

**PROBLEMS OF INCREASING THE EFFICIENCY OF SMALL BUSINESS AND
PRIVATE ENTREPRENEURSHIP IN THE REPUBLIC OF UZBEKISTAN***Alimova Maxsuma Nabijonovna**a Master specializing in "MBA-Small Business and Entrepreneurship" at the Graduate School
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Annotation: Small business and private entrepreneurship play a vital role in the modern economic system and are actively supported by the state. However, challenges such as outdated technology, low financial literacy, bureaucratic barriers, and difficulties in obtaining credit hinder their development. To overcome these issues, it is proposed to establish the "Republican Center for Youth Entrepreneurship Support", which will include business incubators, a consulting and analytical center, and a youth economic support fund. This initiative aims to create favorable conditions for young entrepreneurs, improve business infrastructure, and contribute to sustainable economic growth.

Keywords: Small business, private entrepreneurship, economic development, business incubator, financial support, youth entrepreneurship, startup, investment, business environment, innovation.

In the contemporary global economy, small businesses and private entrepreneurship are pivotal components driving economic growth, innovation, and employment. In Uzbekistan, this sector has been recognized as a cornerstone for achieving sustainable development and improving the population's living standards. Over the past decades, the Uzbek government has implemented a series of reforms aimed at fostering a conducive environment for entrepreneurs, including legislative support, financial incentives, and infrastructural development.

Despite these efforts, several challenges persist that hinder the optimal efficiency of small businesses and private enterprises. These challenges include bureaucratic hurdles, limited access to financial resources, and insufficient integration into global markets. Addressing these issues is crucial for enhancing the competitiveness of Uzbekistan's economy and ensuring that small businesses can fully contribute to national prosperity.

This article delves into the existing problems affecting the efficiency of small businesses and private entrepreneurship in Uzbekistan. It also explores potential strategies and reforms aimed at improving the business climate, thereby enabling these enterprises to thrive and drive economic progress.

Since small business and private entrepreneurship, along with all related aspects, form an essential and integral part of the modern social production organizational structure, our government has allocated significant importance to their role in economic development and continues to provide state support.

However, despite the high economic achievements in our country, several unresolved challenges remain in improving the business environment, which is the key factor in further developing small business and private entrepreneurship. These challenges include:

Low levels of scientific and technological progress and technological backwardness at the national level (a high proportion of outdated and obsolete equipment);

Low legal literacy among entrepreneurs;

Insufficient understanding of small business and private entrepreneurship, as well as a lack of necessary knowledge (marketing, management, accounting, etc.) and experience required for operating in a market economy;

Strong administrative bureaucracy;

Strict conditions and requirements set by commercial banks due to a lack of trust in the potential of new entrepreneurs;

The complexity of obtaining licenses due to the majority of licensing organizations being located in the capital;

Illegal interference in and obstruction of entrepreneurial activities, as well as violations of private property rights;

The absence of a guarantee fund for the development of entrepreneurship to provide coverage for the unsecured portion of loans granted by commercial banks for purchasing new technological equipment;

The urgent need to ensure employment, especially considering that approximately half a million young people graduate from vocational colleges and academic lyceums annually. Creating job opportunities and providing them with material and economic support is a pressing issue.

Recommended Measures to Address These Challenges

To address these challenges, the following measures are recommended:

Systematically and thoroughly analyze our country's business indicators published in the "Doing Business" report by leading international financial institutions, particularly the World Bank, and eliminate existing shortcomings and deficiencies;

Strengthen training and professional development for entrepreneurial personnel;

Implement the provisions of the Decree of the President of the Republic of Uzbekistan No. PF-4354, dated August 24, 2011;

Consider the key directions of the economic program outlined in the speech of 1st president Islam Karimov at the Cabinet of Ministers meeting on January 17, 2015, summarizing the country's socio-economic development in 2014 and plans for 2015;

Further promote the development of small business and private entrepreneurship, widely involve the population, especially young people, in entrepreneurship, and establish “business incubators” to help young entrepreneurs effectively start their businesses.

The Decree of the President of the Republic of Uzbekistan No. PF-4725, adopted on May 15 of the current year, "On Measures to Ensure Reliable Protection of Private Property, Small Business, and Private Entrepreneurship and to Eliminate Barriers to Their Rapid Development," aims to significantly enhance the role and position of private property in the national economy. This decree focuses on removing obstacles and restrictions hindering the development of private property and entrepreneurship, reducing state involvement in the economy, and steadily increasing the share of private property, including foreign capital, in the gross domestic product.

