



Scientific Understanding of Entrepreneurship and Business

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ABSTRACT

The article analyzes the essence of the concepts of entrepreneurship, business, entrepreneur and businessman and its empirical stages of development. With a deep study of scientific and theoretical research of foreign scientists, a three-stage classification of entrepreneurship by levels of development was formed by the author.

Keywords: small business, management, entrepreneurship, business, entrepreneur, entrepreneur, entrepreneurial risk, intrapreneurship, startup, high innovative entrepreneurship, traditional entrepreneurship, aggressive entrepreneurship, digital economy

ARTICLE INFO

Article history:

Received 29 Sep 2021

Received in revised form

30 Sep 2021

Accepted 05 Nov 2021

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Introduction. The entire history of human development dates back to ancient times and is limited to areas such as production, exchange and service, as well as the satisfaction of basic vital needs. Later, with the emergence of conscious labor and the development of human thinking, they evolved from directions, branches, and fields, and different views emerged through the scientific substantiation of these fields. Entrepreneurship and business, which play an important role in the development of the economy today, have become one of the most important sectors in the world. Since economic development is directly related to entrepreneurship, the content of our research is the study of many works of world scientists aimed at studying the concepts of "entrepreneur", "entrepreneurship", "businessman" and "business". It is impossible to improve its governance without defining the essence of these concepts. On the basis of scientific and theoretical research and studies conducted on the topic of this article, we found that the concepts of entrepreneur and entrepreneurship, businessman and business are the first important factors in improving small business management and need to be addressed in detail.

Literature review. Theoretical research has shown that the essence of entrepreneurship has been scientifically studied by many foreign scholars for centuries. These scientists include A. Smith, M. Weber, J. Schumpeter, L.F. Mises, F. Hayek, P.F. Drucker, I. Kirzner, A.V. Busigin, A.I. Ageev, M.G. Lapust, S. Shimilov, B.A. Leshenko, P.A. Guryanov, A.A. Dynkin, Ya.S. Yadgarov, A.V. Kirillov can be included. From foreign scholars: A. Smith, M. Weber, J. Schumpeter, L. F. Mises, F. Khayek, P. F. Drucker, I. Kirzner, A. V. Busigin, A. I. Ageev, M. G. Lapust, S. Shimilov, B. A. Leshchenko, P. A. Guryanov, A. A. Dinkin, Y. S. Yadgarov, A. Kirillov¹. S.S. Gulomov, B.A. Abdukarimov, F.B. Abdukarimov, G.M. Kasimov, T. Dustjanov, S. Salayev, N.H. Jumayev, M.M. Muhammedov, M.K. M. Mukhammedov, M.K. Pardaev, U.P. Umurzakov and others².

Analysis and results. Although many scholars have cited theoretical perspectives on what entrepreneurship is and who an entrepreneur is in the foreign literature, no single ideal definition has yet emerged, and the topic is still relevant. The American scholar P. Drucker put it this way: "Many years have passed since J.B. Say coined the term, and we are still pondering definitions of 'entrepreneur' and 'entrepreneurial'"³.

The term "entrepreneurship" was introduced in the 17th century by French economist Richard Cantillon (1680-1734), whose main achievement was that he was one of the first to scientifically substantiate the

