

## **Theoretical Foundations of Small Business and Private Entrepreneurship Development**

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**ABSTRACT:** This article develops proposals and recommendations on the development of small business and private entrepreneurship, improving the efficiency of entrepreneurial activity in the economy and the prospects for economic development of private entrepreneurship.

**KEYWORDS:** *Small business, market economy, economic reforms, efficiency, entrepreneurial activity.*

### **INTRODUCTION**

In the context of the formation and development of market economy relations in Uzbekistan, regardless of the form of ownership, in the process of economic reforms, a new relationship between the state and society is formed, which ultimately paves the way for further development of the population and economic potential. Especially today, due to the structural transformation of the economy and diversification of industry, new industries, in particular, diversified farms, high-tech food, the emergence of light industry, play an important role in increasing employment and welfare.

Structural changes in the country's economy are crucial for the growth of production and increasing the competitiveness of goods and services produced in the country. Reform of economic relations, reorganization of the management mechanism of enterprises, covering all aspects of their activities. This, in turn, leads to an increase in consumer tastes and needs, which in turn increases the quality of products and the need to use the principles of competitiveness.

Achieving quality indicators in Uzbekistan and its regions, small business and private entrepreneurship based on competitive relations in the production and sale of products is one of the most important tasks, which requires a modern approach to this process, using various mechanisms used in the economy. and the need to increase the efficiency of private entrepreneurship.

Given that the structural changes taking place in the economies of countries today are in many ways inextricably linked with the development of small business and private entrepreneurship, the establishment and development of this sector is influenced by any changes in entrepreneurship. The experience of developed economies has shown that a consistently high standard of living can be achieved, first of all, through the rapid development of small business and private entrepreneurship.

Therefore, the development of small business and private entrepreneurship, the further enhancement of its place and role in the economy is also very important for the people of Uzbekistan.

### Analysis and results

In the Republic of Uzbekistan, where market relations are developing, special attention is paid to the development of small business and private entrepreneurship, based on the laws and principles that reflect the development of private property. In the early years of independence, entrepreneurship developed mainly in the service sector. It should be noted that the number of trade and catering enterprises and the number of employees is growing rapidly.

Some of these enterprises, especially the ones with favorable economic and geographical location, have retained their position to this day. Some of them, that is, large commercial and public catering establishments, which are located far from busy highways, industrial cities and towns, soon fell into a state of crisis and were even forced to close down.

At first, great attention was paid to the development of industry and agriculture, as well as the processing of agricultural products. In recent years, in a number of developing countries on the basis of a modern market economy, there is a process of implementation of many of the previous tasks performed by giant enterprises by mobile, ie compact, small enterprises. It is for these reasons that the number of large industrial enterprises is declining and the number of small enterprises is growing rapidly. This process is the basis for the dynamic, dynamic, innovative growth of the market economy, the organization and development of small business and private entrepreneurship, which is rapidly adapting to market demand and its changes.

At present, great attention is paid to the development of small business and private entrepreneurship in our country. This is important in the transition to a market economy. At the same time, first of all, it is necessary to understand the essence of the content of this field.

There are so many definitions of business in the foreign literature that the whole history of the development of humanity, society, in one way or another, has always been associated with business.

Businessman (entrepreneur) - The word first appeared in the British economy and meant "property owner". In particular, Adam Smith describes an entrepreneur as the owner of a property and emphasizes that he is a person who takes economic risks in order to implement a commercial idea in order to make a profit. The entrepreneur plans his business, organizes production, sells the product and manages the income.

In general, business is making money from money, moving from money to money through an activity to produce a product or service that people need. Here, the formula of business is simple, that is, a simple formula in the form of  $P=P1$ , but at its core lies a complex life process. Business is first of all the organization of production, the relations of economic activity, life itself, and then making money. Business is a foreign word that is spread all over the world and is widely used in all countries. In Uzbek, the word business means entrepreneurship. The Uzbek word corresponds to a foreign word, but also gives it an additional meaning. Behind these words lies "work", that is, to engage in any business or to establish an enterprise.

So, business is not about making money from nothing, but about organizing complex production or service. An entrepreneur is always selfless and knowledgeable. Entrepreneurship, on the other hand, requires not only the acquisition of basic knowledge, but also the acquisition of vast knowledge, which must be constantly in search throughout one's career.

