

THE MAIN DIRECTIONS OF DIVERSIFICATION OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN THE RURAL AREAS OF UZBEKISTAN

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Abstract

The current article is devoted to the development and substantiation of the main directions of the diversification of the activity of small business and private entrepreneurship in the service sector for the improvement and development of living standards and provision of employment in rural areas. Moreover, policy and structure of state programs were discussed and analyzed, as whole. Shortcoming and outcomes of the sector were recommended in the future life-learning procedure. Finally, gained knowledge and experience of study has directed to further investigations of sector.

Keywords: Services, business, entrepreneurship, employment, rural areas, diversification, market relations, diversification

INTRODUCTION

In the context of market relations, the importance of small business and private entrepreneurship in the sphere of services is increasingly growing in a market economy. This area will provide an opportunity not only to ensure the development of the national economy, but playing a leading role in solving important problems for the country, employment and raising incomes of the population, makes it possible to bring reforms in this area in rural areas. It should be separately noted that the sphere of services directly developing at the expense of the activity of small business and private entrepreneurship is vividly manifested in these areas

(Abdulkarimov B.A, 2013). To date, the subjects of small business and private entrepreneurship are active in all areas of our country.

Conducted since independence large-scale reforms have laid a solid foundation for the national statehood and sovereignty, safety and security, inviolability of state borders, the rule of law, human rights and freedoms, inter-ethnic harmony and religious tolerance in the society, to create decent living conditions for the population and the implementation of creative people building (Ajwad et al., 2014; Akimov & Dollery, 2006) .

Waiver of administrative-command management of the economy, the gradual implementation of market reforms and a balanced monetary policy has contributed to macroeconomic stability, high economic growth, keeping inflation in the forecast limits, create opportunities and favorable conditions for development of small business and private entrepreneurship, farmers' movement (Djanibekov & others, 2008). However, a comprehensive analysis of the past stage of development of the country, the changing conditions of the world economy in the context of globalization and increasing competition require the development and implementation of radically new ideas and principles and to further the sustainable development of the advanced countries.

During the years of independence the country had implemented comprehensive measures aimed at building a democratic state and strong civil society, development based on free market relations and the primacy of the private sector at the property, creating conditions for a peaceful and prosperous life of the people, Uzbekistan gained a worthy place in the international arena (Djanibekov & others, 2008).

In view of the objective assessment of the traversed path and experience, analysis of the progress achieved over the years of independence, and based on the requirements of our time, we faced the task - to identify key priorities and clear directions of further deepening democratic reforms and the accelerated development of the country (Salami, Shahnooshi, & Thomson, 2009).

To realize this goal have been held constructive talks and discussions with the general public, members of the public and the business community, heads and specialists of state bodies, and also studied the legislation, information and analytical materials, reports, recommendations, and reviews national and international organizations, an analysis of the experience of developed foreign countries.

