E-ISSN: 2997-934X

American Journal of Management Practice

https://semantjournals.org/index.php/AJMP

| Research Article

Check for updates

Ways to Effectively use Innovations in Developing Family Business

Mirjalolova Muazzamkhon Mirjalil qizi
student at the Namangan Institute of Engineering and Technology.
Rashidov Rahmatullo Alojonovich
Head of Department, Namangan Engineering-Technology Institute

Abstract: This article discusses effective ways to use innovative technologies in the process of developing a family business, and also highlights the advantages of developing a family business through innovative approaches, existing problems and measures to solve them.

Key words: Family business, innovation, digital technologies, strategy, innovative ideas.

This is an open-access article under the CC-BY 4.0 license

INTRODUCTION

In the current period, innovation has strengthened its position as an important factor of economic development. In particular, the use of innovative approaches in the development of family entrepreneurship not only increases the efficiency of business activities, but also makes it possible to strengthen competitiveness, develop new markets and ensure economic stability.

Family business is one of the main forms of small business in many countries. For example, "in the countries of the European Union, the share of family companies is more than 50%, in Latin America it is 65-90%, and in the USA it is 95%. Also, 45-50% of the GDP of European countries, 70% of Latin American countries, 65-82% of the GDP of Asian countries are created by family enterprises"

[1]. Accordingly, the development of family entrepreneurship and small business, creating decent living conditions for families remains a constant focus of attention at the global level.

In the development strategy of Uzbekistan until 2026, the development of family entrepreneurship and wide introduction of innovations in the economy are defined as priorities. This increases not only economic, but also social importance of the topic. Therefore, determining ways to effectively use innovative approaches in family business is a very important and urgent issue today.

"In the following years, based on the principle of "For the dignity of man", further increasing the well-being of our people, transformation of economic sectors and rapid development of entrepreneurship, unconditionally ensuring human rights and interests, based on the in-depth analysis of complex global processes and the results of the development of our country and the third priority direction of reforms aimed at forming an active civil society is the 29th goal of rapid development of the national economy and ensuring high growth rates "Entrepreneurship creation of conditions for organizing activities and formation of permanent sources of income, increasing the share of the private sector in the GDP to 80% and its share in exports to 60%" [2]. This requires conducting systematic research on the development and efficiency of family entrepreneurship.

RESEARCH MATERIALS AND METHODOLOGY

In the process of covering this article, the laws of the Republic of Uzbekistan on entrepreneurship, the decrees and decisions of the President of the Republic of Uzbekistan on supporting family entrepreneurship, the works of the President of the Republic of Uzbekistan, the content and essence of the scientific works of economists, statistics and analysis software, online platforms for surveying family business entities, scientific articles, books and lectures on economic development and innovation, available economic indicators were analyzed.

The importance of family entrepreneurship in the country's economy has been studied by many foreign scientists, including A.V. Chayanov, G.S. Becker, R. Basso, R.S. Anderson, D.M. Ryeb, D. Prayogo, N.M. Barkhatova, G.A. Tanevski, A. Volkov, A.M.S. Valleyo, S.O. Kalendjian, Ye.V. Korchagina, Scientists like V.A. Korolev and A. Chernitsky[3] have studied it scientifically and practically. Development issues of family entrepreneurship in our republic M.K. Pardayev, A. Olmasov, H.P. Abulkosimov, U.D. Akhmedov, B. Berkinov, O.M. Pardayeva, I.L. Researched by Pugach, G.M.Shadiyeva, D.T.Yuldashev [4] and other scientists.

RESEARCH RESULTS

Family entrepreneurship is one of the most important elements of the economy and plays an important role in the development of small and medium-sized businesses around the world. A family business is run by family members and has its own characteristics, including decision-making, resource allocation, and financial risk management. By 2020, innovation has become an important factor for effective development in family business, creating opportunities to use new technologies, digital platforms and business models. At the same time, innovation remains an

important tool in the effective development of family entrepreneurship at the global and local levels. Family business, having its own social and economic factors, refers to the creation and development of a new business by entrepreneurs combining their family resources, knowledge and skills. Innovation plays an important role in making family business more efficient and competitive.

