



## **SPECIFIC FEATURES OF INNOVATIVE DEVELOPMENT OF PRIVATE ENTREPRENEURSHIP IN THE CONTEXT OF DIGITALIZATION OF THE ECONOMY**

**Bekmirzaev Mirzoxid Adashalievich, Phd**

Abdurahimov Akmaljon Abdurakhimhujaga oğlu, master  
Namangan Institute of Engineering and Technology

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<b>Received:</b> 24 <sup>h</sup> December 2021 <b>Accepted:</b> 26 <sup>th</sup> January 2022 <b>Published:</b> 28 <sup>rd</sup> February 2022	<p>In a market economy, it is clear that all developed countries are achieving their high level of development as a result of scientific and technological achievements in science and technology and their widespread implementation, especially in the effective implementation of production . Today, the Republic of Uzbekistan also conducts research in various areas of modern science. The activities of scientific communities are aimed at addressing the priorities of the development of the economy of the republic and its real sector. The formation of an effective innovation system through the extensive use of existing scientific potential is one of the first tasks in the framework of the ongoing reforms. The participation of the state in creating conditions for the support and encouragement of innovative activities of business entities on the implementation of scientific results plays a special role in this.</p> <p>This article describes the role of private entrepreneurship in the digitalization of the economy in our country, its specifics, prospects for sustainable and innovative development of private entrepreneurship</p>
<b>Keywords:</b> economy, business, small business, entrepreneurship, innovation, manufacturing, infrastructure, prospects	

### **INTRODUCTION.**

Small business and private entrepreneurship have a special place in the world economy and the system of regions as one of the most highly developed, effective forms of economic activity. In developed countries, private entrepreneurship accounts for 60 percent of GDP and more than 50 percent of the employed population. Private entrepreneurship also hinders the development of monopolistic processes in the economy, accelerates the development of science and technology, and leads to structural changes in the national economy and its regions. Small business and private entrepreneurship actively cooperate with large business. It plays a key role in solving problems such as creating new jobs at the national and regional levels, reducing unemployment, and training qualified professionals. It is known that small enterprises lag behind large enterprises in terms of labor productivity and some indicators of efficiency . Small business and private entrepreneurship increase the flexibility and resilience of the global economy by attracting additional labor and ensure sustainable economic development.

Any business is carried out in a specific region: country, province, city or village. There must be a certain working environment in order to run a business effectively.

concentrated in some areas and includes the implementation of business functions. In general, the business environment is based on the interrelation of four factors: legal, political, social and economic . They can also take the form of positives or incentives. In this case, the existing conditions in the country or region are suitable for doing business. This is because such an environment gives the entrepreneur ample opportunity to know in advance what the results of their work will be. The entrepreneur's ability to anticipate the results of his work is expressed in reverse to the concept of risk. If an entrepreneur operates on a risk basis in a particular environment, then it is characterized by variability, instability, risk. Such an environment does not correspond to the positive environment mentioned above. In practice, in many cases, it cannot be said that a certain factor of the business environment has a major impact on the entrepreneur's business results. This is because the entrepreneur is more interested in the interdependence of the factors that determine the business environment.

### **ANALYSIS OF THE RELEVANT LITERATURE.**

Theoretical and methodological bases of small business and private entrepreneurship development and issues of their improvement by foreign economists A.Smith, R.Kantilon, J.B.Sey, A.Khoskin, Y.Schumpeter., A.V.Busygin. It is covered in the works of V.M.Vlasova, A.M.Samozkin, S.F.Borisov, V.V.Radaev, A.G.Granberg, V.G.Gutman and others.

Theoretical aspects and some regional features of the development of private entrepreneurship in Uzbekistan and its regions Our economists Sh.Sh.Shodmonov, T.T.Juraev, T.M.Akhmedov, A.M.Sodikov, O.Abdullayev, A.A.Researched in the scientific works of F.T.Egamberdiyev, K.Muftaydinov, D.S.Alimatova, A.A.Kulmatov, N.K.Muradova.

### **RESEARCH METHODOLOGY.**

The study aims to develop ways to develop innovation in private entrepreneurship, identify factors affecting it, analyze the socio-economic situation of innovative economic development of private entrepreneurship, identify and scientifically substantiate the main directions of innovative development of private entrepreneurship, use organizational, economic and legal mechanisms. is compatible.

