

The Role of Family Entrepreneurship in Development of Human Capital

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ABSTRACT: The article analyzes the traditional forms of family business in the formation of human capital. The situation with the use of family business on the private land of families was studied and covered.

KEYWORD: human capital, entrepreneurial ability, farming, family property, home-based work.

Introduction

Using the experience of foreign countries, which have made significant progress in reforming the economy and ensuring high incomes of the population, including initiative of family entrepreneurs that not only employment, but also even income distribution, as well as improving the quality of sustainable socio-economic development [2,3].

In developed countries, the majority of small businesses are family businesses. The organization of family business provides social and economic advantages of this form, high efficiency, longevity and rapid development of its subjects.

The economic image of a strong family is determined by its contribution to the formation and strengthening of individual human capital. Because at present, the role of the human factor in the socio-economic development of the country is growing. At present, there is an important criterion that plays a decisive role in our steady development and the realization of our goals, which is human capital, ie the human factor, modern knowledge and skills, able to take responsibility for the future of the country. are operating in all sectors of the economy. The idea of human capital plays an important role in the study of the individual from an economic point of view, in determining his level of economic perfection.

Literature review

Human capital and family business are studied by various disciplines - sociologists, demographers, psychologists and economists. Although the social, demographic and psychological conditions of human capital and the family have been extensively studied by scientists in Uzbekistan [5-7], there is insufficient scientific research on human capital and entrepreneurial activity and its development problems. In this regard, one of the important tasks is to substantiate the ways of using them in our country on the basis of generalization of the experience of foreign countries. This will not only ensure a stable socio-economic situation in Uzbekistan, but also help to create a positive business environment for the future.

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Results

Founders of the theory of human capital: Theodore V. Schultz (1979) and Gary Becker (1992) are economists at the Chicago School of Economics and Nobel laureates in economics. T. Schultz argues that “improving the well-being of poor people does not depend on land, technology or their physical use, but rather on the knowledge they have. He called this qualitative aspect of the economy “human capital”. G. According to Becker, "human capital is a treasure trove of knowledge, skills and motivations available to everyone."

In our view, individual human capital is the perfect human ability to generate income. In other words, human capital is a “reward fund” for activities related to the formation and development of people’s personal abilities and talents. That is, an individual's personal income accumulated from childhood and adolescence to adulthood can be earned in the future in return for the realization of his knowledge, skills, abilities and all abilities and talents. The integral structure of human capital consists of "natural human capital" and "social human capital".

Social human capital is formed due to the acquisition and development of personal abilities of socio-economic significance, which allow to engage in practical activities, and it manifests itself as a factor that increases the economic potential of the individual. Human capital of the social type is based on education, upbringing and science, is aimed at the formation of perfect human qualities, is formed by the internal activities of the individual and as a result of integration with natural human capital creates human capital at the individual level.

The family plays a crucial role in the formation of natural human capital. Because it is in the family that the child's education begins. If a parent awakens a child's thirst and interest in learning from childhood, if he is brought up economically and directed to a profession, he will grow up to be able to earn as much money as possible in the future, to feed his family.

In a market economy, a person gradually develops: first as a potential (worker) and real (real labor entity) individual factor of production, then as an entrepreneur engaged in private entrepreneurship and small business, and finally as a professional manager in the corporate system. An economically well-rounded person is a person who has socio-economic abilities and is able to effectively implement them for the benefit and interests of himself, his family, nation and people, the state. It is expedient to distinguish two abilities that characterize the economic potential of a harmoniously developed generation:

1. Human ability to work consists of concrete and abstract, as well as types of physical and mental labor, arising in the process of practical use of labor. A person earns a living as a result of labor. According to economic labor, the more and more productive a person is, the more prosperous he should be.

2. Human’s entrepreneurial ability is a form of realization of the entrepreneurial qualities of each person in active and independent entrepreneurial activity, effective use of the share of factors of production, consistent management decisions, mastering technological and organizational innovations, risk-taking and profitable work economic ability to provide.