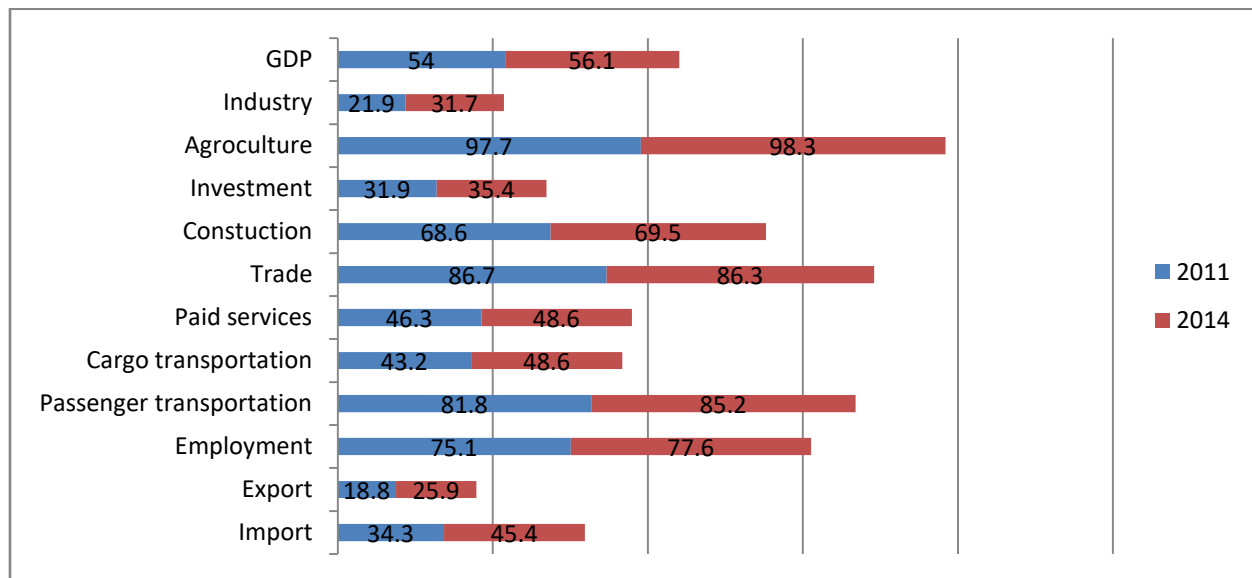
On the basis of the collection, in-depth study and analysis of the proposals was drafted Decree of the President of the Republic of Uzbekistan "On the Action Strategy for the Further Development of the Republic of Uzbekistan", providing for the statement:

Action Strategy for the five priority areas of the Republic of Uzbekistan in 2017-2021 years. State on the implementation of the Action Strategy program in the Year of the dialogue with the people and the interests of the person. In the course of drafting a broad discussion among the general population has been deployed. Projects were placed on different information platforms for discussion, the results of which received numerous suggestions and feedback. Citizens have expressed particular interest and involvement in the reforms, demonstrating a high political and legal activity (Haidar, 2014).

THEORETICAL PART

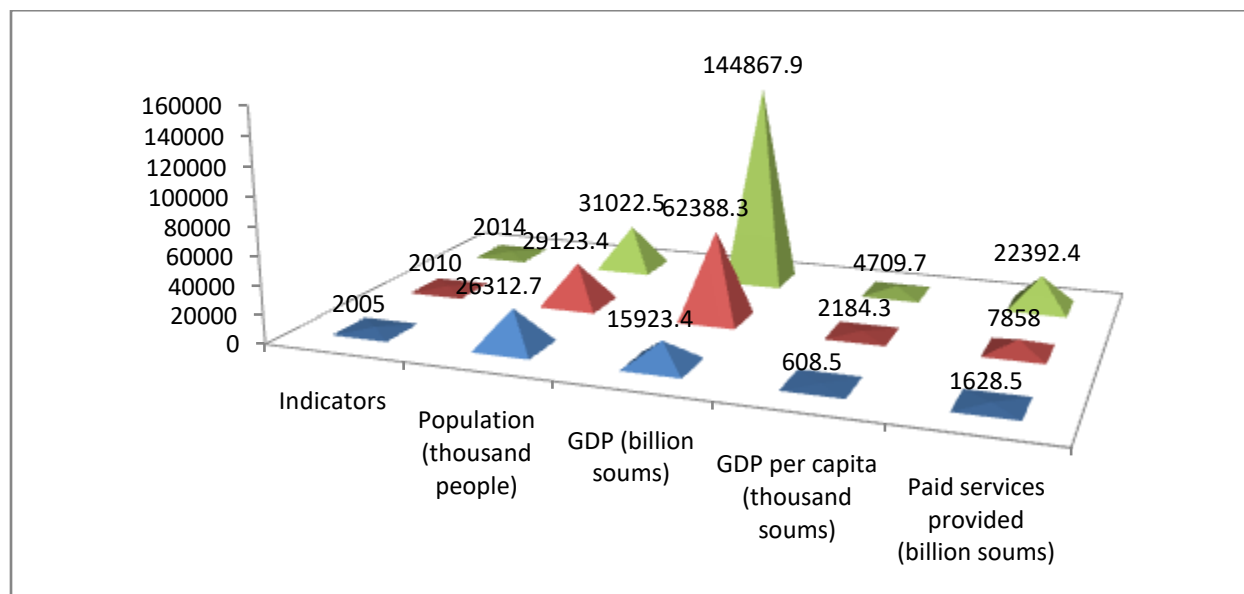
Uzbekistan has great opportunity to foster small business in rural areas as whole. On this way, government has been doing much in order to develop this in places. Moreover, deployment of lifestyle, standard of living and facilities on suburban areas are developing. Contribution of small business and private entrepreneurship on GDP have increased in the recent years. Share of this sector has also been effecting positively on unemployment rate. This can be seen from the following diagram on the share of small business and private entrepreneurship in the economy (See figure 1).

