

Doing small business and private entrepreneurship of each family in Uzbekistan

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Abstract: As our former President Islam Karimov said “Entrepreneurship is the backbone of our economy”. Looking at the recent statistics, almost 80% of people in Uzbekistan work for private companies. However, around 50 % of Uzbek people have small businesses and the rest of our population are working for others for many reasons. For this reason, I have decided to do research and find out why half of the whole Uzbek people have no business at all and how the other half are able to do their own business and where they are taking their motivation, knowledge and budget and what are the secrets for keeping any type of business successful. In order to find answers to these questions, my research question is about the main incentives and major challenges of doing small businesses and/or SMEs in Uzbekistan.

Keywords: small business, entrepreneurship and Uzbekistan

Introduction

The goal of this study was to discover what motivates businessmen, what challenges or barriers people face before starting their business and what differentiates entrepreneurs from employees. Qualitative inquiry in the case of Google survey and face-to-face interviews have been taken from participants. Questions were given to respondents to find out their life experiences. In the results part, the findings presented from a comparative thematic analysis of the answers to the questions that were provided to four participants. This chapter consists of an analysis of the data generated from the semi-structured interview questions to capture in detail each participant’s lived experiences. It also contains a summary of the answers that were discussed to provide better explanation. It ends with implications, limitations, and recommendations for future research.

The current opportunities created for entrepreneurs are not satisfying, or inadequate, and there are lots of obstacles for both existing entrepreneurs and new start-ups in Uzbekistan. These problems include bureaucracy, financial illiteracy, not having enough budget, corruption, high credit loans of banks and inadequate knowledge of markets and demands, and not having enough communication skills, and many other challenges or barriers. In addition, there have also been research to distinguish entrepreneurs and employees in their thinking, and mindsets. Another problem is that schools never teach financial education, so rich people’s children and people who have gained knowledge and training from special materials and/or courses could only do entrepreneurship. Therefore, there are only 50 % of population who have their small or family businesses and others are still struggling with money, or working for money by being employees throughout their whole life. The goal of this research is to analyze the experiences of small and medium-sized enterprises and their owners and listening to either excuses and/or barriers for employees for not doing or starting their businesses, thereby also investigating psychological or cognitive differences between entrepreneurs and employees. This research is based on the experiences that the participants experienced about the challenges, their motives and their mindsets. At the same time, this research is also intended to know about the struggles, excuses and mindsets of employees or potential entrepreneurs. The reason for investigating the potential entrepreneurs is that there are only 50% entrepreneurs and it is possible to attract at least half of the employees who include the other 50 % of the whole Uzbek nations. We have found answers from the replies of participants.

The data obtained from the Google survey and the semi-structured interviews revealed experiences of businessmen, challenges and incentives of all businesspeople in Uzbekistan, and different mindsets of people who are engaged in some business. Four themes arose from the data analysis: a) motivating forces of entrepreneurs, b) experiences of entrepreneurs before and during doing their own business, c) challenges and main barriers which are distracting businessmen to thrive and stopping employees to start their small business, d) cognitive and intellectual differences between entrepreneurs and employees, and e) possible solutions to attract more employees to business activities. The results of this study claims the initial estimations about the incentives, challenges, and psychological different mindsets of entrepreneurs and employees. As the participants in this study said that businessmen can start their business if they are not afraid of taking risks, continuously grow, use innovation, consistently try, always try to be the best, continuously develop their financial education by reading lots of books, and going to trainings and special courses, learning demands and offers in the market all the time, and know how to calculate between net profit and expenses precisely, take tips of experienced and professional entrepreneurs, know human psychology so that they will be able to use human resources in his/her company to their fullest potential, and learn communication skills, and most importantly helping other people by offering products or services which customers really need, but do not know how to make these products and/or services. When employee participants are asked about reasons for not doing their own business, the major excuses were not having enough budget, financial illiteracy, having their own jobs, not having enough time, no interest in doing any business, fear of failing, thereby not taking any risks, blaming politics and saying that bank loans to be very high and just enjoying being dependent on government jobs and private company owners, thereby preventing themselves to have financial freedom. The literature review also showed many opportunities to be motivations for businesspeople, benefits of SMEs in a country's economy, desired percentage of SMEs to achieve financial freedom of Uzbek people, initial and recent overview of all legislations and decrees to support SMEs, and main differences between entrepreneurs and employees. The findings of this study shed light on many things.

Skills of entrepreneurs versus weaknesses of employees

According to U.S. Veterans magazine, there are 15 differences between employees and entrepreneurs. The first difference is that employees need to be directed while entrepreneurs can create their own path. Robert Kiyosaki also mentioned about choosing a path not walked in his book called "Rich Dad and Poor Dad" by giving a poem that is "A path not trod by", when he explained how a person should think as rich person and not work for money. The second differentiating factor is about listening of entrepreneurs and doing of employees. Although main jobs are done by employees in all companies, they are listened and controlled to make them achieve high efficiency by their bosses. For example, Elon Musk does not participate in the production of cars, rockets and other operations in his companies, but listens to his employees, guides them and ensures to keep productive and positive work environment for all staff. Next one is about whether businessmen taking lots of risks, whilst employees being afraid of taking risks. All entrepreneurs must be risk-tolerant in order to build his/her organization. Entrepreneurs are always ready to take crazy risks while businessmen take calculated risks (www.tiic.org). The next skill that Nathan (2016) said entrepreneurs may do lousy work which means that they create something and produce and fail rather than employees who are trying to do their jobs perfectly on the eyes of their bosses. Next difference is that employees try to do everything themselves even if they do not have enough skills, while entrepreneurs only do what they can and have other tasks done by others because they value their time. Another interesting fact about these two types of people is that employees focus on improving their weaknesses, while entrepreneurs try to improve their strengths (Nathan, 2016). Then, entrepreneurs can only do one task perfectly, but employees can do multi-tasks. This is also a proved scientific fact because our brains