¹ Smith A. An Inquiry into the Nature and Causes of the Wealth of Nations (translated from English; preface by V.S. Afanasyev). - M.: Eksmo, 2007. – 960.; Max Weber. Economy and Society: Essays on Understanding Sociology: in 4 vol. (Co-authored, edited and prefaced by L.G. Ionin; National Research University "Higher School of Economics". - Moscow: Higher School of Economics Publishing House, 2016. P.447.; Schumpeter J. A. Theory of Economic Development. Capitalism, Socialism and Democracy / (foreword by V.S. Avtonomov; translated from German. V. S. Avtonomov, M. S. Lubsky, A. Yu. Chepurenskiy; translated from English by V.S. Avtonomov, Y.V. Avtonomov, L.A. Gromova, K.B. Kozlova, E.I. Nikolayenko, I.M. Osadcha, I.S. Semenenko, E.G. Solaev). - M. : Eksmo, 2008.-p.864 . – (Anthology of economic sense); Mises L. Human activity: a treatise on economic theory / translated from the 3rd revised English edition by A. V. Kuryaev. - Chelyabinsk: Sotsium, 2005. –p. 878.; Friedrich August von Hayek - Individualism and Economic Order (1948) Summary of the paper which opened the discussion on the subject indicated in the title at the conference in Mont Pelerin, Switzerland in April 1947.p. 85 ; Drucker P.F. Practice of Management: Translated from English. Moscow: William, 2000. 206 p.; Busigin A. V. Entrepreneurship. Basic course. Ч. 1. Moscow: Interprax, 1994. P.73.; Kirzner I. Competition and Entrepreneurship. Translation from English, ed. by Doctor of Economics, Professor A.N. Romanov. UNITY Moscow 2001. 239; Busigin A. V. Entrepreneurship. Basic course. Ч. 1. Moscow: Interprax Firm, 1994. 73 p.; Ageev A.I. Entrepreneurship. 4-th edition enlarged and supplemented. Moscow Institute for Economic Strategies RUBIN .2016. 38.; Lapust M.G. Entrepreneurship. 4th ed. revised and supplemented - M.: INFRA-M, 2007. Strategy of modern entrepreneurship and social development of corporations / Edited by M.N. Kulapov - M.: Publishing and Trading Corporation Dashkov and K, 2004 C.; Leshenko B.A., Matmurodov F.M., Bekbasova A.A. Basics of business management. Textbook. Tashkent-2004.p.104-10.; Guryanov P.A. On Entrepreneurship // Modern Scientific Research and Innovation. 2011. №3 electronic resource: URL: <https://web.snauka.ru/issues/2011/07/1453>; Dynkin A.A., Sterlin A.R., Tulin I.V. et al. Entrepreneur in the End of the XX Century. -M.: Science, 1992; Yadgarov Y.S. History of Economic Studies: Textbook. 4th ed. revised and supplemented. -M.: Infra-M, 2006.p.148.; Kirillov A. V. International experience of small and medium innovative entrepreneurship development and possibilities of its application in Russian economy. PhD thesis in economics Moscow .-2015 – p.167.

² S.S. Gulyamov Entrepreneurship and small business. Textbook. SHARK Publishing House. Tashkent. 2002. P.365.; B.A. Abdukarimov, F.B. Abdukarimov. Trade economics. Textbook.-T. : "National encyclopedia of Uzbekistan." ДИН, 2013.-p.31.; Kasimov G.M. Management: textbook for students of higher educational institutions. T. : Uzbekistan, 2002. — p.312 .; T. Dustjanov and S. Salaev Fundamentals of Economics and Entrepreneurship. Textbook. -T. : "ECONOMY-FINANCE".2006 . p.264.; N.Kh. Jumaev, M. Boltabaev, M. Kasimova, Sh. Ergashkhodjaeva, B. Goyibnazarov, A. Samadov, R. Khodjaev Small business and entrepreneurship. Textbook. T. : Author PUBLISHING HOUSE., 2011. P.280. M.M. Mukhammedov, N.A. Kamilova Economic Theory - Textbook. - "TURON NASHR" Samarkand 2020. P.476.; M, K. Pardaev, T.X. Mamasoatov, A.A. Murodkobilov Small business and private entrepreneurship: development problems and solutions. Monograph. Tashkent – 2013.; U.P. Umurzakov, A.J. Toshboev Small business and entrepreneurship Textbook. Tashkent: "Sano- standart", 2014. P.480.

³ Drucker P.F. The market: how to emerge as a leader. Practice and principles – M., 1992. P.30-31.

concept and put forward the following ideas. "Entrepreneur is first and foremost an intermediary, he is a link between producers and consumers"⁴. French economist Fransua Kensey (1694-1774) was one of the first to say that entrepreneurship can be not only an intermediary, but also a business owner. Following this approach, the focus of scholars has been to identify the differences between the concepts of entrepreneurship and business.

