

The Development Of Small Business And Private Entrepreneurship

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Annotation: This article analyzes the development and prospects of small business and private entrepreneurship. In the country's economy, small business and private entrepreneurship are a decisive factor in creating economic foundations for solving important development problems. They, possessing the greatest flexibility and adaptability to market demands, emerge as innovators in the lifestyle and living conditions of the population, showing the main path.

Keywords: upbringing, education, labor, economy, small business, entrepreneurship, private entrepreneurship, enterprise.

As world practical experience shows, small business is important because it requires less capital investment compared to large manufacturers, is compact, can quickly change the types of products it produces depending on the conditions, and has the ability to rapidly modernize production capacities. Small businesses can adapt more quickly to the changing demands of market conditions and periodic economic crises. Why is entrepreneurship not developing at the expected level in our country? Because there are many cases of unjustified inspection of representatives of this field. Frankly speaking, we ourselves - government agencies - are not allowing the free development of entrepreneurship. Procedures that are unnecessary to anyone still persist, and many officials on the ground act only for their own personal interests."¹ from these thoughts, we can see how important entrepreneurial activity and entrepreneurs are for the economy.

In particular, the development of the sphere of small business and private entrepreneurship, as well as the improvement of the mechanisms of its management activities, remains one of the urgent and priority tasks for today. It is small business and entrepreneurship, thanks to its mobility, easier and faster modernization of production with the attraction of small capital investments, that provides consumers with competitive products by updating the types of products manufactured in a short period of time.

The further development of small business and private entrepreneurship depends on the issues of improving the mechanisms for managing their activities. In our country, measures are being implemented aimed at supporting the application of modern management methods and in-depth study of advanced foreign experience in this area.

In Uzbekistan, the socio-economic relations of the entrepreneurial society are becoming an integrated, clearly manifested, rapidly developing, and dynamic sphere. Its place and role in the formation of market relations and economic development in the country are becoming increasingly significant.

The great 20th-century economist Joseph Schumpeter, considered the ideologue of entrepreneurship, emphasized: "The decisive role of entrepreneurship in the socio-economic development of society can be felt where it is absent."²

Solving problems related to the development of small business entities is very relevant from the point of view of ensuring the sustainable development of the country's economy.

In our country, targeted measures are being implemented aimed at reliably protecting the rights and legitimate interests of business entities, ensuring the legal and practical priority of private property, and gradually reducing the state's share in the economy. As the President of the Republic of Uzbekistan Shavkat Mirziyoyev noted: "Our main task is to ensure the creation of the most favorable conditions for stimulating the development of entrepreneurship. Everyone involved in business must have a firm belief in government

¹ O'zbekiston Respublikasi Prezidenti Sh.M.Mirziyoyevning Oliy Majlisga Murojaatnomasi. –T.: "Xalq so'zi" gazetasi. 23.12.2017

² Шумпетер Й. Теория экономического развития. -М.: "Эксмо", 2007.

support. People should be interested in doing business. If the entrepreneur and the people are rich - the country will be rich."³

Full and effective employment of the workforce has a significant impact on the stable and balanced development of the national economy. However, in a changing market environment, ensuring this situation is very difficult, and in most cases, there is a discrepancy between the demand for labor and its supply. This is due to the fact that the demand for labor, manifested in relatively high-paying jobs, lags behind the supply, and in most cases, the creation of new jobs by large economic entities is not economically feasible. In such cases, small businesses emerge as hidden opportunities to ensure full employment of the workforce.

The role of small businesses as employers in the labor market is one of its important social functions. According to statistics and data from leading media outlets, 2/3 of jobs are created annually through small businesses. In this regard, the role of small businesses is especially important during crises, as well as in depressed regions. In this way, small businesses help millions of people overcome difficult times and, consequently, mitigate social tension in society.

However, this function cannot be attributed to the specifics of small business, since jobs are also created by the state, corporate structures, and even non-profit organizations.

The experience of developed countries shows that small businesses have a stronger tendency to create new jobs than large enterprises, which is explained by the following reasons:

- 1) the ability of small businesses to quickly create new jobs with low capital intensity. Capital expenditures per workplace in a small enterprise are significantly lower than in large enterprises. According to some experts, as a result of this, the difference between the cost of a job will exceed tenfold: "creating one job in a large business costs 100-150 thousand US dollars, while in a small business, creating one job costs about 10 thousand US dollars";
- 2) relatively high technical composition of capital in small enterprises. That is, there are more units of living labor (labor) per unit of means of production used in them than in large enterprises;
- 3) ease of the processes of establishing small enterprises. It is natural that new small business enterprises are created faster and in larger quantities than large ones. This can be explained by the fact that it takes an average of 15-20 days to create a single large enterprise, while for small businesses it takes an average of 2 working days;
- 4) the implementation of a certain part of the activities of small enterprises as a product of the activities of a large enterprise. That is, the creation of large enterprises, in turn, will lead to an increase in jobs in small businesses.;
- 5) the effect of the quantitative effect on the hiring of labor at small business enterprises. The quantitative effect of hiring labor is the creation of new jobs as a result of a relatively rapid increase in the number of small business entities, a derivative increase in the structure of large enterprises.

