Prospective Development Analysis of Small Business and Entrepreneurship of Uzbekistan

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Abstract:
Depending on the natural, historical and economic conditions, the level of development of small business in different regions of each country is not the same. However, there is a common feature, which is the more intensive development of entrepreneurship skills in economic sectors. Current paper work discusses effect of small business into socio-economic development of Uzbekistan in the light of share in GDP and role of it in national economy. Main outcomes can be presented as econometric analyses which selected variables relationship and sectors of the small business current status in figures. Suggestions on increasing export potentials of the entrepreneurship presented in the next part of the research. Asa conclusion authors argue new ideas and targets on small business areas and oriented knowledge-based economy with professional skill and ability. The final part concludes improvement policy on small business in all major cities with integrity of enterprises, organizations, education and business.

Keywords: Small business, profit, micro firms, innovation, education

I. INTRODUCTION

Small businesses have an important role not only in the economy, but also in social life since they compose our social fabric and can explain to us how our society is changing[1]. The sector of small and medium enterprises (hereinafter referred to as SMEs) is an integral element of any developed economic system, without which the economy and society as a whole cannot normally exist and develop. Although the level of scientific, technical and production potential of any developed state is determined by large enterprises, however, the basis for the life of these countries is SMEs as the most massive, dynamic and flexible form of business life. Small and medium sized businesses (SME) play an important role in the modern economy. In many European countries, they comprise up to 80% of the gross domestic product and employment structure[2].

This is due to the great socio-economic importance of the SME sector, which unites the vital interests of the bulk of the population involved in everyday labor. The social significance of a small business is determined by the large group of small owners - owners of small enterprises and their employees, the total number of which is one of the most significant qualitative characteristics of any country with a developed market economy.

With the brisk change in business environment, SMEs are forced to look beyond domestic market and one of the important dimensions for businesses to grow is through internationalization. When SMEs ventured into the international world, they are compelled to challenges and opportunities[3].

It is this group of the active population that serves the bulk of consumers, producing a range of products and services in accordance with rapidly changing market requirements. High adaptability of SMEs and massive coverage of almost all areas of the country's market ensure the sustainability of economic development and contribute to the stability
of the political climate. One of the reasons for the successful development of SMEs is that large-scale production is not opposed to SMEs. In developed countries, the principle of cooperation between large, small and medium enterprises is cultivated, and they complement each other, especially in the field of specialization of individual industries and in innovative developments.

II. Literature Review

The importance given to the studies of micro and small enterprises arises from the differentiations imputed to this organizational type for several reasons: the increase and representativeness of small enterprises, especially in Brazil, which represents a current research challenge, notably concerning the theoretical generalization of small entrepreneurial firms (Damke, 2012; Whelsh& White, 1981); the strategy is a complex and unique phenomenon throughout the organization (Mintzberg, Ahlstrand, &Lampel, 2000), especially in small firms (Cooper, 1981; Miller, 1987b); a considerable number of studies have shown that most of the theories elaborated for large organizations do not fully apply to small firms because they dis-regard the behavior of the leader (D’ambroise&Muldowney, 1988); thus, the strategy is influenced by the strategist’s cognition, intuition, managerial style, beliefs and values (Jenkins &Ambrosini, 2002; Miller, 1986a; Miller, 1986a, 1986b; Mintzberg& Quinn, 2001; Vieira et al., 2015). From these conditions, it is possible to point out that new and small firms provide a distinct environment for the formulation and implementation of strategy. The process of strategy formation in small firms, not unlike large ones, is complex (Gimenez, 2000; Jenkins &Ambrosini, 2002; Miller, 1987b; Wang & Shi, 2011).

