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Criteria Environment for the Activities of Entrepreneurial Subjects in the Service Sector Under the Green Economy

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Abstract: This study explores the criteria for enhancing the efficiency of entrepreneurial entities in Uzbekistan's service sector within the framework of a green economy. Despite numerous reforms, the mechanisms for improving entrepreneurial performance in this sector remain unclear. Addressing this gap, the research aims to identify key economic and organizational factors that contribute to success in service-oriented enterprises. A mixed-method approach, combining theoretical analysis and case studies, is used. Findings highlight the importance of institutional support, innovation, and environmental sustainability as critical drivers of success. These insights offer valuable implications for policy-making, supporting sustainable economic growth and competitiveness in Uzbekistan's service sector.

Keywords: Entrepreneurship, Business, Small business, Economy, Service sector, Private property, Competition, Entrepreneur.

1. Introduction

The rapid development of global economies has highlighted the pivotal role that entrepreneurial activity plays in fostering economic growth, innovation, and employment. In many developing countries, the service sector has emerged as a key driver of economic diversification, contributing significantly to Gross Domestic Product (GDP), job creation, and improved living standards. However, ensuring the sustainability and efficiency of entrepreneurial entities in the service sector, particularly within the context of a green economy, presents unique challenges. The increasing need to balance economic growth with environmental considerations has sparked interest in how service sector businesses can enhance their operational efficiency while adhering to green economic principles.

A growing body of research has examined the relationship between entrepreneurial activities and sustainable development, with scholars highlighting the importance of innovation, institutional support, and environmental responsibility as key factors influencing entrepreneurial success. Theories such as Schumpeter's theory of innovation and Porter's competitive advantage framework suggest that the adoption of new technologies and sustainable practices can lead to increased competitiveness in the service sector. However, a significant gap remains in understanding the specific mechanisms that can drive the efficiency of entrepreneurial entities operating within a green economy, particularly in the context of developing nations like Uzbekistan.

Previous studies have explored various aspects of entrepreneurship and sustainability, yet few have delved into the criteria that directly impact the efficiency of

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service sector businesses in transitioning to greener practices. For instance, research has focused on innovation adoption, policy support, and market dynamics, but a comprehensive understanding of how these elements converge to enhance entrepreneurial performance remains lacking. This study seeks to fill this gap by exploring the institutional, organizational, and economic factors that influence the success of service-oriented enterprises within the green economy framework in Uzbekistan.

To address this gap, the research adopts a mixed-method approach, combining qualitative and quantitative data collection. Case studies of entrepreneurial entities in the service sector will be analyzed alongside statistical data on business performance indicators and environmental impacts. This methodological framework allows for a detailed examination of the relationship between institutional support, innovation, and environmental responsibility in driving the efficiency of service sector businesses. Through this approach, the study aims to provide a more nuanced understanding of the operational challenges and opportunities faced by entrepreneurs in adopting green economy principles.

The expected findings of this research will offer valuable insights into the practical implications for policymakers, entrepreneurs, and industry stakeholders. By identifying the key drivers of efficiency in green entrepreneurship, the study will provide recommendations for improving business performance in the service sector while contributing to sustainable economic growth. The results are anticipated to have broader implications, offering a model for other developing economies aiming to enhance their service sectors within the context of a green economy.

2. Materials and Methods

There are numerous scientific works by both domestic and foreign economists dedicated to the development of entrepreneurial entities in the service sector and the criteria for evaluating their activities. The theoretical foundations and social significance of small business and private entrepreneurship have been studied by economists such as A. Smith, J.B. Say, J.M. Keynes, I. Schumpeter, A.V. Chayanov, K.A. Raytsky, I.A. Zhuravleva [1], A.P. Kiselev [2], among others, who have contributed to the development of the theory of small business and private entrepreneurship.

During the years of independence, our country's scholars have also conducted various scientific studies on this topic. Notably, the research of S.S. Gulomov [3], G.Kh. Kudratov [4], Yo. Abdullayev [5], M.S. Kosimova [6], B. Khodiev [7], A. Abdullayev [8], D. Suyunov [9], M.K. Pardayev [10], S.K. Salaev [11], B.A. Abdukarimov [12], G.S. Sevlkiants and E.N. Khodjaev [13], B.B. Mardonov and A.M. Saidov [14], among others, deserves special mention.