That is, although the number of workers that can be hired by a small business enterprise is less than at a large enterprise, the large number of such enterprises ultimately allows hiring more workers than the total number of workers at large enterprises. This can be expressed by the following formulas: the total number of employees employed in small businesses (i.e., the product of the number of small businesses (K_k) and the average number of employees employed in them (I_k)) is greater than the total number of employees employed in large businesses (i.e., the product of the number of large businesses (K_y) and the average number of employees employed in them (I_y):

$$K_k * I_k > K_y * I_y \quad (1)$$

In this case, it is clear that the average number of workers employed in a large enterprise is higher than in a small enterprise:

$$I_k < I_y \quad (2)$$

Thus, it can be noted that the number of small enterprises is greater than the number of large enterprises:

$$K_k < K_y \quad (3)$$

³ Тихонова Е.О. Роль интеграции в развитии традиционного и инновационного малого бизнеса // "Российское предпринимательство". №2, 2008.

6) widespread availability of flexible working and employment conditions.

Among the social functions of small business, it is advisable to include assistance in attracting additional labor resources into the process of social reproduction, which are practically unused by other groups of employers. These include labor potential as the owner of the "labor force" commodity, limited by objective factors. In a market economy, most employers do not view them as full-fledged employees, therefore they are not in a position to provide them with employment opportunities. Small businesses, however, do not impose such strict requirements. In family firms, the labor of the least able-bodied family members is also used.

Small enterprises using hired labor are more adapted to the labor of home-based workers, student youth, and elderly citizens. Considering that the share of the latter two groups in the total population is constantly increasing, the practical significance of the considered function of small business is also increasing.⁴

The level of perfection of the sector's structural composition plays an important role in the full development of small business in the national economy and the effective performance of its tasks. The perfection of the structure allows for the full utilization of the potential of small businesses and increases their competitiveness. With the growth of economic development, the improvement of the structure of small businesses becomes an objective necessity. Because increasing the share of the industry in ensuring stable economic growth rates in the country, GDP, and employment ultimately requires the creation of new small business entities. This largely depends on the priority development of high-tech production within small businesses.

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According to E. Tikhonova, "The problem of small business development is usually considered as a whole, without separating its individual parts and elements, which have their own, and in some cases, different characteristics. Accordingly, it is important to divide small enterprises into innovative enterprises that master traditional and new technologies, products, and markets operating in pre-established markets."⁵

The fact that small business entities begin their activities in simple, low-tech industries, and as the number of enterprises increases, the average level of technology use also increases can be explained by the following circumstances:

1) entrepreneurs begin their activities by satisfying a clearly visible need (demand). For example, the construction of a new residential area requires, first of all, the organization of grocery stores, markets, catering establishments, and consumer services (barbershop, repair of household appliances, shoe repair, etc.) in this area. As the number of enterprises reaches the level of full satisfaction of the needs of the population of this region, enterprises specializing in types of needs that are satisfied on a high technical and technological basis will be gradually created;

2) capital initially invested in traditional spheres increases after a certain time ("initial accumulation of capital"), creating the possibility of establishing more capital-intensive industries.

From this it can be noted that the number of small business entities in the country is relatively small, and the level of capitalization in them is also low, while the average level of use of equipment and technology in these enterprises is also low. Because a low level of competition allows existing business entities to operate in traditional industries, where the technological level is not very high, and to have a sufficient profit margin.

⁴ Раджапова, З. Т., & Мирзаева, Г. З. (2023). ИННОВАЦИОННАЯ ТЕХНОЛОГИЯ В ЛАНДШАФТНОМ ДИЗАЙНЕ. (в дошкольных образовательных организациях). Analysis of world scientific views International Scientific Journal, 1(4), 70-76.

⁵ Norboevna, R. N. (2021, April). IMPROVING THE MEMBERSHIP SYSTEM IN ECOLOGICAL EDUCATION OF PRESCHOOL CHILDREN. In Archive of Conferences (Vol. 20, No. 1, pp. 97-98).

With an increase in the number of small businesses, competition between them intensifies, and conversely, the profit rate in traditional industries decreases. This forces small businesses to switch to industries with a high technical and technological level. On the other hand, with capitalization, that is, with the increase in the value of fixed production assets and working capital in enterprises, their opportunities to involve high-value technical means in the production process expand.

Currently, it is important to support and stimulate the private sector, small business as a powerful factor in increasing the efficiency and competitiveness of production by applying radical measures to reduce the share of state ownership in the economy; to implement an active social policy aimed at the dynamic growth of incomes and employment of the population through the accelerated development of the service sector and service, small business, home-based work, social and market infrastructure, modernization and technical re-equipment of existing and the introduction of new capacities, creating favorable conditions and incentives for expanding housing construction, balanced development of education, healthcare and housing.

Sustainable development of small business and private entrepreneurship ensures the development of the country's economy. The importance of this sphere in ensuring employment indicates the need to strengthen attention to the sphere. Thus, structural changes in the sphere of small business and private entrepreneurship, the regular implementation of opportunities and benefits serve the development of the country's economy in all respects.

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