

ECONOMIC FOUNDATIONS OF FAMILY BUSINESS

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Abstract: This article examines the nature of family business, its economic efficiency, and its role in societal development. It also analyzes the formation, development factors, advantages, and challenges of family entrepreneurship in Uzbekistan.

Keywords: Family business, entrepreneurship, small business, economic efficiency, market economy, employment, income, family business entities

Today, in a market economy, the development of small business and private entrepreneurship is considered one of the most important factors in the country's economic development, and one of the main components of small business is family business. It plays a special role not only in increasing employment, but also in strengthening the economic independence of the family.

In the current era of globalization, entrepreneurship is one of the important factors of economic development. One of the most ancient and widespread forms of entrepreneurship is family business. Family business is one of the most effective areas that allows family members to conduct joint economic activities, earn a stable income, and transfer property from generation to generation. In Uzbekistan, in recent years, the state has created many opportunities for the broad development of family entrepreneurship, providing preferential loans, grants, and incentives.

Family business, as a unique organizational and legal form of small business and private entrepreneurship, is of great importance in the country's economy. It has a number of advantages, including a high level of flexibility and innovation, the ability to quickly adapt to changing market demands, performs an important social function, such as strengthening the family institution, allows for the successful upbringing of children, their socialization, and solving demographic problems, provides a high level of aspiration to increase production efficiency, allows citizens to realize themselves in terms of entrepreneurship, which is a necessary condition for the sustainable development of the economy, and prepares the ground for the stabilization of the socio-economic situation in society.

The main characteristics of family businesses in Uzbekistan are outlined below (see Table 1).

Table 1

№	Key characteristics of a family business	Contents of the main characteristics of a family business
1	Ease of management	decisions are made quickly and flexibly
2	Trustworthy environment	Business members work on the basis of mutual trust, which reduces costs.
3	Flexibility	Because it operates on a small scale, it can quickly adapt to market demand.
4	Long-term goal orientation	Because it operates on a small scale, it can quickly adapt to market demand.

A number of measures are being implemented in our country to develop family businesses in neighborhoods. This was facilitated by the adoption of the Presidential Decree "On

measures to organize the activities of khokim assistants on issues of developing entrepreneurship in neighborhoods, ensuring employment of the population and reducing poverty” (No. PQ-31, 03.12.2021). In accordance with this resolution, in 2022, a total of 2 trillion. 159 billion. 146 million soums (200 million 664 thousand dollars) were allocated as subsidies for establishing entrepreneurial activities, self-employment and employment of the population.

At the same time, in 2022, preferential loans for the development of family entrepreneurship at an annual interest rate of 14% were established:

- for the population and entrepreneurs who want to engage in family entrepreneurship, earn income and expand their activities - with a grace period of 3 to 6 months up to 3 years;
- for livestock (cattle, sheep, goats), fishing and poultry farming (egg production) - with a grace period of 1 year up to 3 years;
- for the organization of gardening, viticulture and lemon growing, the purchase of greenhouses, agricultural machinery and equipment - with a grace period of 3 years up to 7 years;
- for members of the "craftsman" association - for a period of up to 3 years and for a period of up to 18 months to replenish working capital. It is stipulated that loan funds will be provided on the recommendation of the assistants of the khokim.

In the real practice of family business, the economic basis of a particular business project is carried out in several stages.

1) First of all, studies are conducted to determine the possibilities and conditions for entrepreneurial activity, and during these studies, the most effective directions for placing investments for a given region or country are determined. Such studies are carried out by government bodies or large business structures. The results of such studies are reflected in the development of recommendations for the development of primary, important sectors of the economy or large regions of the country.

2) The possibilities of investing capital and the effectiveness of investment projects are ensured by analyzing a number of factors. Such factors include the study of natural resources, the existing structure of agriculture, the demand for a particular group of goods, the range of imported goods, the general investment climate in the country from a legal perspective, industrial policy, export opportunities, etc. It also includes the study of general opportunities, investment opportunities, promising markets, economic sectors and industries. Only with the above information can investors interested in implementing a particular investment project be given an opinion on the feasibility of the project. In addition to general conditions, the study of the feasibility of a particular project also includes an analysis of production conditions and sales of a particular product.

3) The purpose of the feasibility study of a specific research idea is to select and adopt the most optimal of the available alternative options for implementing the project. The final assessment and decision-making on investment includes a number of studies: identification of investment opportunities, feasibility study of the project, final assessment and decision-making on investment.

4) All information about the investment project, the feasibility of the project, its profitability, is expressed in the business plan and is the main document that represents the full analytical, technical, final data of the business project.

5) In a broader sense, TIA is necessary when implementing any projects for organizing entrepreneurial activity or radically changing the way goods (services) are sold. Even a well-known company or firm that plans to make certain changes to its business strategy and management organization, update technologies, improve product quality, change customer relations, and enter new markets must have a clear idea of the results expected from the above factors. Therefore, TIA is necessary not only for entrepreneurs who are just starting out,

but also for enterprises that have firmly established themselves in the market, as well as for the authors of one or another idea.

In today's market economy, family business is one of the most important factors in increasing family well-being, creating new jobs, and developing the local economy. Its economic foundations are based on the combination of labor, financial, experience, and intellectual resources of family members.

In conclusion, family business is one of the most stable and effective forms of small entrepreneurship, the economic foundations of which allow creating jobs in society, increasing income and rational use of resources. The advantage of such a business is that labor relations in it are based on trust, responsibility and mutual benefit. The use of the family's existing labor resources, skills and traditional experience reduces costs and allows for faster establishment of production processes. In general, the economic foundations of family business create the basis for its stable, effective and long-term operation. Through proper management and a rational economic approach, family business ensures not only the well-being of the family, but also the economic development of the entire society.

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