

On Development of Entrepreneurship in Uzbekistan: Based on Sociological Data

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Abstract— *Creating favorable conditions for business development is one of the main goals of economic development in Uzbekistan. Since 2018, UzLiDeP has been conducting sociological monitoring of the business climate of Uzbekistan. The article provides an analysis of generalized sociological data.*

Entrepreneurs in the country generally approve of government reforms in the economic sphere. First of all, they feel support from the central authorities in implementing reforms throughout the country as part of the ongoing strategy.

A number of indicators are given in the materials, indicating the presence of problems on the ground with the development of entrepreneurship. The main recommendations for their elimination are given.

Keywords—*Business climate, entrepreneurs, case study, indicators, reforms, problems, innovations, loans, suggestions and recommendations.*

I. INTRODUCTION

Creating a favorable environment for business development is one of the main objectives of economic development in Uzbekistan in terms of further stimulating the development of entrepreneurship, providing greater freedom for business entities and reliable protection of their legitimate rights and interests, primarily based on the provisions of the Strategy for Action on Five Areas of Development in 2017-2021 [1].

One of the mechanisms for implementing this course is the work of political parties, primarily the Movement of Entrepreneurs and Business People, the Liberal Democratic Party of Uzbekistan. In this regard, as noted by the President at the meeting on the analysis of the activities of the chambers of Parliament, political parties and the Environmental Movement, an important condition for ensuring the effectiveness of party work is the organization of feedback from the electorate to identify the needs and aspirations of entrepreneurs and to address the specific problems facing them [2].

In this regard, UzLiDeP supports ongoing research work in this direction, for example, since 2018 there has been a sociological monitoring of the business climate in Uzbekistan, the main purpose of which is the organization

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on the basis of sociological methods of studying the main factors affecting the real state of entrepreneurship and economic activity on the ground, as well as the development of practical recommendations in this direction.

As a step in this direction, 6,951 respondents from all parts of the country were surveyed in quantitative terms. Based on the study topics, all respondents represented entrepreneurs and business people. In the survey were mainly entrepreneurs who have been working or running a business for 1 to 5 years (55.1%). The number of respondents whose companies with 6 to 10 years of experience constitute about one fifth of the respondents - 22.4%. A smaller proportion of respondents are entrepreneurs with a large presence on the business market - experience of 11 to 15 years - 4.1%, from 16 to 20 years - 4.2%. Most of them consider themselves small companies - 48.8%, 42.8% - medium. 6.5% are representatives of large businesses.

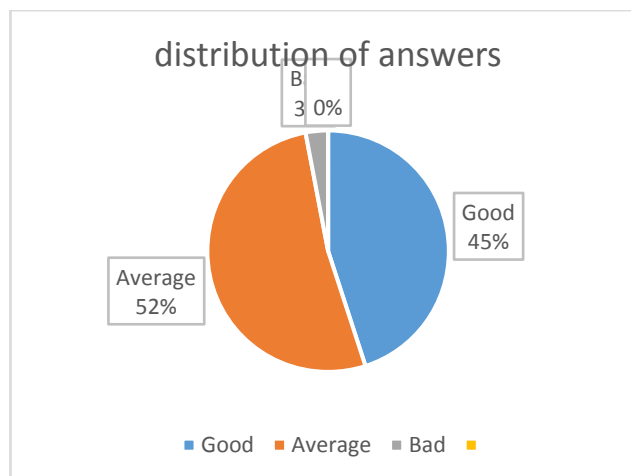
Methodological assistance of UzLiDeP was provided by the Sociological Laboratory of the National University of Uzbekistan, which also provided coding and formation of an electronic database of received sociological data [3].

II. THE MAIN PART

Generalization of a number of received sociological data allows drawing the following conclusions. Most entrepreneurs give an average assessment of the business climate in Uzbekistan (52%). The other part singled out such an answer as "good" - 45%. It should be noted that only 3% indicated a negative assessment, i.e., this average assessment is more positive.

Looking at this issue from a regional perspective, the most favorable trends of business development in general can be seen in the city of Tashkent (64.4%), Kashkadarya (62%), Surkhandarya (58.2%), Ferghana (57%) and Navoi (56%) regions, where respondents indicated more positive response.

Schedule 1.How would you assess the business climate in your area?



These findings are supported by the following figures. It is worth noting the positive dynamics with regard to business climate change in the country. Thus, the majority of respondents (66.4%) indicated that the business climate in the regions has changed for the better. The opposite trend was indicated only by 2.4%. At the same time,

almost a third (29.4%) indicates that the situation in this direction remains the same (*hereinafter, if the amount is not 100%, the remaining respondents, for example, 1.8% - found it difficult to answer*). This circumstance signals certain stagnation in the development of entrepreneurship at the local level.

Distribution of answers to the question "Is it easy to start a new business in your region" showed that more than a half (53,4%) of respondents estimate the average level. A third of those surveyed mentioned the option "easy" (30%), and 6.9% - "very easy". At the same time, negative assessments are noted by a smaller number of respondents, where 6.6% say the option is "hard", while 1.7% - "extremely hard".

