

THE IMPACT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP ON EMPLOYMENT IN THE DEVELOPMENT OF THE REGIONAL ECONOMY**Usmonov G'olibjon Ilhomjon o'g'li**

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This article examines the role of small business and private entrepreneurship in ensuring population employment and their contribution to regional economic development. It also analyzes state policies aimed at supporting and developing small businesses, economic mechanisms that contribute to increasing employment levels, as well as перспективные directions for small business development and their importance in maintaining regional economic stability.

Keywords

Small business, entrepreneurship, employment, economic growth, regional stability.

Introduction

In the context of globalization and economic transformation, ensuring population employment has become one of the most pressing socio-economic challenges for all countries. In particular, private business and small entrepreneurship have emerged as important factors in job creation, income growth, and poverty reduction. International experience shows that small and medium-sized enterprises not only serve as a driving force of economic growth but also create sustainable employment opportunities for broad segments of the population. Therefore, special attention is being paid to this sector by the President of our country, which is clearly reflected in adopted resolutions, presidential decrees, and the Development Strategy that defines the main directions of national development. In particular, Goal 29 of the Development Strategy for 2022–2026 identifies the creation of favorable conditions for the development of entrepreneurial activity and the formation of stable sources of income for the population as one of the priority areas. Within the framework of this strategy, it is planned to increase the share of the private sector in gross domestic product to 80 percent and its share in exports to 60 percent.¹

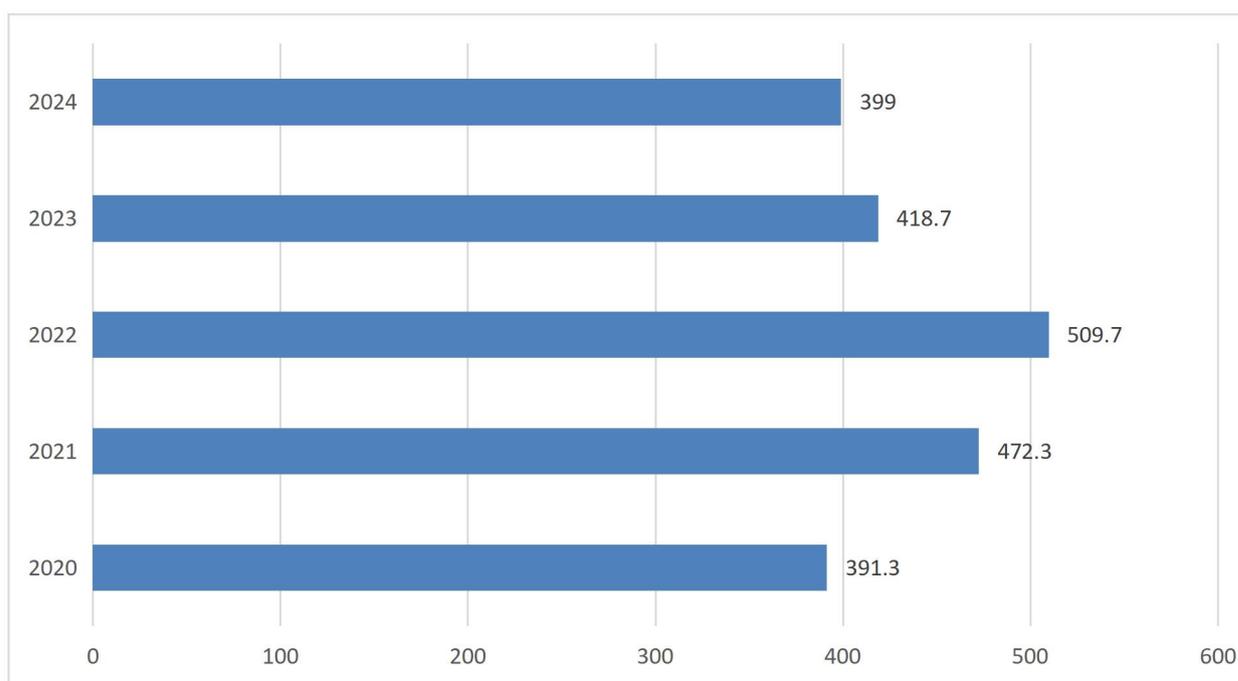
To achieve these objectives, it is planned to reduce the tax burden on business entities from 27.5 percent to 25 percent of gross domestic product by 2026. At the same time, strengthening mechanisms for supporting entrepreneurship in the regions and further improving the activities of existing institutions responsible for reducing unemployment and poverty have been identified as important priorities.

