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THE ROLE OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN ENSURING MACROECONOMIC STABILITY

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Abstract: The growth of small businesses and private entrepreneurial activities in the further liberalization of the economy in our republic, as a result of ensuring the stability of the national budget, and the production of gross domestic product (GDP) are current issues that are taken into consideration in this article. A special focus was placed on evaluating the foundations of the accomplishments, including New Uzbekistan, a new worldview, better property laws, significant economic structural reforms, and a boost in the proportion of small businesses and private enterprise in the GDP.

Additionally, it is decided that the effectiveness of small businesses and private entrepreneurship in the service sector would be assessed using indicators. As a result, it has been demonstrated how to measure the economic effectiveness of private business organizations and small businesses functioning in this sector across all social, economic, and other spheres.

For the steady growth of small businesses and private entrepreneurship, which is fast emerging as one of the key sectors of the nation's economy, suggestions and recommendations were made.

Keywords: small business, private entrepreneurship, service, capital, entrepreneurship, activity, income, production, social efficiency, development.

Introduction. One of the key challenges facing the nation's economy today is increasing the effectiveness of small businesses and private business entities in the service sector in the context of modernizing the economy and enhancing population well-being. Determine the potential for increasing the effectiveness of small businesses and private business entities in the service sector, which is acknowledged as the primary driver of ownership, to improve their organizational and economic mechanisms, and develop proposals and practical recommendations in this area that are grounded in science. Because the country's budget stability, gross domestic product (GDP) output, and population employment are being resolved as a result of improved market relations, increased economic liberalization, the development of small businesses, and private entrepreneurship activities. The number of small firms and private enterprises is quickly growing as a result of the introduction of specific circumstances for the development of this sector, the provision of tax, customs, and other payment benefits, and the effective use of bank loans.

Of course, it is crucial to foster healthy competition and a strong business infrastructure for small businesses and business entities at the national level in order to ensure the financial security of private entrepreneurship and small businesses, which account for the majority of the nation's GDP, and to develop the industry on this basis. The decree No. PF-5490 [1] titled "On measures to further improve the system of protection of the rights and legal interests of business entities" [1] signed by the President

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of the Republic of Uzbekistan Sh. Mirziyoev on July 27, 2018 is significant in this regard for ensuring the financial security of business entities. was a move. From this vantage point, it is essential to protect the financial security of the key economic drivers in emerging nations, learning from the errors made by industrialized nations in a similar field during the global financial crisis.

Literature Review. Numerous academic works by domestic and international economists have been written about the development of small businesses and private entrepreneurship in the service sector, as well as the standards for judging their performance. Economists have researched the theoretical underpinnings and social significance of small business and private entrepreneurship. They made a contribution to the theory of private entrepreneurship and small businesses. Our nation's scientists did a variety of scientific studies on this subject during the years of independence.

However, the review of the scholarly literature revealed that the challenges surrounding enhancing the effectiveness of private businesses and small businesses in the service sector have not been thoroughly investigated.

The English economist Richard Cantillon coined the term "entrepreneurship" in the late 17th and early 18th centuries. He defined a businessman as someone who conducts business in a risky environment. So, in his view, the sources of wealth that determine economic well-being are labor and land. [3].

Later, between the end of the 18th and the start of the 19th centuries, the renowned French economist J.B. Say (1767-1832) underlined that the "genius of English entrepreneurs" was what ultimately assured the success of the English industry. Entrepreneurs are supposed to be responsible for the majority of the work involved in producing products, according to J.B. Sey's main thesis [4].

J.B. Say's perspective, in our judgment, has significant theoretical and practical value. He describes an entrepreneur as "a person who produces some form of product for his own advantage under risky conditions at his own expenditure" in his well-known book "Interpretation of Political Economy (Commentary)".

According to J.B. Sey, the role of the entrepreneur comprises integrating the factors of production (labor and capital), obtaining the information and relevant experience, and making judgments on the organization's production processes. Sey, as opposed to R. Cantillon, proposed the concept as a coordinator and manager of production factors with imaginative, hazardous characters [4].

