

Improving the Organizational and Economic Mechanisms of Small Business Development and Creation of a Favorable Business Environment in the Regions

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ABSTRACT

This article analyzes the role of small business and private entrepreneurship in the development of the regional and national economy of the republic, as well as foreign countries, and its development trends in industries. Also, proposals and recommendations were developed for the further development of this sector as a result of accumulation of advanced foreign and local experience in this field.

Introduction

Regions play an important role in the development of small businesses in the regions and in the improvement of the organizational and economic mechanisms of creating an entrepreneurial environment. Therefore, local authorities clearly know the financial and material capabilities of their territory, the real needs of the population for certain types of products and services, areas of activity from the point of view of the region, and ways to effectively use resources in the form of ownership. The President of the Republic of Uzbekistan said in his address to the Oliy Majlis on December 25, 2022: within the framework of programs such as "Every family is an entrepreneur" and "Youth is our future", about 2 trillion soums have been allocated, and more than 2,600 business projects have been implemented locally. Since this year, 5.5 trillion soums of additional funds have been left in the regions due to the part of taxes that exceeded the forecast. Therefore, it is 6 times more than last year, and 32 times more than 2021. Our country's experience of using the influence of local authorities in the development of business structures

shows that in the following years, sufficiently serious development of entrepreneurship was ensured. Taking this into account, despite the fact that special programs for the development of small business are developed and approved every year in Uzbekistan, there are still shortcomings that prevent the improvement of small business. One of the main reasons for the emergence of the above-mentioned problems is the transition to the market economy on the basis of administrative orders from above, bypassing the interests of the entrepreneur, which is the basis of the market system. Also, the very logic of creating a market economy requires "bottom-up" movement, that is, from the interest of an entrepreneur to the creation of a centralized market infrastructure (tax, credit policy, bank, stock exchange, etc.) that implements and organizes this interest. It is impossible not to recognize the shortcomings associated with determining the sources of initial capital formation for the establishment of small business in the regions.

Analysis of literature on the topic

Scientific, theoretical foundations and methods of researching the development of small business and private entrepreneurship A. Smith, Y. Schumpeter, H. Gross, R. Brooksbank, W. Huebner, R. Khizrich, M. Peters, A. Hosking, G. Jones, L. Abalkin, V. Abchuk, A. Busygin, Yu. Osipov, A. Shapiro, M. Balashevich, K. Dougherty, A. Webster, E. Vigdorchik, A. Khachatryan, S. Ayvazyan, V. Mkhitaryan, N. Egorova, A. Larionov, V. Dolgopyatov, O. Zamkov, etc., were widely covered in the researches of foreign scientists. In the conditions of the transition of the market economy in our republic, the development of small business in the regions and the creation of an entrepreneurial environment, the improvement of organizational and economic mechanisms, regional and branch problems are widely covered in the scientific works of a number of scientists of our republic. Other well-known scientists who have conducted research on socio-economic processes and the development of a number of small businesses and private entrepreneurship in our country have researched the theoretical and practical aspects of modeling regional, network, infrastructure objects of the economy in their scientific works. In particular, today the researches of the scientists of our country on the scientific and practical research of small business development trends in our republic are not enough, or most of them are devoted to the theoretical problems of entrepreneurship. Therefore, nowadays, scientific and theoretical problems such as improvement of small business in the regions, identification and assessment of development trends, mutual relations and imbalances in the development of the economy and property sectors, identification of priority directions of institutional changes in small business development with scientific analysis, laws of small business development, systematic analysis in connection with antimonopoly policy, competitive environment and mechanisms, assessment of the development and prospects of small business in economic sectors in our republic using the methods and models effectively used in assessing the stability of the development of economic sectors in developed countries, determining the attractiveness of economic sectors for small business entities using break-even analysis, small business, there is a real need for solving and practical implementation of scientific and practical problems, such as extending the "life cycle" of the subjects, developing additional statistical indicators that ensure monitoring of their stable and balanced development, determining the trends of small business development in the regions of our republic.

