

## **Opportunities to Develop Small Business and Family Entrepreneurship in Rural Areas**

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### **Abstract**

The article reveals the role of small business and family entrepreneurship in the development of society in rural areas of Uzbekistan in the context of economic modernization. It explains the role of small business, one of the most pressing issues today. It argues that small business contributes to the improving the level and quality of life and well-being of the family. It also argues that supporting family entrepreneurship, training qualified personnel to work in rural areas and providing professional development on a regular basis, increase tax revenues to the state budget, and create new jobs and opportunities.

**Keywords:** entrepreneurship, family business, self-employment, management economics.



## **Introduction**

In Uzbekistan, since 2016 more than 13 trillion soums (Uzbek currency) of soft loans have been provided to more than 600,000 families in the framework of "Every family is an entrepreneur", "Our youth are our future" framework and other social projects aimed at attracting a wide range of people to entrepreneurship and expanding their sources of income. [1] These opportunities serve as an incentive for the population to engage in entrepreneurial activities, improve their livelihoods, and increase employment. At the same time gained experience and international practice requires the formation of an integrated system consisting of the possibility of obtaining a complex and mutually complementary credit.

The ongoing state reforms to improve the system of attracting people to entrepreneurship, reduce poverty and develop entrepreneurship are continuing. In addition, several issues need to be addressed in the service sector to explore ways to increase the efficiency of small business and family business structures. Improving the efficiency of small businesses and family businesses in the field of services in the context of modernization of the economy and improving the welfare of the population is one of the most important issues facing the country's economy today.

It is important to determine the prospects for improving the efficiency of business structures in the service sector, which is recognized as the driving force of ownership, to improve organizational and economic mechanisms, and to develop scientifically sound proposals and practical recommendations in this area. Indeed, in Uzbekistan as a result of the pressing employment related problems the development of small business and family businesses developed and improved through the context of modernization of the economy and further liberalization of the economy.

## **LITERATURE REVIEW**

The role of small business and family entrepreneurship in the economy and fundamental articles on its development has been studied by many foreign scholars, including AV Chayanov [3], G. Becker [4], DJ M. Keynes [5], I. Shympeter [6], A. Cmit [7] Kalendjyan CO and Volkov D. A. (2011). [8] (et al.) have been theoretically and practically studied.

In Uzbekistan, too, economists with articles on the development of small business and family entrepreneurship M.K Pardaev [9], A. Olmasov [10], H.P. Abulqosimov [11], A.A. Qulmatov [12], C.C. G'ylomov [13], T. Mamadvaliev [14] Y.D. Akhmedov [15], B. Berkinov [16], R.X. Hucanov [17], O.M. Pardaeva [18], Sh.O. Kuvondikov [19] and others studied the topic from economic, political and development points of view.

It should be noted that the emerging economy in Uzbekistan is moving towards a completely new direction. This is because the economy of Uzbekistan is self-sufficient. The current state of small business and family entrepreneurship in the service sector makes it necessary to conduct in-depth research in this area.

## **Theory of Benchmark**

This paper uses a modified Ohlson model as a benchmark against which to compare an alternative valuation model featuring the disclosed components of exploration and evaluation expenditures. A sample comprising 430 firm-year observations between 2003 and 2009 is utilised. Situations that require benchmarking are very common in repeated establishment surveys, whether they are related to the coherence of an annual and sub-annual surveys on the

same target population or to the necessity of preserving annual totals in case of seasonal adjustments.

### **Application of benchmarking in business surveys**

Benchmarking deals with the issue of combining a series of high-frequency data with a series of less frequent data into a consistent time series. In business surveys, high-frequency series are typically from monthly and quarterly surveys. These series are often the only source of explicit information about the short-term movement in the variables of interest. Reliable information on the overall level and the long-term movement is typically provided by less frequent annual surveys.