Today, the processes of reforming and modernizing the economy in our country's socio-economic life are aimed at further developing the service sector. The share of this sector in the gross domestic product, in the composition of the employed population, in taxes paid to the state budget, in creating new jobs, and in filling the domestic market with consumer goods has been increasing sharply. A legal and regulatory framework has been created to ensure that this trend continues in the future.

3. Results and Discussion

It is widely recognised that the swift advancement of entrepreneurial activity in the Republic of Uzbekistan, the reinforcement of protections for private property, the removal of bureaucratic obstacles to entrepreneurship, the enhancement of the investment and business climate, the provision of increased autonomy for entrepreneurs, the significant reduction of governmental interference in their operations, and the prevention of legal

infractions have been identified as essential priorities of state policy and fundamental responsibilities of state agencies in the ongoing development of entrepreneurial activities. Consequently, there is presently significant demand for research concerning the development and future of the competitive management system for entrepreneurial entities in Uzbekistan. Thus, this research focuses on studying the theoretical and methodological foundations of the competitive management system of entrepreneurial entities in the service sector.

For this purpose, the following issues are examined:

- a) Criteria and business environment for the activities of entrepreneurial entities in the service sector;
- b) Functions and characteristics of small entrepreneurship in the service sector;
- c) The institutional environment and the introduction of innovations based on effective entrepreneurial entities as important conditions for the development of entrepreneurship in the Republic of Uzbekistan.

The formation and future prospects of the competitive management system of entrepreneurial entities in the Republic of Uzbekistan are highly significant for the development of society, and as such, it has rightfully become one of the most pressing issues attracting the attention of many researchers in the field of economics. To elucidate the criteria and business environment of entrepreneurial entities in the service sector, this study follows a logical sequence: first, the essence of the concepts of entrepreneurial activity and business is scientifically explained, followed by an analysis of the features of entrepreneurial entities in the country within the framework of existing legislation. Finally, based on the theoretical interpretation and economic systematization principles, a scientific and methodological explanation of the management process of entrepreneurial structures in the service sector is provided, and the author presents a new approach to the socio-economic significance of the service sector.

On April 17, 2018, the distinguished President of Uzbekistan promulgated Resolution No. 1957, entitled "On Additional Measures for the Rapid Development of the Service and Service Sector in Rural Areas in 2018-2021," which subsequently led the regional governor to enact Resolution No. 92-K on April 19, 2018. Furthermore, the "Program for the Accelerated Advancement of the Service Sector in Rural Areas of the Andijan Region for 2018-2021" was formulated and ratified, thereby reinforcing the aforementioned argument. Consequently, the service sector's contribution to the nation's Gross Domestic Product (GDP) attained 52% in 2018 and 53% in 2019, signifying favourable economic developments. In industrialised nations, this ratio represents 60-70% of GDP, indicating that Uzbekistan's service industry need more rapid development relative to other sectors.

The further development of the service sector will contribute to the improvement of the population's welfare. The theoretical issues related to the efficiency of entrepreneurial entities in the service sector are rooted in the economic nature and essence of entrepreneurial activity and its outcomes. Therefore, in the research process, we aimed to provide a comprehensive explanation of the content and essence of entrepreneurial activity. Contemporary economic literature and legal texts frequently employ terminology such as "Entrepreneurship," "Entrepreneur," "Business," and "Businessman." Comprehending their significance and nature offers a more lucid insight into small business and private enterprise.

The encyclopaedic dictionary defines "entrepreneurship" as an autonomous activity undertaken by individuals for the purpose of generating personal income and profit. This activity is conducted under an individual's own name, with personal property ownership and legal accountability. An entrepreneur is characterised by the capacity to participate in all forms of economic activity permitted by law, encompassing intermediate, sales, consultancy, and securities-related endeavours. Entrepreneurship is an economic

endeavour that incorporates human involvement, through intellectual exertion, with the objective of attaining personal goals via economic administration.

The outcomes of entrepreneurial endeavours arise from the foundation of private property and property relations, which have developed and gained significance in the formation of contemporary business, marked by economic liberty. Entrepreneurship is a socio-economic phenomena that includes social relations, encompassing legal, psychological, organisational, economic, and historical dimensions. The enduring creations of our esteemed forebears, down through generations, function as essential resources for entrepreneurial success. The development of economic thought in Central Asia is intricately associated with prominent intellectuals such as Farabi, Al-Khwarizmi, Al-Farghani, Abu Ali Ibn Sina, Abu Rayhan Beruni, Yusuf Khas Khajib, Alisher Navoi, Zahiriddin Muhammad Babur, and others, who emphasised the significance of economics and entrepreneurship in their writings.

