INSTITUTIONAL CONDITIONS FOR THE DEVELOPMENT OF ENTREPRENEURSHIP IN THE CONTEXT OF THE TRANSFORMATION OF THE NATIONAL ECONOMY

Topicality. The formation and further development of market relations in the Republic of Uzbekistan is inextricably linked with an increase in the efficiency of entrepreneurial activity of market entities. In the difficult conditions of the transformation of the country's economy, the problems of stabilizing the economy with the use of institutional instruments are of particular importance.
Aim and tasks. To study the current state of entrepreneurship development in the national economy of Uzbekistan from the position of institutionalism, identify trends and develop proposals to improve the efficiency of business entities development in the context of economic transformation.

Research results. Based on a systematic approach to the study of socio-economic phenomena and processes, the key provisions of the works of domestic and foreign scientists in the field of entrepreneurial activity, economic regulation, institutionalism and entrepreneurship support, it was revealed that there are practically no scientific works on quantitative assessment of the quality of the institutional environment of small enterprises. Building the theoretical and methodological basis of the study required a preliminary systematization of the accumulated experience in studying the institutional environment of small business in relation to both the identification characteristics of this category and modern approaches to the study. The domestic institutional school has not yet developed methodological tools adequate to the specifics of the national economy of Uzbekistan, which could be relied upon in the processes of research, evaluation and implementation of institutional reforms in this sector of the economy. The article attempts to identify the specifics of the institutional environment of small businesses. The conceptual apparatus of institutional research in this sector of the economy has been clarified and expanded. To develop a classification of approaches to the definition of the category "institutional environment", approaches to the study of the institutional environment for the development of small enterprises.

Conclusion. Further applied developments concerning the assessment of the quality of the institutional environment, including in relation to small enterprises of the country's national economy, should be carried out on the basis of an assessment of the essential characteristics of this category. The author gives recommendations for improving the effectiveness of stimulating the sphere of entrepreneurial activity. The results of the study are of scientific and practical importance.

Keywords: institutional environment, entrepreneurship, small business, transformation of the economy, national economy of Uzbekistan.

Problem statement and its connection with important scientific and practical tasks. The development of small entrepreneurship meets the global trends in the formation of a flexible mixed economy, involves a combination of different forms of ownership and an adequate model of economic management, in which a complex synthesis of competitive market mechanism and state regulation of large, medium and small production is implemented [1,2,3,4,5,6,7]. Over the years of state independence, a stable regulatory and legal framework has been created in Uzbekistan, strengthening the supremacy of private property, which is the basis of a market economy. Today, entrepreneurial activity is carried out through the institutions of market infrastructure – a set of interrelated design and technological, information and production and organizational systems [8,9,10,11]. It allows you to carry out a full cycle of entrepreneurship — from the initial idea to the final practical implementation in the form of a specific product or service. An entrepreneurial institutional system for successful functioning must also have a favorable regulatory framework and an effective system for bringing enterprises' products to markets [12].

Hence, the problem of the formation of institutional infrastructure is one of the most serious and urgent. At the same time, all components of the institutional infrastructure of entrepreneurship: interaction with public authorities, financial institutions, provision of technological and production facilities, transparency and accessibility of information - still do not meet the tough competitive market conditions and do not ensure the growth of economic efficiency of entrepreneurial activity [13]. The situation is also aggravated by significant interregional differences in the institutional security of entrepreneurship. Unequal opportunities for entrepreneurs often lead to a violation of the system of current legislation, redistribution of roles between public authorities, instability and opacity of financial markets, lack of prudential supervision over the actions of subjects of relations. In a blurred institutional environment, a system of inefficient institutions can take the place of an institutional vacuum - institutional traps, informal lobbying, corruption and the shadow economy.

Methodology and research. In the process of preparing the study, general scientific methods of cognition, observation, abstract-logical thinking, a systematic approach, and economic interpretation were used. Methods of a systematic approach to solving problems, as well as analysis, synthesis and unity of logical analysis and dialectical development, historical approach, analysis of the materiality of cognition, statistical hypotheses and relationships, expert research.

