according to the opinion of 8% of the respondents, the tax reforms had a negative effect [3]. One of the main factors of the free and successful operation of business entities is their sufficient infrastructure and transparency in the tax system.

In recent years, the volume of products created by small businesses and private enterprises have also been increasing. Using the trend equation econometric model, the medium-term change in the volume of products created by small business and private entrepreneurship in 2023-2026 was calculated based on the data of 2011-2022 and expressed graphically. (see Fig. 4) [2].

Based on the given data, the trend equation was as follows:



$$Y=2296.7x^2+6284.2x+54648$$

$$R^2=0.9982$$

Here, the ordinal numbers of the given years were determined as variables.

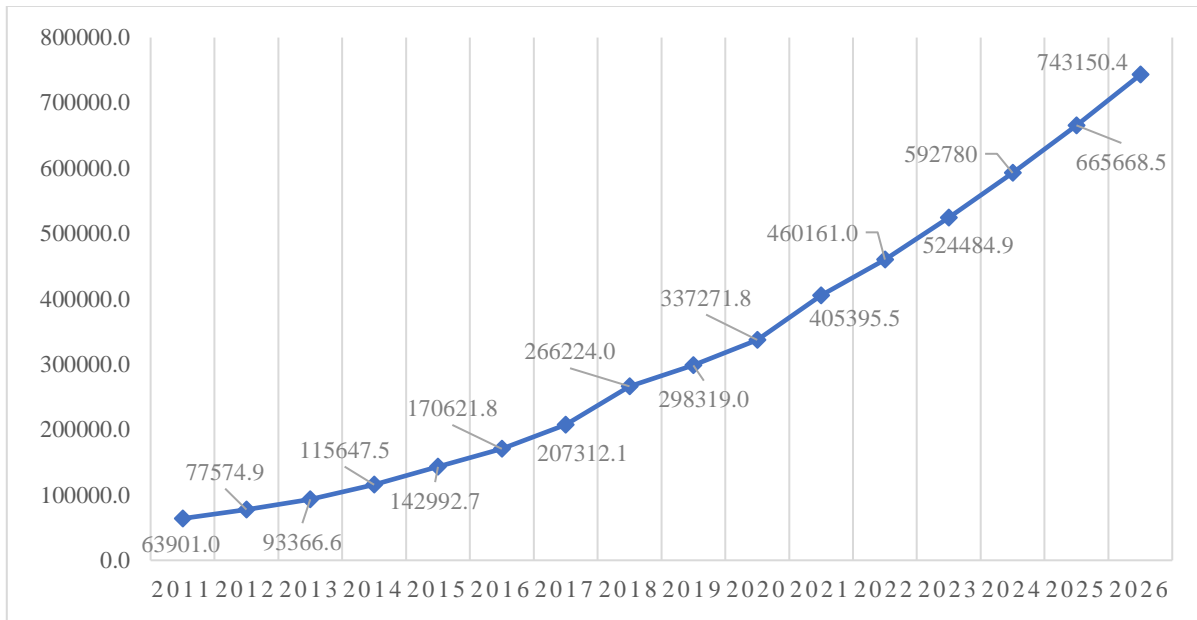


Fig. 4. Changes in the volume of products created by small business and private entrepreneurship, (forecast for 2023-2026), (billion sums)

From the above figure, we can see that according to the indicators found using the trend equation, by the end of 2024, the volume of products created by small and private business entities is 592,780 billion to sums, and by 2026 to 743150.4 billion, it is forecasted to reach sum. From this we can see that by 2026, the volume of products created by small business and private entrepreneurship is forecast to increase by 61.5% compared to 2022. These figures show that small business and private entrepreneurship are of great importance in the economy.

DISCUSSION

In recent years, the number of small and private business entities has been increasing year by year. At the same time, their share in economic sectors and the volume of products they produce are increasing. The decreasing trend of its share in GDP is a worrying situation, because we can see from the experience of many developed countries that the share of small business in GDP is more than 50 percent is a positive situation. It is a gratifying fact that the share of the private sector in the construction industry is increasing year by year and has exceeded 70 percent in recent years.

Therefore, creating favorable conditions for small business entities and providing them with the necessary energy resources on time is a very important factor. It is important to implement all this based on the principles

of the market economy, because under the conditions of preferential prices, business entities do not always try to use resources efficiently, and as a result, it is one of the reasons for the shortage of fuel and energy resources. We have seen above the entrepreneurs agree to increase the prices of resources if they understand such issues correctly.

In addition, it is necessary to further improve and make transparent the mechanisms of tax and banking activities, which are convenient for business entities, and their working mechanisms with entrepreneurs, in which more use of digital technologies should have a good effect. Because the influence of these industries on the business environment and their increase in number is also significant.

The share of small and private entrepreneurship activity in the industrial sector has decreased from 30 percent in recent years. It follows that in future studies, it is necessary to think about the possibilities of increasing the share of small business in the industrial sector.

SUMMARY

In conclusion, it can be said that as the number of small businesses and private entrepreneurs increases, it is good for economy. Entrepreneurial activity, the process of structural changes in the economy, causes a certain level of ratio of the production structure and forms a tendency in economic subjects to choose a compact



type of economic activity, to quickly organize their activities in response to changes in the market. In this case, the status of business activity increases.

With the transition to a market economy, the role of market infrastructures is increasing. In this regard, improvement of market infrastructures is also important in the development of business activities. In particular, the reform of the banking and financial system, tax and energy systems, timely and high-quality supply of energy resources to business entities is distinguished in terms of importance.

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