



**ACADEMICIA**  
**An International  
 Multidisciplinary  
 Research Journal**  
 (Double Blind Refereed & Peer Reviewed Journal)



**DOI: 10.5958/2249-7137.2021.01251.9**

## SOCIAL FACTORS OF ENTREPRENEURSHIP SUPPORT IN UZBEKISTAN

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### ABSTRACT

*The government's encouragement to support business activities in Uzbekistan is analyzed in this article. The aim of the article is to investigate the objective reasons for the role of the government in promoting business affairs and examine the conditions created by the state and socio-economic directions of the business in the context of ongoing reforms. Additionally, the writer emphasizes the contribution of enterprises that are embarking on new innovations, due to which export capacities can be increased. In a state of market economy, Uzbekistan has paid great attention to establishing entrepreneurial activities. In turn, this has required the foundation and improvement of property relations, which are considered as the legitimacy of market relations and entrepreneurial activities. Indeed, entrepreneurship is thought to be the driving force of every society's economy. Moreover, small business and entrepreneurship is the most flexible area in technology and management plans which helps adapt to minimum losses and respond to changes in market relations.*

**KEYWORDS:** *The Government, Entrepreneurship, Export, Innovation, The Monopolization Of The Economy, The Promotion Of Business By The State, Credits And Investments.*

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### INTRODUCTION

Business holds an important role in each and every society. Therefore, supporting business affairs is one of the crucial activities of the government. As business affairs are the main income stream of all members of the community because of which every country encourage entrepreneurship consistently. Promoting businesses motivates entrepreneurs, the reason is that feeling the sense of trust towards the government, their business with the deep proprietary responsibility. Thus, some research is required in promoting entrepreneurship by the

government. The core of this study is to scientifically investigate the social indicators of governmental support for entrepreneurship in Uzbekistan.

Social indicators of the support for the entrepreneurship is characterized with host of objective reasons. Firstly, the fact that it has been less investigated in Uzbekistan, in the sphere of sociology, makes business activities more extensive for analysis. Secondly, the outcomes of investigations can be the practical and analytical base of state support for business activities in Uzbekistan. Thirdly, in the field of study, conducting research of governmental encouragement and examining the essence, makes it possible to designate the prospective directions of socio-economic processes in the course of ongoing reforms.

In a state of market economy, Uzbekistan has paid great attention to establishing entrepreneurial activities. In turn, this has required the foundation and improvement of property relations, which are considered as the legitimacy of market relations and entrepreneurial activities. Indeed, entrepreneurship is thought to be the driving force of every society's economy. Thus, depending on the capabilities, every country boosts entrepreneurial affairs. Private entrepreneurship is considered one of the key sectors of our economy and ensures the socio-economic stability, therefore, in the Republic of Uzbekistan, governmental encouragement for business affairs can be carried out in the following procedure:

Supporting at the expense of the state budget

Supporting at the expense of different associations and funds

Supporting at the expense of subsidy or giving facilities in the credit system

Supporting with providing with information

Provision in regional economic and social programs

Moreover, small business and entrepreneurship is the most flexible area in technology and management plans which helps adapt to minimum losses and respond to changes in market relations. Small businesses and private entrepreneurship help to active innovations, development of regions, development of scientific and technical space prevent socio-economic problems, reduction of unemployment, as well as bring additional income to the public and opposes to monopoly.

For this reason, in the context of market relations, special committees and councils have been set up for the development of entrepreneurial activities and government support. They are as follows:

Reform and investment coordination center under the President of Uzbekistan. Budget and economic committee of Supreme Assembly. Special agencies such as state committee for demopolization, support for entrepreneurship. To provide state support for entrepreneurial activities in developed countries, there are several programs and organizations. For example, in the USA, small businesses are developed by National Science Foundation, established in 1973, which carries out small innovative firms and researches. The firm that passed the competition takes 50,000\$ for preliminary investigations for a half year. Upon successful completion, it receives 500,000\$ subsidy. At the same time, it helps small and large enterprises work jointly, that assists to be subsidized by large companies.

In comparison with the USA, Japan strives to implement new scientific works, there the cost Arge is twice as high. A common feature of Japanese national policy is to create financial incentives for small firms that are at the stage of scientific technology researches.

To make inventions, France founded a national agency which covers nearly 35 % small firms' expenses and 50% of the cost of introducing and mastering new technologies.

Support for entrepreneurship in Uzbekistan has been implemented with taking national characteristics of the population of our country into account. To demonstrate, in 2018 alone, according to the programs such as "Every Family is an Entrepreneur" or «Youth is Our Future" our government allocated two trillion sums to implement more than 2600 business projects. State support for entrepreneurship has a positive impact on the economic development of each country. For this reason, each state implements governmental programs. The essence of these programs is to increase entrepreneurial activity at higher rates. In the Republic of Uzbekistan, the above mentioned programs, "Every Family is an Entrepreneur" and «Youth is Our Future" were created on the basis of world experience to support entrepreneurial activities. To develop business activities, along with abovementioned state programs, it is good to implement the following programs:

Developing tax and financial incentives for exporting organizations. This, in turn, ensures that the price of the product remains cheap and helps have regular customers. Businessmen need to have more date on information structure, market conditions, the sales of goods and services and foreign buyers. Because the larger the database, the more information the entrepreneur has about the size of the product and the time of sending and the cost. Only when the businessmen organize their activities in this way, can there be an increase in their work.

Providing credits to private businesses to increase the export potentials. Since capital is necessary to encourage business activities. If only the businessmen have enough fund, there will not be any disruption in their work.