J.B. Sey distinguished between the roles of an entrepreneur and an ordinary manager based on the effectiveness of the coordinator and manager of production factors. He also pointed out that an entrepreneur's profit is divided into two categories: profit from industry and profit from capital. He made no distinction between an entrepreneur, a capitalist, or an owner. Most significantly, even if they were the same individual, he found no problem in differentiating between the private owner and the entrepreneurial function.

The "triple formula" of American economist J.B. Clark (1847–1938) underwent some modifications. He asserts that the following four elements are always present in the production process: 1) Capital; 2) Capital means, such as land and means of production; 3) Entrepreneurial activity; and 4) Worker Labor.

J.B. Clark defined free competition as "giving labor what comes from labor; giving capitalists what capital develops; giving entrepreneurs what comes from coordination" [5].

Initially, scientific-research works did not analyze the entrepreneurial activities. A. Smith (1723-1790) and D. Ricardo (1772-1823), two English economists, recognized the economy as a self-regulating system. Creative entrepreneurship has no place in this system. A. Smith emphasized on what an entrepreneur is in his work "Inquiry into the nature and causes of the wealth of nations" (1776). An entrepreneur is a capital owner, in his view. He executes a specific company concept and begins dealing with risk in order to make money because putting funds in a business is inherently risky. [6].

Methodology. The use of legal and regulatory documents, presidential decrees, and judgments in the area of small company and private entrepreneurial development served as the methodological foundation for the study. The analysis of ideas and opinions relating to the research effort also frequently used the induction and deduction methodologies. The examination of the data from the Statistical Committee of the Republic of Uzbekistan used statistical data grouping, comparison analysis, and sample observation methods. The work's material was enhanced and concluded using scientific abstraction and other techniques.

Results. Small company and private enterprise were viewed as two of the key approaches to expand the national economy and achieve economic progress when our country first declared its independence. This goal was to create a society based on the market mechanism. This is because the growth of small businesses and private entrepreneurship is intricately tied with a number of good changes occurring in the economy. According to our republic's recent economic growth, small businesses and private entrepreneurship have risen to the top of the economic development agenda in our nation. For instance, small businesses and private entrepreneurship contributed 31.0% of the nation's Gross Domestic Product (GDP) in 2000; by 2022, this percentage will have increased to 54.9%, demonstrating the ongoing support for these sectors. (Figure 1.)

