

# Problems and Prospects for the Development of Small Business (Entrepreneurship) and Employment in the Republic of Uzbekistan

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**Abstract:** The progressive development of small business is the most important factor in successfully resolving issues related to ensuring employment of the population and the effective use of the region's labor resources. As the experience of developed countries shows, small and medium-sized businesses play a very important role in the economy, their development affects economic growth, the creation of additional jobs, the acceleration of scientific and technological progress, and the saturation of the market with goods of the required quality.

**Keywords:** Employment, small and medium-sized businesses, developed countries

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The level of development of small businesses directly determines the degree of development of the state economy as a whole. Small businesses stimulate the development of competition, "force" large companies to introduce new technologies and increase production efficiency. At the same time, supporting small businesses is supporting a market, competitive economy as a whole.

Small business plays an important role in ensuring sustainable economic development, creating jobs, increasing employment and reducing unemployment.

Small business is an independent sector of the economy that produces certain products (performs work, provides services), uses individual labor, private and personal property, a limited amount of resources, and at the same time has significant innovative potential.

At the same time, the socio-economic importance of this sector of the economy lies in the fact that:

1. New jobs are created for the working population, which leads to a reduction in the number of people in need of social assistance.

2. Social stability is ensured and the level of poverty is reduced, since the creation of new enterprises and jobs reduces the unemployment rate, guarantees employment of the population and saturation of the market with a variety of goods and services.

3. An opportunity is provided for enterprising people to open a business in any industry, realizing their human potential in it

Currently, small businesses are taking on the role of one of the leading sectors of the economy of Uzbekistan. In many developed countries, it is beginning to determine the rate of economic growth, as well as the level of employment, structure and quality of GDP. The issues of small business development and employment in the country are closely related. The peculiarity of small business is that it affects the quantitative and qualitative characteristics of the labor market. It is for this reason that it has a direct impact on employment. Small businesses are able to create a large number of jobs, thereby reducing unemployment. They are able to create competition for workers and retain worker potential.

The study of issues of small business development and employment is relevant, since it is an indicator

of a favorable climate for economic development, attracting investment and expanding areas of activity, and reflects the socio-economic situation of a particular territory. The problem of small business development is relevant for all countries with market economies, regardless of their level of economic development, which is associated with the modernization of existing models of economic systems. The most significant contribution to the development of topics related to small business was made by economists such as J. Schumpeter, F.H. Knight, I.M. Kirzner and others, who revealed the issues of researching small business as a separate sector of the economy