Nowadays, innovation - the process of creating a new idea, method or product - includes the use of advanced technologies such as digital technologies, artificial intelligence (AI), Internet of Things (IoT), big data. Development of family business through innovation, in turn, allows these business entities to quickly adapt to market requirements, update products and services, and increase work efficiency. Also, with the help of innovations, it is possible to increase the competitiveness of family business and conquer the global market.

In 2020 and beyond, the digital transformation of business has accelerated dramatically due to the global pandemic (COVID-19). During this period, family entrepreneurs optimized their work processes by introducing new technologies into their businesses. For example, digital trading platforms, online payment systems and cloud services have created new opportunities for family businesses. These processes have caused significant changes in developing countries like Uzbekistan.

There are several challenges in implementing innovations in family business. For example, resource and knowledge limitations of family entrepreneurs, problems in accessing digital infrastructure and technologies, and several other barriers hinder the effective application of innovations. Nevertheless, many family entrepreneurs have developed their businesses by implementing modern technologies. For example, in 2021, the implementation of digital technologies in family businesses in Uzbekistan increased by 35% (Statistics Committee of the Republic of Uzbekistan, 2021).

Many countries are providing innovative programs and grants for the development of family businesses. For example, in Uzbekistan, the "StartUp Uzbekistan" program is aimed at supporting small and medium-sized businesses, and through this program, new entrepreneurs receive help in implementing digital innovations in their business (Ministry of Innovation of the Republic of Uzbekistan, 2022).

Effective use of innovations increases the activity of family entrepreneurship, creates jobs and accelerates economic growth. For example, in 2021, jobs created by family businesses in Uzbekistan accounted for 40% of total jobs (Statistics Committee of the Republic of Uzbekistan, 2021). In addition, through the use of innovations, there are opportunities to maintain social stability and socially support the community.

