Financial support for business subjects in the innovative development of the Uzbek economy

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Abstract. The degree of economic influence of the state on the national economy is determined by the quality of regulation. The essence of state regulation in the world is that the state does not do business, because the government can regulate the market more effectively than by being present on it. Effective government regulation is a development factor. In the world, the decision-making process is greatly facilitated by the high degree of harmonious interaction between business and government that has existed since pre-war times. Such interaction clearly reflects the specifics of the Eastern approach to interaction with economic processes, the Asian version of the implementation of the principles of market motivation in the economy. The article shows the world model of the economy and in connection with the intensification of the process of modernization of the national economy and the transition to an innovative path of its development in the context of economic and political sanctions that impede the growth of entrepreneurial activity in Uzbekistan, the problem of adapting state support measures for innovative small and medium-sized enterprises to existing conditions requires systematic study of recent changes in foreign models of financial support for innovation.

Keywords. Innovation path, innovation model, small business, medium business, support institutions.

1 Introduction

By 2000, the share of stock market capitalization of securities in the United States approached 50% of global capitalization [1]. At the same time, a high level of development of the secondary market is noted - high indicators of the number of listed companies, volumes and liquidity of trading, capitalization. The secondary securities market in the countries of the Anglo-Saxon group is significantly ahead of the markets of continental Europe in terms of volume and liquidity: in the USA, Great Britain, the Netherlands and Switzerland, as well as in some developing countries (Malaysia, Singapore, South Africa, Chile, Philippines), market capitalization comparable with the volume of lending to the national economy by the banking sector [2-4].

The development of the secondary market is necessary to maintain the liquidity of the investments made, but at the same time, it can give a certain degree of excessively

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speculative nature of transactions in the securities market and contribute to the general overestimation and instability of share prices [5, 6]. The ownership structure is characterized by a significant dispersal of ownership (shares) among a large number of private shareholders [7].

The importance of small business is incomparable in ensuring the consistency and gradualness of the modernization processes that are carried out in order to reform our country, join the ranks of developed countries, and create decent living conditions for our people [8, 9]. At the same time, given the existence of some problems in the development of small business and private entrepreneurship in our country, unused opportunities and our high economic potential, it is important to study the accumulated foreign experience in this regard [10].

The purpose of the article is to systematize innovations in state programs to support innovation in foreign countries in order to determine the trends of modern models of financial support for small and medium-sized businesses and identify opportunities for adapting their individual promising elements to Uzbek conditions.

The formation of an innovative model of the economy in foreign countries demonstrates the different time frames required to build this model, as well as differentiated approaches to supporting the innovation activities of small and medium-sized businesses. World experience indicates the absence of a universal model for supporting the innovation activities of small and medium-sized businesses that would be effective for all countries. Each state chooses an individual path for the development of an innovative economy. In the global economy, there are currently several models for supporting and stimulating the innovative activities of small and medium-sized businesses [2].

2 Materials and methods

The banking system of Uzbekistan, as the most developed and integrated into the national economy, is most exposed to the influence of external and internal macroeconomic factors. If the basic scenario of economic development is implemented, the volume of banking assets will show moderate growth and will not reach the level of 2020 in dollar terms (in 2020, the exchange rate was liberalized, and therefore all financial market indicators denominated in foreign currency fell several times) [11-14].

The most optimistic option for the development of the industry is a return to the planned growth rates, however, the lack of objective economic prerequisites makes this scenario unlikely. Large-scale structural reforms, the emergence of new major foreign players, or a return to a more directive regulatory model could lead to such a scenario. More realistic is the optimistic scenario for the development of this market segment, which can be implemented through structural changes in the financial market in the medium term, the emergence of new and improvement of existing instruments on the market [15, 16].

The stock market of Uzbekistan is not the most developed segment of the financial market. Turnover on the stock exchange largely depends on the regulatory authorities. The arrival of foreign investors on the market in 2021 provoked a multiple increase in growth rates, their persistence for several years may lead to a change in the importance of segments of the financial market of Uzbekistan [17-20].

