



## Article

# Analysis of The Factors Influencing The Sustainable Development of Small Business and Private Entrepreneurship in The Region

Norboyev Sarvar Azodovich

1. Urgench State University named after Abu Rayhan Biruni, researcher of Economy Department, Uzbekistan

\* Correspondence: [serry30011988@gmail.com](mailto:serry30011988@gmail.com)

**Abstract:** This study explores the dynamics and performance trends of small business and private entrepreneurship (SBPE) in the Khorezm region from 2018 to 2024. Using statistical data across key economic sectors, the analysis reveals a substantial increase in the absolute volume of SBPE activities—particularly in construction, agriculture, services, and investments. For instance, investments in SBPE surged from 1.5 trillion UZS in 2018 to 7.5 trillion UZS in 2024, while agricultural output grew more than twofold. At the same time, the share of SBPE in Gross Regional Product (GRP) and industrial activity has demonstrated a steady decline, with GRP contribution falling from 79.1% in 2018 to 72.3% in 2024, and industrial participation dropping from 37.1% to 21.0%. In contrast, SBPE maintained high shares in construction (over 88%) and employment (around 78–80%) throughout the period. These findings suggest a structural shift in SBPE contributions, with growth increasingly concentrated in labor-intensive and service-oriented sectors, while industrial integration remains a key challenge. The study highlights the need for region-specific policy interventions to diversify entrepreneurial engagement and enhance the industrial role of SBPE for sustainable regional development.

**Keywords:** : small business, private entrepreneurship, regional development, sustainability, economic infrastructure, investment dynamics, employment structure, sectoral contribution, industrial diversification, economic policy

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## 1. Introduction

In the context of global economic diversification, small business and private entrepreneurship (SBPE) have emerged as vital drivers of inclusive and sustainable development. Particularly in developing countries such as Uzbekistan, SBPE plays a central role in reducing unemployment, fostering innovation, and stimulating economic activities at the regional level [1].

The government of Uzbekistan has consistently prioritized the development of small enterprises through regulatory reforms, credit support programs, tax incentives, and infrastructure development initiatives [2].

The Khorezm region, located in the northwest of the country, offers a unique case for studying the dynamics of SBPE. Historically reliant on agriculture, the region has, over the past decade, witnessed significant efforts to diversify its economic structure through the promotion of private sector initiatives. Despite these efforts, sustainable development of SBPE remains challenged by sectoral imbalances, limited industrial diversification, and inconsistent access to finance and infrastructure—particularly in rural districts [3].

Recent statistical data from 2018 to 2024 indicate a mixed trend: while absolute indicators such as investment volumes, service sector output, and employment numbers have increased, the relative share of SBPE in industrial production and gross regional

product (GRP) has declined. For example, although the total volume of investments by SBPE entities grew from 1.5 trillion UZS in 2018 to 7.5 trillion UZS in 2024, their share in industry dropped from 37.1% to 21.0% over the same period [4].

This article seeks to analyze the main factors that have influenced the sustainable development of SBPE in the Khorezm region during the 2018–2024 period. By evaluating sector-specific indicators such as employment, export–import activity, retail trade, and infrastructure access, the study aims to:

- identify patterns of growth and stagnation across economic sectors;
- understand the structural challenges hindering balanced development;
- provide policy recommendations to enhance SBPE's contribution to regional economic transformation [5].

The analysis is grounded in empirical data from regional statistics and aims to contribute to the academic discourse on regional entrepreneurship, while offering practical insights for policymakers, development agencies, and business support institutions [6].

## 2. Materials and Methods

This study employs a mixed-methods approach to assess the sustainable development of small business and private entrepreneurship (SBPE) in the Khorezm region over the period 2018–2024. By integrating descriptive statistics, structural analysis, and comparative methods, the research provides a comprehensive view of SBPE's sectoral distribution, investment trends, and employment contributions in the regional economy [7].

The analysis is based on secondary data retrieved from official sources, including the State Committee of the Republic of Uzbekistan on Statistics, the Khorezm Regional Department of Statistics, and national economic reports from the Ministry of Economy and Finance. The dataset includes key variables such as gross regional product (GRP) and the SBPE share in GRP, sector-specific output in industry, construction, services, and agriculture, as well as volumes of retail trade, freight transport, exports, and imports [8].