The word "businessman" originally appeared in English economics for the first time in the 18th century, meaning "owner of property". In this regard, one of the founders of modern economic theory as a science, the Scottish economist Adam Smith (1723-1790) made a significant contribution to the development of business theory, "an entrepreneur is a capitalist who is willing to take risks, who intends to implement his business idea and, as a result, to make a business profit," he said⁵. Another French economist, Jan Batist Say (1767-1832), made an in-depth analysis of the phenomenon of entrepreneurship, in which the scientist focused on capital gains and entrepreneurial income. In the entrepreneurial income cited by J .B .Sey - "reward for his industrial ability, talent, activity, discipline and leadership spirit"⁶.

It is clear from this definition that, for this researcher, the industrial entrepreneur is at the forefront of entrepreneurship. But for A. Smith and a number of other scholars, agricultural entrepreneurship came first⁷. This is, of course, due to a stage in the revolutionary development of the world economy, the first stage of which is manual labour, an agrarian economy associated with land use. Since the scholars listed above were at this stage of economic development, they approached the concept from a real-world perspective. The second stage originated in the 18th century - the beginning of the period of industrial (mechanical labour) development, and J. Say's views focus on this stage. Later, as other stages of economic development improved, foreign and local scholars gave a broader and more formed definition of the term entrepreneurship. We will discuss this in more detail throughout the article.

German sociologist M. Weber (1864-1920) noted that "entrepreneurship is an economic activity aimed at making a profit, but not any action, but only an action aimed at calculating capital,"⁸ while the Austrian and American economist Joseph Schumpeter (1883-1950) In his work, he proved the importance of entrepreneurship in socio-economic life: "an entrepreneur does not save money to obtain the necessary funds, he does not save a certain profit before starting production, and the entrepreneur includes income that belongs to society as a whole."⁹ Unlike other scholars, Schumpeter divided the entrepreneurial functions into specific combinations, pointing out that "the entrepreneur should be "armed"¹⁰ "only with the idea of innovation and energy, using the opportunities to implement new combinations"¹¹. On the basis of these combinations, first of all, it was determined that innovation activity is related to industry, and it is revealed on the basis of a sequence of important innovative features of entrepreneurial activity. Shumpeter's introduction of a new direction of entrepreneurship is

⁴ Grebel T. Entrepreneurship: a new perspective – N.Y., Routledge, 2004. 5 p.

⁵ Lapust M.G. Entrepreneurship. 4th ed. revised and supplemented. – M.: Infra-M, 2007.p. 6.

⁶ Yadgarov Y.S. History of economic doctrines: Textbook. 4th ed. revised and supplemented.–M.: Infra-M, 2006.p.148

⁷Lapust M.G. Entrepreneurship. 4th ed. revised and supplemented.. – M.: Infra-M, 2007. P.6 .

⁸ Max Weber. Economy and Society: Essays on Understanding Sociology: in 4 vol. (Co-authored, edited and prefaced by L.G. Ionin; National Research University "Higher School of Economics". - Moscow: Higher School of Economics Publishing House, 2016. P. 447 – p.381 .

⁹ Max Weber. Economy and Society: Essays on Understanding Sociology: in 4 vol. (Co-authored, edited and prefaced by L.G. Ionin; National Research University "Higher School of Economics". - Moscow: Higher School of Economics Publishing House, 2016. P.447 – p.381

¹⁰ Dinkin A.A., Sterlin A.R., Tulin I.V. et al. The Entrepreneur at the End of XX Century. -M.: Science., 1992.p. 29 .

¹¹ Schumpeter J. Theory of economic development. Translated from German. Moscow: Progress Publishing House, 1982. P.159.

also one of the important factors in the formation of the current innovative entrepreneurial term.

The reason for the academic research that has shaped the concept of entrepreneurship in the stages of global economic development (see Table 1.1) is that entrepreneurship is currently in its fourth stage of development.

