

The Development of Small Business and Private Entrepreneurship, its Impact on the Socio-Economic Development of the Country

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Abstract. *In the article, the issues and factors of the development of small business and private entrepreneurship are analyzed, and its impact on the social and economic development of the country is studied based on statistical data.*

Keywords: *upbringing, education, labour, economics, small business, entrepreneurship, private enterprise, enterprise.*

1. Introduction

In the country's economy, small business and private entrepreneurship is a decisive factor in creating economic foundations for solving important problems of development. Having the most flexibility and adaptability to the market requirements, they are the innovators in the lifestyle and conditions of the population, and show the main way.

The practical experience of the world shows that a small business requires less capital expenditure compared to large manufacturers, it is compact, it can quickly change the types of products it produces depending on the conditions, it has the ability to rapidly modernize its production facilities. with is important. Small business can quickly adapt to the changing requirements of the market and economic crises that occur from time to time.

Why is entrepreneurship in our country not developing as expected? Because there are many cases of unfounded investigations of representatives of this field. To put it bluntly, we - the state agencies - are not allowing the free development of entrepreneurship. Procedures that are not needed by anyone are still maintained, many officials are working only for their personal benefit" [1] from these opinions, it is clear how important business activity and entrepreneurs are for the economy. we can see.

In particular, issues of developing small business and private entrepreneurship and improving the mechanisms of its management activities remain one of the urgent and priority tasks for today. It is small business and entrepreneurship that, with its mobility, with the involvement of low capital funds, provides competitive products to consumers by renewing the types of products produced in a short period of time through easier and faster modernization of production.

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

Literature review. In Uzbekistan, the socio-economic relations of the entrepreneurial society are embodied, clearly manifested, and it is becoming a rapidly developing and dynamic field. Its place and role in the formation of market relations and economic development in the country is becoming more and more significant.

Joseph Schumpeter, the great economist of the 20th century, who is considered an ideologist of entrepreneurship, emphasized that "the decisive role of entrepreneurship in the social and economic development of society can be felt very much where it is not present" [2].

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

According to the conclusion of M.V. Mamut, microcredit operations of banks and non-bank credit organizations should not be controlled by the Central Bank in order to develop the practice of microcrediting of small business subjects [3].

According to the conclusion of the winner of the Nobel Prize, M. Yunus, the main attention should be paid to the social effect of lending when lending to small business entities that are starting work. After the expansion of the financial capabilities of business entities, they cause an increase in the demand for loans at market rates [4].

F. Allen and D. Gale recognize the existence of two systems of financing activities of small and medium-sized business entities - a system based on the activity of banks and a system based on financial markets, and emphasize that the first system is relatively important [5].

In our opinion, this conclusion of F. Allen and D. Gale is of great practical importance for the countries of the transition economy. The reason for this is that, firstly, commercial banks have a leading position in the small business lending system in these countries; secondly, there is no opportunity for small business entities to attract resources through the stock market.

According to the conclusion of Chanel-Reynaud and Blois, the good establishment of relations between small and medium-sized enterprises with large enterprises increases their ability to use loans from commercial banks. Because, before entering into business relations with small and medium-sized enterprises, large enterprises analyze their ability to meet market requirements. Also, it constantly monitors the situation of small and medium-sized enterprises that are partners of large enterprises [6].

This scientific conclusion of J. Chanel-Reynaud and E. Blois is based on the analysis of the experience of developed countries and is therefore reliable. The researches carried out by them are based on the analysis of specific data and serve to substantiate the fact that large business plays an important role in the development of the activities of small and medium-sized business entities.

According to McNaughton, the future harvest will serve as a liquid supply for agricultural producers. But if there is a drought, they will not be able to harvest the intended amount. Therefore, the future crop should be insured against drought and natural disasters [7].

In addition, the fact that they insure the future harvest prevents the deepening of the credit risk problem caused by the failure of the harvest due to the occurrence of drought. However, in our opinion, it is of great scientific and practical importance to substantiate the possibilities of applying the conclusions, proposals and recommendations of economists aimed at improving the financing of small business entities in the practice of our republic.

