

THE IMPORTANCE OF FAMILY ENTREPRENEURSHIP IN POVERTY REDUCTION IN REGION BUKHARA ENGINEERING - TECHNOLOGY INSTITUTE

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***Annotation.** The article describes the interpretation of the concept of "family business", substantiates the importance of family business in reducing economic poverty in the region, proposes an author's approach to classifying family business from the point of view of reducing poverty in the region, substantiates the advantages of family business in reducing poverty, examines existing models of family business management based on the interaction of its three independent elements, substantiates the need to be included in the "government and society" model as an element supporting the development of a family business and its infrastructure, taking into account social factors, such as national values, poverty level, environmental protection, proposed a model of poverty reduction through the development of family business in the region.*

Keywords: Family, family business, family entrepreneurship, region, regional poverty.

Introduction

Due to the peculiarities of the historical development of the economy of Uzbekistan, sufficient experience has been accumulated in the field of family business. In our country, family traditions have long existed, thanks to which the secrets of professional skills, accumulated capital and life experience were passed on from generation to generation. The centuries-old traditions of family business in Uzbekistan began to be revived during the years of independence. Despite the ongoing efforts of the government of Uzbekistan, the rapid development of family business as a tool for poverty reduction today is to some extent constrained by institutional and economic factors. In this regard, one of the most pressing tasks is to identify events and processes that contribute to the development of family businesses in order to reduce poverty in the region.

Family relationships develop and change under the influence of historical, political, social and demographic factors such as poverty, and the family as the basis of business relationships remains a closed and informationally uncertain economic system. That is why the theory and practice of family entrepreneurship have not been sufficiently and comprehensively studied by scientists.

The purpose of this article is a theoretical study of family business and family entrepreneurship. To ensure the functioning of society, the family performs a number of important tasks: reproductive, educational, recreational and economic. The family, using the family budget to satisfy its needs, determining the characteristics of production, exchange and consumption of various goods and services, occupies a special place in the system of economic

relations. However, recently specialists have become increasingly interested in the role of the family in the system of market relations. The family is seen as a kind of "firm" that consumes resources and produces goods to satisfy its own needs and the needs of society. These new areas of research include analysis of family business activities, including consumer baskets and family budgets [1].

The family is a unique social institution, an intermediary between the individual and the state, a transmitter of important values from generation to generation. It has powerful potential to influence the processes of social development, reproduction of the labor force and the formation of civil relations. The family has a unifying meaning and resists social contradictions" [2]. Therefore, we believe that it is effective to use the institution of family in the development of entrepreneurship in order to reduce poverty in the regions.

Literature review on the topic

The economics of family business as an independent branch of economic theory began to take shape in the late 19th and early 20th centuries. Foreign scientists R. Litz, J. Craig, P. Sharma [3], J. Astrachan [2], Y. Pierston, I. Landsberg, D. Miller [4], as well as such Russian researchers like M.V. Vasiliev, D. Volkov [1], T.G. Kasyanenko [5], T.V. Shnurovov [6]. Uzbek economists A. Olmasov [7], Sh.O. Kuvandikov [8], Y. Kholmukhamedov [9], G.T. Samieva [10] conducted research in Uzbekistan in the field of the importance of family business in the national economy, directions of development and characteristics.

The views of different schools of thought in this area of research have been influenced by various factors, namely the state, the market, infrastructure, the scientific community and family groups of factors. At the same time, in different countries, these groups of factors have had both positive and negative influence on the development of views of the scientific community on problems associated with family business.

Many definitions of family business in the scientific literature make it difficult to determine the essence of the concept. A study of many articles about family business revealed more than 20 interpretations of the concept of "family business." These definitions relate to the degree or nature of family involvement and influence in a family business, and the general concept is that in a family business, the majority of control of the property or funds rests with the family and two or more family members are directly involved in its management. A business owned and controlled by one family is essentially a family business. If there are deviations from the combination of ownership and family participation in management, the opinions of scientists differ on the issue of classifying such a business as a family business. For example, a business is classified as family-owned if at least 50% of the shares are owned by the family, if the family is responsible for managing the company, and if the owner or managers recognize the business as a family business.

