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The role of small business and private entrepreneurship in the context of modernization of the economy and improvement of population welfare

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Abstract: the article examines current issues such as the development of small business and private entrepreneurship in the context of modernization of the economy and improvement of the population's well-being, as a result of which, ensuring the stability of the country's budget, production of the gross domestic product. Special attention was paid to the assessment of the basis of the achievements - New Uzbekistan, a new worldview, improvement of property forms, sharp structural changes in the economy, and an increase in the share of small business and private entrepreneurship in the gross domestic product.

Key words: Economy, small business, private entrepreneurship, service, capital, business, activity, income, production, social efficiency, development.

Introduction.

Improving the efficiency of small business and private business entities in the field of service in the context of modernization of the economy and improvement of the population's well-being is one of the important issues facing the country's economy today. In particular, it is very important to determine the perspective of improving the efficiency of small business and private business entities in the service sector, which is recognized as the main driving force of ownership, to improve their organizational and economic mechanisms, and to develop scientifically based proposals and practical recommendations in this field. Because in the improvement of market relations, further liberalization of the economy, the development of small business and private entrepreneurship activities, as a result of which it is possible to solve urgent problems such as ensuring the stability of the country's budget, the production of gross domestic product, and ensuring the employment of the population. As a result of the creation of certain conditions for the development of this sector, the establishment of tax, customs and other payment

benefits, the effective use of bank loans, the number of small businesses and private enterprises is increasing in a short period of time.

Of course, in order to ensure the economic security of small business and private entrepreneurship, which make up the main part of the country's GDP, and to develop the sector on this basis, it is important to create healthy competition and strong business infrastructure for small business and business entities at the country level. In this regard, the decree No. PF-5490 signed by the President of the Republic of Uzbekistan Sh. Mirziyoev on July 27, 2018 "On measures to further improve the system of protection of the rights and legal interests of business entities" was an important step towards ensuring the economic security of business entities by the state. From this point of view, it is necessary to ensure the economic security of the important drivers of the economy of the developing countries, drawing the correct conclusion from the mistakes made by the developed countries in the same field during the world financial crisis.

Literature Review. There are a number of scientific works of domestic and foreign economists devoted to the development of small business and private entrepreneurship in the service sector, and the criteria for evaluating their activity. The theoretical foundations and social importance of small business and private entrepreneurship have been studied by economists. They contributed to the development of the theory of small business and private entrepreneurship. In the years of independence, scientists of our country conducted a number of scientific researches on this topic.

However, the result of the analysis of scientific literature showed that the issues of improving the efficiency of small business and private business entities have not been sufficiently researched in the service sector.

The term entrepreneurship was first used by the English economist Richard Cantillon in the late 17th and early 18th centuries. According to him, a businessman is a person who operates under risk conditions. Therefore, he considered land and labor to be the source of wealth that determines economic well-being.

Later, at the end of the 18th century and the beginning of the 19th century, the famous French economist J.B. Say (1767-1832) stated that the success of the English industry was ensured by the "talent of English entrepreneurs". In the main thesis of J.B. Sey, it is said that entrepreneurs perform the main activity in the production of products. The activity of entrepreneurs was not initially the object of analysis of scientific-research works. English economists A. Smith (1723-1790) and D. Ricardo (1772-1823) accepted the economy as a self-coordinating mechanism. There was no place for creative entrepreneurship in this mechanism. In the book "Inquiry into the nature and causes of the wealth of nations" (1776), A. Smith focused on the definition of an entrepreneur. In his opinion, an entrepreneur is a capital owner. He implements a certain business idea and starts working with risk to get profit, because investing capital in a business is always associated with risk.

Methodology. The methodological basis of the research was the use of legal and regulatory documents, presidential decrees and decisions in the field of small business and private entrepreneurship

development. Also, the methods of induction and deduction were widely used in the analysis of views and opinions related to the research work. Statistical data grouping, comparative analysis, sample observation methods were used in the analysis of the data of the Statistical Committee of the Republic of Uzbekistan. Scientific abstraction and other methods were used to enrich the content of the work and give it concluding thoughts.

