

**CONCEPT OF COMMERCIAL ORGANIZATIONS THEIR TYPES AND ACTIVITIES***Abdibaeva Jamila Aqpolat qizi**student of Karakalpak state university named after Berdakh, Faculty of Law*

**Annotation:** This article provides a comprehensive overview of the concept, types, and activities of commercial organizations. It discusses the role of commercial legal entities in economic development, emphasizing that they are established and operate with the primary aim of generating profit. The article explores the legal foundations and organizational forms of commercial entities in the Republic of Uzbekistan, such as limited liability companies, additional liability companies, and joint-stock companies. It also compares these with the common legal structures used in foreign countries, particularly the United States and the United Kingdom. The comparative analysis highlights the importance of studying international practices and legal frameworks to create effective business models and implement innovations.

**Key words:** Commercial organizations, legal entity, profit, limited liability company (LLC), joint-stock company (JSC), business partnership, capital consolidation, international experience, legal forms

Commercial legal entities are organizations that carry out economic activity and are legally independent. They carry out their activities for profit and are registered as legal entities in accordance with the law. Commercial legal entities play an important role in the economic development of society, as they operate in production, services, trade, investments, and many other spheres.

Business partnerships and companies, production cooperatives, unitary enterprises, and other forms stipulated by law may be established as commercial entities, i.e., legal entities whose primary objective is to generate profit. (Part 2 of Article 40 of the Civil Code).

The name of a commercial legal entity must indicate its organizational form. This is of great importance for its counterparties, as the specifics of the legal entity's activities, its entrepreneurial capacity, legal framework, and the ability to be liable for obligations may be disclosed on behalf of the legal entity. These commercial organizations are one of the most common organizational and legal forms of entrepreneurship in property relations. Associations formed by entrepreneurs in this form are called companies or firms in Chinese law and corporations in Anglo-American legal systems. In the past, such associations in Uzbekistan existed in the form of partnerships, which were mainly engaged in trade, as well as crafts. Private entrepreneurship and commerce were not permitted. Taking this tradition into account, the term "commercial partnership" has been retained in the Civil Code for 83 companies.

Companies and companies are commercial organizations formed at the discretion of their members, that is, on the basis of a contract concluded by them, possessing common rights. According to the main rule established in Article 58 of the Civil Code, business partnerships and companies are commercial legal entities that have their authorized capital (fund, property fund) separated from the property of the institutions (participants) that participated in their development and consisting of their shares.

The primary function of commercial organizations is to generate profit, but they also perform the following social and economic functions:

**Production organization:** Commercial organizations ensure economic growth by producing goods or services, satisfying demand for them, and saturating the market.

**Job creation:** They hire workers, create jobs in society, and thereby support economic stability.

**Efficient use of resources:** Commercial organizations use natural and financial resources to optimize production processes and reduce costs.

**Market Development:** Commercial organizations develop economic innovations by creating new products and services in the market and entering new markets.

**Types of commercial organizations and their activities:** **Business partnerships** can be established as general partnerships or limited partnerships, while business companies can be established as limited liability companies, additional liability companies, or joint-stock companies.

A business partnership is an association with the status of a contractual legal entity, formed to carry out entrepreneurial activity of two or more persons acting on behalf of this partnership.

In accordance with Article 3 of the Law of the Republic of Uzbekistan "On Business Partnerships" adopted on December 6, 2001, business partnerships are commercial organizations that have a charter fund (charter capital) divided into shares of founders (participants). In such a partnership, the founders (participants) or some of them personally participate in conducting business activities on behalf of the partnership. A business partnership is established for an indefinite period and may carry out any type of activity not prohibited by law, unless otherwise stipulated in its founding agreement.

**Business entities**, by their nature, are an organizational and legal form of capital consolidation. Business entities, in turn, are divided into such types as limited liability companies, additional liability companies, and joint-stock companies. Today, many enterprises in the trade, public catering, and service sectors of the economy of the Republic of Uzbekistan operate as limited liability companies (LLCs). Therefore, limited liability companies constitute a significant portion of business entities. Small and medium-sized businesses constitute the majority.

**Corporations in the form of limited liability companies** were invented by German legal scholars. The main reason for their emergence was the changes that occurred in European trade and industry in the 19th century. Joint-stock companies were excessively large, tolerant, and unfavorable, making their application practically impossible in small and medium-sized businesses. On the other hand, the possibilities for wider application of full partnerships were also limited. Therefore, at the request of practitioners, a draft law on a limited liability company was developed and adopted on April 20, 1892. Later, it began to spread widely in other countries of the world.

The establishment and operation of limited liability companies are regulated by the Law of the Republic of Uzbekistan dated December 6, 2001, "On Limited and Additional Liability Companies."

**A joint-stock company (JSC)** is a commercial organization that attracts capital through the issuance of shares. The main feature of joint-stock companies is that they form their capital through the sale of shares, and shareholders (persons providing the capital) receive their shares from the organization's profits.

In foreign countries, commercial legal entities are established to effectively manage economic activity, generate profit, and find their place in the market. The economic system, legal norms, and market conditions of each country influence the formation and development of various

forms of commercial organizations. The types of commercial legal entities abroad and their legal structure, management model, and liability distribution mechanisms differ from each other. Below is detailed information about the types of commercial legal entities in foreign countries and their main characteristics.

Commercial organizations abroad are divided into several main types. They differ mainly based on the legal form of the organization, the distribution of responsibility, and the formation of capital. The most common types of commercial organizations are listed below.

In the United States of America, the types of commercial legal entities are widespread and highly adaptable. The most common types of organizations are:

1. Limited Liability Company (LLC)

LLC is a limited liability company, and the liability of its members is limited to the amount of capital they invest. This type of organization is widely used in the USA for small and medium-sized businesses. An LLC can be established by one or more individuals.

2. Corporation (C-Corp, S-Corp)

Joint-stock companies (Corporations) are very common in the USA. They have two main types: C-Corp and S-Corp. C-Corp shares can be sold to the public, and shareholders are only liable for the value of their shares. S-Corp is applied to small businesses, and the profit is distributed directly to the shareholders.

3. Partnership

A partnership is a joint venture established between two or more individuals. In foreign countries, this form is widespread in small legal firms and consulting companies.

In Great Britain, commercial organizations are established in many different forms, which is connected with the country's economic system and business culture. The most common species are:

1. Private Limited Company (Ltd)

In Great Britain, "Private Limited Company" or "Ltd" is a limited liability company. In this type of organization, the liability of members is limited to the amount of capital they invested. Also, the company's shares can be sold in a limited circle.

2. Public Limited Company (PLC)

PLC is a joint-stock company that issues shares to the public. This type of company is often used for large businesses, and their shares can be freely traded on the stock market.

3. Partnership

The partnership system is also well-known in Great Britain. This refers to commercial activity carried out on the basis of a contract between two or more persons.

In conclusion, the types of commercial organizations and their activities differ among countries and are finding their place in the processes of global economic integration. Mutual study of foreign experience and legal forms is of great importance in the creation of effective business models and the introduction of innovations. Thus, the types of commercial legal entities and their legal structure are leading to changes not only in the national but also in the international business environment.

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