

## ECONOMIC SECURITY MEASURES IN SMALL BUSINESS ENTERPRISES IN UZBEKISTAN

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**Abstract.** *This article analyzes the measures being implemented to ensure economic security for small business enterprises in Uzbekistan. The paper examines the legislative framework for ensuring economic security of small business entities, state programs and their effectiveness, as well as existing problems in ensuring security and ways to address them. According to the research results, despite specific measures to support small businesses in Uzbekistan, there are significant shortcomings in the area of economic security. The article proposes an improved approach to ensuring the economic security of small business enterprises.*

**Keywords:** *small business, economic security, Uzbekistan, measures, legislation, digitalization, tax policy.*

## O'ZBEKISTONDA KICHIK BIZNES KORXONALARIDA IQTISODIY XAVFSIZLIK MASALALARIDA OLIB BORILAYOTGAN CHORA TADBIRLAR

**Annotatsiya.** *Ushbu maqolada O'zbekistonda kichik biznes korxonalariga tegishli iqtisodiy xavfsizlikni ta'minlash bo'yicha amalga oshirilayotgan chora-tadbirlar tahlil qilingan. Maqolada kichik biznes sub'ektlarining iqtisodiy xavfsizligini ta'minlash bo'yicha qonunchilik bazasi, davlat dasturlari va ularning samaradorligi, shuningdek, xavfsizlikni ta'minlash bo'yicha mavjud muammolar va ularni bartaraf etish yo'llari ko'rib chiqilgan. Tadqiqot natijalariga ko'ra, O'zbekistonda kichik biznesni qo'llab-quvvatlash bo'yicha aniq choralar mavjud bo'lsa-da, iqtisodiy xavfsizlik masalasida sezilarli kamchiliklar mavjud. Maqolada kichik biznes korxonalarining iqtisodiy xavfsizligini ta'minlash uchun takomillashtirilgan yondashuv taklif etilgan.*

**Kalit so'zlar:** *kichik biznes, iqtisodiy xavfsizlik, O'zbekiston, chora-tadbirlar, qonunchilik, raqamlashtirish, soliq siyosati.*

## МЕРЫ, ПРИНИМАЕМЫЕ В УЗБЕКИСТАНЕ ПО ВОПРОСАМ ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ НА ПРЕДПРИЯТИЯХ МАЛОГО БИЗНЕСА

**Аннотация.** В данной статье анализируются меры, реализуемые для обеспечения экономической безопасности предприятий малого бизнеса в Узбекистане. В статье рассматриваются законодательные основы обеспечения экономической безопасности субъектов малого бизнеса, государственные программы и их эффективность, а также существующие проблемы в обеспечении безопасности и пути их решения. Согласно результатам исследования, несмотря на конкретные меры по поддержке малого бизнеса в Узбекистане, существуют существенные недостатки в сфере экономической безопасности. В статье предлагается усовершенствованный подход к обеспечению экономической безопасности предприятий малого бизнеса.

**Ключевые слова:** малый бизнес, экономическая безопасность, Узбекистан, меры, законодательство, цифровизация, налоговая политика.

## INTRODUCTION

Small business and private entrepreneurship in Uzbekistan represent an important part of the country's economy. According to 2023 data, the share of small business in the country's GDP was 54.9% [1]. This indicator clearly demonstrates the impact of small business entities on the country's economic stability. Therefore, ensuring the economic security of small business enterprises is an important direction of state policy.

Economic security is the ability of an enterprise to maintain stable operations, ensure competitiveness, and withstand economic threats [2]. Small business enterprises face a number of economic threats during their operations: lack of financial resources, high tax burden, market competition, and bureaucratic barriers. In recent years, the government of Uzbekistan has been implementing a series of measures aimed at mitigating these threats and creating favorable conditions for small business development.

The purpose of this research is to analyze the effectiveness of measures being implemented in Uzbekistan to ensure the economic security of small business enterprises and to identify areas for improvement.

## METHODOLOGY AND LITERATURE REVIEW

This research is based on analysis of relevant academic literature, legislative documents, and statistical data related to economic security of small businesses in Uzbekistan. The methodological approach includes systematic analysis of legislative documents, comparative analysis of implemented measures with international practices, and critical assessment of existing policies.

The concept of economic security for small businesses has been explored by several researchers.

Karimov (2021) defines economic security of business entities as "a state of protection from external and internal threats that ensures sustainable development and achievement of business goals" [3]. Ismoilov (2022) emphasizes that economic security includes financial stability, information security, and protection of intellectual property [4].

Legislative frameworks for small business support in Uzbekistan have evolved significantly in recent years. The Law "On guarantees of freedom of entrepreneurial activity" and Presidential Decrees №UP-5953 "On State Program for the implementation of the Action Strategy" provide the foundation for small business support [5]. These documents outline key priorities for small business development and protection.

