



THE IMPORTANCE OF REGIONAL ENTREPRENEURSHIP IN THE SERVICE SECTOR

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Abstract: This article considers that one of the main factors of economic development in the conditions of market relations is the development of small business and entrepreneurial activities, and in this regard, the importance of regional entrepreneurship in the field of service provision is very great.

Key words: economy, regional entrepreneurship, service, small business, innovations, market infrastructure, grants, subsidies, medium business, credit, international conditions.

Today, the service sector occupies a special place in solving the problems of economic development. Satisfying the growing and expanding needs of the population for various services as fully as possible is a priority task of the socio-economic policy that is being pursued in our country. The main strategic goal of the Republic of Uzbekistan is the formation of an open market economy. In this regard, in the Action Strategy for the five priority directions of the development of the Republic of Uzbekistan in 2017-2021, rapid development of the service sector in the priority directions of economic development and liberalization, increasing the role and share of services in the formation of the gross domestic product, the composition of the provided services, first of all, at the expense of their modern high-tech types it is important to define the tasks of reducing subsidized districts and cities and expanding the income base of local budgets due to radical transformation and rapid development of industry and service provision.

It is known from the experience of the world economy that today the share of the service sector in the GDP of countries is high compared to other sectors, so the world economy is already considered a service economy. Due to the innumerable advantages of this sector, most countries pay attention to the effective development of the service sector in order to increase the welfare of the population and ensure the employment of the population. Therefore, the government of the Republic of Uzbekistan has implemented some measures aimed at the further development of the service sector. For example, in "On the development strategy of New Uzbekistan for 2022-2026¹ a system of addressing all state bodies from the neighborhood and communicating with their leaders will be created, and state and social services will be provided directly in the neighborhood, including effective communication with the public reception offices of the President of the Republic of Uzbekistan "increasing the reputation of neighborhoods in front of the people by establishing connections" was emphasized, and a number of tasks were defined, first of all, regarding the services provided to modern high technologies.

Methods such as systematic analysis, statistical observation, statistical summation and grouping, average quantities, dynamic series, correlation and regression analysis, econometric modeling and forecasting were used in the research process.

¹ Ўзбекистон Республикаси Президентининг 2022-2026 йилларга мўлжалланган Янги Ўзбекистоннинг тараққиёт стратегияси тўғрисида"ги 28.01.2022 йилдаги ПФ-60-сон Фармони, <https://lex.uz/docs/5841063>

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One of the main factors of economic development in the conditions of market relations is the development of small business and entrepreneurial activities. The English economist Richard Cantillon first expressed an opinion on the meaning and meaning of the concepts of "business" and "entrepreneurship" in the late 17th and early 18th centuries. According to him, an entrepreneur is a person who operates under risk conditions, and he considered the land and labor factor as a source of wealth that determines economic well-being.²

At the end of the 18th century and the beginning of the 19th century, the French economist J.B. Say defined entrepreneurial activity as the three classic factors of production - land, capital, and the integrity of labor.³

Through this definition, it can be seen that the author connected the entrepreneurial activity to land and labor based on the economy of the time, and thereby equated it to the current farm owners.

According to the English economist A. Smith, an entrepreneur is an owner of capital, he implements a certain commercial idea and starts a business with risk in order to make a profit, because he knows that investing capital in a business is always associated with risk, and the profit from entrepreneurship is a reward for personal risk⁴. - he said.

In the 19th and 20th centuries, realizing the importance of entrepreneurship and its role in the economy, the French economist Andre Marshall first added a fourth - organizational factor to the three factors of production (land, capital, labor) mentioned by J.B. Say, and since then, the concept of entrepreneurship and this the scope of work in the field expanded.

Each of the mentioned factors reflects a specific profit from production: the capitalist receives additional interest from the capital, the land provides rent, the capitalist's business activity generates income, and the labor of the worker provides him with a salary. In other words, in the words of J.B. Clark: "Free competition gives labor what comes from labor, capitalists get what capital creates, entrepreneurs get what comes from coordination"⁵.

In Western and local modern economic literature, many economists pay attention to the topic of entrepreneurship and emphasize its unique abilities. In particular, A. Shapero sees an entrepreneur as a person who shows initiative and is able to organize socio-economic mechanisms in market conditions. B. Karlof sees the role of a regional entrepreneur in the ability to optimally combine all factors of production: property, labor, capital and make the right decision about resources. He closely connects entrepreneurship with creativity.