2. Analysis and results

Specific measures are being implemented in our country to reliably protect the rights and legal interests of business entities, to ensure the legal and practical priority of private property, and to gradually reduce the state's share in the economy.

As the President of the Republic of Uzbekistan Mirziyoyev Shavkat Miromonovich noted: "Our main task is to ensure the creation of the most favorable conditions for encouraging the development of entrepreneurship. Everyone who is engaged in business must have a strong belief that they will be supported by the state. People need to be interested in doing business. If the entrepreneur and the people are rich, the country will be rich" [8].

Full and effective employment of the labor force has a significant impact on the stable and balanced development of the national economy. However, it is very difficult to ensure this situation in the changing market conditions, and in most cases there is a mismatch between the demand for labor and its supply. This is caused by the fact that the demand for the labor force, expressed through high-paid jobs, lags behind the supply, and in most cases, it is not economically feasible to create new jobs by large economic entities. In such cases, small businesses appear as hidden opportunities to ensure full employment of the workforce.

The role of small business enterprises as an employer in the labor market is one of its important social functions. According to statistics and leading mass media, 2/3 of jobs are created every year at the expense of small businesses. In this regard, the role of small business is especially important in times of crisis, as well as in depressed areas. In this way, small business helps millions of people to overcome difficult times, and therefore, it allows to ease social tension in society.

However, this function cannot be included among the characteristics of a small business, because jobs are also organized by the state, corporate structures, and even non-profit organizations.

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

- 1) ability of small business to quickly create new jobs with low capital capacity. Capital expenditure per job in a small enterprise is significantly lower than in a large enterprise. According to some experts, as a result, the difference between the cost of a job exceeds ten times: "one job in a large business costs 100-150 thousand US dollars, while one job in a small business costs creation will cost about 10 thousand US dollars";
- 2) relatively high capital technical structure in small enterprises. That is, the unit of means of production used in them corresponds to a unit of live labor (workforce) more than in large enterprises;
- 3) lightness of the process of establishment of small enterprises. It is natural that new small business enterprises are formed faster and in larger numbers than large enterprises. This can also be explained by the fact that it takes 15-20 days to set up a single large enterprise, while 2 business days are required for small businesses;
- 4) implementation of a certain part of the activity of small enterprises as a derivative of the activity of a large enterprise. That is, the establishment of large enterprises, in turn, leads to an increase in jobs in small business enterprises;
- 5) application of the quantity effect in the recruitment of labor force in small business enterprises. Quantitative effect of labor recruitment is the creation of new jobs as a result of the relatively rapid increase in the number of small business entities, the creation of new jobs as a result of the creation of more content than the creation of large enterprises. That is, although the number of workers that can be hired by a small business enterprise is less than that of a large enterprise, the large number of such enterprises ultimately makes it possible to hire more workers than the total number of workers in large enterprises. This can be expressed by the following formulas: the total number of workers employed in small businesses (that is, the number of small enterprises (K_k) multiplied by the average number of workers employed in them (I_k)) employed in large enterprises the total number of workers (that is, the number of

large enterprises (K_y) multiplied by the average number of workers employed in them (I_y) is greater than:

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

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

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

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

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

6) widespread availability of flexible working and employment conditions.

Among the social functions of small business, it is correct to include assistance in attracting additional labor resources, which are hardly used by other groups of employers, in the process of social reproduction. They include the labor potential as the owner of the commodity "labor power" limited by objective factors. In the conditions of the market economy, most employers do not consider them as full-time workers, and therefore are not in a position to provide them with employment opportunities. Small business does not set such strict requirements. In family firms, the work of family members with the lowest level of work ability is also used.

Small enterprises that use hired labor are more adapted to the use of the labor of home workers, young students, and elderly citizens. Taking into account that the share of the next two groups in the total population is constantly increasing, the practical importance of the considered function of small business is also increasing [9].