Employment statistics (in thousands), the number of registered SBPE entities per 1,000 inhabitants, and total investment in SBPE (in billion UZS) were also collected. These indicators were gathered annually from 2018 to 2024 to ensure a consistent time-series analysis. To process and interpret the data, several analytical techniques were applied. Descriptive statistics were used to measure the absolute growth or decline in economic indicators such as sectoral output and employment. Comparative analysis enabled the identification of changes in SBPE activity across different years and sectors. Additionally, structural share analysis was conducted to evaluate SBPE's relative contribution to major economic aggregates including GRP, industrial output, construction activity, and total employment. Trend analysis and visual tools such as charts and tables further supported the identification of long-term patterns and sectoral trajectories [9].

The research assumes that the official statistics used are accurate and comparable across the observed period. Nonetheless, certain limitations must be acknowledged. Informal entrepreneurial activity, which is often significant in developing economies, is not reflected in the data. Furthermore, qualitative factors such as managerial capacity, innovation potential, and digital literacy are beyond the scope of this analysis [4]. External events like the COVID-19 pandemic and geopolitical shifts may have influenced the trends but are not modeled separately.

Despite these limitations, the chosen methodology provides a reliable framework for identifying regional trends in SBPE development and for formulating data-driven policy recommendations aimed at improving the sustainability and sectoral balance of entrepreneurship in the Khorezm region [10].

## 3. Results

The analysis of key economic indicators from 2018 to 2024 highlights both the potential and limitations of small business and private entrepreneurship (SBPE) in fostering sustainable regional development in the Khorezm region. Empirical data

demonstrate that SBPE has achieved significant quantitative growth across most sectors—particularly in agriculture, services, construction, and retail trade. Investments in SBPE rose fivefold, and exports increased nearly five times, indicating greater capital inflow and improved market competitiveness [11].

Table 1. The volume of key performance indicators of small business and private entrepreneurship across the economic sectors of Khorezm region

Year	Industry (bln UZS)	Construc- tion (bln UZS)	Employ- ment (thousand people)	Export (mln USD)	Import (mln USD)	Retail Trade (bln UZS)	Agricul- ture (bln UZS)	Servi- ces (bln UZS)	Freight Trans- port (mln tons)	Freight Turnover (mln t-km)	Number of small business and entrepreneurship entities (1,000 inhabitants)	Investment (bln UZS)
2018	1879,7	1546,3	572,3	52,3	157,4	3675,6	12524,1	3013,8	33,7	596,6	11,1	1496,6
2019	3196,7	2437,2	592,1	126,2	289,1	5190,6	14336,9	3702	36,3	695,8	13,4	3618,6
2020	2780,7	2763,3	568,1	118,1	213,1	6572,2	16084,7	4185,5	37,5	661,5	10,6	4810,9
2021	3003,1	3726	574,6	119,2	213,7	9270	19218,6	5387,5	36,3	681,5	11,6	5 060,8
2022	2956	4373,8	579,3	142,4	189,1	11075,3	23723,5	6396,5	35,2	874,2	12,2	4681,3
2023	3445,2	5193,4	615,8	192,7	230,2	12706,5	26766,9	7725,1	37,1	922,5	14,3	5 247,7
2024	6106,0	9 680,5	634,7	254,9	228,9	12706,5	28941,3	9825,4	38,6	989,6	12,4	7 510,7

Table 1 presents the dynamic evolution of key performance indicators of small business and private entrepreneurship (SBPE) across major economic sectors of the Khorezm region between 2018 and 2024. The data indicate a clear upward trajectory in absolute growth metrics, reflecting the increasing scale and scope of SBPE activity, alongside shifting sectoral priorities and investment patterns [12].

Over the seven-year period, industry output by SBPE grew from 1.88 trillion UZS in 2018 to 6.1 trillion UZS in 2024, suggesting enhanced production capacity. However, this expansion was outpaced by broader industrial growth, resulting in a reduced relative contribution to the sector. Construction, a traditionally dominant domain for SBPE, expanded more markedly—from 1.55 trillion to 9.68 trillion UZS—reinforcing SBPE's continued leadership in infrastructure and housing projects, with sectoral dominance consistently above 88% [13].

The retail trade and services sectors demonstrated particularly strong growth, with retail turnover increasing from 3.68 trillion UZS in 2018 to 12.7 trillion UZS by 2023, where it plateaued, and services output growing more than threefold from 3.01 to 9.83 trillion UZS. These trends point to SBPE's growing concentration in labor-intensive and consumer-oriented activities.

Agricultural performance also exhibited steady improvement, growing from 12.52 trillion UZS to 28.94 trillion UZS—underscoring SBPE's pivotal role in food production and rural employment.

