



Increasing the Competitiveness of Small Businesses and Private Entrepreneurship as a Factor in Ensuring the Sustainability of Regional Development

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Abstract

The article highlights the increasing influence of small business and private entrepreneurship on ensuring the competitiveness of the region, the role, essence and content of the regional economy. Also put forward proposals for their development in connection with the integration of science and higher education, internal and external factors of technological development.

Keywords: *Regional Economy; Small Business; Private Entrepreneurship; Competitiveness; Digital Economy; Innovative Economy; Competitive Environment; Sustainability; Regional Development; Integration; Science Education; Higher Education*

Introduction

In the processes of global economic integration, it is essential to examine the economies of countries from a territorial perspective. It is evident that many nations are focusing on a more in-depth examination of the issues that arise during their development. Even some nations are devising short-term, medium-term and long-term national development strategies with the region in mind. Examples include Poland, the Czech Republic, Slovakia, the Baltic states, Japan, the Republic of Korea, and the People's Republic of China.

It should be noted that despite the presence of basic materials, labor resources, and processing capacity, the region may not be economically viable. Even though the region lacks sufficient raw materials and labor resources, it is possible to witness economically stable developing regions.

In Uzbekistan, achieving sustainable development of the republic's territories is an urgent mission in light of the recent increase in work on the forecasting and development of various programs, projects, and strategies for the country's socioeconomic development. The decision of the President of the Republic of Uzbekistan "On Priority Measures to Ensure the Rapid Socio-Economic Development of the Territories" defines new approaches and tasks for the rapid socio-economic development of the republic's territories, including the effective utilization of their natural, economic, and human potential [1].

According to the Uzbek language's explanatory dictionary, a region (from Arabic—a belt, a belt, a climatic region, an area, a circle) is any part of the earth between two adjacent parallels that differ in climate [2]. Territory—(plural of the Arabic word “hadd”—borders) land with a certain boundary, surrounded (separated) by such a border, land, area belonging to a particular state, region, etc.

According to the explanatory dictionary of economic terms [3], a region is a large area of a country with similar natural conditions, a complex of natural resources, and a distinctive direction of the development of production forces based on a combination with a promising social infrastructure.

The adoption of a 15-year plan program encompassing 17 sustainable development goals through 2030 by the United Nations (UN) in 2015 is a well-established fact [4]. The Cabinet of Ministers of the Republic of Uzbekistan has made a decision, titled “On additional measures to expedite the realization of national goals and objectives in the field of sustainable development until 2030” [5]. This decision aims to achieve macroeconomic stability and address the socio-economic repercussions of the coronavirus pandemic, while also ensuring the effective attainment of national sustainable development goals and objectives for the period leading up to 2030. The decision outlines specific measures to be taken in order to ensure the qualitative achievement of the indicators set forth for sustainable development purposes.

Based on the aforementioned definitions, it is our contention that a region can be defined as a geographical area including a specific territory (such as a state, region, city, or district), characterized by distinct climatic and natural features, endowed with both natural and human resources, and possessing a self-contained infrastructure, advanced mining capabilities, and reproductive capacities. Based on a comprehensive review of the literature, it can be inferred that the author's comment is as follows. The user has provided a numerical reference [6].

The Main Part

The emergence of regional economy as an academic discipline may be traced back to the latter half of the 19th century and the mid-20th century. The originator of the aforementioned entity is widely acknowledged to be U. Izard, a distinguished economist and geographer [7]. The scientific publication titled “Regional Analysis Methods: An Introduction to the Science of Regions”, authored in 1966, stands out as a distinctive bibliographic resource.

The research conducted by foreign scholars J.Thunen, A.Weber, W.Christaller, and A.Lesh [8–11] focused on the theory of the optimal allocation of production forces within an area and the distribution of various sorts of activities. The neoclassical theory proposed by G.H. Bortz and J.I. Stein centers around market forces, namely the interaction and equilibrium of production units within regions [12–13]. The economic expansion of the region was founded upon the utilization of neo-Keynesian, institutional, and economic-geographical growth models, which were rooted in the theory of cumulative growth, as proposed by F. Perru, G. Murdal, and P. Pottier [14–16].

