



NEED AND FACTORS OF ACCELERATING PRIVATE BUSINESS DEVELOPMENT

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Abstract: The article examines the need and main factors for accelerating the development of private entrepreneurship in the current conditions.

Keys: business, small business, entrepreneurship, incentive, innovation.

In the process of modernization of the economy in our country, the formation of a broader system of opportunities for the development of private entrepreneurship is considered a priority task. Because with the deepening of market relations, this sector is becoming one of the determining factors of economic growth and increasing the well-being of the population. At the moment, small business and private entrepreneurship have formed as a sector that provides employment for a large part of the population and produces export-oriented goods. Now the task of turning it into a leading sector that generates foreign exchange earnings necessary for our economy is becoming urgent.

Currently, in order to effectively solve these tasks, it is necessary to create broader conditions for the initiative and innovative activity of its subjects in the development of private entrepreneurship. It is known from world experience that initiative and innovative activity should constitute the essence of entrepreneurial activity. An entrepreneur must work on himself, search for, create, and be sought after. Because overcoming and surviving in the fierce competition in a market economy requires being innovatively active, that is, it is a vital necessity.

In general, the following groups of factors can influence initiative in small businesses:

1. Incentive factors encourage entrepreneurs to take risks in business and innovate.
2. Enabling factors create conditions for entrepreneurs to expand their businesses and innovate.



3. 3. Constraining factors increase the entrepreneur's caution and limit and slow down their innovative activities.

The innovative activity of an entrepreneur is, first of all, his constant search for the creation and application of innovations in order to increase his own profit. The entrepreneur tries to produce a high-quality, competitive or completely new type of product. To do this, he improves the technology in his enterprise, introduces innovations, that is, he searches for, finds, and applies innovations in his enterprise. The introduction of innovation requires certain costs. At the same time, even if large expenses are incurred, there is a risk that the product brought to the market will not be well received in the market. Failure to cover the costs incurred jeopardizes the future of the enterprise. Therefore, any entrepreneur must carefully consider and make calculations when implementing any new work or innovation.

The Strategy of Actions for the five priority areas of development of the Republic of Uzbekistan for 2017–2021 paid special attention to the development of science and education as an important factor in the development of entrepreneurship. For this purpose, measures were taken to stimulate research and innovation activities, create effective mechanisms for implementing scientific and innovative achievements in practice, and establish specialized scientific and experimental laboratories, high-tech centers and technoparks at universities and research institutes. Also, the declaration of 2018 by the President of the Republic of Uzbekistan as the “Year of Support for Active Entrepreneurship, Innovative Ideas and Technologies” was a practical step towards the implementation of the Strategy of Actions, and also gave a great impetus to the acceleration of innovation processes in all spheres of the economy and social life.

The force that drives an entrepreneur to take initiative and innovative risk is the competitive force in the market. In a free economy, due to the large number of product manufacturers and the sufficient opportunities for them to enter the market, there is a strong competitive struggle between them. Each manufacturer tries to sell more products. If someone slows down, does not strive for innovations, he may lose in competition. Such a risk is a constant companion of any entrepreneur. That is why it encourages an entrepreneur to innovative activities. This is an innovative incentive. In the innovation process, entrepreneurs and researchers must cooperate. Because in most cases, the author of the innovation and its implementer are not embodied in one person. Innovation must be the result of some invented novelty or scientific and technical activity. An entrepreneur can give an assignment to a scientific institution, purchase a ready-made license from the domestic or foreign market, conduct patent



research. When a problem is posed, scientists and researchers work on it and try to find a solution. Therefore, an entrepreneur must convey his problems to research institutions. All such work also requires that the entrepreneur have funds. There must also be funds to implement the created innovation. An entrepreneur must use the resources he has, and if he does not have them, he must use credit and debt instruments. Resource capabilities are very limited, especially in crisis situations.

An entrepreneur's desire for initiative and innovation also depends on his qualifications, ability to take risks, interests, and knowledge. Entrepreneurs have different strategic thinking. In many cases, young, novice entrepreneurs are more inclined to innovation. In middle-aged entrepreneurs, there is a relative decrease in interest in change. An important factor that significantly affects the scope of innovative activities of entrepreneurs is restrictions. Without taking into account the intervention of the state in these processes, financial and time restrictions are distinguished. Usually, many entrepreneurs do not have enough funds to implement major innovations, and they may not even have the opportunity to attract funds from external sources. Such a restriction can be eliminated by merging entrepreneurs into holdings, concerns, and consortiums. The time factor is expressed in the fact that it takes a certain amount of time to cover the costs of implementing innovations. An increase in time often leads to an increase in economic risks.

One of the important factors of innovative risk is the continuity of the process of scientific and technological progress. From time to time, new types of products, new technologies may be created, and previously developed ones may quickly become obsolete, and innovations may appear that make innovations irrelevant.

In overcoming restrictions on the innovative activities of entrepreneurs, state support and cooperation with the state are of great importance. The state is one of the main participants in the innovative process. It performs a very important, responsible and competent function. The need for state participation in the innovative process of entrepreneurship is explained by several factors. The state makes strategic decisions in the field of innovation and monitors and implements them.

The state creates an innovative environment, determines the legal framework and standards for the implementation of innovative activities. Creating a favorable innovative environment includes the establishment of certain benefits for participants in the innovation process, partial compensation for excess costs during the development of new equipment and technology, preferential loans for the implementation of innovative investment projects, and a system of insurance of innovative risks. For example, in recent years, the reduction in the turnover tax rate



for micro-firms and small enterprises by 4 percent will serve to expand the investment activities of business entities. As a result, the opportunity to direct funds, first of all, to technological modernization of production and the introduction of modern equipment has expanded.

From a macroeconomic point of view, the state must take responsibility for choosing a strategy in the innovation process. It organizes the implementation of innovative activities in the non-market sector. It organizes the implementation of fundamental sciences, public administration, defense, law enforcement, and large environmental projects. Neither the population nor entrepreneurs can take on the task of updating this sector. This sector is very important for the development of the country's economy, the country's well-being and its security require the implementation of innovative activities in it.

The state should support innovation processes in private entrepreneurship through production, service and financial infrastructure. The state should influence the joint development of innovation infrastructure and small innovative businesses, acting as a link between them.

In addition, the state undertakes the training of personnel for the innovation process. Secondary and higher education should be oriented towards innovation. The needs of innovative activity should be taken into account in personnel training, distance learning, special training on innovation programs, etc.

The basis of training personnel for innovative development includes cooperation between higher educational institutions, academic and industry institutions and innovatively active enterprises. The state organizes, controls, encourages and makes necessary changes to their cooperation. The state protects the intellectual property rights of participants in the innovation process.

Civil society and its institutions participate in the innovative creative process. Civil society strives to create favorable legal conditions for innovative activities. It is also necessary to effectively use the mass media in civil society. Moral support for entrepreneurial activity through newspapers, radio, television, the Internet and other means affects the course of innovative processes.

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