



## EXPERIENCE OF FOREIGN COUNTRIES IN THE DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

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### ABSTRACT

*The article examines the development processes of small business and private entrepreneurship, describes the author's approaches to measures to further facilitate the business environment for their free activities. Also, proposals on the analysis of problems in this area have been developed.*

The development and state regulation of small business and private entrepreneurship is intensifying in Uzbekistan. The growing expansion of the business environment is leading to the provision of incentive-based activities of small businesses, the number of which is growing from year to year in almost all sectors. The naming of 2020 as the Year of Science, Enlightenment and Digital Economy has given a new meaning to this process. Consequently, the normative documents adopted in the country reflect measures aimed at creating more favorable conditions for small business and private entrepreneurship, ensuring their free operation and further deepening and liberalizing the ongoing reforms [1].

In particular, the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 provides for "reduction of state participation in the economy, protection of private property rights and further strengthening of its priority position, small business and Continuation of institutional and structural reforms aimed at stimulating the development of private entrepreneurship ". The implementation of measures to implement them is the essence of our current reforms [3].

The role of small business and private entrepreneurship in the world economy is growing. If in our country the attention to this area is growing, mainly in connection with the formation of a socially oriented market economy, in other countries the recognition of the priorities of small business and private entrepreneurship and the development of a set of measures for their development began much earlier. Indeed, the fact that small business and private entrepreneurship occupy a priority position and at the same time is considered a priority in the structural and economic policy of the state is one of the common features common to almost all countries.

Joseph Schumpeter (1883–1950), the great economist of the twentieth century and the founder of the Austrian school, noted that "the decisive role of entrepreneurship in the socio-



economic development of society can be felt in its absence." Joseph Schumpeter defines the role of entrepreneurship in the dynamic economic process, its creative function, draws the psychological image of the entrepreneur. On this basis, it argues that entrepreneurship is the main driving force of the economy. Criticizing the negligent views of entrepreneurship as something that exists spontaneously in some cases, he suggests imagining a non-entrepreneurial economy. He acknowledges that the energy, will, and aspirations of the entrepreneur drive the investment cycle, enable it to rise to the peak of technological progress, and revitalize and revitalize a crisis-ridden economy [4].

At a time when the economies of developed countries were experiencing a severe cyclical recession of 1929–1933, J.M. Keynes himself put forward the general theory of employment, interest, and money. He articulated this theory in his *General Theory of Employment, Interest, and Money* (1936), arguing that the state should intervene in the economy in the face of unsustainable development. In his view, financial categories - public spending - should be instruments of such intervention. Their formation, structure and growth should be important factors in achieving "effective demand". To reduce the growth of public spending, it is necessary to revitalize entrepreneurship and ensure an increase in national income. It can also put an end to unemployment.

J.M. Keynes also paid special attention to taxes and their impact on the basic "psychological law". According to this "law", people tend to increase their consumption, but this tendency is not as high as their income. This, in turn, proved to lead to a decline in demand for goods and a reduction in production. He argued that the state should prevent the emergence of such a "law" and fill the gap by increasing its expenditures through tax revenues, debt, or by encouraging private investment in various ways. Its formula is as follows:

$$J + S = I + Dx$$

Here: J - funds;

S - taxes;

I - investments;

Dx is government spending.

J.M. Keynes developed a financial theory that was aimed at regulating the economy in the context of the monopolization of production and was fundamentally new. Until the 1970s, the basis of fiscal policy in many industrialized countries was the starting point (points) of the Keynesian theory of regulation [5].

This can be observed in the practice of many developed countries. In the United States, for example, a small business and private entrepreneurship administration was established by Congress as early as 1953, while in Japan a network of state central centers was established to implement a nationwide program to develop small business and private entrepreneurship. Originally established in the late 1940s, such centers are regulated by the government's Department of Small and Medium Enterprises. The Small Business Act of 1953 in the United States:

"The security and prosperity of the country cannot be ensured without the development and promotion of existing and potential opportunities for small business."



In the system of national policies aimed at the development of small business and private entrepreneurship, the practice of South Korea deserves special attention. On the one hand, the country has formed a number of state institutions for the development of small business and private entrepreneurship, on the other hand, the system of incentives for small business and private entrepreneurship is so perfect that small business and private entrepreneurship adapt to market conditions, competitive environment, "immunity" must be able to form.

The Bologna Charter for Policy Support to Small and Medium-Sized Enterprises, adopted at a conference of 46 countries in Bologna, Italy on June 15, 2000, recognized a number of important aspects of small business and private entrepreneurship. In particular, as the most important aspects of social life, it emphasizes the creation of new jobs, its leading role in the development of regional and local economies, ensuring social cohesion, easing economic problems in a country experiencing structural economic changes and reducing poverty as a source of additional income. given.

In France, small and medium-sized businesses differ from each other, with 90.3% of all enterprises and 20% of employees employed in small business, and 47.9% of all employees in small business. 97% of new enterprises in the industry are small businesses and private entrepreneurship. The role of small business and private entrepreneurship is particularly high in construction, trade, hotel management and catering, as well as in the service sector.

In the Netherlands, small businesses account for 98.5% of all private businesses. 90% of them are small businesses. Small businesses employ more than half of the private sector. The Netherlands has the highest level of employment in the service sector among the EU countries [4].