Such a development of the stock market can only be realized if it is integrated with global financial institutions, the development of the market for derivative financial instruments, an increase in the liquidity of the stock market by increasing the capitalization of national companies and the regular issuance of government debt securities. Implementation of such an approach in the medium term seems unlikely. As in the case of banks, a baseline scenario with a moderate growth rate seems most likely. Such a scenario
will be implemented organically in accordance with the projected growth rates of the national economy.

3 Results and discussion

Anglo-Saxon model. In all countries, regardless of the financial market model, the stock market occupies an important place as a tool for the redistribution of monetary capital in various sectors of the economy. At the same time, there are specific national features of the activities of stock exchanges as national markets for securities, fictitious capital and cash savings. The value of the stock market can be greater or lesser depending on the model of corporate financing, the role of the national loan capital market, the development and branching of the credit and financial system, the scale of monetary savings and their impact on the monetary process.

The American (Anglo-Saxon, liberal, market, stock, Protestant capitalism) tradition of the formation and development of the financial market model is largely based on providing corporate financing through the stock market and investment banks that can accumulate long-term assets and risks. At the same time, the most important segment of the securities market is the stock market, debt instruments are of a subordinate nature. Thus, from the point of view of the degree of openness (and the role of the stock market), the Anglo-Saxon model of the financial market is more characterized by a focus on public development and attraction of financial resources through the mechanism of initial placement of securities on the open market.

Thus, the stock markets of the USA and England are significantly ahead of the markets of continental Europe (banking model) in terms of the volume of transactions and exchange capitalization. In 1985-1991, the stock exchange capitalization of securities in the United States was 35% of the world, respectively, in Western Europe as a whole - 26.5, including in England - 10.2, and Germany -3.6, France - 3.5%. The structure of ownership (ownership of shares) is fractional, retail, including through a system of institutional investors - insurance, pension, mutual funds. Thus, in such countries that support the tradition of the liberal model of the financial market, such as the United States, Great Britain, Canada, more than 50% of ordinary shares are owned by private individuals. Placement of population's savings in pension and investment funds and, as a result, disintermediation, ousting of banking intermediaries or banks from the process of financial intermediation are also important characteristics of the American financial market, which distinguish it from the European model. The more fractional, retail property is, the closer to Anglo-American capitalism, to risky financing of economic growth through shares, to a less significant role of debt obligations, to a significant diversification of financial instruments and institutions, to the displacement of banks as owners and operators of the stock market. The ratio of internal and external financing. The Anglo-American model tends to rely more on internal sources of finance, such as profits and depreciation, in relation to sources of investment funds for corporations to a greater extent (compared to countries adhering to the continental model). This is also facilitated by the principles of accounting and reporting, which are more liberal in comparison with the countries of continental Europe (Table 1).

<table>
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<tr>
<th>#</th>
<th>Model</th>
<th>Representative countries</th>
<th>Sources of financing innovative activities of small and medium-sized businesses</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Anglo-Saxon</td>
<td>USA, UK, Australia</td>
<td>State; venture funds; business angels; private investors; technology parks</td>
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</table>
Asian model. Asia in terms of socio-economic development is a mixed picture. There are countries here, both among the top ten developed countries of the world, and just starting to master market methods [3]. Therefore, it is still incorrect to talk about a single Asian market model. At the same time, we can say that with its roots it grows out of the Asian mode of production. This means that in Asian countries the state plays a special role in the economy due to the specifics of the climate, other natural factors, as well as national and cultural traditions [4]. The dominant religion is also important here. In Asia, a number of countries, among which China stands out in all respects, continue to maintain a socialist orientation of development. The Chinese model of a market economy fits perfectly into the general outlines of the Asian model, because in China the economic activity of the state is one of the decisive factors of economic growth and social stability, following the People's Republic of China, Vietnam began to advance approximately along the same path. The perception of market principles, the stimulation of entrepreneurial initiative, the preservation of political stability and the predictability of the conduct of political leadership make it possible to attract foreign direct investment and firmly gain a foothold in the world market. Intensive export expansion has become a kind of locomotive that pulled the Chinese economy to the leading position in the world in terms of total gross domestic product. Now developed countries are competing with each other for the right to promote national capital to the Chinese market.