Cumulative growth, derived from the Latin term “cumulatus” meaning last or completed, refers to a form of growth that relies on the utilization of regional development resources. In this particular scenario, the region has the potential to undergo development without engaging in resource sharing. The user provided a numerical reference [3].

The theory of regional economic growth, as posited by M. Porter, M. Enright, and M. Storper, is founded upon novel modes of production organization [17–19].

According to the scholarly perspective of Academician A.G. Granberg, the field of regional economy holds a significant position within the realm of economic research due to its crucial role and

significance. A.G. Granberg asserts that the fundamental structure of economic science is constructed upon a system comprising macroeconomics, microeconomics, and regional economy [20].

N.N. Nekrasov, a notable scholar in this field, examines the regional economy through the lens of planned development of productive forces at both regional and national levels. This analysis encompasses a comprehensive range of economic and social aspects and circumstances [21]. According to T.G. Morozova, the concept of regional economics pertains to the examination of the rational allocation, spatial arrangement, and economic aspects of production forces [22].

A.G. Granberg highlights the necessity of employing a systematic methodology while ascertaining the topic matter of this particular scientific field. The rationale behind this assertion is in the intricate and multidimensional nature of the field of regional economics. The primary framework of this structure encompasses the economic activities within a distinct geographical area, the interactions between different regions in terms of economic affairs, regional systems, efficient allocation of production resources, and various other dimensions of economic existence [20].

From a regional economic perspective, it is generally observed that viewpoints can be categorized into two distinct ways. In the initial direction, A.G. Granberg and N.N. Nekrasov [20–21] provide a definition of regional economics as the examination of regional dimensions within the context of national economic development. Conversely, V.G. Glushkova, V.N. Vidyapin, and Ye.L. Plesetsky [23–25] associate regional economics with the strategic allocation of production resources.

The study of the regional economy and its principles pertains to the practical economic approach that examines the fundamental aspects of strategically allocating production and marketing of goods within specific regions. The primary objective of the regional economy is to provide a scientific basis for establishing a sensible consensus between the economic interests of the entire nation and its specific areas [3].

Furthermore, it is widely held among scientists that a primary objective of the regional economy is to provide scientific evidence for the interconnectedness between the nation as a whole and its distinct regions. The focus lies on enhancing the economic conditions of a particular geographic area, fostering economic interdependencies among regions, optimizing the allocation of production resources, analyzing the economic attributes of the region, designing a model for regional governance, overseeing economic operations within the region, and implementing regulatory frameworks and strategies [6].

Hence, the identification of support mechanisms for business enterprises and strategies to foster their growth, along with prompt decision-making, primarily delineates the responsibilities that need to be undertaken at the regional level.

P. Krugman's theoretical perspective underscores the growing significance of several elements, including human capital, the agglomeration effect, and the quality of management institutions, in the process of regional development. These aspects are seen as contributing to the "secondary nature" of a region's competitive advantage [26]. M. Porter proposed a theoretical framework that explores the relationship between company competitiveness and the geographical concentration of firms, commonly referred to as clusters.

The scholarly literature extensively addresses the theoretical and methodological dimensions of regional competitiveness, as evidenced by the works of V.A. Loginova, A.I. Tatarkin, R.A. Fathutdinov, L.N. Chaynikova, L.K. Shekhovtseva, V.N. Parakhin, and other researchers [27–32].

The classification of a region's competitiveness does not conform to a solitary approach. As stated by V.A. Loginova, the concept of regional competitiveness pertains to the full assessment of a region's socio-economic position in relation to other regions, and should not be confused with the notion

of competition [27]. The author, A.I. Tatarkin, has established a connection between the competitiveness of a region and its economic efficiency and investment potential [28]. According to L.N. Chaynikova, the competitiveness of a region can be characterized as the strategic utilization of available resources, employing innovative methods that conform to both national and global benchmarks. This approach aims to enhance the quality of life for the region's inhabitants while effectively implementing free market mechanisms to establish a competitive edge across all domains within the region [30]. As stated by L.K. Shekhovtseva [31], the concept of regional competitiveness pertains to the degree of efficiency or efficacy in the utilization of diverse resources, including labor and financial resources, relative to other regions. V.N. Parakhin [32] asserts that the focal point lies in the social determinants of competitiveness, which are seen as essential in ensuring the quality and improved level of living for the populace.