Results. From the first years of independence, our country set the main ultimate goal of building a society based on the market mechanism, and small business and private entrepreneurship were seen as one of the important ways to develop the national economy and achieve economic progress. In this respect, various positive changes taking place in the economy are inextricably linked with the development of small business and private entrepreneurship. It is known from the economic development of our republic in the recent past that small business and private entrepreneurship has become a priority area of economic development of our country. For comparison, in 2000, small business and private entrepreneurship accounted for 31.0% of the country's GDP, and by 2022, this figure will be 54.9%, which indicates that small business and private entrepreneurship are continuously supported (Fig. 1).

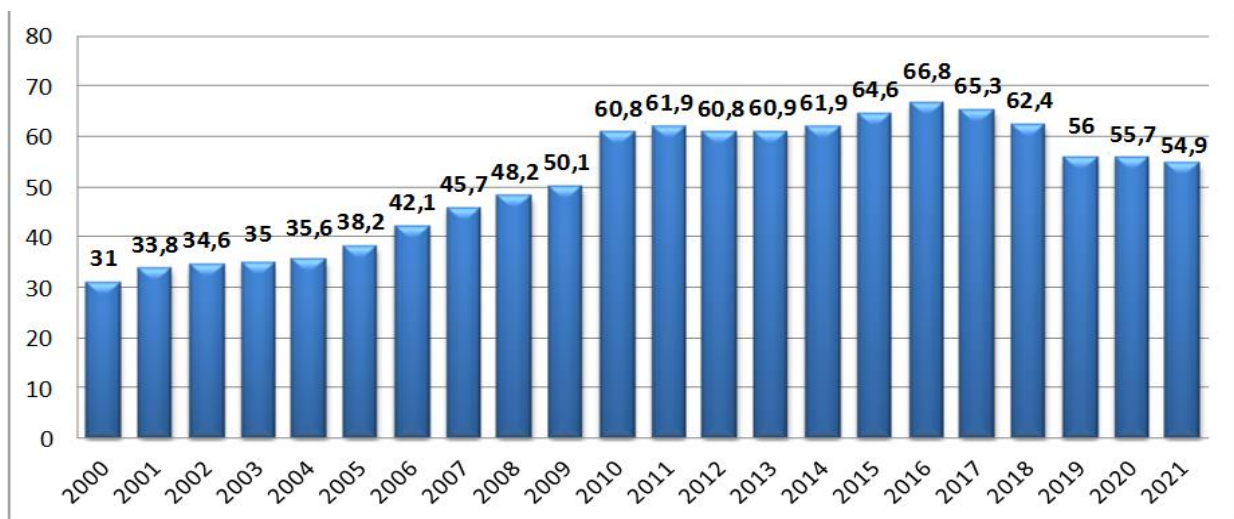


Figure 1. The share of small business and private entrepreneurship in the country's gross domestic product (in percent) in 2000-2021¹.

In our country, the indicators of the share of small business and private entrepreneurship in the gross domestic product are higher than the indicators of most developed countries. In particular, this indicator is 60.0 percent in Italy, 55.0 percent in Japan, 54.0 percent in Germany, and 53.0 percent in Great Britain. From the group of CIS countries, it is equal to 25.6 percent in Kazakhstan, and 20.0 percent in the Russian Federation (see Figure 2).

In this case, it is necessary to take into account that the established norms related to the small business sector are different in different countries. For example, in the US, economic entities with up to

¹ Source: developed by the authors based on the data of the State Statistics Committee.