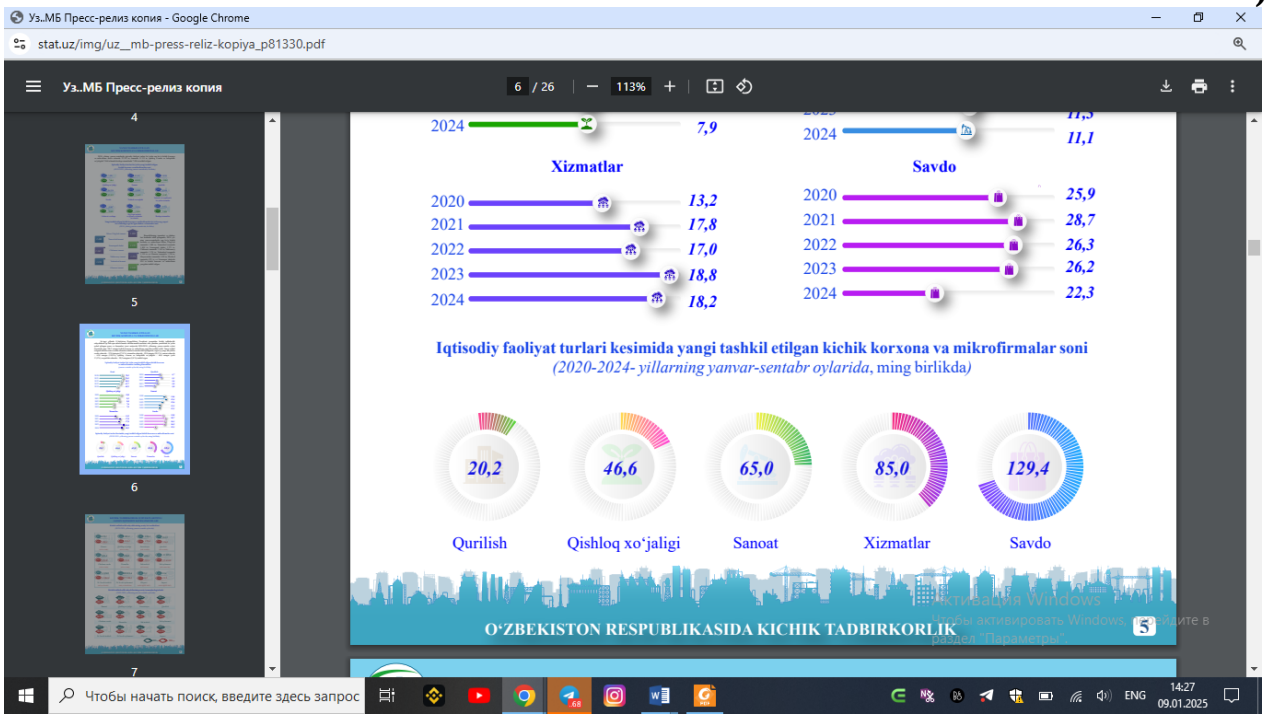
DISCUSSION

As a result of the implementation of decisions and decrees adopted by the President of the Republic of Uzbekistan on supporting small business entities and improving the quality of the business environment in January-September 2020-2024, a total of 346,200 small businesses enterprises and micro-firms were newly established.

When newly established small enterprises and micro-firms are analyzed by sector, the largest number of new entities are in the trade sector - 129.4 thousand (37.4 %), in the service sector - 85.0 thousand (24.5 %), in the industry sector - 65 ,0 thousand (18.8%), in agriculture, forestry and fisheries - 46.6 thousand (or 13.5%) and in construction - 20.2 thousand (5.8%)

Diagram 1

The number of newly established small enterprises and micro-enterprises in the sector of economic activity (in January-September 2020-2024, in thousand units)



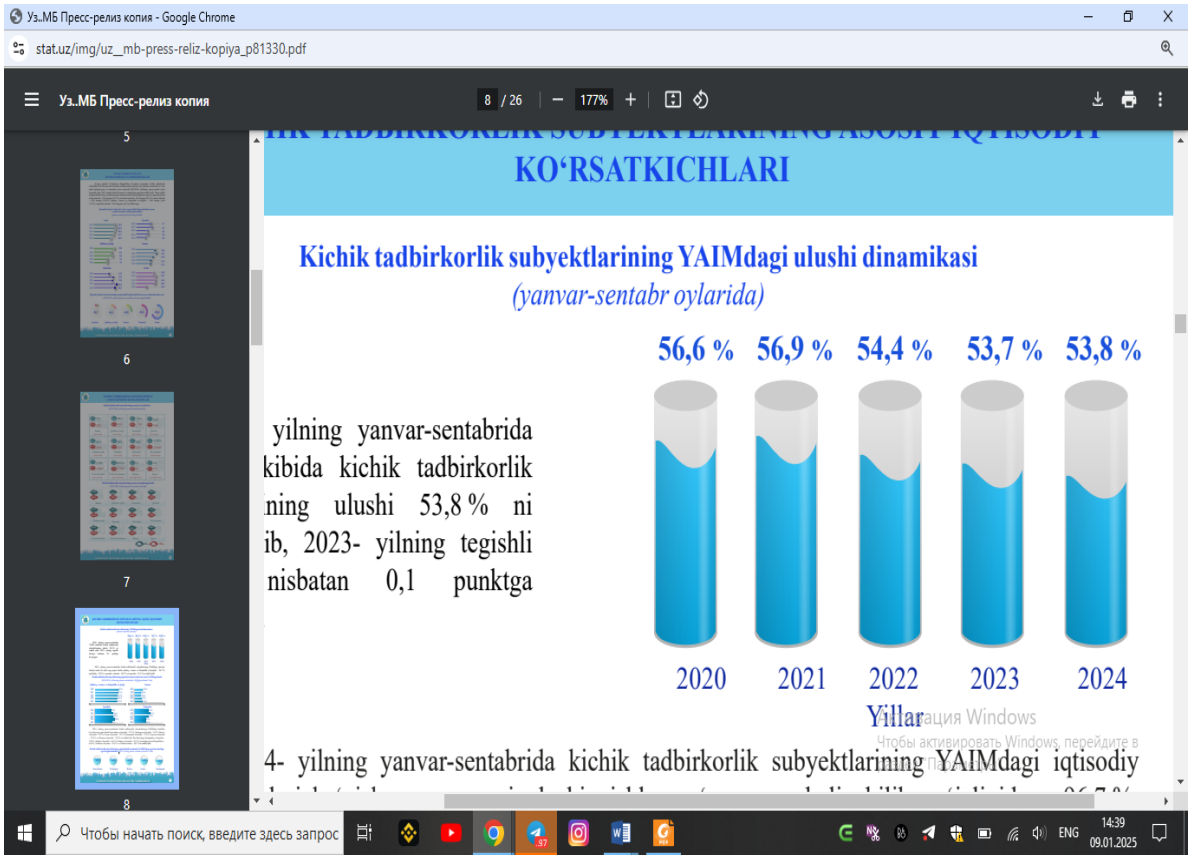
***Source:** Based on the information of the State Statistics Committee of the Republic of Uzbekistan made up.

