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## ANALYSIS OF ECONOMIC INDICATORS OF SMALL BUSINESS AND ENTREPRENEURIAL ACTIVITIES IN THE REPUBLIC OF KARAKALPAKSTAN

**Abstract:** The article analyzes economic indicators in the sphere of small business and entrepreneurship in the Republic of Karakalpakstan. The characteristics of this sector, its place in the economy, investment activity, and development prospects are considered.

**Key words:** Small business and entrepreneurship, business management, small business, investment, trade, GDP, economy, development prospects.

**Language:** English

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### Introduction

Researches conducted by well-known scientists show that the activities of an entrepreneur in his field of activity are multifaceted. This is determined by changes in market policy or by the influence of internal and external factors of the enterprise. But the main goal of an entrepreneur is to make a profit, as well as to carry out activities that ensure efficient operation in the market. To do this, it is necessary to create a mechanism based on modern management methods that manage entrepreneurship and support it, and ensure its effective use. When managing a business in market conditions, it is necessary to take into account its following features:

- the entrepreneur always takes into account the demand and supply in the market;
- the entrepreneur makes efforts to ensure efficiency and looks for ways to reduce production costs;
- persons who are responsible for the final results of the business, create sufficient opportunities to conduct their business under free conditions;
- the final results of a small enterprise, i.e. its profit or loss, will be known only in the process of trading in the market;

- a small business entrepreneur puts his funds into action and does not know exactly what risks he will face in the market or what the final result will be.

Thus, entrepreneurship is a special type of economic activity, based on independent initiative, responsibility, entrepreneurial idea, profit-oriented, goal-oriented activity. entrepreneurship is a special type of economic activity, the initial stage of which is usually associated with thinking activity or its result, only then it takes a material form. [1]

Great attention is paid to the development of this industry in our country. In particular, in August of this year, President Shavkat Miromonovich Mirziyoyev had an open dialogue with entrepreneurs in the city of Nukus, Republic of Karakalpakstan. "Investing and doing business in Karakalpakstan has 3 advantages over other regions. The first is a package of more than 50 benefits for business in Karakalpakstan that are not available in any other region. Second, a simple land allocation system has been introduced in Karakalpakstan. The third is Karakalpakstan, the most convenient region for us to enter large markets," said our president.

To date, many scientific studies have been carried out to clarify the concept of "entrepreneurship" and to substantiate it scientifically, and the concept of entrepreneurship was first introduced into the

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economic teachings by the English economist R. Cantilon. R. Cantilon formed a scientific approach to the study of entrepreneurial activity, and it was described in his work entitled "Writings on Trading". R. Cantilon defines in this work: "Entrepreneur is a person who owns his own enterprise and conducts business on the basis of competition." According to him, an entrepreneur is a person with uncertain income (farmer, craftsman, merchant, etc.) because they buy other people's products at certain prices and it is not known how much they sell their products. [2]

American economist J.B. Clark (1847-1938) made some changes to J.B. Say's "triple formula". According to him, four factors are always involved in production:

- 1) capital;
- 2) means of production and land;
- 3) entrepreneurial activity;
- 4) labor of the worker.

Each factor represents a specific profit from production: from capital, the capitalist receives additional interest; land gives rent; the capitalist's business activity generates income; the work 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." This is how he understood entrepreneurial activity. [3]

The famous American economist Y. Schumpeter (1883-1950) in his book "Theory of Economic Development" defined an entrepreneur as an innovator. The scientist considers entrepreneurship to be the introduction of innovations that play a major role in the development of the capitalist economy and economic growth: "We call economic subjects whose function is to introduce new combinations entrepreneurs." [4] British economist Friedrich von Hein (1899-1984), who received the Nobel Prize in economics (1974), approached this problem differently. In his opinion, entrepreneurship is not an activity, but a search for new economic opportunities, providing actions. The scientist interprets entrepreneurship as not an activity. [5]

The methodological basis of the research is the legislative and regulatory documents in the field of small business and private entrepreneurship development, in particular, the direct study of the problems and proposals of entrepreneurs, the annual meeting of the President of the Republic of Uzbekistan on determining the main directions of the future development of entrepreneurship. In order to organize open dialogue with entrepreneurs at a high level, the decision of the President of the Republic of Uzbekistan No. PQ-200 of May 30, 2024 and the open dialogue of President Shavkat Miromonovich Mirziyoyev with entrepreneurs on August 18 of this year were received. [6]