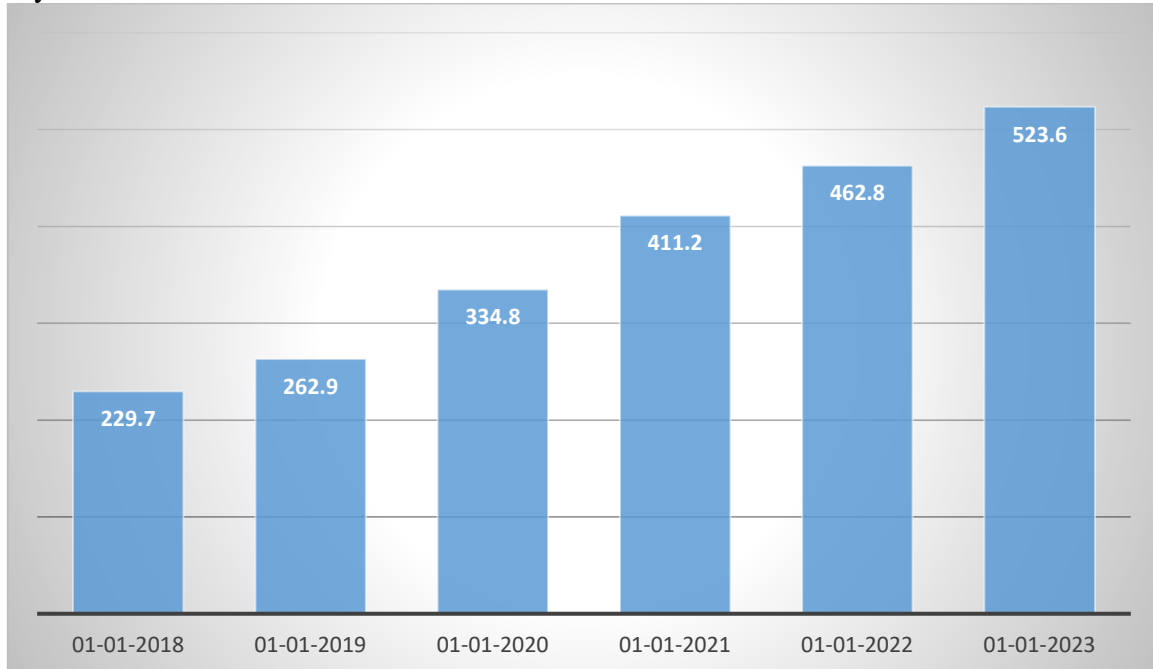


Fig.1. Dynamics of growth in the number of operating small enterprises and microfirms in the Republic of Uzbekistan, in 2018 - 2022 (excluding farms and dekhkan farms), thousand units

As of January 1, 2023, the number of operating small enterprises and micro-firms amounted to 523.6 thousand, which is 60.8 thousand, or 13.1% more than in the previous year. The number of small businesses per 1000 people was 17.9 units.

In January-December 2022, 90.2 thousand new small enterprises and micro-firms (excluding dekhkan and farm enterprises) were again created, which is 8.8% less than the same period in 2021.

Table 1.  
 Change in labor productivity in small businesses (million soums)

Regions	2018	2022
Republic of Karakalpakstan	906	1901
Regions:		
Andijan	1306	1309
Bukhara	772	1395
Jizzakh	788	1522
Kashkadarya	653	1208
Navoiy	849	1360
Namangan	1103	2919
Samarkand	650	1372
Surkhandarya	802	1302
Syrdarya	762	1274
Tashkent region	618	1206
Fergana	681	1208

Khorezm	723	1248
Tashkent	671	1389

As studies have shown, small businesses in the republic are active participants in foreign economic activity.

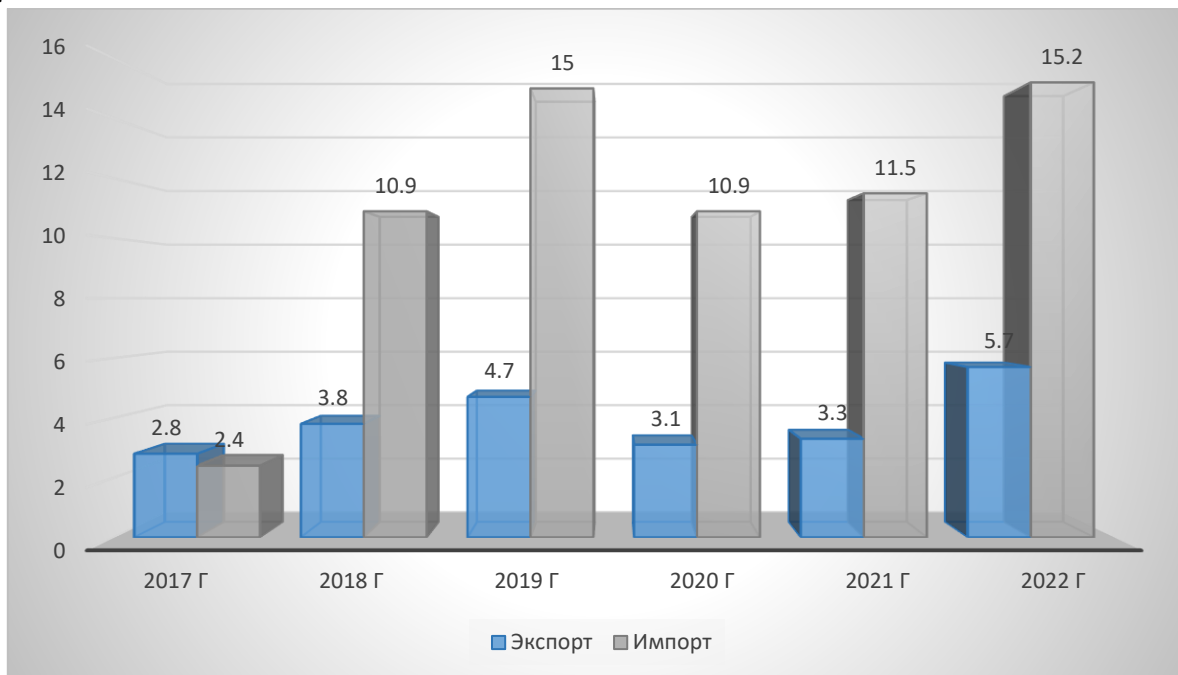


Fig.2. Change in the volume of exports and imports of small businesses for 2017-2022. (billion dollars)

