

BUSINESS ORGANIZATIONAL AND LEGAL BASIS OF INCUBATORS**Narzullayev Shodiyor Eshpulatovich**Senior lecturer, Department of "Business Administration",
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<https://doi.org/10.5281/zenodo.20426856>

Abstract. This article examines the organizational and legal framework of business incubators, their role in the economy and their importance in the development of small businesses. During the study, the legal mechanisms for organizing the activities of business incubators, the system of state support, management principles and foreign experience were analyzed. The article also substantiates the priority areas for improving the activities of business incubators in the conditions of Uzbekistan.

Keywords: business incubator, innovative entrepreneurship, startup, organizational and legal mechanism, small business, innovative infrastructure, state support, young entrepreneurs, business environment, economic development.

Introduction. Defines the organizational and legal framework of business incubators, regulatory and legal requirements and financial mechanisms necessary for their effective operation .

Within the framework of the business incubator program, the organization plays an important role in creating and developing new businesses and providing legal support for startups, as well as stimulating their innovative activities , ensuring economic growth and creating jobs.

Business in Uzbekistan As the incubator system was formed, our President adopted a number of decrees and resolutions to develop the innovative economy, support small businesses, and private entrepreneurship. In particular:

1. Resolution of the President of the Republic of Uzbekistan No. PQ-3698 dated May 7, 2018 "On additional measures to improve mechanisms for introducing innovations into sectors and areas of the economy."
2. Resolution of the President of the Republic of Uzbekistan No. PQ-4059 dated November 24, 2018 " On the establishment of an innovative technopark in the city of Tashkent".
3. The Decree of the President of the Republic of Uzbekistan dated January 28, 2022 "On the Development Strategy of New Uzbekistan for 2022-2026", which sets the task of developing innovative infrastructure.
4. As noted in the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 606 dated October 15, 2022 "On additional measures to accelerate innovation and investment activities in the regions of the republic", " an incubation center (incubator) means a structure that provides entrepreneurs with office services, equipment support, management support, access to financial resources, and important business and technical assistance services, especially aimed at developing new businesses".

When organizing a business incubator, it is necessary to thoroughly study the legal aspects that regulate its activities. They determine the terms of contracts, agreements, rights and obligations, liability, and the distribution of shares of the founders. It is also very important to effectively protect patents and trade secrets, confidentiality agreements, licenses, and intellectual property. As we know, in recent years, the importance of intellectual property rights in our country, including inventions, industrial designs, utility models, trademarks, and trade secrets, has been increasing. Today, this also creates the need to ensure their legal protection. Currently, especially

as a result of the widespread development of digital technologies, the issue of ensuring the legal protection of intellectual property objects is gaining importance. In the Republic of Uzbekistan, special attention is paid to supporting innovations and the creation of intellectual property, as well as ensuring their legal protection. In particular, the resolutions of the President of the Republic of Uzbekistan dated February 8, 2019 “On measures to improve state administration in the field of intellectual property”¹, dated January 28, 2021 “On measures to improve the system of protection of intellectual property objects”², dated April 26, 2022 “On additional measures for the further development of the field of intellectual property”³ pay special attention to aspects related to the legal protection of intellectual property. In accordance with the resolution, an accelerated procedure for examination activities was introduced, which allows for a sharp reduction in the terms of state registration of intellectual property objects. In particular, the existing legislative restrictions on the registration of a trademark only in the name of a legal entity or individual carrying out entrepreneurial activities were abolished, and for the first time, intellectual property centers engaged in the protection of intellectual property rights began to be established in the regions. Improving legal knowledge and culture in this area, and understanding the widespread use of intellectual property in production (services) are one of the current tasks of business incubators.

In addition, issues such as tax incentives, governance structure, partnerships, employment and labor law compliance should be considered. Well-structured dispute resolution strategies are also essential. By mastering these legal aspects, incubators can minimize risks and create a conducive environment for entrepreneurial development, with further research revealing key strategies for success.

February 14, 2025, President Shavkat Mirziyoyev held a dialogue with the youth of our country at the Koksaroy residence. Measures to further increase the effectiveness of work with youth and create wider opportunities for them were discussed at this meeting. It was also noted that more than 600 thousand young people enter the labor market every year, and by 2030 this figure will reach 1 million. Over the past 8 years, the number of young entrepreneurs has increased 3 times, and today young people make up almost 40% of business representatives. Unemployed youth has decreased by 2 times. The number of unemployment-free neighborhoods has reached 1,889. Our President announced the signing of 3 major documents that will usher in a completely new era in youth entrepreneurship.

