Arabian Journal of Science

ISSN:2308-5703

Impact factor:13.5 *International Multidisciplinary Online Journal* July, 2026

FOREIGN EXPERIENCE IN THE DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP AND ITS APPLICATION IN UZBEKISTAN

Mavluda Jumaboevna Saidova

Andijan State Technical Institute

Senior Lecturer, Department of Economics

Abstract: This article analyzes international experience in the development of small business and private entrepreneurship and evaluates its significance for the sustainable development of the national economy. The study examines the practices of the United States, the European Union, Japan, the Republic of Korea, Türkiye, and China in supporting small businesses through institutional, financial, and organizational mechanisms. Particular attention is paid to the role of small business in employment generation, economic growth, innovation, and improving national competitiveness. Based on a comparative analysis of international experience, recommendations are proposed for adapting effective foreign practices to the socio-economic conditions of Uzbekistan. The findings indicate that strengthening state support, expanding financial instruments, improving the business environment, and promoting innovation are essential factors for enhancing the contribution of small business and private entrepreneurship to sustainable economic development.

Keywords: small business, private entrepreneurship, international experience, state support, economic growth, employment, competitiveness, innovation, investment.

Introduction. Small business and private entrepreneurship play a crucial role in ensuring sustainable economic growth, increasing employment, stimulating innovation, and enhancing the competitiveness of national economies. In both developed and developing countries, small business has become one of the main driving forces of socio-economic development due to its flexibility, ability to adapt quickly to market changes, and capacity to create new jobs.

According to the International Labour Organization (ILO), more than 90% of enterprises worldwide belong to the category of small and medium-sized enterprises (SMEs), and they provide nearly 70% of global employment. These indicators demonstrate that the development of small business is not only an important economic objective but also a significant social policy instrument aimed at improving living standards and reducing unemployment.

International experience shows that the sustainable development of small business is closely associated with effective government support, favorable institutional conditions, access to financial resources, tax incentives, and the promotion of innovation. Countries such as the United States, the member states of the European Union, Japan, the Republic of Korea, Türkiye, and China have established comprehensive support systems that encourage entrepreneurship, facilitate business expansion, and strengthen the contribution of SMEs to national economic development.

In recent years, Uzbekistan has also implemented comprehensive reforms to improve the business environment, encourage entrepreneurial activity, and increase the role of small business in the national economy. Despite these achievements, further improvement of institutional support

mechanisms based on advanced international practices remains an important priority. Therefore, a comprehensive analysis of foreign experience and its adaptation to Uzbekistan's socio-economic conditions is of both theoretical and practical significance.

The purpose of this study is to analyze international experience in the development of small business and private entrepreneurship, identify the most effective support mechanisms, and develop recommendations for their application in Uzbekistan.

Research Methods. The research relies on data and analytical reports published by the International Labour Organization (ILO), the World Bank, the European Commission, the Ministry of SMEs and Startups of the Republic of Korea, KOSGEB (Türkiye), the Ministry of Industry and Information Technology of China, and the Statistics Agency of the Republic of Uzbekistan. These sources provide comprehensive information on the contribution of small businesses to employment, gross domestic product, innovation, and economic competitiveness.

A comparative approach was used to identify similarities and differences in government support policies implemented in developed and developing countries. Particular attention was given to financial support mechanisms, tax incentives, institutional reforms, innovation policies, and entrepreneurship promotion programs. Based on the obtained results, recommendations were developed for adapting successful international practices to the economic conditions of Uzbekistan.

Research Results. International experience demonstrates that small business and private entrepreneurship are among the key drivers of economic growth, employment generation, and social stability. In most developed economies, SMEs constitute the overwhelming majority of business entities and make a substantial contribution to national income.

According to the International Labour Organization, more than 90 percent of enterprises worldwide are classified as small and medium-sized enterprises, while they account for nearly 70 percent of total employment. These figures indicate that SMEs play an essential role not only in economic development but also in addressing important social challenges, including unemployment reduction and income generation.

The experience of developed countries confirms that effective government support significantly enhances the competitiveness and sustainability of small businesses. The main policy instruments include preferential taxation, financial assistance, subsidized loans, business consulting services, innovation support programs, and institutional reforms aimed at creating a favorable business environment.

