

**ENTREPRENEURIAL ACTIVITIES. ENTREPRENEURIAL CAPITAL AND ITS
TURNOVER**

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Abstract. This article analyzes theoretical and practical literature on entrepreneurship. It examines the measures taken by our government to develop entrepreneurship and create broad opportunities for it, and substantiates the importance of capital in entrepreneurial activity. Suggestions and recommendations for improving entrepreneurial activity are provided.

Key words: entrepreneurial activity, entrepreneurial capital, investment environment, financial resources, market economy, industrial sector, innovative development, startup, efficiency.

Introduction. In the modern era of globalization, population growth leads to increased demand for goods and services. This necessitates the development of entrepreneurship and an increase in the number of businesses. The development of entrepreneurship contributes to improved well-being and living standards, increased production, and growth of the national economy. Furthermore, it will lead to increased competition in the marketplace, improved product quality, and lower prices.

The Law of the Republic of Uzbekistan "On Guarantees of Freedom of Entrepreneurship"¹ regulates relations related to the organization and implementation of entrepreneurial activity, as well as the provision of guarantees to entrepreneurs. The main objectives of this Law are to create conditions for the free and beneficial participation of citizens in entrepreneurial activity, to increase their business activity, and to protect the rights and legitimate interests of business entities.

Literature review

The first step in starting a business is gathering the necessary resources, one of which is capital. Many economists define the term "capital" differently.

In particular, I.D. Savinkova and M.S. Agafonova also expressed the following views on capital and its turnover: "Capital is wealth that allows for increased future production. In short, capital is an element of the production process, manifested in various forms.

Capital is always in motion. The process of its circulation is called the circuit of capital, that is, the transition of capital from one form to another and the return of funds to their original form. This circulation of funds must be continuous, since under normal conditions the production process should not stop. The continuous repetition of this cycle is called the circuit of capital².

In the article "Capital of Entrepreneurship" H.K. Boymatov defines the word "capital" as follows: "capital refers to material or financial resources, as well as intellectual developments and

¹Law of the Republic of Uzbekistan "On Guarantees of Entrepreneurship and Entrepreneurial Activity" dated April 14, 1999, No. 754-I <https://lex.uz/mact/-31846>

²Savinkova I.D., Agafonova M.S. Capital turnover. Fixed and working capital.

organizational capabilities that are used in the production process and serve as a means of generating profit³. ”

K. Z. Mirzaev, G. S. Mustafaev, N. Sattorova in their textbook "Fundamentals of Business and Entrepreneurship" state that "the goal is an in-depth study of methods for analyzing indicators of entrepreneurial activity; a description of methods for forecasting and planning the sphere of business and entrepreneurship in the context of the formation of market relations; an explanation to students of how to apply them in practice, to be able to assess changes in the market situation; a creative approach to solving problems in the field of entrepreneurship; development of strategic and current decisions on the implementation of socio-economic and legal reforms, ensuring their implementation in practice, and also identifying ways to improve the socio-economic efficiency of entrepreneurial activity⁴. ”

In addition, the textbook by H.R. Khamroev, ⁵"Fundamentals of Entrepreneurship," covers the theoretical, legal, and socio-economic foundations of organizing, implementing, developing, and supporting entrepreneurial activity in Uzbekistan, as well as the achievements, problems, and prospects for its development.

Results of the analysis

As a result of studying the literature, it can be noted that conducting entrepreneurial activity not only brings profit to the entrepreneur, but also creates new jobs and leads to the creation of high-quality and affordable goods due to increased competition in the market.

There are two types of factors that influence entrepreneurial activity:

Internal and external factors

Internal factors include financial resources, human resources, management quality, innovation activities, production base and marketing policy.

External factors include economic environment, political stability, legal environment, social factors, technological factors, environmental factors and international factors.

The factors influencing entrepreneurial activity include: the development of a market economy, changes in public policy and legislation, the dynamics of socio-economic processes, the development of science and technology, the expansion of international economic ties, changes in natural and environmental conditions, increased needs and demands of the population, changes in the investment environment, increased competition in the labor market, as well as global economic crises or instability. In order to develop entrepreneurship in Uzbekistan, the President of our country adopted Resolution No. PP-3697 of 2018 "On additional measures to create conditions for the development of active entrepreneurship and innovation ." This resolution is aimed at modernizing the economy of the Republic of Uzbekistan, increasing its competitiveness and developing entrepreneurial activity. The measures established by this resolution serve to ensure the effective circulation of entrepreneurial capital in the country, the introduction of innovative ideas into the real sector of the economy and increasing the potential of regional entrepreneurship. This will create a solid foundation for the formation of a competitive and

³Boymatov XQ, "Entrepreneurial capital", Theoretical aspects of the formation of pedagogical sciences, 4(3), 140-145, 2025.

⁴Mirzaev QJ, G'.S. Mustafiev, N. Sattorova. "Fundamentals of Business and Entrepreneurship." Samarkand: FAN BULOGLI Publishing House, 2022, 134 pages. https://kitob.sies.uz/frontend/web/kitob/kitob_006357c2ea884ca.pdf

⁵H.R. Khamroev, "Fundamentals of Entrepreneurship", publishing house "YANGI NASHR", Tashkent-2010. http://namdu.uz/media/Books/pdf/2024/05/28/NamDU-ARM-2132-Tadbirkorlik_asoslari.pdf

innovative economic environment in Uzbekistan, the creation of new jobs and improving the well-being of the population.

