



(REVIEW ARTICLE)



Fostering entrepreneurship for advancing the standard of living in new Uzbekistan

Ibroxim G'ulomov ¹ and Azamat Ostonokulov ^{2,*}

¹ *International School of Finance Technology and Science (ISFT), Uzbekistan.*

² *Tashkent State University of Economics (TSUE), Uzbekistan.*

World Journal of Advanced Research and Reviews, 2024, 22(03), 1466–1469

Publication history: Received on 18 May 2024; revised on 18 June 2024; accepted on 21 June 2024

Article DOI: <https://doi.org/10.30574/wjarr.2024.22.3.1867>

Abstract

This article explores the pivotal role of entrepreneurship in advancing the standard of living in Uzbekistan. Drawing upon a comprehensive review of international literature and specific contextual factors, the analysis provides insights into the transformative potential of entrepreneurship for economic development, job creation, and innovation. From social reforms to investments in infrastructure, education, and innovation, the article offers actionable insights for policymakers, business leaders, and stakeholders seeking to promote entrepreneurship as a driver of socio-economic progress in Uzbekistan.

Keywords: Entrepreneurship; Standard of Living; Economic Development; Innovation; startup.

1. Introduction

In increasing the standard of living of the population, the development of entrepreneurship in the field of economic independence is considered the most fundamental factor and source. In recent years, in Uzbekistan, special attention has been paid to supporting entrepreneurship and developing this sector separately, wide-ranging reforms are being implemented. The President of the Republic of Uzbekistan, Shavkat Mirziyoyev, in his appeal to the parliament on December 29, 2020, separately emphasized "...supporting the population, especially young people". This proposal was supported by society. Also, the president's idea of "...strengthening the system of providing microcredits to entrepreneurs and the population" is noteworthy. It is well known that our country has historically been characterized by the maturity of its population, especially young people, in all periods. Therefore, in the early years of independence of the Republic of Uzbekistan, attention is paid to entrepreneurship and through this, special attention is paid to improving the standard of living of the population, creating a legal basis, and improving organizational foundations. In providing the population with employment, entrepreneurship plays the most crucial role in achieving their economic independence and establishing themselves in life. The development of entrepreneurship and increasing the standard of living of the population through this is one of the priorities provided by the state, taking into account the imitative of the environment that affects entrepreneurship at any level. In this regard, in the conditions of improving the economy, it is not appropriate to say that business adapts well to the time requirements that require minimal investment, rapid modernization, and good adaptation to changing market conditions. Entrepreneurship is considered the most important sector that fills the market with necessary goods and services, determining the economic structure. In the legislative documents adopted by the state, it is planned to create even more favorable conditions for private entrepreneurs, provide them with free activity, deepen reforms that promote their free activity, and liberalize. For example, in the Strategy for the Actions of Uzbekistan on the five priority areas of development for 2017-2021, significant tasks were identified by the state in terms of regulating and improving the business environment, improving the business environment, and supporting the business environment, and encouraging small businesses and entrepreneurship [1].

* Corresponding author: Azamat Ostonokulov

It is possible to see that the third priority direction of the Strategy for the Development of the New Uzbekistan, which is planned for 2022-2026, focuses on accelerating the rapid development of the national economy and ensuring high growth rates. In fact, the main purpose of such reforms is to create a decent life for the population, that is, to improve the standard of living. Therefore, today, the importance of developing entrepreneurship is crucial. In this regard, today, the issues of improving entrepreneurship and increasing the standard of living of the population through state regulation and development are of particular importance. From this point of view, today, there are extensive efforts to support entrepreneurship in all aspects, especially to assist young people in realizing their business goals. Indeed, the main goal of such reforms is to improve the standard of living for the population by enhancing entrepreneurship, thereby creating a suitable life for them [2].

2. Literature review

The mechanisms for supporting entrepreneurship in our country are clearly outlined in the decrees, resolutions, state programs, and other legal documents issued annually by the President of the Republic of Uzbekistan. The Presidential Decree PF-5975 dated March 26, 2020, titled "On Measures to Further Improve the State Policy on Economic Development and Poverty Reduction" specifically addresses the intricacies of these efforts, highlighting both the achievements and the challenges that need to be addressed. This decree focuses on streamlining the organization of training and education for entrepreneurship, ensuring the effective allocation of funds allocated under various programs, assessing the efficiency of initiatives aimed at attracting individuals to entrepreneurship, and enhancing the competitiveness of the national industry by fostering a favorable entrepreneurial environment. It underscores the need for the development of new industrial areas and strategies and emphasizes the importance of reducing poverty through improving the entrepreneurial environment as part of the state policy.

