

# Development of Small Business Activities with Imitation Innovations

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**Abstract-** The article describes the conditions and features of the use of imitation innovations in small business in Uzbekistan. The advantages of imitation innovation are revealed. The level of economic development of the regions was analyzed using the identified integral indices. Opportunities for innovative development of CUBs by regions have been identified.

**Keywords:** Small business, medium business, innovation, imitation innovation, independent innovation, index, integral index, technological innovation, process innovation, joint innovation, the level of economic development of the region.

## I. INTRODUCTION

The important role of small and medium business (SME) in socio-economic development is recognized all over the world. SMEs are involved in the production of local raw materials, create jobs, provide income to a large part of the population, determine the state of socio-economic development of the whole country and its regions. SME strengthens integration links within the network and with other networks.

## II. LITERATURE REVIEW

Issue of empirical research on causal relationship between export and foreign investments in the economy of Uzbekistan based on granger test were made by Mustafakulov, S. I.[9], econometric model of production capacity usage of textile enterprises in Uzbekistan were researched by Tursunov B.O. [10,11], Modernization and intensification of agriculture in the Republic of Uzbekistan were investigated by Yuldashev, N. K., Nabokov, V. I., Nekrasov, K. V. [12,13] and et.al.

According to research in the United States, SMEs create 16 times more patents per capita than large businesses [5]. In the People's Republic of China (PRC), 85% of patents, 75% of technical innovations and 80% of new products belong to SMEs [3]. In the European Union (EU) 99% of companies and in the PRC 97% of SMEs, in 2019 in Uzbekistan there were 334767 small businesses.

## III. ANALYSIS AND RESULTS

In the economy of our country, small business is divided into two types: micro and small enterprises. There is no concept of medium business in the Republic of Uzbekistan. The inclusion of organizations in the small business entity is based on the classification developed by the Cabinet of Ministers on August 24, 2016 No. 275. If the average annual number of employees is up to 20 people, such enterprises are micro-firms. If the number of employees is between 21-279, these are considered small businesses. The upper limit by type of activity varies in this range. Such a large gap makes it difficult for the state to target measures to support small businesses.

The Address of President Sh.M. Mirziyoyev to the Oliy Majlis on January 25, 2020 states the need to develop a draft law "On Small and Medium Business" and provides for the criteria of small and medium business and incentives for small and medium businesses.

In our opinion, using the experience of EU countries in the division of enterprises into micro-firms, small and medium-sized enterprises in our country, it is expedient to define them as follows: [1]: - Ensures that support policies are more specific and targeted across sectors.

In the current situation, the growing demand for products, increased competition, the transition to a knowledge economy and the expansion of economic relations between companies are leading the development of SMEs in an innovative way. The infrastructure that supports KB plays an important role in its innovative development, [1] [2] [5].

Studies show that 79% of industrial enterprises focus on the introduction of more technological innovations,

29% on organizational innovations, 18% on the introduction of marketing innovations [6].

Circumstances that represent the weakness of the CB and prevent it from engaging in innovative activities include:

- lack of financial resources;
- innovation is associated with high costs;
- low level of technical base;
- high interest rates;
- lack of qualified personnel;
- high risk, etc.[7]

In the implementation of independent innovation, research, development and technological work is carried out by the enterprise itself, which is associated with great risk and requires a lot of money. Typically, large companies engage in independent innovation activities.[14]

– In imitation innovations, the company directly purchases advanced technology and equipment and works to modernize and improve them. In simulation innovation, the object to be modernized is selected, then the research carried out by the enterprise is free from risk and repeated research, large costs (modernization of new technology, cheaper than the development of new technology), [4];

The use of imitation innovations in the strategic development of KB can be considered an effective way, as the goods and technologies that have found their place in the market are imitated.[8]

KB enterprises operate in a specific area. In the context of Uzbekistan, the effective use of imitation innovations in CB enterprises depends on the economic and scientific potential of the regions. In developed regions, cooperation between enterprises is well developed, there is an opportunity to attract specialists, in some areas there is a well-developed infrastructure that provides a certain level of innovation, it is easier to introduce and commercialize the results of innovation in such areas.