## **RESEARCH METHODOLOGY**

### **Sampling**

Economic research cycles such as the study of small business and family world scientists and economists, data collection, analysis of collected data, synthesis, logical thinking have been widely used.

## **FINDINGS**

Small business and economic entrepreneurship are important factors in economic development, employment, and income. In recent years, more than fifty decrees and resolutions of the President Shavkat Mirziyayev have been adopted to provide full support. In particular, the procedures for state registration of business activities, obtaining various permits, and many other services have been simplified.

To facilitate this, the Public Service Agency and local centers have been established. The position of Biznez-ombudsman has been introduced. Highlighting the importance of the development the President Mirziyayev said: "Another important task of ours is to support and encourage small business and entrepreneurship in our country. peace and stability, the strengthening of social harmony, the creation of conditions conducive to the further development of the world..."not doing so will be considered as an insult to the development of entrepreneurship - an insult to the state, to the President." [20]

According to official data, in January-June 2020, the number of newly established small enterprises and micro-firms in regions was as follows (Table 1):

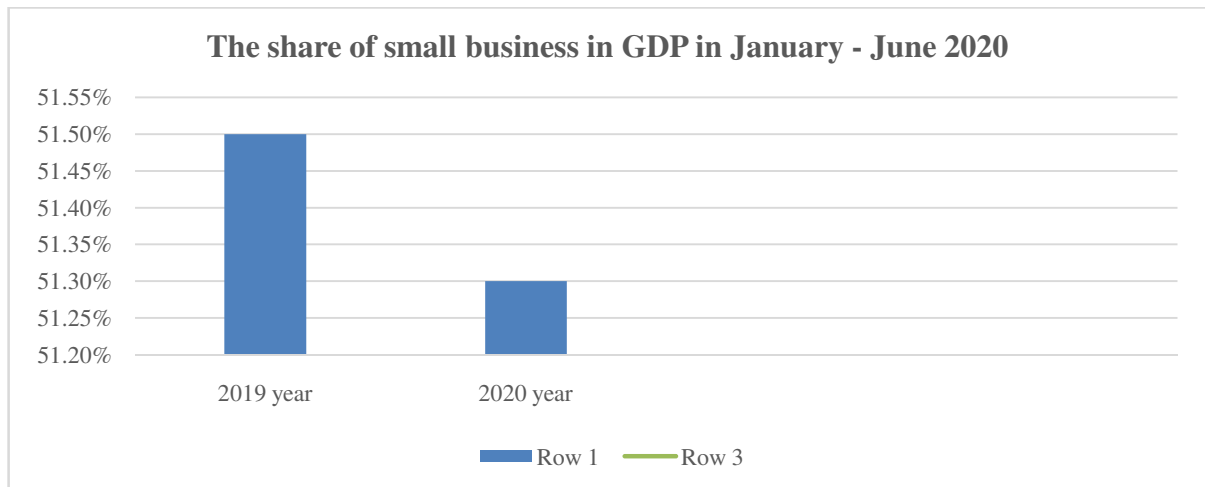
Newly established small enterprises and micro-firms in the regions, in units [2]

**Table 1**

	<b>January - June 2019</b>	<b>January - June 2020</b>	<b>Difference (+;-)</b>
Republic of Uzbekistan Republic Of Karakalpakstan regions	<b>54 007</b>	<b>46 564</b>	<b>-7 443</b>
Republic of Uzbekistan Republic Of Karakalpakstan regions	2 306	1 887	-419
Andijon	3 248	4 508	1 260
Buxoro	3 750	2 586	-1 164
Jizzakh	2 326	1 934	-392

Kashkadarya	3 067	2 532	-535
Navoi	2 972	2 636	-336
Namangan	3 444	3 184	-260
Samarkand	4 806	4 049	-757
Surkhandarya	2 825	4 906	2 081
Syrdarya	1 524	1 783	259
Tashkent	5 229	3 991	-1 238
Fergana	4 622	2 721	-1 901
Chorazm	3 125	2 839	-286
Tashkentcity	10 763	7 008	-3 755