Entrepreneur is the owner of capital, the owner of private business, who manages it, sometimes often in the first stage of private capital (business) activity, combining the function of the owner with

personal production labor activity. It is worth mentioning the definitions of the concept of "Entrepreneur" by a number of foreign scientists (Table 1).

**TABLE 1 DEFINITION OF THE CONCEPT OF "ENTREPRENEUR" BY FOREIGN SCIENTISTS**

	<b>The name of the scholars</b>	<b>Year</b>	<b>The content of the definition given by scientists ("Entrepreneur -...")</b>
1	<i>Richard Cantillon</i>	1725	it is a person acting in a risky environment, and the function of providing capital is different from the function of entrepreneurship
2	<i>Joseph Schumpeter</i>	1934	it is an innovator that develops new technologies
3	<i>David McClelland</i>	1961	it is a man of action who acts in conditions of considerable risk
4	<i>Peter Drucker</i>	1964	it is a person who comes out of every opportunity with maximum benefit and tries to make it happen
5	<i>Albert Shapiro</i>	1975	it is the person who takes the initiative, who organizes the socio-economic mechanisms, who acts in conditions of uncertainty and takes full responsibility for the failure that occurs
6	<i>Karl Vesper</i>	1980	an economist, a psychologist, a businessman who appears in another form in the eyes of other entrepreneurs and politicians
7	<i>Robert Husrich</i>	1985	it is the process of creating something new with value, and the entrepreneur is a person who spends all the necessary time and effort on all of this, who is satisfied with the prize money and achievements, and who bears all the financial, psychological and social risks.

Taking into account the above descriptions of economists and economic literature, in our opinion, "Entrepreneur - a business entity that seeks to maximize profits at the expense of minimal losses, assuming all types of risks arising from the uncertainty of starting a business within the law." It is advisable to give.

According to the Law of the Republic of Uzbekistan "On guarantees of freedom of entrepreneurial activity", entrepreneurial activity is defined as an entrepreneurial activity carried out by business entities in accordance with the legislation, aimed at making a profit at their own risk and responsibility.

Entities of entrepreneurial activity are legal entities and individuals registered in accordance with the established procedure in the republic. The main part of business entities in Uzbekistan are small businesses. The quality of small businesses can include small businesses, micro-firms, family businesses and individual entrepreneurs.

It turns out that the entrepreneur must, first of all, be able to assess in advance as much as possible how to carry out business activities, under what conditions to take practical action, ways to solve obstacles encountered by the entrepreneur and what achievements to achieve. The entrepreneur is required to organize production and sales, to assess the realities of market relations and to understand the choice of the right path. Because no one ever teaches an entrepreneur what to do, does not come to him in difficult times, and this, in turn, leads each entrepreneur to work only on their own strength, knowledge, confidence.

In our country, based on the experience of developed foreign countries, great attention is paid to the development of small and private entrepreneurship. This can be seen in the law "On the promotion of small and private entrepreneurship" adopted by the Oliy Majlis of the Republic of Uzbekistan. This law plays an important role in creating more and more opportunities for free competition and the organization of market relations in various forms of ownership at the level of world standards. Article 2 of this law clearly defines the scope of small and private business entities.

Improving the living standards of the population, increasing real incomes and providing employment through the development of small business and private entrepreneurship is one of the priorities today. Therefore, favorable conditions for the development of entrepreneurship are being created in our country, and this work is showing its positive results. Noting that the measures to improve the business environment in our country are yielding their first results, "... we all understand the need to fully support the measures aimed at improving the business environment and creating more favorable conditions for small business and private entrepreneurship." , showed how high the industry is for the Uzbek economy. After all, these achievements are the result of serious attention paid to the development of small business and private entrepreneurship in our country.

In addition, in order to ensure the accessibility and competitiveness of products produced by small businesses and private enterprises, the Fund provides entrepreneurs with the opportunity to study foreign markets and find foreign partners, participate in international tenders, as well as conclude export contracts, international certificates, permits. "We are actively assisting in obtaining documents and customs clearance."

It is obvious that special attention should be paid to small business and private entrepreneurship in the regions of the country, as noted above, realizing that this process requires initiative to create new innovations, and on this basis to achieve economic development.