In small firms, it is up to the strategist to understand the formation of strategy as a system formed by several dimensions, such as environmental forces, organizational processes and managerial orientation (Cooper, 1981; Gimenez, 2000). Considering the studies that highlight the formation and implementation of strategies as a complex and multifaceted process (Harms, Kraus, & Schwarz, 2009; Jenkins &Ambrosini, 2002; Kraus, Kauranen, &Reschke, 2011; Miller, 1987a; Miller, 2011; Mintzberg& Quinn, 2001), it is assumed that the strategy-performance relationship in small firms cannot be characterized by the combination of few attributes, but rather by arrangements of certain organizational characteristics that shape the strategy and produce superior results. Aiming at a more comprehensive explanation about the strategy formation in small firms and its relationship with performance, it is proposed the configurations approach as a theoretical framework for this study. This approach suggests that organizations are better understood as clusters of variables interconnections, whose elements of environment, structure, leadership, and strategy can combine or interrelate in quantum states or configurations (Meyer, Tsui, &Hinings, 1993; Miller & Friesen, 1984; Miller, 2011), while performance is influenced by the interaction of these configurations (Anhaia, 2010; Bispo, 2013; Damke, 2012; Dess& Davis, 1984; Fiss, 2007; Hambrick, 1983; Miles & Snow, 1978; Miller & Friesen, 1984; Mugler, 2004).

Thus, the present research aims to investigate the presence of strategic configurations in small firms related to the aspects of strategy development, strategic content, adopted administrative mode, entrepreneurial attitude and perceived environmental uncertainty, and their association with performance. The relationship of these five aspects to performance has not been explored as a whole (Damke&Gimenez, 2014; Damke, 2012; Fiss, 2007; Harlacher&Reihlen, 2014; Miller, 1987b; Miller, 2011; Mugler, 2004; Vieira et al., 2015), leading to incomplete explanations of strategic management. In this sense, it is hoped to contribute with the field of business strategy studies, seeking to explain the process of strategy formation through a combination of procedural, structural, strategic, and environmental aspects.

III Purpose and data

The aim of the research is to examine the current practice of small business and entrepreneurship performance evaluation in Uzbekistan. Current data used as a secondary source form National Statistic Committee of the Republic of Uzbekistan. The following tasks are defined to achieve the aim of the research:
1. To review theoretical and legislative aspects of the performance measurement and management in the SMEs;
2. To explore the current framework and practical tools that are used in Uzbekistan in respect of evaluation of economic sectors;
3. To identify well developed economic sectors that could be used to improve the small business activities selected sectors of the economy.

Methodology
In this article it is used correlation and regression analysis of the selected variables at Stata 14.0 and sktest, pearson and spirman correlation coefficients distributed.

Results
President ShavkatMirziyoyev signed a decree that provides for the creation of the Agency for the Development of Small Business and Entrepreneurship.State policy is aimed at the creation and growth of economic development of regions and increased employment, the intensification of innovative activities, the development of e-business and the improvement of the service system in order to ensure their economic sustainability and high competitiveness in world markets. Increasing the effectiveness of the system for supporting the development of entrepreneurship, involving broad sections of the population in doing business, and providing access to sources of start-up capital. The new structure is a republican government body and, in its activities, reports to the Ministry of Economy and Industry of Uzbekistan. As for the liberalization o the small business sector adopted following legislation:

The legislative system
- Additional measures to further improve the investment climate and business environment in the Republic of Uzbekistan;
- Law of Guarantees of freedom of entrepreneurial activity of the Republic of Uzbekistan;
- Law of the about licensing procedures in the field of entrepreneurial activity of Republic of Uzbekistan;
- Law of the about state control over the activities of business entities of Republic of Uzbekistan;
- Law of the about support of small business and private entrepreneurs of Republic of Uzbekistan.

Social competence belong to an entrepreneur will play an important role in deciding final result of an engagement (whether they will accept financial support, get an order, attract business colleague and employee, and other things alike). Business network indicators (Bengstone et al., 2000) are the amount network of a firm with production sector, supplier and distribution channel. Based on the explanations above it can be proposed three hypotheses as follow:
H1: Entrepreneurial social competence positively affects the business network.
H2: Entrepreneurial social competence positively affects the competitive advantage. H3: Business network positively affects competitive advantage[4].

