



MEASURES TO SUPPORT SMALL BUSINESSES IN JAPAN

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ABSTRACT

To stimulate innovation and technological development in small companies, Japan has a system of tax incentives and favorable conditions for research and development. For example, small companies may receive reduced income tax rates or even exemptions from certain taxes if certain conditions are met.

Japan has developed an extensive infrastructure to support small businesses. One of the key elements of this infrastructure is the presence of specialized business support centers that provide SMEs with advisory services, assistance in developing business plans, training and access to financial resources. Japan is actively developing a system of incubation centers that provide small businesses with access to the necessary infrastructure, expert support, and also help them establish partnerships with companies and investors. In these incubators, entrepreneurs can develop their ideas and business projects. An important element of the small business support infrastructure in Japan are also specialized educational programs and courses designed to develop entrepreneurship and innovation skills among young entrepreneurs. To encourage innovation and technological development, small companies may receive reduced income tax rates or even exemptions from certain taxes if certain conditions are met. They also have access to simplified tax reporting procedures, financial support in the form of subsidies, grants and preferential loans, as well as tax credit programs. Overall, these measures are aimed at easing the financial burden on small businesses, stimulating their development and helping to improve economic activity in the country.



¹Fostering innovation and technological development in small companies is key to accelerating economic growth and increasing competitiveness. Japan has taken a variety of measures to support innovation in small and medium-sized enterprises (SMEs). These measures include increased grants, loans and financial assistance for staff training and technical advice. In addition, research and development (R&D) expenses are excluded from taxation, including costs for equipment and the creation of demonstration models. The government also provides special tax breaks and preferences for joint innovation projects of SMEs with the participation of universities, research institutes and technological development centers. ²

These measures are aimed at encouraging innovation, developing scientific research and technological progress in the country. In recent years, Japan has overhauled its innovation support system, with an emphasis on accelerating the commercialization of information technology research and development for international markets. To achieve this, measures were taken to increase government funding for the most promising scientific research projects and information technologies.

¹ compiled by the author

² "Особенности японской модели государственного регулирования экономики." Ткаченко Ю.Г



Special financial instruments have also been developed to support long-term scientific research. Overall, these efforts are aimed at stimulating innovation, increasing the competitiveness of the Japanese economy and accelerating technological development. These steps are aimed at encouraging innovation, promoting the development of the information technology sector and helping to successfully introduce products and services based on advanced technologies into the market. The effective use and protection of intellectual property rights play a key role in the development of the innovation sector. This means not only optimizing the distribution of intellectual property, but also improving the mechanisms for its protection. It is also important to recognize the importance of the role of innovators and provide them with comfort in the patenting process.

The fight against violations such as industrial espionage and piracy also becomes an integral part of this process. All of these measures help create incentives for innovation, protect the interests of innovators and promote overall technological progress. As part of modernizing the infrastructure to protect intellectual property rights and comply with international standards, relevant laws such as the Patent Law, Trademark Law, Patent Prosecution Law and regulations have been revised to ensure compliance with the highest global standards since 2010.

The SBIR program in Japan plays an important role in supporting small businesses by helping them develop and implement new technologies and products with financial and technical support from the government. It provides grants, concessional loans, loan guarantees and outsourcing services to stimulate innovation and commercialization, as well as attract private investment. These measures promote the development of innovative small businesses and university start-ups.

An important element is the creation of an information and consulting network that brings together small businesses, universities and research centers for the exchange of scientific and technical information. The "Law on Supporting Innovation in Small and Medium-Sized Businesses" provides financial, technical and consulting support to venture and innovative enterprises.³

The Small and Medium Enterprise Agency is the key body coordinating efforts to develop and support the small business sector in Japan. It cooperates with public and private organizations, research centers and institutes for the development of technological and management institutes, technology parks and business incubators. Training professionals and small business leaders plays an important role in promoting innovation and sustainability of the country's small business sector. This contributes to the creation of a favorable environment for innovation and the development of the economy as a whole.

Small companies, including startups and growth-stage businesses, play an important role in creating new ideas, technologies and products that can change industries and improve quality of life. There are a number of approaches for this:

- Financing and Investment: Government grants, venture capital, incubation programs and other forms of financing promote growth in small business innovation;

³ Министерство экономики, торговли и промышленности Японии. "Сайт о малом и среднем бизнесе." Available at: chusho.meti.go.jp.



- training and Consultancy: Providing training programmes, consultation and mentoring to help small companies develop their skills, improve employee qualifications and improve management skills, which promotes innovation;

- tax benefits and incentives: Introduction of special tax incentives for small companies, including exemption from income taxes, reduction of value added tax rates and other measures;

- partnerships and network connections: Participation in technology parks, innovation centers and other organizations allows small companies to exchange experiences, find new partners and clients, which contributes to business growth and innovation;

- protection of Intellectual Property Rights: Ensuring the protection of intellectual property and rights to innovation helps SEs protect their technologies, products and ideas from illegal copying and use, which facilitates their development and commercialization.

In addition, the Japanese government partners with industry associations, universities and other institutions to share knowledge, experience and resources to support small business development. This helps build a support network and ensure entrepreneurs have access to the resources they need to run a successful business. In Japan, there is a network of Regional Entrepreneurship Support Centers (RESCs), which are located in each of the 47 prefectures and 10 largest cities. These centers are key organizations at the local level to provide support to small and medium-sized businesses. They develop and implement specific programs and initiatives to help entrepreneurs based on the unique needs of each area. The work of the RCPP includes the development and implementation of various activities aimed at stimulating entrepreneurial activity. These activities may include advice on business planning, support in obtaining financing, organizing training seminars and master classes, as well as providing information on tax incentives and government support programs.

The main task of RCPP is to create a favorable and supportive environment for the development of entrepreneurship in each region. This includes facilitating the creation of new enterprises, the development of existing businesses and attracting investment. Thanks to the efforts of the RCPP, it becomes easier for entrepreneurs to overcome difficulties and realize their ideas. Ultimately, this contributes to economic development and strengthening the competitiveness of Japan's regions. They also provide advice to entrepreneurs on available support resources, including financing, technology and production resources.

RCPP conducts educational events and seminars on various topics such as management and logistics, partnering with trade organizations and local chambers of commerce to provide a variety of services to entrepreneurs. In recent years, attracting investment from individual investors, known as angels, into innovative companies has become popular. These companies receive significant support from special tax incentives that apply to R&D, equipment acquisition, prototyping, and outsourcing.

Innovation and technological development are the main drivers of small business in Japan. In a rapidly changing market, small businesses are forced to constantly adapt and implement new technologies to remain competitive. The government actively supports innovation through research and development incentive programs, which encourages the growth of high-tech small businesses.



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