Japan was the first of the Asian countries to take the leading positions in the world economy. The American factor played a significant role in the Japanese breakthrough, but internal factors turned out to be the main ones. Characteristically, the economic role of the state in Japan is determined not by the size of its property, but by the use of a peculiar Japanese mechanism for persuading entrepreneurs to follow state interests.

With the active support of the state, Japanese companies were able to quickly master advanced foreign know-how and become world fashion leaders in a number of high-tech products. The Japanese market model has a clearly expressed export character: the focus on the foreign market has brought Japanese products to the global level of competitiveness, and the export component has organically fit into the Asian market model.

The Japanese variant of market development was repeated in a certain sense by the Republic of Korea, Singapore, and Taiwan. It is accepted by Malaysia and Indonesia, other Asian countries. Here, the programs of public-private support for small and medium-sized innovative businesses, called SPRING [5], are most developed, including in the field of innovation for start-up projects, as well as programs to attract foreign investors to develop
small and medium-sized innovative businesses with the participation of foreign capital. [6]. A brief description of the programs is presented in Table 2.

Table 2. Modern programs of public-private support for small and medium-sized innovative businesses.

<table>
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<tr>
<th>#</th>
<th>Program</th>
<th>Purpose of the program</th>
<th>Brief description</th>
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<tbody>
<tr>
<td>1</td>
<td>Loan Insurance Scheme (LIS)</td>
<td>Inventory/warehouse financing. Structuring before delivery of working capital (including working capital).</td>
<td>Working capital (receivables) insurance. The loan rate is determined by the insurer based on the risk profile of the borrower (the government provides insurance premium support of 50%).</td>
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<tr>
<td>2</td>
<td>Loan Insurance Scheme (LIS+)</td>
<td>Attraction of foreign capital for the purchase of auxiliary premises with the help of a standby letter of credit or loan funds.</td>
<td>Working capital (receivables) insurance. The loan amount is SGD 5 million per borrower of the group (1.5% per year of the loan amount is insured by the government).</td>
</tr>
<tr>
<td>3</td>
<td>Capability Development Grant (CDG)</td>
<td>Small business development in areas such as increasing productivity, improving the product development process and market access</td>
<td>The grant covers up to 70% of project costs such as consulting, training, certification and equipment costs</td>
</tr>
<tr>
<td>4</td>
<td>Business Angel Scheme (BAS)</td>
<td>Support for start-up projects of small and medium-sized innovative businesses with the participation of business angels specializing in various sectors of the economy in order to create innovative products and/or processes with intellectual content and high growth potential in international markets</td>
<td>must be registered as a private company in the form of an LLC for at least 5 years, have a paid-up capital of at least 50,000 and not more than 1,000,000 Singapore dollars. Selection criteria for small and medium innovative businesses: 1) the ability to demonstrate significant innovative and intellectual potential for products and/or services; 2) the ability to demonstrate high growth potential on a global market scale.</td>
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<tr>
<td>5</td>
<td>Development Programme (IDP)</td>
<td>Support for innovative start-up programs in areas such as market access, funding, entrepreneurship education, leadership</td>
<td>compensation for the following expenses: 1) start-up development programs: expenses for the development of programs (programs) that help start-ups develop new products and services, obtain business financing, facilitate access to markets, etc.; 2) startup mentoring: hiring mentors to provide leadership for startup management; 3) operating expenses: salary for team incubation, marketing costs, events.</td>
</tr>
</tbody>
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All this created an objective basis for the formation of trade and economic unions in this region, such as, for example, the Asia-Pacific Economic Community, the significance of which has already gone beyond the region and is becoming the most important factor in the world development of the Asia-Pacific Economic Community.

The formation and development of integration associations of countries like the EU, the Asia-Pacific Economic Community and others will provoke the formation of various market models already at the international level. This, in particular, is evidenced by the
increased competition in the world market and the trend towards a certain isolation of the integration groupings of countries that have a huge transformational potential and a high springboard for development [7-15].

**British model.** The mixed economy of Great Britain was formed and transformed under the influence of active state regulation. In the second half of the 20th century, a number of industries were partially nationalized in Great Britain, and a unified system of public health and social security was created.

