

EXPERIENCES OF FOREIGN COUNTRIES IN THE USE OF INNOVATIONS IN  
THE DEVELOPMENT OF SMALL BUSINESS ENTITIES AND ASPECTS OF THEIR  
APPLICATION IN OUR COUNTRY

**Rustamov Alisher Rakhmatullaevich**  
Namangan Engineering Construction Institute

**Annotation:** *In this article, the experiences of foreign countries in the use of innovations in the development of small business entities and aspects of their application in our country.*

**Keywords:** *innovation, small business, innovation process, business plan.*

### **Introduction**

Small business is the most dynamic component of the market economy, which serves to develop innovative processes, strengthen the economic situation of regions, increase the number of jobs, increase competition, fill the market with consumer goods and services that are in high demand by the population.

Despite the official presence of all the necessary laws and other instruments and institutions regulating the development of entrepreneurship, the Republic of Uzbekistan is a country with a very low number of small and medium-sized enterprises per thousand people. Thus, according to the World Bank, among 189 countries and territories analyzed in its 2019 report, New Zealand took first place. It is followed by Singapore, Hong Kong, Denmark and South Korea. In the Republic of Uzbekistan, the number of small business entities per 1,000 inhabitants is 14.7 units, an increase of 104.3 percent compared to the previous year. This indicator is equal to 22.0 units in Poland, 74.2 units in the USA, and 45.0 units in the countries of the European Union.

Financial support of economic activity in small and medium-sized enterprises is the least studied issue in the reformed local enterprise management system. If about 83% in the USA and more than 92% in Germany implement the planned forecasts, the number of researches on the Republic of Uzbekistan is only 17.4%.

The experience of developed countries shows that small business there develops successfully when it is implemented under state patronage: budget funds and political tools that can attract funds from business entities to small business are used. If we pay attention to the European experience in this regard, the small business support policy is implemented through the activities of the states and special programs implemented under the auspices of the European Union.

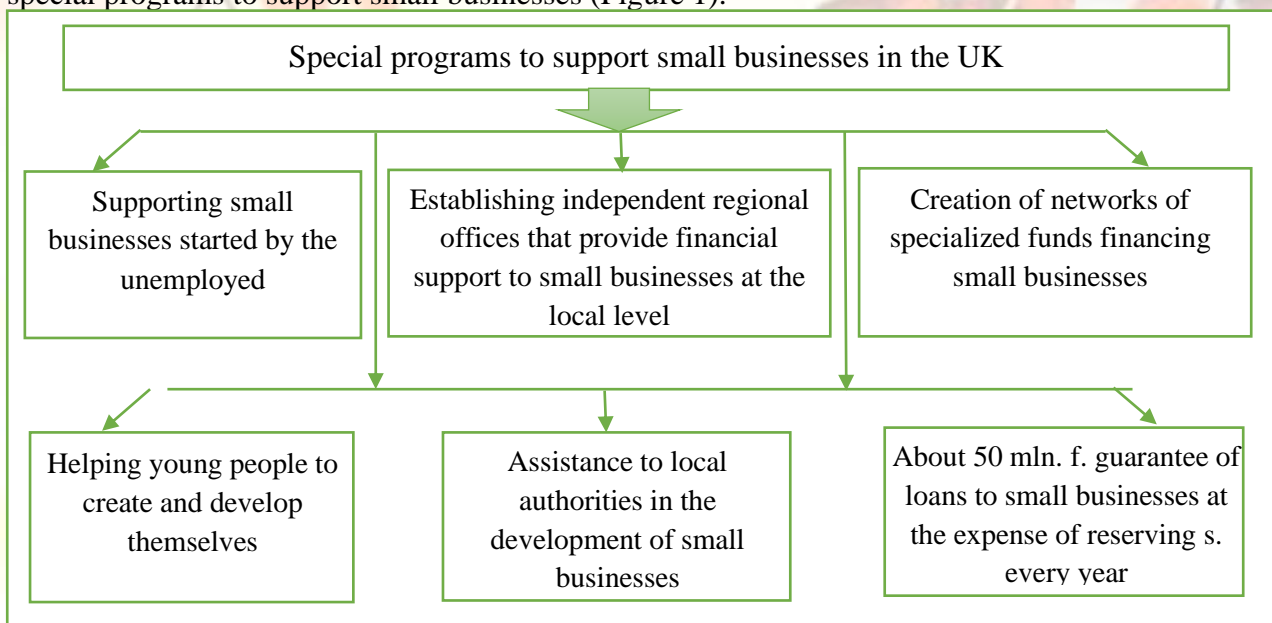
Small business support measures are financed from the structural funds of the European Union, in particular, the Regional Development Fund, the Social Fund. At the state level, financial assistance is provided in the first years of activity through the provision of large amounts of tax credits, loans on preferential terms to entities focused on the implementation of innovations, environmental protection and ecological projects operating in backward regions, and enterprises of high social importance.