Along with a number of opportunities, small businesses in Uzbekistan face a number of challenges:

- Minority and disproportionate share of small businesses and private enterprises engaged in production in the regions of the country;
- Many small businesses and private enterprises are engaged in trade and services;
- Saturation of domestic markets at the expense of imported products rather than national goods;
- Lack of information system for preliminary analysis of market demand in established and operating small businesses and private entrepreneurship;
- Low service of consulting centers in the system of territorial management for small business and private entrepreneurs, etc.

If we look at small enterprises by type of activity, the largest share of enterprises currently operating in the country falls on small enterprises engaged in trade and catering and services. It should be noted that the majority of small businesses and private entrepreneurs engaged in production, firstly, can not timely supply the necessary raw materials for production, and secondly, there are a number of problems in the tax system and the proper organization of bank loans. In this regard, it is also necessary to take into account that the process of organizing production takes a long time compared to trade and services.

Overcoming the above-mentioned problems and further development of small business and private entrepreneurship requires a number of measures. Including:

- Encouraging domestic and foreign investment in production in small business and private entrepreneurship;

- expanding the competitive environment between small businesses and private entrepreneurs;
- extension of credit terms for production and reduction of interest rates;
- Development of exports between enterprises, further improvement of the system of taxation of small business and private entrepreneurship, in particular, a sufficient definition of the legal framework.

The above-mentioned views will help to overcome these problems and make a significant contribution to the development of small business and private entrepreneurship in ensuring the integration of our economy into the world community.

Another advantage of small business and private entrepreneurship is their quick adaptability to demand. Confirming this, it can be said that production is carried out at these enterprises. After all, this is one of the main conditions of the business. In this regard, it can be said that the strengthening of specialization of small businesses and private enterprises in production, rapid adaptation to market conditions, the need to forecast production and trade without gypsum.

According to the United Nations, in the global economic system, small business and private entrepreneurship employ 50 percent of the world's working-age population. At present, the volume of production in this sector accounts for 33-68% of total production. In addition, about 3.6 million new jobs have been created in the United States through small businesses. At the same time, the net growth of jobs in the country will be 65%. Today, small businesses account for 56 percent of U.S. gross domestic product and two-thirds of the total workforce. More than half of innovations are also created from them. This indicates that in developed market economies, small business and private entrepreneurship have become a key factor in economic growth and employment.

In the process of further liberalization and deepening of economic reforms in our country, the development of small business and private entrepreneurship is of great importance. The reason for this is:

- is the basis of the state economy, along with small business and private entrepreneurship;
- The well-being of the country largely depends on the results of small business and private entrepreneurship, timely and prompt attention to demand, the ability to produce the necessary and quality products;
- In the conditions of transition, small business and private entrepreneurship are the locomotive of creating favorable conditions for the development of a market economy.

### **CONCLUSION/RECOMMENDATIONS**

Analyses show that an initial investment is very important for a newly established small business or micro-firm to get things done smoothly. The fact that most private enterprises in the country are not functioning properly, and in some cases they are closing down, is also due to the lack of start-up capital.

The main task of today is to develop and reform the ongoing economic reforms in the country, which will make it easier for our country to solve economic, social and political problems. At the same time, attracting foreign investment to the country, expanding and strengthening economic ties, giving freedom to entrepreneurship and creating the necessary conditions have been identified as priorities.

While the role of state local governments in the social protection of the population is important, they should not be neglected in the development of small businesses. Local governments should take the lead in solving the problem of providing entrepreneurs with production or service facilities, warehouses, as well as retail space. This is due to the fact that local governments are more interested



in the rapid development of small business in their area, as well as have more operational and comprehensive information about the economic potential of enterprises and organizations located in their area, the level of employment.

Effective operation of small business and private entrepreneurship in a certain area As a result of social assistance to kindergartens and schools in the area and other charities, the living standards of the population in the area will increase and social conflicts will be prevented. The organization of various training courses, including baking, sewing, weaving, hairdressing, which are currently operating, contributes to the development of the service sector of private entrepreneurship. As a result of such courses operating in different regions of Uzbekistan, additional jobs are being created. Hence, the development of small business and private entrepreneurship will ensure the sustainability of economic reforms.

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