

THE ROLE OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN REDUCING POVERTY THROUGH ENSURING EMPLOYMENT OF THE POPULATION

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Abstract: *In this article, the author analyzes the economic and social significance of small business and private entrepreneurship in reducing poverty through ensuring employment of the population. The study examines the impact of small businesses on job creation, income growth, and regional socio-economic development. Statistical, comparative, and systemic analysis methods are used as the methodological basis. The research findings demonstrate that supporting small businesses is an effective mechanism for reducing poverty.*

Keywords: *poverty, employment, poverty reduction, poverty level, unemployment, small business, private entrepreneurship, economic development.*

INTRODUCTION

In the context of today's globalization and economic transformation, poverty is considered one of the most pressing issues that poses a threat not only to social welfare but also to economic stability. Global experience shows that ensuring sustainable employment of the population serves as a decisive factor in reducing poverty levels. In particular, employment of the working-age population plays a crucial role in increasing incomes, improving living standards, and promoting social equity.

In the process of ensuring employment, small business and private entrepreneurship occupy a special place. Small business entities represent the most flexible segment of the economy, capable of rapidly adapting to market demands and creating a greater number of jobs with relatively low investment. This makes them an effective instrument for poverty reduction, especially in rural areas and economically less developed regions.

In recent years, poverty reduction has become one of the priority directions of state policy in the Republic of Uzbekistan. The country has been implementing large-scale reforms aimed at developing small business and private entrepreneurship, widely involving the population in entrepreneurial activities, supporting self-employment, and creating new jobs. In particular, measures such as providing preferential loans, reducing the tax burden, and simplifying business registration and operational procedures have contributed to an increase in the number of small business entities.

At the same time, practical experience shows that the potential of small business and private entrepreneurship in reducing poverty has not yet been fully realized. There are significant disparities between employment levels and poverty indicators across regions, which necessitates conducting in-depth scientific analysis in this area.

The main objective of this article is to theoretically and empirically analyze the economic and social significance of small business and private entrepreneurship in reducing poverty through ensuring employment of the population. Within the framework of the

study, the role of small business in increasing employment, its impact on household incomes, and its importance in regional development are examined.

Literature review

In many economic studies, the interconnections between poverty and employment have been examined for several years. These studies recognize that the development of small business and private entrepreneurship can help reduce poverty and promote employment. In particular, D.I. Ruzmetov and M.D. Saidov, in their research, emphasize that providing preferential loans to small business and private entrepreneurship entities not only facilitates the financial support of small businesses but also contributes to employment by creating new jobs, thereby significantly affecting the unemployment rate [1].

Scientific studies by A. Yusupov and A. Toshkanjonov have highlighted the contribution of small business and private entrepreneurship to the gross domestic product (GDP) and employment in the economy of our Republic. They note that approximately 56% of the GDP and 75% of total employment are attributed to small business and private entrepreneurship. These figures demonstrate the effectiveness of processes aimed at developing small business and creating new jobs to ensure employment in the Republic of Uzbekistan [2].

M.O. Shadmanova has conducted scientific research on the impact of small business and private entrepreneurship on household incomes and living standards. She emphasizes that small business serves as a primary means of employment for the population, and according to statistical data, the new jobs created in the small and medium-sized business sector constitute a significant share of total employment in the country. This plays an important role in increasing employment, especially in rural areas and small towns [3].

Research methodology. During the study, official statistical data on small business entities were analyzed using statistical analysis, comparative analysis, and a systemic approach. Comparative analysis was conducted based on international experience, allowing for an evaluation of the role and development of small business and private entrepreneurship in different contexts.

Analysis and Results

Within the framework of this study, the impact of small business and private entrepreneurship on employment and poverty levels was examined through statistical and logical analysis. Official statistical data indicate that an increase in the number of small business entities corresponds with higher employment levels across regions. In particular, jobs created by small business entities in the sectors of services, trade, agricultural product processing, and handicrafts constitute an important source of employment for the population.

The analysis reveals that in regions with a well-developed small business sector, household incomes tend to be relatively higher, while poverty levels are observed to be lower. This can be explained by the ability of small businesses to rapidly engage labor resources and efficiently utilize local raw materials and labor potential. Notably, the expansion of family entrepreneurship and self-employment contributes to reducing informal employment and provides the population with stable sources of income.

A comparative analysis across regions indicates that in provinces where state support measures for small business are actively implemented, the pace of new job creation is higher. Preferential loans, subsidies, and tax incentives stimulate entrepreneurial activity and increase the economic engagement of the population. As a result, new participants are drawn into the labor market, and the unemployment rate gradually decreases.

Moreover, the analysis demonstrates the social impact of small business and private entrepreneurship. In particular, small business plays a significant role in ensuring employment for women and youth. Types of entrepreneurship that allow for home-based activities contribute to increasing the economic activity of socially vulnerable groups. This not only leads to higher incomes but also positively influences social stability.

Overall, the conducted analyses confirm a direct and sustainable relationship between small business and private entrepreneurship and the levels of employment and poverty. An increase in the number of small business entities and the improvement of their operational efficiency are identified as key factors in reducing poverty.

Conclusion and recommendations

The results of this study demonstrate the significant economic and social importance of small business and private entrepreneurship in reducing poverty through ensuring employment. The analysis confirms that an increase in the number of small business entities and improvements in their operational efficiency have a direct positive impact on employment levels, providing the population with stable sources of income. As a result, poverty levels decrease across regions, and socio-economic stability is strengthened.

The study also revealed that the main advantages of small business lie in its flexibility, low capital requirements, and the ability to efficiently utilize local labor resources. In particular, family entrepreneurship, handicrafts, services, and agricultural product processing remain among the most important sources of employment. The development of these sectors contributes to reducing unemployment, decreasing informal employment, and increasing household incomes.

Moreover, small business and private entrepreneurship have significant social importance, helping to increase the participation of women, youth, and socially vulnerable groups in the labor market. The expansion of opportunities for home-based or small-scale production activities contributes to promoting social equity, reducing development disparities between regions, and improving the population's quality of life.

The study also found that state support measures for small business and private entrepreneurship play a crucial role in enhancing employment and reducing poverty. Preferential loans, subsidies, tax incentives, and the simplification of procedures for starting and conducting business accelerate the development of small business entities. However, since the level of utilization of these opportunities varies across regions, it is necessary to increase the targeting and effectiveness of support mechanisms.

In this regard, a number of recommendations can be proposed to further enhance the role of small business and private entrepreneurship in reducing poverty. In particular, it is advisable to increase the share of long-term and low-interest loans for financing entrepreneurial entities, and to expand advisory services on business planning and financial literacy. In addition, education programs aimed at developing vocational and

entrepreneurial skills should be aligned with labor market needs, with special attention given to supporting youth and women entrepreneurship.

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