From July 1, 2015, all scheduled inspections of micro-firms, small enterprises, and farms will be conducted by regulatory authorities once every four years, while other business entities will be inspected no more than once every three years based on a decision by the Republican Council for Coordinating the Activities of Supervisory Bodies of the Republic of Uzbekistan.

Increasing liability, up to criminal prosecution, for government, law enforcement, and regulatory officials who illegally interfere with or obstruct entrepreneurial activities and violate private property rights.

Additional customs duties disputed by business entities will be collected only based on a decision by the economic court.

Establishment of the "Republican Center for Supporting Youth Entrepreneurship"

To address these issues effectively, it is proposed to establish a non-governmental, non-profit organization, the "Republican Center for Supporting Youth Entrepreneurship." Its primary goal is to support youth entrepreneurship and to set up "business incubators" within its structure.

Key Functions of the Center

1. Business Incubators

- Provide opportunities for young people starting their entrepreneurial activities.
- Assist in developing startup ideas and offer initial support, including knowledge, business skills, and training.

2. Consultative-Analytical Center

- Operate as a sociological group to systematically collect data for developing state policies on youth entrepreneurship.
- Establish a specialized "Call Center" to address the challenges and obstacles entrepreneurs face, assisting them in finding solutions.

3. "Youth Economic Support Fund"

- Composed of two key components: a material and technical base and an investment fund.

- Provide financial guarantees for the unsecured portion of loans issued by commercial banks for acquiring new technological equipment.

- Lease out available technologies for small business and private entrepreneurship entities.

Impact and Benefits

It is essential to highlight that many of the proposed solutions and challenges will be handled by this newly established center. This will streamline problem-solving and create necessary conditions for the rapid development of private property and entrepreneurship. Furthermore, it will help expand access to financial and credit resources, improve the business environment, and contribute significantly to the economic growth of our country.

Small businesses are the backbone of economies worldwide, playing a pivotal role in job creation, innovation, and community development. In the United States, for instance, small businesses account for 44% of economic activity and create two-thirds of net new jobs. Their significance extends beyond economic metrics; they foster local engagement, support community initiatives, and contribute to the unique character of their regions.

1. **Economic Growth:** Small businesses contribute significantly to the Gross Domestic Product (GDP). Their operations stimulate economic activity by providing goods and services, leading to increased production and consumption.

2. **Employment Opportunities:** By creating jobs, small businesses reduce unemployment rates and provide livelihoods for a substantial portion of the workforce. This employment generation is crucial for economic stability and growth.

3. **Innovation and Competition:** Small enterprises often introduce new products and services, driving innovation. Their presence in the market fosters competition, which can lead to better quality offerings and more competitive pricing, benefiting consumers.

4. **Community Support:** Small businesses are integral to their communities, often participating in local events, supporting charities, and contributing to community development. Their success is closely tied to the well-being of the communities they serve.

To harness the full potential of small businesses, the following strategies can be implemented:

1. **Access to Capital:** Facilitating easier access to financing options such as microloans, grants, and venture capital can empower entrepreneurs to start and expand their businesses. Financial support is essential for covering startup costs, operational expenses, and scaling operations.

2. **Educational Resources and Training:** Providing entrepreneurs with training programs, workshops, and mentorship opportunities enhances their business acumen. Knowledge in areas like financial management, marketing, and strategic planning is vital for business success.

3. Regulatory Support: Simplifying business registration processes and reducing bureaucratic hurdles can encourage the establishment of new enterprises. A conducive regulatory environment fosters entrepreneurship and allows small businesses to thrive.

4. Technological Integration: Encouraging the adoption of digital tools and technologies can help small businesses reach broader markets and operate more efficiently. Embracing e-commerce, digital marketing, and automation can enhance competitiveness.

5. Networking Opportunities: Creating platforms for small business owners to connect, share experiences, and collaborate can lead to synergies and collective growth. Networking can open doors to new markets, partnerships, and resources.

By implementing these strategies, stakeholders—including governments, financial institutions, and community organizations—can create an environment where small businesses flourish, thereby driving economic prosperity and community well-being.

Conclusion

Small business and private entrepreneurship are crucial factors in economic development, and significant reforms are being implemented in our country to support and promote this sector. However, challenges such as low scientific and technological progress, lack of legal literacy, difficulties in obtaining credit, and administrative bureaucracy remain pressing issues. To address these problems, the establishment of the "Republican Center for Youth Entrepreneurship Support" is proposed. This center will operate through business incubators, a consulting and analytical center, and a youth economic support fund, providing opportunities for young entrepreneurs, fostering startup ideas, and offering financial assistance.

As a result, the creation of this center will contribute to the rapid development of private property and entrepreneurship by improving business conditions, expanding access to financial and credit resources, and strengthening the overall economic environment in the country.

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