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## The Role and Importance of Entrepreneurship in Uzbekistan

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**Abstract:** The importance of entrepreneurship in Uzbekistan is incomparable. The Republic of Uzbekistan is economically free and in good economic condition with industrial production of cotton and natural resources. Today, in order to further develop the economy of Uzbekistan, more extensive work is being carried out. In particular, there are great opportunities for young entrepreneurs as well as female entrepreneurs.

In this article, as of the 1st season of 2023, the number of settlements in the budget of the initiative is analyzed by region. Conclusions and suggestions for further development of entrepreneurship in Uzbekistan were also given. Moreover, detailed information about the role and importance of entrepreneurship in Uzbekistan is also provided.

**Key words:** Business, management, economic resource, private entrepreneurship, contracts, financial resources.

### Introduction:

In today's era of globalization, the concept of entrepreneurship and its activities impact great importance. Through entrepreneurship, the state can achieve economic prosperity. Of course, the state authorities should also support entrepreneurship and create conditions for them. Each given situation and opportunity help to avoid any kind of obstacles in front of entrepreneurs. With the development of small business and private entrepreneurship, the importance of competition, which is the basis of economic management, is increasing. In order to operate successfully in such conditions, entrepreneurs must know effective management methods, be able to determine the limits of risk, and be able to choose the most optimal of the available options. This is determined by the business ability of the entrepreneur and requires a certain level of knowledge and skills from every entrepreneur. An entrepreneur is one of those people who are ready for high-risk work. He can solve and solve high-risk projects or engage in low-risk businesses.

### Literature review:

On August 31, 1991, the Republic of Uzbekistan proclaimed its independence as a free nation. As a part of the former U.S.S.R., the Uzbekistan people were required to adhere to the mandates of the Central Government in the production of manufactured goods, agricultural commodities and other goods and services. The Republic has consistently been one of the top five cotton producing countries in the world, and its economy is largely dependent on this commodity.

Simultaneously, government leaders took affirmative steps to maintain cotton production in order to stabilize land use policies and finance economic reform. A significant portion of governmental efforts over the last ten years have focused on encouraging free enterprise and entrepreneurship through directives which return business decision-making to entrepreneurs and business leaders. These business decisions were previously made by the Central Government which dictated production output based upon perceived needs of the former U.S.S.R. This paper will explore how the government of Uzbekistan has promoted and nurtured a spirit of entrepreneurship among its

people through policies which foster free entrepreneurial thought, build viable business entities, equitably transfer public lands to private use, and reform the economy<sup>1</sup>.

Human activity is different and directed in different directions. Theirs entrepreneurship has a special place in it. Based on market relations as well. In the economy, entrepreneurship is considered an economic resource, production and service is a component of the personal factor in presentation. In Uzbekistan during the growing economic reforms, especially at its current stage development of entrepreneurial activity, giving it wide freedom, and special attention is being paid to eliminating any obstacles and restrictions.

According to A. Hadzhimuratov's thoughts that, at present, in the process of creating a socially oriented "Uzbek model" of market economy in New Uzbekistan, entrepreneurship is a leading force in ensuring the intended economic development. "Accelerated development of entrepreneurship, the development of our society and a solid foundation for a prosperous life is the most important guarantee of sustainable growth of our economy". "We will continue to create all conditions for entrepreneurs to introduce real market relations in our national economy, and on this basis to develop our country. After all, the entrepreneur is the mainstay and locomotive of our economy, our reforms. "The new development strategy of Uzbekistan defines the creation of the necessary conditions for entrepreneurship as a priority"<sup>2</sup>.

90 percent of create contribution of the private sector. There are currently 5 on this network the fact that more than a million people, especially our youth, are working is not only economic, but it also shows that its role in our social life is increasing. Therefore, if we say that we will improve our economy and social sphere, we will develop entrepreneurship it is necessary to create all opportunities and conditions.

Uzbekistan has historically had a commodity-based economy, and as such, its entrepreneurial ecosystem remains nascent. The success of entrepreneurship is seen as key to a wider process of economic diversification and development, and the 77% growth in the number of companies between 2016 and 2020 highlights promising increases in entrepreneurship. The country ranks eighth in the world in Ease of Starting a Business (source: WIPO 2021 Global Innovation Index). Nevertheless, limitations in access to capital markets, legal and property rights protection and deficiencies in regulation and tax policies still constrain small business growth<sup>3</sup>.

