



Foreign Experience In Regulating And Supporting Small Business By The State

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ABSTRACT

The article discusses the system of state regulation and support measures to improve the management of small business, analyzes the economic, social and political process. The importance of foreign experience and the views of scientists in the development of the industry in the digital economy has been studied. Practical suggestions and recommendations on the topic have been developed.

Keywords:

Small Business, Digital Economy, Traditional And Innovative Approaches To Evaluating The Effectiveness Of Government Support.

Introduction. Since the independence of our country, the development of small business has become one of the main directions of socio-economic development, and an important factor in achieving economic stability. The role and importance of small business in liberalizing, modernizing, diversifying our economy and ensuring its sustainable high growth rates is growing.

Although private entrepreneurship was almost non-existent in Uzbekistan in the early years of independence, as a result of the opportunities created by the state in this area and the prudent policy pursued, today more than 90% of businesses are small businesses and private entrepreneurship. In addition, more than 5 million people in the country are engaged in this field, and the bulk of it is young people.

Economic growth, budget revenues, well-being of the population and the development of the country largely depend on entrepreneurs

and small business, which is the first link in entrepreneurship.

In the context of the formation of the digital economy, the regulation and support of the state in improving small business management has become one of the urgent tasks of strategic policy. In this regard, President Mirziyoyev said in his speech: If we do not support entrepreneurs, create conditions and increase them, there will be no local budget, jobs, GDP and sustainable growth.¹

A number of laws and regulations based on the system of state regulation and support of small business management have resulted in the further development of the industry. The use of small business opportunities has also played a key role in achieving the goal of doubling GDP by 2030. It is noteworthy that over the past three years, the type of taxes has been reduced from 16 to 9, and over the past 5 years the number of young entrepreneurs in our

¹ From the speech of Sh.M.Mirziyoev at the video conference on the development of entrepreneurship and employment in the regions 8.04.2021.

country has increased 5 times and exceeded 500,000.

Main part. Despite the benefits and conveniences provided to businesses, there are many problems in the industry that need to be addressed. So what are the challenges in developing entrepreneurship?

To date, a system of measures in 7 key areas has been developed to systematize the most pressing problems and address them. These areas include: business financing and financial lending; improving the tax system, minimizing the tax burden on business; allocation of land to entrepreneurs; infrastructure problems required for business; support of exporting enterprises, wide involvement of small business in export activities; transport and logistics issues in interregional trade and cooperation; reduction of interference in business activities, simplification of procedures in the field, inviolability of private property. In the digital economy, measures should be taken to prolong the life cycle of small businesses, increase their competitiveness and improve their governance.

Conclusions and Discussions: The mechanism of government support and regulation of small business and private entrepreneurship has been studied by a number of researchers². Reducing the influence of the state on the processes taking place in the economy, ie the transfer to the private sector of certain state functions related to licensing procedures by improving the mechanisms of state control; restricting the establishment of state-owned business structures; increase the volume of exports of domestic products, attract foreign investment, increase the investment and tourist attractiveness of the country; measures such as the gradual transition to a new model of the economy specializing in the development of advanced ideas, know-how and the production of "smart" technologies.

² Sattorqulov O.T., Muxamadiev T.J., Isroilova U.A. Priorities of state support of small business and entrepreneurship. Young scientist. 2020.— S.9 S. 215-217. <https://moluch.ru/archive/299/67475/>

In the dynamic development of small business in many developed countries, the system of regulation and support of the state is much more well established. While the development of small business in achieving economic stability is directly dependent on a system of support and proper supervision of the industry, this in turn encourages many scientists around the world to explore. Including B.G.Yasina, A.Yu.Chepurenko, V.V.Bueva, E.I.Levina, R.B.Gamidullaev, V.V. Aleshenko, V.V.Karpova, O.V.Gleba, S.V.Shpeka, N.V.Bykova, Steve Milano and local scientists, A.Abdullaev, K.Muftaydinov, B.K.Goyibnazarov, H.O.Rakhmonov, U.V.Gafurov, M.Eshov, the research work of O.T. Sattorkulov, T.J. Muhammadiev in this area plays an important role in the development of small business.

In particular, the stages of formation of the system of state regulation and support of small business in the dissertation³ of the Russian economist V.N. Bykova were divided into 4 periods. In the first period, after the development of anti-crisis measures of 1929-1938 in foreign countries, means of supporting small business were formed in different countries. The second period began in the second half of the twentieth century, in the developed countries of the world, such as Japan, the United States, and Western Europe. During this period, government agencies, the state apparatus and special administration bodies authorized to develop small business were formed, and the state infrastructure to support small business was created.

According to foreign economists, government programs to financially support small business and private entrepreneurship are being successfully implemented in countries such as the United States, Japan, Germany, Italy, Korea, Denmark, the United Kingdom, France, Mexico, Chile and Brazil. In these countries, the creation of conditions for the development of small business has become one of the priorities, as the tendency to create new jobs and apply innovations is high. Until the late 1980s and

³ Bykova N.V. Evaluation of the effectiveness of state support for small business. Thesis for the degree of candidate of economic sciences doctor of economic sciences. Specialty: 08.00.05 St. Petersburg 2018. p. 57.

mid-1990s, small business and private entrepreneurship developed more rapidly in the most developed countries. However, its development took place under very difficult conditions. The Ministry of Commerce and Industry of the United Kingdom has been active in providing government support to small and medium businesses, with the establishment of The Small Business Service (SBS). For small businesses, SBS implements comprehensive measures in the areas of financing, information exchange, consulting, technical assistance and legal support.

