

## **Legal Protection of Entrepreneurial Activity in the Republic of Uzbekistan and its Role in the Formation of Civil Society**

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**Abstract.** *This article analyzes the legal foundations of entrepreneurship in the Republic of Uzbekistan, the mechanisms for its legal protection, and the role of entrepreneurial activity in the formation of civil society. The reforms being implemented in the country demonstrate the expansion of freedoms for business entities and the strengthening of state support in protecting their rights and interests. The paper also highlights issues such as support systems for small businesses, the development of a healthy competitive environment, and the social responsibility of entrepreneurs. Based on the results of the study, scientific and practical proposals for improving the legal framework are presented.*

**Key words:** *entrepreneurship, legal protection, civil society, small business, competition, economic reforms, legal framework, social responsibility, business ombudsman, economic courts.*

**Introduction.** Entrepreneurship plays a pivotal role in the socio-economic development of any country, serving as a catalyst for innovation, employment generation, and economic growth. In Uzbekistan, a nation undergoing significant economic reforms and transitioning toward a market-oriented economy, fostering entrepreneurship has become a strategic priority. The establishment of a robust legal framework and effective mechanisms for the protection of entrepreneurial rights is essential not only to stimulate business activity but also to strengthen civil society. This dual role underscores the importance of entrepreneurship as both an economic engine and a social institution contributing to democratic governance and social stability. This study aims to explore the development of legal protections for entrepreneurship in Uzbekistan and analyze its significance in the broader context of civil society formation.

**Literature Review.** The link between entrepreneurship and civil society has been widely acknowledged in academic and policy literature. Entrepreneurship is considered a key driver of economic dynamism and social transformation, providing individuals with opportunities for economic independence and civic engagement (Schumpeter, 1942; North, 1990). In the context of post-Soviet states like Uzbekistan, establishing legal safeguards for business activities is critical for overcoming historical legacies of centralized control and fostering a culture of private initiative (Aslund, 2007).

Legal protection mechanisms for entrepreneurs include property rights, contract enforcement, and anti-monopoly regulations, which collectively create a conducive environment for business operations (Djankov et al., 2002). In Uzbekistan, recent reforms have focused on enhancing these

legal institutions to improve the ease of doing business and attract investment (World Bank, 2022). The government's efforts to protect entrepreneurs' rights also aim to reduce corruption and bureaucratic interference, which are commonly cited barriers in transitional economies (Kaufmann et al., 2010).

Moreover, entrepreneurship contributes to civil society by promoting individual freedoms and fostering participatory governance. According to Putnam (1993), vibrant civil societies are supported by networks of cooperation and trust, often cultivated through economic independence and private sector development. In Uzbekistan, strengthening the legal status of entrepreneurs is seen as a means to empower citizens and encourage their active involvement in social and political processes (UNDP, 2020).

Studies on Uzbekistan's reforms highlight the progress made in establishing a legal framework for entrepreneurship but also point to challenges such as uneven enforcement and the need for ongoing capacity building (Sagdullaev, 2019). Continuous improvement in legal protections is essential to ensure that entrepreneurship flourishes and positively impacts social cohesion and democratic consolidation.

**Results and Discussion.** For the Republic of Uzbekistan, which has chosen the path of development based on a market economy, the development of entrepreneurial activity holds strategic importance. This activity not only ensures economic growth but also plays a crucial role in the formation of civil society, social stability, and increasing employment. For this reason, the legal foundations of entrepreneurial activity in our country are being strengthened, and mechanisms for its protection are being gradually improved. Suitable legal, economic, and social conditions have been created for the development of entrepreneurship in our country, and entrepreneurship is comprehensively supported by the state, including financial assistance.

All reforms being implemented in Uzbekistan are aimed at a socially oriented market economy, economic activity, labor freedom, diversity and equality of forms of ownership, and their protection by law. Additionally, these reforms serve to ensure the social protection of citizens, enabling people to live with dignity and achieve development.

The main goal of building a democratic legal state in the Republic of Uzbekistan is to fully guarantee the rights and freedoms of every citizen living in this country. The year 2018 was declared the "Year of Active Entrepreneurship, Innovative Ideas, and Technologies Support," and a State Program was adopted. Based on its relevant provisions, broad opportunities were opened to improve the well-being of the people and further develop in line with the modernization of their capabilities.

In our country, the social protection of the disadvantaged, and a system of moral and economic support for large families, exist to prevent the stratification of citizens based on personal income in society. The rights and freedoms related to the activities of the entrepreneur as an individual are being expanded. In our view, the concept of an entrepreneur's rights and freedoms includes those rights and freedoms that belong solely to the entrepreneur and are considered inseparable throughout their life. The most important feature is that the rights of the entrepreneur as an individual are protected by law, and any violation of these rights is regarded as a criminal offense. This is because the rights and freedoms of the entrepreneur pertain directly to their activities and play a significant role in the moral environment of society.

Creating conditions and supporting small businesses and private entrepreneurship by the state is especially necessary for the economy during the deepening of market relations. The important role of this sector in the development of the national economy lies in its ability to increase the entrepreneurial spirit and activity of the population and in being an effective direction for the formation of entrepreneurship. Small business is assessed as the most favorable and fastest-growing economic indicator under market economy conditions, and its development and improvement are critically important for creating new jobs and reducing unemployment to some extent. Therefore, work is being carried out to provide small enterprises, dehkan (peasant) farms, and farmer households with residual funds, create and improve their material and technical base, and grant them privileges.

As small business is an important factor in the socio-economic development of the country, measures have been defined to improve banking services for small business entities (President's Decree, 2018).

