

trade barriers through strengthening trade negotiations and harmonizing standards and certification systems.

In conclusion, Belarus and China have significant potential for supply chain cooperation, but also face challenges that need to be addressed through various strategies to achieve sustainable development.

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Small business and entrepreneurship as factors of employment and well-being of the population

Tagaev B. E., Head of Department of Regional Economics & Management, DSc, Associate Professor,

Chinorova Sh.M., student of Faculty of Economics

*National University of Uzbekistan named after Mirzo Ulugbek
Tashkent, Uzbekistan*

Abstract:

Small business and entrepreneurship are key drivers of the economy that ensure the well-being of the population. This article discusses the attention given to small business and entrepreneurship in the Republic of

Uzbekistan, as well as their role and share in the country's Gross Domestic Product (GDP).

Small businesses and entrepreneurship can be considered the main drivers of the economy. Firstly, they increase employment through the creation of new jobs and stimulate economic growth. By introducing new ideas and products, they contribute to improving the quality of life for the population, assisting in the diversification and strengthening of the consumer market. Currently, small businesses account for 90% of all enterprises worldwide. Moreover, 50% of the employed population is engaged in this sector, with approximately 400 million people currently involved in small businesses globally [4] For this reason, small and medium-sized enterprises significantly contribute to the economy, playing a crucial role in employment and overall economic stability. Thus, small business and private entrepreneurship serve as mechanisms that not only facilitate various new changes in the economy but also ensure its stability. They act as a driving force for the economy, utilizing new technologies and techniques to engage the lower strata of the population in employment as much as possible.

International experience clearly demonstrates the socio-economic significance of small business development. Small businesses play a crucial role in ensuring employment, promoting the formation of the middle class, and improving the living standards of the population. This sector supports citizens' initiatives, enhances their responsibility for the results of their labor, and provides opportunities to benefit from their efforts The contribution of small business to the country's economy serves as a dynamic mechanism for creating gross product and for economic development and change. The unique characteristics of entrepreneurship bring together economic potential and financial risks, making foreign experience extremely important. Collaborating with large corporations also plays a significant role in ensuring the efficiency of economic development. This interaction helps improve competition and fosters innovation. Entrepreneurship and small business create opportunities to address employment issues, utilize the labor and intellectual potential of the population, instill confidence in their own strengths and capabilities, eliminate dependency mentality, and provide additional opportunities to leverage personal abilities.

In the New Uzbekistan, numerous measures are being implemented to further develop small business and entrepreneurship. The President of the

Republic of Uzbekistan, Shavkat Mirziyoyev, states: "It is important to emphasize that during the pandemic, entrepreneurs contributed equally with the state to ensure the stable functioning of the economy. Therefore, we must all stand shoulder to shoulder with entrepreneurs and continuously support them. In this regard, ensuring the rights of businesspeople, particularly the inviolability of private property, should be the primary task of state bodies at all levels" [1]. Improving legislation, developing laws and normative legal documents that support entrepreneurial activities, and assisting them through tax policy will facilitate the process of starting and running businesses for the population. The loans and subsidy programs provided by the state help in the development of small businesses. The year 2024 has been declared "The Year of Supporting Youth and Business" in Uzbekistan, and significant attention is given to further developing this sector in the "Uzbekistan-2030" strategy. A strong legal framework is being established for the liberalization and modernization of the economy. Overall, small business and entrepreneurship play a vital role in the dynamic growth of the country's economy and contribute to enhancing the well-being of the population. Therefore, their development and support hold strategic significance for every state.

These sectors strengthen competition in the state, which leads to lower prices and improved quality of goods, and helps address the problem of unemployment. Small enterprises produce a portion of national output ranging from 30% to 60% [3]. Small business and entrepreneurship are vital components of the national economy, ensuring economic stability and social development. According to research conducted by the U.S. National Commission on Entrepreneurship, there is a strong correlational relationship in modern economies between the growth of a country's GDP and the level of developed entrepreneurial activity.

In the early stages of economic reforms in Uzbekistan, serious attention was given to the issues of privatization of state assets and the development of small business and private entrepreneurship, laying the foundation for a multi-structured market economy. During the years of independence, a stable legislative framework was established to reinforce the predominance of private property, which is considered the basis of a market economy in Uzbekistan.

Small business, particularly in developed countries, focuses on the service sector, which includes trade, transportation, household services, and tourism services. However, the expansion of small businesses in the

country is often related to insufficient financial and production capacity, as well as weaknesses in infrastructure and administrative barriers. As of January 1, 2023, the number of small enterprises and microfirms operating in Uzbekistan reached 523,600, increasing by 60,800 or 13.1% compared to the same period last year [3]. Developing the entrepreneurial environment and supporting small businesses foster an entrepreneurial spirit among the population. This, in turn, creates opportunities for social cooperation, the adoption of innovations, and the effective utilization of intellectual potential. Thus, small business serves not only as a source of economic growth but also as an important mechanism for promoting social collaboration and activity.

In various countries, the criteria defining the status of small and medium-sized business entities include indicators such as the number of employees, turnover, assets, capital, and profit amounts. For instance, in the United States, businesses with fewer than 100 employees in many sectors, and fewer than 500 employees in the manufacturing industry, are classified as small businesses. Another key social function of small business is to provide employment for socially vulnerable groups, such as women, individuals with disabilities, retirees, and others, and to make extensive use of their labor. It also offers young specialists practical experience in production.

In all countries, the role of small and medium-sized business as a key driver of economic development is recognized. In developed countries, the share of small and medium-sized businesses in Gross Domestic Product (GDP) production ranges from 50% to 70%, and the proportion of employed individuals is approximately similar.

