
Entrepreneurship: Essence, Role, Types, State Support

Mukumova Nargis Nuriddinovna

Senior Lecturer, Samarkand State University of Architecture and Civil Engineering

Mirzayev Zafar Abdalimovich

Teacher, Samarkand State University of Architecture and Civil Engineering

Abstract: This article describes the main types of entrepreneurship in Uzbekistan. The role of small business in the development of the country's economy is noted. The main directions of state policy that promote the development of entrepreneurship and have a positive impact on the business environment are analyzed.

Key words: small business, private entrepreneurship, individual entrepreneurship, joint stock company, limited liability company, joint ventures, regulatory framework.

In a market economy, the role of private entrepreneurship is determined by their real contribution to social development. Small business today is the "cornerstone of development" and the "locomotive" of all those economic processes that are taking place in the economy today, and the basis for the sustainable development of the economy of any country.

Today, no one doubts that private entrepreneurship has great potential in solving the economic and social problems of Uzbekistan. Uzbek small businesses are already contributing to the creation of new jobs, to the revenue side of the budget, to stimulating innovation and innovation, as well as to the formation of a middle class of owners, which is becoming an essential condition for strengthening social stability in the Republic of Uzbekistan.

Small business, quickly responding to changes in market conditions, gives the economy the necessary flexibility. Small companies are able to quickly respond to changes in consumer demand and thereby ensure the necessary balance in the consumer market. Small business makes a significant contribution to the formation of a competitive environment, which is of paramount importance for our economy.

The problems related to the deeper development of small business activity and entrepreneurship are important, because, with its social institutions and social functions, they solve the problems of the formation of private entities and entrepreneurial activity. The stability of social systems, the creation of jobs and employment, poverty reduction, the rapid growth of the population require the ever growing needs and requirements from the national economy. Small and medium size business and private entrepreneurship are an important element of economic expansion, increasing employment and generation of national income. Over the past five years of the second president of the Republic of Uzbekistan, Mr. Shavkat Mirziyoyev, numerous government decrees and resolutions have been adopted to lay out comprehensive support the representatives of entrepreneurs. In particular, the President Mirziyoyev stated that the most important way to improve the standard of living is the development of entrepreneurship and small business [1].

According to the Law of the Republic of Uzbekistan "On Guarantees of Freedom of Entrepreneurial Activity", entrepreneurial activity (entrepreneurship) is an initiative activity

carried out by business entities in accordance with the law, aimed at generating income (profit) at their own risk and under their property responsibility [2].

In accordance with the legislation of the Republic of Uzbekistan, in the territory of the Republic of Uzbekistan, citizens, including foreign citizens, can carry out business activities without forming a legal entity as an individual entrepreneur, as well as through the establishment of a legal entity. Business activity can be carried out after state registration.

Individual entrepreneur (Sole Trader) - is an individual engaged in entrepreneurial activity without forming a legal entity, independently, on the basis of property belonging to him by property rights, as well as on the basis of another real right allowing possession and (or) use of property.

The organizational-legal forms of business activity through the establishment of a legal entity are:

Joint-Stock Company (JSC), an economic entity whose authorized fund (authorized capital) is divided into a certain number of shares certifying the company's obligations to shareholders. It is a complex commercial organization in the structure and management, which legislation establishes requirements for the procedure of issuing shares, disclosing information, and etc. At the same time, some forms of commercial activity, such as banks, can carry out entrepreneurial activity only in the form of joint-stock companies.

Limited Liability Company (LLC), a business company established by one or more persons, the authorized fund (authorized capital) of which is divided into shares of the sizes determined by the constituent documents. Members of a limited liability company are not liable for its obligations and bear the risk of losses associated with the company's activities, within the value of their shares.

Company with Additional Liability (CAL) differs from the previous form in the responsibility of the founders for the obligations of the Company. The members of such a company jointly and severally bear subsidiary liability for its obligations with their property in the same for all amount to the value of the contributions made by them, determined by the constituent documents of the company.

Furthermore, the business activity can be carried on in the form of economic partnership – which is recognized by legislation as a commercial organization with a authorized fund (authorized capital) divided into shares (contributions) of the founders (members), in which the founders (members) or some of them personally participate in the conduct of business activities on behalf of such a partnership.

Private enterprise (PE) - is a commercial organization created and managed by the owner - one individual. From the point of view of tax planning, on the date of preparation of this review, the income of a private enterprise, after paying all taxes, is the property of the owner, in connection with which this income is not charged dividend tax, which reduces the cost of doing business.

The table below shows the size of the state registration fee and the minimum size of the authorized fund, required for the legal type of legal entities.[4]

Table 1. The amount of the state registration fee and the minimum amount of the authorized capital required for the organizational and legal form of legal entities.