The scientific methodologies employed by the authors are agreeable. Nevertheless, it is crucial to consider the environmental dimension of regional competitiveness in conjunction with the aforementioned factors. This phenomenon can be attributed to the heightened anthropogenic pressure, particularly in areas characterized by extensive production and processing industries. Consequently, the presence of detrimental compounds in the atmosphere exerts a more pronounced influence on both the well-being of the population and the surrounding environment.

According to Professor R. Hicks from the Institute of Global Development, researcher R. Bukht, also affiliated with the same institute, posits that the influence of technology can be observed as a transformation in the prevailing economic processes, systems, and networks, as well as in the dynamics of interaction and entrepreneurial models. Moreover, this procedure has the potential to give rise to novel economic processes, systems, and networks. The approach for evaluating the preparedness of a country, region, or sector for the digital economy encompasses a framework that allows for the identification and analysis of key developmental factors. These factors are assessed through a combination of quantitative and qualitative indicators [33].

The research on regional economics has been conducted by a group of local scientists including A. Sodikov, M. Abdusalomov, A. Soliev, A. Kayumov, Sh. Nazarov, R. Toshmatov, B. Ruzmetov and others [34–40].

Sh. Nazarov, a prominent economist and regional scientist, in his analysis, provided a comprehensive examination of the theoretical, methodological, and practical dimensions pertaining to the territorial structure and administration of the economy. Moreover, the effective organization and administration of investment and innovation processes, as well as the identification and enhancement of regional competitiveness, play a significant role in the development of regions [38].

R. Toshmatov, in his analysis, delineates the region by highlighting three prominent characteristics: natural and labor resources, the production potential of the limited area; specialization in a certain type of activity; description of internal and external relations [39].

Results and Discussions

In contemporary times, the enhancement of digital and inventive endeavors within the realm of product manufacturing (including commodities and services) serves as a fundamental pillar in bolstering a nation's competitive edge.

The incorporation of creative advancements, such as digital technologies, into the socio-economic domains holds significant significance in elevating the level of economic development in the Kashkadarya region. The "Data management" information system has been established with the objective of integrating information systems and databases of state bodies and organizations. Its primary function is to facilitate the analysis of the socio-economic growth of the country and enable future forecasting.

Furthermore, a comprehensive information environment was established in the Kashkadarya region, encompassing over 40 domains including service management, social sector objects, production, road transport, and community infrastructure. This initiative led to the development of a roadmap [33].

This article discusses the significance of small businesses, private entrepreneurship enterprises, information communications, and technologies in the stabilization of the economy in the Kashkadarya region. The author's materials are based on information provided by the Statistical Agency under the President of the Republic of Uzbekistan. Additionally, the article highlights some notable perspectives for the future.

The number of large business enterprises operating in 2018–2022 increased by 119.4%, and the number of small business enterprises by 114.6% (Figure 1).

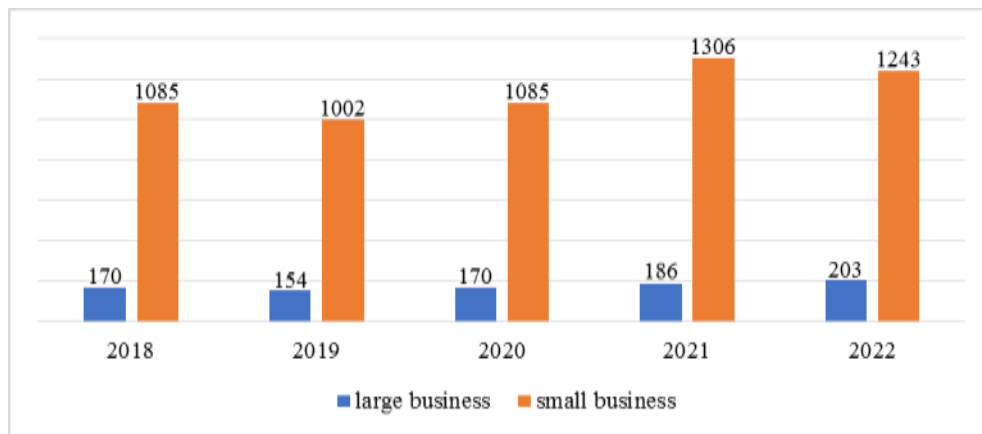


Figure 1. The number of large and small business enterprises operating in 2018–2022 (Author's development based on information of Statistics Agency under the President of the Republic of Uzbekistan).