It should be noted that the governments of the countries make a great contribution to the financial support of the organizations and funds that support the development of small business. These funds are divided into joint investment companies and joint guarantee companies. National chambers

of commerce and small business associations also play an active role in the financial development of small business entities.

In Scandinavian countries, the state is the main "donor" of financial "injections" to small businesses. The governments of these countries provide subsidies and direct loans to start small businesses. Prospective and important projects can be financed by 50-75% of state funds. Ireland pays a monthly allowance of £50 to certain categories of start-up entrepreneurs throughout the year.

Analyses show that preferential loans are allocated in our country for the implementation of new projects and modernization of small business enterprises at a rate almost twice lower than the market rate. The priorities for the development of small business in the UK are the development of special programs to support small businesses (Figure 1).



**Figure 1. Special programs to support small businesses in the UK**

In Italy, a system of state financial support for small business has been developed by subsidizing the activity of certain areas of small business and the activity of consortia and cooperatives uniting small business, as well as preferential lending. The amount of subsidies of such associations does not exceed 300 million liras per year or 800 million liras in a 3-year period. An interesting form of non-governmental financial support for small businesses is widespread in Spain. Here, mutual guarantee societies were established at the expense of voluntary contributions of entrepreneurs.

The purpose of such societies is to provide guarantees to banks for loans to their members. In the absence of its own funds, the Spanish government provides financial support to the societies. When a certain amount of capital is accumulated in an enterprise, it can become a mutual financing company. In this case, it acquires the status of a financial institution and engages in direct investment in business activities.

Small business support in the US is mainly through grants and direct guaranteed loans. In addition, small business support programs are implemented at the state level by attracting non-



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governmental funds. In case of insolvency of the borrower, the state covers 100% of the losses. State guarantees reduce the risk of activity of credit and financial institutions, stimulate the interests of small business creditors.

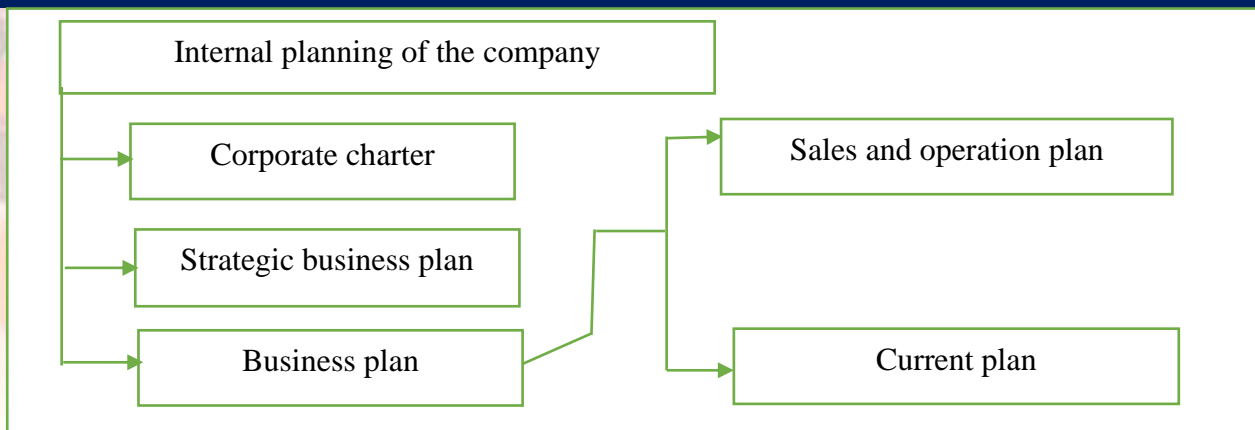
As an example of the special role of small business in the development and recovery of the national economy, Japan provides about 40% of industrial production with small business. Such results include the establishment of a large state support, in particular, a small business insurance corporation, a credit guarantee association; introduction of a special tax for certain types of activities, such as providing preferential loans, guarantees, subsidies to enterprises for modernization and improvement of production, implementation of joint projects with universities and institutes on new developments, development of the light and food industry, adoption of new products and new technologies achieved due to In addition, it is financed by the state for providing consulting and information to small businesses, training personnel.

