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Development Of Organizational Mechanisms For Attracting Investment In Small Business

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ABSTRACT

This article presents the ways to attract investment for the development of small business and private entrepreneurship in the Republic of Uzbekistan, the mechanisms of their targeting and directions for attracting investment in forms of ownership.

KEYWORDS

Small business, micro-firm, coronavirus, sectors of the economy, technology, investment, open economy, clear mechanism of action, integration, specialization, world market, international trade, globalization, division of labor.

INTRODUCTION

The rapid development of the country's economy, especially during the coronavirus

pandemic, requires the development of sectors of the economy on the basis of the

requirements of the new era. At the same time, attracting foreign investment to build new small enterprises equipped with modern equipment and technologies will have a positive impact on the development of the economy. It provides an opportunity to address the most important social issues, such as employment, increase in wages and incomes. Therefore, one of the most important issues is the economic stimulation of enterprises attracting foreign investment to our country and the creation of the necessary conditions. As investment is one of the factors influencing the development of the economy and the investment process is the main basis for the restructuring of the economy, a number of scientific research is being conducted in this area in our country and abroad. In particular, it would be useful to give definitions of the concept of investment based on the research of foreign and local scientists. Describing an entrepreneur as a property owner, Adam Smith states that "he is a person who takes economic risks in order to carry out a commercial idea in order to make a profit" [1]. According to AN Azriliyani, small business consists of small and private organizations, which are necessary for all sectors of the economy. [2].

Academician S.S. According to Gulyamov, "investment means that each investor spends the financial, material and intellectual resources at his disposal on an investment object in order to obtain a primary economic benefit" [3] or M.Q. According to Pardaev, "investment is the investment of the owner's (investor's) money, securities, machinery and technology, machinery and equipment, property rights, intellectual property, etc. in the entrepreneurial activity for social and economic gain" [4]. These definitions, in our view, are consistent with the extension of the guidelines set out in our investment law.

MAIN PART

The small business sector is currently emerging as a major contributor to the rapid development of the economy. The rational placement of small businesses throughout the country and the availability of mechanisms to support their development will contribute to the sustainable development of the industry. Small business is an enterprise that adapts quickly to the requirements of a market economy, is rapidly changing, satisfies the sudden needs of consumers, and earns income by producing products or services that people need. In small business, first of all, it performs such functions as the rational placement of production, the orderly organization of

economic activity, the efficient use of resources. In this process, certain people are employed and engaged in one type of labor activity, and thus new types of activities emerge. As a result of the above labor activity,

new enterprises will be developed and formed, and those who do not plan for the long term properly will complete their activities.