Issues and additional measures to expand entrepreneurship in Uzbekistan are outlined in a series of legislative documents, including the Decree of the President of the Republic of Uzbekistan on "Expanding Entrepreneurship in Regions and Supporting Family Entrepreneurship with Additional Measures" [5], the Decree on "Further Development of Crafts and Support for Artisans" [6], the Program on "Every Family - Entrepreneur" [7], the Resolution on "Improving Measures to Ensure Employment and Enhance Effectiveness in Poverty Alleviation" [8], the Resolutions on "Additional Measures to Finalize the Procedure for Financing Projects Implemented within the State Programs for the Development of Family Entrepreneurship" [9], and the Presidential Decree [10].

Entrepreneurship has been widely recognized as a driving force behind economic development and social progress across the globe.

One seminal work in the field is by Shane and Venkataraman (2000), who conceptualized entrepreneurship as the pursuit of opportunities beyond existing resources. Their research underscores the significance of entrepreneurial activities in fostering innovation, job creation, and economic growth. This theoretical framework serves as a foundation for understanding the transformative potential of entrepreneurship in Uzbekistan.

A study by Acs and Szerb (2009) offers valuable insights into the Global Entrepreneurship Monitor (GEM) research, which assesses the prevalence and characteristics of entrepreneurship worldwide. By analyzing data from various countries, including emerging economies, the authors highlight the critical role of entrepreneurial activity in driving economic development and enhancing the standard of living. This perspective underscores the relevance of fostering entrepreneurship in Uzbekistan as a means to stimulate socio-economic progress.

Furthermore, research by Audretsch and Thurik (2001) sheds light on the relationship between entrepreneurship, innovation, and economic growth. Their findings suggest that entrepreneurship serves as a primary mechanism for introducing new ideas, technologies, and business models, thereby fostering innovation and productivity gains. This insight underscores the importance of creating an ecosystem that supports entrepreneurial ventures and promotes a culture of innovation, particularly in transitioning economies like Uzbekistan.

In addition to theoretical frameworks, empirical studies provide valuable evidence on the impact of entrepreneurship on socio-economic outcomes. For instance, a study by Wennekers and Thurik (1999) examines the relationship between entrepreneurship and economic development across European countries. Their analysis reveals a positive correlation between entrepreneurial activity and indicators of economic prosperity, including GDP per capita and employment rates. These findings underscore the potential benefits of promoting entrepreneurship as a driver of economic advancement in Uzbekistan.

Moreover, research by Glaeser et al. (2010) explores the role of entrepreneurship in urban development and regional growth. By examining case studies from various cities around the world, the authors highlight the importance of vibrant entrepreneurial ecosystems in driving innovation, attracting talent, and fostering economic dynamism. This perspective suggests that investments in infrastructure, education, and support services can create favorable conditions for entrepreneurship to flourish, thereby contributing to regional development in Uzbekistan.

3. Analysis and Results

The analysis and results presented in this section provide a comprehensive examination of the implications of entrepreneurship for advancing the standard of living in Uzbekistan. Drawing upon insights from the literature review and contextual factors specific to Uzbekistan, this section delves into key strategies and interventions aimed at fostering entrepreneurship and driving socio-economic progress in the country.

Access to Finance: One of the primary challenges faced by entrepreneurs in Uzbekistan is limited access to finance, particularly for early-stage ventures and small businesses. Building upon successful models from other countries, policymakers can establish venture capital funds, angel investor networks, and microfinance institutions to provide funding and support to aspiring entrepreneurs. Moreover, initiatives such as guarantee schemes and credit facilities can help mitigate the risk associated with lending to startups, thereby encouraging financial institutions to allocate capital to entrepreneurial ventures.

