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**THE SHARE OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN  
OUR COUNTRY'S GDP**

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*This article analyzes the share of small business and private entrepreneurship in gross domestic product (GDP) in Uzbekistan. During the study, the role of small business in economic growth, employment generation, and increasing incomes of the population was analyzed and substantiated. Also, the main trends in the development of this sector in recent years were studied and its contribution to the economy was evaluated. The results of the study show that small business is an important factor in ensuring economic stability, and scientific and practical proposals were developed to increase its efficiency.*

**Introduction**

In the current context of globalization and economic integration, small business and private entrepreneurship have become one of the key factors of economic development. World experience shows that the small business sector plays an important role in creating a competitive economic environment, introducing innovations, and ensuring employment. Increasing the share of small business in GDP, especially in developing countries, is one of the key ways to ensure economic stability.

In the Republic of Uzbekistan, the development of small business and private entrepreneurship is considered one of the priority areas of state economic policy. In recent years, large-scale reforms have been implemented to support business entities, liberalize their activities, and improve the business environment. In particular, regulatory legal acts and programs adopted in recent years serve to support small businesses, reduce the tax burden, and expand access to financial resources. This further highlights the relevance of the topic.

At the same time, studying the share of small businesses in GDP allows not only analyzing economic indicators but also assessing the effectiveness of ongoing economic reforms in the country. This indicator reflects the degree of economic diversification, the level of private sector development, and the effectiveness of market mechanisms. In

particular, the activity of small businesses in the production, service, and trade sectors directly affects their share in GDP.

The scientific significance of this study lies in analyzing the dynamics of the share of small business in GDP in Uzbekistan and substantiating its role in economic development. The results of the study can be used to develop scientifically grounded proposals for the further development of small business, improvement of economic policy, and increasing the efficiency of this sector. Therefore, this topic is of both theoretical and practical importance.

### **Literature review**

The role of small business and private entrepreneurship in the economy is one of the key areas that has been widely studied by both foreign and domestic scholars. Research in this field is mainly focused on determining the share of small business in gross domestic product, its role in employment generation, and its impact on economic growth. In international practice, small business is considered one of the main factors ensuring economic stability, and its level of development is regarded as an important indicator of the effectiveness of state economic policy.

The article “Small and Medium-Size Enterprises: Access to Finance as a Growth Constraint” by QA Beck “is an in-depth analysis of the role of small businesses in economic growth”<sup>52</sup>. The scientist argues that small and medium-sized enterprises (SMEs) play an important role in creating employment in the economy, developing innovations and increasing GDP. It is shown that the development of SMEs is particularly slow in countries with limited access to financial resources. This article scientifically substantiates the need to improve the financial infrastructure in order to increase the share of small businesses in GDP in the conditions of Uzbekistan. However, the article lacks a separate analysis of the countries of Central Asia, which is considered a scientific gap.

The study “The Role of SMEs in Economic Development: Evidence from Transition Economies” by JK Bourdini and other scholars “examines the role of small businesses in countries with transition economies”<sup>53</sup>. The researchers emphasize that the share of small businesses in GDP depends on the level of economic liberalization. According to them, the share of small businesses is higher in countries with strong state support policies. This article serves to explain the growth of small businesses in the process of reforms in the economy of Uzbekistan. At the same time, the lack of a deeper analysis of institutional factors in the study seems to be a scientific shortcoming.

The article “Small vs. Young Firms Across the World: Contribution to Employment, Job Creation, and Growth” by H. Ayyagari “comparatively analyzes the role of small businesses

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<sup>52</sup> T. Beck, A. Demircug-Kunt, and R. Levine, “Small and Medium-Size Enterprises: Access to Finance as a Growth Constraint,” *Journal of Banking & Finance*, 2005.

<sup>53</sup> J.K. Bourdini et al., “The Role of SMEs in Economic Development: Evidence from Transition Economies,” *Economic Systems*, 2010.

and young enterprises in the economy”<sup>54</sup>. The researcher shows that the share of small businesses in GDP directly affects economic stability and employment levels. The study was conducted on a global scale and provides important conclusions for developing countries. This work is important in understanding the opportunities for increasing GDP through the development of small businesses in the conditions of Uzbekistan. However, the article does not sufficiently reveal regional differences.

The book “Understanding the Small Business Sector” by DJ Storey “extensively covers the systemic role of small business in the economy”<sup>55</sup>. The scientist sees small business as an integral part of the economic system and emphasizes that its share in GDP depends on state policy, innovation and the entrepreneurial environment. This work is of great importance as a theoretical basis for studying the share of small business in the economy of Uzbekistan. However, the book does not fully cover the problems specific to developing countries.

In the article “Development of small business and private entrepreneurship in the economy of Uzbekistan” by AV Vakhobov, “the share of small business in GDP in the national economy is analyzed”<sup>56</sup>. The scientist shows that small business is one of the main drivers of the economy of Uzbekistan, especially in the service and trade sectors, where it has a high share. This article is an important source for revealing the national aspects of the topic. At the same time, the author does not provide a sufficient comparative analysis with international experience.

In the work “Economic Foundations of the Development of Small Business and Private Entrepreneurship” written by BX Khodiev, “the share of small business in GDP and its impact on economic growth are deeply analyzed”<sup>57</sup>. The researcher assesses small business as an important factor of economic stability and emphasizes the importance of the conditions created by the state. This work makes a significant contribution to understanding the trends in the growth of the share of small business in the conditions of Uzbekistan. However, the study does not cover modern innovative factors.