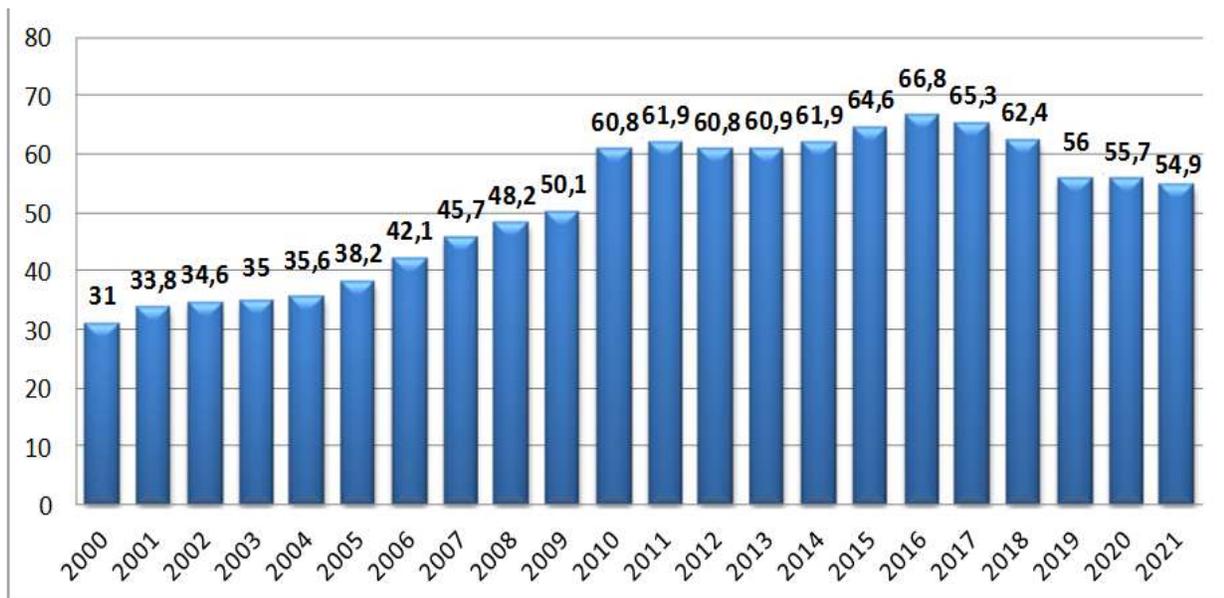


Figure 1. The share of small business and private entrepreneurship in the country's GDP in 2000-2021 (in percent)¹

Indicators for the percentage of private enterprise and small businesses in the GDP are higher in our nation than they are in the majority of other established market economies. This metric is particularly high in Italy at 60.0 percent, Japan at 55.0 percent, Germany at 54.0 percent, and Great Britain at 53.0 percent. It is equivalent to 25.6% in Kazakhstan and 20.0% in the Russian Federation from the CIS countries (Figure 2).

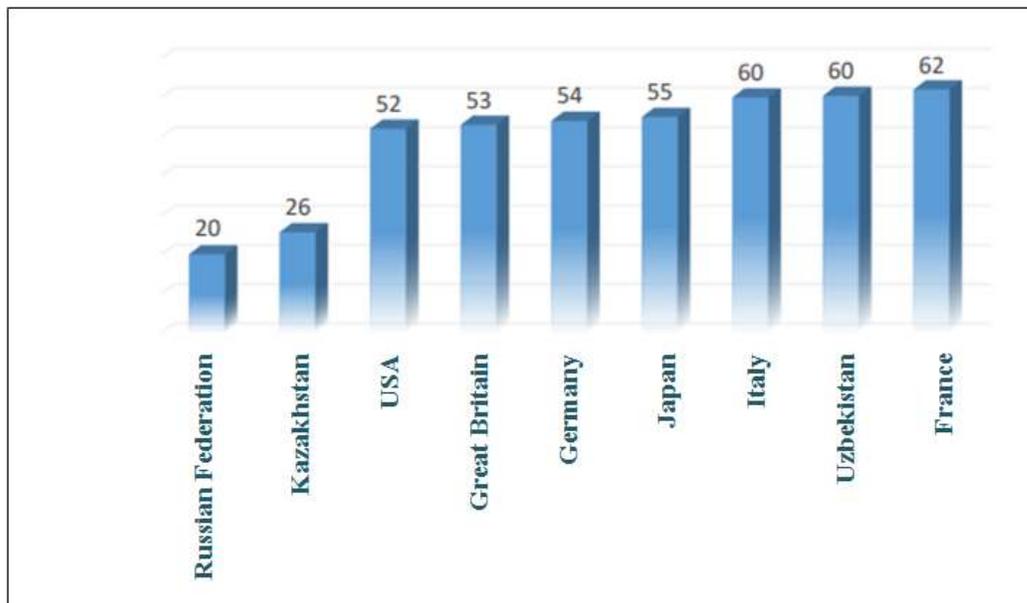


Figure 2. Share of Small Businesses in GDP of individual countries, as a percentage of the total².

In this situation, it is important to remember that established regulations pertaining to the small business sector vary among nations. For instance, in the US, companies in the trade sector with up to 100 people are regarded as small business representatives, as are companies in the manufacturing and oil refining sectors with up to 1,500 employees, as well as the electronics manufacturing sector with up to 1,000 employees. [8].

A small business representative is considered to be of an extremely small type by the OECD (Organization for Economic Cooperation and Development) countries if their firm has less than 20 employees. The typical for small business representatives is workplaces with up to 90 employees. Employers in this group of nations that employ between 100 and 499 people are regarded as medium-sized firms, while those that employ 500 or more people are regarded as large commercial units. [8].

