



THEORETICAL FOUNDATIONS OF VENTURE CAPITAL DEVELOPMENT IN UZBEKISTAN

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Abstract: *The article reveals the essence and content of venture capital, its theoretical foundations, as well as the contribution of Western, Russian and Uzbek scientists to the development of venture capital theory.*

Key words: *capital, venture capital, technical and technological development, venture investment, innovation, innovative investments, economic growth.*

Introduction “Our country possesses all the necessary opportunities and comparative advantages for the production of more than 50 types of industrial goods. In particular, there are all the required conditions to transform such sectors as oil and gas chemistry, metallurgy, mechanical engineering, electrical engineering, pharmaceuticals, production of construction materials, textile industry, leather and footwear industry, food industry, as well as industrial sectors related to the concept of the ‘green economy,’ into key drivers of economic growth” [1].

In the national economy, there arises a need to form a structural system for reproducing a new technological paradigm, to develop high-tech production, to stimulate the rapid transformation of knowledge into innovative products, and to create an effective financing mechanism that enables the redistribution of existing resources.

Discussion

Issues of financing innovative activity, including the development of venture capital, have been reflected in the scientific works of a number of foreign scholars, including B. Lundvall, G. Mensch, M. Porter, S. Kortum, R. Solow, E. Toffler, M. Huriwaka, K. Freeman, J. Schumpeter, and others.

This issue was examined in detail in the works of Massachusetts Institute of Technology scholars P. Gompers and J. Lerner [2]. According to the views of the American economist and professor William Baumol, venture capitalists, taking into account the high level of risk, support startups and contribute to their rapid development [3]. Taking into account the specific features of the national economy, theoretical and methodological problems of venture investments were studied by Russian scholars A.T. Karzhauvin and A.N. Folomyev in their work “*The National Venture Investment System*” [3]. A.N. Folomyev considers venture capital as a form of investment, emphasizing its role in the creation of small and medium-sized innovative enterprises characterized by high business activity and the



potential for obtaining high profits [4]. Among Uzbek scholars, O.M. Abdullaev, A.A. Fattakhov, and K. Akhmedov, in their studies, consider venture capital as one of the sources of commercial financing for the innovative activities of firms [5].

Research Methodology

This article employs dialectical, systemic, integral, and synergetic approaches, as well as economic, logical, and scientific-abstract methods. In addition, methods of analysis and synthesis, modeling of economic processes and systems, induction and deduction, comparison, generalization, grouping, and graphical methods are applied.

The content and essence of the category of venture capital have evolved in the course of socio-economic development, transformation of productive forces, and production relations, acquiring specific characteristics corresponding to the realities of each stage of economic progress.

At the early stage of industrialization, alongside the accumulation of aggregate capital, scientific knowledge and production technologies were also accumulated, which contributed to accelerated economic growth by increasing the productivity of production factors. Innovations became more efficient and profitable, creating favorable conditions for the concentration of production, expansion of capital activities within the economic space, collective entrepreneurial initiatives, and political support for reforms accelerating industrialization. Modern venture capital, in its traditional understanding, began to take shape in 1946 following the establishment of the American Research & Development Corporation. Its goal was not merely to generate income, but to achieve significantly higher profits. The formation of venture capital in the United States occurred in parallel with the growth of the middle class's welfare and the development of information and computer technologies.

In economic theory, the study of venture capital (within the framework of economic laws) raises questions regarding its nature—whether it is fictitious capital or a form of financial capital—as well as the identification of patterns in its circulation during the reproduction process. Despite the diversity of studies, the essence of venture capital remains insufficiently explored. The analysis of venture capital, its movement, and dynamics requires the study of its economic content, functions, organizational forms, and management mechanisms, as well as the factors determining its movement in the process of social reproduction. On this basis, the scientific research conducted by scholars in this field is summarized.

Issues of financing innovative activity, strategies for the development of venture capital, and organizational and economic mechanisms for its implementation have been reflected in the scientific works of such foreign scholars as B. Lundvall, G. Mensch, M. Porter, S. Kortum, R. Solow, E. Toffler, M. Huriwaka, K. Freeman, J. Schumpeter, and others. Their studies examine the activities of venture capital, financing of high-tech enterprises, the impact of venture capital on accelerating technological progress, as well as theoretical and practical aspects of the development of formal and informal venture capital markets.



Conclusion: In conclusion, venture capital plays a crucial role in financing innovation and accelerating technological development, particularly in economies seeking to transition to a new technological paradigm. The formation and effective functioning of a national venture capital system contribute to the development of high-tech industries, support innovative entrepreneurship, and facilitate the commercialization of scientific knowledge. Drawing on both international experience and national specificities, it is essential to develop institutional, financial, and organizational mechanisms that stimulate venture investment. Strengthening venture capital markets can serve as a key driver for sustainable economic growth, structural transformation, and the enhancement of national competitiveness in the global economy.

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