Expanding free access to information necessary for starting entrepreneurial activities, as well as continuing the annual “Open Dialogue” meetings between the President of the Republic of Uzbekistan and entrepreneurs, are also considered strategically significant measures. In addition, it is planned to establish hundreds of new industrial zones across the regions. Through these initiatives, investments totaling 2.3 billion US dollars are expected to be attracted to special economic zones, increasing export volumes to 1 billion US dollars, achieving production output

¹ Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 “2022–2026 yillarga mo'ljallangan Yangi O'zbekistonning taraqqiyot strategiyasi to'g'risida”

worth 4.3 billion US dollars, and creating 12,000 new permanent jobs.² Furthermore, within industrial zones, it is planned to attract investments amounting to 800 million US dollars, increase exports to 512.2 million US dollars, ensure production output of 1.8 billion US dollars, and create 17,000 new permanent jobs. The development of a business incubator system, the creation of favorable conditions for entrepreneurship in socio-economically disadvantaged districts, and the wider implementation of factoring practices based on advanced foreign experience are also among the planned reforms.

One of the key directions of these reforms is to support young people, expand their involvement in entrepreneurial activities, and provide sustainable employment opportunities. Under the conditions of Uzbekistan, a study conducted by **Islomov M. (2021)** comprehensively examined the importance of small business and entrepreneurship in increasing employment levels. The author substantiates a strong and stable relationship between the growth in the number of small enterprises and the reduction of unemployment. In particular, increasing youth employment, enhancing their economic activity, and forming independent sources of income are considered important social priorities.³



1-pictute. Dynamics of the Number of Operating Small Enterprises and Microfirms (in thousands)

By analyzing the small business entities operating in our country, the ongoing reforms and implemented changes become clearly visible. In particular, in 2020, the number of small entrepreneurial entities nationwide amounted to 391.3 thousand, representing the lowest figure for the period under analysis. This decline coincided with the global pandemic and was influenced by various economic and political restrictions, which negatively affected the activities of business entities.

In 2021, this indicator increased to 472.3 thousand, showing a growth of 81 thousand units, or approximately 20.7 percent, compared to 2020. In 2022, the number of operating small

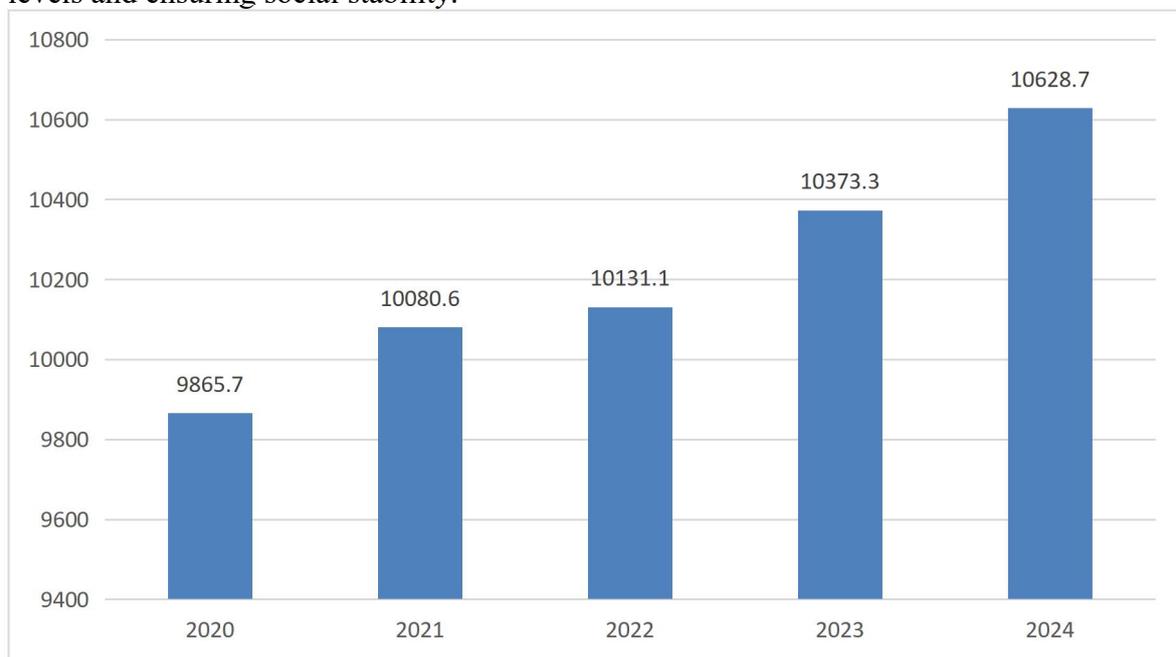
² Decree of the President of the Republic of Uzbekistan No. PF-41, March 4, 2025,

“Maxsus iqtisodiy va sanoat zonalari faoliyatining samaradorligini oshirish bo‘yicha qo‘shimcha chora-tadbirlar to‘g‘risida.”

