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# **THE PURPOSE AND TASKS OF DEVELOPING SMALL BUSINESS AND ENTREPRENEURIAL ACTIVITIES: THE CASE OF NAVOIY REGION**

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### **Abstract**

In this article, the key purposes and tasks of developing small business and entrepreneurial activities are analyzed using the example of the Navoiy region. The importance of measures to support, promote, and develop small businesses and private entrepreneurship in the context of ongoing economic reforms in Uzbekistan is discussed, along with ways to introduce innovative approaches into various sectors of the economy. The article examines the existing potential, regional characteristics, as well as the prospects and challenges of further developing small business and private entrepreneurship in the Navoiy region. Based on the analysis, scientifically grounded proposals and practical recommendations are provided to further improve small business and entrepreneurial activities.

**Keywords:** Small business, entrepreneurial activity and entrepreneurship, Navoiy region, economic reforms, financial support, innovative development.

### **Introduction**

During the years of independence, the development of small business and private entrepreneurship in Uzbekistan has been recognized as a key factor in ensuring sustainable economic growth, increasing employment, improving the standard



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of living of the population, forming a middle class in society, and enhancing the competitiveness of the national economy.

At present, wide-ranging reforms are being implemented in Uzbekistan to improve the entrepreneurial environment and provide state support for small business and private entrepreneurship entities.

In the “Action Strategy on the Five Priority Areas of Development of the Republic of Uzbekistan for 2017–2021” initiated by President Shavkat Mirziyoyev, as well as in the “Development Strategy of New Uzbekistan for 2022–2026,” special attention is given to the development of small business and private entrepreneurship as one of the most important tasks for achieving sustainable economic development and improving the well-being of the population.

Navoiy region is considered one of the most economically developed regions of Uzbekistan. The region holds leading positions in terms of natural resources, industrial potential, and transport infrastructure. At the same time, further development of small business and entrepreneurial activities in the region—particularly in rural areas—is of great significance for addressing employment issues, improving living standards, and diversifying the regional economy.

The aim of this article is to identify the main goals and objectives of developing small business and entrepreneurial activity in the Navoiy region, to analyze existing challenges, and to propose ways to overcome them. During the research, statistical analysis, comparative analysis, expert evaluation, and other methods were employed.

Legal and Regulatory Framework for the Development of Small Business and Entrepreneurship in Uzbekistan. The legal regulation system for small business and entrepreneurial activities in Uzbekistan is based on a number of laws and regulatory documents. Among them are key legal acts such as the Law of the Republic of Uzbekistan "On Guarantees of Freedom of Entrepreneurial Activity," the Law "On Family Entrepreneurship," and the Law "On Protection of Private Property and Guarantees of the Rights of Property Owners."

In recent years, numerous presidential decrees and resolutions have been adopted to fundamentally improve the business environment in Uzbekistan, create favorable conditions for doing business, and enhance the mechanisms for



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providing public services to business entities. Notably, the Presidential Decree No. PF-101 dated April 8, 2022, “On Measures to Create Conditions for Sustainable Economic Growth Through the Improvement of the Business Environment and Development of the Private Sector,” outlined important steps in this direction.

Based on these legal and regulatory documents, an institutional system for supporting small business and entrepreneurship has been established across the republic, including in the Navoiy region. This system consists of the following components:

- **State governing bodies** (Ministry of Economic Development and Poverty Reduction, Ministry of Investments and Foreign Trade, etc.)
- **Authorized agencies** (Agency for the Development of Entrepreneurship, Agency for Management of State Assets)
- **Financial institutions** (Bank for the Development of Small Business and Private Entrepreneurship, commercial banks)
- **Non-governmental organizations** (Uzbekistan Chamber of Commerce and Industry, business incubators, technoparks)

In the Navoiy region, the regulatory and legal foundations for the development of small business and entrepreneurship are governed not only by national legislation but also by regional development programs, entrepreneurship support programs approved by the regional governor, and other normative documents.

Current State of Small Business and Entrepreneurship in the Navoiy Region. Navoiy region is located in the central part of Uzbekistan and covers an area of 110.8 thousand square kilometers, with a population exceeding 1 million. The region is one of the major industrial centers of the country, home to the large Navoi Mining and Metallurgical Combine, which is engaged in the extraction and processing of gold, uranium, and other precious metals.

In recent years, key indicators of the development of small business and entrepreneurship in the Navoiy region have shown positive dynamics. During 2022–2023, the number of small business and private entrepreneurship entities in the region increased by 15%. By the end of 2023, the share of small business and private entrepreneurship in the region’s gross regional product reached 45.2%. In terms of employment, the sector also plays a critical role—65% of the



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employed population in the region in 2023 worked in small business and private entrepreneurship entities.