It is well known that all the resources in the world are limited, and only human needs are infinite. An important economic condition for meeting the unlimited needs of limited resources is "breath management based on restraint."

In Western countries, there is no single criterion for the inclusion of enterprises in the category of family businesses. There are different intellectual definitions. One is the definition given in a 1971 report by the British Parliament's Small Business Research Committee: from the point of view that it

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is not part of the enterprise, managers are not controlled from the outside to make important decisions [4].

The main areas of family (private) entrepreneurship include family business, such as small business, private entrepreneurship, farms, dehkan farms.

The main part of the property of family entrepreneurs was formed in our country due to the privatization of state property. This process was done step by step. First of all, it should be noted the resolution of the Cabinet of Ministers of April 29, 1994 "On measures to ensure the effective functioning of the Republican Real Estate Exchange." This decision played an important role in the development of the real estate exchange.

According to this decision, state-owned real estate was sold by the following methods. These include auction trading, selection and exchange sales. In this process, along with joint-stock companies and community property, family property was formed, which forms the economic basis for production, sales and service activities.

The sale of state property to private entrepreneurs was the basis for the formation of the quality of these owners. However, the lack of experience in the effective use of private property in our country, ways to increase the efficiency of private enterprises, the lack of sufficient skills in market relations have led to the bankruptcy of private enterprises. As a result, the issue of resale of damaged enterprises, regardless of the form of ownership, change of ownership was raised. In particular, during the first 9 months of 2003, 68% of all sold facilities were state-owned and 32% were non-state-owned (Owner №42, 31 October 2003). It turns out that previously only state property was sold for privatization, but now, non-state property is also being sold. This means that privatization of property has not yet solved the whole problem. Finding the real owner of the property does not only mean privatizing it, but also ensuring the efficient use of that property.

Now the sale of state and non-state property is mainly in the hands of individuals in the form of private property. In particular, during the first 9 months of 2003, 89.71% of the property sold in the country passed into the hands of individuals (Owner 242. October 31, 2003). These data show that the class of owners is being formed in our country, the appropriate conditions for the development of family business based on small and medium-sized businesses; their economic basis is being created.

Now the most important task is to accelerate the development of the economy of our country, ensuring their effective operation, regardless of whether the real estate objects are state or non-state.

At present, at the initiative of the President, the Cabinet of Ministers has adopted a resolution on additional measures to accelerate the privatization of low-profit, loss-making, economically insolvent state-owned enterprises and facilities. It is safe to say that this decision marked a turning point in the denationalization and privatization of property. This did not happen by itself. This indicates that the privatization process in our country has entered a stage based on market relations. Now the property is sold and owned according to the law of supply and demand.

Ensuring the efficient operation of property is in the interest of both the state and the owner. If the object is state-owned and does not operate at all, it does more harm than good. As a result, it was concluded that it should have the advantage of being sold, albeit at a reduced price. This method has also been introduced in practice.

The use of unused, unused property is of great benefit to society. First, it will create new jobs, secondly, it will produce goods (services) for the domestic market, and thirdly, it will increase its economic power by paying taxes to the state budget.

Currently, real estate is put up for sale by the Republican Real Estate Exchange for a period not exceeding 3 months. If there is no demand for it within a month, its price will be reduced by 5 percent. However, the reduction rate should not be less than the residual carrying amount.

One of the important areas of family business is that families operate on their own land. This is also regulated by the Resolution of the Cabinet of Ministers of November 29, 1994 "On measures to improve the efficiency of land use."

According to this decision, the land in our country will be sold at auction with the right to build a house, build a lifelong ownership of land and bequeath it. This event will allow the population to live and do business. Due to this, this issue is developing in our country. In the first nine months of 2003 alone, a total of 5,865 plots of 4 and 6 acres were put up for sale. 410.9 mln soums were concluded. Apparently, this event is also seen as one of the ways to expand the class of owners and the range of entrepreneurs.

This process is improving year by year. On August 20, 2003, it adopted a resolution "On radical improvement of the system of registration measures for the organization of entrepreneurial activity." Based on this, khokimiyats allocate land plots for business activities. They are put up for auction by authorized officials of the republican real estate exchanges. This is another important factor for the development of family business in our country.