An outline of the main results and their justification. Institutional conditions for the formation of small business should be understood as a set of rules and mechanisms that force small business entities to comply with these established rules and regulations. Even small institutional changes have a significant, if not decisive, impact
on subsystems, including on business structures. Institute, rules, special guarantors of rules - mandatory elements of institutional conditions for the formation of small business.

Modern Uzbekistan is undergoing a radical macroeconomic transformation, the ultimate goal of which is to effect a transition to an open, socially oriented market economy. In this regard, the business structure is changing under the influence of resource, market and institutional factors.

Entrepreneurship in Uzbekistan is considered as a target group of the ongoing reforms and, most importantly, as a driving force of transformation in the socio-economic and socio-political spheres. At the moment, entrepreneurial activity is carried out through market infrastructure institutions - a set of interconnected project-technological, information and production-organizational systems [12,13].

The institutional environment is central to the dynamic and active development of small businesses, limiting and shaping their activities. It as a conceptual direction was formed within the theory of institutionalism, allowing to study the behavior of economic subjects in dynamics: how they adapt to the requirements of the «rules of the game», how they form the institutional environment, how new rules and regulations are institutionalized [14].

The term "institution", "institution", as translated from Latin ("institution"), means sustainable traditions or established customs, practices in the form of established rules, social norms or laws. For the first time he introduced the concept of W. Hamilton, in his work «Institutional approach to economic theory», which considers the institute as a kind of mainstay of the social system. "Institutions - as defined by W. Hamilton - is a verbal symbol for the best designation of a group of social customs. They denote a dominant and permanent way of thinking that has become customary for the group or has become a custom for the people. Institutions establish the boundaries and forms of human activity. The world of customs and habits, to which we adapt our lives, is a web of institutions and an inextricable link"[15].

The founder of institutionalism is Thorstein Bunde Veblen. The year of the birth of institutionalism is considered 1898, marked by the release of the work of T. Veblen «Why Economics is not an evolutionary science». The term «institute» was introduced into the scientific circulation a little later, in 1918, by the American researcher Walton Hamilton. Followers are Wesley Clair Mitchell[16,17], John Maurice Clark [18], John Kenneth Galbraith [19]. In the works of these authors the theoretical and methodological foundations of institutionalism have been formulated.

In the process of research, various tools, characteristic for many economic schools and directions (economic theory, institutionalism, new political economy, evolutionary economic theory)[20] were used. which allowed to trace the logic of development of small entrepreneurship, to describe and analyze the state of small and medium-sized business at the present stage.

The methodological basis of this work is a systematic approach to the unity of its functional, structural and subjective-object aspects, institutional, evolutionary, historical and logical approaches. At various stages of the study, methods of comparative, structural and system analysis were used, using the economic and mathematical apparatus and methods of statistics, the unity of objective and subjective issues in the formation and development of economic processes [21-31].

The analysis of the formation and economic activity of small business requires the study of the institutional factors of its external environment (the formation and previous development of institutions) at the macro and meso levels. In this regard, it should be noted that the level of development of small business and private entrepreneurship depends on the perfection of the legislative framework, the level of competition, economic security; forms and instruments of state regulation of entrepreneurship.

An analysis of the main trends in the development of small businesses in 2018-2022 shows that in the reporting year a number of systemic measures were taken aimed at creating conditions for doing business, attracting foreign investment for small and private businesses, which are the basis for the development of the economy of Uzbekistan.

On April 8, 2022, Decree No. UP-101 was issued by the President of the Republic of Uzbekistan Sh. M. Mirziyoyev "On the next reforms to create conditions for stable economic growth by improving the business environment and developing the private sector", aimed at creating an even more favorable business environment by canceling all types of unscheduled, counter inspections and removing barriers. The central attention in this document is paid to the adoption of concrete measures to ensure the dynamic modernization of small and private enterprises and to stimulate their export
activities, which should become the main direction of economic growth in the development of industries and regions, ensuring employment of the population.