It is not necessary for an entrepreneur to personally deal with the development of new markets, the transition to the production of new goods, the provision of services, etc. The main thing is to create a creative atmosphere in the organization, enterprise, team, and it follows that, in our opinion, the main task of an entrepreneur lies in the development of new markets, new technologies, and the

² Кантильон Ричард Эссе о природе торговли в общем плане // Мировая экономическая мысль. Сквозь призму веков. — М.: Мысль, 2004. Т. 1. — С. 269—278.

³ By Jean-Baptiste Say.«A treatise on political economy; or The production, distribution, and consumption of wealth» Translated from the fourth edition of the French, by C. R. Prinsep, M.A. with notes by the translator.// Batoche Books, 2001 y. <https://socialsciences.mcmaster.ca/>

⁴ Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation: An exploratory study. *The Journal of Applied Behavioral Science*, 40(3), 260–282.

⁵ Кларк Ж.Б. Распределение богатства. -М., 1994. 40-бет



release of new goods and services. This means that he is fundamentally different from businessmen - businessmen who can engage in any economic activity. Although there are venture capital and manufacturing sectors, it is possible to observe the manifestation of business and entrepreneurial unity.

H. Stevenson and J. Jarrillo-Mossilar conceptualized entrepreneurship as a management style focused on seeking and exploiting opportunities, as managers operating in dynamic markets are faced with managing disruptions arising from an interconnected global economy. This determines the development of entrepreneurship on the basis of structural changes in some industries as a result of increased competition, demographic growth, and other changes. The development of small business and the complexity of management tasks in this area determines the gradual formalization of functions and tasks of small business management.

Taking into account the definitions discussed above, the main characteristic features of entrepreneurship can be distinguished:

1. An initiative related to the search for new opportunities for income and profit using know-how, scientific knowledge, achievements in their activities.
2. Commercial risk and economic responsibility of the entrepreneur. It seems that the introduction of each new thing necessarily creates uncertainty, and this, in turn, creates a commercial risk that can be minimized by carefully analyzing all possible options and choosing the most promising of them. The second option presented here encourages more economic development.
3. Combining factors of production in order to find the most optimal and rational way of using the factors of production used to reduce costs and increase profit.
4. Implementation of innovations of new forms of organization of business activities, i.e. principled new technologies.

The concepts of "small business" and "entrepreneurship" used in modern economic literature, legislation and practice are not strictly differentiated and are often used as the same concept. However, there are also differences. The position of differentiation of concepts has both legal and economic bases, including property relations.

Of course, a number of local scientists have conducted research on the topics of "entrepreneurship" and "entrepreneurial activity". For example, Academician S. Gulomov connected entrepreneurship with innovation and gave a scientific definition: "an entrepreneur is a person who collects funds, materials and labor and creates a new product, a new business, and a new production process."

The innovative activity of small business entities first of all implies the introduction of new, improved production into practice, secondly, the reduction of all types of production costs, and thirdly, the constant increase of their consumption and quality indicators while reducing the prices of manufactured products. M. Ortikov and E. Koldoshev classify "Entrepreneurship as the process of implementing a new idea, product, service or work, with the risk of a certain amount of financial resources."

In the approach of professors Yo.Abdullaev and F.Karimov, the concept of "entrepreneur" is shown as the main subject of economic management in the market economy. It is emphasized that an entrepreneur can appear both as an individual and as a group of people who combine factors of production, who combine the means of production at their disposal with labor power, in terms of purchasing this labor power and using it in economic activities. Economist D.Kh. Suyunov in his



research focused on "the role of management organization in the development of small business, making management decisions in small business entities in conditions of uncertainty, and paid special attention to management processes in small business entities."

The legislation of the Republic of Uzbekistan states that "Entrepreneurial activity (entrepreneurship) is an initiative activity carried out by the entities of entrepreneurial activity in accordance with the law, aimed at obtaining income (profit) at risk and under their own property responsibility", which, in turn, from a legal point of view, is a small enterprises commercial organizations - legal entities of various organizational and legal forms (except for unitary enterprises) and forms of ownership, the size of which is determined by law, can perform one or more specific functions for the production and distribution of goods and services.