100 employees in the trade sector are considered small business representatives, including in the manufacturing and oil refining industry, economic entities with up to 1,500 employees, and in the electronics manufacturing industry with up to 1,000 employees are small business representatives. is considered

According to the methodology of IHTT countries, small business representatives whose employers have up to 20 employees are considered extremely small type of small business representatives, while for small business representatives, this norm is defined as workplaces with up to 90 employees. In this group of countries, employers with 100-499 jobs are considered medium-sized businesses, while employers with 500 or more jobs are considered large business entities.

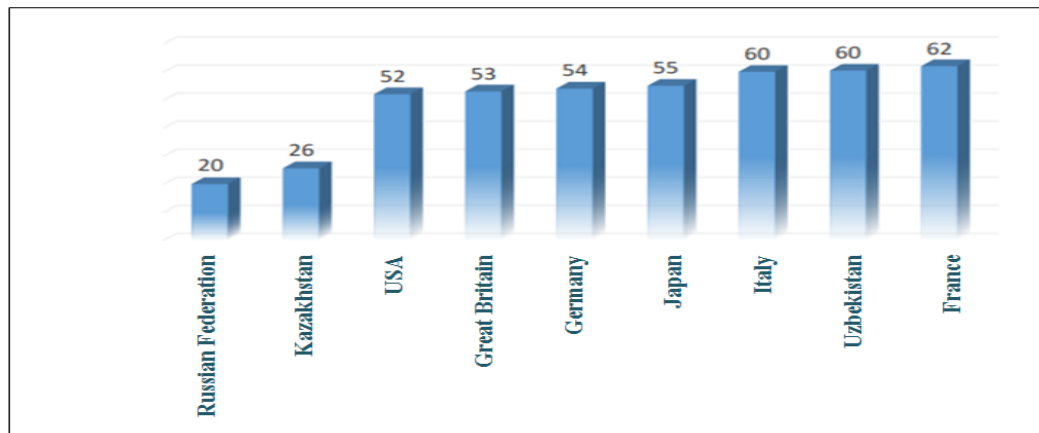


Figure 2. The share of small business in the gross domestic product of some countries, as a percentage of the total².

The UN Economic Commission has determined that the number of jobs for small business representatives in Latin American countries is 5-50, regardless of their activity and direction.

In the EU countries, the situation is somewhat different. The number of employees in the region is 1-9, the annual turnover and balance of the enterprise is 2 million. If the economic entities up to EUR are considered micro-businesses, the annual capital turnover and balance sheet volume of 10-49 employees is 10 mln. Employers up to EUR are considered small business entities.

Discussion. In the conditions of the transition to market relations, regardless of the form of ownership, all types of enterprises and organizations are required to take a new approach to issues related to efficiency based on the requirements of the current era. It is efficiency that summarizes the most important and generalized indicators of economic activity. That is, the final results of the activity are reflected in the efficiency. In the economic literature, there are many views on the concept of efficiency, as well as its various criteria and indicators are classified. Many authors emphasize efficiency as a relative indicator and recommend that it be determined by the ratio of costs to the obtained (achieved) result.

² Source: developed by the authors based on the data of the State Statistics Committee.

It is important to determine the general state of efficiency, including socio-economic efficiency. Socio-economic efficiency is the improvement of the socio-economic level of the population achieved by rational use of limited resources. It is seen in the growth of human maturity, growth of material and social well-being, cultural and spiritual development. The higher the human well-being and maturity, the higher the socio-economic efficiency.

When studying the effectiveness of social production in economic sectors, it is of great importance to correctly understand and calculate its criteria and indicators.

If the economic efficiency is not qualitatively calculated and measured, it will not be possible to perform the work set for its regular increase.

The growth of economic efficiency is the objective law of the development of any form of production and service provision. Because the development of the society requires an increase in the volume and quality of the produced products or services, and an increase in savings for the implementation of production and trade, expanded reproduction. A comprehensive analysis of the economic efficiency of service enterprises should not be limited to the inclusion of efficiency criteria. After all, the criterion mainly expresses the essence and main tasks of improving efficiency, but cannot serve as a measure and evaluation tool. Economic efficiency indicators perform this task.