In order to financially support the implementation of entrepreneurial initiatives of the population, improve the mechanisms for ensuring their employment and reducing poverty by raising the mahallabay work system to a new level, the Decree of the President of the Republic of Uzbekistan, dated 03.12.2021, No. UP-29 "On priority areas of state policy for the development of entrepreneurship, employment and poverty reduction in mahalla".

The implementation of measures to ensure guaranteed protection of the interests of private property and small business contributes to the dynamic development of this sector. As a result, the added value of small business products in the total gross domestic product of the country grew during the year and amounted to 59.4% in 2021. The share of small and medium-sized businesses in the GDP of developed countries is 50-60%. In the UK — 51%, Germany — 53%, Finland — 60%, the Netherlands — 63%, Japan-63. USA-62.

In 2021, the share of small business in the total volume of industrial production amounted to 27.0%. The number of operating small businesses per 1000 people of the population was 16.5 units [32].

According to the analysis of the statistical information of the State Committee of the Republic of Uzbekistan on Statistics, the share of small business in the GDP for January-December 2021 was 54.9% (a similar figure in 2020 was 53.9) Figure1.

![Fig.1. Specific weight of small business in GDP for January-December 2021.](image)

The analysis of the specific weight of small business for January-December 2021 is clearly presented in Figure 2. In January-December 2021, the share of small businesses in the total volume of industrial production amounted to 27.0%.

![Fig. 2. Specific weight of small business for January-December 2021 (in % to the total volume)](image)
In January-December 2021, 98.9 thousand new small enterprises and micro-firms (without dehkan and farm households), which is 6.1% more than in the same period of 2020.

The largest number of small enterprises and micro-firms were created in the sphere of trade (38.9%), industry (19.5%), agriculture, forestry and fishing (11.8%), and construction (6.4%).

In January-December 2021, the volume of exports of products (works, services) of small businesses amounted to 3 711.2 million US dollars, or 22.3% of its total volume.

In January-December 2021, the volume of imports of products (works, services) of small businesses amounted to 12 389.0 million US dollars, or 48.7% of its total volume.

In the fourth quarter of 2021, a sample survey of small enterprises and micro-firms was conducted.

In general, 14 735 small enterprises took part in the survey and micro-firms, of which 5 486 (37.2%) subjects rated the economic situation as favorable, 8 048 (54.6%) - as satisfactory, 1 201 (8.2%) - as unsatisfactory (fig.3.).

Table 1.

<table>
<thead>
<tr>
<th>Main indicators of small business, 2021.</th>
<th>units of measurement</th>
<th>2020</th>
<th>2021</th>
<th>(+-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of operating small enterprises and micro firms</td>
<td>unit</td>
<td>411 203</td>
<td>462 834</td>
<td>51631</td>
</tr>
<tr>
<td>Newly created small businesses and micro firms</td>
<td>unit</td>
<td>93 214</td>
<td>98 886</td>
<td>5672</td>
</tr>
</tbody>
</table>

The share of small business in:

| | | 2020 | 2021 | (+-) |
| GDP | % | 55.5 | 54.9 | -0.6 |
| industry | % | 27.9 | 27.0 | -0.9 |
| agriculture, forestry and fisheries | % | 96.7 | 96.7 | 0.0 |
| investments | % | 46.0 | 47.9 | 1.9 |
| construction | % | 72.5 | 72.4 | -0.1 |
| trade | % | 82.3 | 82.1 | -0.2 |
| services | % | 51.8 | 51.1 | -0.7 |
| transportation of goods | % | 51.6 | 49.4 | -2.2 |
| cargo turnover | % | 75.8 | 73.4 | -2.4 |
| transportation of passengers | % | 93.5 | 92.8 | -0.7 |
| passenger turnover | % | 95.2 | 95.2 | 0.0 |
| export | % | 20.5 | 22.3 | 1.8 |
| import | % | 51.7 | 48.7 | -3.0 |

Fig. 3. Distribution of small enterprises and micro firms participating in a sample survey by type of economic activity in the IV quarter of 2021, %

- Agriculture, forestry and fisheries
- Industry
- Construction
- Trade
- Services
By type of economic activity, the share of small enterprises and micro firms participating in the sample survey was 7.0% (1 035 units) in agriculture, forestry and fisheries, 18.6% (2 739 units) in industry, and 8.5% in construction % (1 253 units), trade - 36.9% (5 442 units), services - 29.0% (4 266 units) (fig.4.).