If we look at the gross regional product, which represents the level of economic development of the regions (Table 1), the largest share of GRP is produced in Tashkent, its share in GDP is 14.6%, followed by Tashkent region - 9.8% and Samarkand - 7.3 %. In the Republic of Karakalpakstan, Jizzakh, Khorezm and Syrdarya regions, this figure is very low, no more than 3.7%. The GRP index per capita in Navoi region is 2.43, which is 2.43 times higher than the national GRP per capita. Similarly, in the city of Tashkent - 1.92 and in the Tashkent region - 1.13. This figure is higher than the Republican.

Table 1: GDP by Regions

		GRP (billion soums)	Percentage of regions in GDP (in%)	GRP per capita (thousand soums)	Index
1.	Republic of Uzbekistan	511 838,1	100%	15 242,0	1,0
2.	The Republic of Karakalpakstan	18 735,7	3,7	9 944,1	0,65
	Provinces				
3.	Andijon	32 897,2	6,4	10 621,6	0,70
4.	Buxoro	26 695,0	5,2	13 980,1	0,92
5.	Jizzax	15 211,9	3,0	11 126,3	0,73
6.	Kashkadarya	36 470,1	7,1	11 233,3	0,74
7.	Navoi	36 685,2	7,2	37 119,5	2,43
8.	Namangan	23 239,0	4,5	8 353,6	0,55
9.	Samarkand	37 593,9	7,3	9 793,9	0,64
10.	Surxondaryo	22 349,3	4,4	8 597,2	0,56
11.	Sirdaryo	10 477,7	2,0	12 500,3	0,82
12.	Tashkent region	50 117,8	9,8	17 164,2	1,13
13.	Fergana	32 943,3	6,4	8 861,5	0,58
14.	Khorezm	19 136,5	3,7	10 337,4	0,68
15.	Tashkent city	74 527,6	14,6	29 331,2	1,92

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

In terms of regions, the city of Tashkent is a leader in the production of industrial products, its share in the country's industrial output is 17.75%. This figure is also higher in Tashkent (16.3%) and Navoi regions (13.46%), Jizzakh (1.45%), Namangan (2.75%), Surkhandarya (1.33%), Syrdarya (2 , 18%) very low in the provinces, Table 2. Therefore, the issue of strategic development of industry in these regions can be considered relevant. We look at the regional index of industrial production per capita. This figure is the highest in Navoi region, which is 4.57

times higher than in the country. The next highest places are in Tashkent - 2.35, Tashkent region - 1.87, Andijan region - 1.08.

Table 2: Industrial production by regions (2019)

		In terms of regions, industrial production i / ch. (billion soums)	Share of regions in total industrial output (in%)	Industrial output per capita (thousand soums)	Industrial output per capita Index
1.	Republic of Uzbekistan	331 006,6	100	9 857,0	1,00
2.	The Republic of Karakalpakstan	12 729,7	3,85	6 756,4	0,69
	<b>Provinces</b>				
3.	Andijon	33 027,3	10,00	10 663,6	1,08
4.	Buxoro	14 585,8	4,41	7 638,5	0,77
5.	Jizzax	4 789,5	1,45	3 503,1	0,36
6.	Kashkadarya	20 552,2	6,21	6 330,4	0,64
7.	Navoi	44 540,4	13,46	45 067,7	4,57
8.	Namangan	9 092,4	2,75	3 268,4	0,33
9.	Samarkand	15 863,3	4,79	4 132,7	0,42
10.	Surxondaryo	4 402,8	1,33	1 693,6	0,17
11.	Sirdaryo	7 217,0	2,18	8 610,1	0,87
12.	Tashkent	53 930,5	16,29	18 470,0	1,87
13.	Fergana	19 490,5	5,89	5 242,8	0,53
14.	Khorezm	8 811,6	2,66	4 760,0	0,48
15.	Tashkent city	58 748,5	17,75	23 121,1	2,35

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

In 2019, KB entities produced industrial products worth 115,406.4 billion soums, which is 34.9% of total industrial output. Tashkent (34.3%), Tashkent region (12.9%), Samarkand (7.4%), Fergana (7.4%) and Andijan (6.1%) regions are included in the regions with the highest share of CB in total industrial output. can be added. In Syrdarya (2.9%), Khorezm (2.8%), Jizzakh (2.8%), Surkhandarya (2.0%) regions and in the Republic of Karakalpakstan (2.4%) the CB is not well developed in the industrial sector. very low. The index of this region is also much lower than the national average. We see that the index of industrial production per capita is higher than the national index in Tashkent (4.53), Navoi (1.69), Tashkent (1.48) and Syrdarya regions. In these regions, KB has a significant development in the industrial sector, Table 3.