There are also government agencies that coordinate the activities of small businesses in developed countries (USA - SBA, Administration, National Science Foundation, in the UK - the National Agency for Small Business Services (SBS), in Germany - the General Directorate of Small and Medium Business (DG VIII). In Japan - "Small and Medium Business Agency" (SMEA), in Hungary - "National Council

for Entrepreneurship Development", in Poland - "Department of Small and Medium Business", in Korea - "Small and Medium Business Administration").

Foreign countries have a well-developed system of comprehensive support for small business, which ensures the globalization of the economy, the sustainable development of the global financial and economic environment. As a result of these reforms, it is estimated that in developed countries, businesses account for more than 90% of the total number of enterprises and employ more than 50% of the working age population.

This means that the mechanism of support for small business by the state is fully developed. In developed economies, a number of effective measures have been developed for the large-scale development of small businesses and financial support for their innovative activities.

Main features of small business support and innovation development in the world experience⁴

Main features	Countries
Directly finances the cost of production of new products and technologies up to 50% (subsidies, loans)	France, USA and other countries
Interest-free loans are provided	Sweden
Subsidies are given, venture funds are used effectively in allocating loans to small businesses.	Almost all developed countries
Venture capital funds will be established to support the introduction of innovative projects	USA, England, Germany, France, Switzerland, Netherlands
State fees for individual inventors will be reduced.	Austria, Germany, USA, Japan
If the discoveries are aimed at saving energy, they will be exempt from paying state duties	Austria
According to the results of research, patents are exempt from fees.	The Netherlands, Germany, Japan
Domestic producers are exempt from taxation, taxes are levied only on exports	China

⁴ Goyibnazarov B.K, Rakhmonov H.O. "Small business and private entrepreneurship are a factor in enhancing the socio-economic development of the country." T: Fan. 2011-184 b.

Particular attention will be paid to supporting young entrepreneurs (entering the market, finding partners, providing free information, renting buildings and facilities at a discounted price, providing the necessary equipment)	United Kingdom, Italy
Entrepreneurs are provided with interest-free loans for the first two years of operation, and in subsequent years, annual interest is charged at very low rates.	Germany
An allowance is provided to cover the uninsured losses of a small business. The subsidy covers risky innovation projects. The state acts as a guarantor in obtaining bank loans.	USA

The analysis of the table shows that the issue of innovative improvement of small business was targeted as a strategic task in developed countries many years ago and is still gaining importance today. Especially in the current digital economy, this sector needs reasonable government policy and support, and foreign experience clearly shows that providing its innovative activities with financial resources is an important task.

In general, foreign methods of evaluating the effectiveness of government support are characterized by two approaches. These are the traditional approach and the innovative approach. The traditional approach focuses on achieving quantitative and cost-effective goals, while the innovative approach focuses on quality and efficiency⁵. Thus, we can see from the data in the table above that the innovative approach from foreign methods of performance evaluation is currently used in the most developed economies. It is worth noting that the Russian economist R.B. Gamidullaev also developed a methodology for evaluating efficiency on this issue.

O.V. Gleba and V.S. Shpeka, a number of other Russian scholars, have studied the problematic aspects of state support of small

and medium enterprises, and the following views have been put forward. "In terms of improving support for innovative activities of small and medium businesses, it should be noted that the fact that these businesses operate in developed countries shows that their success is closely linked to innovation". Hence, the support of innovative activities in small business management by the state is important, especially in the context of the formation of the digital economy. As proof of our opinion, it is appropriate to cite the views of economist E.I. Levina. "With the development of state support for small and medium businesses will ensure the demonopolization of the economy, the creation of new jobs, the formation of markets in the regions and the development of innovative activities"⁶.

Conclusions and suggestions. In short, the gradual introduction of foreign experience in the effective functioning of the system of state regulation and support measures in the current digital economy will not only develop the industry, but also increase its competitiveness in the global market. Analyzing the above foreign experience, we have developed the

⁵ United Nations Economic Commissions for Europe: Leasing, Lessons of Experience, prepared for the Southeast European Cooperative Initiative, 2013.

⁶ Levina E.I. Development of state support for small and medium businesses. Dissertation abstract. 2008.
[HTTPS://WWW.DISSERCAT.COM/CONTENT/RAZVITIE-GOSUDARSTVENNOI-PODDERZHKI-MALOGO-I-SREDNEGO-PREDPRINIMATELSTVA](https://www.dissercat.com/content/razvitiie-gosudarstvennoi-podderzhki-malogo-i-srednego-predprinimatelstva)

following proposals and recommendations:

- improving the competitiveness of small businesses through financial support;
- implementation of social, economic, legal, psychological support measures for startups wishing to start a new business;
- consistent improvement of the activities of consulting centers in our country, which are highly effective in improving the management of small business in foreign practice;
- it is necessary to establish business incubators in each region and improve their activities.

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