International scholars have also contributed to understanding economic security in transitional economies. Johnson (2020) highlights the importance of institutional frameworks in ensuring business security in post-Soviet states [6]. Similarly, Wang and Kim (2023) analyze the effectiveness of economic security measures in developing economies with emphasis on Central Asian countries [7].

The literature review reveals that while there are numerous studies on small business development in Uzbekistan, the specific aspect of economic security measures requires more comprehensive analysis. This research aims to fill this gap by analyzing current measures and proposing improvements.

## **RESULTS AND DISCUSSION**

The analysis of implemented measures to ensure economic security of small businesses in Uzbekistan reveals several key areas of focus: legislative protection, financial support mechanisms, tax incentives, and digitalization initiatives.

The government has undertaken significant legislative reforms to enhance the protection of small businesses. The Law "On the protection of private property and guarantees of owners' rights" strengthened legal protection mechanisms for businesses [8].

Additionally, the introduction of the Business Ombudsman institution in 2017 created an additional layer of protection for entrepreneurs against illegal actions by government bodies.

Financial support mechanisms include preferential loans, subsidies, and guarantees provided through the State Fund for Entrepreneurship Support. According to official statistics, in 2022-2023, the fund provided financial support to over 12,000 small businesses with a total amount exceeding 4 trillion UZS [9].

Tax incentives represent another important direction. Recent tax reforms have simplified the tax system for small businesses and introduced various tax benefits. Table 1 summarizes the main tax incentives implemented during 2020-2023.



Table 1:

**Tax Incentives for Small Businesses in Uzbekistan (2020-2023)**

Type of Incentive	Description	Period of Implementation	Affected Sectors
Reduced VAT rate	Reduction from 15% to 12% for small businesses	2020-present	All sectors
Tax holidays	Exemption from certain taxes for newly established businesses	2021-2023	Manufacturing, IT, Tourism
Social tax reduction	Reduction from 12% to 4% for small businesses	2020-present	All sectors
Property tax exemption	Exemption for small manufacturing enterprises	2022-present	Manufacturing
Simplified tax reporting	Reduced reporting requirements	2020-present	All sectors

Source: Compiled based on data from the State Tax Committee of Uzbekistan [10]

Analysis of this table shows that tax incentives primarily focus on reducing the tax burden and simplifying administrative procedures. The most significant benefit has been the reduction in social tax, which has allowed small businesses to reduce labor costs. However, the sectoral distribution of incentives is uneven, with manufacturing, IT, and tourism receiving more significant benefits than other sectors.

Digitalization initiatives have also contributed to enhancing economic security. The introduction of electronic tax reporting, digital business registration, and online platforms for government services has reduced bureaucratic barriers and minimized corruption risks. The "E-government" system has simplified interactions between businesses and government agencies, reducing administrative costs and increasing transparency.

Despite these positive developments, several challenges remain in ensuring economic security for small businesses:

1. Access to finance continues to be problematic, especially for businesses in remote regions. Interest rates remain high despite government subsidies.
2. Protection from unfair competition, particularly from larger businesses with better resources and connections, remains inadequate.
3. Implementation gaps exist between adopted legislation and actual practice, with local authorities sometimes failing to properly implement national-level policies.
4. Informal economy practices continue to create uneven competitive environments for legitimate small businesses.
5. Information asymmetry and lack of awareness about available support mechanisms limit the effectiveness of implemented measures.

The analysis suggests that while significant progress has been made in creating a favorable environment for small businesses, economic security measures require a more comprehensive and integrated approach. Current measures tend to focus more on stimulating growth rather than addressing specific security concerns of existing businesses.

## **CONCLUSION**

This research has analyzed the measures being implemented in Uzbekistan to ensure economic security for small business enterprises. The findings indicate that while the government has introduced significant reforms in legislative protection, financial support, tax incentives, and digitalization, several challenges remain unaddressed.

To enhance the economic security of small businesses in Uzbekistan, the following recommendations are proposed:

1. Develop a comprehensive national strategy specifically focused on economic security for small businesses, integrating various existing programs and initiatives.
2. Strengthen mechanisms for protecting businesses from unfair competition and administrative pressure through empowering the Business Ombudsman institution with additional authority.
3. Improve access to affordable financing by developing alternative funding sources beyond traditional banking, such as venture capital funds and crowdfunding platforms.
4. Enhance information security measures for small businesses, including cybersecurity education and affordable IT security solutions.
5. Create specialized risk insurance programs for small businesses to mitigate various economic risks.
6. Strengthen enforcement mechanisms to ensure that legislative protections are properly implemented at all levels of government.

These recommendations, if implemented effectively, could significantly enhance the economic security environment for small businesses in Uzbekistan, contributing to more sustainable growth and development of this vital sector of the economy.

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