Spectrum Journal of Innovation, Reforms and Development

Volume 40, June 2025 ISSN (E): 2751-1731

WEBSITE: WWW.SJIRD.JOURNALSPARK.ORG

BROADENING OF STARTUP CULTURE AND SMALL BUSINESS SECTOR IN UZBEKISTAN

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Abstract

This paper examines the development stages of small business and entrepreneurship in Uzbekistan. It highlights the key factors influencing the growth of entrepreneurship, including government policies, economic conditions, and financial support mechanisms. The study follows an IMRAD structure to analyze historical trends, current challenges, and future prospects. The findings suggest that Uzbekistan has made significant progress in fostering entrepreneurship but still faces challenges such as regulatory constraints and access to finance.

Keywords: Small business, Entrepreneurship, Uzbekistan, Economic development, Government policy.

Introduction

Entrepreneurship plays a crucial role in the economic development of any country. It serves as a major driver of innovation, job creation, and overall economic diversification. In Uzbekistan, small businesses contribute significantly to GDP and employment, playing a fundamental role in the transition to a market economy. The government has implemented various reforms to stimulate entrepreneurship, including tax incentives, financial support programs, and regulatory simplifications. However, despite these efforts, challenges remain, including regulatory barriers, lack of access to credit, and infrastructural limitations.

The purpose of this study is to analyze the historical and current stages of small business development in Uzbekistan, identify key constraints, and suggest potential improvements. The study will provide insights into how small businesses have evolved over the years and what measures can be taken to further enhance their role in the national economy. The findings of this study can be useful for policymakers, business owners, and researchers seeking to understand the dynamics of entrepreneurship in Uzbekistan.

Product Development Life Cycle Volume Production *<u>**ENCATA</u>* Manufacturing Pilots **Design Validation Tests** MP-x **Engineering Validation Tests PVT** DVT-x Feasibility & Concept DVT-1 Use HDKs EVT-x **BETA** prototype Product sales Use Arduino and MVP Tooling design Further component and Raspberry Pi EVT-1 cost optimization Test bench validation late ALPHAs Design sketching Hardware validation Deliver to early buyers Plan new versions Finalizing the Industrial design early ALPHAs and crowdfunding Plan EOL Extensive user tests backers POC

Design adjustments

Boxing and package design

Expensive prototype production cost

batch up to

batch up to

1000+ units

Start of the DF-X

5-20 units

2. Methodology

Demonstrators

& Mock-ups

1-3 units

1-3 units

This research is based on a mixed-methods approach, utilizing both qualitative and quantitative data. The study includes:

- Analysis of government policies and legal frameworks supporting entrepreneurship
- Statistical data from the State Committee of the Republic of Uzbekistan on Statistics
- Case studies of successful small businesses in different sectors

Engineering prototyping

Tests in a lab environment

Software and hardware integration

batch up to

50 units

Hardware validation

3-10 units

Surveys conducted among entrepreneurs to identify challenges and opportunities

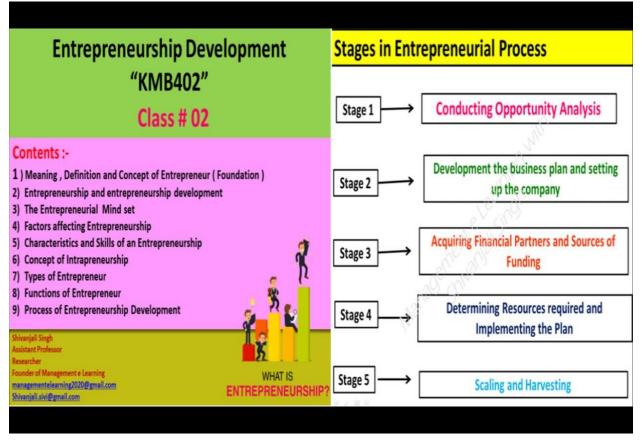


3. Results

The findings indicate that the development of small business in Uzbekistan has undergone several key stages:

Stage	Period	Characteristics
Early Transition	1991-2000	Emergence of private enterprises, initial legal reforms
Growth Phase	2001-2015	Expansion of SMEs, improved financial support
Modernization	2016-present	Digitalization, foreign investment attraction, regulatory simplifications

The number of registered SMEs has grown steadily, as shown in the diagram below:



4. Discussion

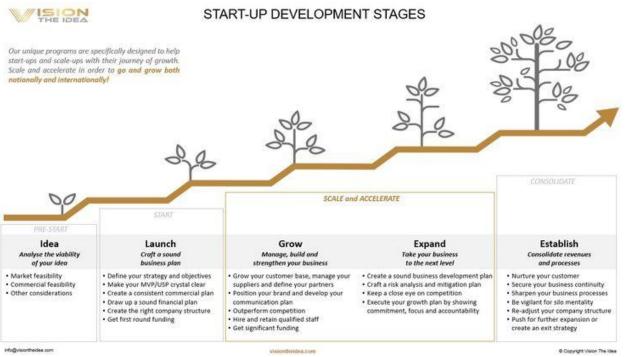
Despite significant improvements, several challenges hinder further entrepreneurial growth:

- **Regulatory Barriers**: Entrepreneurs still face bureaucratic hurdles.
- Access to Finance: Limited availability of loans and investment opportunities.
- Infrastructure and Technology: The need for enhanced digitalization and logistics support.

Figure 1: The 5-Step Sourcing Process Process Steps Internal Strategy **External** Collection Analysis Development **Analysis** Identify key sourcing levers and develop Develop communication plan, change · Finalize scope Analyze spend Conduct market · Implement sourcing strategy characteristics analysis · Collect item-level sourcing strategy: management plan Analyze historical · Evaluate value chain · Develop RFI/RFP, and · Demand management Establish contracts (LOA, and benchmark cost demand and expected supplier selection Define service Activities demand · "Should cost" pricing MSA, SOWs) components requirements • Spend consolidation Baseline current pricing, · Analyze trends in Develop negotiation · On-board suppliers · Review existing · Competitive bidding sourcing and buying practices supply, demand and pricing strategy and levers contracts · Implement savings and · Leveraged purchasing Conduct negotiations compliance tracking, and Identify stakeholders · Low-cost country Identify Evaluate supplier (online reverse auction reporting Develop baseline sourcing gaps/opportunities where applicable) competitive landscape Set up ongoing supplier Supplier development Identify cost drivers and Evaluate supplier Evaluate supplier on management plan and relationship methodology capabilities and TCO (price, quality and service over full life conduct 'should cost' restructuring Interview and TCO analysis performance · Quantify opportunity stakeholders cycle) Evaluate category criticality/business · Review supplier and Sourcing levers impact solution selection, · Internal process savings, and other Understand pain points, improvements challenges & · Supplier process stakeholder opportunities efficiencies (e.g. Lean) · Supplier innovation

Joint process

Government initiatives such as tax incentives, business incubators, and simplified registration processes have shown positive impacts. However, further efforts are required to sustain and accelerate growth. Strengthening financial literacy programs, increasing access to venture capital, and improving logistics networks could further facilitate the expansion of small businesses in Uzbekistan. In addition, fostering an entrepreneurial culture through education and mentorship programs will be crucial for sustaining long-term growth.



5. Conclusion

Uzbekistan has made commendable strides in developing small business and entrepreneurship. Over the past three decades, significant reforms have been undertaken to facilitate a more business-friendly environment, improve financial accessibility, and encourage foreign investment. While the country has improved its business climate through various reforms, continued efforts are needed to address existing barriers.

The future development of small businesses in Uzbekistan will depend on the implementation of targeted policies aimed at reducing administrative burdens, ensuring greater access to financial resources, and promoting technological innovation. Strengthening partnerships between the government, private sector, and international organizations will be vital for fostering a more competitive entrepreneurial ecosystem. Additionally, embracing digital transformation and enhancing business education will contribute to long-term sustainability and economic diversification. With the right strategies in place, Uzbekistan has the potential to become a regional leader in small business development and entrepreneurship.

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