

# Theoretical Basis of Assessing the Impact of Entrepreneurial Activity in Increasing Population Welfare

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## **Abstract**

**The article examines the specific features of using the activities of small business entities in improving the well-being of the population, and how their full consideration will ultimately have a significant impact on increasing the level of well-being of the population.**

**Keywords: Well-being of the population, business entities, business activity, standard of living, improvement.**

## **Introduction**

The experience of developed countries shows that the state's socio-economic policy is focused on improving the well-being and standard of living of the population. The theories that have been formed to date generally put forward the idea that the development of entrepreneurship allows for an increase in the level of well-being of the population. Accordingly, in most countries, attention is paid to creating favorable conditions and opportunities for entrepreneurial activity, its comprehensive support and encouragement. However, some studies show that the expansion of entrepreneurial activity in a country and the resulting increase in economic growth do not always lead to a corresponding increase in the well-being of the population. In particular, “the correlation between GDP and the dynamics of real disposable income of the population, calculated for the last ten years, was 0.90 in Greece, 0.87 in Iceland, 0.85 in South Africa, 0.78 in Portugal, and 0.46 in the European Union countries”. This reinforces the need for the practice of ensuring that the development of entrepreneurial activity is inextricably linked with the growth of the level of well-being of the population.

Leading scientific centers and experts around the world are conducting a lot of scientific research on the impact of entrepreneurial activity on the well-being of the population. In particular, research is being carried out in such areas as the development of innovative forms of entrepreneurial activity, the strengthening of the social function of entrepreneurship, the impact of the expansion of social entrepreneurship on the well-being of the population, changes in the content of the concept of well-being of the population, multi-factor approaches to assessing the level of well-

being of the population, and increasing well-being through the development of driver sectors and industries of the economy.

The ultimate goal of the ongoing fundamental reforms in Uzbekistan is to realize the interests of people, to satisfy their needs to a high level, and to create all the necessary conditions for their full use. Accordingly, the measures being taken today in the socio-economic areas create an opportunity to further increase the well-being of the population. Having thoroughly analyzed the complex processes on a global scale and the results of the development of our country, in recent years, priority areas of reforms have been identified based on the principle of “For the sake of human dignity” to further increase the well-being of our people, transform economic sectors and rapidly develop entrepreneurship, unconditionally ensure human rights and interests, and form an active civil society. Among the many factors affecting the well-being of the population, the development of leading sectors of the economy and the full and effective use of their economic potential play an important role. The well-being of the population is also expressed in the level of income received by them, the possibilities of satisfying their needs for vital goods, working conditions and their characteristics, the ratio of working hours and free time, housing conditions and their cost, and the provision of various types of household and other services. Accordingly, the fact that the level of well-being of the population, its sources and structural structure form the basis of socio-economic development, and there is a constant need to improve it, requires the systematic conduct of research aimed at studying the theoretical aspects of this process and the creation of new scientifically based directions that ensure its development, which indicates that the topic of this research work is of urgent scientific and practical importance.

By the 1930s, the concept of “welfare state” began to take shape. In the works of P. Titmus, E. Hansen, G. Myrdal, P. Samuelson, S. Leyden, D. Neil, J. Galbraith and others, socially provided and financed services are included in the social welfare system only when the private market cannot provide them. The welfare state model includes a set of institutions involved in the implementation of interventions in social and economic life to ensure full employment, high incomes and stable prices, as well as social assistance programs for disadvantaged groups of the population. In a general sense, state welfare is a policy system in which the responsibility of the state for the well-being of citizens is extended to the responsibility of society, and its goal is to provide legal, political, and social rights to all members of society through a fair distribution of income. “In the next decade, foreign theories will consider the problem of well-being from two main perspectives.

The first aspect is to supplement the concept of “individual well-being” from the point of view of “quality of life” criteria (consumption, leisure, environmental change, health and education factors, life security, participation in management, sense of purpose, income level, etc.), which in different countries range from 5 to 35.

The second aspect is to study the mechanisms of implementing well-being in such a way that it eliminates the abstract concept of a “competitive market” and tries to take into account the real structural structure of socio-economic relations”<sup>3</sup>. Nobel Prize laureate J. Buchanan believes that it should proceed from the attempts of individuals to realize their interests through organized groups, and these groups, through the state apparatus, through the rest of society.

Existing theories of well-being indicate the following as reasons explaining the achieved level of social well-being: favorable geographical location, favorable climatic conditions, availability of

natural resources, population size, human capital, scientific and technological progress, level of economic development, participation in the system of international economic relations, etc.

Each of the theories of well-being, although interesting in its own way, has not been able to clearly demonstrate its perfection. Indeed, the well-being of the population is formed under the influence of many factors of different nature, characteristics and degree of influence. These factors affect the production, distribution, exchange and consumption of vital goods, determine the state of the natural and social environment that ensures the satisfaction of human needs.

As V. Sombart noted: “Without the entrepreneur, nothing happens.... All other factors of production - labor and capital - depend on the entrepreneur, and in return for his creative activity, the desire for life arises.” Without entrepreneurial activity, a market economy cannot function or develop.

The other, moving in the opposite direction, represents the influence of national wealth and the level of human development on entrepreneurial activity in society and its economic development. In each case, there are strong links, but in none of them are these links considered to be perfect or very effective. Although the connection between national wealth and entrepreneurship is not always direct and equally strong, they represent significantly interconnected categories.

The dynamics of indicators reflecting changes in the level of well-being of the population in our country are presented in the values by region (Table 1). At the next stage, the growth rates of changes in well-being indicators per capita by region compared to the previous year are determined. Since these growth rates have undergone sharp fluctuations during the analysis period (2017–2024) and the possibility of drawing a holistic conclusion about this process is limited, it is considered appropriate to calculate their average value over the years of the analysis period. In the table below, we consider the average growth rates for the 11 indicators selected above for 2017–2024 compared to the previous year (Table 1).