cannot focus on many things at the same time (Nathan, 2016). In addition, entrepreneurs believe in seasons so they thrive on one season than on others, however, employees want work/life balance. Another quick interesting fact about them is that employees are afraid of the smartest people so want to be the best ones in their workplaces, while entrepreneurs hire the smartest employees to their companies, because they know that without a great team, their business will fail. Moreover, employees get paid for the tasks they have done, while entrepreneurs get paid for the outcome or results, so businessmen are the last people to be paid after they paid their employees (lifehack.org). Employees are afraid of failing, while entrepreneurs embrace it because they know that more failures will happen before success (lifehack.org). Employees would rather be with other people so love social interaction, while entrepreneurs love working alone (lifehack.org). Next important factor is that employees spend their all time for working, while entrepreneurs sell their ideas, products, and benefits of working in their companies (lifehack.org).

Signs indicating that you may not be ready to be an entrepreneur

Although all people are willing to be an entrepreneur, there are some signs that indicate that you may not be ready to start your entrepreneurship (Kimanzi,2015). The first one is the lack of self-motivation, and this means that doing things lonely and complete them by yourself, but if you need a boss to tell you what to do next, then you are not ready for being an entrepreneur (Kimanzi,2015).. Another crucial thing entrepreneurship needs is enough budget to pay your bills, because it is possible to lose your money while doing your business (Kimanzi,2015). Next, being able to tolerate different pressures and able to run your business at the same time is more than important in business (Kimanzi,2015). It is also important to do enough research to take the first steps if you are an expert in the area of the business you are going to. Internet is the best tool to collect data. Another factor is to have a passion to do your business, you will need this passion to move forward even if you fail and struggle. Next important sign is to use another entrepreneurs' ways or copying them. What worked for them may not fit you at all (Kimanzi,2015). The reason why these signs have been mentioned about not being ready for being an entrepreneur is that people should not leave their jobs immediately if they are not fully ready.

This study is valuable in the business management field because it identifies how entrepreneurs can be successful, the secrets of entrepreneurship, good experiences of businessmen, characteristics of entrepreneurs and employees, and challenges to be overcome in the future to achieve higher percentage of SMEs in Uzbekistan. Therefore, this research demonstrates the importance of training Uzbek employees to change them into successful and rich businessmen in the near future. The gathered data from the participants provide specific details on how SMEs could benefit a country's economy because of its huge share in GDP and Employment of people as discussed earlier in the literature review part. From the responses of participants, it is clear that poor economical atmosphere of Uzbekistan towards SMEs like bureaucracy, corruption, and high taxes and financial illiteracy are discouraging most employees to start their own or family business. Therefore, existing SMEs should share their knowledge and experiences with potential entrepreneurs as their contribution to the development of our country economy and reduce unemployment rate. So new businessmen should improve their knowledge, self-motivation, passion, courage and should be ready to fail many times but move forward after many failures and be consistent. The findings of this study can provide recommendations for future entrepreneurs. For starters, the study shows the significance of improving their financial education, and probably test themselves by reading the signs of not being ready to be an entrepreneur, and learning experiences of entrepreneurs. Finally, this study provides information about the need for increasing the percentage of SMEs and training centers in Uzbekistan.

The study was qualitative in nature and was designed to learn experiences of entrepreneurs and attract more poor and middle-class employees or the unemployed to start their own or family-owned small businesses. Successful businessmen's life experiences help most starters as good sources or lessons. Furthermore, the study explained that employees should not hurry to start their own business if they are not interested in doing business or do not have enough budget to pay for their bills. Therefore, future researchers should focus on more details of life experiences of successful entrepreneurs and find more practical solutions to the existing problems which are discouraging the growth of SMEs in Uzbekistan.

While suggestions and recommendations are provided, it cannot be determined that all entrepreneurs have similar life experiences, because some of them claimed their knowledge about business are taken at home, while others mentioned about extra studying of books, while some also mentioned about being among successful businessmen and learning how to do their own business. Since this study focused on smaller number of participants and most of whom to be non-businessmen, the data collected cannot be generalized. It is unclear whether all employees think the same in terms of the obstacles for being a businessmen. Additionally, the data used in this study can be mostly related to young teenagers and young adults since the majority of the respondents included these aged groups. That means that this research findings could be different if taken from middle-aged adults and older people. Although main incentives have been mentioned, more data regarding practices of SMEs could be involved. One more limitation is that this study was based on the research questions. This means that other more important factors, incentives and challenges have been missed intentionally. It was also important to choose theories and put the study in a theoretical framework. While acknowledging these limitations, the findings can be a motivating research paper who want to explore the activities of SMEs and main barriers for SMEs more deeply in the future.

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