**Assessment of the economic situation for the IV quarter of 2021 by small enterprises and microfirms, %**

<table>
<thead>
<tr>
<th>Agriculture, forestry and fisheries</th>
<th>Industry</th>
<th>Construction</th>
<th>Trade</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>favorable</td>
<td>55.4</td>
<td>55.9</td>
<td>50.8</td>
<td>54.2</td>
</tr>
<tr>
<td>satisfactory</td>
<td>31.8</td>
<td>35.5</td>
<td>39.5</td>
<td>36.6</td>
</tr>
<tr>
<td>unsatisfactory</td>
<td>12.8</td>
<td>8.6</td>
<td>9.7</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Fig. 4. Assessment of the economic situation for the IV quarter of 2021 by small enterprises and microfirms, %

In the fourth quarter of 2021, according to the results of the survey, the largest share of small enterprises and microfirms confident in a favorable economic situation falls on construction enterprises - 39.5%, trade - 39.1%, services - 36.6%.

The largest share of enterprises that assessed the economic situation as satisfactory was recorded in industry - 55.9%, agriculture, forestry and fisheries - 55.4%, services - 55.3%.

In the fourth quarter of 2021, the largest share of small enterprises and micro firms that assessed the prospect of changes for the next three months as favorable was in construction - 47.8%, trade - 47.6%, services - 45.2% (Fig.5.).

**Assessment of the economic situation for the next three months by small businesses and micro-firms, %**

<table>
<thead>
<tr>
<th>Agriculture, forestry and fisheries</th>
<th>Industry</th>
<th>Construction</th>
<th>Trade</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>favorable</td>
<td>41.8</td>
<td>47.8</td>
<td>47.6</td>
<td>45.2</td>
</tr>
<tr>
<td>satisfactory</td>
<td>50.1</td>
<td>50.3</td>
<td>46.0</td>
<td>49.4</td>
</tr>
<tr>
<td>unsatisfactory</td>
<td>8.1</td>
<td>6.1</td>
<td>6.2</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Fig. 5. Assessment of the economic situation for the next three months by small businesses and micro-firms, %

Also, enterprises that assessed the economic situation as satisfactory accounted for 50.3% in industry, agriculture, forestry and fisheries - 50.1%, services - 49.4%, trade - 47.9%.

In Uzbekistan, the practical study of the institutional environment is carried out both in academic science (the Center for Economic Research and Reforms under the Administration of the President of the Republic of Uzbekistan, the Institute for Macroeconomic Research and...
Forecasting under the Ministry of Economic Development and Poverty Reduction), and by the non-governmental sector (Chamber of Commerce, Business Development Association of Uzbekistan (UBDA), Association of Banks of Uzbekistan, Association "Tadbirkor ayol", Marketing Association of Uzbekistan) [33,34].

The analysis of foreign practice of state support of small business shows that its forms and content are very diverse. A characteristic common feature is the multiplicity of channels for obtaining such support, the absence of monopolism of any one agency in the presence of a body that develops national policy in this area and coordinates its implementation. Abroad, great importance is also attached to the forms of interaction between state support bodies for small business and institutions of its self-organization, such as associations, mutual lending societies, subcontracting and franchising structures [35-41].

Numerous international and domestic scientific studies have shown that the business sector of the economy of Uzbekistan is characterized by typical problems consisting in:
- low quality of the state bureaucracy;
- rather difficult access to economic resources;
- not meeting the competitive conditions of financial market players;
- the bureaucratization of the foreign trade sector;
- inefficiency of the process of liquidation of a business entity [42-45].