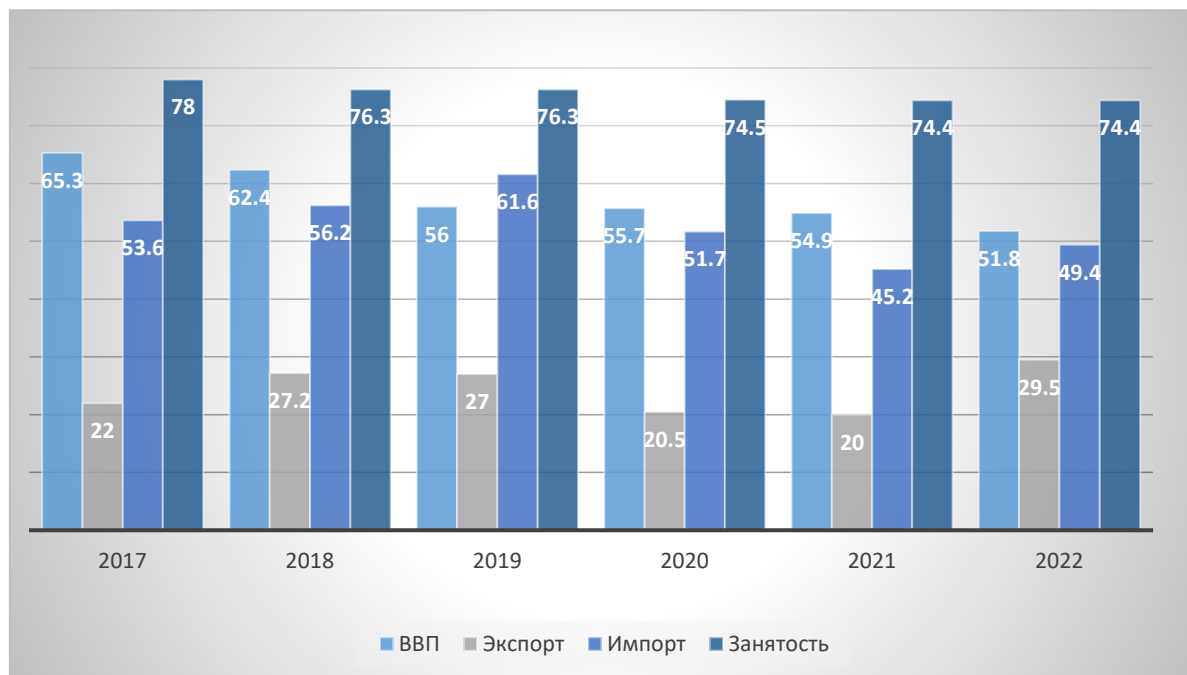


Fig.3. Share of small businesses and private entrepreneurship in exports, imports and GDP of Uzbekistan for 2017-2022 (%)

However, from our point of view, the key issue remains the need to formulate a small business development policy taking into account regional characteristics. Within the framework of this direction, it is necessary to identify problems of interaction between regional authorities and management with small and medium-sized businesses, as well as create a system of regional-level measures to ensure the development of

small businesses, differentiated according to the specifics of existing problems.

For these purposes, it is proposed to implement the following main measures:

1. Significant reduction in state regulation of the activities of business entities;
2. Reducing the tax burden and improving tax administration;
3. Introduction of a unified procedure for the provision of land plots for business activities;
4. Expanding financial and credit support for the activities of business entities;
5. Stimulating the export activities of business entities;
6. Continuing the practice of supporting the private sector by assisting in the development of investment projects to restore the activities of inactive enterprises