

## The Importance of Private Enterprise and Small Businesses in Addressing the Employment Crisis

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**Abstract:** Today, the socio-economic interests of small business entities, the problems arising in their economic activities, ensuring the stability of the "business cycle", interaction with other forms of economic management and the regulation of relations special attention is paid. Also, improving the economic mechanisms of small business management, ensuring socio-economic stability in the country by reducing the unemployment rate is one of the topical areas of the article.

**Keywords:** socio-economic, economic development, land and labor factor, risky conditions, classic factors of production.

### Introduction

One of the main factors of economic development in the conditions of market relations is the development of entrepreneurship.

So, what is the meaning and meaning of the concepts of "entrepreneur" and "entrepreneurship"? The English economist Richard Cantillon was the first to use these concepts in their current sense at the end of the 17th and the beginning of the 18th century. In his opinion, an entrepreneur is a person who operates in risky conditions. Therefore, he considered the land and labor factor as a source of wealth that determines economic well-being.

Later, at the end of the 18th century and the beginning of the 19th century, the famous French economist J.B. Say (1767-1832) in his book "Treatise on Political Economy" (1803) described entrepreneurial activity as three classic factors of production - land, capital, labor integrity. He emphasized that the success of English industry was ensured by the "talent of English entrepreneurs". J.B. In Sey's main thesis, it is said that entrepreneurs perform the main activity in the production of products. According to J.B. Sey, the income received by an entrepreneur is a reward for his work, organization of production, and timely sale of products.

It should be noted that the founders of economics paid little attention to the form of entrepreneurs. The activity of entrepreneurs was not the object of analysis of their research work. English economists A. Smith (1723-1790) and D. Ricardo (1772-1823) accepted the economy as a self-coordinating mechanism. There was no place for creative entrepreneurship in this mechanism. A. Smith paid special attention to the definition of an entrepreneur in the book "Research into the nature and causes of the wealth of nations" (1776). According to A. Smith, an entrepreneur is a capital owner. He implements a certain commercial

idea and starts working with risk to get profit, because investing capital in a business is always associated with risk. Entrepreneurial income, according to A. Smith, is a reward for personal risk. According to A. Smith, the market produces goods that society wants and needs to buy. At the same time, A. Smith showed that the market is a powerful force, that it always provides society with the necessary goods, and that this system is self-coordinating.

## Methodology

At the borders of the 19th and 20th centuries, many people began to understand the importance and role of the entrepreneurship institute. French economist Andre Marshall (1907-1968) was the first to add a fourth factor to the three factors of production (land, capital, labor) - the factor of organization. Since then, the concept of entrepreneurship and the scope of work in this field have been expanding.

American economist J.B. Clark (1847-1938) made some changes to J.B. Say's "triple formula". According to him, four factors are always involved in production: 1) capital; 2) means of production and land; 3) entrepreneurial activity; 4) labor of the worker. Each factor reflects its own profit from production: the capitalist receives additional interest from the capital; land gives rent; the capitalist's business activity generates income; the work of the worker provides him with a salary.

The famous American economist Y. Schumpeter (1883-1950) in his book "Theory of Economic Development" defined an entrepreneur as an innovator. The scientist considers entrepreneurship to be the introduction of innovations that play a major role in the development of the capitalist economy and economic growth: "We call economic entities whose function is to introduce new combinations entrepreneurs." Friedrich von Hein (1899-1984), an English economist who received the Nobel Prize in economics (1974), approached this problem differently. In his opinion, entrepreneurship is not an activity, but the search for new economic opportunities and the provision of actions. The scientist interprets entrepreneurship as not an activity.

## Result

Today, there are four stages of development of the theory of entrepreneurship.

The first stage, which appeared in the 18th century, is risk-taking, in other words, it is related to risk-taking. The second stage of entrepreneurship is related to the innovation process. American economist Y. Schumpeter made a great contribution. According to him, the innovative character of entrepreneurship is reflected in the following: production of new goods for the market; application of new technologies to the production process; development of new sales markets; finding new types and sources of raw materials.

The third stage of the creation of entrepreneurship is defined by special personal qualities of entrepreneurship: the ability to find the right way in the changing economic and social situation, independence in choosing and making management decisions, full manifestation of management skills. The current stage in the development of the theory of entrepreneurship can be included in the fourth stage. Its emergence is associated with its transfer to a different aspect in the analysis of the entrepreneur's behavior. This means that the analysis of business problems in theory is carried out within the framework of many interrelated disciplines.

Researches conducted by well-known scientists show that the activities of an entrepreneur in his field of activity are multifaceted. This is determined by changes in market policy or by the influence of internal and external factors of the enterprise. But the main goal of an entrepreneur is to make a profit, as well as to carry out work that ensures effective operation in the market. To do this, it is necessary to create a mechanism based on modern management methods that manage entrepreneurship and support it, and ensure its effective use. When managing a business in market conditions, it is necessary to take into

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account its following features: a) the entrepreneur always takes into account the demand and supply in the market; b) the entrepreneur makes efforts to ensure efficiency and looks for ways to reduce production costs; c) persons responsible for the final results of the business, create sufficient opportunities to conduct their business under free conditions; g) the final results of a small enterprise, i.e. its profit or loss will be known only in the process of trading in the market; d) an entrepreneur engaged in small business does not know exactly what risks he will face in the market or what the final result will be when he invests his funds.

### Analysis

Thus, entrepreneurship is a special type of economic activity, based on independent initiative, responsibility, entrepreneurial idea, profit-oriented, goal-oriented activity.

In world practice, small business entities are businesses with different organizational and legal forms. The concepts of "business" and "entrepreneurship" are often used interchangeably. But there are certain differences between them (Figure 1).

Entrepreneurship is a special type of economic activity, the initial stage of which is usually associated with thinking activity or its result, only then it takes a material form. Entrepreneurship is defined by the presence of creativity in the field of introducing innovations, changing the production of goods or organizing an enterprise (including a small enterprise).

The entrepreneur himself is the main subject of business activity. But the entrepreneur is not the only subject, in any case, he is obliged to interact with the state as a consumer of produced goods or services and in various situations as an assistant or opponent. Both the consumer, the state, and the hired (employee) employee are among the subjects of business activity.

### Conclusion

Thus, the main goal of an entrepreneur is to determine the need for a product in order to acquire his customers. An entrepreneur should take into account the following main factors when forming his customers: - the novelty of the product and its compatibility with the customer's interests; - quality of goods or services; - price of goods or services; - degree of universality of the product; - appearance of the product, its compliance with the customer's requirements; - the possibility of using after-sales services; - compliance of the goods with accepted general or state standards; - attractiveness of advertising of goods and services, attraction of customer attention, etc.

Entrepreneur's personal characteristics, abilities, opportunities and job qualities are the driving force of entrepreneurship. The entrepreneur's work qualities should be based on the following principles: first, to find his place in the economic system by analyzing the level of supply of goods and services to the market; secondly, the willingness to create a personal production structure; thirdly, based on the results of marketing research, making preliminary business calculations; fourthly, the ability to properly manage the implementation of an entrepreneurial project; fifth, to be the first to implement a new technical, technological idea and use this idea in practice, to be able to imagine what final result, products or services can be obtained from it.

Elements of discovery can be applied in other aspects of the entrepreneur's activity. For example, he finds new forms of production, product sales management, establishes partnership relations, uses new production technologies.

Another important feature of entrepreneurship is the ability to foresee how the implementation of new ideas in the production process will be accepted by the market. From this point of view, the ability to

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implement the innovation in the market and combine the consumer's response into one process is the guarantee of the entrepreneur's success.

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