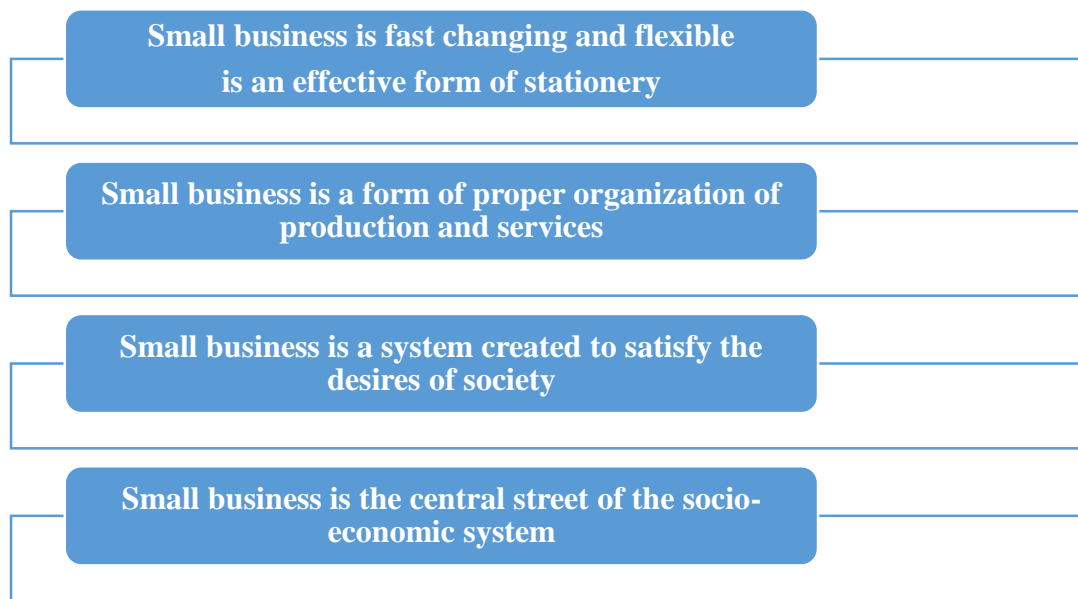


Figure 1. The essence of small business¹

Attracting investments in the above area, the targeted use of attracted investments is one of the most important issues. The open economic policy of the Republic of Uzbekistan, in turn, will reduce the level of dependence on the narrow national production shell and ensure a large inflow of foreign investment into the economy, especially in the field of small

business. Therefore, it is necessary to develop a mechanism of interaction and clear action to ensure targeted investment in small business (Figure 2). As shown in Figure 2, integration, specialization, world market, international trade, globalization, division of labor, etc. were selected as the main sections of the concrete action mechanism. In our opinion, in attracting

¹ Author's development

investments to small businesses in the regions, it is necessary to study the specific specialization of the region. What type of small business is intended to develop, on the other hand, provides an opportunity to have

accurate information on the production of products. We believe that it is impossible to imagine the development of any industry or region without the integration process.

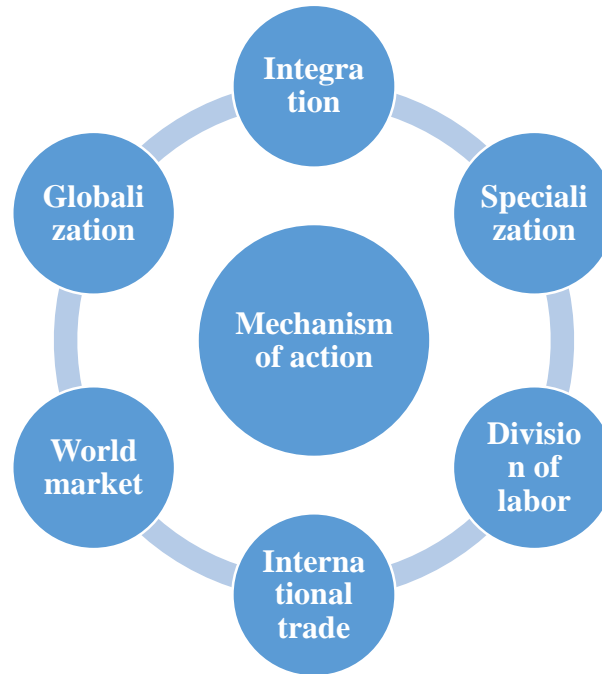


Figure 2. A clear mechanism of action to ensure that targeted inflows into the small business sector are targeted²

Not knowing or being aware of the process of globalization in the world economy is dangerous not only for small businesses but also for large and medium businesses. The division of labor, on the other hand, serves to properly organize the activities of small businesses, to provide products and services designed to meet the needs of consumers. Through the division of labor, they will have

accurate information about the products and services that can be produced by small, medium and large enterprises in the regions, as well as a specific range of products and services to enter the world market. Improving the business environment expands the opportunities for each individual to better manage their future, with a greater emphasis

² Author's development

on enhancing their skills and talents. The integrity of private life and the national way of life contribute to the growth of national wealth and national well-being [5].

RESULTS AND DISCUSSION

A number of measures and programs to support entrepreneurship in the regions of the Republic of Uzbekistan, the accelerated

development of small businesses have been developed and put into practice. At the same time, it is necessary not only to develop small businesses, but also to further deepen the integration process between large and medium-sized businesses, to intensify interaction, to develop a single business environment between them