The share of small business and entrepreneurship across different sectors of the regional economy is as follows:

- Trade and services: 82%
- Agriculture: 93%
- Construction: 72%
- Industry: 25%

The reforms currently underway in the region to promote small business and entrepreneurship focus on the following directions:

1. Reducing government interference in the activities of business entities
2. Simplifying the licensing and permitting system
3. Improving the tax system
4. Expanding access to financial resources
5. Liberalizing foreign economic activity
6. Enhancing the state support system for entrepreneurship

Small business entities in the Navoiy region are mainly engaged in the following areas:

- Production and processing of agricultural products
- Food production
- Production of construction materials
- Trade and household services
- Tourism and hospitality industry
- Information and communication technologies

Goals and Objectives of Developing Small Business and Entrepreneurship in the Navoiy Region

The main goals of developing small business and entrepreneurship in the Navoiy region include:

1. **Ensuring employment and increasing income.** Small business and private entrepreneurship are key sources of new job creation, which is especially important for addressing employment in rural areas.
2. **Diversifying the regional economy.** The economy of the Navoiy region is heavily dependent on the mining and metallurgical industry. Developing small



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business and entrepreneurship in various sectors helps diversify the economy and increase its stability.

**3. Creating a competitive environment and preventing monopolies.** An increase in the number of small business entities leads to greater competition, which improves the quality of goods and services and contributes to price reduction.

**4. Promoting innovative development.** Small enterprises are flexible and capable of quickly adopting new technologies, thus accelerating innovation throughout the economy.

**5. Effective utilization of local raw materials.** Navoiy region is rich in mineral and agricultural resources. Small businesses can efficiently use these resources to produce import-substituting and export-oriented products.

**6. Ensuring social stability.** Small business and entrepreneurship contribute to the formation of a middle class and reduction of income inequality, thereby supporting social stability.

**Challenges in the Development of Small Business and Entrepreneurship in the Navoiy Region**

Despite positive trends, a number of challenges hinder the development of small business and entrepreneurship in the Navoiy region. These challenges can be grouped as follows:

### **Institutional Challenges:**

- Instances of unlawful interference by state bodies in the activities of business entities
- Existence of administrative barriers and bureaucratic procedures
- Complexity of licensing and permitting systems
- Issues related to tax and customs administration

### **Financial Challenges:**

- Insufficient availability of credit resources and high interest rates
- Difficulties in providing adequate collateral
- Lack of working capital
- Difficulties in attracting investment resources



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### **Infrastructure-Related Challenges:**

- Interruptions in electricity, gas, and water supply in certain areas
- Underdeveloped transport infrastructure
- Inadequate development of telecommunication networks
- Shortage of production facilities and industrial premises

### **Human Resource Challenges:**

- Unmet demand for qualified personnel
- Insufficient development of entrepreneurial skills
- Low levels of adoption of modern management practices
- Low labor productivity and professional qualification levels

### **Market-Related Challenges:**

- Limited capacity of the domestic market
- Lack of information about export markets
- Underdeveloped competitive environment
- Products and services not fully complying with international quality standards

### **Innovation-Related Challenges:**

- Weak linkages between science and production
- Underdeveloped innovation infrastructure
- Poorly developed mechanisms for financing innovative projects
- Ineffective intellectual property rights protection system

### **Conclusion**

Based on the research findings, the following conclusions have been drawn regarding the development of small business and entrepreneurship in the Navoiy region:

Navoiy region possesses significant potential for the development of small business and entrepreneurship. The region's natural resources, geographical location, and existing industrial base provide opportunities for developing various types of entrepreneurial activities.



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The development of small business and entrepreneurship in the region faces a number of institutional, financial, infrastructural, and human capital challenges. Addressing these challenges requires a comprehensive and phased approach. The main objectives of promoting small business and entrepreneurship in the region are to ensure employment, increase income levels, diversify the regional economy, foster a competitive environment, and stimulate innovative development.

To achieve these goals, it is essential to improve the business environment, expand access to financial resources, develop infrastructure, enhance information and consulting services, build entrepreneurial culture, develop human resources, and promote innovation.

Priority areas for the development of small business and entrepreneurship in the Navoiy region include agriculture and the food industry, small-scale industrial production, services, tourism, and information and communication technologies. State support for small business and entrepreneurship in the region is provided through legal, financial, infrastructural, and informational-consulting channels. Expanding public-private partnership mechanisms is of great importance in these areas.

Innovative development of small business and entrepreneurship can be achieved by introducing digital technologies, adopting “green economy” practices, developing “smart agriculture” solutions, building innovation infrastructure, and implementing modern innovation management methods.

It is important to make use of international experience in developing small business and entrepreneurship in the region. In this regard, adapting the best practices of South Korea, Germany, Turkey, Singapore, and Malaysia to local conditions is recommended.

Promising directions for future development include agriculture and food processing, small-scale industry, the service sector, innovative development, and improving the investment climate.

By 2030, it is possible to increase the share of small business in the region's Gross Regional Product (GRP) to 60%, raise its share in employment to 75%, and boost its contribution to exports to 30%.



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Implementation of these recommendations will contribute to the further development of small business and entrepreneurship in the Navoiy region, enhance employment and welfare, and ensure the sustainable growth of the regional economy.

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