In order to eliminate the identified shortcomings, we consider it expedient to actively improve the functions of the state in the field of regulating the institutional environment of entrepreneurship, improving the coordination functions of the state, including:
- expansion of the practice of developing and adopting direct-action laws, which prescribe all the norms regulating the activities of executive authorities in a particular area and establishing its responsibility (for example, the adoption of the Business Code);
- strengthening of the control and analytical work of the Oliy Majlis of the Republic of Uzbekistan related to the assessment of the regulatory impact of the state and the economic efficiency of the adopted laws [10,33];
- significant simplification of business regulations in the field of agriculture, state customs, sanitary, veterinary and phyto-control, information and communication technologies, infrastructure, construction, fire safety, medical care, price controlling, land relations and fiscal policy [7,8,9];
- active use of the opportunity of the Public Fund to support non-governmental non-profit organizations and other civil society institutions under the Oliy Majlis for periodic sociological surveys of the opinions of domestic entrepreneurs, etc.;
- develop a mechanism for the formation and development of legal culture among entrepreneurs and ensuring strict compliance with legislation by all members of society;
- strengthen the positions of public organizations, such as human rights organizations and associations, unions, in order to protect the interests and rights of entrepreneurs, expand their freedom of action;
- step-by-step activities to change the tax burden on business structures, reducing the tax rate on the payroll;
- further expansion and simplification of procedures for the privatization of state property, reduction of state participation in the authorized funds of economic entities, creation of favorable conditions for the development of private entrepreneurship on the basis of privatized objects of state property;
- development and implementation of sectoral and territorial programs for the development of small business and private entrepreneurship.

Based on the positive world experience in this area, it is advisable to consider the criteria:

- revenue volumes for the last 12 months. With the introduction of this criterion, only those enterprises that will have a small number of employees and sell relatively small volumes of products will fall into the group of small enterprises;
- the cost of fixed assets;
- the implementation of fiscal, stimulating the consolidation of small enterprises operating in small enterprises, the revision of the principles of classification of forms of entrepreneurship based on the experience of developed countries and the return to economic circulation of the concept of “medium-sized enterprise”, the creation of a comprehensive system of fiscal and customs benefits;
- development and adoption of measures to develop a competitive environment in the banking sector and the formation of non-bank lending institutions in which collateral requirements and other lending conditions are much easier than in commercial banks;
- cardinal rejection of inefficient lines of preferential lending, to develop unified
approaches to the formation of interest rate policy in commercial banks with a dominant share of the state in the new economic conditions;

the need for the constant use of quasi-fiscal instruments (fiscal holidays, preferences, "price scissors", etc.) to ensure the payback of the activities of business entities and individual sectors of the national economy (projects of the state investment program);

activation of further development of electronic services and interdepartmental integration of state and local government bodies;

active promotion of the monitoring system "Open Data Portal of the Republic of Uzbekistan" in the society of the activities of state authorities and governing bodies, broad involvement of civil society institutions in this process;

increasing digital openness and accessibility of information by effectively solving the tasks of implementing the mechanisms of "Electronic Government" outlined in the Strategy "Digital Uzbekistan - 2030": G2C, G2B, G2G, as well as optimizing the activities of the government and local authorities in the provision of public services through a Single portal of interactive public services My.Gov.Uz.

Conclusions and perspectives of further research.

The implementation of the main directions and tasks of administrative reform in the conditions of market transformation of the economy will contribute to further improvement of the institutional foundations for the development of small business and medium-sized entrepreneurship. According to the results of the conducted research, it can be concluded that only effective and targeted measures of state authorities and local self-government to actively eliminate bureaucratic obstacles to doing business in the national economy of Uzbekistan can really radically transform the situation and help small and private companies find their rightful place in the new market and promote Uzbekistan's entry into the World Trade Organization.

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