In accordance with the first document, a Youth Entrepreneurship Development Fund was established under the Youth Agency, with an allocation of \$100 million. Now, young entrepreneurs will be provided with preferential loans of up to 2.5 billion soums, and up to 2 billion soums will be invested in startup projects of enterprising young people.

Therefore, in the second document, a new system is being created to ensure the employment of university graduates by resolution. For this, the National Bank will be allocated \$100 million in resources. The Bank, together with the Ministry of Higher Education, Science and Innovation and the Chamber of Commerce and Industry, will introduce new banking service packages to transform the initiatives and ideas of university graduates into projects. A commission consisting of khokims, bank and enterprise heads will also be created to provide employment to graduates. The commission will address the issues of job creation, the need for personnel, and the placement of young people in vacant positions.

¹Resolution of the President of the Republic of Uzbekistan N 4168 dated February 8, 2019 “On measures to ensure state administration of intellectual property rights”. www.lex.uz

²Resolution of the President of the Republic of Uzbekistan N. 4965 dated January 28, 2021 "On measures to improve the system of protection of intellectual property objects". www.lex.uz

³Resolution of the President of the Republic of Uzbekistan N 221 “On additional measures for the further development of the intellectual property sector” dated April 26, 2022. www.lex.uz

According to the third document signed by the President, Aloqabank will be transformed into a "youth bank" supporting youth business projects, and \$200 million will be allocated for this. The bank will provide preferential microloans of up to 100 million soums for a period of 7 years for self-employed youth projects. Also, young entrepreneurs who are individual entrepreneurs, have employed at least 20 young people, opened a small enterprise and established a training center will be provided with preferential loans of up to 5 billion soums for a period of 7 years. At least 30 percent of bank loans will be directed to women's entrepreneurship.

"Youth business incubators" will be established in the regions, where young people's ideas will be transformed into startups, supported for 6 months to 3 years, and brought to the level of a ready-made business or enterprise.

The Aloqa Venture Fund invests \$50,000 to \$1 million in startups, helping them sell products and services in domestic and international markets, find business partners, and attract additional investments.

A major employment program was adopted this year to train young people in professions and languages and place them in high-paying jobs. A total of 126 trillion soums is being allocated for this purpose. According to it, 378,000 microprojects will be implemented in neighborhoods, and neighborhood bankers will provide income to 250,000 people through new credit products.

Eight advanced engineering schools have been launched at technical universities to train young people who will make strategic decisions in managing technological processes. It was noted that another 17 such schools will be opened this year.

Entrepreneurs who purchase premises in youth industrial zones through industrial mortgages will be provided with loans of up to \$500,000 for the purchase of equipment. Simply put, a young entrepreneur who receives a ready-made production area will also receive equipment on preferential terms⁴. Our president also expressed his views on expanding opportunities for young people in the service sector.

In this regard, the laws, rules and procedures for state registration of business entities, obtaining various permits and providing many other services have been simplified. Also, to create convenience for entrepreneurs, the State Services Agency and its local centers have been established. At the same time, the position of a representative for the protection of the legitimate rights and interests of business entities (Business Ombudsman) has been introduced.

Analysis of literature on the topic. The issues of organizing the activities of business incubators and studying their organizational and legal framework have been widely studied by foreign and domestic scientists. In scientific research in this area, the development of business incubators, support for startup projects, and the role of small business entities in the sustainable operation of their activities have been studied separately. In particular, one of the foreign economists, Mark P. Rice, evaluates business incubators as an important innovative infrastructure that increases the chances of newly established enterprises to "survive" in the market. According to this scientist, business incubators provide entrepreneurs not only with office space, but also with consulting, financial and marketing services.

Research conducted by David A. Lewis examined the impact of business incubators on regional economic development, concluding that incubators are an effective means of creating new jobs and commercializing innovative products.

indicate that the main tasks of business incubators are to support startups, develop technological innovations, and strengthen relations with investors.

⁴President Shavkat Mirziyoyev's dialogue with the youth of our country at the Koksaroy residence on February 14, 2025 .

Russian scientists Alexei Tatarkin and Sergey Glazyev have studied the institutional role of business incubators in the innovation infrastructure system. Their research shows the need to improve mechanisms for state support for business incubators.

The role of business incubators in the development of innovative entrepreneurship is also considered an important direction in the research of local scientists. In particular, Uzbek economists have scientifically covered the issues of developing small business and private entrepreneurship, stimulating innovative activity, and financing startup projects. An analysis of the existing scientific literature shows that although the economic efficiency of business incubators has been sufficiently studied, the issues of improving their organizational and legal framework, developing management mechanisms, and forming an institutional model suitable for national conditions still remain relevant. Especially in the conditions of Uzbekistan, there is a need for in-depth research into the legal status of business incubators, their financing system, and their integration with universities.

