



THE ECONOMIC SUBSTANCE OF RISK IN ENTREPRENEURIAL ACTIVITY

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ABSTRACT

In this article, the author discusses the economic nature of risk in entrepreneurial activity. In particular, the views of foreign scientists on risks, issues of improving the risk management system during the development of entrepreneurial structures in the country and the growing interest of government bodies, firms and organizations, households and their members in entrepreneurship in the system of financial and economic relations.

KEYWORDS: *economy, entrepreneurship, business, organization, households, risk.*

INTRODUCTION

In the context of deepening economic reforms, the effective functioning of entrepreneurial structures and the provision of active entrepreneurship require effective management of risks in the process of their development. This will allow fully and effectively addressing issues of sustainable economic development, increasing the efficiency and macroeconomic balance of Uzbekistan, increasing the sustainability of entrepreneurship development, implementing an active investment policy for strategic projects, and further improving the welfare of the population. This requires, first of all, a deep and thorough understanding of the content of the risk management system in the development of entrepreneurial structures in the Republic of Uzbekistan.

In the "Concept of socio-economic development of the Republic of Uzbekistan until 2030", developed on the basis of Decree of the President of the Republic of Uzbekistan dated January 8, 2019 No. 5614, special attention is paid to ensuring the appropriate role and importance of the development of entrepreneurship in the economy.

It is known that great attention is paid to creating a favorable and attractive investment climate, developing fair competition and stimulating the rapid development of private entrepreneurship. This approach is primarily explained by the priority

of rapid development of the private sector in the economy of the Republic.

Thanks to the measures taken over the past 5 years, Uzbekistan has risen from 146th to 76th place among 190 countries in the ranking of the World Bank and the International Finance Corporation "Doing Business". Today, more than 90 percent of all businesses are small businesses. The main goal of small business development is to expand the share of the private sector in the country's economy, increase self-employment of the population, especially youth, as well as increase business income up to 70% of the total income structure of the population. In comparison with 2018, it is planned to double the turnover of small enterprises, primarily due to the legalization of their activities, as well as increasing labor productivity in this sector by at least 7%.

It should be noted that the measures taken will help to further strengthen entrepreneurship, diversify the economy, increase the share of private property in it, attract investment for modernization and technological renewal of production.

As a result, in 2030 the share of small business in GDP will increase to 70.1% (59.4% in 2018), industry to 54.3% (34.7%), investment to 52.3% (34.9%), exports to 45.2% (26.5%) [1].

Based on the advanced and rich experience accumulated in world practice, it can be said that the improvement of the risk management system during



the development of entrepreneurial structures in the country creates the basis for increasing the speed and efficiency of money circulation in the economy, as well as increasing interest in entrepreneurship in the system of financial and economic relations on the part of government bodies, firms and organizations, households and their members. Improving the system of employment of the population, including the able-bodied population, new professions for our economy, training in new specialties and training of the employed population is also directly related to the development of entrepreneurship.

RESEARCH METHODS AND MATERIALS

The first views on the theoretical aspects of risk management in the development of entrepreneurship in the economic literature are contained in studies conducted by V. Pareto, P. Samuelson, J. Keynes, P. Heine {2}.

To explore the defining role of entrepreneurship as a basic process in the modern management system, Arnaut M.N., Golubyatnikova Yu.Yu., de Tokvil A., Kirtsner I., Kostromin V.I., Krimpli M., Lavrenchuk E.N., Obuxov A.A., Scott B., Smith A., Kharlamova T.L., Croatian P., Shumpeter Y. and the works of others were significant.

The analysis of the influence of risks on the characteristics of entrepreneurial activity and new threats to the competitiveness of an enterprise is considered in the works of Badalov A.G., Bek U., Vorobiev S.N., Dolgodush A.I., Eliseev M.A., Zubov L.V., Iod E.V., Liu C., Knight F.Kh., Pokrovsky A.M., Falin G.I., Shvets S.K., Yuldashev R.T.

Mechanisms and effective tools for improving the entrepreneurial risk management process were investigated in the works of Baldin K.V., Bezdenezhny V.M., Bernstein P., Brega G.V., Volkova M.V., Zabiroya L.M., Zaripov R.Ya., Kostin R.S., Makhyanova M.A., Nekrylova N.V. et al.

General patterns of development of forms of entrepreneurship, including the study of risks in their activities carried out by Uzbek economists Yuldashev KH, Muftaydinov KH, Vakhobov AV {3}, Tashmatov Sh.A., Khaydarov NH, Vakhobov A.V., Olmasov A.U., Tadjibaeva D.A. They cover important aspects of the organization, support and effective management of entrepreneurial activities, the identification and classification of risks in their activities. However, it should be noted that in the process of developing entrepreneurial structures in Uzbekistan, characterized by ongoing radical reforms, an insufficient study of the regional characteristics of the risk management system, the

theoretical foundations of increasing its effectiveness, existing problems and solutions was carried out.

