

The Role of Family Business in the Development of the Service Industry

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Abstract: This article is devoted to the consideration of the issues related to the disclosure of the social and economic concept of “family economy”, its development and conceptual ways to raise the welfare.

Keywords: family economy, household, housing (apartment) economy, family, family business.

Introduction. “Family” concept emerged from the earliest stages of human development. This concept is honored and respected at all stages of society development as the initial stage of community development. In this regard, the family and its various problems have been studied recently and are being studied to some extent.

Laws on the legal, philosophical, and moral aspects of the family have been developed, and books and booklets have been published. However, in our opinion, it is important to admit that its economic aspects and problems are not properly comprehended.

It should be noted that with the formation of the family, the issue of economic security was considered in equal terms with other aspects of the family, and in some cases, it was given a priority. In this regard, when it comes to the economic security of a family, each member has sufficient functions. Herewith the head of the family was empowered with a noble mission.

However, the economy of the family, with all its aspects and peculiarities, has been poorly understood both in past and nowadays. For example, the works “Principles of Economics” by Marshall, “Principles of Political Economy” by Mill, and “Wealth of the People” by Smith have not thoroughly considered the concept of the family economy (Vidyapin and Juravleva, 1995).

Taking this fact into consideration, in our opinion, solution of the problem of researching the economic and social nature of the family, economic relationships, and the family and economies related thereto, is currently considered a high-priority goal for scholars in economics.

Literature review. After Uzbekistan gained its independence, a number of new concepts, including such concepts as “family”, “family economy”, “household”, “housing (apartment) economy”, “family business” emerged in the economic structure of the country and were admitted as subjects of the microeconomics. However, in terms of economics, their content has not been thoroughly revealed with the account of all peculiarities and in reliance upon the differences available. Various literary sources provide different opinions on these concepts.

This definition complies with the current era of market relations, as the family is becoming an economic entity, not just a consumer. In this framework, the family is considered as a subgroup of a community united to meet social, economic and spiritual needs, rather than a combination of common people living together.

However, the definition of family as a subject of microeconomics is not adequately reflected in this definition. The terms of “family economy” and “household” are frequently applied. However, they are used as synonyms in many literary sources. It should be noted that some definite proposals have been formulated lately. To prove this statement we can give an example of Karimova’s opinion (1997). From the point of view of this economist: “Household is a subject of the economy, which consists of one leading an individual household independent or, more often, a group of people residing in one place and leading a common household. As a rule, such a group of persons is united by kinship or family ties”.

Karimova (1997) has found appropriate to separate household from family economy, and specifying the concept of family economy, she has mentioned, that family economy implies “a group of people living in one house (apartment)”, and “consists of only family members”.

There are also some inaccuracies in the author’s opinion. First, when describing a household, she has mentioned “people residing in one place”, then she also suggests that a household does not have to be a family member to show the difference between a household and a family economy. If it is not possible for the household members to live together, then the wording “people residing in one place” is not needed.

In our opinion, any definition of economic activity, especially family economy, should be based on its economic purpose. Any economic entity should have property, business activities and income from it and the right to own it. In describing the family economy, first of all, use the “family” definition is the most appropriate. However, if it is considered a family economy, it should have some family property, economic activity and family income. On the basis of this theoretical conclusion, a definition of a household is provided below.

From the point of view of Bulatov (2005): “A household is an economic agent that deals with household business, that is, consumption”. However, in part 2 of this book it is stated that “Microeconomics object is households, firms, industries, the market of goods and services, as well as the resources market”. It is obvious that the authors of this textbook have contradicting views on households and their role in the economy. If the household were only a consumer, it would not be a subject of the microeconomics. If it was considered as a subject of microeconomics, then the household should not be treated as just a consumer.

Professor Ulmasov (1998) directly equals the family with the household. Ulmasov supposes that: “From an economic point of view, the family is a household and is a key part of the microeconomic system. The rest of the group consists of firms, businesses and the economic sector”. From the definitions of the family and the household, we see that these are separate socioeconomic concepts.

Recently, the concept of housing (apartment) economy has emerged in line with the concepts of family economy and households. Akhmadjonov (2006) proposes to introduce the concept of housing (apartment) economy in reliance upon the possibility of for several families to live in one apartment.

