PLACE OF INCOME FROM SELF-EMPLOYMENT IN THE TOTAL INCOME OF THE POPULATION IN UZBEKISTAN

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Abstract: *In order to increase the economic activity of the population in our country, income from self-employment plays a significant role in the structure of the population's income. An econometric model of factors affecting the income of the population from self-employment developed in the article. The proposals presented in the article serve for the organization and development of small business and family entrepreneurship of the population.*

Keywords*: household income, family business, "Doing Business" sub-rating, investments, econometric model, Jarke-Bera test, residual histogram, null hypothesis, regression equation.*

1. Introduction

In Uzbekistan, the organization of a family business was rated as one of the priorities for increasing the economic activity of households. The success of a family's entrepreneurial activity depends, firstly, on the family's material resources, and secondly, on the chosen area of activity of its members to develop entrepreneurial abilities, on its subject and demographic characteristics, on the number of family members, gender, age, and health status.

The strategy of actions in five priority areas of development of the Republic of Uzbekistan is aimed at ensuring reliable protection of the rights and guarantees of private property, eliminating all obstacles and restrictions on the development of private entrepreneurship and small business, providing it with complete freedom, paying special attention to activities to implement the principle that "If people are rich, then the state will be rich and strong".

Decree of the President of the Republic of Uzbekistan No. PP-3777 "On the implementation of the program every family is an entrepreneur"[1] dated June 7, 2018 is an important regulatory document that determines the legal, economic and financial basis for increasing the level of economic activity of households in our Republic. Loans for the development of family entrepreneurship - up to 150 times the minimum wage, for registered small businesses - up to 1,000 times, and for lending investment projects of entrepreneurs - more than 1,000 times.

The aggregate income of households consists of cash income and income in kind, as well as income attributable to the household or its individual members, with a periodic nature on an ongoing basis, with an annual or shorter period of time.

The gross income of the population in 2019 amounted to 344.7 trillion sums and the nominal growth rate was 121.9%. According to the analysis, the income of employees from labor activity in the structure of monetary incomes of the population decreased from 41.5% to 27.1% in the study period, from 28.4% to 25.3% in income from transfers. During this period, on the contrary, the share of income from self-employment of the population increased from 25.8% to 42.0%. And the share of business activity and property income increased from 49.8% to 59.5% by 2019 in the study period (Fig. 3).
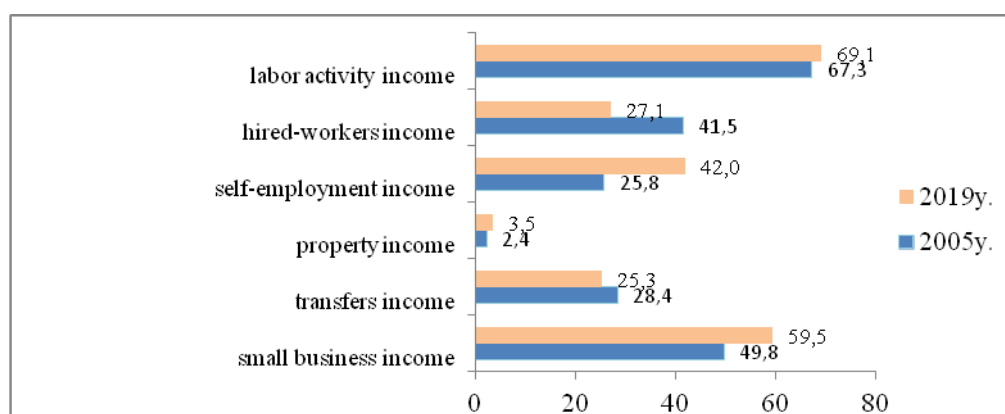
Figure: 3. The structure of the total income of the population of the Republic of Uzbekistan (in percent).[2]

The gross expenditures of households and their social groups are the sum of expenses for the purchase of goods and services from various economic entities, payments to the financial and credit system, the use of personal subsidiary plots for consumption and production, debt repayment and damage incurred, and the purchase of securities.

It should be noted that in recent years, along with the growth of household income, the share of food products in the structure of expenditures has stabilized, and the share of expenditures on non-food products and services has also increased.

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[1] Resolution of the President of the Republic of Uzbekistan No. PP-3777 "On the implementation of the program Every family is an entrepreneur" dated June 7, 2018

[2] Compiled by the author based on the data of the State Statistics Committee of the Republic of Uzbekistan for 2005-2019.

It is known that according to the rating "doing business" announced by the World Bank in 2020, the Republic of Uzbekistan took 69th place among 190 countries. It should be noted that in the World Bank report, according to the criterion of "support for new business", Uzbekistan is currently take the place in the global rating, registration of enterprises - 8, obtaining a building permit - 132, connection to electricity - 36, registration of property - 72, obtaining loans - 67, protection of minority investors - 37, taxation - 69, international trade - 152, contract enforcement - 22, resolution of insolvency - 100. Uzbekistan is among the top ten countries in the world that have achieved the best results in improving the business environment for entrepreneurial activity in subsequent years.

The "doing business" rating, which is an indicator of the economic activity of households, is considered one of the most reliable criteria for the business environment in countries. Therefore, the "starting a business" sub-rating in the "Doing Business" rating was chosen as a factor influencing the income earned on one's own (Table 1).

Table 1.