## ANALYSIS AND DISCUSSION OF RESULTS

The President of Uzbekistan Islam Karimov outlined the task at the session of the Cabinet of Ministers of Uzbekistan dedicated to the socio-economic development in 2015 and the most important priorities of economic program for 2016, to ensure this year's GDP growth at 7.8 %, the volume of industrial production — 8.2 %, agriculture — 6.1 %, retail trade turnover — 14 % and services — 17.4 %. It is planned to direct investments to US\$17.3 billion to development, modernization and structural reforms in 2016 with the growth rate of 9.3 %, of which over US\$4 billion will be foreign investments with the growth rate of 20.8 %. Analyzing progressive advancement of the country, I would like to note that thanks to the measures taken the share of small business and private entrepreneurship in gross domestic product has risen from 31 % in 2000 to 56.7 % at the moment, or 1.8 times. In this area now produces a third of 98 % of industrial and agricultural products. It employs more than 77 % of the total employed population. All of this reflects in international reports, In particular, the World Bank's «Doing Business» criteria such as

<sup>1</sup> Entrepreneurship In The Republic Of Uzbekistan: A Model For Other Emerging Nations William D. Eshee, Ismatilla Mardanov, Pearson Liddell, Gloria. International Business & Economics Research Journal Volume 2, Number 11 file:///C:/Users/iService/Downloads/Entrepreneurship\_In\_The\_Republic\_Of\_Uzbekistan\_A\_M.pdf

<sup>2</sup> Evolution of the entrepreneurship in Uzbekistan A.A. Hadzhimuratov 1Fergana Medical Institute, Fergana, Uzbekistan E3S Web of Conferences 402, 08044 (2023) <https://doi.org/10.1051/e3sconf/202340208044> TransSiberia 2023

[https://www.e3sconferences.org/articles/e3sconf/pdf/2023/39/e3sconf\\_transsiberia2023\\_08044.pdf](https://www.e3sconferences.org/articles/e3sconf/pdf/2023/39/e3sconf_transsiberia2023_08044.pdf)

<sup>3</sup> An entrepreneurship ecosystem in Uzbekistan ADRIAN MAGENDZO NOVEMBER 2022 <https://ifit-transitions.org/wp-content/uploads/2022/11/IFIT-Uzbekistan-BT-Entrenpreneurial-Ecosystem-in-Uzbekistan.pdf>

«support for new business» and «loans to small businesses», Uzbekistan is currently ranked 42nd in the world. As noted in the World Bank report, Uzbekistan is currently among the top ten countries in the world, which in the last year achieved the best results in improving the business environment for business. According to the rating of authoritative World Economic Forum, Uzbekistan is among 5 countries with the fastest growing economy in the world by the end of 2014–2015 and forecasts of growth for 2016–2017. At the end I want to say that, those affords which have been done by our government were very efficient. Also statistic number can prove it. 21st century is very changeable. New technologies, products, innovations become old much fast like information. But people want even greater and greater newness. Management in small business is developing up to that moment when both alternative and natural resources end. It means that never. Managing from resources will be easier, even with developing of environment. Because worldwide inventions and discoveries are near<sup>4</sup>.

According to Lutfullo Ibragimov, Effective advantages of small business and private entrepreneurship are been used in the country. Thus, majority of jobs created in the country was done this year. For example, the numbers of new job created in this sector of the economy consist of 476 thousand in 2005, 434.2 thousand in 2005, 600 thousand in 2010, and 480 thousand in 2014. The analysis shows that the number of new jobs of small business and private entrepreneurship is increasing year by year. To increase the level of employment of population in the country in the new stage of economic reforms and labor market regulation, more complex measures were carried out in the following areas. These include:

1. Labour legislation was being improved. Also, the local employment assistance and social protection of population centers are increasing.
2. To encourage the employees who create new job places to give a tax, credit, and other privileges to them.
3. It is increasing the labor activity of the population, on the basis of the development of population farms and self-employed farmers.
4. The population of the employment and labor market is strengthened. In realizing this, the activity of unprofitable enterprises was postponed, and the works of changing specialties was carried out.
5. In order to increase the competitiveness of human resources, it should train the quality of the labor force and improve its retraining system.
6. The most effective means of supporting the employment of population, small business and private entrepreneurship, the services sector, and handcraft was developed.
7. It financially supports the population who needs social care; hence, they are established with jobs in the structure of the quota categories<sup>5</sup>.