In accordance with the Resolution of the President of the Republic of Uzbekistan No. PP-5091, 1.3 trillion soums were allocated for the financing of family business development projects within the Family Entrepreneurship Development Program. UZS will be directed to increase the authorized capital of authorized banks. Over the past three years, more than 600,000 people and businesses have received more than 15 trillion soums in soft loans under the programs aimed at developing family business and employment of young people and women [1].

The development of family business is of great socio-economic importance in the context of market relations. This is, first and foremost, an important factor in improving the well-being of families. Indicators such as average wages and average incomes have lost their business significance in the context of market relations.

Another factor in the development of family businesses is to reduce the tax burden on them. This allows families to expand production or other activities with their own funds. Reducing the tax burden is very important now. Because many people haven't gotten into entrepreneurship yet, and those who get involved aren't able to develop the skills for the process. This, of course, has a negative impact on the development of family businesses. Therefore, it is necessary to reduce the tax base for family businesses, reduce the rate, and reduce mandatory contributions to extra-budgetary funds.

The contribution of family business to the economy is reflected in: its contribution to the material well-being of families; In GDP, home-based work, industry, in the volume of agricultural production; in construction, trade and services. Sufficient conditions and legal framework for the development of family business have been created in the country. In particular, the Decree of the President of the Republic of Uzbekistan "On measures to encourage the expansion of cooperation between large industrial enterprises and production and services based on the development of home-based work" (January 5, 2006) "(Registered by the Law of the Republic of Uzbekistan dated 03.06.2002 No. 1146) and the Regulation "On home-based work".

These Decrees and Regulations provide real opportunities for the organization of production and services at home and the widespread development of various forms of home-based work using family

labor. Income from entrepreneurial activities is becoming more and more important in the structure of family income. In the future, it will be necessary to cover at least 50% of the family's needs through entrepreneurship.

The concepts of "family business" and "home-based work" are widely used in these regulations. In this regard, we found it appropriate to dwell on the content of these concepts. In our opinion, a family business is an activity of a couple and their supporting family members, which is not a legal entity, for the purpose of earning a legal income based on personal labor and property. If a family business entity is registered in the name of one of the spouses, it shall act on behalf of the family business entity. Home-based work is one of the historical forms of organization of production, in which workers receive the necessary raw materials from entrepreneurs and produce goods and services to order, and the whole production process takes place in the family of workers.

This form of production brings significant material benefits to entrepreneurs. These are characterized by:

Firstly, the business saves a lot on fixed capital costs (housing, building, equipment);

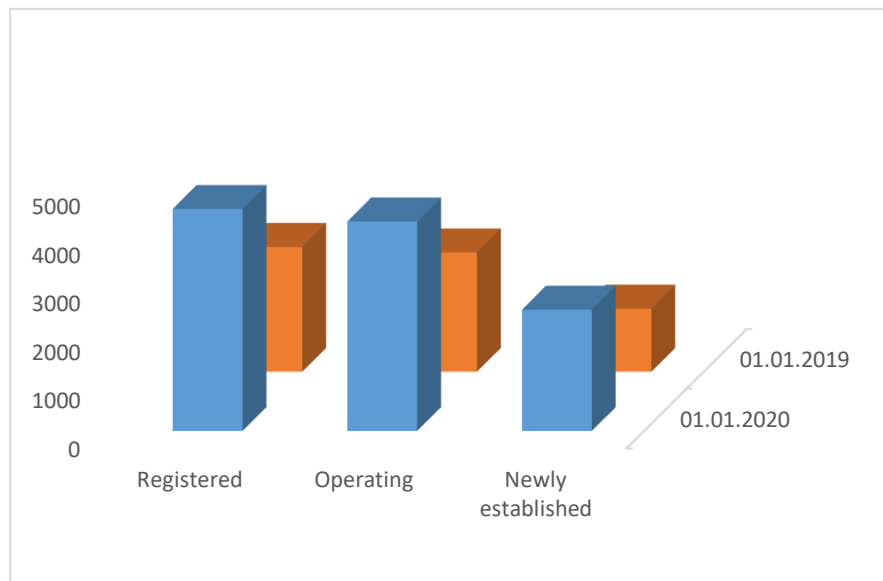
Secondly, in the organization of labor, the labor force grows in the family itself, and most importantly, the labor of housewives is used;

