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**SOME ORGANIZATIONAL AND LEGAL ASPECTS OF IMPROVING THE
COMPETITIVENESS OF THE SERVICE SECTOR AND SMALL BUSINESS
IN THE REPUBLIC OF UZBEKISTAN**

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As in many developed countries, the service sector is rightly considered one of the most promising business areas for our Republic of Uzbekistan. Today, more and more people and organizations refuse the idea of solving everyday problems independently and turn to qualified specialists for help. Beauty salons, catering enterprises, fast food outlets, payment acceptance points, pharmacies, dry cleaners and laundries, shoe and clothing repair shops, car repair shops and many other service enterprises are opening everywhere. The sector accounts for almost 40 percent of the gross regional product, employs thousands of citizens, and is one of the main budget generating sectors.

It should be noted that all services have the following characteristics:

1. Intangibility - that is, services cannot be demonstrated, tested, transported, packaged or studied in advance. The buyer must trust the seller before receiving the service. To build trust, a service organization can take a number of measures: increase the visibility of the service, draw attention to the benefits of the service, attract celebrities to promote the service, etc.

2. Inseparability of production and consumption of services, i.e. the peculiarity of a service is that, unlike a commodity, a service cannot be produced in advance for storage. A service is provided only when an order or a customer appears. From this point of view, the production and consumption of services are closely related and inseparable. In this inseparability of production and consumption, the level of contact between seller and buyer may vary. However, many types of services are inseparable from those who provide them (e.g. an attending physician - examining a patient, a cashier - selling tickets).

3. variability - that is, the quality of a service depends on who provides it, where it is provided and how it is provided. To reduce service variability, it is necessary to identify the causes of this phenomenon. Often, variability in service quality is related to the qualifications of employees, lack of competition, lack of necessary information, or personal characteristics of employees. Another source of variation in service quality is the customer.

4. Impossibility of storing services - i.e. an important distinguishing feature of services is their transience. If demand for a service exceeds supply, it is impossible to fix it. Changes in demand for services are characteristic of almost all types of services. As a rule, demand changes depending on the season, days of the week, etc.

Despite the recognition of the importance of the service sector in our country, there are still a number of negative trends in its development, including: low quality and narrow range of services provided, internal disproportions in the industry, orientation of the service sector primarily to customers with high incomes, imbalance between the growth of the scale of services and the needs of the population, insufficient use of market instruments and mechanisms, regional disproportions between the level of production and consumption of services and others.

The development, support and coordination of small business and private

entrepreneurship is the main responsibility of the Chamber of Commerce and Industry of the Republic of Uzbekistan, the President of the Republic of Uzbekistan and his administration, the Oliy Majlis of the Republic of Uzbekistan, the Government, line ministries, departments and state committees. The following ministries are also involved in the implementation of state programs to support and develop small business and private entrepreneurship in the Republic of Uzbekistan: Economy and Finance, State Tax Committee, Employment, Ministry of Competition Development and Entrepreneurship Support, Justice, Education and others.

The Constitutional Court, the Arbitration Court, the Supreme Court, the Procurator-General's Office and their regional offices occupy an important place in the business infrastructure.

It is worth noting that the "Open Dialogue with Entrepreneurs" held by the President of the Republic of Uzbekistan annually on August 20, starting from 2021, has a special significance in stimulating, supporting and enhancing the competitiveness of small business and private entrepreneurship in our republic. Also, due to the attention paid to small business and private entrepreneurship in our republic, August 20 has been declared "Entrepreneurs' Day".

As a result of an open dialog between the President of the Republic of Uzbekistan and entrepreneurs, many systemic problems in the sphere of entrepreneurship have been solved over the past two years, including consistent work on simplifying the conduct of business, reducing the tax burden, creating a convenient system of financing and infrastructure for the implementation of new projects, and securing property rights. A system of targeted support for entrepreneurship has been created by dividing business entities into micro, small, medium and large, and districts and cities into 5 categories.