Table 3: Industrial product indicators developed by KB by regions in 2019

		Industrial output billion soums	Share in total industrial output, in%	Per capita, thousand soums	Index per capita
1.	Republic of Uzbekistan	115406,4	100	3436, 6	1,00
2.	The Republic of Karakalpakstan	2825,5	2,4	1499, 6	0,44
	provinces:				
3.	Andijon	7058,3	6,1	2278, 9	0,66
4.	Buxoro	4681,3	4,1	2451, 6	0,71
5.	Jizzax	3185,3	2,8	2329, 8	0,68
6.	Kashkadarya	4769,7	4,1	1469,1	0,43
7.	Navoi	5740,5	5,0	5808,5	1,69
8.	Namangan	6717,3	5,8	2414,6	0,70
9.	Samarkand	8527,0	7,4	2221,5	0,65
10.	Surxondaryo	2331,5	2,0	896,8	0,26
11.	Sirdaryo	3403,5	2,9	4060,5	1,18

12.	Tashkent	14892,8	12,9	5100,5	1,48
13.	Fergana	8490,2	7,4	2283,8	0,66
14.	Khorezm	3196,7	2,8	1726,8	0,50
15.	Tashkent city	39586,7	34,3	15579,7	4,53

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

The indicators representing the investment activity of the regions are given in Table 4. The city of Tashkent is also the leader in terms of investment in fixed assets, its share in total fixed capital investments is 21.85%, Kashkadarya region - 12.39% and Tashkent region - 8.92%. It can be observed that the economic development of these regions is much higher than other regions. Khorezm (2.93%) and Syrdarya (2.18%) regions are among the regions with low economic development. If we look at the index of investment in fixed assets per capita, the regions with the highest index: in Navoi region, this index is 3.18 times higher than the national average. It is followed by Tashkent city (2.89), Syrdarya (1.29) and Kashkadarya (1.28%) regions.

Table 4: Fixed capital investments by regions (2019)

		The main cap. Investment (billion soums)	Share of regions in total investment (in%)	Investment per capita (thousand soums)	Per capita investment index
1.	Republic of Uzbekistan	189924,3	100	5655,8	1,00
2.	The Republic of Karakalpakstan	8434,6	4,44	4476,7	0,79
	<b>Provinces</b>				
3.	Andijon	8183,7	4,31	2642,3	0,47
4.	Buxoro	9867,0	5,20	5167,3	0,914
5.	Jizzax	7919,3	4,17	5792,3	1,02
6.	Kashkadarya	23525,3	12,39	7246,1	1,28
7.	Navoi	17775,3	9,36	17985,7	3,18
8.	Namangan	12187,0	6,42	4380,8	0,77
9.	Samarkand	9798,6	5,16	2552,7	0,45
10.	Surxondaryo	12232,4	6,44	4705,5	0,83
11.	Sirdaryo	6129,2	3,23	7312,4	1,29
12.	Tashkent region	16935,1	8,92	5799,9	1,03
13.	Fergana	9164,2	4,83	2465,1	0,44
14.	Khorezm	5566,8	2,93	3007,2	0,53
15.	Tashkent city	41497,9	21,85	16332,0	2,89

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

In terms of regions, the indicator of attracting foreign investment represents the production of competitive products based on advanced foreign technology in the regions. We are again among the first in this indicator to see the city of Tashkent. The share of foreign investment in the enterprises of Tashkent in the country is 20.77%. The next are Kashkadarya region - 19.29% and Surkhandarya region - 8.72%. In Khorezm, Syrdarya, Andijan, Samarkand regions and the Republic of Karakalpakstan, this figure is low and does not exceed 3.6%, Table 4.