Entrepreneurial competences lie also in the traits of everyone's personality and it would be rather difficult, if not impossible, to make certain kind of changes in a person; someone was born to be a quiet clerk happy to spend his life in an office among documents with little or no contacts with others, while someone else may be an extroverted salesman who feels fulfilled only having outside the company a lot of relationships[5].

According to the State Statistics Committee of the country, as of January 1, 2018, more than 229,600 small businesses were operating in Uzbekistan, which is 9.1 percent more than in the same period last year. At the end of 2017, more than 38,100 newly created small business entities were operating in Uzbekistan, which is 22 percent more than in 2016. In the structure of existing small business entities, small enterprises account for 8.2 percent (18,900 units), and microfirms - 91.8 percent.
As of January 1, 2018, 12,184 family enterprises were registered in Uzbekistan, which have passed state registration as a legal entity, and 11,679 of them, or 95.9%, worked. This shows that the growth rate of registered and operating family enterprises amounted to 39.9 percent compared to the previous year.

Of the total number of family enterprises operating in the field of economic activity, the main share (38.6 percent) is 4,512 family enterprises operating in the industrial sector. At the same time, 20.2 percent or 2,354 family enterprises work in the field of accommodation and food, 15.4 percent or 1,803 family enterprises work in the field of trade, 12 percent or 1,401 enterprises in the agriculture, forestry and fisheries, 1.3 percent or 149 enterprises - in the field of information and communications, 1.2 percent or 143 enterprises - in construction, 1.1 percent or 133 enterprises - in the field of transport and storage.

In the total number of newly created family enterprises in 2017, working in the areas of economic activity, the main share, or 1,640 family enterprises, work in industry, 884 enterprises work in the field of accommodation and catering, 560 enterprises in the field of trade, 467 enterprises work in agriculture, forestry and fisheries, and 413 enterprises - in other types of economic activity.

**Discussion**

Implementation of a unified state policy aimed at the development of small and medium-sized businesses, all forms of private entrepreneurship, development and implementation of state and regional programs for the development of small business and entrepreneurship. Organization of coordination of activities of authorized state bodies and organizations in the field of further stimulating the development of small business and entrepreneurship, creating favorable conditions for improving the business environment in Uzbekistan. Following analysis distributed detail relationship each selected numerical data variables.

\[ y = GDP, \text{ Gross Domestic Product value} \]
\[ x_1 = \text{Year of collected data observations} \]
\[ x_2 = \text{Industry} \]
\[ x_3 = \text{Construction, share of the done job in services and manufacturing building materials} \]
\[ x_4 = \text{Workforce, labor force busy in small business sector} \]
\[ x_5 = \text{Export} \]
\[ x_6 = \text{Import} \]