When the newly established small enterprises and micro-firms are analyzed by sector, the largest number of new entities are in the trade sector - 129.4 thousand (37.4%), in the service sector - 85.0 thousand (24.5%), in the industrial sector - 65.0 thousand (18.8%), in agriculture, forestry and fisheries - 46.6 thousand (or 13.5%) and in construction - 20.2 thousand (5.8%)

In January-September 2024, the share of small business entities in the composition of GDP was 53.8%, which increased by 0.1 points compared to the corresponding period of 2023.

Diagram 2

Dynamics of the share of small business entities in GDP



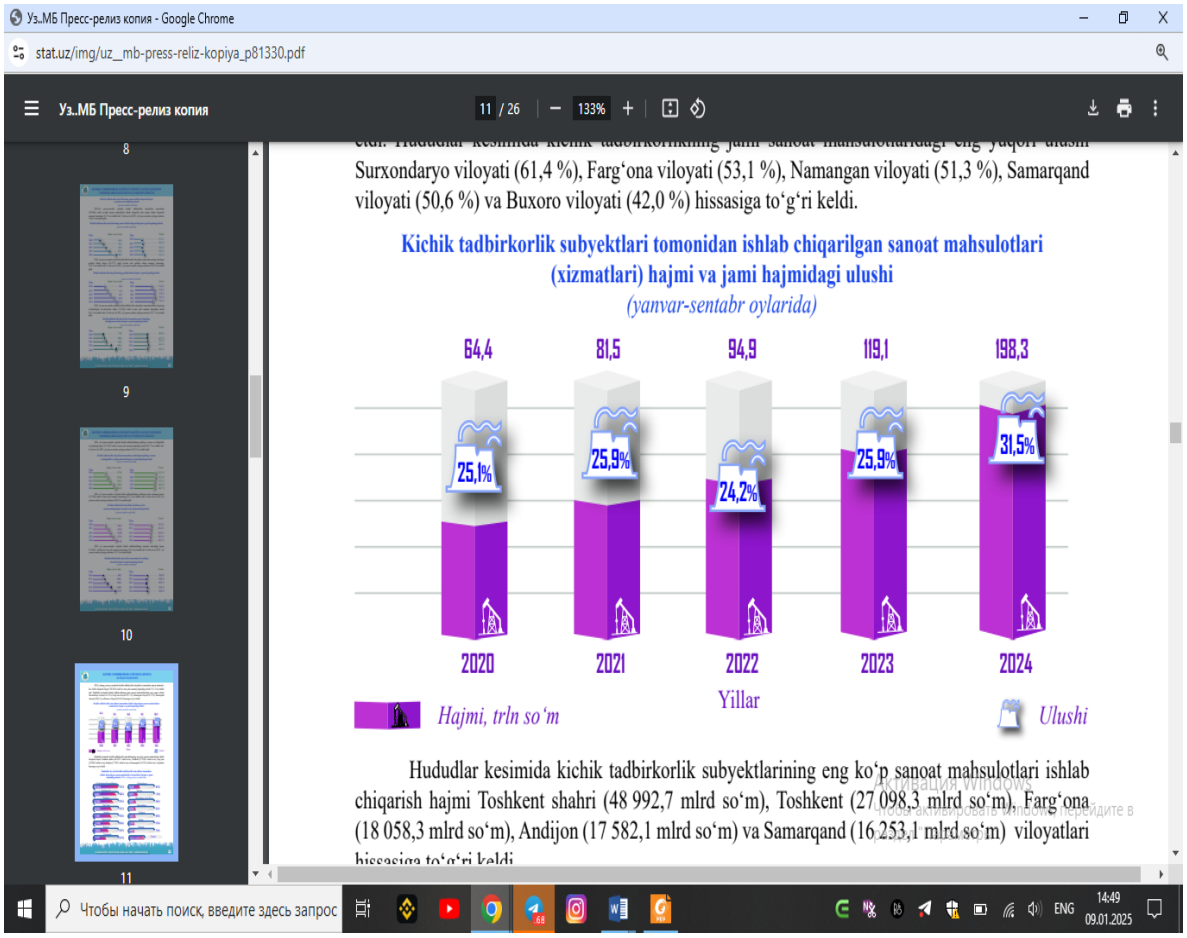
Source: Based on the information of the State Statistics Committee of the Republic of Uzbekistan made up.

