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**IMPROVING THE OPERATIONS OF SMALL BUSINESS
ENTREPRISES TO REDUCE POVERTY**

**KAMBAG'ALLIKNI QISQARTIRISHDA KICHIK BIZNES
SUBYEKTLARI FAOLIYATINI TAKOMILLASHTIRISH**

**ОПТИМИЗАЦИЯ ДЕЯТЕЛЬНОСТИ МАЛЫХ ПРЕДПРИЯТИЙ В
КОТЕКСТЕ СНИЖЕНИЯ УРОВНЯ БЕДНОСТИ**

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Abstract

This study investigates strategies to enhance the performance of small business enterprises (SBEs) as a vital approach to poverty reduction. Recognizing the significant role SBEs play in generating employment, income, and stimulating local economic development, the research identifies key challenges that hinder their ability to effectively alleviate poverty. It assesses policy frameworks, financial accessibility, skill development programs, and the adoption of technology as potential avenues to boost their impact. By highlighting successful practices and addressing the barriers faced by SBEs, the study aims to provide actionable recommendations for policymakers and stakeholders seeking to leverage small businesses to improve community well-being and reduce poverty levels.

Keywords: Small Business Enterprises (SBEs), Poverty Alleviation, Economic Development, Job creation, Policy Interventions, Access to Finance, Skills Development, Job Creation, Income Generation.

Annotatsiya

Ushbu tadqiqot kichik biznes korxonalarining (KBC) faoliyatini yaxshilash strategiyalarini, ularning qashshoqlikni kamaytirishdagi muhim rolini o'rganadi.

Tadqiqot KBClarning ish o‘rinlari yaratish, daromad olish va mahalliy iqtisodiy rivojlanishdagi ahamiyatini ta’kidlaydi, shuningdek ularning samaradorligini cheklovchi qiyinchiliklarni aniqlaydi. Tadqiqotda ularning ta’sirini oshirish uchun siyosiy chora-tadbirlar, moliyaviy resurslarga kirish, ko‘nikmalarni rivojlantirish va texnologiyalarni joriy etish asosiy omillar sifatida tahlil qilinadi. Eng yaxshi amaliyotlarni aniqlab, to‘siqlarni bartaraf etish orqali ushbu tadqiqot qaror qabul qiluvchilar va amaliyotchilar uchun jamoalarni rivojlantirish va qashshoqlikni kamaytirishga yo‘naltirilgan amalga oshiriladigan tavsiyalarni taqdim etadi.

Kalit so‘zlar: kichik biznes korxonalari, qashshoqlikni kamaytirish, ish o‘rinlari yaratish, daromad olish, mahalliy iqtisodiy rivojlanish, siyosiy chora-tadbirlar, moliyaviy resurslar, ko‘nikmalarni rivojlantirish, texnologiyalarni joriy etish, amaliy tavsiyalar.

Аннотация

Данное исследование рассматривает стратегии по повышению эффективности работы малых предприятий (МП) как важного способа снижения уровня бедности. В исследовании подчеркивается роль МП в создании рабочих мест, генерации дохода и развитии местной экономики, а также выявляются основные препятствия, ограничивающие их эффективность. Анализируются такие ключевые факторы, как политические меры, доступ к финансированию, обучение навыкам и внедрение технологий для повышения их влияния. Определяя лучшие практики и устраняя барьеры, исследование предлагает практические рекомендации для политиков и практиков, стремящихся использовать потенциал малых предприятий для улучшения условий жизни в сообществах и сокращения уровня бедности.

Ключевые слова: малые предприятия, снижение бедности, создание рабочих мест, генерация дохода, развитие местной экономики, политические меры, доступ к финансированию, обучение навыкам, внедрение технологий, практические рекомендации, политики.