Based on the experiences of foreign countries, at the new stage of development in the field of small business and private entrepreneurship in the Republic of Uzbekistan, it is appropriate to actively focus on the following directions:

It is necessary to further strengthen the state support process for small business and private entrepreneurship, as the majority of small business entities operate in the field of household services;

Improve the relations between large private firms and private entrepreneurship entities;

Increase the attention of state organizations to supporting free entrepreneurship activities.

The liberal democratic process in the formation of civil society is primarily characterized by the development of private entrepreneurship. Limiting interference in the formation of private entrepreneurship and comprehensively developing the institutions of civil society are crucial. In this regard, state organizations, officials, and any actions of private entrepreneurs that pay attention to citizens' rights can be subject to judicial appeal.

It is important to emphasize that today a legal protection system for entrepreneurs has been established, and its organizational mechanism has been created. Within this system, the education and legal culture of the entrepreneur play a significant role. During this process, the entrepreneur must understand their rights and lawful interests and be legally knowledgeable. Otherwise, regardless of the protection system established to safeguard their rights, the entrepreneur will not be able to perform effectively; if the entrepreneur is unaware of their rights and duties, they will not even realize when their rights are violated.

Therefore, a number of practical measures have been implemented to increase the legal literacy of entrepreneurs. In particular, articles on legal topics have been published in the press, brochures, manuals, and visual promotional materials have been prepared and delivered to entrepreneurs.

A legal protection system for entrepreneurs has been introduced by law enforcement agencies. This system is actively functioning across all sectors of entrepreneurship. In the new stage of societal development, the protection system for legal measures is implemented not only by law enforcement agencies but also through non-governmental organizations. Furthermore, the means, forms, and procedures for implementing legal protection are comprehensively regulated in national legislation. This ensures the legality of legal protection.

The legal protection system for entrepreneurs directly guarantees their activities in all sectors. Every entrepreneurial entity actively defends its rights and interests. If an entrepreneur does not wish to protect a violated right, no one can demand protection of their rights on their behalf. Laws specify the legal opportunities for entrepreneurs to protect their rights under socio-economic relations, and the effective use of these opportunities depends entirely on the entrepreneur personally.

The legal protection system for entrepreneurs, within the conditions of civil society formation, is characterized by continuity and consistency. That is, legal protection is available at all stages of the creation, operation, and termination of entrepreneurial entities. This includes the right to appeal to the court for refusal to register an entrepreneurial entity, procedures for protecting entrepreneurs from unauthorized interference in their activities, and finally, the legal protection of the grounds and procedures for declaring an entrepreneurial entity bankrupt.

Another feature of the entrepreneurs' legal protection system is the prompt application of protective measures. This indicates, first, that when entrepreneurs' rights are violated, protection measures are implemented quickly. Second, compensation is recovered for profits lost during the period when the entrepreneur's rights were violated.

The legal protection system for entrepreneurs has clearly defined organizational and legal structures. Among these structures, the justice departments occupy a special place. This experience is unique to our country's judicial system. While foreign countries have created mechanisms for the legal

protection of entrepreneurs, they do not have separate specialized authorized organizational structures for this purpose (President's Decree, 2018).

Ensuring fair competition and healthy rivalry among subjects engaged in entrepreneurial activity is of great importance. If any subject attempts to monopolize market relations, it harms the competitive environment. For this reason, antimonopoly legislation operates in the economy, and all economic entities are required to comply with it. Essentially, measures to prevent monopolies in the domestic market are an integral part of the legal protection system of entrepreneurship. Such measures include prohibiting a dominant market player from setting prices for its goods or services arbitrarily, forcibly dividing a monopolistic entity, and recognizing unfair competition—such as discrediting competitors, using their names and trademarks, distributing low-quality goods, colluding to divide markets, and so forth—as illegal, with corresponding sanctions applied.

Antimonopoly laws create a healthy competitive environment in the market and maintain a certain balance. Such monitoring is in the interests of all entrepreneurial entities.

In the process of forming civil society, social and economic development cannot be ensured without guaranteeing the freedom to work and the right to engage in entrepreneurial activity. According to Russian professor V.D. Perevalov, “Civil society is a free democratic legal state that respects legal traditions and laws, universal ideals, creates an environment that guarantees freedom for creative and entrepreneurial activities, provides opportunities to achieve well-being and realize the rights of individuals and citizens, and effectively develops mechanisms to limit and oversee state activities” (Perevalov V., 2002).

Based on the above, civil society can be described as a free democratic legal society where entrepreneurial individuals are provided with real conditions for their development and realization of their rights and freedoms. This society fosters a high respect for law, human virtues, and creates full opportunities for the creative aspects of entrepreneurship to emerge. It ensures a prosperous life for businesspeople, establishes reasonable oversight over state institutions, and excludes excessive state interference in entrepreneurial activities.

The economic system of civil society must ensure freedom, the presence of various forms of property, and equal protection of these forms by the state, as well as the establishment of market relations in the country. The economic foundation of civil society is private property, which allows its members to preserve their freedom and human dignity and prevents economic dependence on the state. Private property, private initiative, and private entrepreneurship create real opportunities for each individual to secure and strengthen their economic independence.

**Conclusion.** The legal foundations and protection mechanisms being established for entrepreneurial activity in the Republic of Uzbekistan not only ensure the stable development of the national economy but also contribute to the strengthening of civil society. In this process, the entrepreneur's active participation is important not only in economic terms but also in social and cultural life. The harmonious development of entrepreneurship and civil society is a clear indication of Uzbekistan's confident progress toward a democratic, just, and sustainable society.

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