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Characteristics of Small Business Development in Uzbekistan

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Abstract: This article discusses the history of the origin of the concept of small business, its essence, role in the economy, necessity and relevance based on socio-economic analysis. The article analyzes the development of small business in Central Asia. The impact of small business on improving the living standards of the population in new Uzbekistan is highlighted. The importance of small business in our country and suggestions are given.

Key words: small business, economy, entrepreneurship, socio-economic analysis, innovation, employment, world economy, technological progress, economic recovery, economic diversification.

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INTRODUCTION. Today, the development of small business is very relevant for the world economy and Uzbekistan. The following reasons can be cited for this:

1. Economic recovery in the post-pandemic period - after the COVID-19 pandemic, many countries are accelerating economic recovery by supporting small business.

2. The demand for job creation in our country - Today's small business activity provides income for the population and creates new jobs.

3. Technological progress - Small businesses are now also conducting their activities through online sales.

4. State support for small businesses - In this regard, the Resolution of the President of the Republic of Uzbekistan No. 306 dated September 14, 2023 has created great opportunities.

5. Economic diversification - Small businesses play an important role in diversifying the economies of Uzbekistan and other countries and ensuring sustainable growth.

Small business is an important factor not only in ensuring economic growth, but also in ensuring social stability. It serves the sustainable development of the country by creating new jobs, developing innovations, and strengthening the local economy. Today, the development of small business is one of the priority areas of state policy, and the benefits and support programs allocated to it serve its further development. Therefore, further deepening reforms aimed at the development of small business remains an urgent issue.

LITERATURE REVIEW.

The topic we are covering today was studied by foreign scientists R.B. Seppay, D. Leyung, R. Anderson, R. Cooper, S. Harvey, V. Volgin, Y. Mazilov, V. Visokov, V. Tishkov, S. Polzikov.

Our scientists N.Q. Muradova, Q.Q. Mambetzhanov, A. Oripov and A. Abdullayev and many others have also interpreted the topic of small business. M.R. Boltaboev, M.S. Kasimova, Sh.J. Ergasheva and others have devoted the book “Small Business and Entrepreneurship” co-authored by M.R. Boltaboev, M.S. Kasimova, Sh.J. Ergasheva and others to this topic, and the books “Small Business and Entrepreneurship” by Ishmukhamedov and A.A. Abdurashidov.

Research Methodology. The study used methods such as literature review, statistical analysis, comparative method, and empirical research. Scientific articles on small business, economic reports, government decisions, and analyses of international organizations were studied. The share of small business in the economy was analyzed based on official statistical data. Effective strategies were identified by comparing the experience of developed countries of the world with Uzbekistan. In the case of Uzbekistan, conclusions were drawn by observing the activities of local entrepreneurs to determine the impact of small business on real economic growth.

ANALYSIS AND RESULTS. The history of the development of small business goes back centuries and was formed in different stages:

1. Ancient times: Small business activities appeared in the form of merchants, artisans, farmers and cattle breeders. During this period, small-scale production and trade in markets, fairs and cities developed as the main economic activity.

2. Middle Ages (14th-17th centuries): Guild systems were formed, and artisans and merchants were the main representatives of small business. They were engaged in production, trade and service.

3. Industrial Revolution (18th-19th centuries): The Industrial Revolution was a turning point in the development of entrepreneurship and business: Technological progress introduced new production methods. Entrepreneurs began to establish large factories and plants. During this period, the work of economists such as Richard Cantillon and Adam Smith laid the foundation for the theoretical study of entrepreneurial activity. Richard Cantillon (18th century) defined entrepreneurship as a risk-based activity in a market environment. Adam Smith considered entrepreneurship as the main mechanism of a market economy. In addition, with the emergence of large factories and plants, organizing small businesses became more difficult. At the same time, small businesses retained a strong position in the service and trade sectors.

4. 20th century and beyond: In the second half of the 20th century, small business became an important part of the economic strategy of developed countries. International trade and economic globalization expanded the scope of entrepreneurship. Joseph Schumpeter (20th century) defined entrepreneurship as the main driving force of economic development. In his opinion, the entrepreneur renews the economic system through innovation.

Although the concept of entrepreneurship is said to have originated in the West, its essence is also explained in the sacred book of the Zoroastrian religion, the Avesta. Although the Avesta does not provide specific concepts directly related to entrepreneurship, it contains many values and principles that form the basis of entrepreneurial activity. The Avesta emphasizes honest work and justice as a sacred duty of man. Ensuring the well-being of society through honest work and working for the common good is consistent with the ethical principles of entrepreneurship. The Avesta describes agriculture, animal husbandry, crafts, and trade as the main areas of economic life. The importance of trade and production is emphasized, which indicates the earliest manifestations of entrepreneurial activity.

Abu Nasr Al-Farabi in his work “City of Virtuous People” described an ideal society and outlined the principles of socio-economic activity in it. Although the term “entrepreneurship” is not directly used in the work, it contains valuable ideas about the important aspects of economic activity and its role in the life of society. Al-Farabi highly values labor in society and emphasizes the need to earn wealth in an honest way. In his opinion, every person in society should contribute to meeting social needs through his unique abilities and profession. This principle is consistent with one of the main ideas of entrepreneurship - creating wealth through honest labor.