A review of the scientific literature allows us to come to the conclusion that there are difficulties in defining the concept of "family business" both in the twentieth century and today. A number of researchers cite one of the reasons for these difficulties as follows: "This area of research is both theoretical and practical interdisciplinary in nature. It is actively being developed and developed by economists, sociologists and even doctors, which fundamentally causes certain difficulties in this process"[11]. In turn, some researchers confuse significantly different tasks, i.e. the task of developing a definition of the concept of "family business" with the task of creating a classification of types of family businesses according to certain criteria.

Significant progress in the classification of family businesses was made in the mid-1990s, but there is still no single generally accepted category that adequately describes the diversity of types of family businesses, so attempts to distinguish between family businesses continue to this day and debate continues. In this article we will try to scientifically substantiate the aspects associated with its significance and benefits in reducing regional poverty, without dwelling on various scientific discussions regarding the definition of family business.

Analysis and results

When studying family entrepreneurship as a means of reducing regional poverty, it is necessary to improve the classification of family businesses. It is difficult to interpret the results of research on family entrepreneurship without a categorization that allows one to "sort out" the different types of family businesses,

related to poverty reduction. Based on the structure and distribution of capital, the form of enterprise management and the size of ownership, all types of family businesses can be divided into two groups according to the degree of their importance in poverty reduction.

The first is a family business in the narrow sense, that is, a company where family members and their immediate relatives work. Typically these are small businesses and enterprises that rarely employ more than 10 people. Moreover, such a business is distinguished by the fact that it belongs to only one family, and only the closest relatives (spouses, sons and daughters, brothers, parents) work in it. They work together for the benefit of common labor, to generate income. In a number of countries, for example in Canada or America, as well as in our country, such firms make up the majority of family businesses. These are, first of all, family businesses based on the creation of an individual entrepreneur or legal entity. In such firms there is no clear formal distribution of authority, no hierarchical levels and no subordination structure. Leadership is entrusted to the head of the family, and the rest do their work as they understand. At the same time, all family members work hard to survive their small family business.

The second group is the business of several related families. As a rule, these are already grown family companies with a clearly defined organization and subordinate structure, where family relationships become "business" and some relatives become managers, and some become their subordinates. This group of family businesses includes firms that are inherited from generation to generation, and their owners are entire family clans. This group usually includes large and very large companies, such as international corporations with many subsidiaries. In this case, the "family" will only have control over the company, since it owns a majority stake. Their participation in poverty reduction is based on social responsibility, like other non-family large companies.

To obtain a quick effect in reducing regional poverty, in our opinion, it is of great importance to take measures to support the first group of types of family businesses from the state, since family businesses based on family ownership, labor and management today have better results compared to corporate ones business. At the same time, taking into account the possibility of growth of small family business firms to the level of large international companies (there are enough examples in this area in the world experience), it is desirable to create conditions for them.

Handicraft is a type of production based on individual and manual labor using simple tools, and today it occupies an important place in the economies of developing countries. Crafts

on the territory of Uzbekistan first appeared in ancient times (the Neolithic period) in the production of ceramics and textiles. Currently, crafts in Uzbekistan are widely developed and deeply specialized, mainly as small family enterprises that unite diverse specialists.

Family businesses are especially important in rural areas. Reliable evidence of the benefits of family business is the fact that labor productivity in agriculture is 25% higher than in industry in countries where the organization of agricultural business is based on small and very small forms, especially family ones. In our opinion, without the development of family farming it is impossible to create a full-fledged agricultural sector of the economy of Uzbekistan and reduce regional poverty.