The complexity of the criteria for the comprehensive program of development of the service sector requires the need for guidelines that describe its goals and resources. In our opinion, services, small business and private entrepreneurship in the republic are developing sectors, like modern sectors of the economy. Accordingly, all social, economic and other aspects of economic efficiency of small business and private business entities operating in this field are reflected in the following criteria (Figure 3).

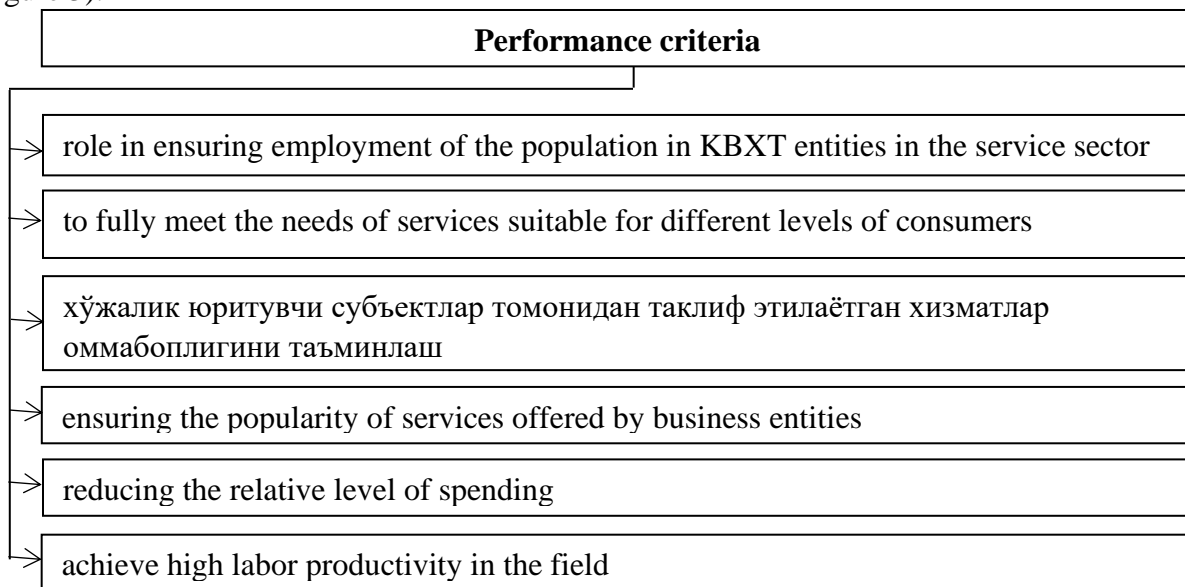


Figure 3. Criteria of small business and private entrepreneurship in the service sector.

These criteria are determined using indicators representing the efficiency of small business and private entrepreneurship in the service sector. In the economic literature, there are classifications of performance indicators - according to the scale of evaluation, according to the level of resource use, according to the importance of indicators, according to their role in decision-making, according to the level of generalization, etc.

Conclusion.

As a result of the ongoing scientific research, the following conclusions can be drawn for the production of competitive products through the further development of small business and private entrepreneurship:

- In order to implement economic reforms in the regions of our republic, it is necessary to create the necessary conditions for the development of business activities by local authorities, to prevent unreasonable price increases of production and consumer goods, taking into account the economic conditions of the population of the region;

- the main goal of the development of small business and private business entities is not only to ensure the employment of the population, to develop local industries based on the effective use of local resources, but also to increase the export potential of the country;

- development of entrepreneurial activities in the form of small businesses in the regions, organization of production based on local resources requires low investment funds and allows them to quickly adapt to market conditions;

- in carrying out production entrepreneurship activities, implementation of legal, political, social and economic factors in interdependence ensures its effective crisis-free development.

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