Key stages in the development of the world economy¹²

Stage	Types of economic development stages	Economic development processes are sequential	Scientists of that period
I XV- XVII centuries AD	The emergence of the global capitalist market:	<ul style="list-style-type: none"> ➤ great geographical discoveries ➤ colony establishment ➤ price revolution ➤ production period 	Richard Kanton (1680-1734) Fransua Kuensay (1694-1774)
II XVIII- XIX centuries	Formation of the world capitalist market, emergence and development of the world division of labour:	<ul style="list-style-type: none"> ➤ industrial revolution ➤ bourgeois revolution ➤ transition from a production system to a factory system 	Adam Smit (1723-1790) Jan Batist Say (1767-1832)
III The first half of the XIX - XX centuries	The formation of the world economy and on this basis the system of global division of labor.:	<ul style="list-style-type: none"> ➤ electric revolution ➤ internal combustion engines ➤ economic division of the world, ➤ transition to monopoly capitalism 	M. Veber(1864-1920) L. Mizes(1881-1973) J. Shumpeter(1883-1950)
IV From the 50s of XX century to the present day	The functioning of the global division of labor, strengthening the interdependence of the economies of all countries.:	<ul style="list-style-type: none"> ➤ Scientific and technological revolution ➤ integration process 	F. Khayek(1899-1992) P.Druker (1909-2005) A.V. Busigin(1907-1985) Israel Kirtsner (1930)

One of the most influential management theorists of the twentieth century, the American scholar Peter Drucker (1909-2005) refined Schumpeter's approach and viewed entrepreneurship as a unique activity, citing its content in his book on business management in connection with innovations in various fields including management¹³. A. Busigin (1907-1985) introduced the concept of entrepreneurship in enterprise as a form¹⁴ of business activity based on an innovative approach to the existing system of economic relations aimed at producing and selling goods on the market, the benefits of

¹² Source: Compiled by the author.

¹³ Drucker P.F. The Practice of Management: Translated from English., 2000. P.206 .

¹⁴ Busigin A. V. Entrepreneurship. Basic course. Ч. 1. Moscow: Interprax Firm, 1994. P.73.

entrepreneurship.

In a general analysis of the above definitions, in the "first wave" of scientific understanding of entrepreneurship R. Cantillon, F. Quincey, A. Smith, J.B. Say link entrepreneurship with risk, while the "second wave" begins with J. Schumpeter's emphasis on entrepreneurship as an innovative activity as a natural factor in economic growth, "man always playing a central role in social and economic development". "The third wave" was realised by representatives of the neo-Austrian school, Ludvig von Mises, Friedrich von Hayek and Israel Kirzner through their views in their works¹⁵. Mises took a closer look at the relationship between the manager and the entrepreneur, combining the two aspects into one process and determining that it is the entrepreneur who acts as the leader and the idea that the manager belongs to him, is his follower and only embodies the idea. Although a manager with certain skills is capable of performing business functions.¹⁶ The main message of the "Third Wave" focuses on the important personal qualities of the entrepreneur, such as the ability to find the right way to change the economic and social situation, independence in choosing and making managerial decisions. The ideas of L. Mises and F. Hayek were developed by the American economist I. Kirzner and interpreted in his work as "the force that balances the entrepreneurial market". The main difference between Kirzner's and Schumpeter's views is that for Kirzner, entrepreneurship "is not the introduction of new products or new production methods, but the ability to see that a new product has unexpected value for consumers"¹⁷.

The "fourth wave" is the current stage of business development, the combination of intellectual capital and financial capital, which is called "intrapreneurship" in science. Intrapreneuring is an economic activity that is carried out on its own or at the expense of borrowed funds on the basis of its own risk and responsibility. The main goal is to make a profit and grow¹⁸ the business, a term coined by the American scientist G. Pinsho. The term "start-up" later appeared in business practice, first in the UK and then in 1990s in Russia, where the term was associated with innovative projects and the formation of new businesses. In this regard, we can refer to the works¹⁹ of Russian researchers A.I. Ageyev, A.V. Kirillov on the scientific research of innovative features of entrepreneurship.

P.A. Guryanov proposed a three-stage classification of entrepreneurship according to the level of development, which consists of the following²⁰:

¹⁵ Mises L. Human activity: a treatise on economic theory / translated from the 3rd revised English edition by A. V. Kuryaev. - Chelyabinsk: Sotsium., 2005. – p.878 . p.239, 240, 241 .;

Friedrich August von Hayek - Individualism and Economic Order (1948) Summary of the paper that opened the discussion on the subject indicated in the title at the conference in Mont Pelerin, Switzerland, in April 1947 . p.85. Hayek von F.A. Cognition, Competition and Freedom. Translated from English: St. Petersburg: Pneuma, 1999 p. 51-52.