In general, in 2023, the volume of exports will exceed 23 billion dollars for the first time in our history." The digital revolution is changing the entire world society, as well as our lives is changing at an unprecedented speed. Of course, these changes are great opportunities not only that, but also creates great difficulties. Development of digital economy. The creation of new technologies makes an important contribution to achieving the goal, but it is not complete 1000% positive results are not guaranteed. Digital in business development the role of technologies is very high. The digital economy makes it easier for entrepreneurs. It causes a reduction in time and

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<sup>4</sup> Абдуллаев, J The role of entrepreneurship in Uzbekistan: issues on doing business, importance of management in small business 2016 <https://moluch.ru/conf/econ/archive/172/9650/>

<sup>5</sup> European Scientific Journal June 2016 edition vol.12, No.16 ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431 94 The Role Of The Development Of Small Business And Private Entrepreneurship In The Provision Of Employment: A Case Study Of The Republic Of Uzbekistan Ibragimov Lutfullo Ziyadullayevich, PhD Student University of Alexandru Ioan Cuza, Iasi, Romania doi: 10.19044/esj.2016.v12n16p94 URL:<http://dx.doi.org/10.19044/esj.2016.v12n16p94> file:///C:/Users/iService/Downloads/7570-Article%20Text-22047-1-10-20160628%20(3).pdf

costs. In recent years, digital opportunities are being created for the wide use of technologies, especially the IT sector development, creation of necessary personnel are urgent issues.

Currently, Uzbekistan's actions in the field of entrepreneurship, the mechanisms associated with its financing, as well as the system of control over the existing created financial infrastructures do not meet the requirements of today's times in the context of fierce competition. The share of the business sector that is adding to the country's economy, the mechanisms of development and financing of the business sector are lagging behind the growing indicators of the world. Based on world experience, the experience of the United States, which is at the forefront of economic development in the world, is one of the best. In the U.S., in 1953, a special federal department would be established under the name "Small Business Administration" (KIB) to promote and promote small-scale entrepreneurship. Each state has regional offices of the department, whose specialists advise people who want and are engaged in small-scale entrepreneurship in professional and financial matters. They also guarantee the issuance of US \$ 3.5 billion in bank debts per year. This ensures that funds are mainly directed towards obtaining equipment or creating jobs. KIB runs programs aimed at other nationalities in the country, namely American citizens. The department also manages programs aimed at reaching international markets and organizing a joint venture of small business enterprises with export potential. Types of sources of financing of entrepreneurial activity in our country: various financial resources that supply the necessary financial resources intended for the enterprise and special financial resources expected for their development. These resources can be considered in different positions, therefore, divided into long-term and short-term, internal and external, self-involved, paid and free<sup>6</sup>.

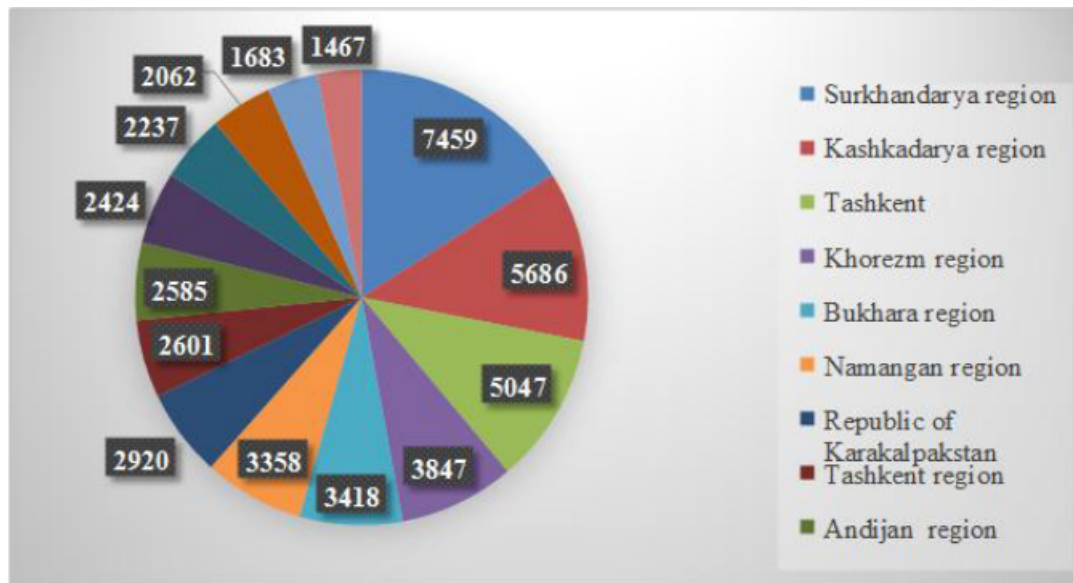
Entrepreneurship plays a major role in solving existing problems in the social and economic spheres and in the socio-economic development of the society. It creates new jobs in the fields of production, performance of work, and services, and is of great importance in providing employment to the population and reducing unemployment. More than half of the new jobs created every year both in developed countries and in Uzbekistan belong to small and private businesses. Therefore, entrepreneurship greatly contributes to the growth of employment, labor and economic activity of the population and, as a result, to the increase of its income. Two consequences of this process should be taken into account: on the one hand, the growth and expansion of the material and spiritual needs of the population, and on the other hand, the creation of opportunities to fully satisfy them. As a result, this will improve the life of the population, raise the standard of living, and improve their well-being. With the development of entrepreneurship, its role in this field increases.

