

## **The Role of Small Business and Private Entrepreneurship in the Economic Development of the Country**

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### **ABSTRACT**

*The article examines the role of small business and private entrepreneurship in the economic development of the country.*

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Entrepreneurship means a new skill and a changed mindset, opening the door to success with your own hands. In this sense, we can say that it is an important tool to prevent poverty. Improving the standard of living of people who are already suffering from poverty and its consequences remains one of the urgent issues in the focus of the world community today. Therefore, in 2015, the UN General Assembly adopted the Sustainable Development Goals and put forward priorities for further strengthening the principles of a peaceful and prosperous life, justice in the world on the threshold of the new millennium. And the main task is to phase out all manifestations of poverty by 2030.

According to the experience of countries, it is small business and private entrepreneurship that play an extremely important role in reducing poverty. Because this path prepares the ground for the creation of new jobs. And employment means a stable source of income and a decent lifestyle. In other words, small businesses determine the rate of economic growth. Moreover, creating jobs in this way requires much lower costs than in large enterprises.

According to research, about 12-15 percent of the country's total population is below the poverty line in Uzbekistan. This means that the one-day income of four to five million people does not exceed ten to thirteen thousand soums.

To solve such problems, a ministry was created, which, among other things, deals with poverty reduction, regulating relations to achieve economic progress. As a result, a working system on this issue has been established.

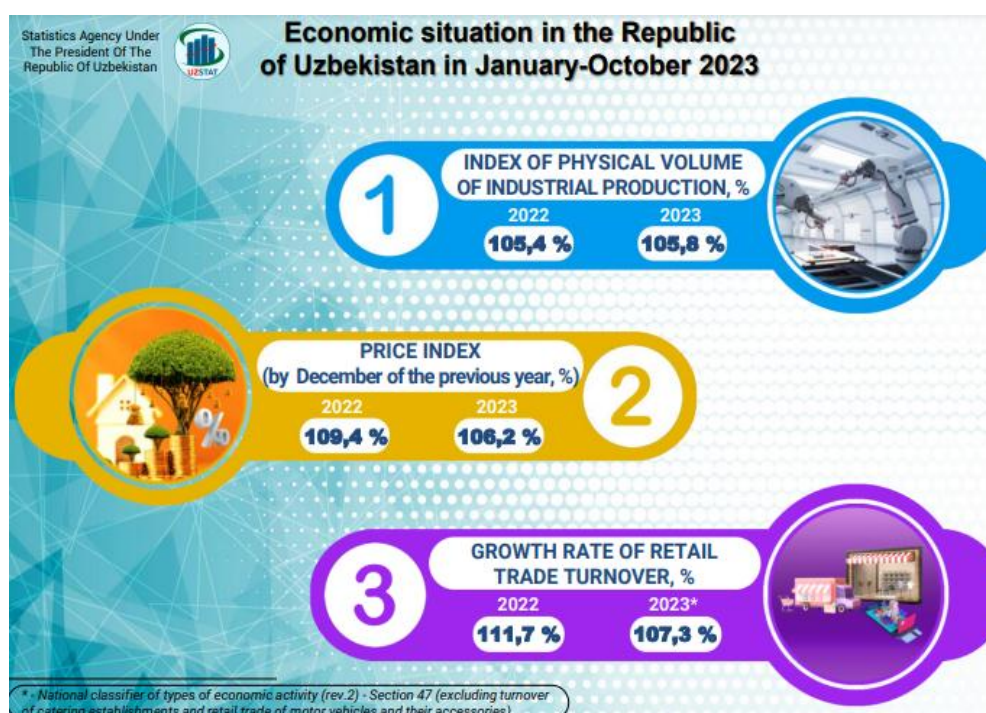
Communication with residents has moved to mahallas and households. The roots of poverty have been analyzed and measures to reduce it have been strengthened. Measures to create a business mood among

people have moved into the plane of practical actions. The main thing is that such work has become regular and has come under the personal control of the head of state. A number of major meetings are devoted to the topic of poverty eradication.

On May 15 of this year, a video conference meeting was held under the chairmanship of the President to discuss measures to reduce poverty and ensure employment. It was noted that an analysis of the work carried out in the country to ensure human interests was carried out, and a separate poverty reduction system was introduced. Along with this, at the beginning of 2023, all districts were divided into five categories: they were provided with differentiated benefits based on the pace of socio-economic development. As a result, a million people were lifted out of poverty last year, and 210 thousand people in the first quarter of this year.

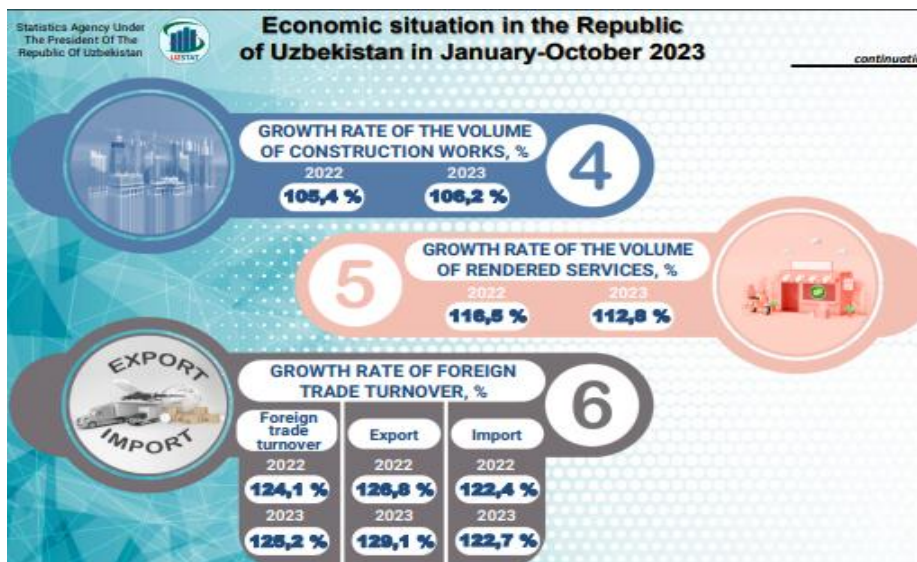
Every year, 13 trillion soums of loans and 1.5 trillion soums of subsidies are allocated for family entrepreneurship. Financial assistance through the Social Protection Register covers 2.3 million low-income families, women, single elderly people and persons with disabilities. The relationship between entrepreneurship national and local economic growth.