Employment in SBPE rose from 572.3 thousand people to 634.7 thousand, affirming its contribution to job creation. Nevertheless, in relative terms, the share of SBPE in total employment slightly declined. Trade activity expanded in both scope and competitiveness: exports rose fivefold (from \$52.3 million to \$254.9 million), while imports fluctuated modestly, potentially signaling a shift toward domestic sourcing [14].

The most pronounced growth was observed in investment volumes, which increased fivefold from 1.5 trillion UZS in 2018 to 7.51 trillion UZS in 2024. This indicates improved access to finance and policy-driven capital inflows into the sector.

In sum, the data in Table 1 reflect the robust expansion of SBPE in Khorezm in absolute terms, driven by investment growth, sectoral diversification, and increased trade performance. However, structural challenges remain, including a declining relative share in key sectors such as industry and employment, calling for targeted interventions to ensure long-term sustainability and inclusive economic integration.

Table 2. The share of small business and private entrepreneurship in Khorezm region (as a percentage of the total volume)

Year	GRP (%)	Industry (%)	Construction (%)	Employment (%)
2018	79,1	37,1	89,9	80,6
2019	76,4	30,2	92,1	80,4
2020	76,2	30,9	88,7	79,3
2021	73,7	21,8	88,1	79,1
2022	71,6	16	89,7	78,1
2023	72,7	16,3	90,4	79,3
2024	72,3	21,0	90,0	78,5

Based on Table 2, during the period from 2018 to 2024, the share of small business and private entrepreneurship in various sectors of the Khorezm region's economy demonstrated differentiated trends.

In 2018, the share of small business in the gross regional product (GRP) reached a relatively high level of 79.1%, with industry at 37.1%, construction at 89.9%, and employment at 80.6%—each indicating a solid presence of the sector across key economic dimensions.

#### 4. Discussion

However, in the following years, a gradual decline was observed in certain areas. By 2020, the GRP share had slightly dropped to 76.2%, and the share in industry decreased to 30.9%, suggesting reduced industrial engagement of small businesses. Despite this, construction maintained a high share (88.7%), and employment remained steady at 79.3%.

By 2023, the downward trend in GRP and industry became more pronounced, with the GRP share falling to 72.7% and industry reaching 16.3%, indicating a considerable reduction in industrial participation by small businesses. At the same time, construction rose to 90.4%, representing a dominant role of small businesses in that sector, while employment stayed at a moderate 79.3% [15].

The modeled projection for 2024 suggests a continued softening of the GRP share (72.3%) and industry (21.0%), while construction is expected to slightly decline but still remain dominant (90%). The share in employment is forecasted to be 78.5%, indicating continued reliance on small business as a key job provider.

In general, this period reflects a structural shift in the role of small businesses—from a balanced presence across sectors to a more concentrated contribution in labor-intensive and construction-related activities. While the industrial share has declined, the sustained figures in construction and employment highlight the enduring significance of small business in infrastructure development and social stability.

#### 5. Conclusion

This study has provided an evidence-based analysis of the performance dynamics and structural trends of small business and private entrepreneurship (SBPE) in the Khorezm region from 2018 to 2024. The findings confirm that SBPE has made substantial progress in quantitative terms, with notable growth in investment volume, sectoral output, exports, and employment. Sectors such as agriculture, services, construction, and retail trade have particularly benefited from increased entrepreneurial activity and targeted policy support.

However, the analysis also reveals a gradual decline in SBPE's relative contribution to key economic indicators such as Gross Regional Product (GRP) and industrial output. Despite strong absolute growth, SBPE's share in GRP dropped from 79.1% to 72.3%, and in industry from 37.1% to 21.0%. This indicates that the sector remains concentrated in low-barrier, labor-intensive fields and is insufficiently integrated into high-productivity, technology-intensive sectors.

Moreover, while employment in SBPE increased in total numbers, its share in overall employment has declined slightly, reflecting rising competition from larger enterprises and potential inefficiencies in SBPE-led job creation.

These trends underscore the need for a strategic policy shift—from supporting SBPE growth in volume to enhancing its structural and qualitative contribution to regional development. Key policy directions should include:

- promoting diversification into manufacturing and value-added sectors;
- enhancing access to innovation and technological resources;
- supporting entrepreneurship in rural and underdeveloped areas;
- fostering inclusive mechanisms for youth, women, and micro-entrepreneurs.

In conclusion, while SBPE remains a vital driver of regional economic activity in Khorezm, its long-term sustainability and developmental impact will depend on its ability to transition from traditional, low-value sectors toward innovation-led, diversified, and inclusive growth models.

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