In January-September 2024, the highest share of small business entities in GDP by types of economic activity was in agriculture, forestry and fisheries - 96.7%, in construction - 78.0%, in the service sector - 48.3% and in industry - 25.1%.

In January-September 2024, the volume of production of industrial products by small business entities was 198,269.6 billion soums, or its share in the total volume was 31.5%. In terms of regions, the highest share of small business in total industrial products is Surkhandarya region (61.4%), Fergana region (53.1%), Namangan region (51.3%), Samarkand region (50.6%). and Bukhara region (42.0%) contributed.

Diagram 3

The volume of industrial products (services) produced by small business entities and their share in the total volume (in January-September)

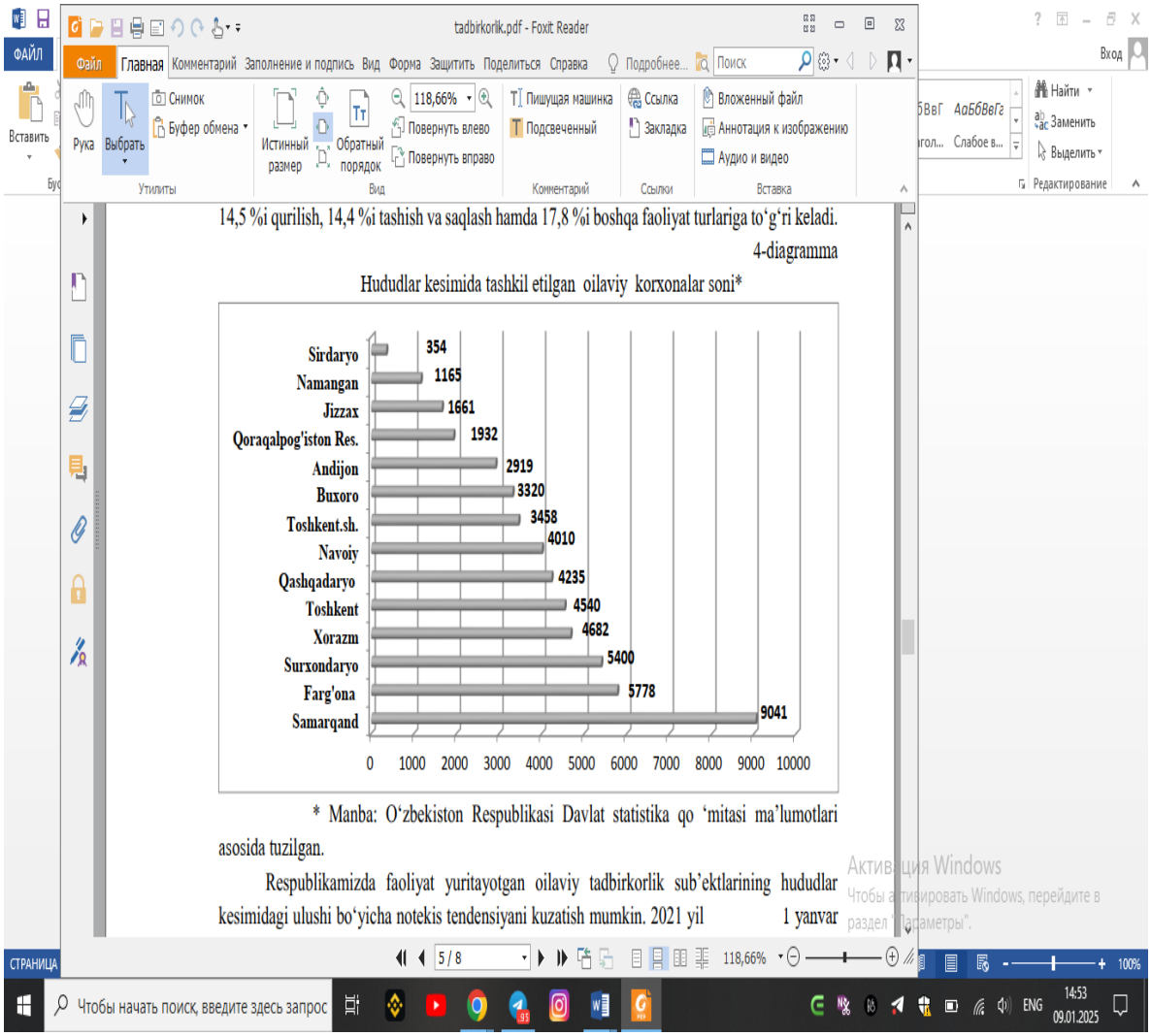


Source: Based on the information of the State Statistics Committee of the Republic of Uzbekistan made up.

In terms of regions, the largest volume of production of industrial products by small business entities is the city of Tashkent (48,992.7 billion soums), Tashkent (27,098.3 billion soums), Fergana (18,058.3 billion soums) , Andijan (17,582.1 billion soums) and Samarkand (16,253.1 billion soums) regions contributed.

Diagram 4

Number of family businesses established in the cross-section of regions*



*** Source:** Compiled based on data from the State Statistics Committee of the Republic of Uzbekistan

An uneven trend can be observed in the share of family businesses operating in our republic by region. As of January 1, 2021, their number accounted for 9041 Samarkand, 5778 Fergana, 5400 Surkhandarya, 354 Syrdarya, 1165 Namangan, 1661 Jizzakh regions. This trend can also be observed in other indicators of regional development. There are various reasons for this, which may be related to the favorable geographical location of the regions, natural resources and climatic conditions, the level of development of infrastructure facilities, and other factors. Of course, such factors also affected the development of family businesses.

CONCLUSIONS AND SUGGESTIONS

The use of innovative ideas and new technologies is important for the effective development of family entrepreneurship. This includes improving products, improving the quality of services, and introducing digital technologies. Innovations, especially the development of digital marketing and online trading platforms, create opportunities for family entrepreneurship to expand the market and become globally competitive.

Innovations help to update the organizational and management systems of family entrepreneurship, which increases efficiency and allows for effective resource management.

There are many opportunities for the effective use of innovations in the development of family entrepreneurship. The implementation of digital technologies, big data, cloud computing, and new business models will bring great benefits to family entrepreneurship. However, to overcome the problems that arise in the implementation of innovations, it is necessary to provide state support, education, and access to resources. The effective use of innovations in the development of family entrepreneurship will make a significant contribution to the economic and social development of society.