### **ANALYSIS AND RESULTS.**

In a market economy, it is clear that all developed countries are achieving their high level of development as a result of scientific and technological achievements in science and technology and their widespread implementation, especially in the effective implementation of production . Today, the Republic of Uzbekistan also conducts research in various areas of modern science. The activities of scientific communities are aimed at addressing the priorities of the development of the economy of the republic and its real sector. The formation of an effective innovation system through the extensive use of existing scientific potential is one of the first tasks in the framework of the ongoing reforms. The participation of the state in creating conditions for the support and encouragement of innovative activities of business entities on the implementation of scientific results plays a special role in this.

An important task is to study the content of the category "Innovation" and its importance. In science, the word "innovation" is derived from the English word "innovation", which means "innovation". At the heart of this is a new order, a new habit, a new method, a discovery, a new look and ideas. In the views of the great economist Schumpeter, the following can be seen as innovations:

- preparation of new material goods;
- Introduction of modern production, service methods of production;
- development of a new sales market;
- have a new source of raw materials or semi-finished products.

Renowned research scientist P. Druker also tries to justify the economic content of innovation and describes it as a unique tool that entrepreneurs can use to make changes, such as implementing new services or a type of business. P. Drucker's definition complements the essence of Y. Schumpeter's classical definition, while at the same time emphasizing the importance of the organizational and economic factor as a condition for effective development and the need to apply new products in practice.

The role of innovation in the modern economy is growing day by day. It is impossible to create competitive products with high levels of knowledge and innovation without the use of innovation. Therefore, innovation in a market economy is an effective tool in the fight against competition, which leads to the emergence of new requirements, reduced production costs, increased investment flows, increased image of new producers, ie the opening and capture of new domestic and foreign markets.

Objects of innovation activity are:

- State innovation programs and innovative scientific and technical projects;
- Results of research, development and technological work and intellectual activity: inventions, utility models, industrial designs, selection achievements, software products, know-how, new technologies, technical, technological and civil engineering facilities and other innovative products .

Today it is necessary to form an innovation infrastructure consisting of various organizations that assist them in ensuring effective innovation activities.

Innovative infrastructure is a set of subjects of innovation activity, which combines organizational, managerial, logistical, financial, information, personnel, consulting and other services, allowing to implement innovation projects. The following key functional elements can be structurally included in the innovation infrastructure:

- Customers of state innovation projects and programs;
- research, design and educational institutions;
- production organizations and their associations;
- innovative organizations;
- innovation centers;
- innovation and venture funds;
- non-governmental non-profit organizations involved in innovation activities;
- Foreign legal entities and individuals engaged in innovation activities;
- Other organizations carrying out innovation activities in accordance with the law.

In Uzbekistan, where market economy reforms are being carried out consistently, it is important to produce a variety of products as a result of the activities of small businesses within the framework of innovation entities. If a small enterprise that has implemented an innovation brings it into its territory before competitors (including international firms), the innovation is new to the market. If a product, process, marketing, or organizational style is used in other firms but is new to that firm (or the product or manufacturing process has improved significantly), the innovation is new to the firm.

Production and introduction of new products and processes, as well as significant improvement of products and processes, production and introduction of technologically new or significantly improved services and production (rendering) methods are considered as technological innovations. Innovations are divided into product innovations, process and organizational innovations, depending on the technological parameters to be taken into account.

Product innovation includes new or significantly improved goods and services, semi-finished products and spare parts.

Process innovation is the creation of a new or significantly improved method of production or delivery, significant changes in technical processes, equipment or software, new methods of organizing production.

Organizational innovation is the creation of a new database containing the best methods of action, training materials and other information that will make them more popular, the first introduction of an integrated monitoring system of the firm (production, finance, strategy, marketing), supply chain, business represents the first introduction of a system of management of general production or supply operations, such as the organization, production reduction management system or quality management, and so on.

From the point of view of the benefits of innovation, innovations include:

- innovations related to the development of science and technology;
- innovations related to production needs;
- Innovations related to market demand.

Depending on the type of activity of enterprises, innovations are also categorized in terms of technological, production, economic, social, trade and management. Hence, innovation reflects the most common properties, characteristics, connections and relationships of production and application of innovations as an economic category. The role of innovation in increasing the competitiveness of enterprises is especially important.

According to the production function, innovation represents the most necessary source of funding for extended reproduction. The economic essence of innovation is seen in benefiting from its results and using it as a source of financial resources of Namangan region is growing every year.

