

## THEORETICAL FOUNDATIONS OF LABOR RELATIONS IN THE FIELD OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

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### Annotation

The article theoretically illustrates the essence and content of labor relations in small business and private entrepreneurship as a result of the analysis.

**Keywords:** labor relations, employee, employer, economic relations mechanization, technical-technological relations.

At present, the growing role and place of small business and private entrepreneurship in the economy of our country requires a theoretical and practical study of the economic content of this sector, the factors affecting it in order to further develop it and make it a key sector in the national economy.

Small business is one of the leading sectors that determines, the basis of a market economy, economic growth rates, the composition and quality of gross national product, the level of employment and income of the population. The development of small business, the formation of a flexible mixed economy has a global character. Therefore, the first priority will be given to the comprehensive development of small business around the world.

Determining the direction of the analysis of small and private entrepreneurship is determined by two interrelated factors: first, small and private entrepreneurship is actively developing as an integral sector of the national economy of the country; second, entrepreneurial activity is a specific type of activity. In the world practice, small business entities are entrepreneurs with different organizational and legal forms. In this case, the concepts of "business" and "entrepreneurship" are often used interchangeably. However, there are some differences between them.

Entrepreneur is the main subject of market relations and economic activity. It is a multifaceted activity carried out in all sectors of the economy. The Australian economist J. Schumpeter equated

entrepreneurship with land, capital and labor in terms of its importance as an economic factor, concluding that "enterprise (Unternehmig) means the implementation of new combinations, as well as what these combinations are made of: factories and so on. Entrepreneurs (Unternehmer) are economic entities whose function is to implement the same combinations and appear as an active element of it".

American economist P. Drucker puts innovation in the first place in the definition of entrepreneurship. According to him, "Innovation is a special tool for entrepreneurs, which allows them to implement their plans in the field of business and services as a convenient opportunity ... The task of entrepreneurs task is to constantly look for sources of innovation that will allow them to succeed." By entrepreneurs, he meant individuals who had opened their own small businesses and "created, changed, and reorganized something that was different from some new existing ones" [4].

The views of K. McConnell and S. Brue on entrepreneurship are also noteworthy. They developed the ideas of J. Schumpeter, P. Drucker and a number of other economists and concluded that entrepreneurship is a special type of business that combines land, capital and labor resources to produce goods and services and make key decisions related to enterprise activities. Naturally, an entrepreneur is an innovator who offers new goods and services to consumers, and at the same time he takes the risk by spending his own money and using his business potential

The winner of the Nobel Prize in 1974, the British economist F. Hayek, also showed that the driving force of entrepreneur's activity is the search for a way to earn income that is not noticed by others, that is, the pursuit of innovation.

Recognized areas of analysis are based on a general theoretical approach to two interrelated aspects of social production: organizational-economic and socio-economic aspects. The first is related to the analysis of the productive force, i.e. the material elements of production, the labor force, and the organizational forms of production. In turn, the materially packaged elements of production are divided into means of production that provide the functions of economic circulation of the product. The concept of 'labor force' encompasses both quantitative and qualitative aspects. Forms of organization of production are expressed in the level of cooperation of production and the system and methods of specialization, centralization of production.

Based on the analysis of the organizational and economic nature of small business and private entrepreneurship, it can be recognized that from the point of view of the organization of production, its organizational form serves as an objective basis for the organization of enterprises of different sizes. In some industries (for example, in the processing industry), the concentration

of production at the enterprise level leads to such a structure that unites enterprises of different sizes. Such a structural structure, in our opinion, can be called an industrial structure of different volumes in the structure of the industry or production.

The effective decision of the quantitative composition occurs primarily as a result of the concentration and specialization of industrial production and the optimization of the size of the enterprise. The second, that is, the socio-economic aspect of social production, encompasses the social relations that make up the social form. It is known that social relations, as a separate relationship, as a type are manifested in economic, sociological, institutional and other areas of management, and it is interpreted differently by economists. Unlike other types of social relations, the nature of social relations is manifested in the following. This relationship is manifested not as a relationship between subjects, but as a relationship between objects. Hence, in our opinion, social relations take place in the sphere of economic activity and are aimed at achieving concrete economic results. The creation of the necessary goods for human beings is inextricably linked with the conditions of interdependent behavior of economic entities in society.

Social relations are manifested in various forms, but in any case it is realized on the basis of human aspirations in the creation of material wealth and blessings. Ultimately, such aspiration stems from the need of the people. But the actual satisfaction of needs occurs through the interaction of factors in the process of production and the processes of distribution, exchange and consumption of the material goods created as a result. Hence, it is more accurate to call the relations that take place in this process socio-economic relations.

The basis of socio-economic relations is the property relations formed in society. Ownership represents the general aspects inherent in all economic relations within an economic system, and ensures the socio-economic integrity of the mode of production. This relationship determines the social environment of production and it is reflected in the results of economic management. Property relations lead to the stratification of producers and determine the efficiency and conditions of labor, organizational forms.

In turn, all other social relations, especially those in the field of small business and private entrepreneurship, change their content and form of expression, expressing the interdependence of economic relations. This is reflected in the nature and boundaries of needs and interests, goal-oriented in the formation of social labor relations.

The adherence of small and private entrepreneurship as an integral element of a market economy is important for the economy. Their implementation makes this or that production task faster and more efficient than large manufacturers.



The activities of small and large manufacturers are interrelated. Many small businesses are dependent on large enterprises as buyers. In turn, large companies also feel the need for products or services from smaller manufacturers. This leads to a peculiar relationship between them. But one thing to keep in mind is that small businesses can never be an alternative to large manufacturers. In turn, even large enterprises cannot replace small enterprises. Each has its place and importance in the economy. The second aspect of the study of the economic nature of small business and private entrepreneurship is related to its study as a view of its entrepreneurial activity. This is possible only on the scale of a separate small enterprise, through appropriate economic relations. In this case, it (small business) is studied as a whole. At the enterprise level, however, there are several group relationships that can include social-labor relations. These social labor relations are at the micro level, and their implementation in accordance with the right purpose determines the role and importance of the effective functioning of small business and private entrepreneurship in the national economy. The more social labor relations are combined with organizational and economic relations, the more stable the process of social production at the society level.

A labor relationship is a relationship that arises between an employee and an employer as a result of an agreement between an employee to perform a personal job function (specific work assigned to him / her according to the staff list, profession, specialty) at the expense of remuneration provided by the employer. The subjects of labor relations are the employee and the employer. When labor relations acquire a social character, the state joins these subjects.

A legal labor relationship between an employee and an employer arises only when that relationship is formalized under an employment contract governed by applicable labor law. In our view, a labor relationship is a relationship that arises as a result of a contractual agreement between an employee and an employer on the performance of labor functions and responsibilities by the employee, ensuring that their interests are aligned on the necessary terms.

Therefore, in our opinion, the issue of the ratio of the social sphere and the enterprise in the region (for example, at the regional level) is relevant in determining the priorities of reform and development of the social and labor system in the field of small business and private entrepreneurship. Because in covering the issue of social and labor relations in a small enterprise, the principle of cooperation between the social sphere and the enterprise in the region (rural, urban, district) allows the social protection of the population and employees of the enterprise. This means that the more developed the social sphere of the region and the social relations in the

enterprise, the stronger the connection between them, the faster the development of small business and private entrepreneurship.

However, in our opinion, it is necessary to pay attention to one situation, and in many cases there are contradictions in the development of the economic sphere and the social sphere. Its solution can be achieved through the implementation of reforms in social organizations at all levels (i.e. enterprise, region, district, city, etc.).

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