Methodology of the research

The methodological basis of the research is the legal and regulatory documents in the field of small business development in the regions and improvement of the organizational and economic mechanisms of creating an entrepreneurial environment, in particular the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No. PF-4749 "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan". Decision PQ-3182 dated August 8, 2017 of the President of the Republic of Uzbekistan "On priority measures to ensure rapid socio-economic development of regions". As well as decisions No. PQ-3777 of June 7, 2018 "On the implementation of the program "Every family-entrepreneur" were received. Also, proposals and

recommendations regarding the main directions of continuing institutional and structural reforms aimed at reducing the state participation in the economy, protecting private property rights and further strengthening its priority position, stimulating the development of small business and private entrepreneurship, as well as collecting relevant statistical data and modern statistical methods and observations, comparative and systematic, analysis and synthesis, induction and deduction methods are widely used in their processing. As a result of researches and fundamental reforms carried out in our Republic, the decision of the Cabinet of Ministers dated December 24, 2003 No. 563 "On organizational measures to improve the mechanism of financial support for small business entities" is considered one of the main documents. In the development of small business in the regions and in the improvement of the organizational and economic mechanisms of creating an entrepreneurial environment. the financial policy of supporting subjects at the republican level is carried out through budgetary and extra-budgetary sources, small business support projects by the state and state clients. Also, at the regional and territorial level, this function is performed by regional and city funds that support small businesses based on their regional and city programs. The main goal of the financial policy of the regions in relation to small business is aimed at eliminating negative situations in the credit market, financing deficiencies in its financial stability, as well as financing quality programs and projects aimed at developing the internal potential of small enterprises and increasing their competitiveness. No fund can perform such a responsible task if our country does not always implement a clear policy aimed at the development and support of small business. In our opinion, we would like to show the efficiency of the measures implemented for the development of the industry and its support, while performing a comparative analysis of the development of small business in our country. Over the years, the process of establishing new companies in the developed market economy has been growing rapidly. In developing countries, there is great interest in copying the forms of regulation of small business development used in developed countries in the development of small business in the regions and in improving the organizational and economic mechanisms of creating an entrepreneurial environment. However, studies show that such mechanically implemented foreign experiences used in the territories of our country often lead to the deformation of its real characteristics and the weakening of advanced forms of entrepreneurship, rather than helping the development of this industry. The condition existing in our republic - the uniqueness of the conditions, the current state of the production structure, requires sufficiently large costs to change them. Also, the high degree of monopolization in production is one of the factors that hinders the development of small businesses in the regions, the creation of an entrepreneurial environment, and the improvement of organizational and economic mechanisms.

Low competitiveness in production occurs in most areas due to the backwardness of the technological base, high capacity of power and resources, low product quality and high costs. It is difficult to say that it is at the level of demand, despite the fact that production growth is being ensured in the country's economy. The issue of forming a legal basis for new economic relations and ensuring their implementation has not been fully implemented. In the course of economic reforms, a sufficient control system was not formed for the formation of a normal market environment. The mechanism for eliminating negative events and situations has not yet been created. Small business in passive conditions, without sufficient state support, cannot become a strong stimulating factor of production, cannot take the place it occupies in the economy of other developed countries. In our opinion, the state support of small business in the transition period should have an encouraging and selective character. Of course, the state should encourage the economic structures that are aimed at the goals and directions of the development of the society and are in line with the state's social and economic policy. It will be necessary to rely on its own private, material and financial resources for the development of small business in the regions, creation of entrepreneurial environment, improvement of organizational and economic mechanisms. As for support from our country, this process should be implemented in the form of reasonable grants, preferential taxation, credit, insurance, investment and other forms. Therefore,