Although the work "Temur's Regulations" does not directly use the term "entrepreneurship", many of the ideas in it are directly related to entrepreneurial activity. Amir Temur promoted honest work in all areas to develop the economic foundations of society. He considered it important to teach members of society hard work and create conditions for them to work. "Temur's Regulations" states: "My main duty is to develop the lands and keep the people in prosperity." This idea is one of the main principles of entrepreneurial activity - Amir Temur paid special attention to the development of crafts and trade in his state. He organized special workshops and markets for craftsmen in cities and villages. He aimed to strengthen the local economy by supporting merchants and artisans. These ideas show the importance of small business and entrepreneurship in society. Amir Temur established a fair tax system to support the activities of entrepreneurs and farmers. The "Temur Regulations" state: "My ministers must collect fair taxes from the people.

Anyone who collects excessive taxes will be severely punished.” This approach is an important part of creating an economic environment that encourages entrepreneurship. Amir Temur gave entrepreneurs special protection and privileges to encourage them. He provided safe caravan routes for merchants to move freely. He created incentives for artisans and farmers to improve their land and property. These were measures aimed at creating a favorable environment for entrepreneurs to expand their activities and develop the economy. related to contributing to economic stability.

American economist Joseph Schumpeter in his work “Theory of Economic Development” says: “The goal of the entrepreneur is to renew production methods by applying new inventions and discoveries in practice. To be more precise, the task of a novice entrepreneur is to use new techniques and technologies to produce unique goods based on the recently opened market and raw material base and to modernize outdated ones.”

As a result of the study, it should be noted that there is still no generally accepted definition of entrepreneurship both abroad and in our country.

Small business is an economic entity organized in the form of a small enterprise, private entrepreneurship, family enterprise or individual activity, depending on its scale, the main goal of which is to meet market needs and make a profit. It has the following characteristics:

1. Flexibility, that is, the ability to quickly respond to market demand.

2. Low-cost management, efficient use of resources.

3. Innovative activity.

DISCUSSIONS. The importance and necessity of the existence of small businesses in our new Uzbekistan are considered important in the following areas:

- ✓ Small businesses provide new opportunities and services as the main driver of economic growth.
- ✓ It expands the state's tax base and helps solve social problems.
- ✓ Therefore, supporting and developing small businesses is one of the priority areas of the

economic policy of many countries.

If we touch on the essence of small business, small business is a key part of the economy and has the following main characteristics:

1. Adaptability: Small businesses can quickly adapt to market conditions due to their size and management system.

2. Innovative development: Small businesses have the ability to quickly introduce new ideas and technologies.

3. Development of the local economy: Effectively uses local resources and meets the demands of the domestic market.

4. Social tasks: Plays an important role in ensuring employment and solving social problems.

5. Efficient use of capital: Small businesses establish production with low costs.

Today, small businesses are the main driver of the economy in many countries of the world. USA: Small businesses account for almost 50% of the country's economy. European Union: Small and medium-sized businesses (SMEs) in Europe account for more than 99% of all enterprises. Asian countries: In China and India, small businesses are a key factor in regional development and job creation.

The content of the Resolution of the President of the Republic of Uzbekistan, which we mentioned above, is reflected in the following areas:

1. “Continuous Service Chain” program

A system of integrated services to support small businesses will be created. This program aims to provide financial, technical and institutional assistance to small businesses.

2. The Business Development Bank

will be transformed into the main institution for financial support for small businesses. The Bank is designated as the main supporting body for the effective implementation and improvement of this program.

3. Launch of the Business Portal

In the first three months of 2023, a special digital platform for automating and coordinating business processes - the Business Portal - will be launched, using the technical assistance of international financial institutions.

4. Preferential loans for the development of family entrepreneurship

From January 1, 2024, within the framework of family entrepreneurship development programs: Loans will be allocated for a period of up to 3 years, with a grace period of 6 months, at an annual rate of 4 percent above the key rate of the Central Bank.

5. Financing volume

The following funds will be allocated for the implementation of the program:

6 trillion soums will be attracted from the state budget and 1.2 billion US dollars from international financial institutions.

CONCLUSION

Small businesses are characterized by their flexibility, low-cost management, and the ability to quickly implement new technologies. Small businesses are recognized as an economic driver in the United States, the European Union, and Asian countries worldwide. Uzbekistan is also carrying out large-scale reforms in this area. In this regard, Resolution No. PQ-306 of September

14, 2023 is a practical implementation. In accordance with this resolution, the “Continuous Service Chain” program, the Business Development Bank, a digital business portal, and a system of preferential loans to support family entrepreneurship were introduced. These initiatives serve to strengthen small businesses financially and institutionally.

RECOMMENDATIONS:

1. Expanding financial support - facilitating the development of entrepreneurs' startups by increasing the volume of preferential loans and state grants.

2. Improving the simplified tax system - increasing the sustainability of small businesses by reducing taxes or providing relief.

3. Developing digital technologies - expanding the capabilities of the business portal and ensuring the effective use of online platforms by entrepreneurs.

4. Strengthening educational and advisory services - organizing special training and consultations for small business owners, establishing a mentoring system for startup projects.

5. Developing international cooperation - developing programs to expand export opportunities for small businesses and attract international investment.

These measures will serve to accelerate the development of small businesses, increase their contribution to the economy, and further improve the business environment.

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