At the same time, the prevalence of average grades indicates the importance of continuing to facilitate procedures for the organization of new business in the field.

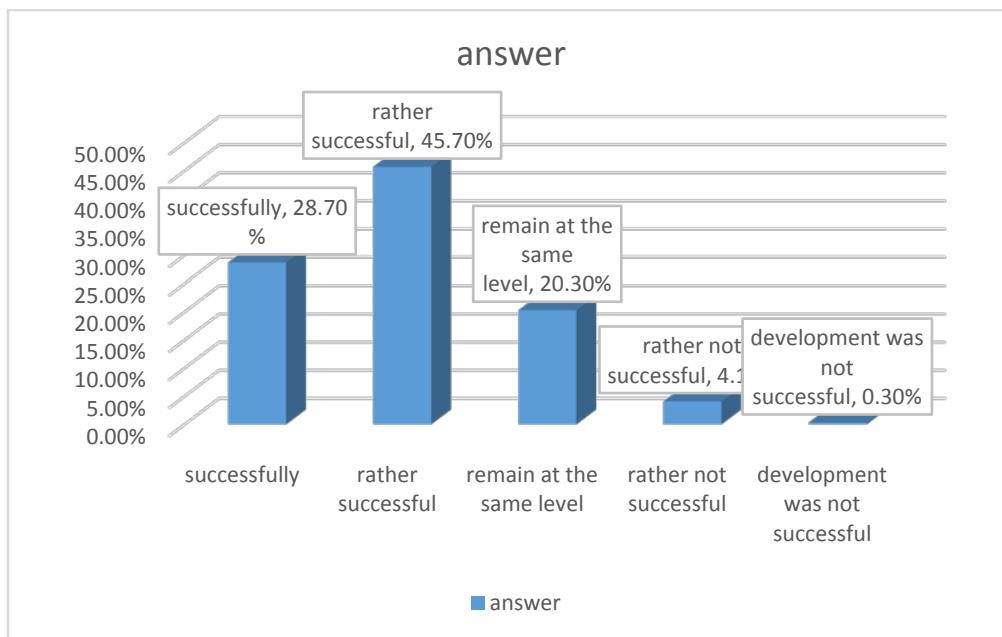
Thus, with regard to the procedure for starting a new business in the country, respondents also expressed a more neutral position. 74.2% noted the option "Medium", 16.6% - "Easy", 7.4% - "Difficult".

The majority of respondents say that on average it takes three to seven days to open a new business (30%). 21.1% say the process takes up to a month, while 19.6% - two weeks, 15.7% - three days and 10.5% noted more than one month.

In general, it can be noted that respondents rated the business development as highly successful over the past six months - 74.4% (the sum of answers "successful" - 28.7% and "rather successful" - 45.7%). One fifth of the respondents - 20.3% - stated that the state of affairs is unchanged. Negative assessment of business development was noted only by 4.4% (the sum of answers "rather unsuccessful" - 4.1% and "development was not successful" - 0.3%).

Diagram 1.

How would you assess the success of your business development over the last six months?



The results showed that most of the surveyed entrepreneurs (40.4%) are planning to invest new funds in the development of their business in the near future, 24.4% will definitely make investments.

At the same time, 23.9% say they are still thinking about it, while 2.7% are afraid to invest. Only 6% noted an unambiguous negative answer. These figures indicate a more positive attitude towards their business and its development. However, about one third of the country's entrepreneurs (32.6%) expressed some doubts about this plan, which indicates that there are certain problems in expanding their business locally.

The most popular area for investment is the purchase of new equipment - 41.6% noted this option. One third of respondents prefers to invest in modernization of existing production - 29.9%. Export expansion is noted by 23.7% of entrepreneurs, while major repair of buildings and structures - 14.7%.

Less than 10% of respondents mentioned such options as: energy saving, energy efficiency improvement (9.3%), construction of new buildings and structures (8.6%), innovation projects, R&D (8.1%), staff training (7.3%), intangible assets: patents, copyrights, etc. (2,2%).

This distribution of answers shows that entrepreneurs in the country have not yet realized the importance of innovative development of their businesses and the interrelation between the introduction of modern scientific developments and the modernization of production.

The key problems for the majority of entrepreneurs are the growth of prices and tariffs - 50.4% and the low purchasing power of the population - 30.2%. The following are also identified as problems for businesses: excessively high taxes - 26.8%, lack of qualified personnel - 19.4% and difficulty with access to credit resources - 17.1%.

The answer "control and administrative pressure of the local government on business" is the lowest - 6.5%. The results of the sociological survey did not reveal any systemic pressure on entrepreneurs in any region. Respondents noted that there are practically no regular violations of their rights as entrepreneurs.

One of the main complaints is to ensure the right of private property. The majority of respondents estimated the degree of its protection as average - 46,2%. The rating "good" was mentioned by 35,9%, "low" - 9%. Only 5.8% rated it highly. Absence of full protection was stated by 0.8 per cent of the respondents.