In recent years, the number of small businesses in the United States (businesses with sales of up to \$ 19,000) has doubled to \$ 10 million. 95% of all enterprises in the region are small businesses. Small business and private entrepreneurship account for half of gross national income growth. If in the 1980s, 50 large corporations raised \$ 3.5 million. 20 million in small business and private entrepreneurship. new jobs have been created.

Almost 96% of firms in the UK are small businesses. They account for 25% of the total labor force and about 20% of gross national income.

There are more than 2 million small businesses and private entrepreneurs in Germany, employing about 75% of the economically active population. These enterprises account for 50% of the country's gross national income.

In general, according to the International Federation of Small Industrial Enterprises, small enterprises account for about 50% of output and more than 30% of capital investment. In countries such as the United States, Germany, the United Kingdom, Italy, and Japan, two-thirds of jobs are created in small businesses and private entrepreneurship.

Typically, more than half of all employees work in small and medium enterprises. The share of small businesses in total investment, value added and turnover is very high, ranging from 20% to 60%.

The fact that the share of small business in the economy of foreign countries is so significant does not mean that it has no obstacles and problems in its development.



Consequently, there are specific problems in the development of the industry abroad. Such problems include:

- Insufficient amount of private funds, often required for the organization and expansion of production;
- hypersensitivity and dependence of such enterprises on changes in market conditions;
- the need to operate in a highly competitive environment;
- small businesses, especially those in new areas of activity, constantly operate in high-risk conditions;
- a number of obstacles and difficulties in the period of formation, etc.

Therefore, in almost all countries, roadmaps have been developed to regulate the development of small business and private entrepreneurship, to create favorable conditions for activities and to limit the impact of various barriers. In particular, the main objectives of public policy towards small businesses within the European Union can be expressed as follows:

- creating favorable market conditions for the development of small businesses;
- Promoting mutual equality of the parties in market relations;
- ensuring a competitive environment and mobility of economic activity;
- creation of new jobs, especially in areas where unemployment is high;
- reduction of social consequences, costs resulting from the intensification of competition.

In the Netherlands, the main situation in public policy towards small business and private entrepreneurship is the rule that the entrepreneur is fully responsible for his activities, and the government plays a supporting role.

In France, the main purpose of state regulation of small business and private entrepreneurship is to increase employment and competitiveness. It includes direct regulation, improvement of the work environment, various forms of indirect assistance.

The state policy of Germany towards small and medium enterprises is based on measures to increase their competitiveness, various tax incentives, as well as adaptation to structural changes in the economy. At the same time, the state seeks to create equal conditions for them to compete with large enterprises.

In Italy, interest in financing enterprises with access to high-risk capital has increased in recent years. For this purpose, closed-end investment funds of small enterprises have been established. Such funds invest in companies that are not listed on the stock exchange. The fund's capital cannot be invested in the form of government bonds. It is also prohibited to invest in shares issued by other closed funds. The purpose of the closed fund is to make a profit from the sale of shares of companies that own shares in the fund.

Small business and private entrepreneurship must have certain conditions in order to fully realize their role in the formation of a competitive environment in the economy and to have a significant impact on it. In particular, the role of market infrastructure in the effective functioning of this sector is invaluable. In many foreign countries, including the United States, there is a well-developed system in place: the promotion and support of small business and private entrepreneurship is also carried out by many non-governmental and public organizations. These include the small business association, which promotes the interests of



small business and private entrepreneurship; More than 40 national foreign trade associations; It includes more than 3,500 national trade organizations, more than 40,000 local organizations, clubs and groups [4].

France does not have a nationwide policy on the establishment of technoparks or incubators. The initiative in this regard is in the hands of local authorities. They come in a variety of forms: teaching, research, service, land leasing, and more. There are 36 chambers of commerce in the Netherlands. All firms must be registered with the Chamber of Commerce and pay an annual fee. Chambers do not receive subsidies from the government. They demonstrate core activism in the provision of consulting services. The Institute of Small Business, an independent organization with a network of 12 regional institutes, is actively involved in direct training, consulting and council services.

In Japan, 500 local chambers of commerce and their affiliates provide various types of financial and advisory training to small businesses and private entrepreneurs. The state finances small business and private entrepreneurship through the Small Business Finance Corporation, the National Finance Corporation and the Soko-Chukin Bank through a special fund to support small businesses funded by the budget and the People's Fund [7].

Japan has also adopted a broad preferential tax system for small business and private entrepreneurship, which includes:

- Deduction of the conditional amount of wages of the owner of the enterprise and his family members from the taxable income of the individual company;
- lower tax rates for small businesses; protecting a portion of the profits of small corporations from taxation. If a company participates in one of the state's priority programs, it may be eligible for additional tax benefits. Foreign experience in the development of small business and private entrepreneurship has shown that in each country, including Uzbekistan, a system of effective measures of state regulation of small business and private entrepreneurship should be developed and constantly improved, based on the internal characteristics of the economy. .

Creating a favorable environment for entrepreneurship in the economy of developing countries, the formation of a cordial attitude towards small business in society is a key priority. That is why our government has been paying serious attention to the development of this sector since the early years of independence.

Based on our conclusions in the process of studying and analyzing various sources and the experience of developed and developing countries in this area, we consider it appropriate to apply it to increase the share of small business and private entrepreneurship in the country's economy.

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