References

1. Pardayeva O.M. Xizmat ko‘rsatish sohasida oilaviy tadbirkorlikni rivojlantirish va samaradorligini oshirish yo‘llari. Iqtisod fanlari bo‘yicha falsafa doktori (PhD) dissertatsiyasi avtoreferati. Samarqand, 2020 y, 60-b.;
2. SCIENCE AND INNOVATION. International scientific journal Volume , Issue 6. 610-b.
3. А.В.Чаянов о размере семьи и крестьянского домохозяйства. // Вестник статистики. 1991, № 7, с 47.;
4. Rashidov, R. (2016). Correlation between resource economy factors in cotton growing. Наука и образование сегодня, (6), 68-70.
5. Alojonovich, R. R. (2019). Economic efficiency of resource-saving technologies in the cotton industry system of indicators. International Journal of Scientific and Technology Research, 8(11), 3861-3863.
6. Alojonovich, R. R., & Sardorbek, O. (2021). THEORETICAL BASES OF INCREASE OF ECONOMIC EFFICIENCY OF USE OF RESOURCESAVING TECHNOLOGIES IN THE COTTON INDUSTRY. International Engineering Journal For Research & Development, 6(ICDSIIL), 5-5.
7. Rahmatullo, R. (2020). The Emergence of Innovative Digital Technologies.
8. ALOJONOVICH, R. R. (2021). Resource-Saving Technologies In Cotton-Growing Economic Efficiency Indicator Systems. Plant Cell Biotechnology And Molecular Biology, 134-140.
9. Alojonovich, R. R., Mamadjanovich, Y. Q., & Solijanovna, A. S. (2021). Fund for Support of Sustainable Innovative Techniques and Technologies in the Cotton Sector. Annals of the Romanian Society for Cell Biology, 2682-2689.
10. Рашидов, Р. А. (2021). РАҚАМЛИ ИҚТИСОДИЁТ ШАРОИТИДА РАҚАМЛИ ТЎЛОВ ТИЗИМЛАРИНИ АҲАМИЯТИ. Журнал Инновации в Экономике, 4(3).

11. Maxkamov, I., & Alojonovich, R. R. (2021). An Important Factor in Solving the Poor Problem. Journal of Economics, Finance And Management Studies, 261.
12. Axadjonovich, Y. A., & Alojonovich, R. R. Necessity and Directions of Strengthening the Revenue Base of the Regional Budget.
13. Rashidov, R. A., Hasanboeva, N. H., & ogli Otakhonov, S. M. (2021). ISSUES OF USING BANK CREDITS IN DEVELOPMENT OF FAMILY ENTREPRENEURSHIP. Journal of Central Asian Social Studies, 2(02), 148-159.
14. A'lojonovich, R. R. (2021). THE ROLE OF DIGITAL PAYMENT SYSTEMS IN THE DEVELOPMENT OF THE COUNTRY'S ECONOMY. DEVELOPMENT ISSUES OF INNOVATIVE ECONOMY IN THE AGRICULTURAL SECTOR, 1142-1147.
15. Alojonovich, R. R. (2022). THE ROLE OF FREE ECONOMIC ZONES IN THE DEVELOPMENT OF THE NATIONAL ECONOMY.
16. Alojonovich, R. R. THE IMPORTANCE OF DIGITAL PAYMENT SYSTEMS IN THE DIGITAL ECONOMY. SCIENTIFIC AND TECHNICAL JOURNAL OF NAMANGAN INSTITUTE OF ENGINEERING AND TECHNOLOGY.
17. Rashidov, R. A. (2023, January). FACTORS LIMITING THE DEVELOPMENT OF THE SMALL BUSINESS SECTOR. In International Scientific and Current Research Conferences (pp. 54-56).
18. Alojonovich, R. R. (2023). THE NEED FOR GOVERNMENT REGULATION OF SMALL BUSINESS. International Journal Of Management And Economics Fundamental, 3(01), 13-20.
19. Rashidov, R. A., & Salokhiddinov, Z. N. (2023). SPECIFIC CHARACTERISTICS OF PRIVATE BUSINESS DEVELOPMENT. International Journal Of Management And Economics Fundamental, 3(03), 14-24.
20. Alojonovich, R. R. (2022). Issues of using bank credits in development of family entrepreneurship. World Journal of Advanced Research and Reviews, 15(1), 418-423.
21. Rakhimberdievich, U. S., & Alojonovich, R. R. (2022). DIRECTIONS FOR INCREASING LABOR PRODUCTIVITY IN AGRICULTURE. Galaxy International Interdisciplinary Research Journal, 10(10), 179-182.
22. Рашидов, Р. (2023). КИЧИК БИЗНЕСНИ ИННОВАЦИОН РИВОЖЛАНТИРИШНИНГ ҲУДУДИЙ ИМКОНИЯТЛАРИ. Экономика и образование, 24(1), 275-280.
23. Rashidov, R. (2023). ISSUES OF REGIONAL DEVELOPMENT OF SMALL BUSINESS. Scientific and Technical Journal of Namangan Institute of Engineering and Technology, 8(1), 311-318.