From these positions, we believe that family enterprises, from the point of view of reducing regional poverty, must be classified as family enterprises of the "urban type", crafts and farmers, since both their working conditions and the requirements for the development of the initial stage and the volume of support are significantly different for them. "Urban-type" family businesses operate in areas that are not typical for large businesses. This includes small wholesale and retail trade, household services (dry cleaning, laundry, salons, hairdressers, household appliances, sewing, shoe repair and household appliances, etc.), small restaurant business, public transport services (transportation of furniture, building materials, home delivery of ready-made meals and food products to residents and enterprises, etc.), rental of cultural, household and household equipment, construction and minor repairs, accounting and audit, etc.

Thus, as a means of reducing regional poverty, it is appropriate to distinguish between "urban" entrepreneurship, handicraft and agricultural types (dekhkan farming) of family entrepreneurship, based on family ownership, labor and management.

As a result of the study, we propose the following author's approach to the classification of family businesses (Table 1).

Table 1

The author's approach to the classification of family businesses

	Characteristic	View of a family business
1	By number of employees	Micro-firms (up to 20 employees) [12]
		Small enterprises (before 100 employees)
		Average company (before 250)
		Large enterprise (more than 250 employees)
2	By legal status	By organizing a legal entity
		Without creating a legal entity
3	By funding source	Self-financing
		External financing (government subsidies, loans, foreign partner)
4	According to the form of management	Community (family) management
		Supervisor enterprises (owner property) accepts individual solutions)

5	By number of generations involved in family business	One generation (father, mother, spouse)
		Two generations (sons, daughters, nephews, brothers and sisters)
		Three generations (grandchildren, other relatives and partners)
6	According to the reduction efficiency regional poverty*	An economic entity in which family members and their immediate relatives work (ordinary family business)
		Family companies
7	According to economic form business organization that is important for reducing regional poverty	Entrepreneurship "urban type" (trade, services sector, industrial production, etc.)
		Craftsmanship
		Dekhkan farm

In the mid-1980s, Landsberg [13], a well-known researcher of family business problems in the United States, formulated the basic dilemma of human resource management. Author's development resources in family firms, meaning that the nature of family businesses is dual, since by its nature the family is a social institution, and the firm is an economic form of business organization. Thus, a family business is a synthesis of two constantly interacting systems - family and business.

The dissertation of M. Nemilentsev [14] rightly identifies two main goals of a family business, which are interconnected with the dual interpretation of the concept of family business proposed above:

1) the purpose of the business is to increase the value of family wealth in order to passing it on to the next generation;

2) the purpose of the family is to preserve and transmit family values and traditions (succession within the family) to achieve sustainable business development in the next generations of the family.

