



THE THEORY OF SMALL BUSINESS AND PRIVATE ENTREPRENIURSHIP

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In the context of innovative development of the economy, the rapid development of small business and private entrepreneurship is required. Small business and private entrepreneurship play an important role in the field of agricultural products, in the home-based industry and in population services.

The establishment of small business and private entrepreneurship will solve many socio-economic problems in our country. First and foremost, it makes up a class of small businesses and private owners who are the main driving force of market economy. Secondly, it will provide 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 the active part of it to be involved in manufacture. And fourth, it becomes the main source of income, which is the most important issue. Due to this, it is necessary to develop small business and private entrepreneurship at the modern level to bring it to a state of production of highly competitive products (works, services). This requires people, the whole mass, to be constantly searching and initiative, to come up with new ideas which will be the basis for activating the factors with no need for unnecessary investments, especially, it will contribute to the participation of human factor in the process.

First of all, if we pay attention to the terms “business” and “businessman” and its lexical meaning, the word “business” is originally English, which means entrepreneurship or, in other words, it is the performance in with people tend to get profit.



The term “businessman” first appeared in the economy of England in the 18th century meaning "property owner." For example, Adam Smith describes an entrepreneur as a person who owns property and takes economic risks in order to pursue a business idea in purpose of making a profit. The entrepreneur plans his business, organizes production, sells the product and manages the income.¹

Economists R. Heatherrich and M. Peters consider entrepreneurship as a process and define the social image of the entrepreneur. “Entrepreneurship is the process of creating something worthwhile, and an entrepreneur is a person who spends all the time and effort necessary to do so, assumes all financial, psychological and social risks, and in return receives a reward and is satisfied with the results achieved. And it is stated as: ”Entrepreneurship serves as a unique mechanism of employment and structural change in the economy and society. These changes will “contribute to the growth of gross domestic product as a accelerator of economic development.”²

As an integral part of the economy, small business and private entrepreneurship are directly involved in the production of the country’s GDP. Small business and private entrepreneurship are first and foremost direct economic and social activities. It is reflected below as:

- Participates in GDP production;
- Tangible and intangible goods are formed as producers;
- Fills the country's market with services and allows it to meet demand;
- Provides employment to a part of the country’s population;

¹Smith A. An Inquiry Into the Nature and Causes of the Wealth of Nations(Book 1). - M.: «Nauka», 1992. - pages 391-392.

²HizrichR., Peters M. Entrepreneurship or how to start a business and be successful – M.: «Progress». 1991. - pages 20-25.



- Creates new jobs at the expense of private entrepreneurs and other non-governmental and public investors;
- Increases the welfare of the population by meeting the demand for goods and services;
- Provides its employees with a monthly salary and the opportunity to support their families and etc.

Maintaining such a complex economic relationship directly requires the rapid development and implementation of small business and private entrepreneurship.

In the current context of economic liberalization, the role of entrepreneurship in the economy and its participation in market relations is expanding to such an extent that it is very difficult to study them. As a result, a comprehensive and detailed study of the activities of businesses in the market structure makes it necessary to classify them correctly.

The contribution of small business and private entrepreneurship to the economy is as follows:

- Contribution to the financial well-being of families;
- Contribution of family members to self-employment;
- Contribution to GDP, home-based industry, agricultural output, construction, trade and services.

Small business and private entrepreneurship are the most important participants in market relations. This is why small business and private entrepreneurship are so important to the national economy.

Private entrepreneurship significantly increases the well-being of families. They adapt to changes in consumer demand faster than anyone else, and can quickly and relatively easily change the nature of their activities in response to fluctuations in the economic situation. They require less resources



to organize their activities and, in the event of bankruptcy, do not lead to tragic economic consequences for society, they improve the territorial structure of the economy. An entrepreneurial family has the opportunity to find employment and income, to better manage their future, to find a job, to show their abilities and talents.

Small business and private entrepreneurship are the majority of economically active enterprises in the country as a whole. At the same time, small businesses are very successful. It should be noted that this situation is traditional for Uzbekistan, and it can be seen in the historical forms of entrepreneurship related to handicrafts.

Depending on the status, small business and private entrepreneurship, may participate in the business differently. There are direct producers who are self-employed, family contractors, farmers, ranchers, small family firms, handicrafts, home-based and home-based workshops. However, it should be noted that in our opinion, business entities in the Republic also have their own local character in accordance with the requirements of international standards.

We should note that it covers a large number of private enterprises, trade and consumer services. These types of enterprises, along with other enterprises, constitute the types of tangible and intangible services provided to the population. Material services include trade and catering, transportation, communications, household services and housing and communal services. The services provided by private companies lead to satisfaction of various material needs. Private enterprises play a key role in their activities, they maintain the distribution of goods and services from producers to consumers.

It can be concluded that small business and private entrepreneurship are also finding their places in the field of consumer services. Today, the lease and repair of cultural and household equipment, in particular, the repair of clothing,



the provision of high-quality transport services to the population (passenger transport), the purchase of household appliances (furniture), construction materials, consumer goods) and others are being actively realized.

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