At the same time, the analysis shows that a number of systemic problems persist in the area of active entrepreneurship and innovation. Specifically, in a number of regions, the efficient use of resource bases, the implementation of modern innovative developments, and the development of start-up projects are insufficiently organized. Furthermore, mechanisms for supporting talented entrepreneurs and providing investment for their projects are not fully operational.

Low levels of innovation, an underdeveloped entrepreneurial environment in the regions, and a lack of a base of innovative ideas and technological developments slow down capital turnover in this sector. Also pressing are the issues of engaging technical university graduates in startup projects and expanding the activities of business incubators.

These circumstances slow down the turnover of innovative capital and the renewal processes in the development of active entrepreneurship. Therefore, it is important to accelerate capital turnover by introducing innovative ideas into the real economy, organizing production based on new technologies, and expanding the participation of local and foreign investors.

The legal and organizational conditions created by the state, policies to stimulate entrepreneurship, and a system to support innovation ensure the effective flow of entrepreneurial capital. This will ensure sustainable economic development, the expansion of new value-creating sectors, and an increase in the country's innovative potential.

As a result of the economic reforms implemented in Uzbekistan in recent years, \$230 billion in investments have been attracted to the country's economy, \$120 billion of which are foreign, and the economic growth rate in the first half of 2025 was 7.2%; during this period, 1,600 microenterprises increased their turnover from 10 billion soums to the category of medium-sized enterprises, 143 increased their turnover from 100 billion soums to the category of large enterprises, and another 122 moved from the small business category to the large one; 47 new enterprises joined 203 large enterprises with a turnover of over 1 trillion soums in the first half of 2025, increasing the number of "trillionaires"; As a result of the implementation of the policy to bring business out of the shadows, jobs at 139,000 enterprises increased by 811,000, the total number of employees grew from 2.2 million to 3 million, the wage fund at 273,000 enterprises increased by 22 percent, or 4.6 trillion soums, and the average monthly wage in the private sector increased from 4 million soums to 5 million soums. These indicators clearly demonstrate the intensification of entrepreneurial capital turnover in the country, the transformation of small businesses into medium- and large-scale production structures, and the sustainable growth of employment and household incomes.

Table 1

Key performance indicators of small businesses in January-March 2023-2024 (in percent)

Classifiers	2023	2024	Difference (+/-)
Number of operating small and micro enterprises	417216	401278	-15938
Number of newly created enterprises	23 230	18,945	-4,285
Small business share:			
In GDP (gross domestic product)	44.0	42.7	-1.3
In industry	28.4	24.7	-3.7
In agriculture, forestry and fisheries	96.1	95.8	-0.3
In investments	56.5	54.4	-2.1
In development	76.7	77.0	+0.3
In retail	83.4	83.3	-0.1

In operation	49.2	47.8	-1.4
In freight transport	50.5	49.4	-1.1
In cargo turnover	77.7	74.6	-3.1
In passenger transportation	92.1	90.4	-1.7
In passenger traffic	94.9	94.9	0
In export	26.6	24.3	-2.3
Import	45.8	48.0	+2.2

Analyzing the table, we can note a slight decrease in small business activity in January-March 2024. Specifically, the number of operating small and micro-enterprises decreased by 15,938 units compared to 2023 – from 417,216 to 401,278. The number of newly created enterprises also decreased from 23,230 to 18,945 units – to 4,285. The share of small businesses in GDP fell from 44 percent to 42.7 percent, indicating a slight decline in the influence of small businesses on overall economic growth.

The share of small businesses in the industrial sector decreased from 28.4% to 24.7%, indicating a greater concentration of production in the hands of large enterprises. Small businesses remained dominant in agriculture, forestry, and fisheries, but their share decreased slightly—from 96.1% to 95.8%. A decline was also noted in the investment sector: the share of small businesses fell from 56.5% to 54.4%. At the same time, the construction sector saw positive growth: its share increased from 76.7% to 77%.

The share of retail trade remained virtually unchanged at approximately 83.3%. Slight declines were recorded in sectors such as services, freight transportation, and freight turnover. Although the share of small businesses in passenger transportation and passenger turnover remained high, changes of -1.7% and 0% were observed, respectively. The share of small businesses in exports decreased from 26.6% to 24.3%, while in imports, conversely, it increased from 45.8% to 48%.

Overall, the number and share of small businesses in certain sectors declined slightly at the beginning of 2024, although construction and imports saw growth. This indicates structural changes in small business activity: some sectors are contracting, while others are expanding.

Conclusion

In conclusion, it should be noted that entrepreneurship in Uzbekistan's economy is a key driver of national economic growth. The effective circulation of entrepreneurial capital contributes to the creation of new jobs, increased incomes, and expanded production. However, a slight decline in the number of small businesses and their share of GDP in the first quarter of 2024 indicates systemic problems, including declining investment activity and the slow development of innovative projects.

To correct this situation and accelerate the turnover of entrepreneurial capital, the following three main proposals can be put forward:

Firstly, to introduce new technologies by expanding the activities of start-ups, technology parks and business incubators;

Secondly, strengthen the system of preferential lending, tax incentives and investment promotion for small businesses;

Third, equipping young people and entrepreneurs with modern management, marketing and innovative thinking skills;

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