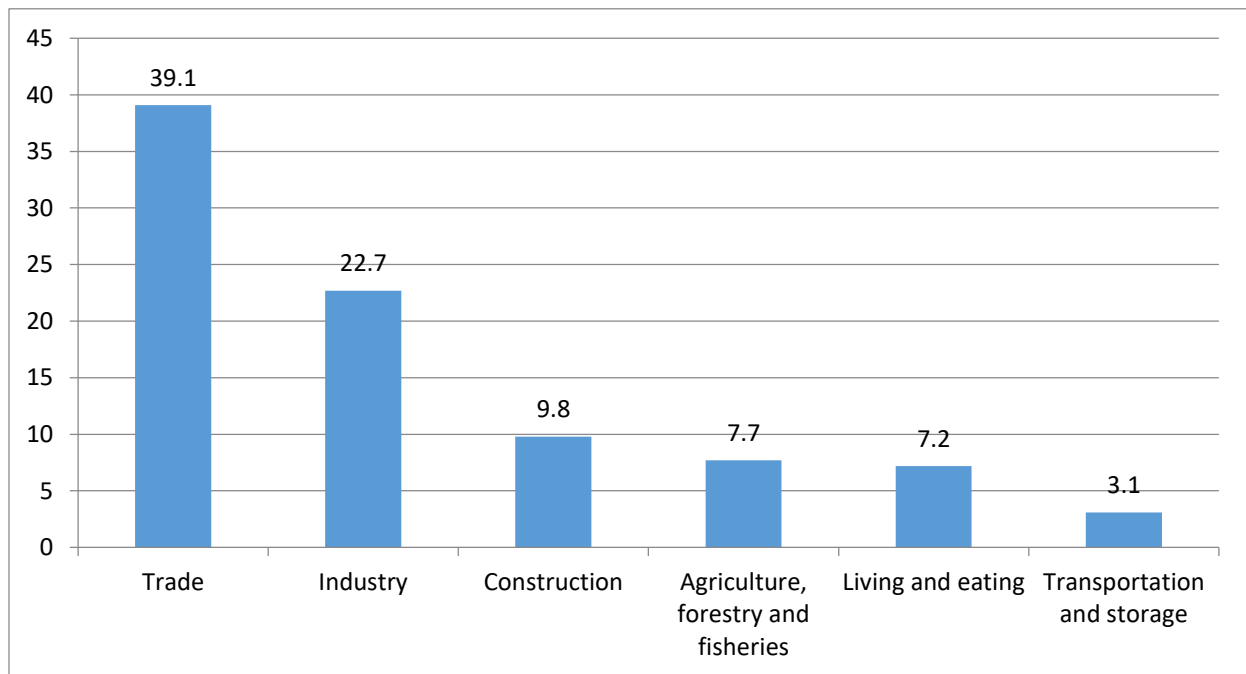


Figure 3. The share of newly established small enterprises and micro-firms in 2019 by type of economic activity,³

In 2019, 85.8 trillion soums (10.2 billion US dollars) or 158.9% of the previous year were invested in fixed assets for the development of economic and social

spheres in the Republic of Uzbekistan at the expense of total funding sources. In 2019 alone, more than 54,000 small businesses and micro-firms were

³ Prepared by the author on the basis of data of the Statistics Committee of the Republic of Uzbekistan

established. This is 2 times more than last year.

Figure 3 shows the share of newly established small enterprises in the main economic activity in 2019, the largest number of small enterprises and micro-

firms were established in trade, accounting for 39.1%, industry - 22.7%, construction - 9.8%. formed. At the same time, if we study the attraction of investments in fixed capital, the investments were made according to the types of forms of ownership by regions (Figure 4).