24. Rashidov, R., & Shermatov, A. (2023, June). Issues of using cost-effective technologies in the cotton industry. In AIP Conference Proceedings (Vol. 2789, No. 1). AIP Publishing.
25. Rashidov, R. (2023, June). Criteria for the effectiveness of using resultable technologies in cotton. In AIP Conference Proceedings (Vol. 2789, No. 1). AIP Publishing.
26. Rashidov, R. (2017). Пахта етиштириш иқтисодий самарадорлик кўрсаткичлари таҳлили ва тармоқ самарадорлигини ошириш йўналишлари. Iqtisodiyot va innovatsion texnologiyalar, (2), 93-101.
27. Zamira, H. (2023, June). FEATURES OF ENTREPRENEURSHIP IN THE FIELD OF HOUSEHOLD SERVICES. In International Scientific and Current Research Conferences (pp. 38-42).
28. Zamira, H. (2023). INNOVATIVE DEVELOPMENT OF HOUSEHOLD SERVICES. *International Journal Of Management And Economics Fundamental*, *3*(11), 79-86.
29. Rashidov, R. A. (2024). Analysis of the current state of small business and private entrepreneurship development. In *E3S Web of Conferences* (Vol. 486, p. 01010). EDP Sciences.
30. Yusubjanovich, I. A. (2024). O ‘ZBEKISTONDA YASHIL ENERGETIKANI RIVOJLANTIRILISHINING O‘ZIGA XOS XUSUSIYATLARI. Science and innovation, 3(Special Issue 24), 126-129.
31. Yusubjanovich, I. A. (2023). THE ROLE OF INVESTMENT ACTIVITY IN ENSURING ECONOMIC GROWTH. INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT, ENGINEERING AND SOCIAL SCIENCES ISSN: 2349-7793 Impact Factor: 6.876, 17(11), 22-29.
32. Yusubjanovich, I. A., & Yuldashevna, A. S. (2019). IN TRAINING SPECIALISTS INTEGRAL EDUCATIONAL TECHNOLOGY. European Journal of Research and Reflection in Educational Sciences Vol, 7(12).
33. Rashidov, R. (2024). R REGULATIONS OF THE REGIONAL DEVELOPMENT OF SMALL BUSINESS. *Scientific and Technical Journal of Namangan Institute of Engineering and Technology*, *9*(1), 315-324.
34. Rashidov, R. A. (2024). Analysis of the current state of small business and private entrepreneurship development. In *E3S Web of Conferences* (Vol. 486, p. 01010). EDP Sciences.
35. Feruza, R. (2023). NATURE, TYPES AND FACTORS AFFECTING INVESTMENTS. International Journal Of Management And Economics Fundamental, 3(04), 9-18.
36. oglu Sultanov, S. R., & qizi Rustambekova, F. R. (2022). MARKETING ORGANIZATION AND MANAGEMENT. Евразийский журнал академических исследований, 2(3), 164-167.