So, in the UK, the state as a buyer ensures the sale of up to 20% of the currency national product. The state order system is also used for this, which attracts companies with a guaranteed sales market, the absence of the risk of non-payment, and the availability of tax and credit benefits [16-20].

However, by 1980 in the UK there was a decrease in the efficiency of the economy and a weakening of its position in the world economic system. All this required limiting state regulation of the economy and providing more freedom to market forces and private capital [12-15]. At the same time, Great Britain is one of the leading countries in the world.

A positive role in the development of the British economy was played by the large-scale privatization of the 1980s and 1990s, initiated by the Thatcher government [13]. Practically all industries and companies nationalized since 1945 have again become objects of private ownership, which has led to a sharp increase in the productivity of labor and capital in them. The majority of state-owned companies were privatized, including natural monopolies - telephone communications, gas and electricity supply, and water supply. At the same time, there was a process of stimulating private entrepreneurship. At the same time, privatization programs have reduced the scope of state regulation and increased its effectiveness. The economic deregulation policy pursued in all sectors of the UK economy has removed many administrative and legal restrictions in the field of entrepreneurship, removed currency and financial restrictions on capital flows between the UK and other countries of the world, abolished control over wages, prices, and dividends. The targeted nature of free medical care has increased. All this has improved the efficiency and competitiveness of the British economy. As a result, the UK economy at the present stage is the most decentralized in the European Union and the sixth in the world out of 102 countries according to the “index of economic freedom”.

The same desire for decentralization and deregulation is characteristic of the UK as a member of the European Union. The country opposes the transformation of the European Union into a national association with a single currency and a single tax burden, against the creation of a single European state of a federal type even in the long term, and also for the speedy expansion of the European Union at the expense of countries. The basis of such an independent position of Great Britain in the European Union is the fear of losing national and state sovereignty, the strengthening of the German-French bloc in the European Union, as well as the traditional focus of Great Britain on the US economy. At the same time, the relationship between the UK and the US is unique and extremely valuable for ensuring economic development and national interests.

In the considered models of state support for small and medium-sized businesses, certain trends can be traced.

1. The governments of most countries of the world consider the promotion of the development of innovative small and medium-sized businesses as the basis of the state economic politics, annually initiating numerous government programs worth tens of billions of dollars.

2. The key are the integrated tools of financial, consulting, information support, export promotion on the basis of created clusters or integrated into a single network of business centers for innovative development.
3. The main objectives of the programs to support small and medium-sized businesses are the creation of new enterprises, support for innovation and the use of new technologies, increasing the competitiveness of products, especially in world markets, creating new jobs, developing individual regions and industries.

4. Legislation is aimed at reducing administrative barriers, legal regulation is carried out mainly through direct action rules established in laws, and not in by-laws, an active antimonopoly policy is being pursued, and measures are being taken to curb unfair competition in relation to innovative enterprises.

5. The principle of cooperation between large, small and medium-sized enterprises is cultivated, and they mutually complement each other, especially in the field of specialization of individual industries and in innovative developments.

6. Support for small and medium-sized businesses is primarily aimed not at direct subsidizing or providing financial resources, but at creating favorable conditions for the optimal functioning of small and medium-sized businesses, as well as facilitating the access of small and medium-sized businesses to borrowed resources. As special measures to support the sector of small and medium-sized businesses, targeted loans with preferential terms are used.

4 Conclusions

It is concluded that the best practices of some foreign countries in terms of organizing programs and processes of public-private infrastructure, financial, information and consulting support and accelerated commercialization of new developments of small and medium-sized enterprises indicate the need for formalization and introduction in Uzbekistan of a systematic state approach in all processes related to stimulating innovation activities of small and medium-sized enterprises.

Due to the fact that the Uzbekistan Republican Commodity and Raw Materials Exchange is much more integrated into the world market through export trading and trading in hard currency, the liberalization of the exchange rate has significantly affected the turnover of the exchange. Another factor was the cancellation of obligations to conduct public procurement through the stock exchange. Therefore, ceteris paribus, the base scenario for the development of the exchange should be taken as an optimistic scenario, in which trading volumes will gradually approach the level of 2018. This development option is feasible, due to the projected growth in exports.

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