



## PROSPECTIVE WAYS OF DEVELOPING SMALL BUSINESS IN UZBEKISTAN

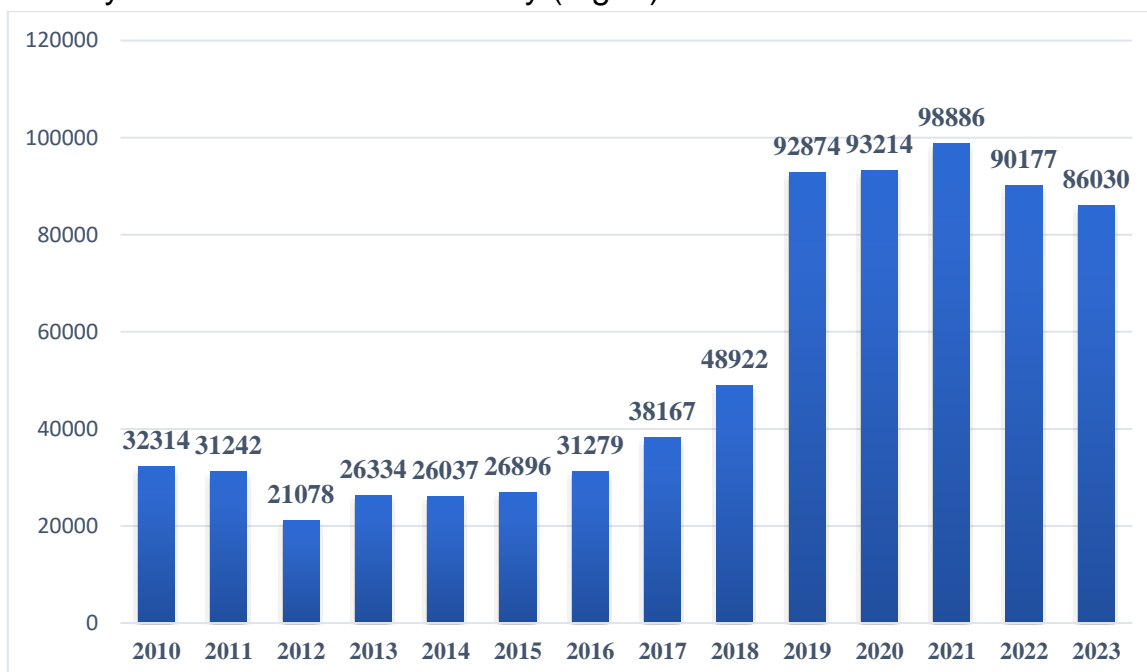
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**Abstract:** *This article provides opinions on aspects that should be paid attention to during the development of entrepreneurship in our country, measures to be taken to further improve the business environment, and modern approaches to ensuring the stability of entrepreneurship.*

**Keywords:** *economy, entrepreneurship, small business, private entrepreneurship, business environment, sustainable development, innovation*

**Introduction:** Small and medium business, which is the main support of the national economy of our country, is an important factor of economic growth in the country. Because small business is an important component of the economy and makes a great contribution to employment, innovation and general economic growth. In particular, small and medium-sized business is of great importance in solving social problems such as unemployment and poverty in our republic and in increasing the gross domestic product. In recent years, as a result of the creation of a favorable business environment, the number of small business entities in our country has increased dramatically (Fig. 1).



**Figure 1.** *The number of newly established small business entities in Uzbekistan over the years (in units)*



We can see from the above statistics on small business entities of our country that the number of small business entities established in 2023 increased by 53,716 compared to 2010. This, of course, is the result of the attention paid to business activities in our country.

### **RESEARCH METHODOLOGY.**

In the article, the available opportunities and prospective directions for the development of entrepreneurial activity, in particular, small business, were studied using the methods of scientific abstraction, induction, deduction, analysis and synthesis.

### **DISCUSSION AND RESULTS.**

As part of our research, let's analyze the strategic measures implemented in our country today in the direction of small business development.

❖ **Financial instruments:** There are difficulties in the issue of financial support for small business entities in our country. However, recent years have seen significant improvements as alternative financing options such as peer-to-peer lending, crowdfunding and fintech solutions have developed. In addition, several government programs and partnerships with international financial institutions provide loans, grants, and guarantees to small businesses.

❖ **Education and skills development:** Education and skills development are critical to the growth of small businesses. In this regard, programs aimed at increasing entrepreneurial skills, including business management, digital and financial literacy, as well as industry-specific training, are increasing in our republic. These programs are often offered in cooperation with higher education institutions, non-profit organizations and international institutions. This serves to create a more educated and skilled workforce.

❖ **Demographic factors:** Uzbekistan is the most densely populated country in Central Asia, one third of the population is under 30 years old and half of the population lives in rural areas<sup>1</sup>. An average of 800,000 people under the age of 29 join the labor market every year, making job creation an urgent and challenging task.

❖ **Policy and support:** The state pays special attention to the development of small business. For example, support to this sector is provided through various financial instruments such as fiscal, monetary and direct impact<sup>2</sup>. Thanks to the reforms aimed at creating a favorable environment for small business entities, reducing bureaucratic obstacles, simplifying the tax system and providing financial

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<sup>1</sup> Small and medium-sized enterprise growth constraints: an uzbek perspective.

<https://www.ebrd.com/documents/ogc/law-in-transition-2021-uzbek-smes.pdf?blobnocache=true>.

<sup>2</sup> Boltaeva, Sh. (2022). Modern Directions of Small Business and Entrepreneurship Development in Uzbekistan. ЦЕНТР НАУЧНЫХ ПУБЛИКАЦИЙ (buxdu.Uz), 20(20). извлечено от [https://journal.buxdu.uz/index.php/journals\\_buxdu/article/view/7633](https://journal.buxdu.uz/index.php/journals_buxdu/article/view/7633)



support, it has become easier for entrepreneurs to start and expand their business. Initiatives such as the establishment of free economic zones, tax incentives and grants are of particular importance in increasing the number of small business entities.

❖ **Focus on innovation and sustainability:** Innovation and sustainability are becoming important differentiators for small businesses around the world. In Uzbekistan, small business entities are increasingly paying attention to sustainable business, production of innovative products and services in order to ensure competitiveness, and not only profit, but value creation. This serves to increase the volume of consumption of products and services of small business entities in our country and increase the level of tolerance in the environment of international competition.

### **CONCLUSIONS AND SUGGESTIONS.**

In order to ensure national development and sustainable economic growth in our country, the rapid development of small business and private entrepreneurship is of great importance. From this point of view, implementation of the following proposals is necessary to diversify the economy of our republic and ensure sustainable development.

1. Adoption of the "Entrepreneurial Code", which incorporates the laws and regulations related to business activities adopted in our country.
2. Establishing a mechanism for granting incentives to entrepreneurs, in particular, small business entities, who use innovative solutions and introduce research and development into their business.
3. Creation of a system of state support and assistance in the operation of new start-up companies being established in our republic.
4. Creating a legal framework for the use of venture capital and crowdfunding financing mechanisms. In short, the policy of our state aimed at supporting small business, expanding financing opportunities and improving the business environment helps small business entities to be more efficient and competitive. In the same process, the implementation of the above proposals will create the basis for the acceleration of the rapidly changing small business development landscape, the digital transformation of small business entities, the introduction of new economic mechanisms of financing, and the wide use of innovations and scientific research developments. This, in turn, will lead to the integration of the national economy of our republic with open and global markets, to the provision of sustainable development, and to an increase in the number of small business entities that use modern approaches.



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