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# The conception of entrepreneurship and its theoretical and practical significance

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## Abstract

The article analyzes the essence of entrepreneurship, the theoretical and practical importance of studying its social affect, creating opportunities to develop entrepreneurship and family business, and also, about the unique properties of the field of entrepreneurship.

**Key words :** *Entrepreneurship, economic rules, initiative, risk management, business, regularity.*

Entrepreneurship has become one of the essential field of social and economic interaction at present. At the same time, entrepreneurship has specific characteristics peculiar to each and every nation and country. The presence and the role of entrepreneurship is increasing in the reforms of our country as well as the theoretical and practical significance of studying its social productivity. Due this factor, entrepreneurship has huge importance in implementing the reformations in the country.

The former president of our country, Islam Karimov emphasized the vitality of improving legal foundation of the formation of family business in one of his speeches called: „Deepening democratic reforms in our country and the conception of development of civil society” which he talked in the united meeting of Palaces of „Oliy Majlis”, on November 12, 2010. [1]

This matter was applied to the social life in the Western economy a long time ago. For instance, the term „Entrepreneurship” was initially used in West by the French economist T. Kantilion at the beginning of 18<sup>th</sup> century. He pictured an entrepreneur as a tradesman, a farmer, and a craftsman [2].

This term: „Tadbirkor” or „Entrepreneur” has been in usage for at least a thousand years in Uzbek language by now. The word „Tadbirkor” was originally derived from the Arabic language, called "tadbir,," [3] The meaning of this word is „to manage”, „to lead”, or „instruction” in Arabic language. After the Persian suffix „kor” had been added to the word, the word „Tadbirkor” came into usage. This is the etymology or the derivation of the so-called word. However, the current understanding of the word has expanded a lot.

One of the great Western theorists of entrepreneurship, the laureate of Nobel prize in the field of economics is Khayyek. He describes that an entrepreneur is someone who seeks for new economic opportunities. According to this idea, as entrepreneurship is the property of characteristics, any person who deals with an economic research can be called an entrepreneur.

According to the idea of L. Lizes, the representative of Neoaustria school of economy, a producer who is striving to get maximum profit and the demand of customers are not the only factors to build and organize a market place. In order for a market system to have a dynamic property, entrepreneurship is vital.

American economist, K. Kirtsner, believes that the most essential role of entrepreneurs is about providing the stability of economic system. As he points out the personal qualities of entrepreneurs, he considers that they are able to see the opportunities what ordinary people cannot see.

Another American economist, P. Drucker, wrote that „...economists do not interpret why entrepreneurship came into existence, and especially, dramatic development of entrepreneurship at the end of 19<sup>th</sup> century, and they do not explain why entrepreneurship is tremendously improving in some

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countries, but in some countries it is not.”

While market interactions have objective properties, entrepreneurship excepts objective economic principles and functions with subjective, social and psychological properties. Such property is explained with the priority of intellectual elements in the component of entrepreneurship. As entrepreneurship unites both: objective and subjective properties, and this matter is multi-level, to study the field in relation to other subjects is optimal. Although there are certain theories of entrepreneurship in the theory of economics, other subjects, including philosophy, sociology, and psychology, did not develop such concrete systems and approaches.

Even if there are certain approaches and theories to understand and apply entrepreneurship, they cannot interpret the procedure thoroughly. As it has been mentioned that entrepreneurship concerns social, and psychological properties, and mastering them is not the matter of the theory of economics.