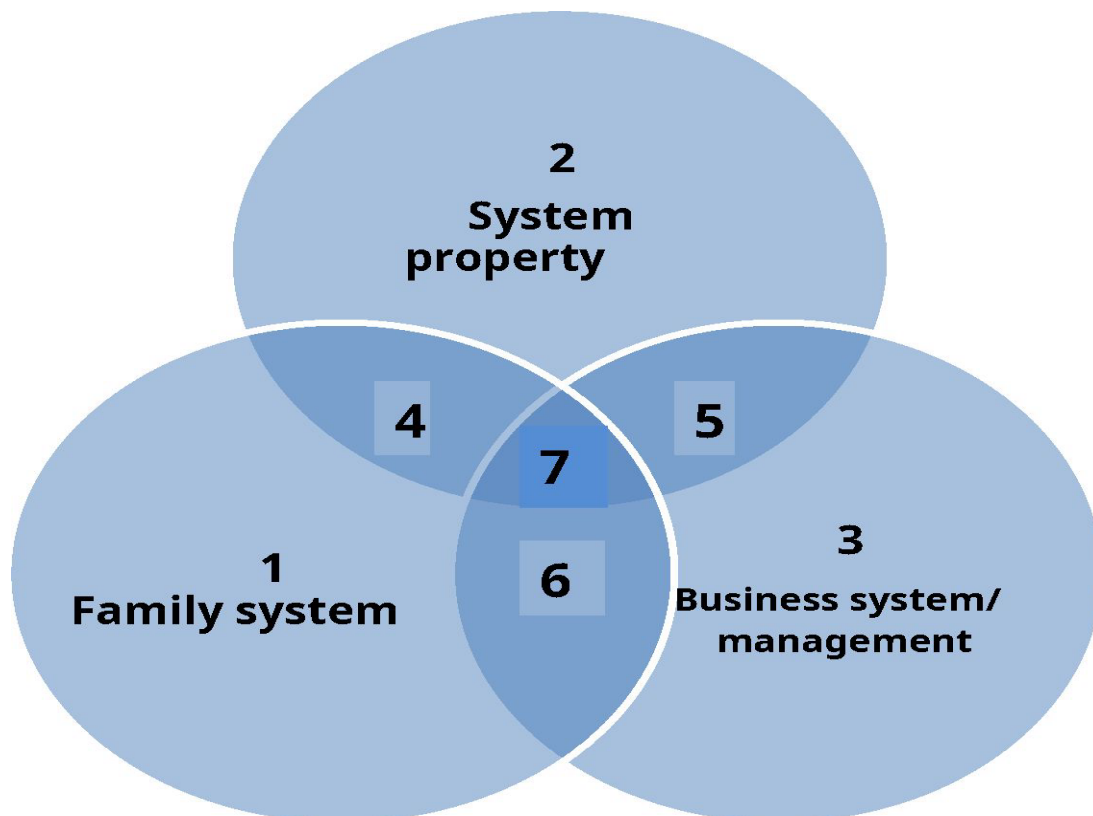


Figure 1. Interaction of three independent elements in the control model family business

These elements also form the basis of the current family business model. Figure 1 shows the interaction of three independent elements in the model of family business management proposed by K.E. Gersik [15] and his colleagues. The model represents the business environment of a family system consisting of three circles: the first circle is the family system; the second circle is the property system; third circle - business system. In the model, four components arise at the intersection of these circles: sector 4 (at the intersection of circles 1 and 2) - external investors of the family enterprise who are not related to the family enterprise; sector 5 (at the intersection of circles 2 and 3) corresponds to owner-managers who are not family members, but participate in the management of the family enterprise; family members who work at the enterprise but do not own property constitute the 6th sector; 7th sector - family members who own property, work and manage the enterprise.

According to this model, all participants see the enterprise from different points of view. Family members view it as an important part of the family property, an object of inheritance, and a source of financial security that allows them to meet their life needs. Managers view business as a mechanism for achieving professional and economic success in terms of career advancement.

In our opinion, the fact that the family has a social character requires, in addition to the interaction of these three systems, the participation of other interested parties, such as government and society. If we take into account the state of economic development of society, national values, poverty levels, environmental protection and other factors, then support for family businesses, infrastructure development systems, determining directions for business development and the fight against poverty, mitigating its consequences, taking into account regional characteristics, then direct Government and community participation in these

processes is essential. Thus, this model can be improved by complementing it with government/society systems that include all stakeholders and include appropriate rules of governance and interaction. As a result, Figure 1 will look like this (Figure 2).

