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Ihomjon Abdurahmonovich Saypullaev  
Namangan Engineering Construction Institute  
Senior Lecturer,  
[IhomjonSA1505@gmail.com](mailto:IhomjonSA1505@gmail.com)

## THE IMPORTANCE OF A NEW PROFESSIONAL EDUCATION SYSTEM IN SMALL BUSINESS DEVELOPMENT IN UZBEKISTAN

**Abstract:** In this article, the importance of the vocational education system in the development of small business, the issue of training mature personnel for this field is also considered as one of the key factors. They also studied the current challenges and problems facing the newly established system of vocational education in Uzbekistan and made recommendations.

**Key words:** vocational education system, vocational schools, colleges, technical schools, gross domestic product, national income, profits, small business entities.

**Language:** English

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### Introduction

Decree PF-5313 "On measures to radically improve the system of general secondary, secondary special and vocational education" adopted on January 25, 2018, identified a number of problems and shortcomings in the system of secondary special vocational education. The need for radical reform was justifiably criticized. In most vocational colleges, without the law of supply and demand of the labor market, the trained personnel did not meet the requirements of the respective employers, and the training process was completely different from the modern technologies used by employers in the current production process.

The National Qualifications Framework, which operates in more than 130 countries around the world, has not been introduced into the system of secondary special and vocational education, and educational programs for junior specialists have been adopted by UNESCO, due to non-compliance with the "International Standards of Education", the training of local staff prevented them from finding their place in the international labor market.

For this reason, the successful experience of developed foreign countries was studied in cooperation with 14 international organizations.

214 leading international experts from Germany, Switzerland, Korea, Turkey and China and a number of foreign countries and organizations such as UNESCO, British Council, German International Cooperation Agency, Asian Development Bank, European Education Fund, Turkish Cooperation Agency, China University Association were involved. The necessary conclusions were drawn.

After that, the Decree of the President of the Republic of Uzbekistan dated September 6, 2019 No PF5812 "On further improvement of the system of vocational education" was adopted, which set the transition to a completely new, continuous system of vocational education in Uzbekistan.

"In the new vocational education system from the 2020-2021 academic year 340 vocational schools, 147 colleges and 143 technical schools have been established". Vocational education institutions are divided into 3 categories based on their goals and objectives<sup>1</sup>.

<sup>1</sup> Decree of the President of the Republic of Uzbekistan dated January 25, 2018 No PF-5313.

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The first category - 340 vocational schools, provides primary vocational education to young people from 9th grade graduates on the basis of programs that meet the 3rd level of the International Standard Classification of Education. At the same time, 9th grade graduates are accepted and trained on the basis of 2-year educational programs. Vocational schools train personnel in simple occupations such as family business, gardening, construction, services, animal husbandry, poultry, beekeeping, fishing. Three meals a day and scholarships for students provide social support to children from low-income families, as well as help them focus on vocational training.

The second category - 147 colleges, which train secondary vocational education professionals on the basis of programs corresponding to the 4th level of the international standard classification of education. These colleges, which operate in the system of ministries, departments and organizations, accept students from the 11th grade graduates of secondary schools and train specialists for specific jobs for up to 2 years, depending on the level of complexity of the profession.

This system is a "dual" system of education, which has a good effect in the German experience.

The third category - 143 technical schools, integrated with the higher education system on the basis of educational programs corresponding to the 5th level of the International Standard Classification of Education, operates in the system of ministries, departments, organizations.

At the same time, educational programs for at least 2 years in full-time, part-time and part-time forms of education for junior bachelors, integrated with the bachelor's degree programs of higher education, will be introduced. Most importantly, after 2 years of study, college graduates can be admitted to study on the basis of an interview in the profession they studied at the relevant higher education institution. This system will serve to further increase the coverage of school graduates with higher education.

