

## **Reform in the Field of Family Entrepreneurs in Reducing Poverty in Uzbekistan**

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### **Abstract**

The article discusses the role and importance of family business and entrepreneurship in poverty reduction, and provides a broad overview of the theoretical foundations of family entrepreneurship.

**Keywords:** poverty, family business, entrepreneurship and small business



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## **Introduction**

In the context of an innovative economy, the expansion of mutually beneficial cooperation between countries is a requirement of the times. Despite the positive trends in socio-economic reforms and measures taken to address the goals set in the United Nations Development Program, the problem of poverty has become one of the problems that need to be addressed in the Republic of Uzbekistan, as in all developing countries. Especially in the context of the globalization of quarantine during the COVID-19 (coronavirus) pandemic, which is widespread around the world today, the negative effects of poverty have once again been demonstrated.

In our country, poverty has been replaced by the concept of "poor". Due to the open democratic policy pursued today, an in-depth analysis of the existence of this problem and its solution is being carried out.

In the Address of the President of the Republic of Uzbekistan Sh.M.Mirziyoev to the Oliy Majlis on January 24, 2020, it was put on the agenda as a topical issue to reduce poverty in the country. According to the head of state, "It is no secret that the majority of the population in the regions, especially in rural areas, does not have a sufficient source of income. As in any country, we have low-income groups. According to various estimates, they make up about 12-15 percent. We are not talking about small numbers, but about 4-5 million people. This means that their daily income does not exceed 10-13 thousand soums. Or a family may have both a car and a pet, but if a person is seriously ill, at least 70 percent of the family income goes to treating him. So can such a family be called self-sufficient?"

**Review of the literature on the subject.** Foreign A.Smith, Delmon J. Gerrard M.B. Economists such as Winter M., Morris E., N.I.Baranets, I.V.Barbashin, O.I.Vitkovskaya, D.A.Volkov, T.A. Gurko, S.O. Kalendjyan and Uzbek scientists - Abdullaev Yo., Yuldashev Sh., Abdullaeva RG, Abdurakhimova YM, Abdurahimov MM, Akhmedov UQ, Berkinov BB, Askarova M.T. and Abdurakhimova S.O.'s works on family business and entrepreneurship, which were used in the preparation of the scientific article.

**Research methods.** The article uses monographic observation, systematic approach, analysis and synthesis methods.

**Analysis and results.** Reducing poverty does not mean increasing the amount of monthly or pension, mass lending. To do this, first of all, it is necessary to introduce vocational training, financial literacy, entrepreneurship, infrastructure, education of children, quality treatment, and targeted benefits [1]

In particular, the establishment of the Ministry of Economic Development and Poverty Reduction at the initiative of the President of the Republic of Uzbekistan was a practical assistance in the systematic implementation of these tasks, as well as a bright manifestation of reforms.

The purpose of the analysis of poverty indicators is to develop targeted programs for the state and civil society among the poor, as well as to improve the living standards of the population. It is well known that the UN defines the poverty line as the income needed for basic goods and services. Poverty rate is a relative concept and depends on the overall welfare level of a particular country. There are concepts of poverty calculation in world practice. These concepts do not negate each other, but rather complement each other.

As a result of reforms in Uzbekistan, a diversified family business has been formed. At the same

time, the main priority was given to the development of private property in families. The population is able to manage various forms of property and earn income from it, with land and other resources at their disposal. According to the analysis, an effective way to focus on small business of family business is to ensure employment and sustainable economic development.

Today it is necessary to actively employ young people who are able to work, especially in small businesses. In 2019, the labor force in all sectors of the economy increased by 3.2% compared to 2015. During this period, the economically active population increased by 5.1%, the average number of employees increased from 13,058.3 thousand to 13,850.5 thousand.

The development of small business and private entrepreneurship formed the basis for the formation of a diversified market economy. From 2010 to 2019, the share of small business in GDP increased from 52.5% to 60.8%.

As a result of the adoption of the Law of the Republic of Uzbekistan "On Family Business" No. ZRU-327 of April 26, 2012, the establishment and state registration of a family business, the rights and obligations of the family business and its participants, social protection of family business participants and employees, norms guaranteeing the freedom of family business were established. Family business and handicrafts are considered to be one of the most effective means of creating more favorable conditions for citizens engaged in and intending to engage in family business, as well as increasing family budget incomes, engaging the unemployed in productive activities and preserving centuries-old traditions of folk crafts. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 29, 2009 No 216 "On measures to develop and expand family business and craft activities without the formation of a legal entity."