Figure 1. The share of small business and private entrepreneurship in industries



As can be seen from the above diagram, the share of small business and private entrepreneurship in the service sector is growing from year to year and the volume of paid services rendered to the population is increasing. This can also be seen from the following diagram (Juraev, 2016).

Figure 2. Growth dynamics of provision of monetary services to the population in the main socio-economic indicators of the Republic of Uzbekistan in 2005-2014



The above diagram you can see that, the volume of paid services to the population amounted to 1.6285 trillion soums in 2005, 7.858 trillion soums in 2010, while in 2014 this figure reached 22.3924 trillion soums, the volume of paid services to the population, compared with 2010 increased by 2.8 times, and since 2005 it is 13.7 times higher.

At the same time we can see that the study of the volume of paid services to the population by ownership showed ongoing reforms in this area justify the above mentioned indicators, ownership of small businesses and private entrepreneurship in the services sector has increased in recent years (See Table 1).

Table 1. Distribution of the volume of paid services to the population by forms of ownership (in percent)

No	Indexes	2010	2014
	Gross services	100	100
	Including, by forms of ownership		
1.	Public	18,3	13,7
	Non public	81,7	86,3
	Private	33,2	43,3

In fact, in the current stage of development of society in the economy, there is an increase in the share of small businesses and private entrepreneurs in the service sector.

In the structure of the economy, new types of services are emerging to meet the specific needs of the population. As the public services sector will be developed, by its condition, the standard of living of the population and the welfare will increase.

In a market economy, the services sector based on small business and private entrepreneurship comes from its economic and social nature and develops a direct link with them (Asadov & Aripov, 2009). This can be seen in the structure of the provision of basic paid services to the population in the country (See Table 2).

Table 2. Structure (diversification) of the volume of the main types of paid services rendered to the population (billion UZS)
(Excluding transportation of goods to the public)

№	Years	2005	2010	2014	The ratio of the volume of paid services in 2014 to the previous years (times)	
					In compare with 2005	In comparison with 2010
1.	Household services	249,6	624,3	2182	8,7	3,5
2.	Transport	548,9	2090	5686,7	10,4	2,7
3.	Communication	165,3	1387	3486,5	21,1	2,5
4.	Housing and utilities	317	1306	3618,1	11,4	2,8
5.	Public education sector	101	608,4	1943	19,2	3,2
6.	Culture	10,1	42,5	154,2	15,3	3,6
7.	Excursion	14,6	37,7	82,7	5,7	2,2
8.	Physical culture	4,5	37,2	117,3	26,1	3,2
9.	Healthcare	35	214,9	708,7	20,2	3,3
10.	Sanatorium-resort and rehabilitation	11,3	39,4	137,7	12,2	3,5
11.	Legal systems and banking institutions	24	385,7	1040,2	43,3	2,7
12.	Others	147,2	1085	3235,3	22,0	3,0
Total services		1629	7858	22392	13,8	2,8

In the above table, you can see that the volume of basic types of paid services to the population in 2014 increased by 13.8 times compared to 2005, compared with 2010 by 2.8 times, this is the result of the reforms of the head of state and government held in This area.