Research methodology. Decrees and resolutions of the President of the Republic of Uzbekistan, statistical data of ministries and departments, scientific articles, monographs and materials of international organizations were used as sources of information for the research. Based on the results obtained, scientific and practical recommendations were developed to improve the organizational and legal activities of business incubators.

Analysis and results. Business The legal structure of incubators is formed depending on its goals and objectives. The main components of the organizational and legal structure are:

1. Administration Department: Business includes management of the incubator's organizational structure and technical maintenance during operation;
2. The Consulting and Service Department, in the process of the business incubator's activities, performs important tasks such as: providing new enterprises with legal registration addresses, preparing documents for registration, providing buildings and equipment, maintaining accounting records, organizing advertising, selling products, and attracting potential investors for the implementation of market services and investment projects of enterprises.
3. Business incubator control department. This department includes entities established in the business incubator, entities renting business incubator premises, small business entities not included in the business incubator but participants in the business incubator, and small business entities that have left the business incubator but are, with whom it is necessary to maintain formal and informal relations.

In addition, business incubators are advised and provided with services in resolving various legal issues that arise during their operations, such as:

- selection of the most appropriate organizational and legal form of the enterprise, registration and preparation of regulatory legal documents;
- to help the enterprise have an effective management system;
- assistance in developing technical documentation (passport) for innovative products, etc.

They also provide practical assistance to young entrepreneurs in designing their business ideas using various tools, resources, and experts.

During the scientific research, the classification of business incubators was studied, in which it can be seen that they are divided into various criteria and types, this division is mainly based on the services provided, depending on the goals, areas of activity, and organizational and legal form of the incubators.

At the same time, the result of participation in and membership in a business incubator is the creation of companies that should successfully develop independently within three years.

Also, the set of services provided by business incubators, as a rule, includes:

a) lease of office and, if necessary, production premises equipped with appropriate communication facilities (office equipment and facilities) on preferential terms;

b) providing various office work, information, training, consulting, legal and other services. In such a scientifically studied study, the founders use the material resources and organizational support of sponsors to perform the tasks specified in the rules for the service package of the business incubator, while at the same time having a positive socio-economic impact on the external environment in which it operates.

According to different sectors and characteristics. Their main goal is to provide the resources necessary for the successful development of startups and small businesses. Below we will consider the classification of business incubators. (Table 1.2.1)

Classification of business incubators⁵

Table 1.2.1

Classification criterion	Types of flash drives			
The shape of a business incubator	– commercial; – non-commercial.			
Business incubator type	– open – closed			
Types of financing	– private; – public; – mixed.			
By degree of freedom	– independent institution; – as part of a technopark			
By level of specialization	– specialized; – specialization management; – mixed.			
Depending on the location address	– village; – suburb; – city; – intercity.			
Depending on the place of presentation	– buildings equipped only with offices; – provided only with industrial buildings; – provided services, office and production buildings in various sectors.			
Depending on the organizational - legal form	– state enterprise; – Joint-stock company or private; LLC; JSC; – public-private partnership, etc.			
Employees	IFSH of members in the state	contrac	reside	Expe
		tors	nts or non-residents	rt members

⁵Developed and improved by the author Sh. E.Narzullayev.

Depending on the type of service	– innovations;	
	–	classic;
	– industrial (production) zones;	
	–	social business incubators;
	– science and technology (incubators) parks;	
	– virtual business incubators;	
	–	startup business incubators;
	–	export-oriented regions;
	– regional production complexes and cooperation networks.	

In Table 1.2.1 above, the criteria for classifying business incubators are based on the specific organizational and legal form of each type, providing services and resources, while adapting their service programs to the needs of *the financing*, services they provide, competitions, services, resources, geographical location, and development stages. The main criteria and types of classification, being interconnected, strengthen the innovative development activities of the organization.

Based on its organizational and legal form, a business incubator provides clients with all the services they need: For example, premises, office equipment, services of accountants, consultants, lawyers, auditors, vendors, as well as safe equipped premises, stable rental conditions, business start-up, lending, training, consulting, business management, licensing, insurance, registration, patenting, and professional services (legal, accounting, marketing, etc.).

of the President of the Republic of Uzbekistan PQ-3682 dated April 27, 2018 “On measures to further improve the system of practical implementation of innovative ideas, technologies and projects” states that the Ministry of Innovative Development of the Republic of Uzbekistan (currently, the Ministry of Higher Education, Science and Innovations) and the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan will hold the International Week of Innovative Ideas - “InnoWeek.Uz” (hereinafter referred to as the Week) annually, starting from 2018, with the active participation of foreign innovation and scientific centers, investment funds, technological agencies, technoparks and business incubators. According to this resolution, the goal is to ensure mutual cooperation between state bodies, free economic and small industrial zones, technoparks, private entrepreneurs, as well as academic and industry research institutions of the real sector of the economy, with the participation of representatives of leading foreign investment funds, innovation centers and other interested organizations.