Kirzner I. Competition and Entrepreneurship. Translation from English, ed. by Professor A.N. Romanov, Doctor of Economics. UNITY Moscow . 2001. 239 - 39 c.

¹⁶ Shimilov S. Strategy of Modern Entrepreneurship and Social Development of Corporations / Ed. by M.N. Kulapov - Moscow: Dashkov & K Publishing and Trading Corporation, 2004 p. 16-17.

¹⁷ Kirzner I. Competition and Entrepreneurship. Trans. from English ed. Doctor of Economics, Professor A.N. Romanov. UNITY Moscow., 2001. P.239 – 87 .

¹⁸ Dictionaries and encyclopedias on Academician academic.ru electronic resource:

<https://dic.academic.pro/searchall.php?SWord= ANTREPRENEURANCE &stype=0>

¹⁹ Ageev A.I. Entrepreneurship. 4th edition, expanded and supplemented. Moscow Institute for Economic Strategies RUBIN 2016. 38. P. 25;

Kirillov A.V. International experience of small and medium innovative entrepreneurship development and possibilities of its application in Russian economy. Dissertation for the degree of candidate of economic sciences. Москва-2015. 20 c.

²⁰ Guryanov P.A. On Entrepreneurship // Modern Scientific Research and Innovation. 2011. №3 electronic resource: URL: <https://web.snauka.ru/issues/2011/07/1453>

- **classic entrepreneurship**, i.e. a special type of innovative production activity associated with risk, representing the upper (elite) layer of entrepreneurship.
- **economic entrepreneurship** is a common type of entrepreneurship, the main difference from classical entrepreneurship is that it is not specific to innovative production and the creation of new combinatorial factors..
- **speculative entrepreneurship** is the lowest stage of business development, often street entrepreneurs or entrepreneurs engaged in illegal activities. This type of business is rare, it produces something and mostly involves resale or simple speculation, often misleading customers or providing substandard services.

This classification is important for a proper assessment of the essence of entrepreneurship and, in our opinion, in order to fully disclose the characteristics of entrepreneurship, we consider it appropriate to name their types: **highly innovative entrepreneurship, traditional entrepreneurship, aggressive entrepreneurship.**

Although the above definitions are shaped by stages in the development of the economy, no single perfect definition of the entrepreneur and entrepreneurship has been adopted to date. Interestingly, in our research we have found that many academics describe entrepreneurship and entrepreneurship as a single concept and interpret it in terms of risk. But we have come to the conclusion that risk should be applied to the individual, not the activity. I.e, the risk is borne by the entrepreneur, and this is particularly true of highly innovative entrepreneurship. Starting your own small business based on innovative, risk-based technology, you can name such world-famous personalities as: J. Ford, B. Gates, S. Jobs, I. Musk and others.

Although risk-taking is likely in traditional entrepreneurship, entrepreneurs are reluctant to take risks and adopt new technologies, which means that they have a low level of revolutionary thinking and are not getting into the development stage (digital economy).

In aggressive entrepreneurship, on the other hand, entrepreneurs tend to be far from risk-averse, they have no intellectual (material and spiritual) backwardness or financial resources.

Conclusions and Recommendations: As our final conclusions, we can say that our scientific-theoretical research directly substantiates that the three-stage classification of entrepreneurship by levels of development is extremely important and consistent in understanding its essence. Therefore, it is expedient to formulate a new structure of this classification on the basis of our above proofs.

In the scientific understanding of entrepreneurship and business, first of all, the research of the founders of the classical and modern schools mentioned above was a huge turning point in the development of science. We consider it expedient to implement the following proposals and recommendations on the formation of these concepts in a more specific and appropriate way for economic development. These are:

- in-depth analysis of the stages of its formation and empirical development, first of all, in understanding the essence of entrepreneurship and business;
- the study of new aspects - combinations, with the further improvement of the concepts of entrepreneurship and business in the stages of development of the world economy;
- coordination of the content structure of these terms, based on the fact that the next fifth wave of understanding of entrepreneurship is directly related to the acceleration of economic development, the revolution of technology and their deep integration into the production process;
- to achieve a deeper analysis of the essence of this concept in the scientific understanding of entrepreneurship, with the given three-step classification.

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