RESEARCH RESULTS AND THEIR DISCUSSION

It is known that ensuring the rapid development of entrepreneurship in the Republic of Uzbekistan, strengthening the protection of private property and its inviolability, eliminating bureaucratic barriers to the development of entrepreneurial activity, improving the investment and business environment in the country, providing greater freedom for entrepreneurship, drastically reducing government interference in their activities, preventing crime is an important priority of state policy in the field of further development of entrepreneurial activity and a priority task of state bodies. For this reason, there is a great need for research on ways to improve the risk management system in the development of business structures.

Therefore, the article is devoted to the substantiation of the process of risk management in entrepreneurship and the aspects that determine the need for its improvement.

To this end, the following issues will be considered in this part of the case:

- The economic nature of risk in entrepreneurship;
- Development of risk management functions in the modern entrepreneurship;
- management of entrepreneurial structures in the conditions of instability and risks.

Improving the risk management system in the process of entrepreneurship development is one of the most important and therefore the most pressing issues of economic development and one of the most pressing issues that attracts the attention of many researchers.

In order to highlight the process of risk management in entrepreneurship and the need to improve it, we need to follow a certain logical sequence: first, the essence of entrepreneurship and business concepts are scientifically explained, then, within the framework of the current legislation, the features of the existing business structures in our country will be revealed and finally, a scientific and methodological interpretation of the necessary elements of the concept of the process of their management, based on the theoretical interpretation of the risks arising in the development of business structures and the rules of economic systematization, the author's new approach to the socio-economic content of risks in business will be justified.

In general, the concepts of "entrepreneurship" and "business" are almost indistinguishable in economic terms. More precisely, in other words, 'business' is broader than the concept



of 'entrepreneurship', the latter being part of the former.

The word "business" is an English word that means entrepreneurial activity, or in other words, entrepreneurial activity aimed at benefiting people. [4] There are many types of business definitions in the foreign literature. The whole history of the development of human society has always been associated with business in one way or another.

The word businessman first appeared in the English economy in the 18th century, meaning "property owner." In particular, Adam Smith describes an entrepreneur as a property owner who takes economic risks in order to implement a commercial idea in order to make a profit [5].

In the field of economic theory, the concept of "entrepreneurship" appeared in the XVIII century and is often understood in the same way as the term "property owner". In particular, A. Smith characterizes an entrepreneurship as a risk-taking owner with the aim of implementing a commercial idea for profit.

D.B. Sey describes entrepreneurship more broadly. According to him, an entrepreneur is an economic agent who works to combine the factors of production in order to get the most products [6].

An important contribution to the theory of entrepreneurship is made by the Austrian economist J. Schumpeter. In his 1912 book, *The Theory of Economic Development*, he describes the entrepreneur as a person who implements new combinations of the use of factors of production and thus ensures economic development [7].

One of the important features of a small business is direct ownership of its business, property. It is precisely the intrinsic interdependence of property and control, the unity of the owner and the manager who can assume full responsibility and accountability for the risk. In order to fully reveal the socio-economic nature of small business, it is necessary to focus on its advantages, while remaining different from other economic entities.

The American economist R. Stewart points out the following as characteristics of small business [8]: small business is the starting point of production for the creation of many new products or services; small business will be well adapted to meet local needs; small business offers a variety of services that are important for the consumer to know personally.

According to economist L. Gurov [9], small business has the following advantages: it predominantly determines the rate of economic growth, promotes the efficient allocation of material, financial and human resources, creates jobs, It costs much less than large enterprises to create new jobs.

According to one of the economists of our country, academician S. Gulyamov, small business and

entrepreneurship can survive in any conditions: in times of economic depression, inflation, high interest rates, uncertain future without the necessary infrastructure, no matter how high the risk [10]. Also, Professor A. Ulmasov noted that "Small business is intended for the practical turnover of material and monetary (capital) of people (property) entities, to earn income" [11]. Y. Abdullaev described entrepreneurship as an entrepreneurial activity aimed at obtaining income (profit) in accordance with the legislation, carried out by legal entities and individuals through the production of products at their own risk [12].

CONCLUSION

In conclusion, theoretical economists have given full details to entrepreneurship and viewed it as a socio-economic reality that includes psychological aspects.

Thus, at different times, researchers have given different definitions to an entrepreneur: An entrepreneur is an innovator who develops new technology, new production, and new service work; a strong person, acting in a risky environment; an entity that makes the most of any opportunity; an entrepreneur, a business person, a person who forms a socio-economic mechanism.

In our opinion, the results of the activities of an entrepreneur and a businessman are completed differently. If the entrepreneur receives business income at the expense of his ability, the businessman will benefit from the capital spent.

Thus, as a general conclusion, we can note that the essence of small business is manifested through a number of its features: rapid flexibility based on market conditions; prevention of unemployment by creating new jobs; operate in economically inefficient areas for large businesses; to preserve national traditions and pass them on to future generations, and so on.

In everyday economic practice, the most common shortcomings in the activities of small businesses are: lack of material basis for investment; instability in activity; frequent bankruptcies, etc.

It is characteristic that there is no single criterion for the definition of direct small business entities. In our case, the number of employees is the basis, and as an additional criterion, the size of the authorized capital, the volume of sales of products (services, works), annual income, property should be taken into account.



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