**Table 1. Share of the small business and entrepreneurship in economy (per cent)**

<table>
<thead>
<tr>
<th>Year</th>
<th>GD P</th>
<th>Industry</th>
<th>Construction</th>
<th>Workforce</th>
<th>Eksp ort</th>
<th>Impo rt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>31.0</td>
<td>12.9</td>
<td>38.4</td>
<td>49.7</td>
<td>10.2</td>
<td>22.8</td>
</tr>
<tr>
<td>2001</td>
<td>33.8</td>
<td>12.5</td>
<td>40.4</td>
<td>51.8</td>
<td>9.3</td>
<td>26.7</td>
</tr>
<tr>
<td>2002</td>
<td>34.6</td>
<td>15.4</td>
<td>42.0</td>
<td>53.5</td>
<td>7.5</td>
<td>24.9</td>
</tr>
<tr>
<td>2003</td>
<td>35.0</td>
<td>10.8</td>
<td>39.9</td>
<td>56.7</td>
<td>7.3</td>
<td>33.7</td>
</tr>
<tr>
<td>2004</td>
<td>35.6</td>
<td>11.0</td>
<td>49.6</td>
<td>60.3</td>
<td>7.3</td>
<td>32.7</td>
</tr>
<tr>
<td>2005</td>
<td>38.2</td>
<td>10.0</td>
<td>50.9</td>
<td>64.8</td>
<td>6.0</td>
<td>33.7</td>
</tr>
<tr>
<td>2006</td>
<td>42.1</td>
<td>10.9</td>
<td>52.1</td>
<td>69.1</td>
<td>11.2</td>
<td>34.2</td>
</tr>
<tr>
<td>2007</td>
<td>45.7</td>
<td>13.2</td>
<td>55.4</td>
<td>72.1</td>
<td>14.8</td>
<td>32.0</td>
</tr>
<tr>
<td>2008</td>
<td>48.2</td>
<td>14.6</td>
<td>58.4</td>
<td>73.1</td>
<td>12.4</td>
<td>35.7</td>
</tr>
<tr>
<td>2009</td>
<td>50.1</td>
<td>17.9</td>
<td>42.4</td>
<td>73.9</td>
<td>14.6</td>
<td>42.5</td>
</tr>
<tr>
<td>2010</td>
<td>52.5</td>
<td>26.6</td>
<td>52.5</td>
<td>74.3</td>
<td>13.7</td>
<td>35.8</td>
</tr>
<tr>
<td>2011</td>
<td>54.0</td>
<td>28.6</td>
<td>67.6</td>
<td>75.1</td>
<td>18.8</td>
<td>34.3</td>
</tr>
<tr>
<td>2012</td>
<td>54.6</td>
<td>29.7</td>
<td>70.0</td>
<td>75.6</td>
<td>14.0</td>
<td>38.6</td>
</tr>
<tr>
<td>2013</td>
<td>55.8</td>
<td>33.0</td>
<td>70.6</td>
<td>76.7</td>
<td>26.2</td>
<td>42.4</td>
</tr>
<tr>
<td>2014</td>
<td>56.1</td>
<td>36.8</td>
<td>69.5</td>
<td>77.6</td>
<td>27.0</td>
<td>45.4</td>
</tr>
<tr>
<td>2015</td>
<td>62.9</td>
<td>40.6</td>
<td>66.7</td>
<td>77.9</td>
<td>27.0</td>
<td>44.5</td>
</tr>
<tr>
<td>2016</td>
<td>64.9</td>
<td>45.3</td>
<td>66.9</td>
<td>78.2</td>
<td>26.0</td>
<td>46.8</td>
</tr>
<tr>
<td>2017</td>
<td>63.6</td>
<td>41.2</td>
<td>64.8</td>
<td>78.0</td>
<td>22.0</td>
<td>53.6</td>
</tr>
<tr>
<td>2018</td>
<td>59.4</td>
<td>37.4</td>
<td>73.2</td>
<td>76.3</td>
<td>27.2</td>
<td>56.2</td>
</tr>
</tbody>
</table>

Source: Stat.uz

Current state of the business environment and preparation of proposals to simplify the
procedures for the provision of industry, construction sector analysis age given below.

First, we have analyzed relationship of the years into selected variables. Figure 1 presents share of the construction in years, it is clear that relationship is not robust but positive. And Figure 2 discusses workforces at small business sectors and relationship is positive, by years it is growing gradually.

Second, analysis shows that relationship of the years into construction sector contribution in small business as Figure 3 and, it can be discussed the workforce is positive growth at Figure 4.
Third, analysis shows that relationship of the years into export as Figure 5 and, it can be discussed the export volume is positive growth. Figure 6 discusses import share in years relationship is positive, growing dynamically and reached its maximum rate.

Figure 7

Fourth, the next analysis shows that relationship of the industry share into total GDP of the country as Figure 7. We can discuss that manufacturing of goods share increasing better than construction sector. If we compare both sectors production of goods anad materials developed well (Figure 8).

Figure 8

Five, regarding export share of the small business representatives we can argue export and import positive relationships distributed. Figures shows that weak economic activities with relation of GDP (Figure 9,10).