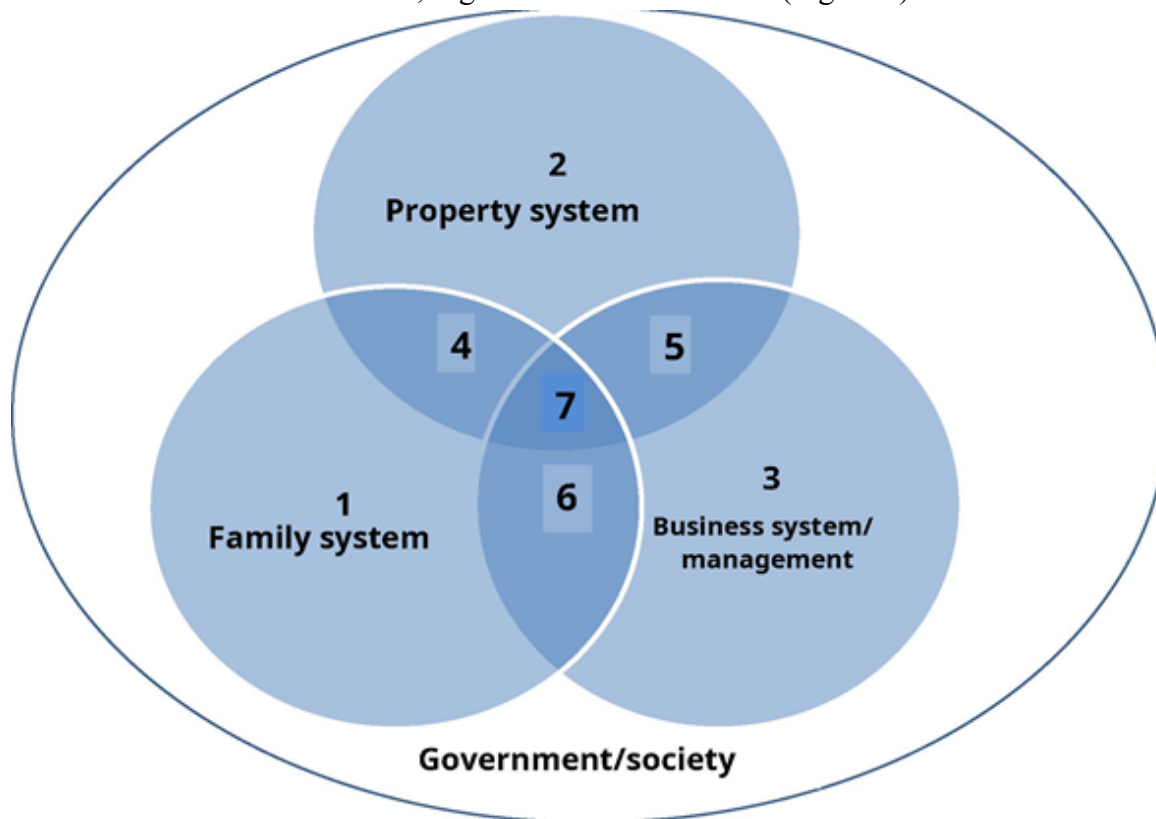


Figure 2. An expanded view of the control model family business by adding the role "government/society"

The interaction between the family system, the property system and the business system/management has been sufficiently studied by foreign scientists. Our research is based on studying the relationship between government and society with this system in the direction of reducing regional poverty. Stakeholders belonging to family, property and business systems together form the work/income relationship. In order to determine the relationship between the family, property and business system and the "government/society" system in the direction of poverty reduction, it is necessary to study the advantages of family business and the obstacles to its development. This confirms how important the development of family entrepreneurship is in reducing regional poverty.

Table 2

Benefits of family Entrepreneurship for poverty reduction

	Benefits of family business	The importance of poverty reduction
1	Usage models family business more effective in achieving the Goals sustainable development (SDGs) in Uzbekistan.	SDG targets 1.b, 8.3, 8.5, 8.6, 8.8, 8.b define ensuring economic growth through increase employment, employment development entrepreneurship and poverty reduction. In the short term, at low cost, based on national values and craft traditions, it is possible to achieve

