

THE ROLE OF FAMILY BUSINESS IN POVERTY REDUCTION

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Annotation. This article studies the socioeconomic role of family entrepreneurship in the national economy and the ways to increase the efficiency of the family business as the digital economy grows. Additionally, relevant statistics on the trends in the family business are shown.

Keywords: Family entrepreneurship, family business, state regulation, support, family entrepreneurship in the service sector.

INTRODUCTION:

Socio-economic reforms worldwide aim to ensure families' well-being and such reforms are also implemented in Uzbekistan. According to the Development Strategy of New Uzbekistan for 2022 – 2026 as well as the Strategy of actions on the five priority directions to the development of Uzbekistan for 2017 – 2021, the state is aiming at radical reforms of all spheres to improve the quality of life. Therefore for the past few years, the government adopted nearly 300 laws and president's resolutions. In order to stimulate the growth of the regional and national economy, liberalizing measures have been taken towards foreign trade, tax, financial policies, and private entrepreneurship.

Materials

Fundamental issues of family business development have been studied by many foreign scholars. Among them are R. C. Anderson[4], D. M. Reeb, G. A. Tarnowski, D. Prajogo, A. Sohal, T. Beehr, J. A. Drexler, S Faulkner, C. M Daily, M. J. Dollinger and other investigated the nature of family entrepreneurship and its differences from non-family businesses. Gallo, Miguel Angel, and Jannicke Sveen discussed the role of a family business in economic and industrial development, as well as internationalization issues. CA Romano, G.A. Scholars such as Tarnowski, K.H. Smyrnios, Blanco-Mazagatos V, de Quevedo-Puente E, L.A. Castrillo have studied the capital structure of a family business, its financial resources, and the factors that affect business costs and financial decisions [5].

L.M Kelly and Kets de Vries [6,7] investigated the issues of strategic planning in the family business. M. Duh, J. Belak, B.Milfelner, W. G. Jr. Dyer, and M. C. Vallejo [8,9] examined the characteristics of cultural and ethnic values in the family business. Russian scientists such as A.A. Zhuk, K.M.Potiy, A. Volkov, S. O. Kalendjyan,

E.V.Korchagina, V.A. Korolev, and A. Chernitsky [10] studied the socioeconomic nature, types, classification, and theoretical conceptual basis of the family business and the problems of its development. However, these studies have not explored the role of the family business in regional development or service sector development. A number of scientific researches are being conducted in the world on the development of family entrepreneurship.

These include issues such as the economic and social importance of family business, its role in the country's economy, the main types and directions of family business, sources of family income, and ways to reduce costs. In many countries, comprehensive research is being conducted in areas such as the development and improvement of efficiency of family entrepreneurship, providing employment to the population, and improving their well-being. Development issues of family entrepreneurship in our republic have been researched by M.K. Pardayev, A. Olmasov, H.P. Abulkosimov, U.D. Akhmedov, B. Berkinov, O.M. Pardayeva, I.L.Pugach, D.T.Yuldashev¹ and other scientists. In our country, the development of family entrepreneurship in the field of service provision, improvement of the economy, providing employment to the population, improving their well-being, and raising the standard and quality of living are becoming urgent issues.

Discussion of results.

The family business is the oldest and most widespread business type in the world. Currently, special importance is attached to the study of its scientific foundations. The family business has an important place in the economy of many developed countries of the world. According to the Institute for Family Business (IFB), family business takes up 87.6% of all businesses in the UK and a half of private sector employment (14.2 million) covering 31% of GDP, 75% of all businesses in Spain and 65% of GDP, in the US 90% of all types of enterprises and 60% of GDP, 18% of total exports in Italy are family businesses[1]. The President's resolution on the implementation of the program of "Every family is an entrepreneur" emphasizes that it is necessary to popularize family entrepreneurship, crafts, home production and other types of potential entrepreneurial activities [3]. One of the most relevant problems that many family businesses face is the efficiency improvement in the service sector. In order to ensure the rapid development of this field, it is essential to improve the legal framework as the sphere of small business and private entrepreneurship is an important factor of the sustainable growth of the country's economy, the creation of new jobs, and the increase of income of the population.

¹ Pardayeva O.M. Xizmat ko'rsatish sohasida oilaviy tadbirkorlikni rivojlantirish va samaradorligini oshirish yo'llari. Iqtisod fanlari bo'yicha falsafa doktori (PhD) dissertatsiyasi avtoreferati. Samarqand, 2020 y, 32-b.; Yuldashev D.T. Sovershenstvovanie ekonomicheskogo mexanizma razvitiya semeynogo predprinimatel'stva. Avtoreferat dissertatsii doktora filosofii (PhD) po ekonomicheskim naukam. Tashkent, 2019 y, 54-s;