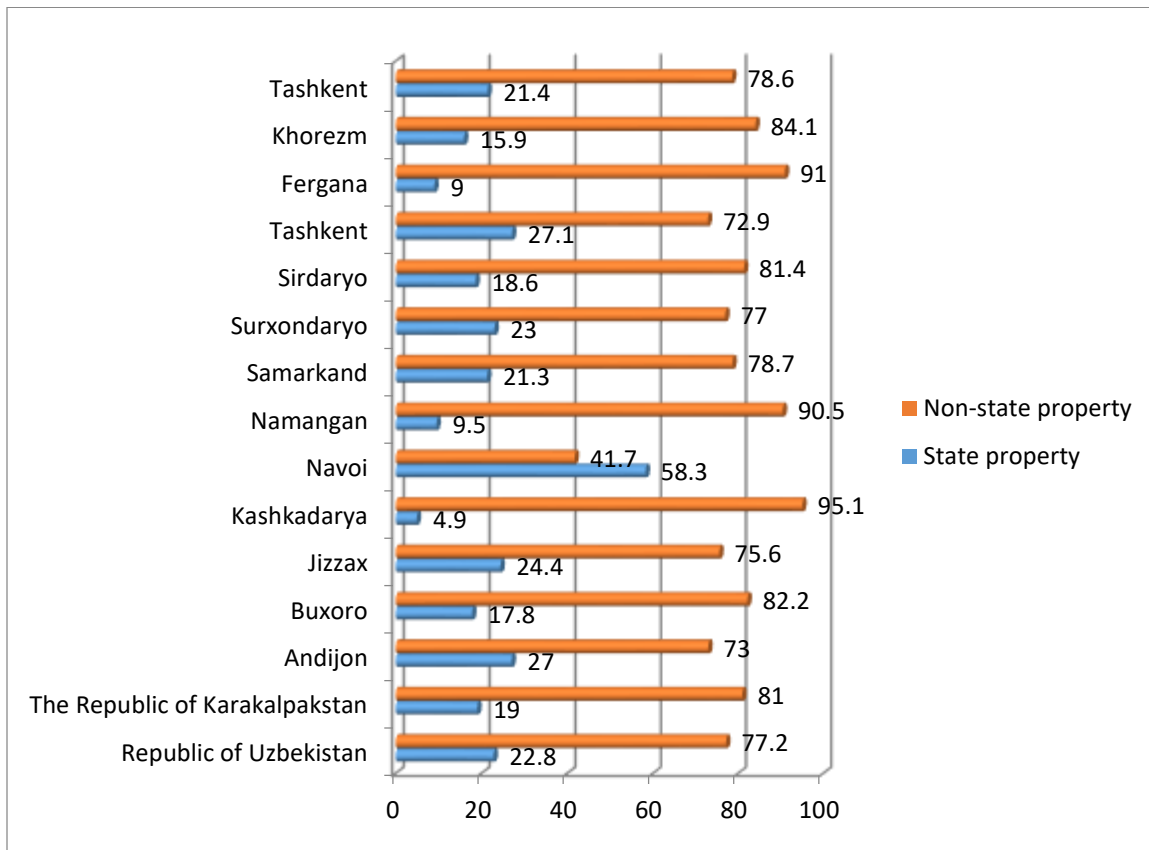


Figure 4. Information on investments in forms of ownership by regions in 2019,%⁴

In the picture above, the regions with the highest investment in non-state property include Kashkadarya region (95.1%), Namangan region (90.5%), Fergana region (91%) and Navoi

region (41.7%). possible. In terms of state property, the regions with the highest investment are Navoi region (58.3%), Andijon and Tashkent regions (27%). The results of the

⁴ Prepared by the author on the basis of data of the Statistics Committee of the Republic of Uzbekistan

survey show that more investment has been made in non-state forms of ownership, mainly in the provinces. Over the years, we can observe an increasing focus on non-state forms of ownership over forms of state ownership.

In our opinion, even when investing in small businesses, it is advisable to invest more in non-state forms of ownership, with greater emphasis on forms of private entrepreneurship. The creation of conditions for small businesses to conduct business activities, the creation of a favorable investment climate, their reliable protection, will serve to reliably increase efficiency. Transparency of activities in all areas will be ensured, investors' confidence in small businesses will increase.

CONCLUSIONS

After the first decade of the XXI century, the role of investment in the development of the economy has increased. Investments in the economy of our country are directed to specific areas. It is advisable to direct the attracted investments first to the development of strategic sectors, as well as to small businesses that are quick to return costs. Therefore, directing investments by defining specific areas and regions will increase investment efficiency.

At the same time, the misdirection of investments in the country's economy is catastrophic and economically inefficient. It is also advisable to regulate the amount of investment, taking into account the fact that from year to year to increase or increase the amount of investment, especially foreign investment, there is a risk of inefficient and inefficient sectors.

The development of the country's economy will have to rely more on domestic resources and direct the investments of local entrepreneurs. It is also necessary to increase public confidence in commercial banks, which will allow the population to save money in banks.

To achieve this, they will need to pay attention to:

First, overcoming institutional and bureaucratic barriers in banks;

Second, bank employees should feel like a representative of the service sector, not a representative of the governing body;

Third, it is necessary to adhere to the principles of transparency and greater openness in the provision of loans to entrepreneurs as loans, repayed by the population;

Fourth, entrepreneurs must be guaranteed by the laws of the country, not by the governor of a province or city, district.

Investments in small business and private entrepreneurship in the regions will increase production in the region and create new jobs. With the inflow of investment, technological renewal processes take place and government intervention in the economy is reduced.

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