Thirdly, family businesses included in the population in need of social protection will have some advantages in obtaining microcredits. These include low-income families with many children, as well as families with orphaned children; families with disabilities, socially significant diseases, as well as individuals in need of social protection. These opportunities, in turn, lead to a decrease in the cost of goods and services created.

Production in the family economy (home-based work, handicrafts were historically formed in the late Middle Ages. It should be noted that national handicrafts have been developed in Samarkand since ancient times. In those years, Samarkand had 1,053 family handicraft enterprises, almost 65% of which were engaged in textiles. Formed.

The rapid development of market relations has begun to restore such a traditional view of family business. Today they are also known as family businesses, home workshops, family businesses and micro-firms. At the same time, entrepreneurs rely on their own labor, the labor of family members and hired labor, and pass the state registration on the basis of applications. In short, further enhancing the role of the private sector, which is an important source of income for families and the basis for the formation of the property class, requires the rapid development of family business, especially home-based work.

During research it has been revealed that for January 1, 2020, the number of family businesses registered as legal entities in Samarkand region is 4,566, of which 4,311 are 94.4%, which is the total number of registered and operating enterprises in Samarkand region compared to the same period last year. the number increased by an average of 56.9 percent.



Picture № 1. Dynamics of the number of family businesses registered as legal entities in Samarkand in 2019 and 2020.

The main part of operating family enterprises, ie 1,200 are in Samarkand, 506 in Pastdargom, 437 in Samarkand and 397 in Ishtikhon districts.

In terms of economic activity, 31.6% or 1362 of them are in industry, 27.2% or 1172 in housing and catering services, 23.8% or 1024 in trade, 8.0% or 344 in rural areas. in forestry and fisheries, 0.9 per cent or 40 per cent in information and communication, 0.9 per cent or 38 per cent in construction, 0.7 per cent or 31 per cent in transportation and storage, and 0.3 per cent or 13 per cent in health and social services and 6.6 percent, or 287, accounted for other activities [10].

In short, every family, every young generation can be an entrepreneur, help to get the product of their labor, rational use of unused land on private lands, increase family independence, eliminate unemployment, unemployment and shortages.

An important role in the formation of human capital is played by the establishment of family businesses, support for economic activities, including the development of trade, scientific, technical and industrial relations with foreign countries.

Overall, ongoing socio-economic reforms in Uzbekistan is aimed at ensuring the well-being of families. The only way to achieve this well-being is to start a family business. This is because the development of entrepreneurship in the family, its popularization, is able to easily address the most important socio-economic issues, namely, the increase in family income and employment. Therefore, the development of this sector is always in the focus of the government.

For this purpose, in recent years, priority has been given to the development of various forms of entrepreneurship, including the organization of production and services at home.

Conclusions

The establishment of family business solves many socio-economic problems in our country. **First and foremost**, it builds a class of owners who are the main driving force of a market economy. **Secondly**, it creates an opportunity to enrich the market of our country with consumer goods and

various services. **Third**, it reduces the number of unemployed people and allows its active part to be involved in production. **Fourth**, the most important problem is that it becomes a major source of increasing family income. Due to this, it is necessary to develop family business at the modern level, to bring it to the level of production of highly competitive products (works, services). This requires constant search, initiative and new inventions from the population. This will also be the basis for the launch of factors in our country that do not require excessive investment, especially human factors. The economic situation of the family, employment and income of the population will largely depend on the overall macroeconomic environment.

From these cases it should be concluded that the number of entrepreneurs in society should be obtained not in relation to the entire population, but in relation to the number of families. Only if every family succeeds in becoming an entrepreneur will we be able to ensure the well-being of the entire population. One important way to achieve this is family entrepreneurship.

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