MAIN DIRECTIONS OF DIVERSIFICATION OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN THE RURAL AREAS OF UZBEKISTAN

The sphere of services cannot be imagined separately from economic and social life in many ways, because it covers many areas of the life. Therefore, the sphere of services should be intensively developed as a single branch of the economy.

Above-mentioned service types and ways of deployment require better development in Uzbekistan. This is connected with national services and its importance that some of the services are only directed and consumed by local dwellers.

It should be noted that the service industries and the types of services proceeding from them developed and develop in our own likeness. In many cases, this is due to the nationality of services, because there are such types of services that only belong to us.

It is known as one of the most important priorities of the economy of the Republic of Uzbekistan by the President of the country in the years 2017–2021, developed by the decrees of the action plan for the further development of strategies aimed at the liberalization of the economy (Calhoun, 2013; Hodjaeva, 2014).

In the third direction is to maintain macroeconomic stability and economic growth, to increase the competitiveness of the national economy, promote the development of small business and private entrepreneurship and the country's economy by improving the investment climate, and it is pointed to the attraction of foreign investments (The presidential decree of the Republic of Uzbekistan of February 7, 2017 No. UP-4947 about the Strategy of Actions for Further Development of the Republic of Uzbekistan).

High economic growth rates were, in turn, determined globally in 2016 social–economic development of the country's most important priority directions of development of the economy of the country or all the mobilization of internal resources and the opportunity to find and economic structural reform, modernization political deepening and diversification, as well as the rapid development of the private business sector, small business, home promote demand implementation of measures aimed at ensuring the effective macroeconomic politics.

So recent years, it has been attaching importance of improving the business and investment environment, providing a wide range of benefits and opportunities, playing an important role to attract foreign investment and the structural work carried out in this area is an important factor in increasing the volume of investment in the economy in Uzbekistan. 2015–

2019 domestic industrial restructuring, modernization and diversification of the sector, aimed at the creation of modern infrastructure in a number of applications for the year 2016, the duties and the effective implementation of the measures served a purpose of providing the highest growth rates of the volume of capital investments which is directed economy.

According to the decree of the President of the Republic of Uzbekistan №PF-4848 about the rapid development of business activities to ensure comprehensive protection of private property, and in terms of the quality of the business environment as well as additional measures, all kinds of businesses unscheduled inspections were abolished from Jan 1 2017.

This was next important step for the development of entrepreneurship and to ensure the protection of private property by the state in the country. As well as to facilitate business conditions, favorable business environment, and to eliminate unnecessary barriers in the way of business development for the immediate and effective implementation of the measures serves as an motivation to further development of the industry (The presidential decree of the Republic of Uzbekistan of October 5, 2016 No. UP-4848 On additional measures to ensure the accelerated development of entrepreneurial activity, comprehensive protection of private property and substantial improvement of business climate).

In Uzbekistan, the main directions of development and diversification of small business and private entrepreneurial activity have a unique character that are formed and develop in parallel with material production. This is influenced by the following factors:

First factor, with the development of the domestic market of material production, the necessity to develop the non-material sector, especially the market of services, has suddenly happened because the globalization process has a great impact on the formation of the structure of our economy. Because if the role of the economy in the structure of the world is significant, we can not enter the global integration process, especially the service market, if we have that small share.

Second factor. At this stage of development, there is such a kind of modern services that, without developing them, is also a challenge for the development of material production. In this process, our country should not be overlooked by the world community. This, in turn, requires the development of these services. In particular, the sharp increase in the supply of home appliances, computers and personal vehicles in families will increase the number of services provided to them.