In 2018–2022, the number of registered small businesses and private entrepreneurship enterprises increased by 2.3 times, operating by 2.1 times, the number of new ones has increased by 3 times (Figure 2).

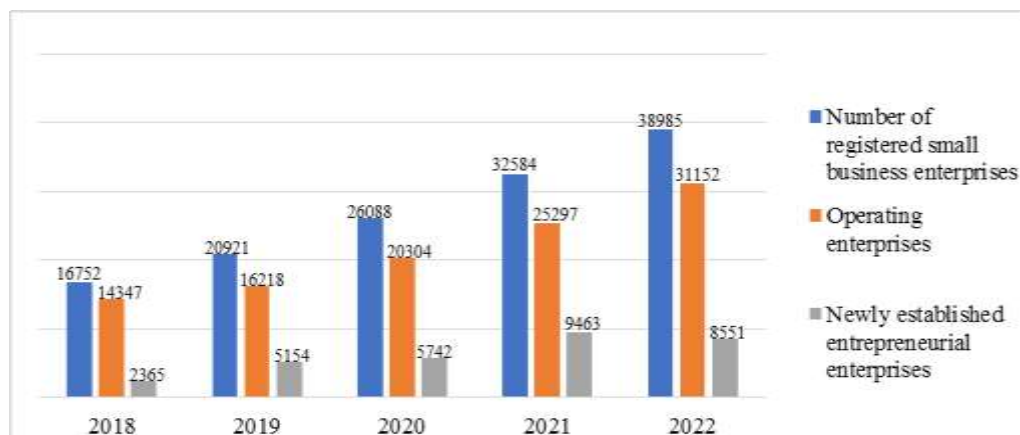


Figure 2. The registered and operating in 2018–2022 and the number of newly established small businesses and private enterprises (Author's development based on the data of the Statistical Agency under the President of the Republic of Uzbekistan).

In 2018–2022, the share of small businesses and private enterprises in the economy increased by 119.5%, and the volume of investments doubled (Figure 3).

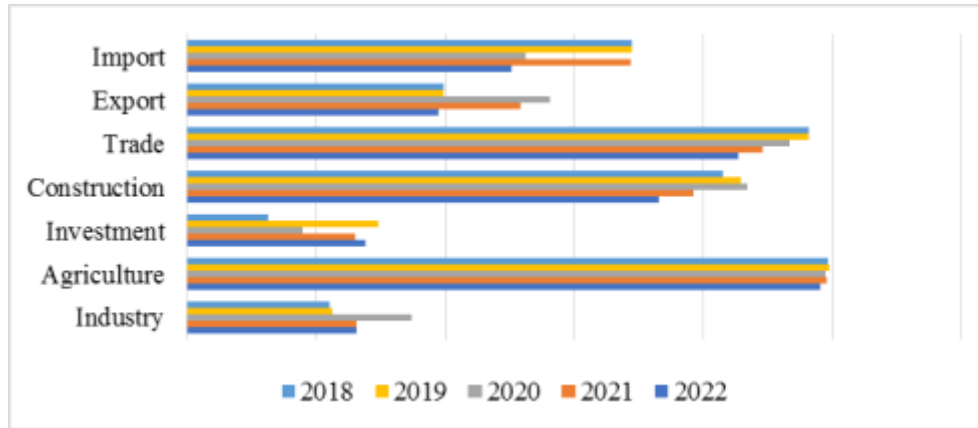


Figure 3. In 2018–2022, the share of small businesses and private enterprises in the sector of the economy (%) (Author’s development based on the data of the Statistical Agency under the President of the Republic of Uzbekistan).