Table 4: Foreign investments by regions (2019)

		Foreign investment by regions (billion soums)	Share of foreign investment by regions (in%)	Per capita (thousand soums)	Index
1.	Republic of Uzbekistan	86653,1	100	2580,4	1,00
2.	The Republic of Karakalpakstan	3121,3	3,60	1656,6	0,64
	<b>Provinces</b>				
3.	Andijon	2881,4	3,33	930,3	0,36
4.	Buxoro	5226,1	6,03	2736,9	1,06
5.	Jizzax	3716,3	4,29	2718,2	1,05
6.	Kashkadarya	16711,5	19,29	5147,4	1,99
7.	Navoi	6902,3	7,97	6984,0	2,71
8.	Namangan	5313,6	6,13	1910,0	0,74
9.	Samarkand	2799,8	3,23	729,4	0,28

10.	Surxondaryo	7557,6	8,72	2907,2	1,13
11.	Sirdaryo	2853	3,29	3403,7	1,32
12.	Tashkent region	5595,2	6,46	1916,2	0,74
13.	Fergana	3538,2	4,08	951,7	0,37
14.	Khorezm	2350,1	2,71	1269,5	0,49
15.	Tashkent city	17995,7	20,77	7082,4	2,74

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan. [15]

In terms of per capita foreign investment index, the index of Tashkent city (2.74), Kashkadarya (2.0), Navoi (2.71) regions is higher than the national index. The lowest index is in Fergana (0.37) and Andijan (0.36) regions.

Regional specific indices and integral indices of all economic indicators are determined using the following formulas:

$$A_{ij} = \frac{x_{ij}}{y_{ij}}, X_i = \sum_{j=1}^4 A_{ij}, \quad i = 1-15, \quad j = 1-4$$

$X_{ij}$  –  $i$  –  $j$  is the area per capita of the indicator;

$Y_{ij}$  –  $j$  for the republic - the volume of the indicator per capita;

$A_{ij}$  –  $i$  –  $j$  is the index of the region;

$X_i$  –  $i$  – integral index representing the level of economic development of the region.

The indicators of private and integral indices, representing the level of economic development on all indicators of the regions, are given in Table 5. According to all indicators, the highest developing regions are Tashkent (9.9), Navoi (12.89), Tashkent (4.77) and Kashkadarya regions. These areas can be considered as "Locomotive" areas. Moderately developing regions: Syrdarya (4.3), Bukhara (3.66), Jizzakh (3.16%) regions. We consider the rest of the regions to be economically underdeveloped. These are: the Republic of Karakalpakstan, Andijan, Namangan, Samarkand, Surkhandarya, Khorezm and Fergana regions.

Table 5: Integral index representing the level of economic development of the region

		GRP per capita index	Industrial product index per capita	Index of basic capital investments per capita	Foreign investment per capita s index	KB snot product index per capita	Jami Integral index
1.	Republic of Uzbekistan	1,0	1,00	1,00	1,00	1,00	
2.	The Republic of Karakalpakstan	0,65	0,69	0,79	0,64	0,65	3,42
	Provinces						
3.	Andijon	0,70	1,08	0,47	0,36	0,70	3,31
4.	Buxoro	0,92	0,77	0,91	1,06	0,92	4,58
5.	Jizzax	0,73	0,36	1,02	1,05	0,73	3,89
6.	Kashkadarya	0,74	0,64	1,28	1,99	0,74	5,39
7.	Navoi	2,43	4,57	3,18	2,71	2,44	15,33
8.	Namangan	0,55	0,33	0,77	0,74	0,55	2,94
9.	Samarkand	0,64	0,42	0,45	0,28	0,64	2,43
10.	Surxondaryo	0,56	0,17	0,83	1,13	0,56	3,25
11.	Sirdaryo	0,82	0,87	1,29	1,32	0,82	5,12
12.	Tashkent region	1,13	1,87	1,03	0,74	1,13	5,90
13.	Fergana	0,58	0,53	0,44	0,37	0,58	2,50
14.	Khorezm	0,68	0,48	0,53	0,49	0,68	2,86
15.	Tashkent city	1,92	2,35	2,89	2,74	1,92	11,82

Source: Based on Tables 1-4

The economic integral index represents the regions on the one hand, the level of economic development, and on the other hand, their economic development opportunities. It can be said that the regions with the highest index are more likely to produce competitive and innovative products. Here in Navoi, Tashkent and Kashkadarya regions, especially in Tashkent, there is a high potential for imitation and innovative development of CB enterprises.

