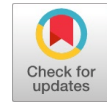


# The Importance And Necessity Of Establishing Strong Cooperation Between Businesses And Universities In Uzbekistan



Gulnora Ismoilova, Feruza Nabieva, G'ayrat Dehqonov

**Abstract:** Today, efficiently implementing innovations in entrepreneurship is vital. The root of innovation stems from education that needs investment. This thesis analyzes the current trends of entrepreneurship, factors influencing on it and ways of improving its status in Uzbekistan. The article also suggests and encourages industries and entrepreneurs to invest university research sections so that to hold university and entrepreneurs' partnership for reaching optimum solutions to current issues.

**Key words:** entrepreneurship, innovation, investment, risk, partnership, government, culture, education.

## I. INTRODUCTION

Entrepreneurship has become a major factor in job creation and economic growth in the labor market. "The entrepreneur not only cares for himself and his family, but also the people and the state. If the entrepreneur is rich, both the people and the state will be rich"[1]. Today, after the fourth industrial revolution, startup projects are required to compete in a range of criteria, such as creativity, innovation, flexibility [2]. Therefore, many educational institutions in the world are offering business training programs. The basis of these curricula is the confidence that entrepreneurship can be used and the knowledge and skills needed to become entrepreneurs, and as a result, the state of the entrepreneurship education in many countries around the globe, is increasing [3, 4]. Entrepreneurship training also serves as an important factor in the risk-taking environment, as it is important for entrepreneurs to find and develop sensitivity and clarity, as well as the need for successful business management [5-8]. In order to develop entrepreneurial thinking, interest and investment in entrepreneurship education throughout the world are increasing at all stages of the curriculum: from elementary school to higher education [9] In the Republic of Uzbekistan, an entrepreneurship course or curriculum in the education system is not compulsory. Nowadays, in Uzbekistan, there are organizations, which aim to provide entrepreneurial, and startup ideas in three ways: 1. Public Grants, Scholarships and Selection Programs 2. Private Business Schools 3. Nonprofit organizations announcing various contests and scholarships.

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While Uzbekistan's current efforts to develop entrepreneurship and startup projects have yielded remarkable results, it cannot be denied that entrepreneurship levels are significantly lower compared to other countries. In order to develop the economy, Uzbekistan needs to introduce incentive and stimulating startup and innovative technologies. We present social, cultural, educational and legal factors that affect the business environment in Uzbekistan:

- 1. Culture.** The impact of culture on entrepreneurship is inevitable. It is not unusual for Uzbek culture to react quickly to risk. In contrast to American culture, indifferent to controversial, unsuccessful, and open-minded thinking, the way in which many people follow the guidance and advice of Uzbek culture, such as consensus and enthusiasm because the emphasis is on the quality, the Uzbek people are more likely to overestimate the logic. Psychological barriers to fear of failure have shown that the Uzbek people might not allow the entrepreneurial activity to swing completely.
- 2. Social status.** In Uzbekistan, the position of business in society is not high enough. The social system, which lasted for a long time, had a great impact on the formation of this view, and it is still perceived today. In particular, the fact that the entrepreneur was viewed as a "speculator", and loss of individual interpersonal competitiveness resulted in a negative attitude to entrepreneurial activity. As a consequence, approximately ten years ago, parents preferred their children to study in other fields rather than entrepreneurship, and work for state-owned corporations or government organizations. Today, many parents also encourage their children to pursue their careers at a stable, high-paying enterprise, although these traditional ideas are gradually changing.
- 3. Education.** Another factor is the education system, which teaches children to think "in the box" on mathematics, languages, nature and technology. In contrast, according to the South Korean education system, children have access to subjects, like "Good Life," "Wise Life," and "Happy Life". These subjects involve the transition to school life, problem solving, creativity, learning skills, and vital knowledge necessary for children [10]. Moreover, it is important to note that no science about entrepreneurship is taught in schools.