Table 1

**The share of small businesses in GRP**

Indicators	O'.b.	2019	2020	The difference
Industry products functional remove size	billion soums	856.9	1350.7	157.6
share in total industry	%	49.5	50.3	x
Volume of agricultural production	billion soums	2486.9	3162.2	127.2
share in total agriculture	%	99.1	99.2	x
Volume of construction works	billion soums	685.3	1056.4	154.2
share in total construction	%	87.9	95.2	x
Retail volume	billion soums	1572.1	1947.8	123.9
share in total retail sales	%	45.7	47.7	x
Service capacity	billion soums	1820,6	2098.8	115.3
share in total services	%	66.7	69.9	x

Source: Namangan regional statistics department.

The table shows that the share of small businesses in GRP is growing from year to year.

Table 2

**On new jobs created through the establishment of small business and private entrepreneurship in Namangan region and districts**

Nº	Name of city and district	2019(unit)	2020 (unit)
	<b>By region</b>	<b>32758</b>	<b>25426</b>
1	Namangan sh.	6186	4954
2	Mingbuloq	2516	1676
3	Kosonsoy	2590	1845
4	Namangan	2334	1765

5	Norin	2280	1970
6	Pop	2478	2340
7	Turakurgan	1981	1452
8	Home	2291	1928
9	Uchkurgan	2193	1541
10	Chartoq	2196	1609
11	Chust	2952	2060
12	Yangikurgan	2761	2286

Source: Namangan regional statistics department.

Today, 2,852.3 thousand people live in Namangan region. 60% of them are young people. In 2020 In January, the working age population was 1,492.5 thousand people , compared to 2021of the year 1as of January was 1515.2 m ing .

It is known that the problem of unemployment and employment is one of the most pressing issues in the region today. In a market economy, the placement of the labor force, that is, the transition from one sector to another, in turn ensures the growth of the number of workers in one sector, and vice versa in another.

In general, the accelerated development of small business is an important strategic task of sustainable economic development, a key link in the formation of the country's GDP, employment and a source of income, one of the key factors in ensuring national welfare.

Innovative processes, entrepreneurial spirit is more visible in small enterprises than in large enterprises, especially in promising sectors of the economy. That is why small and medium business has taken a greater place in electronics, computerization and other fields, which are modern industries.

The analysis shows that small businesses are one of the tools for people to realize their entrepreneurial, entrepreneurial, entrepreneurial and property ownership skills. The formation of the middle class, the prevention of deterioration of the economic situation of the population depends on the level of development of this sector of the economy.

As noted in many literatures, small business also has the following distinct advantages: it operates independently in its movement, independent of other enterprises; can decide to change the conjuncture of production, service in a timely manner, quickly, depending on the circumstances; can quickly adapt to local conditions, the needs of the population, customs, the needs of the local market; will be able to make a profit in the short term, the short duration of the production cycle; even in the event of bankruptcy due to the relatively small volume of production, the material damage is insignificant, and scientific and technical innovations can be introduced quickly.

**CONCLUSIONS AND SUGGESTIONS.**

Based on the above, it should be noted that the development of innovative activities of small businesses and the introduction of innovative management technologies in their activities is an important necessity due to the following factors:

- First, the compactness and mobility of small businesses, their ability to adapt quickly to changes in market conditions and consumer needs, have a positive effect on the introduction of innovative technologies in terms of low risk compared to large enterprises;
- Second, the introduction of innovative technologies in the activities of small businesses will reduce their high transaction costs and increase profitability;
- Third, the potential of small businesses to quickly absorb innovations allows them to earn high returns from the commercialization of innovations;
- Fourth, the introduction of innovative management technologies in the activities of small businesses will increase their export potential and competitiveness by reducing the cost of their products, increasing the range of goods and services, expanding sales of new products and developing promising markets.

In a market economy, the innovative activity of small business is an effective tool for competition, leading to the emergence of new consumers, lower production costs, investment inflows, higher ratings of new producers, the opening and capture of new domestic and foreign markets. If the activities of any enterprise are not focused on the development of new technologies that allow to produce new types of products with high quality and low cost, then no matter how successful it develops, over time it will inevitably decline competitiveness, weaken market position and reduce profits.

In short, the field of small business and private entrepreneurship, which is becoming one of the key sectors of our economy in our country, is steadily developing in the region. The fact that the share of this sector in the gross regional product of Namangan region is growing, the number of people working in this sector is growing, more than half of the population's income is generated by this sector is a clear evidence that this sector is becoming a decisive force today and tomorrow.

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