Third factor. The growing demand for services in the state, society and in the country's population necessitates the development of services. This is because the aforementioned demand for services from the aforementioned smaller entities has the tendency to grow.

Fourth factor. In order to develop the range of services, the availability of new jobs in this area is cheaper and more accessible, the diversity of services and the tendency for the preservation and development of our traditions, the market capacity, the capacity to adapt to market conditions and, most importantly, Such as rapid growth, high financial incentives, and development of services.

Fifth factor. Significant growth of the range of services in the international economic relations is the necessity of development of this sphere in our country. Previously, one country exported a transport service to another country, but now their share in exports of services is decreasing. The share of such types of services as information and communication, financial and banking services, tourism, services for the exported goods and services rendered at exploitation areas is increasing.

Sixth factor. The development of the types of services will also improve the individual. To do this, he will be able to free himself from self-help, mobilize his work for his or her main work, and increase the effectiveness of his work. For example, if you take the job of a teacher, they need more free time to get their knowledge (Hudaykulov, Hongyi, & Galib, 2015; Hudaykulov, Hongyi, & others, 2015).

Because, as everyone needs services, the teacher may need little services, and it may not be enough for them to prepare for the lesson, so that they can improve their professional skills. If the material conditions are adequate, it will create adequate conditions for the use of a portion of its resources and services, and will benefit the community more effectively, particularly in improving the quality of education and improving the quality of the education provided to students(Akmal, 2016; Anvardjanovich, 2017).

Seventh factor. Although the service sector is not a separate substitute for reproduction, its contribution to the implementation and acceleration of this process is significant. In particular, the service participates in all segments of expanded production. It is difficult to imagine production, distribution, transformation and consumption without services.

Eighth factor. The service sector participates in the creation of the country's gross domestic product, removes unemployment and is one of the few areas where the employment of the population, in particular, in rural areas where there is excess labor, is a low investment requirement.

Ninth factor. The development of the service sector ensures the welfare of those who participate in the service of the community and meet the needs of the population, and those serving and serving families.

Tenth factor. As the first President of the Republic of Uzbekistan Islam Karimov emphasized, the systematic work on deepening structural transformations and diversification of the economy, ensuring employment, as one of the important factors and aspect of increasing the incomes and quality of life of our people is underway, further development of this sphere, The main directions of diversification (Kotz, 2003).

CONCLUSION

The normative-legal documents regulating the foreign economic activity performed by entrepreneurs in Uzbekistan envisage the granting of lavish economic incentives to small businesses and entrepreneurial establishments, which are involved in foreign economic and investment activities.

The main direction in which to further develop small business and private entrepreneurship in the Republic should be an increase in both the volumes and the level of efficiency of exports activity in the small-business sector. The most promising fields for the development of the latter's export potential are considered to be organized in rural areas (Gürgen, 1999).

The system of foreign economic-activity stimulation in the small-business sector in Uzbekistan is perfected in the following main directions: liberalization of the national foreign economic policy; intensification of institutional reforms and improvement of Uzbekistan's macroeconomic policy. Such an approach will be conducive to the expansion of the scope of potentialities in trade and the sales market alike; a more efficient exploitation of advantages available in economy of scale; an increase in the inflow of foreign investments; the strengthening of competition and a rise in the competitiveness level of small businesses and entrepreneurs. Improving the macroeconomic policy is designed to address the following tasks: to make the system of taxation and customs administration much more efficient; to maintain a

low inflation level; to ensure a stable exchange rate; to liberalize the banking sector; to encourage investment processes in Uzbekistan, and to perfect the industrial policy.

Small business in Uzbekistan is a very promising sector for the development of foreign economic activity. Opening up and mobilizing its enormous potentialities requires the creation of auspicious conditions that boost the sector's productive investment in the development of business and organization of high-tech production facilities intended to produce diversified competitive goods, which, in turn, presupposes the reformation of different industries (Inogamov & Sadridinov, 1997; Kechagia & Metaxas, 2016).

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