Table 1. Average growth rates of indicators representing the well-being of the population compared to the previous year (2017–2024), percent

| Hudud                         | CHTA  | UM    | KM    | SQT   | GT     | AX    | UJF   | UJ    | YaTU  | K     | UJO'  |
|-------------------------------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|
| O'zbekiston Respublikasi      | 120,7 | 116,2 | 94,4  | 116,2 | 88,7   | 114,4 | 101,0 | 100,3 | 101,5 | 99,5  | 99,2  |
| Qoraqalpog'iston Respublikasi | 121,7 | 138,8 | 117,7 | 133,1 | 219,3  | 104,6 | 100,5 | 103,6 | 105,4 | 107,2 | 99,1  |
| Andijon                       | 119,5 | 120,8 | 93,4  | 142,0 | 80,8   | 105,9 | 100,3 | 111,0 | 109,6 | 108,6 | 98,4  |
| Buxoro                        | 120,3 | 102,5 | 112,5 | 365,6 | 136,4  | 108,6 | 103,7 | 110,7 | 115,9 | 104,4 | 102,2 |
| Jizzax                        | 123,2 | 144,1 | 85,4  | 108,6 | 109,6  | 106,3 | 100,5 | 98,7  | 97,3  | 103,8 | 98,6  |
| Qashqadaryo                   | 119,5 | 112,4 | 117,0 | 462,0 | 24,3   | 107,1 | 102,5 | 98,2  | 102,4 | 100,2 | 100,5 |
| Navoiy                        | 119,3 | 122,7 | 141,4 | 132,1 | 1,0    | 107,7 | 102,4 | 101,3 | 106,8 | 99,5  | 100,6 |
| Namangan                      | 124,5 | 151,8 | 114,3 | 122,3 | 103,7  | 108,5 | 103,0 | 105,5 | 106,2 | 99,2  | 101,0 |
| Samarqand                     | 120,2 | 97,2  | 129,8 | 105,9 | 102,1  | 108,8 | 101,1 | 88,9  | 91,3  | 98,2  | 99,2  |
| Surxondaryo                   | 118,9 | 168,6 | 79,4  | 183,6 | 20,0   | 103,9 | 99,7  | 99,0  | 101,2 | 94,1  | 97,6  |
| Sirdaryo                      | 121,6 | 163,2 | 141,9 | 152,0 | 21,2   | 103,7 | 99,8  | 117,8 | 103,5 | 124,0 | 99,5  |
| Toshkent                      | 120,7 | 117,3 | 142,7 | 144,2 | 2268,4 | 119,0 | 101,1 | 106,0 | 107,1 | 97,8  | 99,9  |
| Farg'ona                      | 119,7 | 109,8 | 126,1 | 98,6  | 109,5  | 108,7 | 99,6  | 99,3  | 102,2 | 103,5 | 98,0  |
| Xorazm                        | 123,9 | 150,0 | 110,4 | 181,2 | 58,8   | 112,6 | 101,0 | 93,6  | 96,3  | 94,2  | 99,3  |
| Toshkent sh.                  | 121,4 | 187,6 | 209,9 | 237,2 | 55,3   | 124,0 | 101,5 | 105,0 | 92,8  | 112,9 | 99,5  |

The table shows that only 2 indicators, namely the total volume of retail trade turnover (TTR) and revenue from the provision of communication services to the population (TR), had an average growth rate of regions compared to the previous year above 100 percent. For the remaining indicators, fluctuations were observed in these values due to periodic decreases. Also, in some cases, deviations from the norm were observed in the values of this indicator. For example, in Navoi region, the value of gas networks (GT) commissioned due to new construction and reconstruction was equal to 0 in some years, and in order to prevent the product from becoming equal to 0 based on the evaluation method, a coefficient of 1 was used. In Tashkent region, on the contrary, the indicator had a very low value in previous years, and in subsequent years it increased sharply, reaching 2268.4 percent. However, in our opinion, the occurrence and impact of such exceptional cases on individual indicators can be minimized by determining the geometric mean value for all indicators.

It is appropriate to analyze the processes of using the opportunities to increase the income of the population and the level of employment in order to improve national well-being in Uzbekistan through the following indicators: increase in the average wage in the economy and growth in real income per capita; increase in the monetary income of the population; level of stratification of the monetary income of the population; increase in the share of the middle class of the population; Comparative analysis of the level of income stratification of the population (decile coefficient) in Uzbekistan and some countries. In the current conditions, the following problems inherent in many countries in the effective use of labor resources in connection with national well-being can be distinguished:

- 1) the inability to fully and qualitatively meet the needs of the national economy in labor resources;
- 2) the inability of the level of knowledge and skills of labor resources to meet modern requirements;
- 3) low labor productivity in some sectors and industries and, accordingly, low income levels;
- 4) lack of speed and sensitivity in the functioning of mechanisms that ensure the impact of conjunctural changes in the labor market on the current supply of labor resources.

In Uzbekistan, it is advisable to base the study on the analysis of the following indicators when studying the impact of a rational ratio of population consumption and savings on the level of national well-being: changes in consumer spending indicators of the population; changes in the volume of consumption of the most important food products per capita; qualitative changes in the composition of the population's consumption; the composition of the population's gross expenditures; consumption of basic food products per capita; consumption of basic light industrial products by the population per capita; provision of the population with durable goods per 100 households; purchasing power of the average monthly wage; growth of population savings, etc.

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