Table 6: Indices of scientific potential by regions

Indicators	Index of higher education institutions	Index of branches of foreign universities	Index of technical research institutes	Doctor of Science (DSc) Index	Candidate of Science (PhD) Index	Masters in engineering index	Bachelor's degree in engineering	Scientific potential integral injection
Uzbekistan	1	1	1	1	1	1	1	
Republic	0,08		0,03	0,04	0,07	0,004	0,05	0,27
Karakalpakstan								
Republic	0,04	0,06	0,03	0,05	0,07	0,01	0,04	0,3
provinces:	0,04		0,04	0,04	0,05	0,06	0,06	0,29
Andijon	0,03		0,02	0,02	0,03	0,01	0,04	0,15
Buxoro	0,05		0,02	0,02	0,04	0,03	0,09	0,25
Jizzax	0,02		0,03	0,01	0,02	0,03	0,03	0,14
Kashkadarya	0,03		0,04	0,02	0,04	0,03	0,07	0,23
Navoi	0,09	0,06	0,06	0,11	0,11	0,06	0,06	0,55
Namangan	0,06		0,01	0,01	0,01	0,002	0,02	0,11
Samarkand	0,02		0,01	0,02	0,01	-	0,004	0,06
Surxondaryo	0,04	0,06	0,12	0,06	0,05	-	0,01	0,34
Sirdaryo	0,08	0,11	0,03	0,03	0,07	0,04	0,07	0,43
Tashkent	0,03		0,02	0,01	0,02	0,01	0,03	0,12
Fergana	0,4	0,72	0,54	0,56	0,4	0,71	0,42	3,75

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan

The city of Tashkent has a much greater potential for innovative development of CB than other regions, Table 6. The city of Tashkent is also a leader in the field of science. Tashkent accounts for 40% of higher education institutions, 56% of doctors of sciences, 40% of candidates of sciences and 54% of technical research institutes in the technical field. Every year, 71% of masters in the technical field are trained in Tashkent. There are 11 research institutes in the technical field in Samarkand, 8 in Bukhara, 6 in Navoi and 5 in Andijan. The index of production of innovative products in Tashkent (6.19), Andijan (1.47), Tashkent (1.20) and Kashkadarya regions (1.02) is higher than the national average. The scientific potential of the remaining regions is very low. Given the development of industry in the Navoi region, the increase of scientific potential of this region can be considered as an important strategic issue.

#### **IV. CONCLUSION**

In the context of Uzbekistan, the use of imitation innovations in the development of innovative activities in the CU can be considered an effective way. In moderately economically developed regions of Karakalpakstan, Bukhara, Andijan and Samarkand, it is advisable to use imitation innovations in the innovative development of CUBs with high economic, industrial and somewhat innovative potential. In less economically developed regions, the development of CUBs on the basis of targeted support can be seen as a good way to develop on the basis of special programs in areas that are a priority for society, depending on the production capacity.

Proposed measures to stimulate the development of small business and private entrepreneurship:

- 1) Subsequent easing of interest rates on loans, which will allow small businesses to reduce costs and ensure financial stability, because in world practice, the lower the loan rate, the more stimulated the growth of production and consumer demand;
- 2) Organize training of personnel with entrepreneurial skills, which is a catalyst for the development of small business and individual entrepreneurship for self-employment through the introduction of vocational education for 10-11 grades of secondary schools based on the experience of Austria and Germany.
- 3) Continuing and strengthening the development of cooperation ties between large enterprises and small businesses, as well as holding cooperation fairs;
- 4) Cardinal simplification of the processes of agreeing on land issues, registering buildings when transferring them for use or into the ownership of entrepreneurs;
- 5) Development and implementation of a criterion for assessing the activities of government and local government bodies for the development of entrepreneurship and the business environment in general
- 6) Development of public-private partnerships aimed at reducing entrepreneurial and investment risks in the fields of research and development, the spread of new technologies;
- 7) The introduction of a mechanism for transferring shares of state-owned enterprises to the management of its employees who have been working in them for more than 5 years, which could give an additional incentive to these employees to think like an entrepreneur and work on the development of the enterprise.

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