The United States represents one of the most successful examples of SME development. Small businesses account for almost all registered enterprises in the country and generate a considerable share of newly created jobs. Government support is mainly provided through the Small Business Administration (SBA), which offers financial assistance, credit guarantees, business consulting services, entrepreneurship training, and support for innovation-oriented enterprises.

Similarly, the European Union has established a comprehensive policy framework through the Small Business Act for Europe, which prioritizes the interests of SMEs in economic policymaking. The principle of «Think Small First» serves as the foundation for developing legislation, reducing administrative barriers, improving access to finance, and encouraging innovation among small enterprises.

International Experience in Small Business Development

The experience of Japan demonstrates that small business is one of the fundamental pillars of the national economy. More than 99 percent of all enterprises belong to the small and medium-sized business sector, accounting for approximately 80 percent of industrial employment. The Japanese government actively supports SMEs through tax incentives, technological modernization programs, innovation grants, and financial assistance. As a result, small businesses significantly contribute to industrial production, export growth, and technological advancement.

The Republic of Korea has established an effective innovation-driven support system for small businesses and start-up enterprises. Government policies focus on promoting technology-based entrepreneurship, strengthening cooperation between universities and industry, and expanding business incubators and technology parks. Financial support programs, venture capital funds, and export promotion initiatives have enabled Korean SMEs to become highly competitive in international markets.

Türkiye has also achieved considerable success in supporting small business development through the Small and Medium Enterprises Development Organization (KOSGEB). This institution provides financial grants, concessional loans, entrepreneurship training programs, consulting services, and export support. Such comprehensive assistance has strengthened the competitiveness of Turkish SMEs and increased their contribution to employment and regional economic development.

China represents another successful example of SME development. Government policies encourage entrepreneurship through special economic zones, preferential taxation, digital transformation, innovation support, and simplified business registration procedures. Small businesses have become an important driving force behind China's industrial production, export expansion, technological innovation, and employment growth.

Recommendations for Uzbekistan

The analysis of international experience suggests several practical recommendations for further improving the development of small business and private entrepreneurship in Uzbekistan.

First, it is necessary to strengthen institutional support mechanisms by expanding entrepreneurship support agencies and improving coordination among government institutions.

Second, greater access to financial resources should be ensured through preferential loans, credit guarantee schemes, venture financing, and investment support for innovative enterprises.

Third, administrative procedures should be further simplified by reducing bureaucratic barriers and accelerating the digitalization of public services provided to entrepreneurs.

Fourth, innovation and digital technologies should become an integral component of SME development through technology parks, business incubators, research cooperation, and digital entrepreneurship programs.

Finally, greater attention should be paid to improving entrepreneurial education, professional training, and consulting services to enhance the managerial and innovative capacities of small business owners.

These measures will contribute to increasing the competitiveness of Uzbekistan's economy, expanding employment opportunities, improving productivity, and ensuring sustainable economic development.

Conclusion. The findings of this study demonstrate that small business and private entrepreneurship are essential components of sustainable economic development and play a decisive role in increasing employment, promoting innovation, enhancing competitiveness, and improving living standards. International experience confirms that the success of small business largely depends on effective government support, a favorable institutional environment, accessible financial resources, and innovation-oriented economic policies.

The comparative analysis of the experiences of the United States, the European Union, Japan, the Republic of Korea, Türkiye, and China shows that comprehensive support mechanisms—including preferential financing, tax incentives, entrepreneurship development programs, business incubation, digital transformation, and innovation promotion—significantly contribute to the sustainable growth of small enterprises. These countries have successfully created business-friendly environments that encourage entrepreneurial activity and strengthen the role of SMEs in national economic development.

For Uzbekistan, adapting these international best practices while considering national socio-economic conditions will contribute to improving the business climate, increasing the contribution of small business to gross domestic product, creating new employment opportunities, strengthening export potential, and accelerating economic modernization.

Therefore, further improvement of institutional reforms, expansion of financial support instruments, promotion of innovative entrepreneurship, and enhancement of digital infrastructure should remain among the priority directions of Uzbekistan's economic policy. Implementing these measures will strengthen the position of small business and private entrepreneurship as one of the key drivers of sustainable economic growth.

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