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CURRENT ISSUES AND PROSPECTS FOR THE DEVELOPMENT OF SMALL BUSINESS IN THE REPUBLIC OF UZBEKISTAN

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Abstract - This article is devoted to current issues and future development opportunities in the field of small business in the Republic. During our research, we examined the work of the world's leading experts and researchers along with local scientists. A number of problems that impede the further development of small business were investigated, and a number of promising areas of small business in our country were also analyzed. In conclusion, the results were summed up and several proposals were put forward to improve the business environment in the Republic of Uzbekistan.

Keywords. Entrepreneurship, small business, state level, state support, benefits, promising direction.

Introduction.

Small business and private entrepreneurship have a great role in the formation of the owner class, which is a reliable support for the modernization and renewal of the country. Today, the development of small business and entrepreneurship has risen to the level of state policy.

The successful development of small businesses makes it possible to create not only favorable conditions for improving the economy, but also contributes to the development of a competitive environment, the creation of additional jobs, and the expansion of the consumer sector, which ultimately leads to market saturation with goods and services, better use of local raw materials [1].

Today, problems in the development of small businesses are the most pressing issues for the modern Uzbekistan's economy. This is explained by many factors: it does not require large investments, provides employment for a significant proportion of the economically active population and high labour productivity; promotes formation of a competitive environment and establishment of market equilibrium. In addition, due to their smaller scale, small businesses are able to respond more flexibly to both changing economic conditions, as well as fluctuations in consumer demand, changes in market conditions, thereby giving the economy additional stability.

In order to successfully solve the current problems of economic development, it is necessary, first of all, to create the greatest opportunities for the manifestation of private initiative in the production of goods and services, the development of new technologies, to create this with the help of the most comfortable business environment. And, first of all, in the most widespread - small business sphere [2].

Literature review

In Uzbekistan, a number of scientists, including S. Gulomov, A. Ulmasov, Sh. Sharifkhodjaev, O. Aripov, U. Gafurov, K. Muftaydinov, devoted their work to the study of general areas of small business, its theoretical and practical aspects.

One of the main goals of establishing a socially oriented market economy in Uzbekistan is the priority development of small business and private entrepreneurship in the country. To realize this goal, economic reforms were carried out, large institutional frameworks were created to increase its role. These are legal and regulatory documents that define and guarantee business activities, non-governmental organizations and businesses that support entrepreneurs [3].

According to Russian scientist O. L. Vertushkina: "Small and medium-sized business is business activity carried out by subjects of the market economy under certain conditions established by laws, state bodies or other representative organizations" [4].

H. R. Hamroyev, one of our local scientists, expressed the following opinion about entrepreneurship: "Entrepreneurship, as some people think, is not a transitory thing characteristic of the period of transition to a market economy, but has a fundamental character. Because it is a phenomenon characteristic not only of the market economy system, but also of all socio-economic systems. Moreover, it is not only an integral part of the economy, but also its driving force. There are those who understand entrepreneurship as business and say that both can be called with one business term. However, the essence of the concept of entrepreneurship is broader and deeper than that of the concept of business. Only business based on entrepreneurship can be called entrepreneurship. But not all businesses are like that. Also, entrepreneurship exists outside of business" [5].

The effectiveness of the market economy of Western countries lies in the perfection of its legal framework and strict compliance by all participants in the process with adopted laws. Therefore, constant coordination of federal, regional and local government is required in the implementation of state policy regarding small business. It is at the level of regions and local government that priority areas for supporting small businesses should be determined [6].

The experience of developed countries confirms that small businesses especially need government support. Successful implementation of reforms in the small sector entrepreneurship is possible only on the basis of an exhaustive and systematic study of it. And in this regard, it is important that when carrying out reforms, the economic and social interests of small business, value systems and behavioral stereotypes of various social groups [7].

Materials and methods

To study the problem and features of small business management in the region, an analysis of literary sources was used, and abstract-logical research methods were also used.

