THEORETICAL FOUNDATIONS OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

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Abstract: This article presents ideas and opinions about the theoretical foundations of small business and private entrepreneurship and the theoretical aspects of the nature of small business and private entrepreneurship.
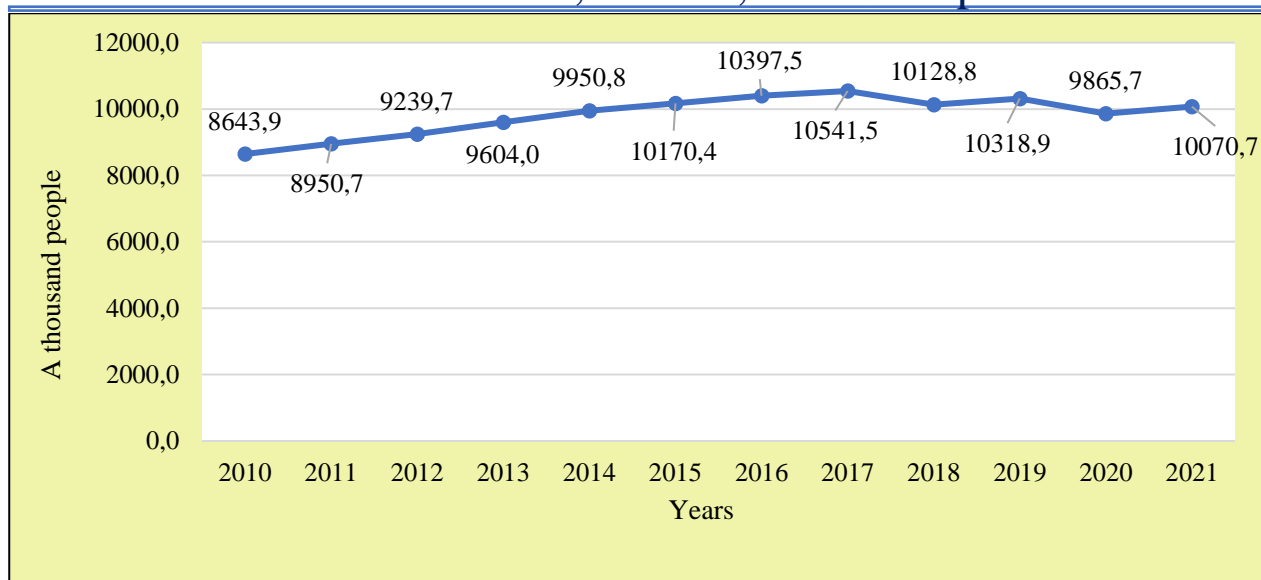*Key words: Small business, supply and demand, number of employees, volume of sales.*

Introduction

Entrepreneurship is a dynamic, active element of business, defined as an active, independent activity carried out by citizens and their associations to produce products, perform work and provide services at their own risk and property responsibility, with the goal of obtaining profit. Only the entrepreneur participates in running a business, not all market participants. Business, as mentioned above, is a broader concept than entrepreneurship. Because it covers all the relations that arise between all participants of the market economy, including not only entrepreneurs, but also consumers, employees, and state structures. Therefore, entrepreneurship is a category of business as an economic phenomenon.

Quantitative, qualitative and combined approaches to identifying small and medium-sized enterprises can be distinguished. When determining small and medium-sized enterprises based on quantitative approaches, criteria that are convenient for analysis, such as the number of employees, sales volume, and balance sheet value of assets, are mainly used. However, there are certain definitions that use only one of these criteria, in particular, the initial definition of SMEs in the EU is given by the number of employees. However, although such criteria are the most common, researchers express different opinions about the quantitative parameters of their change even within one country.

Small business includes small business forms. The small business form has at least two characteristics: independent management and private capital. In the economies of developed countries, small business is the main source of labor. For example, one-third (31.8%) of jobs in the US are provided by firms with fewer than 100 employees. This indicator is approximately 26% in Great Britain, 17% in Germany, 40% in Denmark, the Netherlands, and 74.4% in the Republic of Uzbekistan in 2021 (Figure 1). Based on the information presented in the picture, as noted above, small business entities are playing an important role in ensuring the employment of the population in the Republic of Uzbekistan. In 2010, the number of jobs in small business entities was 8,643,9 thousand, and in 2021, it increased to 1,426,8 thousand and reached 10,070,7 thousand. This is explained by the fact that compared to 2010, the total number of jobs in the economy increased by 0.1% to 74.4%.

Figure 1. The number of items in small business entities of the Republic of Uzbekistan

The research shows that the small business entities of the Republic of Uzbekistan are approaching the indicators of the corresponding entities in the developed countries of the world in terms of the quantitative characteristics of their development. This result is confirmed by the quantitative indicators of small business development in other countries of the world, in particular, the number of entities of the size corresponding to 1,000 people of the existing population, the number of employees in small and medium business entities, the percentage of employees in the gross domestic product of the country, and so on.

Summarizing the current positive and negative aspects of the development of small business entities in the Republic of Uzbekistan, it can be noted that according to quantitative calculations, the development of this sector of the economy practically corresponds to European indicators. However, local entrepreneurship lags far behind European standards in terms of quality indicators and differs not only in terms of product quality, but also in its contribution to economic development, labor productivity, the availability of jobs in accordance with the economic goals created, and social guarantees, etc.

In the practice of local statistics, small enterprises are defined as a separate category, and medium-sized enterprises are considered objects of statistical accounting only according to some key indicators (number of employed workers, salary fund, etc.). That is, the analysis of the development of small business in the Republic cannot demand great perfection and completeness due to the unsatisfactory state of the monitoring system of its development. Since the activity of medium-sized enterprises is not fully covered by statistical observations, it is not possible to compare the development indicators of local small business entities and similar entities of business activity in other countries. Changes to the legislation on the criteria for classifying enterprises as small business entities helped to increase the segment of small enterprises in industries with relatively small sales volume.

In general, with the formation of market relations and the development of the process of integration into the world economic space in the Republic of Uzbekistan, small business enterprises are rapidly developing. The results of the above analysis showed that if the decision on the category of small business was made by local scientists, the legal aspect of the activities of enterprises by types of economic activity remains unexplored. Although the legislative regulation of this issue has been activated, the important task of the state policy in the future should be not declarative, but to create

real conditions for the effective operation of small business. Improving internal statistics, which do not include a large number of small enterprises in the analysis or are carried out on a selective basis, also requires certain efforts.

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