the state support should not acquire the nature of reward and dependence on the state, should not be accepted as the main source regularly provided by small enterprises to increase competitiveness and income. The experience of creating greenhouse conditions for small businesses in highly developed Western countries has shown unexpected opportunities that do not always happen. It is necessary to develop a small business and create an entrepreneurial environment in the regions of Uzbekistan. The results of the long-term support of large and small inefficient state enterprises in improving their organizational and economic mechanisms have been quite the opposite. In this case, the size of the enterprise does not change the essence. The main principle of state support in such a situation is to reduce the administrative and management control of small business step by step and to create economic and legal conditions for better formation of the market economy. The country's support for small business should be manifested by creating conditions for the development of small business in the regions and the improvement of the organizational and economic mechanisms of creating an entrepreneurial environment, taking into account the industry, geographical, national, historical advantages and customs, as well as international experience. The main task of the state support of small business is to reduce the gap between small and large enterprises in terms of economic opportunities, to ensure the real rights of small enterprises, to ensure the optimal ratio of small and large businesses in the process of forming the market system management in the Republic. This, in turn, is manifested in the development of market competition, creation of legal equal conditions, independent implementation of the choice of its type and form, free movement in the methods of entrepreneurship, creation of equal opportunities for business implementation, determination of rights and responsibilities. It also means that the success of small business in the development of small business and in the improvement of the organizational and economic mechanisms of creating an entrepreneurial environment can be ensured only if there are favorable social, economic, legal, political and other conditions. In such a process, everything becomes important, from political stability to representative and executive bodies of power, from the protection of private activities of entrepreneurs from criminal elements to the provision of civil rights in a broad sense. The lack of favorable conditions undermines the effectiveness of the small business support system. One of the main goals of the economic reforms implemented in Uzbekistan today is to achieve economic growth, create an efficient economy that provides a high standard of living for the population, and ensure active participation in the global economic community. While the current situation is considered a sufficiently optimistic solution for the realization of this lofty goal, it also has the potential to improve the organizational and economic mechanisms of supporting, developing, and creating an entrepreneurial environment for small businesses, and the following can be included in their main directions:

- comprehensive support of pure competition practice;
- formation of a broad layer of owners and entrepreneurs;
- to ensure maximum self-development of citizens in the implementation of entrepreneurial activities;
- to encourage prospective directions of small business development and priority types of activities of its subjects;
- collection of resources and assistance in their use in priority directions;
- supporting small business entities to participate in the implementation of large national economic programs and projects, as well as product delivery and activities related to state needs;
- granting concessions and preferences for the modernization of production funds of small enterprises, introduction of advanced technologies and new equipment;

In particular, it would be appropriate to focus on small enterprises engaged in the type of activity

determined as one of the priority directions in the development of small business in the regions and improvement of the organizational and economic mechanisms of creating an entrepreneurial environment. Stabilization of the social and economic situation in our country has a positive effect on the development of small business. Therefore, the main part of operating small enterprises and micro-firms corresponds to types of industrial and trade activities. A small share corresponds to the provision of healthcare and social services, as well as information and communication activities. The level of small business development is classified by the number of small businesses per 1,000 people. In EU countries, this indicator consists of about 30 enterprises.

This indicator is also expected to increase in Uzbekistan, for example, as of January 1, 2018, the average number of small business entities per 1,000 inhabitants was 12.2 units, an increase of 107.0 percent compared to the previous year. This indicator is 21.2 in Tashkent city, 14.2 in Tashkent region. Indicators higher than the average indicator of the republic are -16.9 in Syrdarya region, 15 in Jizzakh region, -12.5 in Kashkadarya region, 12.5 in Navoi region, and 12.3 in Bukhara region. The main indicators of small business development in Uzbekistan are shown in comparison with the indicators of other countries, it should be noted that the share of small enterprises in the gross domestic product in Uzbekistan is 54.9 percent. In some countries of the European Union, the share of small business in creating added value is more than 60%. We will consider the main indicators of the development of small business in the economy of some developed countries. Small business is of particular importance in providing employment in our country, including the number of employees in small business in 2017 was 10587.7 thousand people, or 78.3% of the number of employees in the country's economy, and compared to the previous year, it was 1.8 % growth is ensured. Based on the results of the research, it can be noted that the small number of employees working in each enterprise is a characteristic of small business. The number of employees in each small enterprise is on average 7, 8 people (not taking into account informal employment). The highest figure was observed in agriculture - 12 people, in construction - 11 people. The lowest number of employees is recorded in the field of information and computer, real estate operations, culture and art, each of which has no more than 6 employees. In 2017, the products produced by all small enterprises accounted for 54.9 percent of the total volume of products produced in the Republic of Uzbekistan, and according to the current value indicators, it is 61367.8 billion soums. Small enterprises in the field of construction completed construction works worth 22,173.8 billion soums (65.1 percent of the total volume of construction works) and the growth rate compared to January-December 2016 was 103.2 percent. In 2017, the volume of products and services produced by small enterprises in the Tashkent region made up 57.3 percent of the total volume of produced products and services. According to statistical data, the absolute leadership in the increase of the number of small enterprises was taken by the industrial sector. In recent years, the composition of the existing sectors of small enterprises has not changed much. Trade (26.8%) and industrial (21.2%) enterprises make up the largest part of the total number of small enterprises. The attraction of these areas is primarily due to relatively quick return on investment and stable consumer demand. Also, one of the main goals is to study the activities of small business enterprises in the field of construction at the level of the regional and national economy in the development of small business in the regions and the improvement of the organizational and economic mechanisms of creating an entrepreneurial environment, because this field is of great importance for the country and the population. Currently, one of the most urgent issues is the construction of housing for residents, this problem is widespread throughout Uzbekistan, all regions are looking for ways to solve this problem. It became clear that the center of gravity of small business should be transferred to the regional level. Local authorities rely on administrative and economic frameworks to control business activities. Almost all government bodies of the republic, regions, regions and cities have departments focused on economic development. The main purpose of this is aimed at the development of entrepreneurship in a certain area, the growth of the production of

