

PRIVATE ENTREPRENEURSHIP: FROM SMALL BUSINESS TO GREAT ACHIEVEMENTS

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ABSTRACT

This article provides an in-depth analysis of the crucial role of private entrepreneurship and small businesses in national economic development. It specifically highlights the contribution of this sector in creating new jobs, generating higher incomes for the population, implementing innovative solutions, and exporting national products to global markets. Furthermore, it outlines the necessary support mechanisms for small business development, including legal and financial opportunities, incentives for innovative ideas, and proposals for expanding export activities. The main objective of the article is to showcase the achievements of small businesses and identify the challenges hindering their sustainable development, thereby outlining future development pathways.

INTRODUCTION. In the modern world, private entrepreneurship has become one of the key factors in transforming small businesses into large-scale success. Small business entities play a crucial role in ensuring stable economic development, generating new employment opportunities, and introducing innovations. Particularly in the context of Uzbekistan, private entrepreneurship is at the core of economic reforms, with the government creating favorable conditions to expand this sector.

Uzbekistan's development strategy for the period up to 2030 places a special emphasis on supporting small businesses and entrepreneurship. This strategy, outlined by the President, includes measures aimed at fostering economic growth, strengthening the private sector, and promoting innovation [1]. Small business and entrepreneurial entities are essential in ensuring the sustainability of the national economy. Therefore, several initiatives have been planned to support their development, such as financial assistance, tax system simplification, and the expansion of infrastructure opportunities. Additionally, the strategy envisions the creation of a specialized program to encourage innovation and provide comprehensive support to entrepreneurs.

The development of small businesses and, more broadly, private entrepreneurship, contributes to improving the standard of living and overall well-being of the population. Learning from international experience, the Uzbek government has introduced a series of legislative measures aimed at fostering private entrepreneurship. Notably, the Presidential Decree No. PQ-306, issued on September 14, 2023, titled "On Measures for Financial and

Institutional Support for Small Business Development”, approved a comprehensive program for the continuous support of small businesses [2].

Despite the adoption of various decisions and programs aimed at enhancing the private sector, the state's share in the national economy remains significant. If this trend continues, it may lead to the accumulation of structural challenges, making a full transition to a market economy seem utopian for the population.

In most developed countries where private entrepreneurship, including small and medium-sized enterprises, has thrived, a dedicated state body is responsible for overseeing this sector. Similarly, in Uzbekistan, the Small Business and Entrepreneurship Development Agency was established under the Ministry of Economy and Industry following Presidential Decree No. PQ-4417, dated September 13, 2019 [3]. The primary objectives of this agency include supporting small and medium-sized enterprises, creating a favorable business environment, and providing financial assistance for investment projects.

LITERATURE REVIEW

The analysis of scientific and literary sources on this topic demonstrates that the development of private entrepreneurship and small business has been a subject of interest for numerous foreign researchers as well as domestic economists. This issue remains a globally significant matter. Various academic studies related to the research topic have highlighted the key aspects of small business and private entrepreneurship development trends, as well as their socio-economic impact.

Prominent international scholars such as G. Justin, William Petty, and Leslie E. Palich, in their book “Small Business Management: Launching and Growing Entrepreneurial Ventures” (2021), as well as Gail Hiduke and J.D. Ryan in “Small Business: An Entrepreneur’s Business Plan” (2018), have extensively discussed the processes of planning, managing, and developing private entrepreneurship and small businesses. Furthermore, David Birch, in his influential work “The Job Generation Process” (1979), examined the role of small businesses in job creation and analyzed the impact of innovations and digital technologies on entrepreneurship.

Notably, the renowned economist David Birch, in his 1979 research, described small businesses as the “engine of the economy.” At that time, a significant portion of employment in the United States was being generated not by large corporations but by small and medium-sized enterprises. This study played a pivotal role in redefining the economic significance of small businesses and approaching the issue from a new perspective [4].

Among domestic researchers, D.S. Qosimova, in “Small Business and Private Entrepreneurship,” and Halim Hamroyev, in “Fundamentals of Entrepreneurship,” have contributed valuable insights into the field. Additionally, Oybek Utbasarov’s “Small Business and Private Entrepreneurship” and Meliboyeva Gulkhon’s “The Specific Features of Small Business Investment in Uzbekistan” provide in-depth analyses of investment strategies for small businesses. The works of Ubaydullo G’afurov and Akmal Ubaydullayev, such as “The Formation of the Organizational and Economic Mechanism for Supporting Small Business at the Local Level,” explore the role of small businesses in the national economy, their development trends, and the factors hindering their growth while offering concrete recommendations for improvement [5].

RESEARCH METHODOLOGY. The methodology of this study is based on the analysis of scientific research and investigations conducted in the field of private entrepreneurship and small business. Additionally, this article incorporates data from various online sources, as well as government decrees and presidential resolutions concerning small business development.

Given the importance of global experience in fostering small and medium-sized enterprises, it is crucial to adapt and implement proven international practices within the context of Uzbekistan.

Furthermore, the research employs a wide range of scientific methods, including comparative analysis, scientific abstraction, analysis and synthesis, statistical grouping, and other relevant research techniques. These methodological approaches ensure a comprehensive and objective examination of the subject matter.

