

Encouraging the Participation of Small Business and Private Entrepreneurship in Providing Employment

Egamberdiyev Rahmonjon Ilhomovich

Government of Namangan region, Citizens' self-governance bodies under training center for improving the skills of employees director, Doctor of Philosophy in Economics (PhD)

Abstract

In the article, the role and characteristics of small business in ensuring employment of the labor force, the role of small business enterprises as employers in the labor market, the reasons for the stonger tendency to create new jobs in small business entities compared to large enterprises in developed countries briefly analyzed on the example of experience and the main reasons that hinder the development of entrepreneurship are indicated.

Keywords: small business, entrepreneurship, workforce, employment.

Ensuring the employment of the labor force in the country and increasing the income of the population on this basis is one of the important conditions for the socio-economic development of the society. Therefore, in the action strategy for the five priority directions of the development of the Republic of Uzbekistan in 2017-2021, "creating new jobs and ensuring the employment of the population, first of all, graduates of secondary special and higher educational institutions, ensuring the balance of the labor market and the development of infrastructure, reducing the level of unemployment"¹ has been defined as one of the priority tasks of social sphere development. In this regard, small business has great potential, and its full and effective use is the central link of economic policy.

However, it should be noted that employment in the field of small business is relatively unstable and is susceptible to changes in economic activity and economic conditions in the country. This can have a negative impact on ensuring the balance and stability of the labor market in the long term. Accordingly, regulating the processes of ensuring labor force employment by small businesses is one of the important socio-economic problems.

Full and effective employment of the labor force has a significant impact on the stable and balanced development of the national economy. However, it is very difficult to ensure this situation in the changing market conditions, and in most cases there is a mismatch between the demand for labor and its supply. This is caused by the fact that the demand for the labor force, expressed through high-paid jobs, lags behind the supply, and in most cases, it is not economically feasible to create new jobs by large economic entities. In such cases, small businesses appear as hidden opportunities to ensure full employment of the workforce.

¹ 2017-2021 yillarda O'zbekiston Respublikasini rivojlantirishning beshta ustuvor yo'nalishi bo'yicha Harakatlar strategiyasi.

A number of researchers have studied the role of small business in ensuring the employment of the workforce and its specific characteristics. Including Ye. Krylova explained the characteristics of small business impact on employment².

A. Komarov, S. Bogdanova, A. Lichnov analyzed the dynamics of stabilizing processes in the post-crisis period in the small business and labor market in their scientific works.³

A. Bondyasheva, N. Zemlyanukhina in their research focused on the issue of the state's provision of jobs to the economically active population, effective organization of work, as well as the impact of small business on effective employment indicators.⁴

In her research, G. Abdurakhmonova studied the importance of increasing the level of employment and well-being of the population of the Republic of Uzbekistan and creating new jobs.⁵

The role of small business enterprises as an employer in the labor market is one of its important social functions. According to statistics and leading mass media, 2/3 of the jobs are created every year at the expense of small businesses. In this regard, the role of small business is especially important in times of crisis, as well as in depressed areas. In this way, small business helps millions of people to overcome difficult times, thus, it allows to alleviate social tension in society.

However, this function cannot be included among the characteristics of small business, because jobs are also organized by the state, corporate structures, and even non-profit organizations.

The experience of developed countries in the world shows that small business entities have a stronger tendency to create new jobs than large enterprises, which is explained by the following reasons:

- 1) the ability of small businesses to quickly create new jobs with low capital capacity. Capital expenditure per job in a small enterprise is significantly lower than in a large enterprise. According to some experts, as a result, the difference between the cost of a job exceeds ten times: "one job in a large business costs 100-150 thousand US dollars, while one job in a small business costs It will cost about 10,000 US dollars to create."⁶;
- 2) relatively high capital technical structure in small enterprises. That is, the unit of means of production used in them corresponds to a unit of live labor (workforce) more than in large enterprises;
- 3) ease of establishment of small enterprises. It is natural that new small business enterprises are formed faster and in larger numbers than large enterprises. This can also be explained by the fact that it takes 15-20 days to set up a single large enterprise, while 2 business days are required for small businesses;
- 4) implementation of a certain part of the activity of small enterprises as a derivative of the activity of a large enterprise. That is, the establishment of large enterprises, in turn, leads to an increase in jobs in small business enterprises;
- 5) application of the quantity effect in the recruitment of labor force in small business enterprises. The quantitative effect of labor recruitment is the creation of new jobs as a result of the

² Krilova E.B. *Maloye predprinimatelstvo i zanyatost naseleniya*// J. *Ekonomicheskij portal*.– M.: № 8, 2022.