A certain part of entrepreneurs stand on their feet and become owners as a result of further development. This will lead to the formation of a new generation of entrepreneurs and owners who think and act in a new way in society. Such persons are the social support of the state and the source of economic development.

The business environment is influenced by the political situation, the economic situation, the legal basis, the socio-cultural level of the people, the level of scientific and technical development of the industries, the natural and economic conditions and the appropriate structure of the market, i.e., the economic situation. If we analyze each element of the indicated business environment, then their current small base level can be considered satisfactory and it can ensure the development of small business in the republic. However, the absence of a legal system that protects property and guarantees compliance with contracts, strict regulation of the movement of goods, the complexity of the licensing system for special permits for export, and the presence of export duties significantly increase the risk of small business entities.

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<sup>6</sup> International Journal of Business Diplomacy and Economy ISSN: 2833-7468 Volume 2 | No 5 | May-2023 Published by inter-publishing.com | All rights reserved. © 2023 Journal Homepage: <https://inter-publishing.com/index.php/IJBDE> Page 58 The Role and Importance of Financing Entrepreneurial Activities in the Economy of Uzbekistan Ulashov Aliboy Rashid ugli <https://inter-publishing.com/index.php/ijbde/article/view/1725/1482>



**Figure 1. The number of settlements in the initiative budget as of the 1st season of 2023 will be provinces<sup>7</sup>**

Different financial resources that provide the required funds planned for the enterprise and unique financial resources anticipated for their development are the types of sources of funding available for entrepreneurial activity in our nation. These resources can be categorized as long-term and short-term, internal and external, self-involved, paid, and free since they can be viewed from several angles. Hurried resourcelessness shows that the Surkhandarya region is leading the way in this. The "initiative budget," which our people can vote on and monitor, guarantees that the state money is spent honestly and transparently (Figure1). Our state has been importing cutting-edge technologies from overseas in recent years to foster entrepreneurship. As a result, our nation's import volume is currently higher than its export volume. Different financial resources that provide the required funds planned for the enterprise and unique financial resources anticipated for their development are the types of sources of funding available for entrepreneurial activity in our nation. These resources can be categorized as long-term and short-term, internal and external, self-involved, paid, and free since they can be viewed from several angles. hurried statistics shows that the Surkhandarya region is leading the way in this. The "initiative budget," which our people can vote on and monitor, guarantees that the state money is spent honestly and transparently (Figure 1). Our state has been importing cutting-edge technologies from overseas in recent years to foster entrepreneurship. As a result, our nation's import volume is currently higher than its export volume.

There is a significant economic goal, which is not limited to the state borders of one country, but also extends to other countries. This is the goal of international balance. Government should to maintain strong and balanced relations in the fields of foreign trade and international payments. It may lead to an increase in international tensions, which may lead to an increase in tensions.

## CONCLUSIONS AND SUGGESTIONS

In conclusion, I can say that in order to activate management in the conditions of the market economy, managers should know effective management methods, be able to determine the limits of risk, and be able to choose the most optimal of the available options. This requires a certain level of knowledge and skill from every manager. The process of privatization in the current agriculture will lead to the creation of agricultural production, thousands of private business entities, that is, farmers and peasant farms, companies and other business structures. Business and entrepreneurial activities are activities related to inevitable risk

<sup>7</sup> <https://www.mf.uz/>

In today's developing era, the importance of entrepreneurship for the economy is incomparable. Every country supports its entrepreneurs today, so the Republic of Uzbekistan also supports entrepreneurs. The development of the economy is necessarily proportional to the development of entrepreneurship.

My suggestions are that today Uzbekistan should help remove any obstacles for the development of entrepreneurs. It is necessary to promote innovative entrepreneurship and create all opportunities for its development. And since then, the economy of Uzbekistan will develop more rapidly.

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