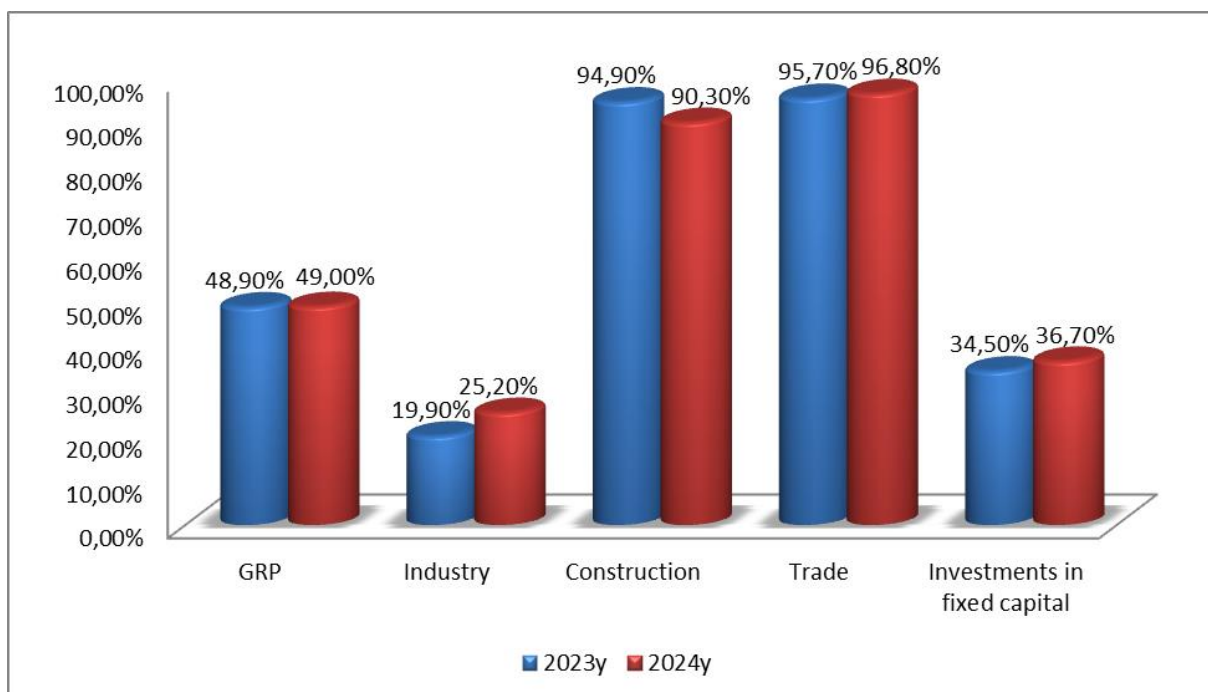


Figure 1. Changes in the share of small entrepreneurship (business) in the Republic of Karakalpakstan (as a percentage of the total volume) [7]

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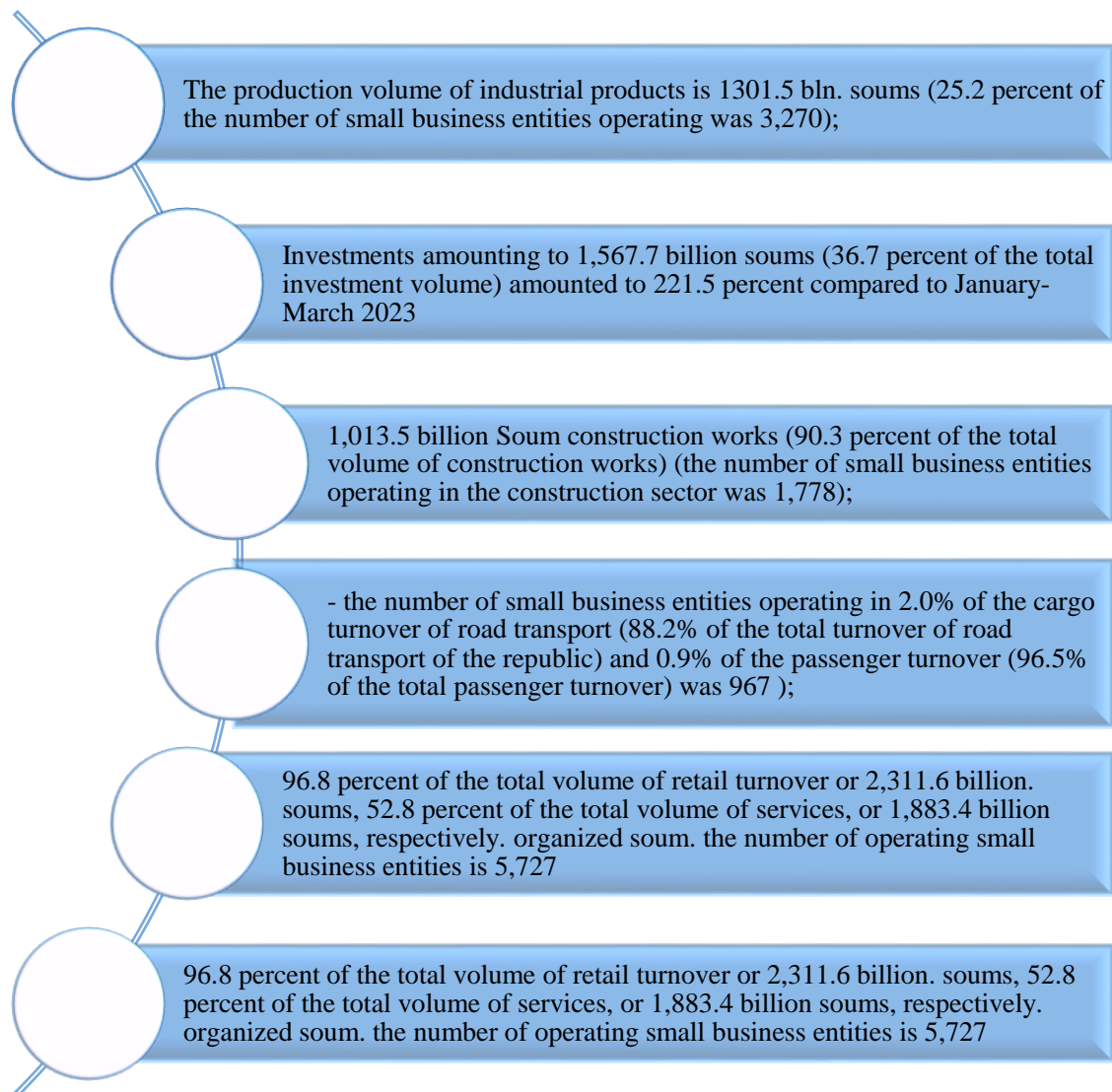
**Main part**