From an economic point of view, small business is a complex multidisciplinary object for research, and from this point of view, the essence of small business is revealed in three aspects - as an economic phenomenon, as an economic category, and as a field of economic activity. As an economic phenomenon, small business is a collection of small businesses and individuals who provide self-employment in the production and distribution of material goods and services. The main criterion for determining the essence of small business as an economic phenomenon is the organizational and economic characteristics of small business.

Characterization of small business as a set of economic entities that are not classified according to small criteria and form of ownership in the "Entrepreneurial Activity" and "Family Entrepreneurship" laws and meet the basic requirements of the laws on entrepreneurship, but are classified for unofficial reasons, based on the above institutional foundations possible In this regard, in other words, small business is a legal entity and small enterprises are distinguished by the fact that they unite entrepreneurs of all forms of ownership without the formation of legal entities and both active and passive behavior in the market. As for the term small business, first of all, it should be noted that many famous economists reveal the nature of small business in three ways, that is, as an economic phenomenon, as an economic category, and as a field of economic activity.

As an economic phenomenon, small business is a collection of small businesses and individuals who are self-employed in the production and distribution of material goods and services. The main criterion for determining the essence of small business as an economic phenomenon is the organizational and economic characteristics of small business. As an economic category, small business represents market relations between legal entities and individuals, in which at least one of the parties is a small business or an individual entrepreneur, and performs economic activities related to the production, exchange, distribution, and consumption of goods and services, as well as the satisfaction of certain needs of people and consumption. increases.

Small business, as a field of activity of business entities, represents various economic activities related to the creation of products and their sale under competitive conditions, and appears as a form of small-scale production in market conditions. Therefore, a small business is a business activity in which the main driving force is an entrepreneur who combines property and management functions and rationally combines the factors of production (land, labor, capital) with personal innovative initiative and risk based on full economic responsibility to obtain entrepreneurial income.

Although entrepreneurship and business are related to each other, they are still not the same concepts. Business is the creation of new value, which is more consistent with the common understanding of the entrepreneur's profit. In the course of business, an idea that has existed until this



time, a patent, is used as the entrepreneur's own invention. On the other hand, new technologies and more efficient ways of organizing it should be used constantly in a ready, working business. In today's business, key business owners need to create conditions for every employee in the organization to feel like an entrepreneur.

If the entrepreneurial spirit fades in the organization, that is, if the so-called fourth factor of production disappears, this business will go into crisis under the pressure of competitors and new technologies. At this point, it should be noted that in such cases, the territory also plays a big role, because if the entrepreneurial potential is high in the designated territory, then competition, risk and danger will be strong for them. Although entrepreneurship is understood as a manifestation of entrepreneurship not only in the economic sphere (product production), but also in all other spheres, in particular, in the administrative sphere (creating unique methods of state management) or in the sphere of education (creativity). innovative teaching methods), so, naturally, the concept of "entrepreneurship" is broader than the concept of "business".

A new direction that develops the economy of Uzbekistan - the service sector continues to develop as a rapidly developing sector of the economy. As various types of services expand and develop rapidly, services play an important role in meeting the proportionate domestic demand in the consumer market of our products. New jobs are being created due to the development of banking and finance, tourism, insurance, information and communication services, etc., which occupy a significant place in the services market.

The information service on the development of service types is becoming widely popular, its activities are divided into various mini-services and are developing widely. These include computer and internet services. As a result of the addition of this service to the direct communication service, a modern paid service - sending channels (Paynet, Unipay, Western-union, etc.) was formed. The development of the service market in the republic serves as an incubator for entrepreneurship.

Because, due to the speed of capital circulation, favorable conditions are created for business entrepreneurship. The composition of the service market is mostly small enterprises, which allows the majority of economically active persons to engage in business. This, in turn, is an important guarantee for the formation of the class of middle owners (entrepreneurs). In fact, the organization of various services in the service market, the rapid development of small business and private entrepreneurship is an important factor in increasing employment and income of the population. It should also be noted that the development of small business affects the development of the national economy:

- increase the quality of products and services and the volume of production;
- creation of new jobs and integration of large, medium and small businesses;
- implementation of competitiveness, achievements of scientific and technical development;
- development of innovative activities in small business and private entrepreneurship.

Judging from the above, the service sector of regional entrepreneurship is one of the main market subjects of the economy, it provides employment to labor resources, serves as a basis for the development and implementation of innovations, and solves many socio-economic problems in the country.

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