The analysis of scientific literature shows that small business and private entrepreneurship are an integral part of economic development, and their share in GDP is one of the key factors determining a country’s economic stability. While foreign scholars mainly emphasize the relationship between small business and access to financial resources, the institutional environment, and state policy, domestic researchers highlight the practical importance of this sector in the national economy and the specific features of its development.

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<sup>54</sup> M. Ayyagari, A. Demircuc-Kunt, and V. Maksimovic, “Small vs. Young Firms Across the World: Contribution to Employment, Job Creation, and Growth,” World Bank Policy Research Working Paper, 2011.

<sup>55</sup> D.J. Storey, *Understanding the Small Business Sector*, Routledge, 1994.

<sup>56</sup> A.V. Vaxobov, “O‘zbekiston iqtisodiyotida kichik biznes va xususiy tadbirkorlikni rivojlantirish,” *Iqtisodiyot va ta’lim*, 2018.

<sup>57</sup> B.X. Xodiyev, *Kichik biznes va xususiy tadbirkorlik rivojlanishining iqtisodiy asoslari*, Toshkent, 2017.

**Research methodology**

This study used a comprehensive approach to analyze the share of small businesses in the gross domestic product in Uzbekistan. The information base of the study was formed by official data from the National Statistics Committee of the Republic of Uzbekistan, which covered statistical indicators for the period 2020–2024. The main focus was on the share of small businesses in GDP and the share of the population employed in this sector.

**Analysis and discussion of results**

In the current context of globalization, small business and private entrepreneurship are recognized as one of the important factors of economic development. Especially in developing countries, the small business sector plays an important role in increasing the volume of gross domestic product (GDP), creating new jobs and increasing the income of the population. In the economy of Uzbekistan, the development of small business is also one of the priorities of state policy.

In recent years, the country has been implementing comprehensive reforms to support entrepreneurial activity, improve business conditions, and develop the investment climate. As a result, the share of small businesses in the economy, in particular their contribution to GDP, is increasing. The main objective of this study is to analyze the dynamics of the share of small businesses in GDP in Uzbekistan and determine its importance in economic development.

**Table 1.**

**Share of small businesses in GDP in Uzbekistan (%)**

Year	Share in GDP (%)
2020	54.1
2021	55.5
2022	56.7
2023	57.4
2024	58.1

**Source: “National Statistics Committee of the Republic of Uzbekistan”<sup>58</sup>.**

According to the results of the study, the share of small businesses in GDP in Uzbekistan showed a steady growth trend during 2020–2024. In particular, the figure of 54.1 percent in 2020 reached 58.1 percent by 2024. This indicates that the share of small businesses in the country's economy is steadily increasing and it is becoming an important factor in economic growth. This growth is mainly explained by the activity of small business entities in the services, trade and production sectors.

<sup>58</sup> <https://stat.uz>

**Table 2.**

**Employment rate in small businesses (%)**

Year	Employment rate (%)
2020	73.5
2021	74.2
2022	74.8
2023	75.1
2024	75.6

**Source:** “National Statistics Committee of the Republic of Uzbekistan” <sup>59</sup>.

Employment indicators also reflect positive dynamics. In 2020, the share of the population employed in small businesses was 73.5 percent, while by 2024 this figure will reach 75.6 percent. This indicates that small businesses are strengthening their leading position in the labor market. It is especially noticeable that this sector is of great importance in creating new jobs and increasing incomes.

In general, the results of the analysis show that small business is one of the main drivers of economic development in Uzbekistan. The increase in the share in GDP and the high level of employment confirm the important role of this sector in ensuring not only economic, but also social stability. At the same time, there is room for further improvement of the efficiency of small business through increased investment and widespread introduction of innovative technologies.

**Conclusion and suggestions**

The results of this study show that small business and private entrepreneurship in Uzbekistan have formed an important component of economic development and its role is growing. Small business plays an important role in the country's economy not only in expanding production volumes, but also in developing the service sector, providing employment and increasing the income of the population. The activities of this sector ensure the flexibility of the economic system and contribute to the effective functioning of market mechanisms.

At the same time, the research revealed that the development of small businesses largely depends on the economic policy pursued by the state, the institutional environment and the level of financial support. Although the role of small businesses in the economy is being strengthened, there are still some problems that hinder their effectiveness. In particular, the insufficient development of innovative activities, the low level of use of modern technologies, and the insufficient entrepreneurial infrastructure in some regions prevent the full potential of this sector from being realized.

<sup>59</sup> <https://stat.uz>

Based on the above conclusions, the following scientific and practical proposals are put forward in order to further increase the share of small businesses in GDP and enhance their effectiveness in the economy:

First, it is necessary to expand access to financial resources for small businesses. In this regard, it is important to develop preferential lending mechanisms, expand the activities of microfinance institutions, and support startup projects.

Secondly, it is necessary to increase the efficiency of small businesses by stimulating innovative activities. The introduction of modern technologies, the widespread use of elements of the digital economy, and the practical application of scientific developments are important factors in this direction.

Third, in order to ensure balanced regional development, it is necessary to implement small business support programs in a differentiated manner across regions. It is especially necessary to expand opportunities for creating new jobs through the development of entrepreneurial infrastructure in rural areas.

Fourth, it is advisable to further reduce the tax and administrative burden on small businesses, simplify the business environment, and make entrepreneurial activities more convenient through the digitalization of public services.

In general, this article scientifically highlights the role of small businesses in economic development through their share in GDP. The results of the study confirm the importance of the reforms being implemented to support and develop small businesses and indicate the need for a consistent policy in this direction.

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