By the year 2022, the ratio of individuals engaged in small business enterprises within the region to the total working–age population is projected to reach 78%. By the year 2022, it is projected that small businesses and private enterprises would account for 68.1% of the Gross Regional Product (GRP). In terms of industry, their share is expected to be 23.6%, while in the sectors of agriculture, forestry, and fisheries, their contribution is anticipated to reach 98.1%. Furthermore, small businesses and private enterprises are projected to account for 27.6% of investments and 73.2% of the construction sector. In terms of retail turnover, their participation is expected to be 85.5%, while in terms of export volume and import, their contribution is projected to be 39% and 50.2%, respectively (Figure 4).

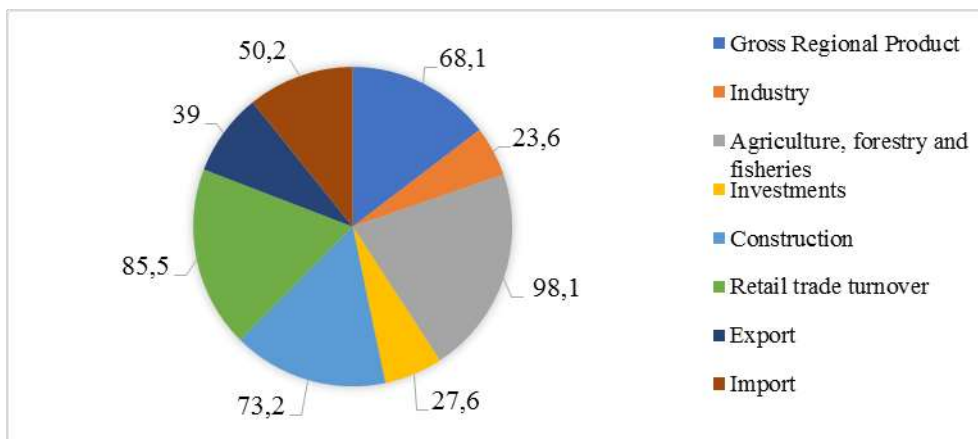


Figure 4. The share of small businesses and private enterprises in economic sectors in 2022 (%) (Author’s development based on the data of the Statistical Agency under the President of the Republic of Uzbekistan).

Conclusion and Recommendations

In the context of intensifying rivalry, private entrepreneurship and firms of varying sizes within the region are compelled to continually seek novel management tools, strategies, and sources of

competitive advantages in order to enhance their competitiveness. The examination of the challenges associated with identifying regional competitive advantages should primarily rely on the digital and inventive elements of this phenomenon, which are shaped within the scientific–technical, intellectual, and production domains of the region. At present, the activation of digital and creative operations is widely acknowledged as a potential approach for business firms to get competitive advantages.

In our perspective, the subsequent variables are the primary determinants of the region's competitive advantage: natural–climatic geographical factors; socio–economic indicators of the region; socio–economic stability of the region; balance of the region's financial–budgetary system; efficient use of resources; market infrastructure; business environment; mutual cooperative relations of business enterprises; digital and innovative activity; international relations; standard of living of the population, etc. When evaluating the competitiveness of a location, it is important to consider the following indicators: natural and climatic conditions; economic indicators; social indicators; environmental condition indicators.

The main task of digital and innovative activities should be: use of modern technologies, new technological processes, implementation of production of products with new characteristics; use of new raw materials; organization of production and change of its material and technical support; entering new markets. It is considered necessary to overcome the problem of competitiveness of the areas of Kashkadarya region in the following directions: financing education, science, production and infrastructure development in the necessary volumes; conducting research on the formation of competitive advantages in the most important socio–economic, production systems; use and application of scientific approaches in the development of management decisions; strengthening the influence of the digital and innovative direction on socio–economic development.

Meanwhile, it is imperative to integrate the formulation of enduring strategies aimed at augmenting the competitive advantages of regional manufacturers through the adoption of novel technologies, digitalization of production processes, and implementation of innovative practices. These strategies should be devised with due consideration to economies of scale and cost reduction. Furthermore, concerted endeavors to attract substantial investments should be undertaken in conjunction with the aforementioned strategies. The establishment and cultivation of regional industrial clusters should be seen as a crucial component of regional competitiveness and development strategies.

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