Infrastructure Development: Investing in infrastructure is critical for supporting entrepreneurship and driving economic development in Uzbekistan. This includes improving access to transportation, energy, and telecommunications networks, as well as developing co-working spaces, incubators, and innovation hubs in urban centers. By providing entrepreneurs with access to modern infrastructure and facilities, policymakers can enhance productivity, foster collaboration, and facilitate the exchange of ideas and resources within the entrepreneurial ecosystem.

Education and Training: Entrepreneurial education and training play a vital role in equipping individuals with the skills and knowledge needed to succeed in the business world. Building upon best practices from international contexts, Uzbekistan can integrate entrepreneurship education into school curricula, vocational training programs, and higher education institutions. Additionally, targeted training and capacity-building programs can help aspiring entrepreneurs develop essential competencies such as business planning, marketing, and financial management, thereby increasing their chances of success in the competitive market.

Promoting Innovation and Collaboration: Innovation lies at the heart of successful entrepreneurship. By fostering collaboration between universities, research institutions, and the private sector, Uzbekistan can create synergies that drive technological advancements and stimulate innovation across various industries. Initiatives such as technology transfer programs, research grants, and innovation challenges can incentivize collaboration and facilitate the commercialization of innovative ideas and technologies, thereby enhancing the competitiveness of Uzbekistan's economy on the global stage.

3.1. Recommendations

Building upon the analysis of the literature and the specific context of Uzbekistan, the following recommendations are proposed to further promote entrepreneurship and advance the standard of living in the country:

Enhanced Access to Finance: Policymakers should prioritize initiatives aimed at improving access to finance for entrepreneurs, particularly those from underserved communities and rural areas. This could involve establishing dedicated funds, providing guarantees for loans, and fostering partnerships between financial institutions and entrepreneurial support organizations (Azamat et.al., 2023).

Investment in Infrastructure: Continued investment in infrastructure development is essential to support entrepreneurship and facilitate economic growth. This includes upgrading transportation networks, expanding access to high-speed internet, and developing innovation hubs and co-working spaces in urban centers and emerging entrepreneurial clusters.

Entrepreneurship Education and Training: Uzbekistan should integrate entrepreneurship education into formal education systems at all levels, from primary schools to universities. Additionally, targeted training programs and

capacity-building initiatives should be provided to aspiring entrepreneurs, focusing on essential skills such as business planning, marketing, and financial management.

Promotion of Innovation and Collaboration: Encouraging collaboration between academia, industry, and government is crucial for fostering innovation and driving entrepreneurial success. Uzbekistan should establish mechanisms to facilitate technology transfer, support research and development initiatives, and promote collaboration between startups, established businesses, and research institutions.

4. Conclusion

In conclusion, entrepreneurship holds immense potential as a catalyst for advancing the standard of living in Uzbekistan. By fostering a vibrant entrepreneurial ecosystem through targeted policy interventions, investments in infrastructure, and promotion of innovation and collaboration, Uzbekistan can unlock opportunities for economic growth, job creation, and social progress.

The insights gleaned from the literature underscore the importance of creating an enabling environment that supports entrepreneurial ventures and empowers individuals to pursue their business aspirations. As Uzbekistan continues on its path of economic reform and development, prioritizing entrepreneurship will be crucial for unleashing the creativity, innovation, and entrepreneurial spirit of its people, thereby driving sustainable growth and prosperity for the nation as a whole.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

References

- [1] Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217-226.
- [2] Acs, Z. J., & Szerb, L. (2009). The Global Entrepreneurship Index (GEDI). *Foundations and Trends® in Entrepreneurship*, 5(5), 341-435.
- [3] Audretsch, D. B., & Thurik, A. R. (2001). What is new about the new economy: Sources of growth in the managed and entrepreneurial economies. *Industrial and Corporate Change*, 10(1), 267-315.
- [4] Wennekers, S., & Thurik, R. (1999). Linking entrepreneurship and economic growth. *Small Business Economics*, 13(1), 27-56.
- [5] Glaeser, E. L., Rosenthal, S. S., & Strange, W. C. (2010). Urban economics and entrepreneurship. *Journal of Urban Economics*, 67(1), 1-14.
- [6] Azamat, O., Fayzullokh, S., & Nilufar, A. (2023). The Impact of Entrepreneurship on Poverty Reduction. *International Journal of Professional Business Review: Int. J. Prof. Bus. Rev.*, 8(3), 9.