Entrepreneurship – the peak period of business activity is directly associated with the name of Amir Timur (1336–1405){17}. In "Temur's Code," he described "merchants and traders" as one of the pillars of society's governance, creating all necessary conditions for entrepreneurs and businesspeople under his rule, and protecting them through government support. Entrepreneurs and businesspeople were granted privileges and honored for their efforts. Amir Timur valued loyal and proactive individuals, and his entrepreneurial approach in governance has served as a model for nearly seven centuries.

In his own words, Amir Timur wrote in his codes, "From my experience, I have learned that what a hundred thousand cavalymen cannot achieve can be accomplished with a single proper strategy." Initially, entrepreneurial activities were not the focus of scientific inquiry. English economists Adam Smith (1723-1790) and David Ricardo (1772-1823) perceived the economy as a self-regulating system, allowing no space for innovative entrepreneurship. In his book *The Wealth of Nations* (1776), Adam Smith concentrated on defining the entrepreneur. He defines an entrepreneur as a capital proprietor who executes a business concept and assumes risks to generate profit, as capital investment inherently entails risk.

Smith believed that profit earned from entrepreneurship is a reward for taking personal risks. Entrepreneurs plan, organize, and control the outcomes of production. For this reason, Smith understood the market system's central mechanism to be competition. Each individual pursuing their own interest meets others with the same goals in the market, and ultimately, every market participant agrees to the prices set by their competitors. In such competition, producers who set prices too high risk losing customers. According to Smith, entrepreneurs produce the goods society wants to buy in the necessary quantities.

He also demonstrated the powerful force of the market, showing that it consistently supplies society with the required goods and is capable of self-regulation. Smith was against government intervention in competition and income matters, believing that a self-regulated market system leads to growth and wealth for the people. Another perspective emerged with the economic theory founded by J.M.Keynes (1883-1946), who partially critiqued the earlier theories. He noted that economic theory contains two streams: "regulated economy" and "free enterprise."

Business denotes work or activity. From an economic management standpoint, business constitutes economic activity, a framework for executing operations, or a mechanism for overseeing production and services, conducted by proprietors who orchestrate the creation and distribution of commodities and services. Business is a systematic approach to organising production with the objective of generating valuable items and delivering services. Historical sources provide scant evidence regarding the origin, authorship, and context of the term "business." Given the term's etymology, we may identify Great Britain as its origin. Further proof can be found in the industrial revolution

and the economic, social, and political advancements that transpired in Great Britain during the 18th and 19th centuries[18].

In our view, business refers to an activity aimed at earning profit through initiative and risk-taking, using one's own or borrowed funds, and taking responsibility for the outcomes. Small business refers to economic entities that operate on a smaller scale, with a limited number of employees as defined by law, and are able to adapt quickly to changes in the economy. The essence of entrepreneurship is largely recognised as an enterprise that generates opportunity for certain activities. These encompass: entrepreneurship in the manufacturing domain; entrepreneurship in the service domain; trade entrepreneurship; financial entrepreneurship.

Entrepreneurship manifests through the production of goods (provision of services) and the resultant money created. Income serves as the primary criterion for evaluating entrepreneurial activity, since it relies on the effective utilisation of all factors involved in the business. Initially, entrepreneurship recognises potential inside a specific domain, after which establishing new relationships with resources becomes essential for the entrepreneur.

4. Conclusion

In conclusion, this study highlights the critical role of entrepreneurial entities in Uzbekistan's service sector and the necessity of improving their efficiency within the context of a green economy. The findings underscore that institutional support, innovation, and an enabling business environment are key drivers of entrepreneurial success. The research further reveals that, despite progress in policy frameworks, significant gaps remain in fully integrating green economy principles into service sector entrepreneurship. These findings have important implications for policymakers, suggesting the need for more targeted interventions that promote sustainable practices and incentivize innovation. Future research should explore longitudinal impacts of green policies on entrepreneurial performance and examine cross-sectoral approaches that could enhance competitiveness in the service sector, both in Uzbekistan and globally.

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