The state policy on small business, its encouragement and support plays a decisive role in the development of family business. The more liberal the conditions for economic activity, the more active the private initiative and the higher the level of involvement of the population in entrepreneurship.

The main features of family business are:

- Ability to make convenient and quick decisions;
- producers are more market-oriented in the region;
- maintaining employment and creating new jobs;
- performance of ancillary functions in relation to large manufacturers;
- small volume of initial investments;
- The cost-effectiveness of production in family businesses will be high.
- Innovative features of family businesses.
- In addition to eliminating unemployment, family business has several other advantages:
- There is no conflict in property relations. If it consists of family members, all property will belong to those members.
- There is no conflict in the relationship between the employer and the employee, because both of them involve members of the same family.
- Interest in the results of work is the same. All legal income will belong to family members.
- ~~Inheritance is one of the main aspects of family business. If the oldest employee of the~~

enterprise resigns, his eldest child can manage this business, the younger one can work on a specific project, and his grandchildren can be hired as apprentices. In other words, a family business strives to educate its professionals for itself. This means that people develop a sense of inner aspiration. This is an important hope for the development of society. In these respects, the development of family business is of great conceptual importance.

The enormity of family business is reflected in the following:

- ensures the material well-being of families;
- family members are self-employed;
- The problem of employment will be solved.

It is also important to calculate the number of entrepreneurs in society in terms of GDP, home-based work, agricultural production, construction, trade and services. Because only if we can be an entrepreneur in every family, we will be able to ensure the well-being of the entire population. The development of family business in agriculture will help to solve the problem of employment, especially women, rural youth, significantly increase the income of families, increase the welfare of the population. This is, firstly, an important source of income for families through employment and the basis for the formation of the property class, and secondly, it will increase the living standards of the population by meeting the needs of the domestic market for services.

Family business significantly increases the well-being of families. An entrepreneurial family will have the opportunity to find employment and income, better manage their future, find their own job, and showcase their abilities and talents. The convenience and advantages of family business are the ease and compactness of its organization, the growth of labor and labor resources from the family (hired if necessary), the production of products for specific customer needs, extensive use of local raw materials, goods and services. sales of services are carried out in local markets.

In addressing the challenges of ensuring employment and sustainable growth of family incomes in the country, more priority is given to the development of various traditional forms of entrepreneurship. Today, the organization of production on the basis of cooperation in the family economy is one of them.

Sufficient conditions have been created in the country for the development of family business. In particular, the Decrees of the President of the Republic of Uzbekistan and the Cabinet of Ministers, the Law "On Privatization and Denationalization", the Law "On Farms", the Law "On Dehkan Farms" and the Law "On Guarantees of Freedom of Entrepreneurship" are based on private property and family property. serves to develop the activities of business entities. We all know that organizing and running a family business is inherently difficult and rich in contradictions, but at the same time beneficial. The positive aspects of the activity are as follows:

- The family budget is collected as a whole;
- Those who are unable to work (citizens under the age of 16 and of retirement age, women raising children, the disabled) also perform the tasks assigned to them, depending on their capabilities;
- inaccurate working hours;
- Prevents misunderstandings by determining that the relatives of the participants are able to complement each other's tasks and tasks.

In addition, a number of reforms are being carried out in our country to further develop family business. In order to support young entrepreneurs, various loans and subsidies have been allocated, programs have been developed to attract low-income, vulnerable and poor people to family businesses, including the implementation of the state program "Every family is an entrepreneur." , seminars, trainings and various projects with specialists such as economists, lawyers, accountants and psychologists, competitions, simplification and electronic access to financial assistance, increasing the volume of microcredits by commercial banks, increasing the number of bank branches and easing lending conditions, the activities of family businesses These include the establishment of special training centers to improve the insurance system, to improve the skills of those engaged in family business and to broaden their horizons.

**Conclusion:** In short, poverty reduction is emerging as one of the key issues to be addressed today. To do this, it is expedient to develop family business and entrepreneurship based on the principle of self-employment, using foreign experience, as well as the restoration of our traditional professions, various areas of handicrafts as disappearing values. Even with the inclusion of entrepreneurship in agriculture, we can say that horticulture and dehkan farms have been increasing their incomes in recent years. Our state has created wide opportunities for them. The adoption of the new version of the Law of the Republic of Uzbekistan "On Dehkan Farms", adopted on April 1, 2021, creates many opportunities for dehkan farms. In particular, the allocation of 0.06 hectares to 1 hectare of land for the production of horticulture, vegetables, fruits, grapes or melons is a guarantee of the development of family business in our country.

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