The introduction of new continuing professional education in Uzbekistan imposes a huge, large-scale, complex tasks on the representatives of the industry. In particular, the competent state bodies responsible for education will have to perform the following tasks:

- Development of a number of legal documents governing the organization and management of the process of vocational education, amendments to existing legislation, in particular, the development of legal and regulatory documents governing the methodology of management of technical colleges;

- Development of updated forms of standards at the request of employers, development of new teaching methodologies, new textbooks and literature, modern innovative educational technologies and assessment systems, complete updating of textbooks, books and textbooks, e-learning resources, innovative, digital educational technologies, connection to the network of open electronic resources, processing, publication and distribution of educational literature;

- full training of managers and teachers working in the new system of vocational education, specialists, managers with extensive experience in the field of production, services, agriculture, small business and entrepreneurship, information and communication technologies, the needs of masters of industrial education, replenishment through the involvement of engineers-technologists, agronomists and masters.

It should be noted that the organization and development of vocational education is directly related to the development of small business in the country. Small business provides about 60% of the country's GDP, a third of industrial output, 98% of agricultural output and half of investments. In many regions, 70-90 percent of exports are to small businesses. In the first 6 months of 2019, the number of business entities increased by 60,000<sup>2</sup>.

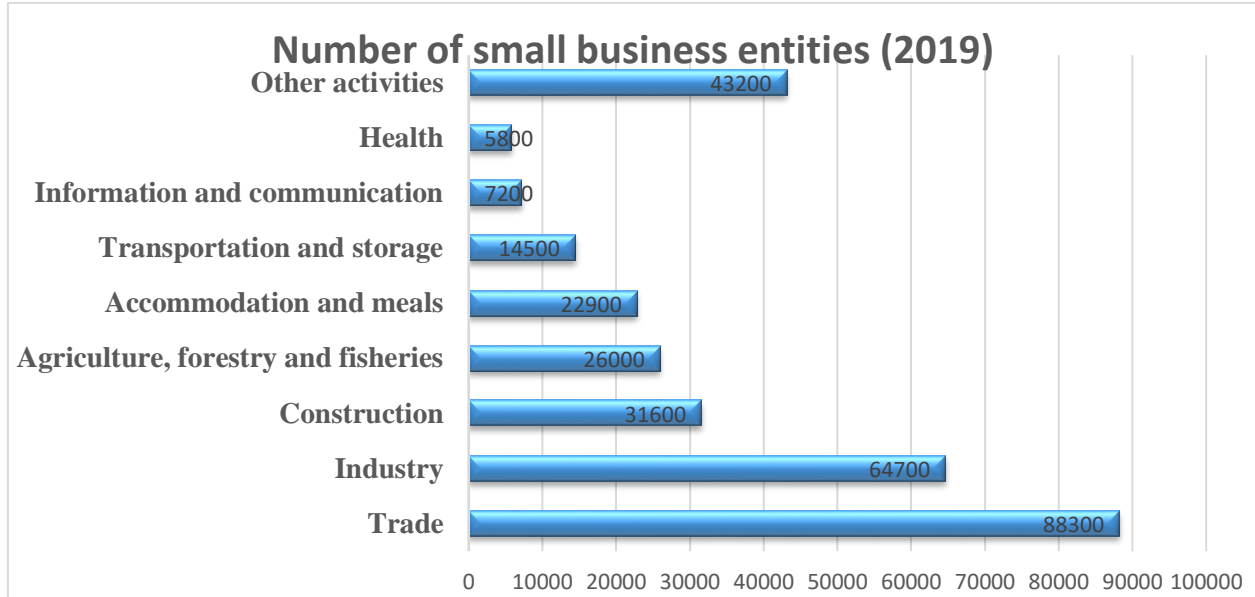
Therefore, the main focus of the newly established vocational education system should be on the training of qualified junior specialists in the small business sector.