Figure 9

Figure 10
Six, one more analysis on industry and construction share in export anyway growing positively. As Figure 9, 10 presents with comparison analyses we can say construction share is more than industrial sector value.

Seven, the last scatterplot graphs indicate that import relations into industry and construction work share. Both following figure show that export and import relation are dynamically proportional in growth.

Pearson correlation coefficient presents all variables as above, industry relations in GDP is 92%, construction sector contribution is 86.1%, and others as of 92%, export 88%, import 86% robust relationships each other.

The next analyses presents correlation between all variables as followings.
Spearman correlations analyses discusses that with the 19 observes strong relationship into GDP share can be presented more people got jobs in small business sector and import share is gradually increasing rather than previous years.

Figure 15

The next distribution on sktest analyses shows that Prob>chi2 – 0.2159, Prob>chi2 – 0.1079 GDP, industry–0.0469, construction–0.0467, workforce–0.1352, export–0.0785 and import – 0.7015 probability. If we analyze more detail p>0.05 is only be applicable in workforce and import too. So both spearman and person correlation analyses discuses that benefits from small business can be identified both prominent variable.

Two-way test for years and industry share in small business presents that regression line is positive with not so strong relations each other.

Figure 16

The same two-way test implemented at construction sector workforce for years are also positive regression line. Both variables are not so strong relationship each other (Figure 16,17).

Figure 17

The last two-way test used at Figure 18 and 19 can be discussed as followings Export share in years and GDP changes in years are also distributed positive results with weak relations.

Figure 18
Regression on GDP F statistics is significant, T statistics is also relevant on this selected equation. According to the figure GDP rate increasing year by year with standard error 0.02552.

Figure 19

Regression on export into industrial sector contribution with F statistics is significant, T statistics is only relevant in industrial sector. According to the following figure regression R-square rate is 83%. And if we increase construction sector potential in 1% so export value will increase by 0.02552.

Figure 20

Regression significance regarding GDP on import in small business sector is 75% and strong relationship by R-squared is 86% significant relationship has been identified.

As for the current analysis we can consider following dominant identification

(1) increasing the possibility for change in these organizations, directing them, through the actions of their managers, to adopt new standards of efficiency, productivity, quality and achieving goals and results;

(2) helping the main managers of these organizations to adopt new behaviors and attract and retain human resources with behavioral characteristics compatible with the new challenges;

(3) respecting and considering strong and weak points intrinsically associated with probable representative or dominant styles, helping these professionals to adapt better to the work situations in which they are involved or intend to be involved;

(4) identifying behavioral profiles that can help to disseminate attitudes and values to other small business executives from which they can benefit, and aiding the adoption of public policies for the development of entrepreneurship [7].

The Relationships between Strategic Entrepreneurial Awareness and Business Performance[6].

Main outcomes from the research
In accordance with the current findings we can present followings:

- New goals and strategies;
- Personal growth and self-development;
- Personnel training and development;
- Outsourcing and consulting;
- Business growth management;
- Attract new customers with marketing and advertising;
- Expand business - open new points of sale and branches;
Expand the market through related activities;
☐ Sell better - educate your salespeople;
☐ Emerging industry sector activities.

Conclusion
If we conclude that without the desire to constantly develop small business to conquer new business peaks and achieve new goals, an entrepreneur cannot be successful. Technologies are changing, competitors are changing, customers are changing with their needs, and if your business stands still, it will not be able to meet new requirements. Therefore, it is necessary to grow and develop a business with electronic commerce. From the production of goods or services and customer service should cover all sectors of the small business in Uzbekistan. Changing supplier’s development policy, employees, working hours, customer communication schemes, seller’s desire, website design, outdoor advertising and so on must be replaced innovative way in terms of high level of education reforms in the country. On improvement of small business and entrepreneurship government already began integrity of three major sector like science, education and business in the country. It will help provide economic growth in the collaboration of powerful trained personals with scientific approaches who works in business areas.

Reference


