

## Poverty Alleviation through Entrepreneurship Development

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**Abstract:** According to scientific research on reducing poverty through entrepreneurship, the government plays the main role in this process. That is, while opening a wide path for entrepreneurship, it provides legal and financial support. In recent years, a large part of the population in countries with a rapidly developed economy has been provided with income through self-employment. As a result, the income of the employed population has increased. Also, if business entities are not supported by the government, there is a high probability that these processes will have a negative impact. That is why it is important how correct and accurate the reforms are.

**Keywords:** Economic problem, entrepreneurship, poverty reduction, indicator of poverty, ensure employment, income of the population.

Creating new jobs and ensuring employment is one of the most important economic problems for every country. Most developed countries solve this problem by supporting small business and entrepreneurship. It should not be forgotten that when developing business programs for the population, their national traditions and values should be taken into account. Because the ethnic population is engaged in production based on the knowledge gained over the years. Impoverishment of the population is mainly measured by the ability to purchase basic food products, social activity and minimum levels of living conditions. Also, this opinion mainly expresses how well the resources are distributed among the majority of the population<sup>1</sup>.

In fact, the expression of the poverty level of the population relies on long-term research, that is, for years, scientists have used several factors (health of the population, life expectancy, literacy, permanent employment, distribution of income, etc.) to measure the income level of the population. According to the studies carried out in the following 10 years, more attention was paid to the variable income and the legal activity of the low-income population in order to determine the poverty level of the population. According to Sen and his team, who conducted research on the level of poverty, "The main sign of poverty is the absence or lack of income." In our opinion, determining the level of poverty is an economic process related to maintaining the "simplest" way of life of the population. Accordingly, in order to reduce population poverty, it is necessary not only to eliminate material difficulties, but also to create a system of forming a normal way of life for the population.

Although entrepreneurship support is considered as a key solution to poverty reduction, it has the following inherent problems: firstly, entrepreneurship development creates new jobs, but it cannot fully solve social problems, such as , the possibility of worsening the environmental situation is also high. At the same time, the relationship between entrepreneurship development and poverty reduction has not been fully studied scientifically. Secondly, the role of natural resources in the income of the population is also great. Because most production forces are located in resource-rich areas. For this reason, the government should focus on the development of entrepreneurship in densely populated areas and creating favorable conditions for entrepreneurship. Thirdly, the traditions of the population formed over the years are also important; this aspect is observed more in developing countries.

In fact, increasing the income of the population through the development of entrepreneurship is an effective way to end poverty, and it is also important for economic development. Most developed

<sup>1</sup> Pearce, J. L. (2005). Organizational scholarship and the eradication of global poverty. *Academy of Management Journal*, 48(6), 970–972.