Table 1 – Share of small business and private entrepreneurship in GDP in Uzbekistan, % [3]

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GDP | 62,4 | 56,0 | 54,8 | 54,1 | 51,8 | 51,2 |
| Industry | 37,4 | 25,8 | 27,9 | 27,4 | 26,0 | 26,9 |
| Construction | 73,2 | 75,8 | 72,5 | 72,5 | 71,5 | 74,7 |
| Employment | 76,3 | 76,2 | 74,5 | 74,5 | 73,9 | 74,1 |
| Export | 27,2 | 27,0 | 20,5 | 20,0 | 29,6 | 29,0 |
| Import | 56,2 | 61,6 | 51,7 | 45,3 | 49,4 | 50,7 |

In 2023, the share of small enterprises in GDP of Uzbekistan was 51,2 %, in industry 26,9 %, in construction 74,7 %, in exports 29 %, in imports 50,7 %, and in overall employment 74,1 % (Table 1).

The establishment of the Agency for the Development of Small Business and Entrepreneurship under the Ministry of Economy and Industry aims to expand support for the development of small business and entrepreneurship, enhance its effectiveness, attract a larger portion of the population to engage in small business and entrepreneurship, and implement cohesive policies in this sector. This can be seen as one of the steps taken to further enhance the role of this sector. In our country, there is a need to reform small business further, as organizing small entrepreneurs and businesses is more effective than large entrepreneurs, thereby expanding the variety of products and services in the market. By opening new enterprises and factories in remote areas, we can provide employment for the local population, utilize their free time effectively, and improve their living standards. Over the last seven years, we have seen an increase in our country's export and import potential primarily through the support of small entrepreneurial entities compared to previous years.

To create more favorable conditions for entrepreneurial activities, the "20,000 Entrepreneurs – 500,000 Qualified Specialists" programs have enabled some entrepreneurs to have the option to pay their taxes in installments. Specifically, entrepreneurs included in this program (excluding registered entities from Tashkent) have the opportunity to pay certain taxes and turnover taxes in installments. If 51 to 100 new jobs are created for the population, entrepreneurs can pay their taxes in installments for up to 3 months; if 101 to 200 new jobs are created, the period extends to 6 months; and if more than 200 new jobs are created, they have up to 12 months to pay their taxes. Additionally, tax rate concessions are provided to entrepreneurs included in this program. Until January 1, 2025, if the participating business entities create 51 to 100 new jobs, the tax on the property of legal entities and the land tax imposed on legal entities will be reduced by 50 % of the established tax rate. If they create 101 to 200 additional new jobs, they will pay 75 % of the established tax rate. Furthermore, if an entrepreneur creates more than 200 new jobs, they are exempt from the established tax amount. Reforms in the tax sector in our country are supporting young entrepreneurs and business owners in implementing their new and promising plans. This not only enhances the well-being and

living standards of the population but also helps them utilize their free time effectively.

In order to determine how aware entrepreneurs are of the government's efforts to develop small business and entrepreneurial activities, a survey was conducted from March 10 to 25, 2023, among over 300 entrepreneurs operating in various sectors across the regions of our republic, based on a specially prepared questionnaire. According to the survey results on awareness of measures taken to support entrepreneurship, the highest awareness was reported for "Preferential Loans" at 58,8 %, followed by "Tax Incentives" at 57,1 %, and "Subsidies and Cost Reimbursements" at 45,8 %. Additionally, the lowest awareness (6,6 %) was related to the measures taken regarding customs incentives [5].

Overall, the efforts aimed at developing small business and entrepreneurship in Uzbekistan contribute to economic growth and enhance the well-being of the population. A key factor in the dynamic growth of the economy, it significantly contributes to social development and the well-being of society. The state should focus more on small business and entrepreneurship rather than solely on large and major industrial enterprises, as small businesses are easier to recover and can enhance the variety of products available in the market. Additionally, bringing large industrial enterprises to remote areas can be quite costly for the state, whereas establishing small industrial and production zones and enterprises requires less funding and creates job opportunities tailored to the capabilities and potential of the local population. In rural areas, a significant portion of the population is primarily engaged in farming, with some remaining unemployed. Establishing industrial zones that produce processed agricultural products in these areas will help alleviate the poverty mentality and ensure the well-being of the population [6]. Currently, it is important to recognize that high opportunities for entrepreneurship are being created for the population, regardless of their social or physical conditions.

In conclusion, small business and entrepreneurship serve as a key mechanism for further developing Uzbekistan's economy and enhancing the well-being of the population. Small businesses create numerous job opportunities, develop the local economy, introduce innovations, and enhance social responsibility, thereby ensuring the well-being of the population. They enable effective use of resources and reduce costs through collaboration. Additionally, various efforts are being made in the country to improve infrastructure, provide tax incentives, and develop digital

platforms with the aim of reducing poverty and unemployment through the promotion of small business and entrepreneurship.

At the same time, there is a need to reduce the tax burden on individuals with disabilities compared to other entrepreneurs and business owners. There should be a higher tax collection from entities engaged in the trade industry compared to those in manufacturing and service sectors. This means slightly easing tax rates for production and service sectors while increasing them for the trade industry, which could lead to improvements in the country's economic situation alongside benefits for entrepreneurship and business. The government should provide benefits regarding the amount of credit allocated to entrepreneurs and individuals looking to start small businesses, as well as the interest rates associated with these loans. If entrepreneurs' business plans lead to improvements in the well-being and living standards of the population, and contribute to enhancing the socio-economic situation of the country, reducing the interest rates on loans allocated by the state and banks in subsequent years or even waiving them altogether could encourage further efforts to reform this sector.

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