³ Komarov A.G., Bogdanova S.Yu., Lichnov A.V. *Maliy biznes i zanyatost v Rosii i za rubejom. Problemi teorii i praktiki predprinimatelstva*. - 2011. - №4 (40).

⁴ Bondyasheva A.S., Zemlyanukhina N.S. *Upravleniye zanyatostyu: rol malogo biznesa v dostizhenii effektivnoy zanyatosti naseleniya regiona* // *Izv. Sarat. un-ta. Nov. ser. Ser. Ekonomika. Upravleniye. Pravo*. 2016. T. 16. vip. 4. - S. 429-434.

⁵ Abdurakhmonova G.K. *Maliy biznes v obespechenii zanyatosti naseleniya v Uzbekistane*. *Vestnik Rossiyskogo ekonomicheskogo universiteta im. G.V.Plexanova*. 2014, №12. - S. 129-136.

⁶ Mamedova L. *Maliy biznes: kto kogo spasayet?* – *Maloye predpriyatiye*, 1999, № 9. - S.11.

relatively rapid increase in the number of small business entities, the creation of new jobs in a derivative way compared to the creation of large enterprises. That is, although the number of workers that can be hired by a small business enterprise is less than that of a large enterprise, the large number of such enterprises ultimately makes it possible to hire more workers than the total number of workers in large enterprises.

- 6) flexible conditions of work and employment are widespread (part-time work day or week, variable schedule of work, co-location, etc.).

Among the social functions of small business, it is correct to include assistance in attracting additional labor resources, which are almost not used by other groups of employers, in the process of social reproduction. They include citizens whose work potential as owners of the commodity "labor power" is limited by objective factors (for example, pensioners, minors, persons with limited working capacity, mothers with many children, etc.). In the conditions of the market economy, most employers do not consider them as full-time workers, so they are not in a position to provide them with employment opportunities. Small business does not set such strict requirements. In family firms, the work of family members with the lowest level of work ability is also used. Small enterprises that use hired labor are more adapted to the use of the labor of home workers, young students, and elderly citizens. Taking into account that the share of the next two groups in the total population is constantly increasing, the practical importance of the considered function of small business is also increasing.

The above-mentioned specific features of small business enterprises provide additional opportunities to ensure the balance of demand and supply in the labor market in the economy and increase the income of the population.

The use of small business is important in changing the labor market in a positive direction. After all, small business can alleviate many problems related to the impact of socio-economic factors in the field of employment. In particular:

- creation of main and additional jobs;
- reducing unemployment;
- attracting people who do not have high competitiveness in the labor market to work;
- reducing the employment needs of a particular socio-demographic group of the population, primarily women, pensioners, etc.;
- coordination of labor supply and demand;
- development of flexible labor market and flexible forms of employment.

According to the US Small Business Administration, there are currently 13 million small firms in America, 2.37 million in England, and more than 6.5 million in Japan. The rate of annual incremental growth of new small firms in the leading industrialized countries over the next ten years was as follows: in Great Britain - 1.1%, in France - 1.5%, in Germany - 3%, in the USA - 8%. In Germany, Great Britain, Italy, Japan, and the USA, 2/3 of new jobs are created at the expense of small businesses, and they work relatively efficiently.

According to various estimates, about half of the working-age population is employed in small business around the world. In particular, in the countries of the European Union, 72% of the total number of employees work in small enterprises, they produce 63-67% of the gross domestic product, this indicator is 78% and 52-55% in Japan, respectively, and 54% in the USA. and is 50-52%. 98% of establishments in Japan employ fewer than 100 people.

Employment in small business is characterized by its relative flexibility, its variability taking into account different conditions, and the ability to provide secondary employment. For example, "substitute entrepreneurship" is a unique phenomenon in Germany. Those who are not so busy in

their main work in large companies organize their own small businesses. This is especially common among lawyers, accountants, and auditors. There are also large corporations that allow their employees to work from home on a regular basis. In this case, a wide area for the development of personal entrepreneurial activity appears in the "substitute". Banks, insurance companies, financial institutions - most of them now provide services almost around the clock. Since the "deputy" is at his main job during the day, he may have to carry out money transfers, insurance registration or some kind of advice at night.

In general, it is important to use the social function of small business to increase the level of employment in the country.

Accordingly, in the development of employment programs, it is considered appropriate to cover as much as possible the levers for the organization of individual and public jobs that can be effectively used in the market conditions of small business. In encouraging the participation of small business entities in the creation of new jobs in our country, it is necessary to take into account the experience of developed countries in the world and, if necessary, use them.

At the current stage of development, it is important to make more extensive use of flexible conditions of work and employment in order to fully and effectively apply labor resources to the production process.