Family business is a freely selected activity based on family property, with the participation of family members, and to some extent, aimed at receiving income and profit for the family.

This definition clearly states that in order to become a family-owned entrepreneur, property, activities, goals and activities must be freely chosen based on their own free will and ability. Thus, it is possible to

expand the theoretical conclusions on the improvement of the family economy and family business. The theoretical arguments presented above provide the basis for our conclusion.

First, the family has become a subject of microeconomics in the free economy based on market relations.

Second, the family has the right to own property, the production facilities, labor force and income (profit) as a result of activity as an economic entity. Social benefits may be provided on the basis of family business as well.

For example, if we consider a teacher - entrepreneur or a doctor - entrepreneur. They continuously develop and improve their skills through training and qualification upgrading. They think that it is better for people than for improving their professional skills. Such activities will continue to be financially and morally encouraged by community members.

Third, it is based on the fact that the concept of a household is wider than the concepts of family economy and housing (apartment) economy. It indicates that the hired labor could be involved and that the profits could be distributed to the hired worker according to their labour volume.

Fourth, family entrepreneurship is also a type of entrepreneurship that relies on family property and the labour force of family members.

Finally, the important conceptual directions for improving the welfare of families now are not only a way to raise salaries, but also to raise their income (profit) through the development of entrepreneurship of family members, utilizing property and efficiency of managing an economic entity.

Analysis and discussions. One of the essential aspects of improving the welfare of the family is solution of the theoretical issues. However, the economic literature has not yet developed a comprehensive definition of family welfare concept. Therefore, this problem is also one of the problems which require being resolved.

Studies have shown that settlement of the family economy business can solve many social and economic problems in our country. First of all, it will create a class of small business and private entrepreneurship, which is the basic driving force of market relations and which will enable to enrich the domestic market with consumer goods and services, as well as solve the urgent problem of unemployment through the creation of new jobs. However, family economy business does not develop by itself. In this regard it is necessary to develop it at the present level, to bring it to a higher level of competitive products (works, services). This requires researching the theoretical and practical issues of this problem and developing appropriate recommendations aimed at their improvement.

Currently the entrepreneurship of the family business is constantly developing in Uzbekistan. To ensure and accelerate its development, it is necessary to establish the relevant family business associations. Large-scale social and economic problems for the development, improvement and raising welfare of the family economy can be solved through these associations. In the future, it is necessary to solve the problems associated with the establishment of family business associations in our country. Working out development concepts of such non-government organizations is currently considered to be a priority issue.

It should be noted that the deepening and liberalization of economic reforms in Uzbekistan are modifying the content and essence of the income of the family economy. After all, Uzbekistan is pursuing a social policy that serves the interests of all members of society and all segments of the population. This, in turn, has necessitated study of structural transformations, as well as the development of efficient tools to support the lowincome population. However, a comprehensive research on this area hasn't been

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implemented yet. Therefore, one of the most urgent current problems is the development of ways to improve the welfare of the family through the reduction of a number of low income families.

The formation of market relations requires each family economy to take into account the income and its structural changes because property and income of the family economy, as mentioned above, on the one hand constitute a part of the national wealth of the state, and on the other hand, the object of taxation. In addition, the criteria for measuring family welfare, its low provision and wealth are based on these indicators.

Taking into account the impact of structural changes in income and expenditure on the household welfare, it is necessary to theoretically justify the differentiation of income and expenditure. It has been concluded that this problem should be investigated in the following areas: the difference between residents of cities with urban settlements and rural settlements; the difference between the income of families working in various fields; differences in the number of family members engaged in the household. The solution of these problems will be comprehensively considered in this research paper.

Liberalization of the economy, formation of market relations has led to a radical change in the essence of family income and related circumstances. These changes are reflected in the following factors: a new economic category - the category of labor force - has been introduced into our socio-economic life; the labor market has emerged with the account of the demand and supply; absolute and relative unemployment resulting from fluctuations in supply and demand for the labor force have been occurred; family members and population are gradually moving towards the principle of self-employment based on the development of entrepreneurship; new sources emerged in the family income - income from the use of property and entrepreneurial activity; while in the past only rent used to constitute income from the property, now such types of income as dividends, interest, investment yield income have appeared and are currently applied.