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**Figure 2. Aspects of internal planning in foreign companies adapted to our national economy**

As can be seen from Figure 2, the main goals of the enterprise are determined by the Corporate Charter. It expresses corporate standards, market orientation, ownership structure, business location, and relationships with owners and employees.

Next in importance is the Strategic Business Plan, which spans five to ten years and outlines financing and production strategies, sales growth, and market share. All further activities of the enterprise are formed on the basis of these two plans, and further plans are made in accordance with the above.

The basis of planning for many small and medium-sized enterprises is annual budgets, which are described in more detail in the form of operating budgets for a quarter, a month, a week. They include:

- business plan - is drawn up for one to three years (often divided into quarters) and indicates the sources of investments, determines the directions of development of production facilities, requirements for personnel, material and financial resources. Includes a consolidated sales plan in monetary terms;

- sales and operation plan (sales and production plan - product portfolio) - drawn up for one or two years, determines business plans;

- current plan (current financial plan) - includes a detailed plan of production and sales.

Thus, it can be seen that the intra-company planning of small and medium-sized business structures in foreign companies is very detailed and systematic, as several types of plans have been developed according to the relevant hierarchy. Such planning takes a lot of time, but it allows you to develop more options for the development of the enterprise in different conditions. This is explained by the pragmatism of entrepreneurs and the demandingness of legislation.



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Regarding the reforms in this regard carried out in the Republic of Uzbekistan, in the "Prospects for the development of small business and private entrepreneurship" presented in the "Concept of the socio-economic complex development of the Republic of Uzbekistan until 2030":

- stimulating the export activities of business entities, introducing a national system of export support institutions, eliminating complex procedures and reducing costs in foreign trade operations.
- to continue the practice of supporting the private sector in the post-privatization period of state-owned enterprises by developing and assisting investment projects for the restoration of non-working enterprises.
- development of a separate inter-departmental system to support small and medium-sized businesses. In this regard, the implementation of an interdepartmental collegial system in solving the problems of business entities is to create a practice of solving the existing problem on the spot.
- increasing the share of the private sector in exports to 60%;
- establishment of 200 new industrial zones in the regions and development of the system of business incubators. Creating more favorable conditions for the development of entrepreneurship in districts with difficult conditions;
- development of factoring practice based on advanced foreign experience;
- to reduce the tax burden on business entities from 27.5% to 25% of the gross domestic product by 2026;
- improvement of the activity of existing structures for supporting entrepreneurship, reducing unemployment and poverty in the regions;
- making the necessary information freely available for business entities to start their activities and preventing construction defects or problems in construction activities;
- the tasks of reducing the state participation in the economy and opening a wide path for the private sector and expanding the introduction of free market principles in economic relations were defined.

If we look at the current situation of small business, we can see a number of shortcomings that limit the use of financial planning by entrepreneurial firms, in particular: high level of uncertainty in the product market, ongoing global changes in all areas of society, their unpredictability, lack of an effective legal framework in the field of financial planning within the enterprise. , it is possible to bring limited financial opportunities for implementation of financial developments in the field of planning in many business enterprises.

According to the results of the analysis carried out in the study, the main reasons for the unsatisfactory level of planning in small businesses and private enterprises are: the lack of tools and planning methods for determining the limits of the use of planning levers in accordance with the scale of business in each specific enterprise. It is also known that many people who do not have thorough knowledge in the field of economics and management are engaged in business activities.

In our opinion, it is necessary to turn to international experience to solve the problems of small business and private entrepreneurship in the Republic of Uzbekistan, so it is appropriate to recommend some ways of improving small business enterprises.

As for the possibilities of improving the financial planning of enterprises, taking into account the high experience of small business and private entrepreneurship in the conditions of the market

economy, and taking into account the stable legislation, it is much easier for foreign economic entities to plan their activities, and the development of financial plans of enterprises is carried out in a detailed form that corresponds to the established system.

In conclusion, in order to eliminate the shortcomings that arise in the development of small business and private entrepreneurship and to improve its activities, the government of the Republic of Uzbekistan should improve and detail the legal framework in the field of financial planning within the enterprise, and as a driving factor, stimulate the active innovative development of small business and private entrepreneurship for rapid development. . This, in turn, requires the creation of appropriate conditions for the formation of an effective financial mechanism as a methodical, methodical, organizational construction of the system of financial relations inside and outside enterprises.

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