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

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

Regardless of their activity and direction, the UN Economic Commission has estimated that there are 5 to 50 positions for small company representatives in Latin American nations [9].

The situation is somewhat different in the EU nations. Employees in the area range from 1 to 9, and the enterprise balance of 2 million is its annual turnover. The annual capital turnover and balance sheet volume of 10-49 employees is 10 million, assuming economic entities up to EUR are regarded as micro-businesses. Small business entities are those with up to EUR in employees. [9].

Discussion. All kinds of businesses and organizations must adopt a new strategy for dealing with efficiency-related challenges in the context of the shift to market relations, regardless of the ownership structure. This strategy must be based on the needs of the modern day. Efficiency is what encapsulates the most significant and all-encompassing measures of economic activity. In other words, the efficiency of an action reflects its eventual outcomes. Numerous perspectives on the idea of efficiency, as well as its numerous criteria and indicators, are presented in the literature on economics. Many experts stress the importance of efficiency as a relative indication and advise that it be calculated as the cost-to-result ratio.

Depending on their nature, "effectiveness" and "outcome" are expressed, in our opinion, in terms of quantity and quality. Absolute amounts are stated in value, natural, and conditional units of measurement as quantitative indicators, and different comparisons, or relative indicators, can be employed as qualitative indicators.

It is crucial to assess efficiency overall, including socioeconomic efficiency. Socio-economic efficiency is the raising of the socio-economic standing of the populace via the wise management of scarce resources. It can be observed in the development of human maturity, growth in the material and social well-being, and development in culture and spirituality. The socioeconomic efficiency increases with human wellbeing and maturity.³

It is crucial to comprehend and quantify the criteria and indicators used when examining the effectiveness of social production in economic sectors.

In order to thoroughly examine and comprehend social and economic efficiency, which is one of the main issues, different criteria and indicators for each should be devised, in our opinion. However, this does not imply that there are no connections between the standards and measures of social and economic efficiency. Instead, they are mutually dependent and enhance one another.

The duties outlined for its regular increase will not be attainable if the economic efficiency is not qualitatively calculated and measured.

The goal rule governing the development of any type of production and service provision is the rise of economic efficiency. Because society's progress necessitates a rise in the quantity and quality of goods produced or services rendered, as well as a rise in savings for the implementation of commerce, production, and increased reproduction. The inclusion of efficiency criteria should not be the only factor considered in a thorough review of the economic efficiency of service firms. As a measure and evaluation tool, the criterion can only represent the essence and primary objectives of efficiency improvement. This is done using economic efficiency indices.

³ Abdukarimov B.A. and others. Enterprise economics (textbook for higher educational institutions) T.: "Fan", 2005. -B. 122-123.

Guidelines that outline the program's objectives and resources are necessary due to the complexity of the criteria for the comprehensive program for the growth of the service sector. Services, small businesses, and private enterprise are growing economic sectors in the country, according to our assessment. As a result, the following criteria take into account all social, economic, and other aspects of the economic efficiency of small businesses and private business entities functioning in this field (Figure 3).