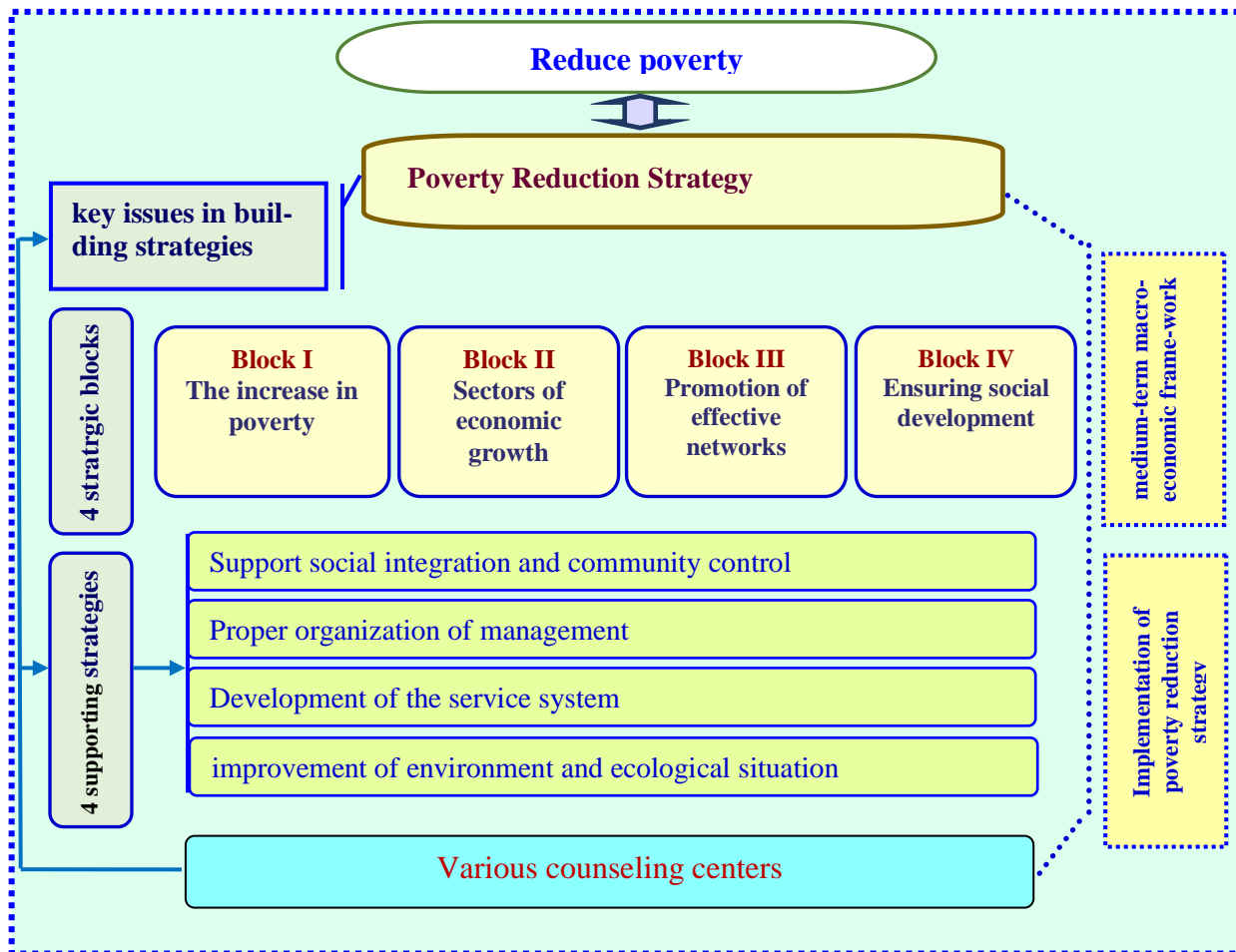
countries support scientific research to reduce poverty and make decisions on the development of entrepreneurship on this basis. This method was used in the Chinese experience and a good result was achieved. Theology conducted in China in the last decades of the 20th century was focused only on the development of entrepreneurship and, on this basis, the eradication of poverty. This method created the basis for China to become the world's largest exporter today. Accordingly, the government, in reducing poverty, should first of all be based on the laws of the market and reduce the intervention of the state in the economy and influence it only through economic mechanisms.

In fact, the first indicator of poverty is the income below the minimum level necessary to satisfy the most basic needs of a certain segment of the population. This minimum level is referred to as the "poverty level" in scientific literature. It should not be forgotten that the financial expenses related to the satisfaction of basic needs change over time (seasonally in our Republic). Accordingly, the poverty line varies over time and geographical location of the population. If we analyze on the scale of our Republic, living in the cities of Tashkent, Samarkand and Bukhara is significantly more expensive than other regions. That is, the incomes that determine the "Poverty Level" of the population of these regions are much higher.

Poverty causes not only economic but also social problems, for example, people with low incomes cannot afford to spend enough money to restore their health, and interest in science also decreases. departures can increase and pose a major threat to community development.

In general, we can cite two different factors for the sharp decrease in the population's income: the first one mainly includes natural disasters (draughts, earthquakes, typhoons). That is, as a result of natural disasters, the population becomes poor as a result of being separated from jobs, shelter, and the main source of income. In this case, the main role is played by the state, which carries out reforms to compensate for natural disaster damages and create new jobs, and the second factor is the negative effect of the reforms carried out by the state. That is, lack of development of industry, organization of production dependent on agriculture is one of the factors leading to poverty. We know that the production cycle in the agricultural sector only once or twice a year does not guarantee the annual income of the labor force.