promising goods and services in demand by the population of this area, and the creation of jobs. Territorial bodies of state power and administration need to determine directions of small business support in this area, as well as clarify the set of necessary measures and activities and develop material, technical and financial resources for their implementation at the expense of local sources.

In the development of small business in the regions and improvement of the organizational and economic mechanisms of creation of the entrepreneurial environment, problems that do not have a solution in practice are manifested, as well as in the selection of the development strategy and assessment of the available resources. At the same time, the main activities of most regional authorities are, as a rule, the creation of new enterprises and the attraction of foreign investors. In the regions, it is possible and necessary to use the local situation and development conditions that allow small enterprises to develop and resist negative trends, as well as lead to an increase in investments. Therefore, it is necessary to determine the main promising directions in the establishment of small business in the regional plan. First of all, it is necessary to take into account the advantages of small business from a regional point of view. The following can be included in the priority areas of small business development at the level of the regional economy as a whole: production of products and services on a small scale and in an individual form, which is ineffective for large enterprises; mastering new sectors of the market that are not occupied by large enterprises or for which efficiency is low, and creation of innovative business; implementation of contract and subcontract work for large enterprises; establishing small businesses located in remote and hard-to-reach areas, as well as in specialized sectors.

Any small and medium-sized business as a social institution not only produces services and goods, but also performs social functions such as ensuring the sustainable development of the regional economy, social stability, and the development of humanity as the main force of production.

Conclusions and suggestions

The international experience of the development of small business and private entrepreneurship showed that small business primarily needs financial and economic support, not administrative control. Also, state guarantees are important for small businesses. State guarantees should systematically implement actions aimed at protecting the rights of business entities, as well as create a system of actions aimed at protecting investments regardless of whether they are considered investors and registered as legal entities. Effective operation of this system is presented to all investors who are investing in the region.

Summarizing the advanced foreign and domestic experience of developing small business and private entrepreneurship in the regions, the following suggestions and recommendations can be made for the further development of this sector in the future:

- further improvement of the institutional foundations of support for small business entities in terms of organizational, informational, legal, personnel and financial support;
- development of cooperative activity of state and public organizations, private sector in the field;
- organization of industrial areas as a sphere of mutually effective cooperation of large and small businesses and improvement of their activity efficiency;
- classification of the activity area of taxation (the main focus is on science and environmental technologies), social status of entrepreneurs (special benefits for young people, women, disabled people, pensioners) and development of regions (privileges for backward regions);
- focusing on the development of non-profit organizations in the field of social services, ecology, energy-saving, urban economy, health services;

- introduction of small innovative firms and venture financing system under universities, research institutions, large enterprises;
- establishment of a system of financial support by local authorities in the form of direct subsidies to small business entities in the form of targeted tax breaks and loans or incentives to individual firms;
- implementation of measures to develop agriculture based on environmentally advanced agrotechnologies compatible with local conditions, increase land productivity, protect them from erosion and pollution, as well as create a system of social support for rural residents;
- further development of production and service provision of components (previously imported) in local small enterprises for large production enterprises, etc.

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