Also, according to this resolution, "Roadmap" on realization of tasks set during the open dialogue of the President of the Republic of Uzbekistan with entrepreneurs in 2023, which includes the following 5 priority directions, has been approved:

I. Creating new opportunities for small businesses

- Creation of a new system of financing small business projects
- Increasing the resource base of commercial banks involved in financing small business projects
- Improvement of institutions to support small business projects
- Establishment of cooperative relations between small businesses and large state-owned enterprises
- Creation of a legal basis for a comprehensive program of permanent support for small business

II. Make medium-sized businesses a guarantor of sustainable economic growth

- Transformation of the State Fund for Support of Entrepreneurship
- Introduction of the mortgage service system
- Widespread introduction of green technologies in business entities
- Improving the activities of the Industrial Development Fund
- Creation of an industrial mortgage system. Expanding the rights of business entities operating in small industrial zones.

III. Entering new markets with quality and competitive products

- Attracting prestigious foreign brands
- Providing information technology services through international platforms
- Supporting confectionery enterprises
- Development of the poultry industry

IV Expanding the number of high-margin enterprises

- Realization of large industrial projects in the regions

- Expansion of financial opportunities for cotton and textile clusters Support for exporters

- Deep leather processing
- Development of private airlines
- Further development of the startup ecosystem

V Create simple tax administration and a favorable environment free from bureaucracy

- Simplify VAT administration. Encourage entrepreneurs to act in full compliance with legal requirements.

- Simplify the procedure for in-house tax audits
- Improve the "Taxpayer-Assistant" system
- Establish penalties for tax offenses based on the principle of fairness
- Strengthening legal protection of business entities in tax disputes
- Simplify the reporting system for entrepreneurs
- Digitalization of permitting processes in the construction industry and reduction of the human factor

- Introduction of Islamic finance
- Reduction of mandatory requirements in the sphere of entrepreneurship
- Increase access to necessary services and information for entrepreneurs
- Further support for production
- Development of production in industrial zones
- Improvement of electricity supply
- Development of transport logistics services
- Relaxation of phytosanitary requirements
- Making it easier for entrepreneurs to fulfill their loan obligations
- Widely promote entrepreneurship among the population and motivate young people
- Ensure implementation of initiatives launched in open dialog with entrepreneurs

Also on the basis of the previously operating joint-stock commercial bank (JSC) "Kishlok Kurilish Bank" with a completely different sphere of activity, JSC "Business Development Bank" was established, the activities of which were primarily aimed at financing projects of small businesses and providing them with comprehensive services.

In addition, the Small Business Development Fund LLC has been established under the Entrepreneurship Development Bank to implement promising small business projects by attracting funds from international financial institutions and private investment, and 14 small business support centers have been established in the Republic of Karakalpakstan, the regions and the city of Tashkent to assist small businesses in developing, financing and launching business projects, as well as to provide them with consulting services.

Approved the proposal of the Ministry of Investment, Industry and Trade and the Chamber of Commerce and Industry to implement the program "140 advanced industrial enterprises" in industries, which will be allocated loans from the Industrial Development Fund for up to 10 years at an annual interest rate of 4% in foreign currency and 10% in national currency to finance projects of business entities.

Small businesses are granted substantial privileges during tax audits, and during desk tax audits it is categorically prohibited to enter the territory of the taxpayer, inspect the territory and premises of the taxpayer, demand documents from the taxpayer and subpoena the taxpayer, as well as seize documents and things from the taxpayer.

Thus, the analysis of the specifics of the development of the service sector in our country has allowed us to highlight the development of small business and private entrepreneurship in the service sector as the most important direction for the national economy. The development of small business and private entrepreneurship in the sphere

of services, unlike other branches of economy, is explained by the fact that they require less labor inputs and relatively small capital investments at the initial stages. It is necessary to pay special attention to the system of state support of small business and private entrepreneurship in the sphere of services.

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