At the same time, it includes the creation of conditions for the commercialization of local innovative ideas, technologies and projects by ensuring practical familiarization with the results of the implementation of developments in the real economy and private entrepreneurship in the Republic of Uzbekistan and leading foreign countries, as well as the processes of technology transfer. This resolution provides for the wide attraction of investments in the field of development and implementation of innovative ideas, technologies and projects, the active dissemination of advanced, scientifically significant technologies from the public and private sectors in domestic and foreign markets. It also stipulates the holding of international innovation and investment forums, conferences, round tables, trainings, master classes and other events aimed at expanding cooperation between market participants, the development of regional and international relations that contribute to the accelerated development of industry enterprises, the expansion of cooperative relations between research institutions, private entrepreneurship and investors. One can see the issues of creating a database that will be continuously updated and updated with scientific research, innovative invention ideas, technologies, and projects.

In general, the system for organizing the “InnoWeek.Uz” week includes the following:

- the first block "Enterprising Business" - an exhibition area organized by the public and private sectors of the Republic of Uzbekistan and advanced foreign countries to highlight the results of finished scientific and innovative developments and the activities of local and foreign technoparks, technological agents in the field of commercialization of technologies;

- the second block "Innovative Solutions" - demonstration of the best local scientific and innovative developments in the form of models or prototypes by state and private scientific institutions in order to enter domestic and foreign markets;

- the third block "Cooperative relations" - a platform for establishing dialogue and mutually beneficial cooperation, expanding the scope of decisions necessary to consider current issues in the field of partnership and individual sectors of the economy.

- the annual holding of the week is organized by the Innovation Development Agency under the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan, the Ministry of Economy and Finance, the Ministry of Foreign Affairs, the Ministry of Investments, Industry and Trade, and the Chamber of Commerce and Industry;

- the place, duration and frequency of the week are determined by the director of the Innovation Development Agency;

is personally responsible for organizing the annual week at a high level, involving foreign innovation and research centers, investment funds, technical agencies, technoparks and business incubators;

- The annual week is scheduled to involve foreign innovation and research centers, investment funds, technology agencies, technology parks, business incubators, and other interested parties⁶, and we believe that studying its basics is a priority.

The establishment of business incubators is directly related to the development of a territorial unit (region, region, city, district). This study aimed to assess the indicators of the establishment of existing business incubators in Uzbekistan based on data from administrative-territorial units.

As is known, the Republic of Uzbekistan consists of 14 administrative-territorial units. We will analyze the role of business incubators in small business in these regions and the extent to which the business incubator acceleration centers, which are the object of our scientific research, play an important role in this (Table 1.2.2).

Table 1.2.2

**Innovative infrastructure established in the regions of the Republic of Uzbekistan
Information about centers⁷**

N s	Province	Cowor king center	Innov ation Center	Incub ation center	Acceler ation center	Techno park
1	Karakalpakstan	1	6	3	2	1
2	Andijan region	15	2	2	2	1
3	Bukhara region	5	1	1	1	0
4	Jizzakh region	13	1	3	2	0

⁶Uzbekistan PQ-3682 "On measures to further improve the system of practical implementation of innovative ideas, technologies and projects" dated 27.04.2018.

⁷Prepared by the author based on official data from the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan for 2024.

Journal: <https://ifsmrc.org/index.php/aijrm>

5	Kashkada	3	2	2	2	0
6	rya					
6	Navoi	2	1	1	2	1
7	Namanga	1	1	2	1	0
8	n					
8	Samarkan	3	1	5	1	1
9	d					
9	Surkhand	1	1	1	0	1
0	arya					
1	Syrdarya	1	1	3	1	1
1	1					
1	Tashkent	10	2	3	2	2
2	region					
2	Fergana	5	1	4	2	0
3	1					
3	Khorezm	5	0	1	0	1
4	1					
4	Tashkent	5	5	9	5	2
	city.					
	Total	65	25	40	23	11

Above cited Table 1.2.2 from the analysis seen territory innovation infrastructures that is, coworking centers, acceleration centers organization to be about the results of the study, these institutions, as important links in the entrepreneurial ecosystem, perform complementary functions in the formation, development and launch of startups. In particular, coworking centers create a working environment for entrepreneurs, incubation centers provide mentoring and practical support to startups, innovation centers provide a basis for new ideas and developments, and acceleration centers ensure the rapid growth of ready-made projects and attract investment. Technoparks, on the other hand, create broader opportunities for these processes through a scientific and technical base and infrastructure. On this basis, it was determined that incubation centers are a central link in the ecosystem and can effectively ensure the innovative development of startups and small businesses only when they work in close cooperation with other institutions.