Income from self-employment in the structure of income population and sub-rating of starting a business[3]

Years	Income from self-employ- ment, billion soums	Investment in fixed assets, billion soums	Sub-rating of starting a business, score	Years	Income from self-employ- ment, billion soums	Investment in fixed assets, billion soums	Sub-rating of starting a business, score
2005	2509,9	3165,2	76,89	**2013**	25258,5	30490,1	84,89
2006	3109,2	4041,0	77,15	**2014**	32677,2	37646,2	90,45
2007	4066,3	5903,5	76,85	**2015**	42068,9	44810,4	90,47
2008	5609,2	9555,9	81,77	**2016**	54497,8	51232,0	93,91
2010	11911,2	16463,7	82,72	**2017**	64239,0	72155,2	93,93
2011	16586,5	19500,0	81,46	**2018**	105072,1	124231,3	95,54
2012	19987,1	24455,3	84,21	**2019**	144774,0	189924,3	96,2

[3] Data of the State Committee on Statistics of the Republic of Uzbekistan for 2005-2019.

The mechanism of the influence of these two factors on self-generated income is shown in Fig. 4.
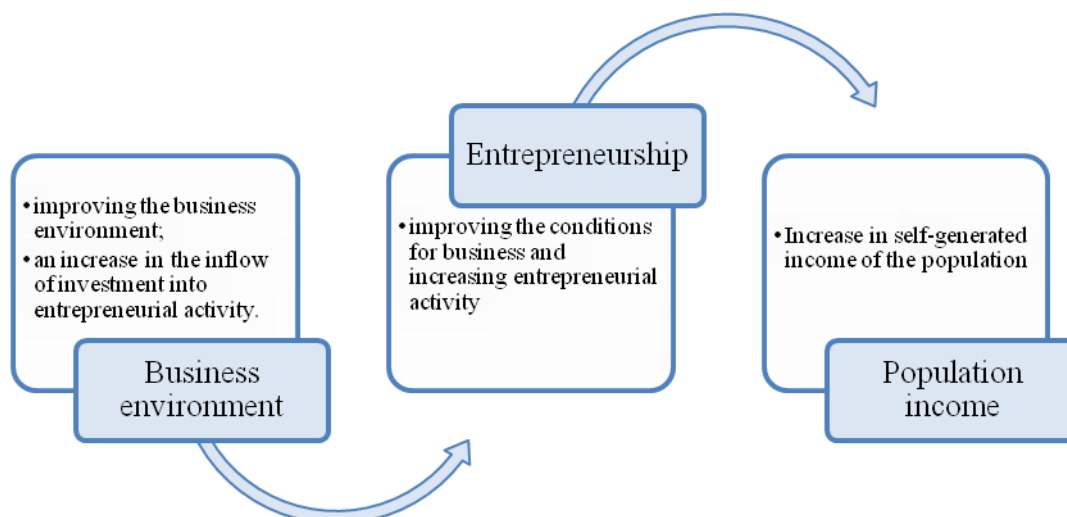
Fig-4. The mechanism of the influence of factors on independently obtained incomes of the population[4]

In this regard, the sub-rating of starting a business in the "Doing Business" rating was selected as an important factor affecting self-generated income, which is an indicator of the economic activity of households.

The impact of investment and entrepreneurial sub-rating on self-employment income can be reflected in the following econometric model:

$$D_t = \beta_0 + \beta_1 I_t + \beta_2 B_t + \varepsilon^5 \qquad (1)$$

Here:

D_t- Income of the population from self-employment in Uzbekistan;

I_t- Investments in fixed assets in Uzbekistan;

B_t- Points of the "starting a business" sub-rating in the "Doing business" rating;

β_0, β_1 и β_2 - parameters of the regression equation;

ε- is the stochastic part of the regression equation.

[4] developed by the author.
[5] developed by the author.

Table 2.

Regression equation parameter values [6]

	Coef.	Std. err.	T	P>|t|	95 % Conf. Interval	
I_t	0,55	0,22	2,53	0,03	0,07	1,03
B_t	242,83	107,43	2,26	0,05	6,38	479,29
Cons.	-18449	7715,57	-2,39	0,04	-35430,86	-1467,17

The factors obtained from the results of table. 2 as a major capital investment, the investment and business start-up sub-rating scores are statistically significant and have a positive effect on self-employment income.

The results shown in Table 3 show that the model is statistically significant in general terms as the P-value of the F statistic is a very small number (0.001). In addition, changes in the two resulting factors can explain 94% of the changes in the resulting factor. This can be learned from the fact that the coefficient of the determinant is 0.94.

Table 3.

Results of verification of the regression equation by criteria[7]

Source	SS	Df	MS	Number of obs.	=	14
Model	143206107,2	2	71603053,6	F(3,12)	=	98,9
Residual	7966191,3	11	724199,2	Prob>F	=	0.001
Total	151172298,5	13		R-squared	=	0.947

Using the STATA-14 program, we calculate the values of the Xi-square statistics according to the Jarquet-Bera test and the values of the Xi-square statistics in the table at the 5% significance level.

According to our research, when calculating the Xi-square statistics values according to the Jarquet-Bera test using the STATA-14 program and the Xi-square statistics values in the table at the 5% significance level, we got the following result:

$$D_t = -18449 + 0.55I_t + 2.42B_t \qquad (2)$$

That is, since the sub-ratings for investing and starting a business are statistically significant and have a positive effect on income earned from independent work. In conditions of unchanged other factors, when one unit of investment for fixed assets changes, it increases the income of the population from self-employment by 0.55 units. A positive change in the "starting a business" sub-rating by one point will increase income from independent work to 2.42 units. These analyzes indicate that in order to increase the income of the population from self-employment in the future, it is necessary to constantly improve the business environment and increase the volume of investments.

Literature:

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