

EFFICIENCY IN ENTREPRENEURIAL ACTIVITY AND ITS DETERMINANTS

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Abstract

Entrepreneurship's pivotal role in economic growth and innovation is emphasized in Uzbekistan, where economic reforms are cultivating a robust landscape for small businesses. Regional dynamics, aligned with governmental insights and market mechanisms, foster entrepreneurship's development, echoing the nation's strategic goals. Successful initiatives in the Samarkand region highlight the symbiosis of internal growth drivers and international investments, shaping a promising entrepreneurial environment for sustained economic prosperity.

Keywords: Entrepreneurial activity, innovation, economic expansion, industrial development, small businesses, private entrepreneurship, regional characteristics, local government insights, economic reforms, economic and legal foundations, free economic activity.

Introduction

Entrepreneurial activity stands as a driving force in innovation and economic expansion, fostering industrial development and ushering in novel transformations in business. In our country today, as a result of economic reforms, small businesses and private entrepreneurship are evolving, steadily increasing their significance in the overall economic landscape. The unique characteristics of regional areas play a vital role in advancing small business activities. Specifically, local government bodies possess crucial insights into their region's financial and material capabilities, the genuine needs of their population in terms of specific product and service types, perspectives on activity areas, and efficient utilization methods of resources within ownership structures.

Entrepreneurship is considered an independent economic activity conducted with the aim of profit, taking into account the needs of the population within the framework of the law. Developing entrepreneurship is a crucial requirement of the market economy, and is one of the fundamental pillars of New Uzbekistan's progress. The smooth functioning of the market mechanism ensures the development of entrepreneurship. By the law of value in the market economy, the producer receives a benefit corresponding to the market value. Based on the principles of fairness in distribution, a producer who has not reached a satisfactory level of demand bears losses. Those who achieve a high level of demand are deemed to bring high benefits themselves, which in turn incentivizes the encouragement of such entrepreneurship. In many cases, the correct implementation of the market mechanism, especially its fairness in the economy, is considered a development factor in entrepreneurship. Recent innovative



initiatives have led to the realization of the fairness principles of distribution, and an integrated economic system has been formed. The voluntary operation of the market mechanism, without speculative or other distortions, as well as creating necessary conditions for entrepreneurship through entrepreneurial conditions, are proving the effectiveness of advancing entrepreneurship.

Within the framework of the Actions Strategy adopted by our President regarding the five priority directions for the development of our country, more than 300 laws and over 4,000 Presidential decrees have been adopted to comprehensively improve all areas of state and social life. [1,2,3,4]

The establishment of economic and legal foundations for the development of small and private entrepreneurship in our country is leading to positive results. It is possible to see the effective results of the economic policy aimed at promoting free economic activity in our Republic, with the Samarkand region serving as an example. In the region, practical results of initiatives aimed at developing entrepreneurship can be seen within the dynamics of performance indicators. In 2023, 1,876 national investment projects with a total value of \$2034.3 million were implemented in the region, achieving a growth rate of 53.7% compared to the previous year. Through the implementation of these investment projects, 27,986 additional job positions were created, indicating a 26.1% increase compared to the previous year.[7]

Investment expenditures in production contribute to strengthening production capacity, increasing product diversity, paying with domestic market products, raising prices, and increasing the national currency's purchasing power. Certainly, one of our current critical challenges is raising the level of consumer affordability by raising product prices, which demands achieving high efficiency in production. Investment expenditures serve this purpose primarily. The creation of additional job positions contributes to meeting the population's demand, leading to an increase in living standards.

According to economists, "there must be a specific business environment for effective entrepreneurship." They argue that "...the entrepreneurial environment is mainly influenced by four factors: the interdependence of legal, political, social, and economic factors."

In the Samarkand region, a favorable entrepreneurial environment has been formed, achieved through the interplay of internal and external factors and their variability. Well-known economist S.S. Gulomov's book "Entrepreneurship and Small Business" provides brief insights into the impact of internal and external factors on the entrepreneurial environment and their adaptability.[5]

As a result of international economic and investment cooperation, it is possible to note in the annual report the implementation of national investment projects worth \$2034.3 million as internal factors for the development of entrepreneurship in the region. These investment expenditures contributed to the development of production and service sectors.

As external factors for the development of entrepreneurship, foreign investments of \$1044.6 million were attracted to the region's economy in 2023. The attraction of foreign investments not only contributes to increasing the volume of production but also plays a significant role in the development of regional market infrastructure. The increase in the number of joint ventures ensures the advancement of local entrepreneurs' skills and experiences in business



management. Training courses have been organized to enhance the experiences of local workers and employees working in joint ventures, reflecting the humanistic nature of international cooperation.

International relations and the interdependence of internal and external factors in advancing entrepreneurship are proving themselves as promising future prospect. The ancient transformations in Samarqand's economy serve as a fundamental basis for ensuring the prosperity of the region's population.

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