Analysis and result

Small business will always be an important subject of economic activity of the state. Without his participation, the development and formation of the very structure of

the economy is virtually impossible. This type of business has a large number of socio-economic tasks: creating jobs, increasing competition in the country, participating in the formation of budgets at all levels.

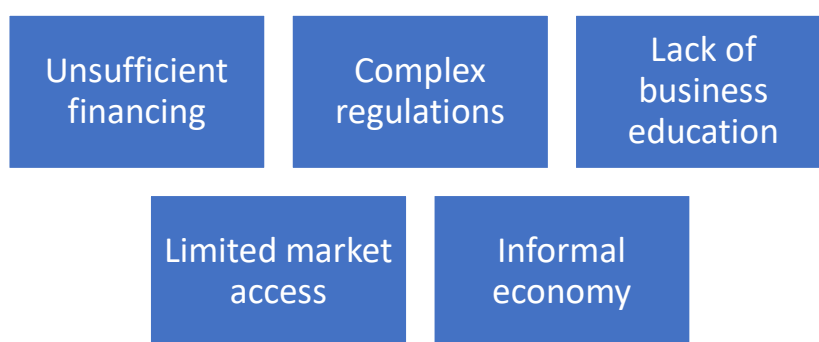
The role of small businesses in the global economy increased sharply in the 80s and 90s. According to the UN, in general, small and medium-sized enterprises in the world employ almost 50% of the working population and produce 33-60% of the national product.

According to the 29th goal of the development strategy of New Uzbekistan for 2022-2026, it is determined to create conditions for the organization of business activities and the formation of permanent sources of income, to increase the share of the private sector in the GDP to 80% and the share of exports to 60%. As important tasks, the establishment of 200 new industrial zones in the regions and the development of the system of business incubators, the creation of more favourable conditions for the development of entrepreneurship in the districts with difficult conditions, the support of entrepreneurship in the regions, and the reduction of unemployment and poverty improvement of the existing structures, reduction of state participation in the economy and widening the way for the private sector, expansion of the introduction of free market principles in economic relations and others.

In the regions of our country, it is important to reduce poverty and increase employment, further develop small business and private entrepreneurship in self-employment [8].

Small businesses have great potential for optimization development of the economy and society as a whole. The high intensity of use of all types of resources and the constant desire to optimize their quantity is a characteristic feature of a small enterprise.

During the study we found out that there are several problems that hinder small business development in Uzbekistan, some of them are the following:



Picture1. Some of the problems small business facing today in Uzbekistan

Limited access to financing: Small businesses often struggle to access capital due to the lack of available funding options. Banks are often reluctant to lend to small businesses because they consider them high-risk borrowers.

Complex and burdensome regulations: The regulatory framework for small

businesses in Uzbekistan is complex and bureaucratic, making it difficult for entrepreneurs to navigate. The process of registering and licensing a small business can be time-consuming and costly.

Lack of business education and skills: Many small business owners lack the necessary knowledge and skills to effectively manage and grow their businesses. This lack of business education and training hinders their ability to make informed decisions and adapt to market changes.

Limited market access: Small businesses often face challenges in accessing domestic and international markets. The absence of well-developed distribution networks and limited export opportunities restrict their market reach and growth potential.

Corruption and informal economy: Corruption is a significant challenge in Uzbekistan and can have a negative impact on small businesses. Informal practices and a high level of bureaucracy create an environment that discourages entrepreneurs from operating within the formal sector.

Inadequate infrastructure: Insufficient infrastructure, including transportation networks, reliable electricity, and access to internet services, can hamper small business operations and expansion.

Weak support networks: There is a lack of effective support networks for small businesses, including business incubators, mentoring programs, and networking opportunities. These support mechanisms are crucial for providing guidance and assistance to small business owners during the early stages of their ventures [9].

Overall, these challenges hinder small business development in Uzbekistan and limit the potential for entrepreneurship and economic growth in the country.

