



EXPERIENCE OF FOREIGN COUNTRIES IN IMPROVING THE MECHANISM OF SUSTAINABLE DEVELOPMENT OF SMALL ENTREPRENEURSHIP

Gaibnazarova Zumrat Talatovna,

DSc, Professor,

Tashkent State Technical University named after Islam Karimov,

Farkhodov Bobir Utkirovich,

Trainee researcher,

Tashkent State Technical University named after Islam Karimov

Abstract. *The article deals with the development of small business based on the experience of foreign countries, given offers and recommendations for improving the mechanism of sustainable small business in our country using the latest technologies and economic development strategies.*

Keywords: *sustainable development, small entrepreneurship, foreign experience, innovation, investment.*

In 21st century, the approaches and principles to support sustainable development of small business by states have significantly changed. It creates and implements economic mechanisms depending on sustainable development of small business in the countries, general situation, as well as international, economic, regional and other conditions. Successful tasks in France, Sweden, Brazil, China, USA, Germany, Italy, Finland and Japan have been studied according to the main and international experience in sustainable development of economic activity in small business.

Brazilian government support for sustainable development of small businesses was formed and this strategy was based on introduction of import substitution plans. If the imported products are not produced in Brazil, the right to bring these industrial products into state territory was provided. These measures, which were actively used in the 1960s and 1980s, helped prevent many Brazilian manufacturers from going into crisis and created the basis for the development of scientific research and experimental design work.

In the early 2000s, Brazil sustainable development strategy focused on ensuring competitiveness in key industrial sectors, the growth of emerging industrial technologies, and promoting the export of value-added products. The country implemented projects on the basis of state program “Innovative Brazil and strong industry” in priority directions: medicine, industrial and technical products, nanotechnology, development of biotechnology projects, use of renewable energy sources.



In 2008, Brazil approved “Manufacturing Development Policy” for investment projects aimed at sustainable development of small businesses. The program included the following areas covering strategic sectors: health care, nuclear energy, defense, nanotechnology and biotechnology. In order to strengthen its position in the world market, the funds of National Bank of Economic and Social Development were directed to investment projects of metallurgy, aviation construction, paper industries, petrochemical and food industries. The procedure for using credit funds for small industrial enterprises has been simplified. These measures, as well as tax exemptions on wages and government purchases, made it possible to mitigate the effects of the 2008 global financial crisis.

“Sustainable Development of Industry” plan, launched in 2012, created mainly conditions for providing tax incentives, anti-dumping measures and financing sources and guarantees for exporters.

With the help of various programs, the state supports sustainable development of small businesses and export projects. On the basis of special conditions, production guarantees and loans to large companies and small enterprises for financing the production of export goods, taking into account up to 75-100 percent of required amount, have been provided for a period of 30 months. Another program aims to provide export credits at reduced rates for importers of Brazilian products. However, as a result of the analyzes of the World Trade Organization, restrictions were placed on this program regarding legality of the use of such subsidies.

Starting from 2020, the promotion of investment projects in industry has become particularly important, which has been reduced to 15% from the highest in the world in 1999, when bank interest rates reached 45%.

For sustainable development of German small business, a banking system focused on long-term lending has begun to be created. Only for the purpose of sustainable development of small business, state banks were established to finance investment projects. Since the 1960s, government support has been mainly focused on the development of scientific and industrial research. Starting from the mid-1970s, one of priority directions of investment projects in Germany was implementation of scientific research and experimental design works in state institutions. The main attention was paid to development and introduction of scientific research and experimental design work in sustainable development of industrial sectors. In addition to development institutions, investment projects focused on scientific research and experimental construction work were encouraged on the basis of tax incentives and public-private partnership tools.

Since the mid-1990s, priorities of Germany have changed and have been revised in order to develop investment projects aimed at increasing the energy efficiency of production, developing the use of renewable energy and “green” technologies.



In Germany, there are a number of state institutions and programs aimed at implementation of sustainable development projects of small businesses and development of scientific research and experimental design work. For example, the state bank “KfW Bankengruppe” provides loans at low interest rates for sustainable development of small businesses, and state export agency “Euler Hermes” provides loans and guarantees.

In 2013, Germany launched 500 million Euro Central Innovation Program to finance 5,000 new and 8,000 existing investment projects for the development of innovation.

Small businesses and holding companies of Germany have improved their ability to attract venture capital thanks to tax incentives, and now they are starting to invest in young technology companies and high-tech startups.

Currently, the reforms being carried out in Germany are aimed at creating a favorable business environment, therefore, financial and advisory support is being introduced in implementation of investment projects of high-tech start-ups in industrial sectors. The strategy for sustainable development of high-tech small business is aimed at solving following tasks: environmental protection, development of transport system and health care, as well as development of modern technological achievements of industry, which ensures the implementation of scientific research projects and creation of new products. As a part of the task, “improvement of regional economic structure” is carrying out sustainable development of small business with the help of subsidies. At the same time, supported enterprises are developing more successfully than unsupported ones.

Germany uses public procurement for strategic purposes as a tool to develop the use of materials, technologies or standards. In addition, Germany provides subsidies to energy-efficient small businesses for the purchase of electricity from renewable sources as part of its environmental protection obligations, which provides opportunities for sustainable development of small businesses.

In Italy, the implementation of investment projects in strategic directions of industry, including the automotive industry, was encouraged, and preferential loans and subsidies were provided for repair and expansion of production facilities. All loans were nationalized by special holding company due to problems in repaying the given loans and in order to save non-functioning small businesses.

In the 1950s and 1960s, state organizations directed investments to modernize engineering industries, create infrastructure, and sustainably develop heavy industry. Specialized banks were established, which were engaged in financing investment projects aimed at sustainable development of small businesses. They provided financing new industrial projects and traditional lines.

Subsidies and other measures have been provided to strategic small businesses to support their sustainable development and reconstruction. However, due to a number of problems, these subsidies did not lead to necessary



structural restructuring and sustainable development of small businesses in Italy. At the same time, many troubled enterprises in strategic and traditional sectors were saved from crisis, which led to expansion of a number and size of state-owned companies.

In the 1980s, the goals of state small business sustainable development were focused on scientific research and experimental design works, as well as on promotion of competitiveness, as well as on expansion and modernization of small business, which had fallen into difficult conditions due to strengthening of international competition. In Italy, investment projects of strategic enterprises, preferential lending continues, for example, loans were allocated to ensure the reconstruction of FIAT.

Currently, a set of industry-related measures “Industry 2015” has been adopted in Italy for sustainable development of small entrepreneurship, strategic goals of which are to use innovative investment projects aimed at scientific research and experimental design work, and to direct investments in areas of energy efficiency and logistics.

Active attraction of foreign direct investments, use of subsidies for scientific research and experimental design works and business development, and allocation of large-scale tax incentives are among the most types of projects for sustainable development of small business. The purpose of allocating subsidies for the sustainable development of small businesses is based on a number of criteria, such as creating new jobs, achieving planned economic efficiency, introducing advanced technologies, and creating value-added products. This approach allows for effective distribution of economic resources to solve the tasks of sustainable development of small business.

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