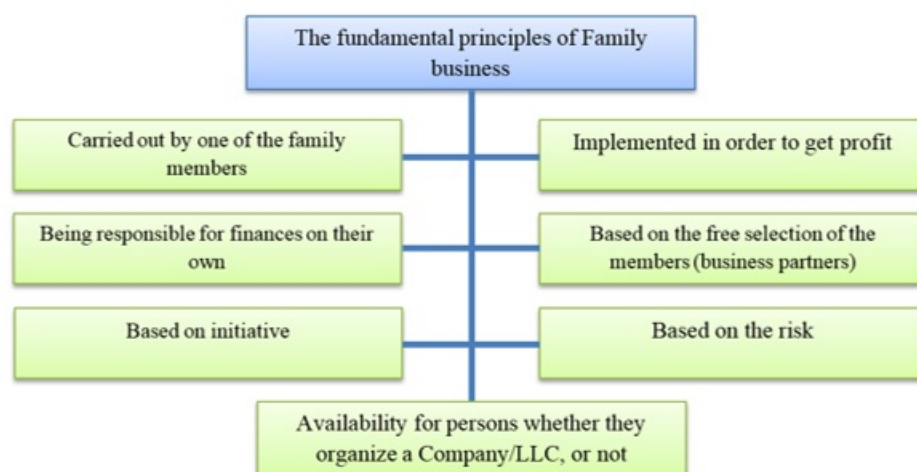
Family business is a type of entrepreneurship, in which a person can succeed, gain profit and abundance provided he works hard with personal initiative and persistence. When talking about family business, some foreign experts, stated that it is either managed by a husband or a wife. However, we think that emphasizing the manager of the company, is not that urgent. As it can be managed by any other members of the family, including son or a daughter, or even by a grandfather or a grandmother. The Russian term: „предпринимательство” together with the English term „entrepreneurship” have in common with the translation of the aforementioned notes. However, Uzbek definition for this word does not always mean to gain profit and to take risks. For example, a clerk who is working for a government company, found an easier way, more convenient method of implementing an operation. That person is also called a „tadbirkor”, or an entrepreneur. Companies do not always get profit by the invention of so-called people. The inventor or someone who offers an idea often gets no profit. Besides, those who are capable to figure out easy and efficient ways to do basic household works are also called „tadbirkor”. Let’s take a person, for example, discovered an ideal place to mount his shelf which occupied smaller area, or he built it. He did not take any risk to do this work, and he did not take any responsibility for it. They are called „tadbirkor” anyway. Thus, we consider that we should distinguish between a household business and a company business.

The term „Business” is explained as any activity, directed to bring in profit for people who deal with it. This matter also needs a clarification. For instance, a person who bought a car needs to sell the car after a year as he needs money for his expenditures. Due to the increase of automobile prices in the market, he managed to sell his car for higher than its original price. He got some profit. But can we call him a businessman? We think it would not be the best term. Let us take another example, a traveler who visited a country and purchased a suit. After some time, he came back to his hometown, he had to sell the suit for some reason. As suits of that fashion was in deficit, and was in high demand in his town, he sold the suit for a bit more expensive. Did he become a businessman? No, he did not. We reckon that the term „Business” stands for a disciplined and consistent attempt planned to get profit. Therefore, when giving the definition for this term, it would be appropriate to add the word „regular”, or „consistent”.

The conception of “family business” became one of the most-used concepts in Uzbekistan and around the world. This happened because of several reasons. Initially, family business is considered as the type of business in the economy, which spread widely around the globe. Taking into consideration the economic and the social efficiency, much attention is being paid to the development of this kind of employment in our country.

As a practical implementation of legal initiatives forwarded in the conception noted by our first and former president on November, 2010, a law was adopted and was informed „About family business” of the Republic of Uzbekistan, in the 26<sup>th</sup> of April, 2012. In the 3<sup>rd</sup> article of the so-called law, it is mentioned that

„Family business is an initiative activity which is carried out by one of the members of the family with his responsibility seeking for profit.” According to this act, the following can be demonstrated as fundamental principles of family business:



**Figure 1. The fundamental principles of Family business in Uzbekistan. [4]**

According to the legislation, if the business is organized in the form of a company, then it is treated as „Family company”. It is named as „Family company” in the law, and its main content and categories are indicated. That is to say, Family company is a small business subject, which is organized voluntarily by the members of the family, in order to produce and sell the products (implementing the procedures, services), based on the total shared asset of the family members, as well as each member’s personal assets. The activity of the Family company is based on the effort of its members. Family company is one of the legal and organizational forms of business subjects.

Along with the aforementioned tasks regarding the field, and based on the analysis of practical matters in the field, in order to create convenient atmosphere and conditions for intensive and broad development of Family business in several spheres of economy, taking into consideration its unique properties of the field, a specific law was adopted concerning „Family business”.

The newly adopted decree of the president of the Republic of Uzbekistan on May, 5, 2017, „About additional measures to provide intensive development of entrepreneurship, a complete protection of personal assets, and improving business environment in terms of quality” is firstly directed to further legal protection of personal assets, to create comfortable conditions for small business and personal businesses, and to provide thorough support, and to improve investment attractiveness, and this proves that state politics is on the verge of moving a step forward in terms of quality.

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