The Republic of Uzbekistan has shown significant potential for the development of small businesses in recent years. Here are some key factors that make it a favorable environment for small business growth:

1. **Economic Reforms:** The Uzbek government has implemented several economic reforms to attract foreign investments and promote entrepreneurship. It has simplified procedures for starting a business, improved access to finance, and reduced bureaucracy, making it easier for small businesses to operate.

2. **Supportive Infrastructure:** The government has invested in developing industrial parks and special economic zones, providing small businesses with modern infrastructure, facilities, and improved logistics. This has created a conducive environment for businesses to thrive and attract investment.

3. **Favorable Tax Regime:** Uzbekistan offers various tax incentives and benefits for small businesses, including reduced tax rates, simplified tax reporting, and exemption from certain taxes. This encourages entrepreneurship and motivates small business owners to invest in their ventures.

4. **Growing Consumer Market:** Uzbekistan has a population of over 34 million people, providing a sizable domestic market for small businesses. The rising middle class and growing purchasing power of the population contribute to increased demand for various goods and services, creating opportunities for small businesses to flourish.

5. **Diversification of Industries:** Uzbekistan is actively diversifying its economy beyond traditional sectors like agriculture and energy. The country is focusing on sectors such as manufacturing, information technology, tourism, and services. This diversification provides a range of opportunities for small businesses to cater to new and emerging industries.

6. **Government Support:** The government has launched several programs and initiatives to support small businesses. These include financial support through grants, subsidies, and low-interest loans, as well as training and mentoring programs to enhance entrepreneurial skills.

7. **Access to Regional Markets:** Uzbekistan is strategically located at the crossroads of Central Asia, providing access to a vast regional market. The country has been working towards improving trade relations and connectivity with neighboring countries, enabling small businesses to expand their reach beyond Uzbekistan's borders.

8. **Cultural Entrepreneurship:** Uzbekistan has a rich cultural heritage and traditional crafts that are highly valued globally. Small businesses engaged in traditional craftsmanship, such as textile, ceramics, and jewelry, have the potential to tap into international markets and attract tourists [10].

While the prospects for small business development in Uzbekistan are promising, challenges such as access to finance, corruption, and bureaucracy still exist. However, with ongoing reforms and government support, Uzbekistan continues to create an enabling environment for small businesses to grow and contribute to the country's economic development.

In the next 3-4 years, as a result of the reduction of the state's share in the country's economy and the implementation of free market mechanisms, there was a radical change in the development of small business. In particular, the share of small business and private entrepreneurship in economic sectors is also increasing. Especially, the contribution of small and private enterprises in production sectors is increasing.

In conclusion, it can be noted that the further development of small and private entrepreneurship in the national economy ensures the reduction of poverty, the provision of self-employment, and the development of service industries in neighborhoods. Increasing the role of the efficiency of local institutions should provide entrepreneurs with the best opportunities to create a new enterprise, as well as create favorable conditions for its further activity and development [11].

Conclusion and recommendation

Despite the existing problems, there is a significant strengthening of the role and importance of small business in the economy and social sphere of Russian regions, which is largely due to the processes of reforming the economic and legal system of the state and classifying the development of small business as a priority task of the state.

To summarize the above, we can say that the small business development strategy today is a priority direction for economic development. The state plays a

special role in supporting small businesses, since the development of small businesses will solve the problems of unemployment, increase labor productivity, saturate market with innovative innovations, to resolve issues related to the inflationary instability of our country's economy.

For the further development of small business and private entrepreneurship, first of all, the sources of specific financing of business entities, including public funds, extra-budgetary funds, loans from entrepreneurs, commercial banks and financial institutions, grants from international organizations and foreign countries, activities of credit unions in accordance with international standards set off

2. To create incentives for small businesses and private entrepreneurs to pay a single tax for newly established small business entities that build facilities for their own needs.

3. Establishment of cooperation between small business and private business subjects and large enterprises in the field of science and technology. Strengthening the legal basis for the mechanisms of outsourcing services such as accounting and marketing of large enterprises.

4. We believe that increasing the participation of small businesses and private entrepreneurs in public procurement, further simplifying the sphere of public procurement of business entities.

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