

# OPPORTUNITIES FOR THE DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP BASED ON GLOBAL EXPERIENCE

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## Abstract

This article analyzes the global experience of developing small business and private entrepreneurship and examines the possibilities of applying this experience in the context of Uzbekistan. The study explores institutional, financial, and organizational mechanisms for supporting small businesses in different countries. Particular attention is paid to improving the business environment, enhancing competitiveness, and fostering innovation. Based on the findings, practical recommendations for the development of small business and private entrepreneurship are proposed.

**Keywords:** Small business, private entrepreneurship, global experience, support mechanisms, business environment, innovation, development.

## Introduction

In the current conditions of globalization and economic instability, small business and private entrepreneurship are emerging as one of the key drivers of sustainable economic growth. Global experience demonstrates that in both developed and developing countries, small businesses generate a significant share of gross domestic product, ensure employment, and stimulate innovative activity. In particular, in some countries, small businesses account for 50–80 percent of total employment and more than half of GDP.

In recent years, Uzbekistan has implemented large-scale reforms aimed at developing entrepreneurial activity, strengthening the role of the private sector, and creating a favorable business environment. As a result, the share of small business and private entrepreneurship in GDP has been steadily increasing, becoming an important factor in economic growth and income generation. According to official statistics, this sector covers a substantial portion of industrial production, service provision, and employment.

Presidential decrees and government resolutions adopted in 2022–2024 on supporting entrepreneurship have identified the simplification of state regulation of business, expansion of export potential, improvement of access to financial resources, and development of entrepreneurial infrastructure in the regions as priority objectives. These policy documents contribute to aligning the business environment with international standards.



In this context, an in-depth analysis of global experience in developing small business and private entrepreneurship, its adaptation to national conditions, and the improvement of practical implementation mechanisms are of particular relevance. This study is aimed at providing a scientific and practical justification for addressing these issues.

### **Literature Review**

The theoretical and methodological foundations of state support for small business and private entrepreneurship (SBPE) have been extensively studied by foreign economists. In particular, A. Runova, L. Lebedeva, and I. Razumnova have substantiated the general principles, institutional approaches, and economic mechanisms of supporting SBPE in their scholarly works.

Studies by researchers from neighboring countries, including V. Vlasova, A. Busygin, L. Kolesnikova, A. Alisov, and B. Lisin, examine issues related to state regulation of small business, forms of support, and their impact on economic growth. In addition, several foreign studies analyze the methodological aspects of developing innovative small businesses and state support mechanisms.

Uzbek scholars such as M. Sharifkhojaev, B. Khodiev, A. Vakhobov, Q. Muftaydinov, B. Navro'zoda, H. Abulqosimov, A. Qulmatov, S. Salayev, X. Rahmonov, M. Abdurakhmonova, and F. Mamatov have explored issues related to the development of SBPE, management of entrepreneurial activity, improvement of state support mechanisms, and assessment of entrepreneurial potential.

### **Research Methodology**

This study employs general scientific and specialized research methods to identify effective mechanisms for developing small business and private entrepreneurship and for providing state support. During the research process, analysis and synthesis as well as comparative methods were used to examine and evaluate global experience.

Policies, programs, and mechanisms for supporting small business and private entrepreneurship in both foreign and national practice were compared, and their most effective aspects were identified. Statistical analysis was applied to assess the role of small business in economic growth, employment, and exports. In addition, economic and mathematical approaches were used to identify relationships among selected indicators. The results were generalized to assess the applicability of global experience under Uzbekistan's conditions and to formulate scientific conclusions and practical recommendations for the development of small business and private entrepreneurship.

### **Analysis and Results**

Small business and private entrepreneurship play a crucial role in improving living standards, ensuring a stable supply of consumer goods and services to the domestic market, and expanding employment opportunities. In modern economic conditions, the development of this sector is determined not only by the growth in the number of enterprises but also by their economic efficiency, competitiveness, and ability to meet consumer demand.



Therefore, priority should be given not merely to expanding production volumes but to fostering activities that create high value added, are innovative, and are aligned with market demand. State support measures are increasingly focused on enhancing the qualitative growth of entrepreneurial entities, promoting technological modernization, and strengthening their capacity to access domestic and foreign markets.

Within this framework, identifying the existing potential of small business and private entrepreneurship at the regional level, ensuring rational use of resources, and activating untapped opportunities are of particular importance. The formation of effective mechanisms aimed at meeting needs with minimal resources, while taking into account the interests of all participants in economic relations, contributes to the sustainable development of small business and private entrepreneurship.

In any country, the development of small business and private entrepreneurship primarily depends on the effectiveness of state support policies. Global experience shows that in developed countries, small business support has evolved into a comprehensive system of national importance, with entrepreneurs' rights and interests guaranteed by a strong legal framework.

Preferential lending, reduction of tax burdens, and expanded access to financial and innovative infrastructure are among the key directions of state support policy. At the same time, these policies are implemented in consideration of a country's level of economic development, regional characteristics, and societal mentality. Consequently, global practice demonstrates a wide variety of forms and mechanisms for supporting small business.

According to data from the Organisation for Economic Co-operation and Development (OECD), the share of small business in production in developed countries has increased significantly over recent decades. In the United States, Japan, and European Union countries, small businesses account for more than 90 percent of all enterprises and play a vital role in employment and economic growth. In contrast, these indicators are relatively lower in CIS countries, highlighting the need to further improve state support mechanisms in this sector.