		increased employment and development of entrepreneurship through family businesses.
2	Costs of creating new jobs in family businesses relatively small.	Thus, developing family businesses helps reduce social problems such as poverty and unemployment; helps to establish the production of local products, ensure the flow of funds into the budget system at all levels, and contribute to the formation of the middle class.
3	Family business, in order to eradicate poverty, provides stable source income to existence.	It is now recognized that more attention needs to be paid to the various factors and processes that limit or enhance the ability of poor people to live economically, environmentally and socially sustainable lives [16]. Livelihoods include the capabilities, assets (stocks, resources, demand, etc.) and activities required to obtain a livelihood. It can be preserved or expanded and passed on to the next generation. Family entrepreneurship is characterized by an individual's ability to realize their abilities, increase their income and pass it on to the next generation.
4	Unique business - culture created on basis interaction family with business and business with family relationships.	Strong business culture increases competitiveness family business and determines its competitive advantage. The growth, sustainability and success of a family business depends on an unparalleled business culture. Family values such as family devotion, loyalty, long-term orientation and harmony shape the cultural model of the business. A viable family business model that takes into account the relationship between business systems and the family helps simultaneously develop the family, increase the income of the family business and lift them out of poverty.
5	Family entrepreneurship develops social and emotional wealth of the family [17].	A study of the theory of family business from the point of view of socio-emotional wealth shows that idnost strategic decisions in family businesses are based on socio-emotional wealth, that is, the need to preserve and increase the emotional well-being of the family. and positive relationships between family members in the process of doing business. Increases self-confidence and helps overcome the depression of poverty.
6	Motivation for the longterm strategic development of family business	A family business develops in the process of forming its unique resources and capabilities, financial and in some cases non-financial motivation within the framework of strategic management theory. A sense of loyalty to the family and the continuity of the family business contribute

		to long-term strategic results. This is a good motivation for future generations to live without being poor.
7	Competitive advantages of a family business with an indirect impact on poverty reduction	<ol style="list-style-type: none"> 1. Convenient, compact in management, small-scale production, simple and strict management hierarchy provide maximum flexibility, the ability to quickly respond to market needs. 2. The possibility of combining entrepreneurial activity with housework and raising children, involving children, elderly family members, and the disabled in production activities. <p>Saving labor costs: the ability of family members to work at any time of the day, regardless of salary; active mutual substitution; willingness to survive periods of crisis together, to work harder even with less income in order to save the business</p>

Thus, the above advantages justify the fact that the development of family entrepreneurship is the main direction of reducing poverty in the region. The efficiency and return of investment funds aimed at developing business and employment to ensure economic growth [18] of the region is much higher when investing in a family form of entrepreneurship, since the reputation of the family and the future of children lie behind the business. These characteristics, as well as national factors, suggest that the use of a family business model is important for reducing poverty in the region.

In our opinion, the main factors in the development of family entrepreneurship in the region from the point of view of reducing regional poverty are the improvement of the regulatory framework in the field of family entrepreneurship; generation and promotion of business ideas specific to family entrepreneurship; development of infrastructures involved in training entrepreneurial and professional skills of the low- income population, providing raw materials for production, as well as organizing a market for finished products; expanding the introduction of innovative ideas in small family businesses; improving the mechanism for financing family businesses; introduction of a system of incentives for family entrepreneurship through taxes, preferential loans and other incentives.

The interactions of the family system, property and business, as well as the "government/society" system in the process of formation, development and management of family businesses affect the areas of environmental, social and moral problems and, most importantly, poverty problems. We propose a model based on the study of economic and managerial relations between the "government/society" system and the family business system from the point of view of poverty reduction (Fig. 3).