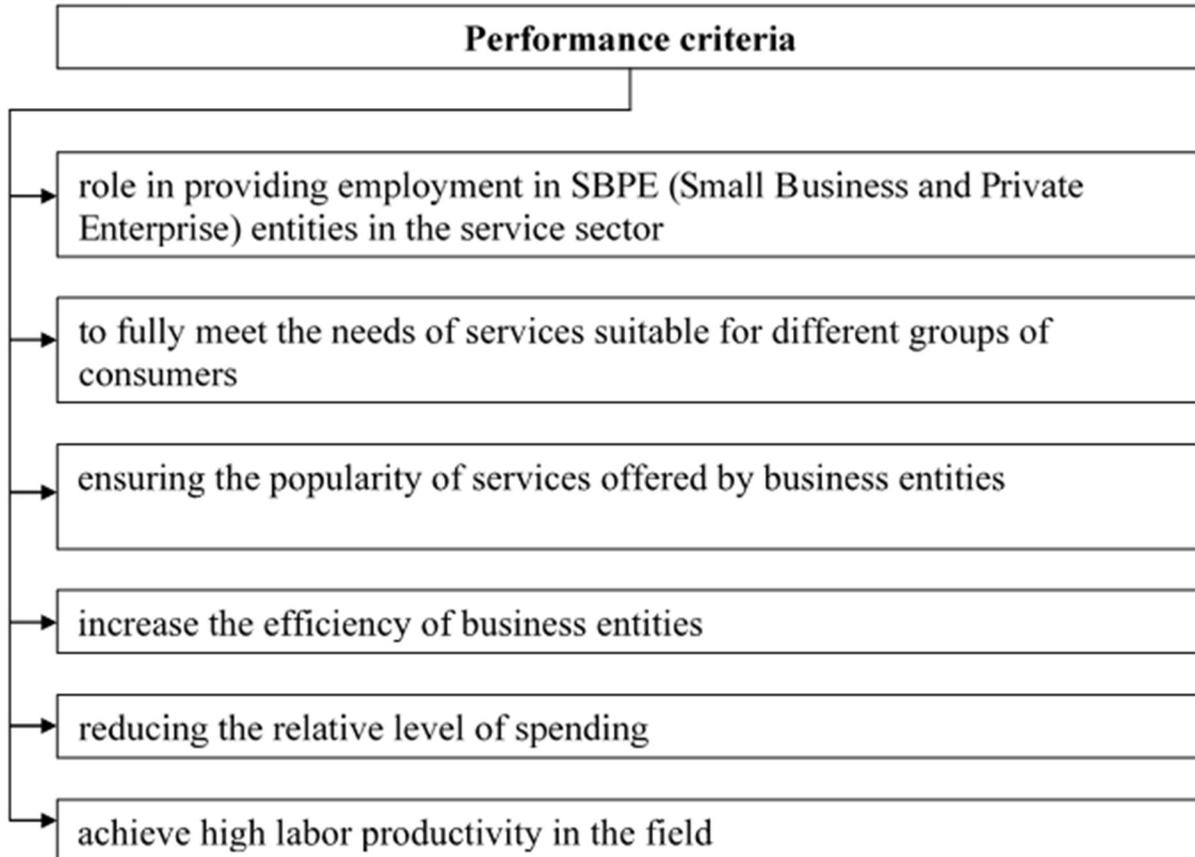


Figure 3. Criteria of small business and private entrepreneurship in the service sector ⁴.

The variables that represent the effectiveness of private enterprise and small business in the service sector are used to determine these criteria. According to the scale of evaluation, the amount of resource consumption, the importance of the indicator, the function it plays in decision-making, the level of generalization, etc., performance indicators are categorized in the economic literature.

Separate (private) and generalized indicators are the two categories into which the author divides economic efficiency indicators. Indicators describing the economic effectiveness of small businesses and private entrepreneurship in the service sector can include the use of labor resources as well as the efficient use of material and financial resources.

⁴ Author development

Conclusion. For the production of competitive products through the continued growth of small business and private entrepreneurship, the following conclusions from ongoing scientific research can be made:

- In order to implement economic reforms in the regions of our republic, it is necessary to make the necessary provisions for the development of business activities by local authorities and to prevent unreasonable price increases of production and consumer goods;
 - the major objective of the growth of small businesses and private business entities is to boost the country's export potential as well as to assure the employment of the population and to create local industries based on the efficient use of local resources;
 - Organization of production based on local resources allows for rapid adaptation to market conditions and the growth of entrepreneurial activity in the form of small enterprises in the regions.;
- Placement of business entities in rural and densely populated areas ensures stable development of the market economy and employment of production forces, as well as efficient use of local raw resources;
- implementation of legal, political, social, and economic factors in relation to one another in the conduct of production entrepreneurship activities;
- Depending on its qualities and varieties, entrepreneurship includes production, commercial, financial, and consulting businesses that must function independently under the constraints of the market economy. Innovative finance, money-credit, information, consulting, franchising, leasing, and leasing services businesses must be organized in regional districts based on competition in order to achieve this.

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