These circumstances, along with ensuring stability of the society, cause some problems. The core of these problems is differentiation of family income, the problem of unemployment and the emergence of low-income families. The main way of solving this problem, in our opinion, is, first of all, enhancing social activities of the population, as well as shifting to the principle of self-provision and provision of other persons with material values and benefits. The second aspect in this regard is introducing the mechanism for material incentives based on new advanced methods. However, these measures also require resolution at the national level, at the level of the government and the Legislative Chamber of the Olii Majlis.

The results of the research illustrate that one of the basic ways to raise family property and income is acquiring the income from the property use. With the account of this essential factor, we have developed the ways to enhance the property and income of the family by placing excessive property objects in the investments. It should be noted that this approach requires determining current and net values, as well as working out the methods of using discounted ratio. This issue still remains as a problem which must be solved.

At the present time, the ways to improve the efficiency of invested family resources should also be developed. These can include: prolongation of the project; increase (decrease) of the project's dividend rate; increase in cash flow. However, these issues have not been adequately studied regarding family economies.

During the transition to market relations, inflation level remains at the same level. Taking this into consideration, it is necessary to develop methodological aspects of the assessment and analysis of family property and income in terms of inflation. The total rate of return on investment is determined using the nominal and real rates of the family income,. This enables to determine the value of family investment,

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taking into account inflation for one year, and to determine its impact on the welfare of the family economy.

Formation of market relations requires a family business entrepreneur to be proficient not only in entrepreneurship, but also in economic matters. Comprehensive economic knowledge of the entrepreneur generates more income for the family and, the most significant, increases the wealth. More importantly, the the property volume increases with the property use. This will be the basis for the economic prosperity of the family economy, as well as the entire population and the state.

Thus, the well-being of the family increases with the application of a variety of ways and tools. This fact justifies the emergence of another economic pillar to ensure ultimate goal of Uzbekistan – to achieve a unique and prosperous development of our motherland.

Herewith we consider some ideas about family economy. This is because prosperity of the family economy and family economy business concepts are often treated as the same. In this regard, we would like to share our views without doing the theoretical analysis of ideas in economic literature. In reliance upon the concept of “business”, the family economy should be considered as a business that generates income (profit). If it is based on this theory, it is best to define it as follows. Family economy business is a type of commercial activity (primarily focused on making profit), characterized by its belonging to a particular family or several families, whose members are married to each other through dynastic marriages and other informal ties, are owners and beneficiaries of this business. The distribution of key positions and roles in the created business entities, profits and dividends received from their activities is also carried out within a family or group of families.

The importance of this process goes beyond just the issues discussed. Being engaged in the family economy or a household, doing family business lead not just to the increase of the welfare of teh family, but also provides population with more job places through creating new job places. The government, in turn, will raise its welfare due to the taxes collected. The products manufactured by family economies not only satisfy their own needs, but also fill the market with products (works, services). The most significant, its spiritual value is also very high as it releases the population from the spirit of dependency, provides and encourages initiative and motivation. This will eventually increase the proactivity of the society, the population, and accelerate the formation of democratic principles of market relations.

Currently in Uzbekistan the population of Uzbekistan accounts for 33,9 million people as of January 1, 2020. The average family member in the country constitutes 5,1 persons. According to our estimates, the number of families in our country is over 6,4 million. If at least one entrepreneur is raised out of each family, another 6,4 million additional work places will be created throughout the country. This is one of the key factors ensuring the diversification of the domestic consumer market. If each entrepreneur earns an average of 50 000 000, 00 UZS per year, this amount will constitute 320 million UZS for the prosperity of the Republic. On average 30 ous of this sum comes to the state (local) budget as taxes and other compulsory payments, which means, that our budget will be replenished by the additional amount of 96 million UZS.

It should be noted that that the top-target goal of reforms in our country is to create decent living conditions for our people and each family. This is, definitely, a very complicated and responsible task. To achieve this goal, it is not enough to implement just practical activities. It also requires a comprehensive study of this area and the development of scientifically sound recommendations for the welfare of every family.

Thus, it is obvious that the transformation of the family economy into a subject of microeconomics is not only economic, but also of significant social and spiritual importance, which can accelerate the formation

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of market relations in the country, as well as facilitate liberalization of the economy and modernization of the society.

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