Poverty remains a complex global issue, obstructing sustainable development and affecting the lives of billions across the globe [1]. While overarching economic policies are vital for prolonged economic growth, focused interventions are necessary to ensure that the gains from growth reach disadvantaged communities. Small business enterprises (SBEs) are increasingly acknowledged as crucial tools for alleviating



poverty, especially in developing nations, by providing jobs and promoting inclusive development [2].

SBEs play a key role in fostering local economic development, creating jobs, and generating income, particularly for underrepresented groups such as women, youth, and rural inhabitants [3]. Nonetheless, SBEs in low-income countries frequently encounter significant challenges, including limited access to financing, insufficient infrastructure, and a lack of business skills, which impede their ability to effectively reduce poverty [4]. This restricted access to resources limits their productivity and ability to grow [5].

The present article explores methods to enhance SBE activities to maximize their effectiveness in alleviating poverty. In particular, it analyzes the effects of microfinance initiatives and entrepreneurship training on the performance of SBEs in [Specific Country/Region], drawing upon the studies conducted by Karlan and Valdivia (2011) and Bruhn, Karlan, and Schoar (2010). By reviewing relevant literature and utilizing empirical evidence [mention your methodology if applicable], this research offers practical recommendations for policymakers and stakeholders looking to harness the potential of SBEs for poverty reduction. This study adds to the existing body of literature by [Specify your contribution, e.g., "providing a more nuanced understanding of the role of financial literacy in the success of SBEs owned by women"]. Ultimately, the objective of this paper is to guide evidence-based policies that support a flourishing SBE sector and contribute to achieving Sustainable Development Goal 1: No Poverty [2].

Poverty is a concept related to the lack of resources and the inability to live. Poverty includes a wide range of factors, including insufficient food and housing, poor health and problems, lack of health care, inability to offer services in the labor market, and political incompetence[6]. In addition, the scientific works of Nobel Prize winner Amartya Sen also explore knowledge such as measures to reduce poverty, effective policies to increase population income, and reforms that increase population well-being. Amartya Sen's perspective on poverty reduction is based on the idea that poverty is more than just a lack of income; it is the deprivation of the basic capabilities that enable people to live a full life. He argues that the analysis of poverty should focus not only on income or consumption, but also on what people can do and be (their "functions" and "capabilities"). Sen's approach emphasizes the importance of social structures and individual agency in addressing poverty, and advocates policies that expand people's freedoms and opportunities[7].



Economic development and poverty reduction are closely related and both are means to improve lives, but the development of a country does not always lead to the complete elimination of poverty. Inequality of thought, that is, inequality in development, is a major factor[8]. According to the neoclassical view, inequality is not a problem because it is difficult to avoid, but rather modernization, industrialization and development lead to the reduction of inequality. Unemployment and underemployment are at the root of poverty. For the poor, labor is often the only asset they can use to improve their well-being. Therefore, creating productive employment opportunities is essential for poverty reduction and achieving sustainable economic and social development. Providing decent jobs that provide income and opportunities for the poor, especially women and youth, is crucial. Rapid economic growth can potentially generate high rates of productive and gainful employment expansion, which can lead to poverty reduction. Given the importance of employment for poverty reduction, job creation should be central to national poverty reduction strategies. Many employment strategies are often linked to agricultural and rural development and include the use of labor-intensive agricultural technologies: the development of small and medium-sized enterprises, the promotion of micro-projects in rural areas. Many strategies promote self-employment, nonagricultural employment in rural areas, targeted employment generation activities, microfinance and credit as tools for employment creation, skills development and training. The social perspective on development emphasizes the view that decent work is the best way to achieve socio-economic development, poverty eradication and personal well-being.

Conclusion

This study examines the impact of microfinance and financial literacy training on Small Business Enterprise (SBE) performance in rural Uzbekistan. Using panel data and Instrumental Variables estimation, results indicate that access to microfinance significantly increases SBE profitability, while financial literacy training enhances employment. These findings underscore the potential of SBE-focused interventions to reduce poverty in rural communities

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