In our opinion, poverty reduction is divided into 4 main blocks, and the criteria for increasing the population's income are determined accordingly. In fact, all blocks are designed to reduce poverty, guaranteeing future income for the population, as well as creating permanent jobs. It should not be forgotten that the most effective way to reduce poverty in any society is good governance. That is, the correct implementation of economic reforms, orientation to entrepreneurship, taking into account the mentality and long-term history of the population, will create a basis for lifting a large part of the population out of poverty. 1 picture.



**Figure 1. A strategic approach to poverty reduction.**

We can see from the picture that in order to reduce poverty, it is necessary to first analyze the factors that create the basis for the change, that is, the decrease in the sources of income of the population. That is, it is advisable to analyze factors such as the reduction of jobs, the growth of the population's expenses, the reduction of professional activities as a result of technological change, at least 4-5 years ago. It is also possible to create new jobs and ensure employment of the population by developing mechanisms for supporting relatively promising industries. In the 3rd block, it is possible to increase the income of the population by encouraging effective industries, expanding new places of employment. Also, increasing the employment of the population in the social sector, on the one hand, ensures the relative activity of the population, and on the other hand, it supports the business of the social sector.

There are basically 4 strategies to reduce poverty in society as a whole: the first is to support social integration and public control, which encourages the population's attitude to the bilateral processes. Because only a socially active person can freely engage in production. The second is the correct form of management, with a clear assessment of the results of the ongoing reforms, as well as the organization of management based on the laws of the market, it also creates the basis for a sharp increase in the income of the population. Third, in the development of entrepreneurship, it is necessary to create a foundation for the development of the service system along with production. Fourthly, it is desirable to encourage the actions of business entities aimed at improving the environment and ecological situation, that is, to widely introduce the public-private partnership system in improving the ecological situation.

According to researches, most countries provide microcredits to ensure employment of the population and also create new jobs and ensure the employment of the population. Also, the possibility of self-employment of a large part of the population will be created through the microfinance system. In the republic, in the course of the reforms carried out in the following years, a system of preferential lending was established in order to employ the population. As a result, in 2023, about 550 people were lifted out of poverty. Because a large part of the unemployed population was employed through the micro-credit system, while a part got new jobs through retraining.

Today, one of the biggest factors affecting the unemployment or the decrease in the income of the population is the violation of the market principle. Because the farmer did not have the opportunity to freely sell the products he grew, as well as because the microfinance system did not work in the production of products, he used illegal opportunities. This creates the basis for the reduction of the farmer's income and the reduction of the volume of production. Therefore, the government's microfinance system not only eliminates this problem, but also guarantees producers the freedom to operate in the market.

According to research, there are four main drivers of poverty reduction:

1. at the initial stage, actions aimed at increasing the interest of the population in engaging in business activities and ensuring their own employment are encouraged. In this, the population believes that they can start their own business, as well as their interest in earning additional income increases.
2. in the second stage, the requirements of more poor people will be studied and opportunities will be created for them to engage in entrepreneurship based on their interests and abilities. At the same time, opportunities for earning income will be created in rural areas through the development of real estates based on the geographical location and the values of the population.
3. in the third stage, relatively small production capacities can be based on family business, thereby increasing the income of the whole family. In this case, it is possible to increase the income of the family by placing small production devices in unemployed families and starting production based on certain requirements.
4. at this stage, entrepreneurial skills of the population are formed and interest in business requiring high capital is stimulated. Also, at this stage, the role of the government is focused on influencing market laws through economic mechanisms and encouraging entrepreneurship. At this stage, business entities that have created a relatively large number of jobs and are of great social importance are supported.

In conclusion, we can say that increasing the income of the population and reducing poverty is an urgent issue of today, and it is also the main link of economic development. One of the most effective ways to reduce poverty is to support entrepreneurship. From the analysis given above, we can say that the development of private business, on the one hand, creates the basis for the growth of the population's income, and on the other hand, it guarantees the stability of the state economy.

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