



## THE ROLE OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN EMPLOYMENT

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### ANNOTATION:

The article outlines the capability of small business to increase labor force participation and the theoretical foundation of impact of small business on supply and demand equilibrium of the labor force and on an increase of income per capita. The article also outlines several recommendations to stimulate small businesses participation in employment creation.

*Key words: small business, employment, full employment, supply and demand, freeman, workplace.*

### INTRODUCTION

Ensuring employment 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 society. Therefore, the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 includes "creation of new jobs and employment of the population, especially graduates of secondary special and higher education institutions, ensuring labor market balance and infrastructure development, reducing unemployment." identified as one of the development priorities. In this regard, small business has great potential, and its full and effective use is a central link in economic policy. This can have a negative impact on ensuring balance and stability in the labor market in the long run.

### ANALYSIS OF THE RELEVANT LITERATURE

Full and effective employment of the labor force has a significant impact on the sustainable and balanced development of the national economy. However, in a changing market environment, it is very difficult to ensure this, and in most cases there is a mismatch between the demand for labor and its supply. This is due to the fact that the demand for labor, which is reflected in high-paying jobs, lags behind supply, and in most cases, the creation of new jobs by large businesses is not economically feasible.

The role and characteristics of small business in providing employment for the workforce have been studied by a number of researchers. In particular, E. Krylova substantiated the characteristics of the impact of small business on employment.

The scientific works of A.Komarov, S.Bogdanova, A.Lichnov analyze the dynamics of stabilization processes in the small business and labor market in the post-crisis period.

A.Bondyasheva, N.Zemlyanukhina in their research focused on the issues of employment of the economically active population of the country, the effective organization of labor activity, as well as the impact of small business on effective employment.

According to Sh. Kholmuminov and N. Shoyusupova, the main reason for the growth of unemployment in Uzbekistan is, first of all, the reduction of production. The link between economic growth dynamics and unemployment is inextricably linked. For example, in many developing countries, rapid industrial growth has not led to a corresponding expansion of employment. Economists attribute this phenomenon to the fact that the pace of urbanization is much higher than the growth rates in industry, as well as the low skills of the population moving from rural to urban areas.

## ANALYSIS AND RESULTS

The role of small businesses as employers in the labor market is one of its important social functions. In this way, small business can help millions of people overcome difficult times, and thus alleviate social tension in society. However, this function cannot be included in the list of specific features of small business, as jobs are also created by government, corporate structures, and even non-profit organizations. The experience of developed countries in the world shows that the tendency to create new jobs in small businesses is stronger than in large enterprises, which can be explained by the following reasons:

1) the ability of small business to quickly create new jobs with low capital capacity. Capital expenditures per job in a small enterprise are significantly lower than in a large enterprise. According to some experts, this will result in a tenfold difference in the value of the job: "creating a single job in a large business costs \$ 100-150, while creating a single job in a small business costs about \$ 10";

2) relatively high technical structure of capital in small enterprises. That is, the unit of means of production used in them corresponds to a unit of live labor (labor force) more than in large enterprises;

Among the social functions of small business, it would be appropriate to include in the process of social reproduction assistance in attracting additional labor resources that are almost never used by other groups of employers. They include citizens whose employment potential as the owner of the "labor force" is limited by objective factors (eg, retirees, minors, people with disabilities, mothers with many children. In a market economy, most employers do not consider them full-time workers). Small businesses do not have such strict requirements. Small businesses using hired labor are more adapted to the use of home-based work, students, the elderly. Given that the share of the next two groups in the total population is constantly growing, small the practical importance of the function of business in providing employment is also increasing.

The above-mentioned characteristics of small businesses provide additional opportunities to balance the supply and demand in the labor market in the economy and increase incomes.

Let's look at the U.S. experience in shaping entrepreneurial potential. The priorities of encouraging small business and private entrepreneurship are to promote the establishment of small businesses and private entrepreneurship in rural areas, as well as small and private enterprises that produce competitive and export-oriented products and services.

Thus, the strengthening of the specialization of small businesses in production, the ability to quickly adapt to market conditions, creates great opportunities for the provision of production and sales services, given the need to anticipate demand. Employment in the country, reducing youth unemployment in rural areas, increasing employment requires a number of measures:

- creation of a favorable investment climate and the necessary conditions for small business and private entrepreneurship, attracting young workers to its activities through the involvement of budgetary and extra-budgetary sources of funding, commercial banks, extra-budgetary funds and foreign loans;

- support of small businesses with more than 50% of employees under the age of 30 through property and tax benefits;
- The legal basis for the effective development of youth entrepreneurship and development of a system of preferential taxation;
- Formation of a positive public opinion about youth entrepreneurship;
- support any form of youth self-employment;

## CONCLUSIONS

In short, the use of the social function of small business is important in increasing the level of employment in the country. Accordingly, in the development of employment programs, it is advisable to cover as fully as possible the support of small business to create individual and collective jobs that can be used effectively in market conditions. The experience of developed countries in the world should be taken into account and, if necessary, used to encourage the participation of small businesses in creating new jobs in our country. At the current stage of development, it is important to make more extensive use of flexible working and employment conditions in order to fully and effectively use the labor force in the production process. It is necessary to develop a system of measures to ensure the balance of supply and demand in the labor market of the country and the use of additional opportunities of small businesses to increase incomes.

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