As of June 1, 2019, the number of small businesses operating in the country amounted to 304.2 thousand, an increase of 24.1% over the previous year. In the first 6 months of 2019, 54,259 small businesses were registered, an increase of 28,628 or 2.1 times compared to the same period in 2018. (In the first six months of 2018, a total of 25,631 small businesses were established). Of the 54,259 newly established small businesses, 64.8% were LLCs, 22.6% were private enterprises, 12.3% were family enterprises, and 0.3% were unitary enterprises.

<sup>2</sup> From the materials of the video conference chaired by the President of the Republic of Uzbekistan on 23.07.2019 on the issues of further

development of small business and entrepreneurship: <http://uza.uz/posts/58574>

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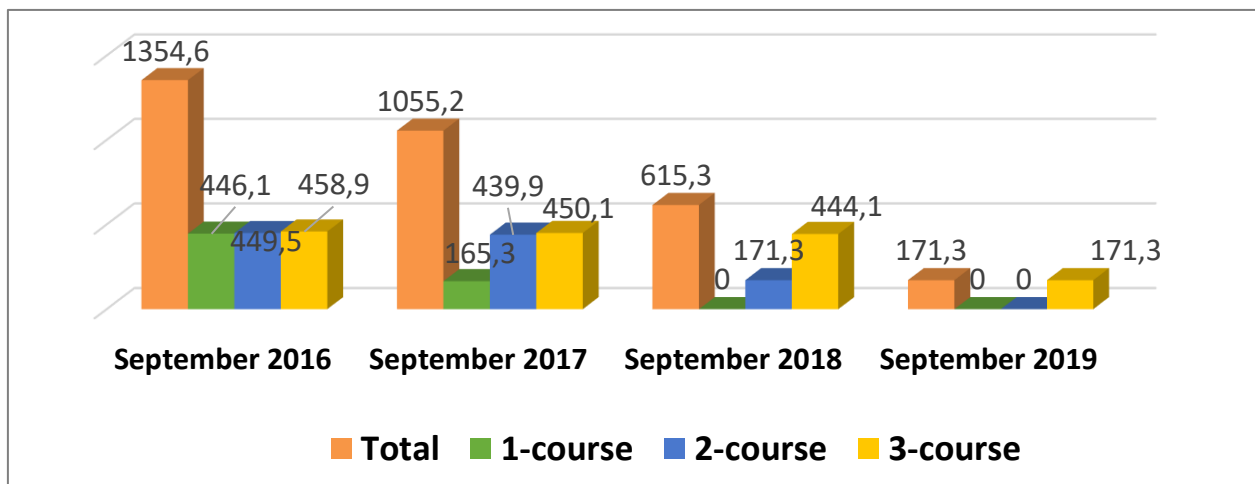
**Figure 1. Sectoral indicators of 304.2 thousand small businesses operating.**

As a result of the analysis, we can see that out of a total of 304.2 thousand small businesses, 88.3 thousand (29%) are in trade, 64.7 thousand (21.2%) in industry, 31.6 thousand (10.3%) in construction. 26.0 thousand (8.5%) agriculture, forestry and fisheries, 22.9 thousand (7.5%) habitat and food, 14.5 thousand (7.5%) transportation and storage, 7.2 thousand

(2.3%) in information and communication, 5.8 thousand (1.9%) in healthcare, 43.2 thousand (14.2%) in other sectors<sup>3</sup>.

In this regard, when comparing the staff of the Republican system of secondary special, vocational education, we will be able to assess the supply and demand for junior specialists in the labor market.