³ Islomov, M. (2021). The role of small business and entrepreneurship in population employment. *Economy and Society*, 3(2), 45–57.

enterprises and microfirms reached 509.7 thousand, the highest level during the analyzed period. This growth can be explained by post-pandemic recovery processes, government incentives and support measures for small businesses and private entrepreneurship, credit and tax benefits, institutional reforms aimed at small business development, improvements in regional business environments, and the establishment of new business entities. However, in 2023, this figure decreased to 418.7 thousand, a decline of over 91 thousand units compared to the previous year. This reduction can be attributed to the suspension of operations by certain small enterprises and organizational restructuring of some business entities. By 2024, the downward trend continued, with the total number of active entrepreneurial entities in the country reaching 399 thousand.

Overall, the analysis shows that although small business entities demonstrated significant growth after the pandemic, economic conditions, government policies, external factors, and the closure of uncompetitive enterprises in the market contributed to a declining trend. Nevertheless, the number of entrepreneurial entities in 2024 represents an increase of nearly 8 thousand units, or about 2 percent, compared to 2020. The growth in the number of entrepreneurial entities is particularly important for the national economy, as it contributes to reducing unemployment levels and ensuring social stability.



2-picture. Number of Employed Persons in Small Entrepreneurial Entities in the Republic of Uzbekistan

During 2020–2024, a stable upward trend was observed in the number of people employed in the small entrepreneurship sector in our country. This indicates the effectiveness of economic reforms aimed at developing small business and private entrepreneurship. In 2020, the number of people employed in small entrepreneurship amounted to 9,865.7 thousand. By 2021, this figure increased to 10,080.6 thousand, representing a growth of 214.9 thousand or approximately 2.2 percent. This increase can be attributed to support for entrepreneurial activities, the creation of new jobs, and a higher level of self-employment among the population.

In 2022, the number of employed persons in small entrepreneurship reached 10,131.1 thousand. The growth of 50.5 thousand compared to 2021 indicates a slight slowdown in the growth rate. This can be explained by the adaptation phase of the economic environment, the transition of some small business entities to medium-sized enterprises, and the closure of inactive businesses by regulatory authorities.

In 2023, the indicator increased significantly to 10,373.3 thousand. The growth of 242.2 thousand reflects the expansion of small entrepreneurial activities, the implementation of new business projects, and the results of a favorable business environment created by the government.

By 2024, the number of people employed in small entrepreneurship reached 10,628.7 thousand, the highest level during the analyzed period. Compared to 2023, this represents an increase of 255.4 thousand, indicating the strengthening role of small business in the national economy.

Overall, between 2020 and 2024, the number of people employed in small entrepreneurship increased by 762.9 thousand. This confirms that this sector plays a crucial role in ensuring employment, maintaining economic stability, and expanding sources of income.

Conclusion

The analysis shows that private business and small entrepreneurship are among the key sectors with significant socio-economic importance in ensuring employment in the country. In recent years, as a result of comprehensive reforms aimed at developing this sector, a stable upward trend has been observed in the number of people employed in small entrepreneurial entities. This indicates the increasing share of small business in the labor market and its growing role in ensuring economic stability. Graphical analysis for the period 2020–2024 demonstrates that small entrepreneurship contributes to the creation of new jobs, with particularly high potential for improving youth employment. The favorable business environment created by the government, reduction of tax burdens, and the establishment of industrial zones and business incubators in various regions have positively influenced the expansion of small business activities.

In summary, supporting private business and small entrepreneurship serves as an effective mechanism for increasing employment, creating sustainable sources of income, and reducing unemployment and poverty levels. Therefore, the consistent continuation of state policies aimed at developing this sector, along with expanding entrepreneurial opportunities for youth and socially vulnerable groups, is of critical importance for ensuring the country's sustainable socio-economic development.

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