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## Formation and Development of Small Business in Uzbekistan

<sup>1</sup> Anvarjon Mamasalievich Siddikov  
<sup>2</sup> Maxmud Tashpulatovich Baltaboev  
<sup>3</sup> Sherali Sharifjonovich  
Abduraxmonov

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<sup>1,2,3</sup> Lecturer at Namangan State University

**Abstract:** The article provides feedback on the formation and development of small business in Uzbekistan. The international experience of small business development was studied. The history of the development of private entrepreneurship and its importance in the country's economy is revealed. The place of small business and private entrepreneurship in the development of the country was commented on.

**Key words:** small business, customization, production, entrepreneurship, business, independent business, labor.

Small business and private entrepreneurship occupy a large place in ensuring the continuity and stability of the economy from scratch. The scale of the impact of small business and private entrepreneurship on the economy includes a number of economic, social, cultural, educational and other aspects. We think only about the characteristics that are important from an economic point of view, in the following:

1. The height of his position in the organization of workplaces. Over the past 10 years, according to the Department of Small Business in the United States, more than half of new jobs were accounted for by 100 contributions from enterprises with fewer than 7 employees. Fast-growing firms accounted for 27% of new firms, and they participated in the creation of 60% of new jobs. At the same time, there are features of jobs created in small businesses:

- wages and surcharges, slightly smaller benefits;
- 25% of jobs are formed on a non-working day basis;
- they are distinguished by the diversity of the composition of employees, that is, those who work for the first time, extremely young people and those who have passed middle age.

2. Introduction of new goods and services. According to reports from the US National Endowment, 98% of research on a new product was created in small businesses. This is an extremely important indicator. However, they spend less than 5% of the net amount on research and development across the country on them. The largest discoveries: the scale of safety shaving equipment, electronic watches, helicopters, stainless steel and other goods was created directly in small businesses.

3. Meeting the needs of large corporations. The importance of small enterprises is great in stimulating the sale of products of large companies, its formation on the basis of market requirements. In turn, large developing firms effectively take into account communication with small suppliers in their economic strategies. Because they have the property of flexibility.

4. The task of providing special goods and services. Small businesses take a leading position in meeting the special needs of their customers. Because, firstly, the reason is that special demand does not have a mass shade and its organization in large-scale production is inefficient, and secondly, there are "specific" desires of wealthy buyers.

An important place in the organization of small business is occupied by the creation of a firm and a clear definition of the scope of its activities. Statistics indicate a lot of bad luck when starting a new job. Many say this is 30%, because 85% of new enterprises are in crisis after a 10-year period of initial operation. At the same time, 40% of registered small firms continue their work again after 5 years.

The situation of small business and private entrepreneurship in the economy of developed countries can be seen from the data in Table 1.

**Table 1. Distribution of industrial output at small, medium and large enterprises in developed countries (as a percentage of the total volume)**

| Pointers   | USA             |        |       | France |        |       | Japan |        |       |
|--|-----------------|--------|-------|--------|--------|-------|-------|--------|-------|
|  | Enterprise form |        |       |        |        |       |       |        |       |
|  | major           | middle | small | major  | middle | small | major | middle | small |
| Total number of enterprises                          | 0,5             | 7,9    | 91,6  | 0,1    | 1,5    | 98,4  | 1,4   | 21,6   | 77,0  |
| Contribution in the volume of industrial products, % | 35,0            | 28,4   | 36,6  | 42,1   | 19,1   | 38,8  | 34,4  | 30,1   | 35,4  |

As can be seen from the table, the share of small enterprises in the United States accounts for 91.6% of the total number of enterprises, in France - 98.4%, and in Japan - 77%. In the USA, 36.6% of the volume of industrial output, in France - 38.8%, and in Japan - 35.4% of the contribution of small enterprises.

A number of factors influence the development of small business and entrepreneurship. These are the following:

1) Decrease in the tendency of enterprises to grow. In the USA, the trend towards the growth of enterprises has decreased in the next 15-20 years. This is mainly due to changes in the service sector. Of course, this is determined by the low possibility of expanding the scope of activity in the service sector. At present, small service, enterprises are able to effectively organize certain types of activities in relation to their large competitors. First, this is due to the simplicity and compactness of the control system.

2) The entry of the female labor force into the economy. 2 million women opened their jobs back in the 80s. Now in the USA women own 4.6 million enterprises, which is 30% of the total number of small enterprises in the country. If this trend continues, the number of women and men in small business and private entrepreneurship will increase by 2025.

3) Reduction of personnel in large-scale production. This is due to some extreme demographic factors. In particular, those who were born during the "demographic explosion" have now reached the age of 30-40 years, that is, the time to start their own work. In addition, the struggle for jobs at large enterprises, the reduction of middle-level workers directly affect the development of small businesses and private entrepreneurship.

4) Increasing the pace of opening new businesses. In the USA, on average, about 200 thousand residents open their new company every year. More than half of them start their activities with a turnover of less than 20 thousand dollars. 75% of them aged work in their firms 50 hours a week, while 25% work 70 hours or more. With age, 2/3 of new business startups are considered new or companies that are just starting their activities, that is, they start a private business again on their own, and do not buy the enterprises in which they work in practice. More than 80% of them start their work not with extremely effective ideas, but with an orderly solution to ordinary cases.