**Figure 2. The contingent of personnel trained in professional colleges in the 2016-2019 academic year (thousand people)**



<sup>3</sup> Report of the Chamber of Commerce and Industry of the Republic of Uzbekistan for the first half of 2019: <https://chamber.uz/uzk/news/4789>

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**Table-3. Sectoral analysis of the contingent admitted to the 1st course in 2016<sup>4</sup>**

№	Name of fields	Number of students	Percent
1	Transport	63 344	14,3
2	Light industry	55 403	12,5
3	Information technology and communication	52 718	11,9
4	Agriculture	47 412	10,7
5	Business and economics	41 862	9,5
6	Services	38 382	8,7
7	Health	34 588	7,8
8	Construction and utilities	30 673	6,9
9	Education	26 289	5,9
10	Other industries	15 667	3,5
11	Energy	9 122	2,1
12	The art of acting and acting	8 184	1,8
13	Food industry	7 636	1,7
14	Water management	4 360	1
15	Legal proceedings	7 337	1,7
	<b>Total:</b>	<b>442977</b>	<b>100</b>

From the analysis of the above data, it can be seen that the secondary special.

The number of vocational colleges where the system of vocational education is fully operational is more than 1,450, and the number of students is 1 million. More than 300 thousand. In 2016-2017, about 443 thousand students were admitted to the 1st stage of professional colleges from the same academic year.

In particular, 88,300 (29%) enterprises operate in the trade sector, which is the largest branch of small business in the country, while only 3,377 (0.7%) students are enrolled in the trade of Commodity. Conversely, a maximum of 52,700 (12%) students were admitted to the vocational education system in the field of information technology per year, but the number of small businesses in the field of information and communication, which are consumers of trained personnel, was only 7,200 (1.9%).

From the above, it can be concluded that the system of training for small business is formed disproportionately. It does not take into account the real need for staff and its composition. In addition, there are serious problems with the provision of modern material and technical base and quality raw materials to academic groups consisting of compulsory secondary special, vocational education and the growing number of students.

At a time when small business occupies an invaluable place in the world economy, it is important to take appropriate measures to develop it in Uzbekistan. This is because there is almost no industry in the world that does not use goods and services developed by small businesses. In Spain, for example, the share of small business is 30 percent in the construction industry, 31 percent in industry, and 80 percent in agriculture. In Germany, the dominant sector of the economy is the automotive industry, not large chemical or metallurgical concerns, but small and medium-sized businesses. They account for 99.7% of all commercial enterprises.

In developed countries, small business income is analyzed, while in the United States, 35 percent of net income and 30 percent of exports come from small businesses. In France and Germany, almost 50 percent of GDP comes from small businesses, while in Italy, about 95 percent of national income<sup>5</sup>.

Extensive reforms are being carried out in Uzbekistan to support entrepreneurship. In particular, based on the tasks set by decrees and resolutions of the President of the Republic of Uzbekistan, government decrees and other legal acts, further increase of entrepreneurial activity of the population, unimpeded

<sup>4</sup> Based on data from the Ministry of Higher and Secondary Special Education of the Republic of Uzbekistan.

<sup>5</sup> PROSTOBIZ.UA "Развитие малого и среднего бизнеса в мире" [https://www.prostobiz.ua/biznes/razvitie\\_biznesa/vse\\_novosti](https://www.prostobiz.ua/biznes/razvitie_biznesa/vse_novosti)

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solution of problems at all stages of entrepreneurial activity, legal protection of legitimate interests of entrepreneurs. A number of systematic measures are being taken to promote their activities, train them in the basics of business, increase the legal awareness of business entities, fight corruption in business and other areas.

The third priority of the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 provides for the continuation of institutional and structural reforms aimed at reducing state participation in the economy, protecting and strengthening the rights of private property, stimulating the development of small business and private entrepreneurship. In particular, the reduction of state participation in the regulation of socio-economic development, decentralization and democratization of public administration, expansion of public-private partnerships, increasing the role of non-governmental, public organizations and local governments are also among the priorities.

In Uzbekistan, as in many Western countries, the creation of new jobs is considered an important factor in the economy. According to media reports, 3/2 of new jobs are created by small businesses. This, in turn, is important in times of crisis as well as in depressive zones. In this way, small business serves to reduce social tensions in society by helping millions of people survive in difficult situations.