It is necessary to develop a system of measures to ensure the balance of demand and supply in the labor force market of our country and to use the additional opportunities of small business enterprises to increase the income of the population.

As measures to encourage the participation of small business entities in ensuring employment in our country, attention should be paid to the following:

- reducing social payments related to employment to an acceptable level;
- prevention of increase in regulatory costs arising as a result of hiring additional labor force;
- ensuring the free movement of labor inside and outside the country;
- it is necessary to eliminate or limit formal and informal obstacles related to employment.

The implementation of the State program for the development of small business and private entrepreneurship is carried out by state administration bodies, non-governmental organizations whose activity is aimed at supporting entrepreneurship and providing investment, as well as public organizations. Local bodies of state administration should play a key role in this. It should be taken into account that the program does not rely primarily on administrative and command measures, but on economic impact measures, primarily on organizational structures, mechanisms and conditions necessary to support business structures.

- includes the implementation of measures aimed at the establishment of conditions and the implementation of the State program for the development of small business and private entrepreneurship.

In such cases, it is appropriate to eliminate the factors that negatively affect the development of small business.

One of the negative factors is the administrative barrier. Administrative obstacles are a specific problem of entrepreneurship development, which is caused by the imperfection of the state regulation and control system or the conscious limitation of the interests of entrepreneurs by state bodies and officials. It is a set of subjective obstacles to the entry of small business into the market, and it can be understood as a mechanism for ranking the economic activities of the state, the legal system, and the current order.

Officials of law enforcement and control bodies, as representatives of state power, have the right to summon managers, officials and entrepreneurs of economic entities only to give explanations,

clarify and clarify them on the issue under investigation or study. However, there are also cases when the representatives of the state authorities do not give any explanations to the businessmen, on the contrary, they take advantage of their lack of knowledge of the law and their careers.

Administrative obstacles that are the main reason for the development of entrepreneurs are as follows:

- lack of improvement of legal culture in the society;
- cases of inconsistency between laws and legal documents (decisions, regulations, orders, and instructions), and even in some cases, cases of mutual denial;
- lack of improvement of the state and control system;
- lack of widespread promotion of the activities of the regional commissions coordinating the activities of the supervisory bodies.

Also, it is known from the complaints of businessmen that the officials of the above-mentioned bodies abuse their official duties and in some cases keep the summoned people for several hours for no reason, behave disrespectfully and disrespectfully. They are demanding non-existent materials, and in some cases, they are engaging in fraud, pretending to have any shortcomings in the activities of economic entities.

Timely solving of these tasks and making effective management decisions require the availability of scientifically based economic information about the activity of small business enterprises and the analysis of their development laws and changes in the future.

There are several factors that affect the efficiency of the state control system in small business, and it is necessary to solve them in time. These factors are:

1. Open criteria for selecting business entities for inspection have not been introduced until the end;
2. There is a practice of repeating some functions of control bodies during inspections.

If we analyze the second case, we will be able to consider the following shortcomings. In our country, most of the functions of state control bodies repeat each other and are scattered among several bodies. Control over ensuring the protection of employees can be one of these examples.

Similar situations have a negative impact on the development of small business and entrepreneurship. Naturally, such situations cause discontent on the part of entrepreneurs, lack of trust in law enforcement and control bodies, violate the guarantees of freedom of entrepreneurial activity, create certain obstacles in the activities of economic entities, and have a negative impact on their work. and it certainly does not allow citizens to be interested in entrepreneurship.

The following problems were identified in the research conducted by the experts of the International Finance Corporation:

- non-compliance with established deadlines. In accordance with the legislation, the state registration of business entities (without issuing additional permits) should not take more than 7 days. In practice, this period was on average more than 20 days;
- most of the entrepreneurs are independent from obtaining the taxpayer's identification number during the registration process, registering in the pension and road funds, entering the unified state register of enterprises and organizations, contrary to the law. they are smoking. That is, entrepreneurs who are registered against the law are being directed to overwork;
- increase in registration costs. If in 2004 entrepreneurs spent an average of 63,000 soums for registration, in 2005 this amount exceeded 100 soums.

Along with its advantages, the new arrangement has several disadvantages. The fact that two parallel systems of state registration have been created in Uzbekistan is its main drawback.

Although the notification procedure of registration should cover the majority of newly established business entities, such fragmentation of the legal field keeps the possibility of confusion in the actions of both entrepreneurs and registration authorities.

When it comes to the results of consistent economic reforms being implemented today, the topic of conversation involuntarily turns to the perspective of small business. The reason is that it has become an important pillar of socio-economic stability due to the opportunities and benefits created for the development of this sector. An example of this is the fact that the domestic market is filled mainly with products produced in small enterprises, and the majority of young people work in this field.

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