Therefore, if we summarize the factors affecting the development of small business and entrepreneurial activity, they will consist of:

- Decrease in the tendency of enterprises to grow;
- Entry of the female labor force into the economy;
- Reduction of personnel in large-scale production;
- increasing the pace of opening new enterprises, etc.

In all the newly independent states in the pre-reform period, the state form of ownership dominated. 4/5 of the total number of employees are employed in the public sector of farming, 14-15% - in cooperatives (more than half of them - in collective farms), about 3% - in the private sector. In the second half of the eighties, an attempt was made to create a cooperative farm sector, to develop leases. These actions proved fruitless due to the underdevelopment of market infrastructure, the dominance of state ownership, the dependence of new forms of economic activity on the public sector, the uncertainty of economic laws and a number of other reasons.

Decentralization and privatization of enterprises, organizations, institutions and other facilities is the leading link of economic reforms. Because of privatization, conditions should be created for the formation of a layer of private property, the effective development of a market economy and production, which form the social basis of a democratic society.

The privatization process itself is very difficult. It is natural. Because such large-scale activities as the creation of private property should take into account the readiness of various industries and enterprises for economic success, overcoming economic interests, individual dominance, the organization of business structures based on partnerships, the formation of such organizational and financial relations, the organization of new financial, industrial, private interactions and the creation of market structures requires state support and coordination, taking into account the national interests of the state. It is also necessary to think over and calculate the financial side, taking into account the actual supply and demand for privatized property.

Finally, it is necessary to ensure that the activities carried out correspond to the goals set: it is necessary to organize a class of owners interested in active and productive economic activity and organizers of private entrepreneurship, to create the necessary factors of interest in such activities, a competitive environment and infrastructure.

The history of the development and formation of private entrepreneurship in Uzbekistan can be divided into three stages: pre-revolutionary, the period of the Soviets and the current period.

Before the revolution, Uzbekistan did not have its own industry, having huge reserves of raw materials. Industrialists of tsarist Russia did not invest their funds in the construction of industrial enterprises on Turkestan territory. It was more profitable for them to take cheap raw materials and bring the finished products back. The population's need for everyday goods and all kinds of equipment was met mainly through their production by artisans and small enterprises.

The aesthetic ideals of the peoples of Central Asia are clearly reflected in applied art for historical reasons. The vital qualities of the Uzbek people over the centuries have formed the conditions for the broad development of a large number of professions, among which the production of art objects occupied an honorable place. Each master created a necessary object for life. However, in his understanding, beauty was brought into a practical subject, and the subject became a work of art.

The last period after the revolution was not difficult and monotonous for entrepreneurs. From the first year of the Soviets' rule, the government tried to support handicraft production throughout the country. On April 25, 1919, the decree of the All-Russian Central Executive Committee and the Council of People's Commissars on measures for the development of the craft industry was issued, which states, "Neither localization, nor privatization, nor confiscation of all small craft industry enterprises is impossible, except in emergency situations." After that, handmade products made by artisans were listed. Among them were objects made of fabrics, folk instruments, embroidery, toys and other artistic objects. In addition, it was noted: "cooperative associations are allowed to accept and sell the goods listed above to all regions of the Russian Republic.

Since the adoption of the Declaration of independence of Uzbekistan in the third period, the shortest, but the most ambitious period of development of small and private businesses has begun. This happened on June 20, 1990. On August 30, 1992, at an extraordinary session of the Supreme Council of the Republic of Uzbekistan, the law on State sovereignty was adopted. The Government of the Republic of Uzbekistan attaches great importance to the development of industrial potential. Especially in this regard, much attention is paid to such a noble cause as the development of small and private enterprises.

In a short period, almost 200 regional industrial enterprises were established in all regions of Uzbekistan based on private and state ownership. Benefits on fixed taxes and budget payments, free provision of buildings and structures allowed many of them to quickly get on their feet and create solid farms.

In the process of work, three separate tasks were solved at a rapid pace:

- 1) providing jobs for a large number of people who are not engaged in social and collective production, including mothers with many children and young people.
- 2) the creation of a national working class in politically rural areas.
- 3) Economic - a sharp increase in the production of consumer goods and a reduction in the shortage of goods.

For the republic, the employment of war and labor invalids, women with many children, homemakers who are unable to work in production has significant socio-economic significance. A form of work at home was organized for their employment. For home-based workers, enterprises supply raw materials, materials and semi-finished products at home, while the products they produce are transferred to the warehouses of enterprises. The number of artisan domestic workers is increasing from year to year. Already in 1995, their number exceeded 35,000.

Individual labor activity in the republic is becoming more and more common. Simplified registration and accounting systems are their advantages. It consists in the purchase of a patent and registration with the tax authorities. As a result, in 1995, more than 220 thousand people were engaged in independent business of this form in the republic. The process of transformation of trade enterprises, consumer services, local industry, and the social sphere from state ownership to private ownership was much more complicated. At the same time, privatization was carried out first at large production units, based on which open joint-stock companies were formed. However, life demanded a further reduction of these societies, which were given greater independence to certain structural units that were part of them. As a result, about 13 thousand private enterprises were created in such sectors as Uzbeksavdo, Uzmaishiitifik and Uzbekbirashlashma.

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