If we are, our country every one in the centers, innovation centers, incubation information formed. According to

Therefore, when starting their activities, their organizational structure and legal forms play an important role. Incubators can carry out their activities in various legal forms. Some of them are established by the state, while others operate as private sector. The most common organizational and legal forms consists of the following (Table 1.2.3).

Table 1.2.3
Distribution of business incubators in Uzbekistan by organizational and legal forms⁸(as of 2024)

Organizational and legal forms	Number of business incubators	Share (%)
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⁸Compiled by the author based on information from the Agency for Innovation Development of the Republic of Uzbekistan.

Business incubators at higher education institutions	12	30.0
Business incubators within IT parks	9	22.5
Business incubators under government organizations	8	20.0
Private business incubators	7	17.5
Business incubators established with the support of international organizations	4	10.0
Total	40	100.0

Based on the data presented in Table 1.2.3 above, it can be said that as of 2024, a total of 40 businesses will operate in Uzbekistan. incubators are operating. The largest share of them — 30.0% — is higher education institutions This corresponds to (12) incubators under the Ministry of Education and Science. This indicates the expansion of opportunities for students and young entrepreneurs. Incubators within IT parks account for 22.5% of the total, indicating an increased focus on innovation and the development of digital technologies in this area (9). Incubators operating under state organizations (8) account for 20.0 % of the total, serving mainly small businesses and startups supported by the state. Private incubators The number is 7, which is 17.5%. This indicator indicates that the private sector is also actively participating in the incubation process. International organizations 4 incubators established with the support of the Ministry of Industry and Trade, accounting for 10.0% of the total number, operate on the basis of international experience and financial resources. In general, the data show that a mechanism for comprehensive support of small businesses is being formed in Uzbekistan through incubators of various organizational and legal forms.

In fact, the distribution of business incubators by organizational and legal forms is one of the main mechanisms aimed at developing various business and entrepreneurial activities. Business incubators, in turn, serve to facilitate the processes of starting a business, developing and entering the market for startups and young entrepreneurs. The difference between the organizational and legal forms of business incubators is that they differ in management, financing, direction of activity and service delivery.

Conclusions and suggestions. The study found that business Incubators, based on their organizational and legal form, provide all the necessary services to clients. For example, they provide premises, office equipment, accountants, consultants, lawyers, auditors, sales services, safe equipped premises, stable rental conditions, assistance in starting a business, lending, training, consulting, business management, licensing, insurance, business registration and professional services (legal, marketing, patenting of products (services), etc. I consider it appropriate to summarize the following as the main problems of the above research results. In particular:

1. It is advisable to develop a separate regulatory legal act (instructions) or law regulating the activities of business incubators.
2. It is necessary to ensure the financial sustainability of business incubators by expanding tax incentives, subsidies, and grant programs.
3. It is necessary to develop a business incubation model at universities based on strengthening cooperation between higher education institutions, research centers, and the private sector .
4. It is advisable to include it as a special module in the science programs of all higher education institutions in their respective fields.

5. It is recommended to form a base of qualified specialists in business incubators to conduct expertise on startup projects, provide mentoring and consulting services.

6. It is necessary to further increase the entrepreneurial activity of youth and women by expanding the network of business incubators in the regions, especially in rural and remote areas.

7. It is advisable to digitize the activities of business incubators, introduce virtual incubation platforms, and expand the scope of electronic services.

So, if we look at the activities of IT parks, we can see that special attention is paid to business incubators in the development of education, science, and technological innovations. Government organizations and the private sector. Seeing the difference between them, state incubators serve social and economic stability, while private incubators focus on quickly responding to dynamic market demands. Incubators under international organizations strengthen Uzbekistan's business incubator system by developing global cooperation and bringing international experience to the country.

In Uzbekistan, business incubators are being established in various organizational and legal forms by the state, private sector, and other organizations in accordance with their needs, as one of the initial stages of development.

Each form of business incubator has its own advantages, challenges, and approaches, with strategies aimed at developing the market while financially supporting the country's innovation infrastructure.

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