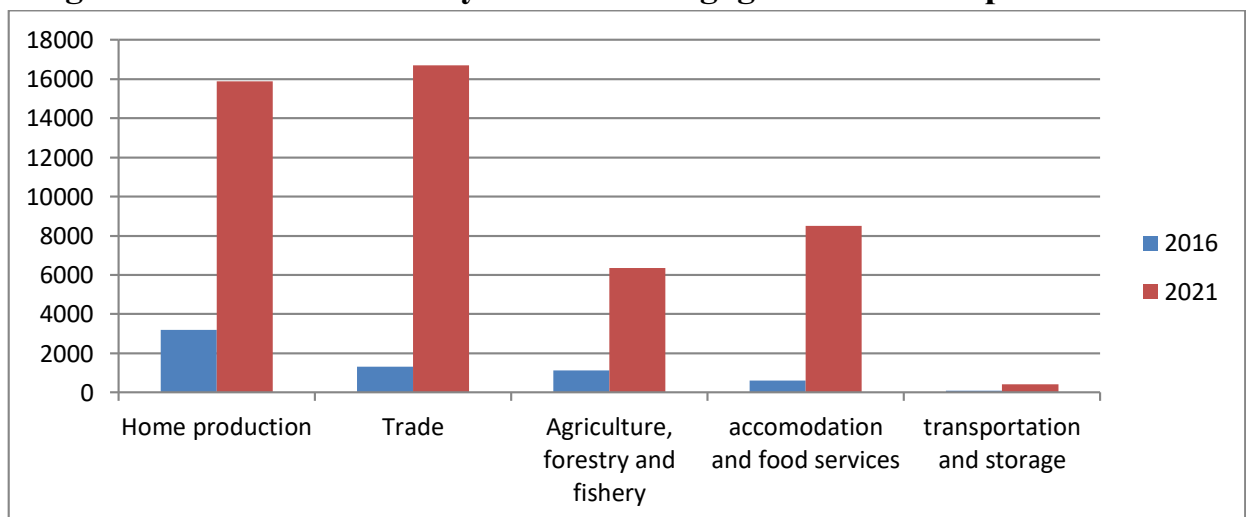
Based on the definition given in the law "On Family Entrepreneurship", the term "Family Entrepreneurship" is used in Uzbekistan as "Family Business" and "Family Business is an initiative activity with the taking of income (profit) by family members at the risk and under their own responsibility. Compared to other types of enterprises in Uzbekistan, the following benefits have been created for family enterprises:

To run the family business effectively, it must sell the products in the area where the family lives. Such an opportunity given to a family business makes it much easier to start a family business and to reduce the cost of products and services which allow the business to grow in a stable way.

Furthermore, residential premises of a family running a business can be used for the activities of the family enterprise without converting into non-residential premises, except for the cases stipulated by the legislation for certain types of activities. Thirdly, if the family enterprise uses the residence for the production of goods and services while living in it, the payment for utility infrastructure services (electricity, water supply, sewage, gas supply and heat supply) is carried out according to the rates and conditions set for the population. In particular, these opportunities created for family business entities serve to increase their competitiveness.

Diagram 1 shows the percentage change in the number of family businesses engaged in various spheres from 2016 to 2021. A significant increase in the number of family businesses can be observed in all spheres of activity. Home production rose from 3188 in 2016 to 15889 in 2021. Agriculture, forestry and fisheries went up from 1137 to 6340, trade rose from 1311 to 16691, transportation and storage from 99 to 416, accommodation and food services from 619 to 8502. As of January 1, 2022, the number of state-registered and operating family businesses has increased by 9,373 compared with numbers in 2021.

Diagram 1. Number of family businesses engaged in various spheres.



A significant increase in the number of enterprises was observed in the following sectors: in trade from 12,312 to 16,691 (an increase of 4,379), home production from 13,667 to 15,899 (an increase of 2,232), accommodation and catering services increased from 7,295 to 8,502 (an increase of 1,206). Having studied the family business sector in Uzbekistan in recent years we came to the following outcomes: Firstly, to further stimulate the economic growth in Uzbekistan, it is appropriate to support business entities and increase the effectiveness of the state's mechanisms for supporting family businesses. Secondly, it is necessary to come up with means to solve the problems of consumers in family business activities. Thirdly, to create the necessary conditions for the implementation and development of family business activities. Fourthly, to assess the efficiency of family business in the development of regions, it is recommended to further develop the following types of activities of family business in the field of service provision:

- trade and catering (retail, national cuisine and restaurants) services;
- national crafts, repair services and household goods;
- computer and modern information technology services (types of services such as internet cafe, small printing house, mobile connection and "paynet");
- transport services;
- photo and beauty salons (rental of bridal dresses and wedding equipment, etc.).

In 2018-2021 broad involvement of the population in business activities was observed as a result of the implementation of programmatic measures to create conditions for the formation of additional and stable sources of income. By ensuring employment in crafts, household and other areas of entrepreneurship, the economic condition of the population, especially families in need of social protection in remote areas has been greatly improved. Furthermore, special attention was given to the development of small business, and family entrepreneurship by ensuring the employment of the population, increasing the effectiveness of the financial support system for programs for women and young generation initiatives, as well as fundamentally improving the working methods of commercial banks with state participation and the popularity of banking services. For further development of family entrepreneurship, it is necessary to establish full-fledged partnership relations with broad segments of the population, small businesses and family businesses.

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