In the national economy, the level of perfection of the structural structure of the industry plays an important role in the full development of small business and the effective performance of its tasks. Perfect organizational structure allows to fully use the potential of small business and increase its competitiveness. With the growth of economic development, improving the structural structure of small business becomes an objective necessity. Because, increasing the rate of sustainable economic growth in the country, the share of the sector in the GDP, employment, ultimately requires the creation of new small business entities. This largely depends on the priority development of high-tech production in small business.

According to E. Tikhonova, "The problem of the development of small business is usually seen as a whole, without distinguishing its individual parts and elements, which in some cases have special characteristics. Accordingly, it is important to divide small enterprises into traditional and innovative enterprises operating in pre-formed markets and adopting new technologies, products and markets" [10].

Based on the above opinion, traditional industries and sectors with easy and favorable development conditions for small business activities (for example, retail trade, catering, household services, etc.) and certain it is possible to distinguish non-traditional industries and sectors that require technological foundations and have relatively more complex requirements in terms of organization.

Table 1

Reasons for insufficient development of small business and private entrepreneurship based on the achievements of advanced science and development measures [9]

Reasons	Measures
<ul style="list-style-type: none"> ✓ large-scale organization of activities in this direction <ul style="list-style-type: none"> ✓ requiring funds; ✓ high level of danger (risk) in them; ✓ Requirement of special knowledge and skills from entrepreneurs; ✓ lack of technical and technological basis; ✓ strength of competition in the product and service market; ✓ low rate of capital turnover. 	<ul style="list-style-type: none"> ✓ establishment of preferential sources of financing activities in this direction; ✓ improvement of preferential insurance of high-tech small business enterprises; ✓ higher and secondary special education system, training of specialists focused on creating and using high technologies through business courses; ✓ creation of special business conditions by the state for small innovative enterprises to "stand on their feet".

It can be explained by the following circumstances that the activity of small business entities starts from the simple, low-tech sectors, and as the number of enterprises increases, the average level of technology use also increases:

1) entrepreneurs start their activity by satisfying a clearly visible need (demand). For example, the construction of a new residential complex requires the establishment of food stores, bazaars, public catering outlets, household service outlets (hairdressing salon, home appliance repair, shoe repair, etc.) in this area. is enough. As the number of enterprises reaches the level that fully satisfies the needs of the population in this area, enterprises specializing in the types of needs that are satisfied on a high technical and technological basis are gradually being established;

2) capital initially invested in traditional industries will increase after a certain time ("initial accumulation of capital"), and it will also create an opportunity to establish industries that require more funds.

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, and the average level of use of equipment and technology in these enterprises is also low. Because the low level of competition allows existing business entities to operate in traditional sectors with a low technological level and to have a sufficient rate of profit.

As the number of small business entities increases, the competition between them increases, and on the contrary, the profit margin in traditional industries decreases. This forces small business entities to move to sectors with a high technical and technological level. On the other hand, capitalization, that is, with the increase in the value of the main production funds and working capital in enterprises, their opportunities to attract high-value technical means to the production process expand. Also, the reasons for the insufficient development of small business and private entrepreneurship based on the achievements of advanced science and the work that needs to be done in this regard can be observed through the table below (Table 1).

Support and encouragement of the private sector and small business as a strong factor in increasing the efficiency and competitiveness of production by applying fundamental measures to reduce the share of state property in the economy; rapid development of the service sector and service, small business, household, social and market infrastructure, modernization and technical rearmament of existing facilities and introduction of new ones, creation of favorable conditions and incentives for expansion of housing construction, education, health It is important to implement an active social policy aimed at the consistent growth of the

population's income and employment through the balanced development of the health and housing sectors.

3. Conclusion

The stable development of small businesses and private entrepreneurship ensures the development of the country's economy. The importance of this sector in ensuring the employment of the population shows that it is necessary to pay more attention to the sector. Therefore, the regular implementation of structural changes, opportunities and privileges in the field of small business and private entrepreneurship will serve the development of the country's economy in every way.

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