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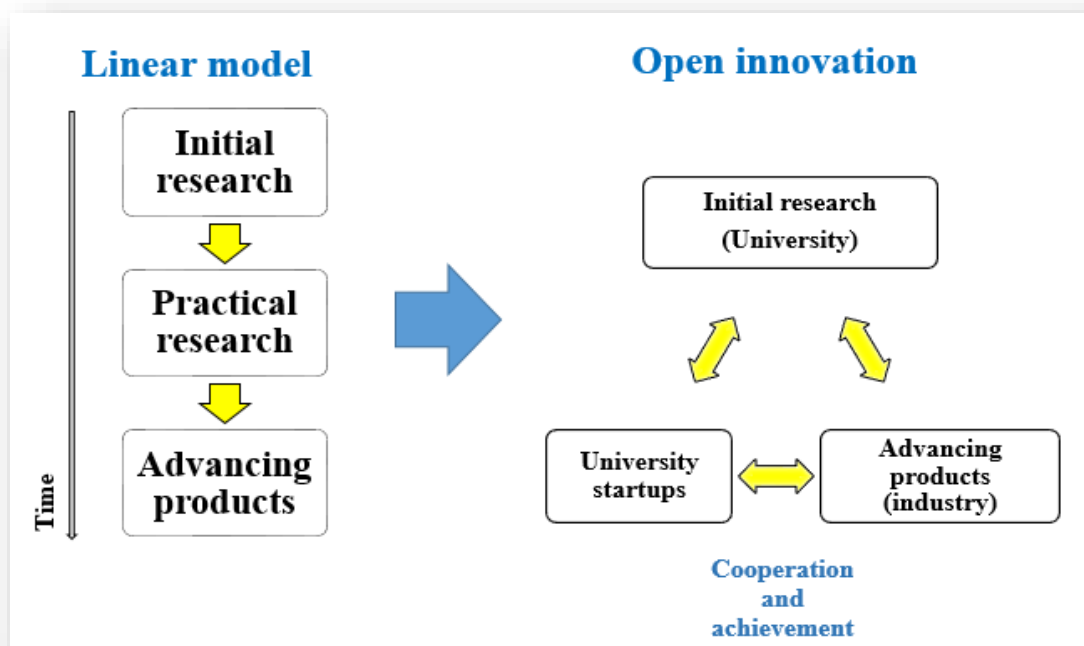
This leads to the fact that later, the younger generation may come to terms with the idea that they can use the skills and knowledge they have acquired in a particular area. For example, it is rare to find entrepreneurs through their earnings and their introduction into

production and service among scholars who have achieved remarkable results in research.

4. **Right.** As a result of confidential inquiries, we have learned that in Uzbekistan, we can see a legal paradox in a certain extent. For example, as the scope of the current business grows the tax burden on increases. In order to support and protect small business, various soft loans and simplified tax liabilities are introduced. On the other hand, it can be acknowledged that, the development of small business and the prevention of monopoly can be a barrier to the emergence of medium and large businesses. Because entrepreneurs try to maximize profit after starting their own small business, using existing opportunities and benefits. At a certain point, instead of expanding their businesses, making them big businesses, they may prefer to set up a small business in another area and to use the benefits and credits in low interest rates. Consequently, interest rates

on ordinary loans may rise because of the increase in the volume of soft loans. This, in turn, will not positively affect the economic activity of the state through the banking system. Therefore, it is expedient to further improve the legal framework of business taking into account economic-related laws. The need for innovation in education has sharply increased. "It is widely recognized that the social and economic well-being of the state depends largely on the quality of education of citizens of that State, including the "intelligence level", information exchange, high level of qualifications and high professional skills in organizations. Today's modern and efficient system of education is a requirement, meaning that the achievement of the goals and the optimal utilization of available resources are the function of today's educational system"[11]. According to the data provided by the Organization for Economic Cooperation and Development, "pressure on equity and the improvement of academic performance of students are increasing all over the world" [12]. Political, economic, demographic, and technological factors in Uzbekistan have an innovative and modern approach to external development.