According to the data presented in the table, in January - June 2020, the most newly established small enterprises and micro-firms in the regions accounted for 7008 units in Tashkent, 4906 units in Surkhandarya region, 4508 units in Andijan region, 4049 units in Samarkand region, 3991 units in Tashkent region and 3184 units in Namangan region. Also, the lowest indicator was in the Sirdarya region – 1783. In January - June of the year 2020, the share of small business in GDP was 51,3%, in January - June of the year 2019, this figure was 51,5%. The decline in GDP compared to the previous year was explained by an increase in the share of large enterprises. **(diagram 1)**



In the conditions of the COVID pandemic, it is significant that the small business sector in Uzbekistan produces more than half of the goods and services and employs more than three-quarters of the workforce. In 2019, the share of small businesses in the GDP was 56,5%. In January-March 2020 this figure was 46%. The share of small business in the gross regional product by region in 2019 was the most in Jizzakh (84.1%), Namangan (79.2%), Surkhandarya (78.2%), Samarkand (77.5%) and Bukhara (75.7%) regions.

In comparison with each 1000 population, the highest indicator was observed in Tashkent City (28.8 units), Navoi region (18.1 units), Sirdarya region (17.9 units), Jizzakh region (15.6 units), Tashkent and Bukhara regions (14.9 units), Fergana region (12.2 units) [21]. Comparing this figure with developed countries, the share of small business in GDP is 62% in France, 60% in Italy, 55% in Japan, 54% in Germany, 53% in the UK, 52% in the US, 25.6% in Kazakhstan and 20.0% in Russia. The criteria of its relevance in the field of small business are diverse in every country.

For example, in the US if the number of small business employees is up to 100 people, and the annual turnover is from 3 million to 12 million US dollars, they are called small businesses. If the number of employees is from 100 to 500 people, they are considered middle size business entities. In Russia, the number of employees of small business entities is up to 100 people, and the volume of annual receipts is up to 400.0 million rubles.

A number of positive changes are being made in Uzbekistan to create a favorable business environment and ensure the reliable protection of small businesses and private entrepreneurship. In its place, important decisions are also taken in the legislation on state registration and accounting of business entities, the automated system of state registration and accounting is being developed and implemented in practice gradually. These attempts are important factors for the establishment and development of personal business of the population and of foreign investors. On January 1, 2020, the number of small enterprises and micro-firms amounted to 334 767 units. This is 27,3% more than in the same period last year.

The largest number of small enterprises and micro firms operating in Tashkent City (74 108 pieces), Tashkent Region (32 602 pieces), Fergana (29 300 pieces), and Samarkand (25 643 pieces) corresponds to the contribution of the regions. The minimum amount corresponds to the contributions of the regions of Sirdarya (11 026 pieces), Jizzakh (14 011 pieces), Navoi (14 885 pieces), Surkhandarya (15 509 pieces), and the Republic of Karakalpakstan (14 677 pieces).

It is known that more than 65 percent of the population worthy of labor in the Republic lives in rural areas. This shows that there are very large opportunities for entrepreneurship development in rural areas. Alternatively, the excess labor force employed in agricultural production must be re-directed to Service, Processing, and other spheres.

## **CONCLUSION**

The solution of organizational economic issues in various management positions related to the development of entrepreneurship in rural areas, support of small businesses. To achieve these goals, it is necessary to solve the following issues within the context of Uzbekistan:

First, training of qualified personnel to work in rural areas in the conditions of modernization of the economy and regularly improving their skills;

Secondly, to create a real entrepreneurial environment in all regions of the Republic;

Third, regular improvement of financial support measures for small business and private entrepreneurship;

Fourth, improvement of the normative and legal framework of small business and entrepreneurship;

Fifth, to support the provision of technological equipment for small business and private entrepreneurship in rural areas;

Finally, to bring the results of the reforms to the general public through the media.

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