ANALYSIS AND RESULTS

Currently, small businesses and private entrepreneurship play a crucial role in the stable development of Uzbekistan's economy. The reforms implemented by the government and the favorable conditions created for the sector's growth have yielded significant results. In recent years, the number of small business entities has increased, leading to a notable rise in their share of the country's Gross Domestic Product (GDP). In particular, by the end of 2023, the share of small businesses in the Republic's GDP reached 51.2% [6], while in the first half of 2024 (January–June), their contribution to the economy's total added value amounted to 47.5% [7].



Source:<https://www.buxstat.uz/uz/matbuot-markazi/buxoro-yangiliklar/12022-kichik-tadbirkorlik-biznes-ning-yaim-yahm-dagi-ulushi-qanday>

The analysis indicates that the primary achievements of small businesses are reflected in job creation. Specifically, over the past decade, employment in this sector has increased from 49.7% to 74.5% of the total employed population across economic sectors [8]. Additionally, small businesses actively contribute to the introduction of innovative technologies, the expansion of export volumes, and the intensification of competition in the domestic market.

However, several challenges persist in this sector. For instance, access to financial resources remains limited for some entrepreneurs, while a lack of experience and knowledge hinders the implementation of new technologies. To ensure the sustainable development of private entrepreneurship, it is crucial to establish a clear and comprehensible legal framework. Moreover, supporting entrepreneurial activities requires reducing tax burdens, expanding tax

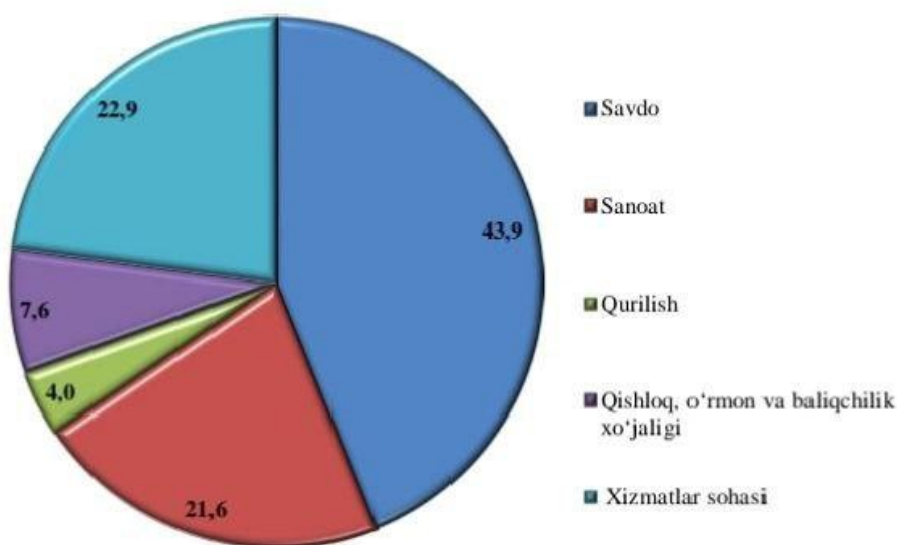
incentives, and implementing mechanisms to curb corruption. Enhancing transparency in public services should also be prioritized as an initial step in fostering small business growth.

To address these challenges, the government is introducing additional measures, including tax incentives for 2024–2025, support funds, and specialized educational programs for businesses [9]. Furthermore, successful entrepreneurial activity necessitates the development of a sound business plan, risk assessment and management, adoption of new technologies, diversification of operations, and the formulation and execution of an effective business development strategy.

Economic freedom is a crucial factor in fostering entrepreneurship. In a society where economic freedoms are upheld, every law-abiding citizen can engage in economic activities by leveraging their skills, opportunities, and private property. The essence of economic freedom lies in state guarantees that empower authorized business entities to conduct entrepreneurial activities [10,33].

As of 2024, newly established small business entities in Uzbekistan are primarily concentrated in trade, services, and agriculture, reflecting the sectoral distribution of economic activity.

Yangi tashkil etilgan kichik biznes subyektlari sonining
iqtisodiy faoliyat turlari bo'yicha taqsimlanishi
2024- yil yanvar-sentabr holatiga, jamiga nisbatan %da



Source:: <https://images.app.goo.gl/ud35eqiMEgMgXD8D6>

The findings indicate that small businesses and private entrepreneurship contribute not only to economic development but also play a significant role in addressing social challenges. In the future, substantial progress can be achieved by implementing new reforms, enhancing entrepreneurs' professional skills, and expanding the adoption of modern technologies. Consequently, the role of small businesses in the national economy will be further strengthened.

CONCLUSION

Private entrepreneurship and small businesses are among the key factors driving a country's economic development. They play a vital role in job creation, increasing household incomes, and implementing innovative ideas. The rapid expansion of small businesses strengthens national economic stability and fosters the emergence of competitive products in global markets. Additionally, this sector cultivates a healthy competitive environment among entrepreneurs and plays a crucial role in ensuring the economic independence of both the state and society.

Overall, the development of small businesses and private entrepreneurship is essential for enhancing the global competitiveness of the national economy. To further advance this sector, the following measures must be implemented:

- Improving support mechanisms;
- Providing legal and financial assistance;
- Encouraging innovative ideas;
- Supporting export activities.

These recommendations will contribute to the further development of private entrepreneurship and small businesses, ultimately strengthening the national economy and improving the population's standard of living. Private entrepreneurship and small businesses play a crucial role in ensuring economic stability and enhancing societal well-being. This sector holds strategic importance in job creation, the implementation of innovations, and the expansion of national products into global markets. The development of small businesses is a fundamental prerequisite for ensuring a stable and sustainable future for the country.

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