It was specifically noted at the meeting that these results are not enough. Poverty reduction is a complex task aimed at creating an entrepreneurial spirit among the population, vocational training and increasing the number of jobs.



**Figure 1. Economic situation in the Republic of Uzbekistan.**

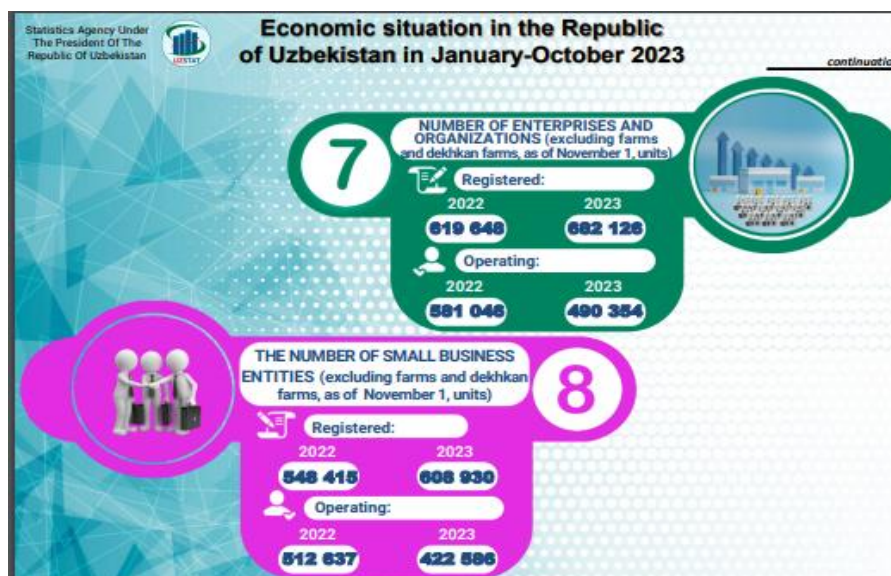
Over the past five years, the number of business entities in our country has increased from 285 thousand to 590 thousand. This means that on average more than 2.5 thousand entrepreneurs appeared in one district, or 50 in one mahalla. Mutually beneficial partnerships with and support for the private sector can enhance the ability to address local employment issues. Therefore, entrepreneurial motivations and actions are influenced by cultural and institutional factors, business environment and macroeconomic conditions. While entrepreneurship occurs at the individual level, the work to be done is done at the firm level. Startups or innovations are vehicles for turning personal entrepreneurial qualities and ambitions into actions. At the macro level of networks and national economies, the aggregate of entrepreneurial activity constitutes a mosaic of competing experiences, new ideas, and initiatives. This competition leads to market diversification and change— that is, selecting the most viable firms, imitating them, and replacing obsolete firms.



**Figure 2. Economic situation in the Republic of Uzbekistan.**

Therefore, entrepreneurship expands and changes the production potential of the national economy through high productivity, establishment of new industries and expansion of industries. Aggregate-level processes, in turn, are related to the individual layer and include important feedback mechanisms for individual entrepreneurs. Entrepreneurs can learn from their own and others' successes and failures, allowing them to improve their skills and adapt their attitudes.

A model of the relationship between entrepreneurship and economic growth can be presented through the Conceptual Framework of Local Economic Development. Traditional analyzes of economic growth tend to focus on large corporations and ignore the innovation and competition that small startups contribute to the overall economy. Unlike most studies, in our study we aim to take the scope of entrepreneurship on a wider international scale, taking into account the cooperation with foreign investors and foreign market entry, and we propose a conceptual model of global entrepreneurship monitoring (GTM). This model takes a comprehensive approach and takes into account the economic contribution of all enterprises within the country (Figure 2).



**Figure 3. Economic situation in the Republic of Uzbekistan.**

Supporting entrepreneurs and creating favorable conditions for doing business will continue to remain priority areas of economic reforms carried out in Uzbekistan. The basis for this is the implementation of goals in programs developed for today and for the near future. In particular, the Development Strategy of New Uzbekistan for 2022-2026 provides for the creation of conditions for organizing business activities and the formation of permanent sources of income for the population, increasing the share of the private

sector in the gross domestic product to 80 percent, and in exports to 60 percent. During this time, it is planned to organize 200 industrial zones in the regions and develop a system of business incubators.

And also create more favorable conditions for the development of entrepreneurship in areas with a difficult socio-economic situation. The tax burden on business entities will be reduced from 27.5 percent to 25 percent of GDP by 2026. Entrepreneurship will continue to be supported and the activities of structures in the regions to reduce unemployment and poverty will be improved. Business entities are provided with free access to the information necessary to begin their activities. The participation of the state in the economy is being reduced, and the conditions for the development of the private sector will expand. The principles of a free market economy are being widely introduced.

It is worth noting that the annual holding of an open dialogue between the head of state and business people is reflected in goal 29 of the Development Strategy of the Republic of Uzbekistan for 2022-2026. This means that initiatives and ideas for the development of entrepreneurship in our country are turning into practical actions.

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