

*УДК: 08.00.05*

*Umarova Zevi senior lecturer at the Jizzakh polytechnic institute*

*Obidova Feruza senior lecturer at the Jizzakh polytechnic institute*

## **ENTREPRENEURSHIP AND INNOVATION AS THE FOUNDATION FOR THE CREATION OF SMALL ENTERPRISES**

*Abstract: The article analyzes the creation of companies with help of entrepreneurship and innovation as the foundation.*

*Key words: Innovation, entrepreneurship, small business*

The importance of the appropriation of the results of innovation by society forms an ideal environment and is a fundamental factor that enhances the development of the territory. Science, technology and innovation are axes of current economic and social development and must be projected in the construction of an equitable society that offers equal opportunities to the community, assuming a fundamental role in facilitating and activating the transformation of society, in a knowledge society and economy. These factors are essential to accelerate economic growth and increase the level of human and social development of the territory, since it allows the creative capacity, the improvement of social self-organization capacities, the elevation of well-being and the solution of many problems that they generate poverty and conflict. In recent years, scientific institutions go through a change in the dynamics of research processes and in the profile of the actors involved in it, causing new modes of production and circulation of knowledge. Thus, the research activity, in addition to making it possible to master a specific field of knowledge, must commit to the social and economic development of the region and the consolidation of local innovation systems. Local economic development and entrepreneurial entrepreneurship should not be treated as isolated phenomena or separate purposes, but each of these forms a circle, that is, they turn out to be

interdependent. Based on this concept, two fundamental actors appear on the scene in the territory: entrepreneurs and small enterprises (SMEs). The action of the entrepreneur is conceptually understood as the ability to devise, formulate and develop organizational structures and human behaviors and is also a vector of social and economic development of the region in which it is inserted. The training of entrepreneurs, as an exogenous activity of the university, is an academic space that articulates the processes of linking with the organizations of the socio-productive environment, making it possible to build a basic platform of knowledge and concepts, of processes and methodologies of management and administration, which allow the student to be provided with the basic tools for setting up and developing an enterprise. SMEs make up a sector with great potential whose companies are intensive in labor and even have great flexibility and adaptation to technological changes, which constitutes an important competitive advantage that until now has not been fully exploited as part of the productive chain of the territory. Developing the bases, models and methodologies that constitute the "entrepreneurial capacity" goes beyond circumscribing it to a private and profitable company. It seeks, with a broader conception, the realization of individual projects, related to their work or study spaces, or in a broader sense, proposals that concern the creation of organizations, improvement or change of identity of an organization already existing, framed in a Uzbekistan regional context.

1. Conceptualization of entrepreneurial development Entrepreneurship, as a concept and action, is very close to the concept of managing, understood as starting something (thinking, mentally formulating) and gestating (developing). As a process, it is very similar to the administrative cycle, with an emphasis on planning, organization, and direction for specific purposes. Entrepreneurship is a result, therefore, of the interaction between organizational structures and human behavior. Entrepreneurial development (entrepreneurship), in a broad sense, can be defined as the ability of a society to generate wealth through the creation of

new organizations: institutions, companies, NGOs, channeling the creative energies of its inhabitants.

In general, we can say that entrepreneurial development and the creation of new companies generate palpable economic growth (development) through different variables such as:

- introduction of innovations
- transfer of knowledge
- generation of employment
- industrial dynamics (structural change).

In the same sense, entrepreneurial development operates as a motor of local development since it "fills in empty boxes" for the development of the local / regional community, supported by an institutional base (externalities, factors) and contributing to the existing business base: rejuvenation, diversification and the creation of a critical mass. It also generates jobs and channels of achievement for diverse populations (for example, young people), allows the development of endogenous capacities / local drivers and increases the local attractiveness for extra-local agents. Regarding the conceptualization of the entrepreneurial process, it is essential to recognize and study the main contributions that different disciplines made on the process of creation and development of new companies and entrepreneurs and, in turn, analyze what elements can be extracted from them that are useful to think areas of intervention of a strategy aimed at promoting the emergence of new companies and entrepreneurs.

2. Creation of innovative and dynamic companies and their influence on the economy of the region, which determines that in the phenomenon of the new economy, characterized by globalization and the emergence of new information technologies, some features of the new paradigm stand out, where:

- innovation acquires more importance than mass production.

- The value of companies, expressed by their listing on the stock market, is separated from the value of their tangible assets to the despair of managers and increasingly relies on intangible aspects, especially new knowledge. •

The world of finance is increasingly investing in new concepts, rather than equipment or infrastructure.

- increases risk capital.

The creation of a new company is based on the following ingredients:

- the identification of a business opportunity that is the starting point of the business idea.

- the factors of production (material, intangible and human goods) necessary for the development and exploitation of the business opportunity.

- the market, market niche or segment in which the new company will operate.

- the strategy that the employer intends to adopt for the appropriate combination of the means of production and the way to address potential consumers or users.

The strategy or the relationship between objectives, instruments or ends-means defines and specifies the realization of the business idea and the exploitation of the business opportunity.

- the entrepreneur with adequate motivation, preparation and skills to make the four previous decisions. These are elements or variables controllable by the employer that are obviously conditioned by the institutional context. The business function rests on two fundamental pillars, inherent to it, namely: innovation and risk taking.

3. Entrepreneurial development in Uzbekistan The new production scenarios that began with the worldwide decline in traditional work organization models, starting in the 1990s, are characterized by a kind of profound techno-productive transformations that lead to:

- heterogenization development models,

- the contribution of the globalization of the world economy,
- to the promotion of the transfer towards a knowledge-based society and the configuration of an information-based economy - where knowledge and information are consequently transformed into the key factors for any development model, driving the economy and integrating societies.

In the specific sphere of Uzbekistan, these transformations implied the final dismantling of the import substitution industrialization model and a series of profound structural reforms that led to the opening of international markets, the deregulation of economic activities and, consequently, to the proposal of new rules of competitiveness for the companies that make up the productive sectors.

#### **LIST OF LITERATURE:**

1. *Abdurakhmanova, G. (2020). Incentives to create new jobs in small business in Uzbekistan. Архив научных исследований, (13).*
2. *Rutkauskas, A. V., & Ergashev, A. (2012). Small business in Uzbekistan: situation, problems and modernization possibilities'. In 7th International Scientific Conference on Business and Management, Vilnius, Lithuania.*
3. *Ernazarov, D. (2019). ED THE ROLE OF FAMILY BUSINESS IN THE DEVELOPMENT OF THE MODERN ECONOMY OF UZBEKISTAN. Архив научных исследований.*
4. *Brock, W. A., & Evans, D. S. (1989). Small business economics. Small business economics, 1(1), 7-20.*
5. *Rasulova, S. G., & Obidova, F. Y. (2019). ISSUES OF SMALL BUSINESS DEVELOPMENT. Theoretical & Applied Science, (9), 426-429.*
6. *Obidova, F., & Umarova, Z. (2021). FOREIGN EXPERIENCE OF SMALL BUSINESS DEVELOPMENT. Экономика и социум, (5-1), 376-379.*