Form of business company	Minimum amount of charter fund	In person state registration fee	Online state registration fee
JSC	400 million soums	1 times of the MMW	0,5 times of the MMW
LLC	40 times of the MMW	1 times of the MMW	0,5 times of the MMW
CAL	40 times of the MMW	1 times of the MMW	0,5 times of the MMW
Individual entrepreneur	Not required	1 times of the	0,5 times of the

		MMW	MMW
Private enterprise	determined by the owner	1 times of the MMW	0,5 times of the MMW
Economic partnership	50 times of the MMW	1 times of the MMW	0,5 times of the MMW
Unitary Enterprise, State Unitary Enterprise	Not required	1 times of the MMW	0,5 times of the MMW
Company with Foreign Investment	400 million soums (of which at least 15% foreign investment)	10 times of the MMW	5 times of the MMW

According to preliminary estimates, 12-15% or 4-5 million people in Uzbekistan are poor. The President of Uzbekistan Mr. Shavkat Mirziyoyev stated that poverty reduction should be solved not by increasing the amount of monthly pensions or mass lending, but by vocational training, financial literacy, entrepreneurship skills, improving infrastructure, educating children, quality medical service, and the introduction of targeted pensions [5].

According to the State Statistics Committee, in 2020, the economically active population of Uzbekistan amounted to 14.8 million people, from which 13.2 million (89.5%) are employed, 1.55 million are unemployed, that is, the unemployment rate rose to 10.5%. In Uzbekistan, with the aim of organizing targeted, individual and systemic work with each person, a completely new system has been introduced - an "iron notebook" for working with families in need of material assistance and support, as well as a "women's notebook" and "youth notebook" have been introduced to support women and young people in need of social, economic, legal, psychological support, knowledge and vocational training. In order to reduce unemployment and social support, 21.500 women attended short-term vocational courses. Thanks to these reforms, the number of women who set up their business increased by almost 45 thousand over the year, creating thousands of new jobs. Employment was provided for 131.109 unemployed women included in the list of "women's notebook".

By the end of 2021, the State Fund for the Support of Entrepreneurship under the Agency for the Development of Entrepreneurship provided 8,919 women entrepreneurs with guarantees in the amount of 650 thousand U.S. dollars, 26.450 women entrepreneurs - compensation in the amount of 420 thousand U.S. dollars on loans.

Table 2. Distribution of the employed and unemployed population by the type of the sector [3]

Sector name	2018	2019	2020	2020	2020	2020
Governmental sector	2427,0	2463,3	2549,0	2572,6	2594,6	2497,0
Non-governmental sector (private sector)	10810,4	11077,8	10889,6	10164,0	10610,7	10742,5
Unemployed people registered	220,9	187,7	32,1	73,2	33,7	37,1

Data from the State Statistics Committee of Uzbekistan

According to 2020 year statistics, 19% of the employed population, that is, 2.49 million people work in the public sector, their number increased by 33.7 thousand in a year. 81%, that is, 10.7 million people are employed in the private sector, in relation to 2019, their number decreased by 335.3 thousand. As the economy develops, the poor become the middle class and the middle class shift to the rich. To reduce poverty and form a middle class, there must be empowering actions for people to work and improve their working environment for the correct functioning of social entrepreneurship.

State policy is called upon to play an important role in the development of entrepreneurship and the creation of an environment that supports and encourages it. Below we look at seven ways

governments can promote entrepreneurship and have a positive impact on the business environment.

1. Provide access to funding

One of the biggest challenges facing entrepreneurs is access to capital. Many entrepreneurs have great ideas but lack the financial resources to turn them into reality. Governments can help by providing funding through grants, loans and other financial incentives. For example, the Small Business Administration (SBA) in the US offers a variety of loan programmes for small businesses, including the 7(a) loan programme, which provides up to \$5 million in funding to eligible businesses. In addition, governments can also provide tax incentives for investors who provide funding to start-ups.

2. Reduce bureaucratic red tape

Entrepreneurs often struggle to navigate complex regulations and paperwork. Governments can reduce this burden by simplifying and streamlining the process of starting and running a business. For example, the World Bank's Ease of Doing Business Index ranks countries based on how easy it is to start and run a business. Singapore consistently ranks at the top of the list, in part due to its business-friendly policies, such as its online business registration system that allows entrepreneurs to register a company in just a few hours.

3. Invest in education and training

Entrepreneurs need a wide range of skills to succeed, from business management to product development. Governments can invest in education and training programmes to help entrepreneurs acquire the knowledge they need. For example, the National Science and Technology Entrepreneurship Development Board (NSTEDB) in India provides training and support to entrepreneurs in the areas of science and technology.

4. Encourage innovation

Entrepreneurship is closely tied to innovation and governments can promote innovation by investing in research and development and by providing tax incentives for companies that invest in new technologies.

5. Create a supportive legal framework

A supportive legal framework is essential for entrepreneurship to flourish. Governments can create a favourable legal environment for entrepreneurs by simplifying the business registration process, protecting intellectual property rights and enforcing contracts.

6. Foster a culture of entrepreneurship

Governments can promote entrepreneurship by creating a culture that values and supports it. This can be done through public awareness campaigns and by recognizing and celebrating the contributions of entrepreneurs.

7. Stimulate networking and collaboration

Entrepreneurs often need to network and collaborate with other entrepreneurs, investors and experts to succeed. Governments can foster networking and collaboration by creating opportunities for entrepreneurs to meet and exchange ideas.

In conclusion, governments have a crucial role to play in fostering entrepreneurship. Entrepreneurship is not just about starting a business; it's about creating opportunities, driving innovation and fostering economic development. Governments that support and encourage entrepreneurship not only help individual entrepreneurs but also contribute to the overall well-being of their economies and societies.

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