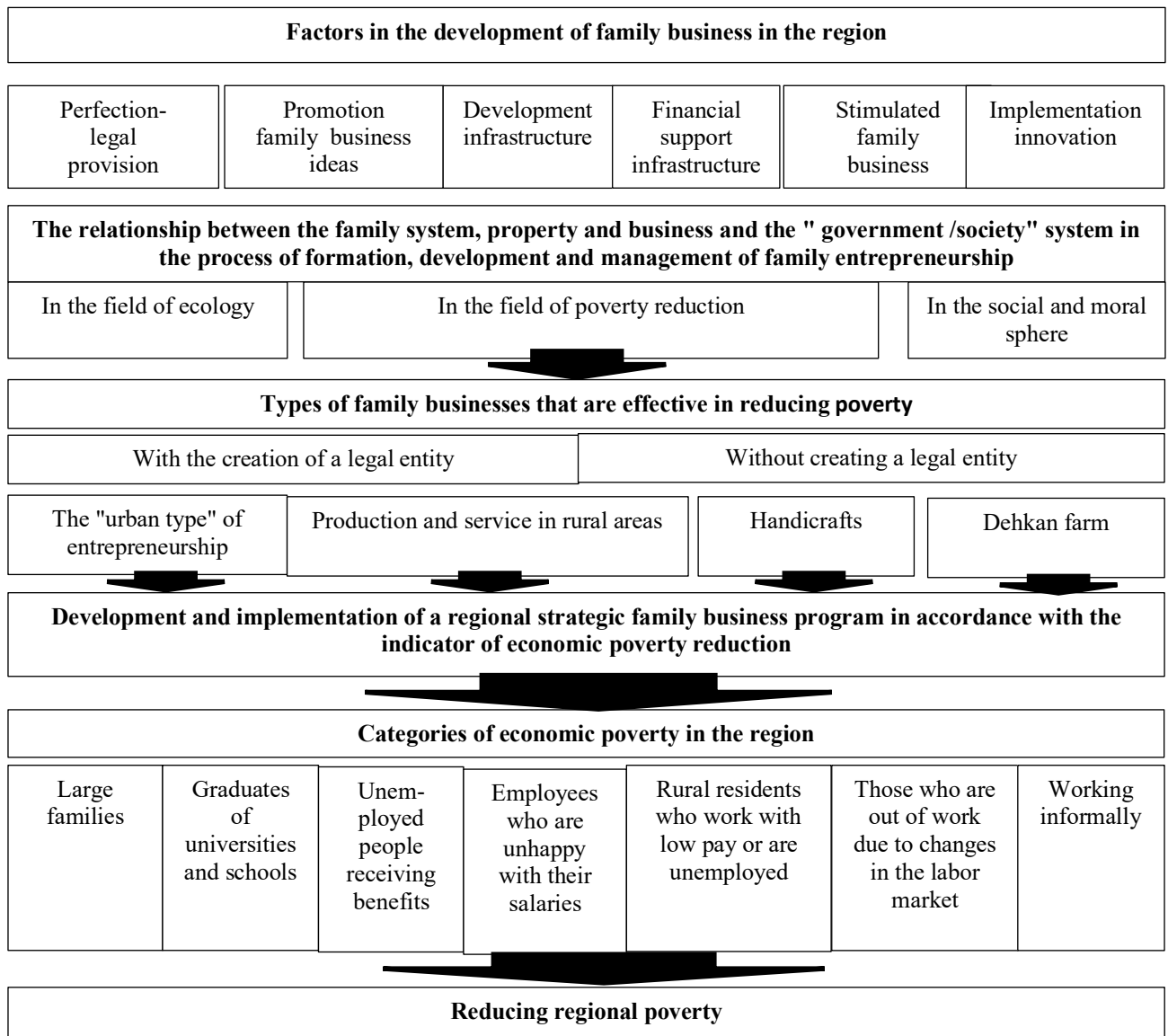


Figure 3. Model of poverty reduction through family development entrepreneurship in the regions

Conclusions and offers

In the following works, we will describe the results of studies aimed at determining the value of a certain indicator of overcoming economic poverty, consisting of the amount required to participate in the appropriate form of family business in the region, allowing to remove the family from the category of economic poverty. Based on the use of this indicator, a strategic program for the development of family businesses will be developed with the aim of reducing poverty in the region.

This approach ensures a targeted preparation of a regional strategic program addressed to each category of the economic poverty profile.

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