An analysis of global experience shows that small business is widely used as an important instrument of economic policy. In some countries, it serves as a means of reducing unemployment and poverty, while in others it functions as a factor in ensuring socio-economic stability and forming a middle class. In this process, the development of cooperative relationships between small and large enterprises is of particular significance.

In developed countries, state support for small business commonly includes tax incentives, accelerated depreciation, stimulation of innovative activity, and government guarantees. In addition, quantitative, qualitative, and mixed approaches are used to classify small business entities, with the number of employees, turnover, and asset value recognized as key criteria.

Overall, global experience confirms that state support for small business and private entrepreneurship is a crucial factor in promoting economic growth, competitiveness, and improved living standards. Adapting this experience to national economic conditions contributes to ensuring sustainable economic development.



Table 1. Comparison of Global Experience and Uzbekistan's Practice in Supporting Small Business and Private Entrepreneurship

No.	Comparison criteria	Global experience (USA, Japan, EU)	Uzbekistan's practice
1	Direction of state policy	Small business is regarded as a key driver of economic growth	Small business is identified as a priority direction of economic reforms
2	Legal protection	Entrepreneurs' rights are guaranteed by strong legal frameworks	Inviolability of private property and freedom of entrepreneurship are being legally strengthened
3	Financial support	Preferential loans, state guarantees, and grants are widely used	Preferential loans, state funds, and subsidies have been introduced
4	Tax policy	Tax incentives, accelerated depreciation, tax credits	Reduction of tax burden and simplified tax regimes
5	Innovation support	Innovative small businesses are promoted through programs such as SBIR and STTR	A system for supporting innovative projects and startups is being formed
6	Cooperation between small and large businesses	Subcontracting and cooperation are highly developed	Cooperation and clustering systems are being gradually introduced
7	Share of small business in GDP	Around 50–70%	Around 55–60%
8	Share in employment	Up to 60–80%	More than 70%
9	Role in regional development	Used as a tool to reduce regional disparities	Development of entrepreneurship across regions is a key policy priority
10	Classification approach	Quantitative, qualitative, and mixed criteria	Mainly quantitative and mixed criteria

The table shows that Uzbekistan's practice of supporting small business and private entrepreneurship is gradually converging with global experience in terms of general directions. While in developed countries small business is viewed as the main driver of economic growth, in Uzbekistan it is defined as a priority area of economic reforms.

Legal protection, financial, and tax support mechanisms exist in both systems, and in Uzbekistan they are being consistently improved. Although innovation support and cooperation between small and large businesses are well developed in global practice, these areas in Uzbekistan are still at a developmental stage.

Statistically, the share of small business in GDP and employment in Uzbekistan is relatively high, confirming its economic and social significance. Overall, the table indicates the need to further deepen Uzbekistan's small business support system based on global best practices.

Table 2. Criteria for Classifying Small Businesses in Developed Countries

Country	Number of employees (max.)	Annual turnover	Asset value
United Kingdom	50 employees	Up to €2.3 million	Up to €1.5 million
France	50 employees	Up to 200 million francs	—
Germany	50 employees	Up to 1 million marks	Up to €7 million
Japan	50 employees	—	Up to USD 700,000



Analysis of the table shows that in developed countries, quantitative criteria such as the number of employees, annual turnover, and asset value are mainly used to classify small businesses. However, several problems arise when defining small business status based solely on these approaches. Differences in statistical accounting methods, specific features of counting employees, and cases where small enterprises operate within large corporate structures complicate cross-country comparisons.

At the same time, using quantitative criteria provides a certain degree of convenience, as reliable statistical data on employment and turnover are available. Nevertheless, when making international comparisons, the lack of strong theoretical justification and the subjective nature of these criteria impose certain limitations.

In some studies, a qualitative approach to classifying small enterprises is also applied. For example, Van Horne characterizes small firms by low production volumes, limited resources, simplified management structures, and concentrated ownership. His approach proposes combining quantitative and qualitative criteria.

An analysis of global practice shows that in the European Union, the United States, Japan, and Italy, the status of a small business is usually determined using at least two criteria. This contributes to improving classification systems by supplementing quantitative indicators with qualitative characteristics.

### **Conclusion**

The conducted analysis demonstrates that small business and private entrepreneurship in Uzbekistan play a significant role in economic growth, employment generation, and increasing household incomes. Legal, financial, and tax support mechanisms are being consistently implemented by the state, and a gradual convergence with global experience is observed. At the same time, additional opportunities exist in enhancing innovation activity, strengthening cooperation between small and large businesses, and introducing comprehensive approaches to small business classification.

### **Practical Recommendations**

1. Introduce a three-criteria model for classifying small business entities that considers the number of employees, annual turnover, and asset value.
2. Expand special grants and tax incentives to support innovative small businesses and startups.
3. Strengthen local industrial value chains by developing subcontracting and cooperation mechanisms between small and large enterprises.
4. Implement targeted state financial support measures by region and sector.
5. Establish a unified statistical and analytical system for evaluating and monitoring the performance of small business activities.

The implementation of these conclusions and recommendations will contribute to ensuring the sustainable development of small business and private entrepreneurship in Uzbekistan.



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