Encouraging innovations and business activity. The peculiar feature of business is the creation of the basis of new ideas and inventions. Therefore, it differs with the fact that it does not need a huge amount of money.

It is necessary to provide entrepreneurs with regular training in the field of foreign economic activity. This is because the entrepreneur studies the supply and the demand of the external market and thus guarantees the future of the business.

Based on abovementioned programs, state support for entrepreneurial activities helps implement encouragement policy as well as allows to do the following:

Keeping high employment rates and by this to increase the social stability and welfare of the population. As a result of implemented reforms in our country, this ensures able-bodied population to be employed in this sector. Contributing to decrease the unemployment rate, provides social stability in society, because of which the income of population will increase

Supporting the production of new types of products for the needs of society through the financing innovative ideas. Promotion of innovative ideas plays an important role in business. This, on the one hand, is not costly for small businesses which are testing innovative ideas. On the other hand, small businesses have the opportunity to rapidly change production processes.

Stimulating the inevitable processes. Funding is an important factor in the development of entrepreneurship. Therefore, the entrepreneur focuses on financing the profitable part of his business based on his own interests. This, in turn, will facilitate the further development of the production potential.

Based on the experience of developed countries, in our country, constitutional basis of supporting entrepreneurial activities were created and the President's decisions and decrees can be a typical example of this. It includes the President's decree "Improving the system of the support and protection of entrepreneurial activities" and the president's decision «Organizing the implementation of business initiatives and projects “. In particular, in previous years, large-scale work was done in the field of developing entrepreneurial activities and strengthening legal guarantees of the protection of the legitimate interests of the entrepreneur. In the first quarter of 2019, 16.4 trillion sum- credit was allocated to implement the projects of entrepreneurs, as a result the number of new established entrepreneurial firms increased 2.3 times.

Moreover, it was observed in the world experience that private business is one of the crucial factors that decide economic growth in developed countries. For instance, the contribution of small and medium-sized businesses in the gross domestic product of EU member states is 67%, in Germany 65%, in the USA it accounts for 52%. In Japan 80 % of the employed population are engaged in small or private businesses while it accounts for 70% in the European Union. Private entrepreneurship is an important sector of the economy of Uzbekistan. Today there are more than 525,000 businesses and it can be a good instance. The following innovators show that the majority of manufacturing sectors falls on business sector in our countries. The share of entrepreneurial activity in the gross domestic product has reached 60%. 78% of the population work in this area and develop this sector. It also accounts for one third of country's industrial output and 90% of agricultural output. In many other regions it accounts for 70-90%.

Tax policy is also important in supporting the economy of our country. That is because we can see some benefits by reducing the tax burden of entrepreneur:

Firstly - it will be uncommon for an entrepreneur to hold income. This leads to high taxes paid by entrepreneurs.

Secondly- the entrepreneur starts his business with a new type of activity. For example, it provides new opportunities for entrepreneurs to engage in virtual activities in a new type of business that is needed for our country. The trend of emergence of modern markets, globalization of markets, the significance of the increasing prices, their costs and the rate of customers' need, the importance of the relations with consumers and the utilization of information affect to this form of entrepreneurship.

Thirdly- the entrepreneur creates new jobs. In this way, entrepreneurs help our country solve social problems like unemployment and so on.

Taking these factors into account, special attention was paid to the tax policy of our country with the help of our country's President's Shavkat Mirziyoyev the entrepreneurs received tax incentives and broadened their activity. The year 2019 has already been successful in this sphere. For example, the income tax on individuals doubled to the state budget. Additional

571,000 tax payers were identified at the beginning of the year. Also, the reduction of value added tax from 20% to 15% as of October 2019 is an opportunity for entrepreneurs.

To summarize, many opportunities have been provided to our entrepreneurs after Independence. That is because the ownership layer is the main driving force of the economy in the context of market relations. We can see it on the example of developed countries in the world. Therefore, the support of private entrepreneurship in the country increased to the level of state policy. The working population, the largest share of gross domestic product and the main part of investments are in this sector.

It is also important to organize entrepreneurship based on centuries-old national handicrafts in our country. Because they allow us to pass our national values to future generations. Important festivals or conferences are organized by the government. International Handicraft festival was held between 10 and 15th September of 2019 in Kokand, Fergana region. This can also indicate that craft-based entrepreneurship is supported and our national traditions are becoming widespread.

Based on the above, it is advisable to implement the following recommendations to improve further entrepreneurship support:

For the improvement of protection of intellectual property rights to support innovations in entrepreneurial activity. Because entrepreneur creates and implements innovations throughout his or her career and meets the financial and emotional needs of the members of society. For this reason, it is expedient to protect the intellectual rights of entrepreneurs.

Establishment of specialized organization for the legal and financial support of private entrepreneurship activity. It is advisable to establish financial, organizational and improved banking business advisory centers in our country.

Establishment and development of infrastructure to support private entrepreneurship. Material and technical support of an entrepreneurial activity contributes to its development and the strengthening of its faith in the future.

Development of a credit system for the development of private entrepreneurship. The business is directly related to the financial and credit system. It would be advisable to establish entrepreneurs' branches of the bank, because it helps the businessmen find the solutions to the problems that await them, while saving their excessive time.

Further simplifications of the registration system and taxation of private business, etc.

It is clear that in our country particular attention is paid to the organization and support of entrepreneurial activity. Because the more business people in our country, the better the economic welfare of the country along with the economic performance of the country. And this is one of the important factors that will help our country gain a foothold in the world community.

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