Figure 1. "Standart Exchange" In Innovative Ecosystem



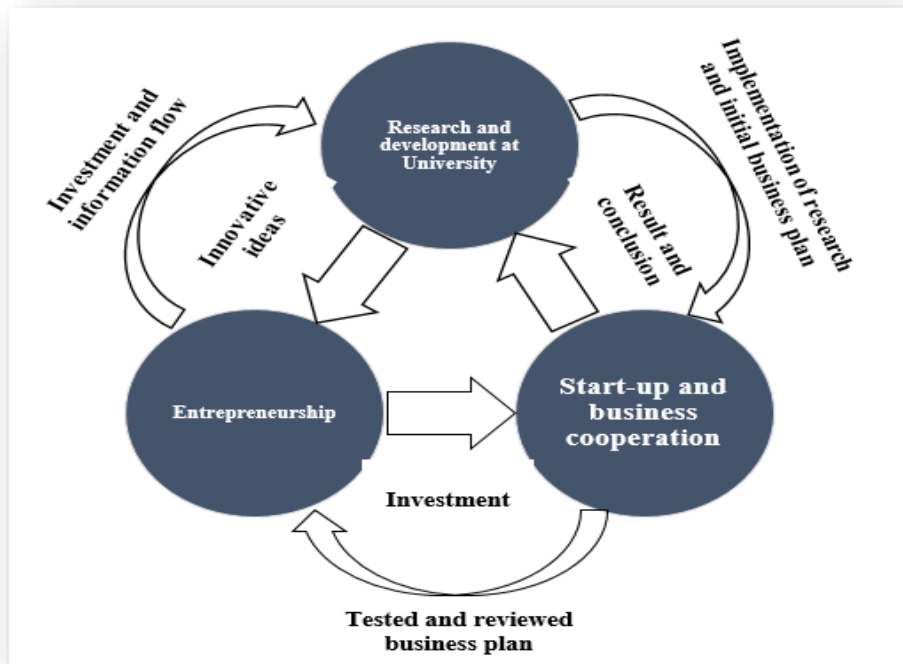
Source: Shigeo Kagami [13]

Direct implementation of science achievements, especially in the direction of development of entrepreneurship, is an urgent issue. Many scientists have commented on their research. In particular, Shigeo Kagami, a Tokyo University researcher, explores the need for entrepreneurs to invest in a university and to establish strong partnerships between universities and industries, resulting in research into the implementation of the results of the university labs on paper

and practice [13]. Today, the following advantages can be achieved by investing in entrepreneurial activities in the university education system and by establishing direct cooperation with the manufacturing and service sectors:

- **Comfortable environment.** The university institution creates a favorable environment for achieving innovative achievements. It saves capital in the face of opening a separate institution due to existing laboratories and equipment.

Figure 2. Cooperation Cycle Between University And Business



Source: Author

- **Required workforce.** The University is a venue for selected students and professors in a particular area. This is a time-consuming and cost-effective way to do a variety of tasks, such as search, testing and retraining of human resources that can be eliminated by cooperating with university.
- **Practical results.** The following are the trends in the research: the vitality of ideas derived from the theoretical knowledge found in the researches, as well as their start-up experiments in real life. It means the idea and innovation discovered in university laboratories could be implemented in real life with the help of existing entrepreneurship companies. This, in turn, ensures that the knowledge gained at the university is not restricted to theory alone.
- **Investment.** Investments and startups require capital. Because of the high probability of predicting the effectiveness of such research, the risk of investment will be high. Therefore, it is desirable to work in partnership with investment companies in their future.
- **Periodicity.** University and enterprise cooperation spirals are periodically interchanged and improved [Figure 2]. In particular, the enterprise invests in university research. The achieved results will be implemented through startups and the preliminary results will be analyzed. Then, according to the results of the analysis, reviewed projects will be put into production and service for the future of the enterprise. In conclusion, in today's rapidly changing business environment there is a favorable environment for the establishment and development of business in Uzbekistan. Effective use of this cozy environment is directly related to human resources. Progressive and exciting specialists in their field require the active support of the educational institution and industry. This article first examined the factors affecting business in Uzbekistan. The article also

provides an overview of investment opportunities for entrepreneurship development in the university education system, through the establishment of direct contacts with the manufacturing and service industry, training of in-depth knowledge, scientific and innovation achievements and the benefits and the ongoing investment flows.

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**Gulnora Ismoilova**, was born in 1972. In 1994 she graduated economics faculty of the National University of Uzbekistan, economist. From 1995 to 2015 she worked at the Academy of Public Administration under the President of the Republic of Uzbekistan. She works in Tashkent University of Information Technologies since 2015 as a head of the department "Management and marketing". In 2001 she was candidate of economic sciences (PhD), and in 2006 she received the academic title of associate professor. She conducts research on economic theory, management and business. She has more than 45 scientific articles and more than 70 theses. She is the author of several monographs. She has been the head of several scientific and innovative projects. She is working on an innovative project on the e-resources of young people in Uzbekistan. She is working on his doctoral dissertation on stabilization of the Uzbek sum. She has been active in the SASAKAVA PEACE FOUNDATION (Japan) project in 2003-2006 and has been active in promoting the keystore style for young people in Uzbekistan. She has trained in Moscow State University (2002) of Russia, Yonsey University (2004) in South Korea, Belgian Antwerp University (2006), and Indonesian National Institute (2008). Married, has two children.



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