One of the main factors of economic development in the conditions of market relations is the development of small business and entrepreneurial activities. Great attention is paid to the development of this industry in our country. "Investing and doing business in Karakalpakstan has 3 advantages over other regions. The first is a package of more than 50 benefits for business in Karakalpakstan that are not available in any other region. Second, a simple land allocation system has been introduced in Karakalpakstan. The third is Karakalpakstan, our most convenient region for entering large markets," said our president Shavkat Miromonovich Mirziyoyev.

If we analyze the socio-economic situation of the Republic of Karakalpakstan, we can see that the

economic indicators of small business and private entrepreneurship are growing year by year. (Figure 1)

If we analyze the data of Figure 1 presented above, in January-March 2024, the share of small entrepreneurship (business) subjects in the gross territorial product of the republic was 49.0 percent, compared to the corresponding period of 2023 (48.9) made a relative percentage. The industrial sector was equal to 19.90% in January-March 2024. The construction sector accounted for 90.30% this year. The trade sector was equal to 96.80% in January-March 2024. We can see that investments made in the main capital amounted to 34.50% in January-March 2024. This indicator has increased by 20.20% compared to 2023.



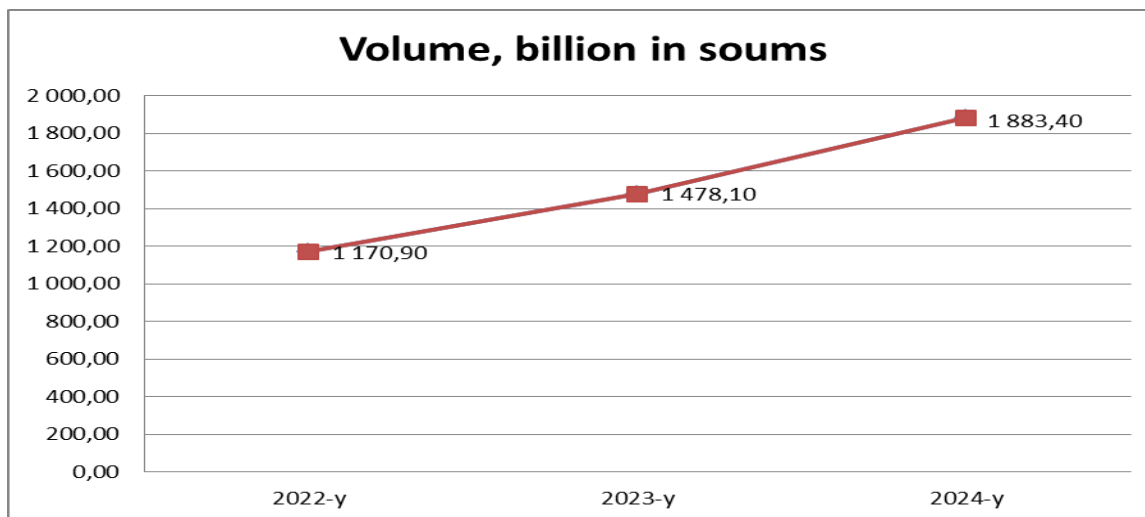
**Figure 2. The main economic indicators of small business entities in the section of sectors in January-March 2024. [7]**