Uzbekistan's economic reforms are focused on reducing the number of unemployed, so businesses will be encouraged to create more jobs. About the fact that 50% of new small businesses will remain in operation for up to 3 years will serve to reward the deputy mayor in charge of this area.

It also shows that during 2010-2019, the dynamics of indicators on the management of the business environment and the creation of favorable conditions for small business is moving in a positive direction. In recent years, Uzbekistan has risen from 138th to 69th place in the World Bank's Doing Business ranking, which measures ease of doing business based on 10 indicators in 190 countries. The relevant resolution of the President of the Republic of Uzbekistan, adopted on February 5, 2019, sets the task to rise to 20th place in the ranking in 2022<sup>6</sup>.

Today, there are a number of systemic and rigid problems that hinder the development of small business, and in a sense, efforts are being made to overcome them. In such an environment, small business managers are required to be very strong entrepreneurs, lawyers, economists, marketers and analysts in order to operate at a high profit without becoming a prey to the tax burden or bank loans.

Problems include; lack of funds for the purchase of modern and high-tech equipment, acquisition of land plots for business activities, the complexity of connection to engineering and communication networks, low access to long-term credit for small innovative manufacturing industries, production of products by small businesses lack of an effective mechanism for export to national and global markets, information systems, marketing, management, logistics, insurance company, auditing firms, trading houses, consulting services, business centers and business incubators are still underdeveloped and still hinder the development of small businesses.

What we want to highlight through this article is another problem, which is the low level or lack of professional training of small professionals working in the small business sector.

The main consumers of personnel trained by the newly established vocational schools are small businesses. Therefore, the development of small businesses increases the need for quality personnel. Competition in the creation of jobs will serve to increase the quality of education and the development of partnerships.

Speaking at a meeting with young people in July 2021, the President said that in order to receive a school certificate, one must know a profession or occupation, henceforth it will be mandatory to have at least one profession or profession that is in high demand in the labor market. The list of such professions will be approved by the district and city governors, and students in grades 10-11 will be trained in the professions on the list. If these words become a legal force, all district and city mayors will have to worry about the development of small business, its analysis by sectors and its integration with education, and get into its problems and shortcomings. This requires marketing research on professional education services.

At the same time, the lack of integration of small business and educational institutions in Uzbekistan hinders the development of both enterprises and educational institutions. This, in turn, is reflected in the lack of good professionals in enterprises and the lack of modern material and technical base in educational institutions or their failure to improve on the basis of market requirements.

In conclusion, we answer the question "Should we develop a system of vocational education for the development of small business in Uzbekistan, or should we develop a small business to strengthen vocational education?" These two areas are closely intertwined, and the strengthening of one leads to the development of the other:

<sup>6</sup> А.Шовкатов, А.Акрамов, Д.Курбанова. "Малый бизнес как основной драйвер экономики: состояние, проблемы развития и предлагаемые меры стимулирования": <http://uza.uz/posts/37987>

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- the development of a vocational education system is a much easier task at a time when structural reforms aimed at small business development are going through a very difficult process. Training of personnel with entrepreneurial skills can serve as a catalyst for the development of small business and individual entrepreneurship. For this reason, it is advisable to evaluate the performance of vocational education institutions through the indicators of economic benefits, applying to the system the experience of advanced European countries. In this case, the estimated professional staff and the amount of proceeds from the sale of developed goods and services should serve as an assessment indicator;

- marketing of educational services is not equally important in all regions of Uzbekistan. But the opportunities created for the gradual development of

private ownership of educational institutions can serve to integrate education and production;

- based on world experience, it is necessary to strengthen the competitive environment in the market of educational services by privatizing the bulk of newly established vocational education institutions, as well as providing them with long-term, low-interest, sufficient targeted loans;

- vocational education should be given full freedom. Based on the analysis of the structure of demand for services in the field of education, it is possible to assess which professions should be trained in the future and to formulate curricula accordingly;

- in addition, special attention should be paid to the development of production and service sectors in each vocational education institution, based on its characteristics.

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