One of the important characteristics of the local business environment is the presence (absence) of unfair competition due to a number of negative factors, primarily monopolization processes. Thus, 55,6% of respondents say that they have not faced any infringement of their rights in respect of unfair competition. Every third person (34.5%) noted that there were isolated cases. Only 5.3% claim that such violations are regular. Despite the fact that a small percentage of respondents report systematic violations, the figure of 34,5% indicates the importance of deepening the fight against unfair competition in the field.

The results of the survey showed that the most common type of social assistance provided by entrepreneurs was assistance to the disabled and other categories of socially vulnerable citizens - 40.4%. The fifth part is engaged in financing sports, 10.2% - in assistance to specific schools, hospitals, orphanages and other social institutions.

Less than ninth part of the respondents indicate: assistance to regional programs for employment of the unemployed (9.2%), implementation of social programs of regional importance (7.6%), sponsorship of city programs (7.5%), financing of measures to improve the environmental situation (4.3%), financing social facilities and housing (2.6%). In most cases, the above social assistance was provided by the respondents themselves (65.9%). More than half of the interviewed entrepreneurs (52.4%) note that the provision of social assistance does not affect the financial situation of their business. These answers indicate that entrepreneurs have a serious social burden on the local level to provide financial and other assistance.

According to the empirical data obtained, entrepreneurs positively assess the contribution of local authorities to the improvement of business climate in the regions (55%). However, the percentage of those (28.3%) who say that there is no such influence is quite high. The picture is approximately similar with regard to local councils of people's deputies. 52.9% of respondents noted a more positive contribution.

As the survey results have shown, the majority of respondents believe that the government actually treats business as "an engine of economic and social development" (44.5%), while 20.5% point out "as an object of constant support and protection". 16.8% identified the answer as "as a junior partner". The answers "as a partner" are less marked out (11.7%). This distribution of answers shows that entrepreneurs feel that they are first of all supported by the central authorities ("macro level") in implementing reforms throughout the country within the framework of the strategy.

The lack of own financial resources was mentioned by the respondents as the main obstacle to innovative business activities (52.8% of them mentioned this option). One third of the respondents mentioned the difficulty of attracting credit resources. The lack of tax incentives was mentioned by 17.8% of the respondents. The lack of qualified workers and specialists was mentioned by 16.3% of the respondents, while the low predictability of business conditions was mentioned by 14.5%. These figures show that the main obstacle to the innovative activity of business structures is the lack of appropriate investments and lack of knowledge how to obtain them.

The main conclusions and proposals.

Summarizing the sociological data obtained, it is possible to say that businessmen in general approve of the reforms undertaken by the state in the economic sphere. The majority of respondents believe that the government in fact treats business as "an engine of economic and social development" (44.5%), while 20.5% mention it as "an object of constant support and protection". This distribution of answers shows that businessmen feel that they are primarily supported by the central government ("macro level") in implementing reforms throughout the country as part of the strategy.

However, a number of indicators show that there are problems on the ground with entrepreneurship development. First of all, it should be noted that the majority of entrepreneurs give an average assessment of the business climate in Uzbekistan (52%). However, only 3% indicated a negative assessment, that is, this average assessment is more positive. This is due to the positive trends in economic reform in recent years. Respondents

estimate highly successful business development for the last six months - 74.4% (the sum of answers "successfully" - 28.7% and "rather successful" - 45.7%).

The main problems, according to the survey data, can be attributed to:

- The results of the sociological research did not reveal a systemic pressure on entrepreneurs in any region. Only 5% of respondents noted regular violations. However, three quarters of the surveyed (76,2%) note such single violations, which indicates an unfavorable situation with individual violations of the rights of entrepreneurs at the local level.
- More than a half (53.4%) of respondents consider the "average" level of "ease of starting a new business" in their region to be "average". 51.2% of entrepreneurs indicated that it takes two or more weeks to register a new business in their region, which also indicates problems in this area.
- Entrepreneurs have certain doubts about investing in their own business. Only one in four (24.4%) noted that they will definitely make investments. About one third of the country's entrepreneurs (32.6%) expressed certain doubts in this regard.
- The entrepreneurs of the country still do not realize the importance of innovative development of their business, the interconnection of introduction of modern scientific developments with the processes of modernization of production. The most popular area for investment is the purchase of new equipment - 41.6%. Less than 10% of respondents mention such options as: energy saving, energy efficiency improvement (9.3%), innovation projects, R&D (8.1%), staff training (7.3%), intangible assets: patents, copyrights, etc. (2,2%).
- The main obstacle to innovation in business structures is the lack of appropriate investments and lack of knowledge about how to obtain them.
- The main recommendations are important:
- Continuation of work to facilitate procedures for the local organization of new business, including liberalization of procedures for starting a new business in the country through the introduction of information and communication technologies.
- Further facilitation of procedures for obtaining bank loans for the expansion of their business, first of all, with an innovative focus.
- Clarification of entrepreneurs about innovations in legislation, complex tax or customs issues, as well as organization of regular meetings with representatives of local executive authorities.
- Organization of assistance in protecting rights in the courts and assistance in exporting products.

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