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As of April 1, 2024, the number of operating small business entities is 13.1 units per 1000 inhabitants, and this indicator has increased by 0.7 units compared to 2023. The highest ratio of the number of small business entities per 1000 inhabitants in cities and districts is 21.7 units in Nukus district, 20.2 units in Moynaq, 18.0 units in Bozатов, 17.9

units in Karaozak, and 17.9 units in Qonliko. 16.7 units, 16.1 units in Nukus, Takhtakopir 15.9 units, Kegeili 13.0 units, Shumanai 12.5 units, Tortkol 12.4 units, Ellikkala 12.4 units, Kungirov 11.4 units, Beruni 11.4 units, Chimboy 11.2 units, Khojayli 10.3 units, Amudaryo 10.3 units, and Takhyatosh 9.4 units.



**Figure 3. Service activities of small business entities**

If we analyze the results of the activities of small business entities in the Republic of Karakalpakstan in providing services, in 2022 this indicator was equal to 1170.90 billion soums, i.e. it was a 50.5% share. In 2023, this indicator was equal to 1478.10 billion soums, i.e. it was a 52.5% share. In 2024, this indicator was equal to 1883.40 billion soums, that is, it was a 52.8% share.

Significant growth in freight rates over the past five years 2020, It was recorded in January-March 2021, 2022 and 2024. At the same time, In the analyzed period of 2023, a decrease in volumes was observed. Car is among all tracked modes of transportation for freight the share of transport dominates (313.2 million tons). By rail 17.9 million tons of cargo were transported. 17.4 million tons of gas was transported through the pipeline. Load a relatively low indicator of transportation was recorded in air transport - 2.3 thousand tons.

In January-March 2024, the weight of the total volume of cargo transportation car transport - 89.9%, share of other types of transport and it was 10.1%. According to the results of January-March 2024, the total cargo turnover the share of pipeline transport in the volume is 41.7%, railway transport 32.1%, road transport 26.0%, air transport 0.2%

President Sh. M. Mirziyoyev put forward important new initiatives to create additional conditions for entrepreneurship. The first direction is to increase financial resources for small and medium-sized businesses. Last year, a new system for financial

support of small and medium-sized businesses was introduced. In this regard, the Business Development Bank and the Entrepreneurship Development Company were established, and a total of 3.5 trillion soums of microloans were allocated to more than 35,000 entrepreneurs since the beginning of the year. In addition, 1 trillion soums worth of microloans were given to 115,000 people who are just starting entrepreneurship under the "First Step to Business" program. Now all banks and microfinance organizations will be able to participate in supporting small and medium-sized businesses. [8]

### Conclusion.

In the conditions of the market economy, there is no other way for an entrepreneur to influence the consumer than to act in accordance with the interests of the consumer. But this does not mean that the entrepreneur should act in accordance with the interests of the consumer. The entrepreneur himself can form consumer demand, create new consumer needs. Based on this, there are two ways of organizing business activities:

- the method of determining the consumer's interest;
- a method of "forced acceptance" of new goods or services to the consumer. [9]

Thus, the main goal of an entrepreneur is to determine the need for a product in order to acquire his customers. An entrepreneur should take into

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account the following main factors when forming his customers:

- novelty of the product and its compatibility with the buyer;
- quality of goods or services; price of goods or services;
- degree of universality of the product; product appearance,
- its compatibility with the buyer's demand; the possibility of using after-sales service services;
- compliance of the goods with accepted general or state standards;
- attractiveness of advertisement of goods and services, attraction of customer's attention, etc. [10]

The conclusion is that if the entrepreneur is an active subject from the point of view of social production, then the consumer plays an active role in terms of the entrepreneurial process itself, its effectiveness and content, and the entrepreneur cannot

deny this factor. Entrepreneur's personal characteristics, abilities, opportunities and work qualities are the driving force of entrepreneurship. The entrepreneur's work qualities should be based on the following principles:

- first, the market finds its place in the economic system by analyzing the level of supply of goods and services;
- secondly, the readiness to create a personal production structure;
- thirdly, based on the results of marketing research, make preliminary business calculations;
- fourthly, the ability to direct leadership in the implementation of a business project;
- fifthly, to be the first to implement a new technical and technological idea in life and to use this idea in practice, to be able to imagine what final result, products or services can be obtained from it.

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