

THE IMPORTANCE OF SMALL BUSINESS AND ENTREPRENEURSHIP DEVELOPMENT IN POVERTY REDUCTION

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Abstract. This thesis analyzes the role and importance of the development of small business and private entrepreneurship in poverty reduction. The role of small business in ensuring employment, creating new jobs, increasing family income, and increasing the economic potential of regions is highlighted. Also, practical proposals are presented for poverty reduction through improving state support mechanisms for entrepreneurship and improving the business environment.

Keywords: Small business, private entrepreneurship, poverty reduction, employment, income, economic development, family entrepreneurship, state support, business environment, regional development.

Today, one of the most important socio-economic tasks facing the countries of the world is to reduce poverty and improve the well-being of the population. In achieving this goal, small business and private entrepreneurship are recognized as the main driving force of economic growth. Especially in developing countries, the opportunity to create new jobs, increase incomes and ensure social equality through the development of entrepreneurship is expanding. According to the International Labor Organization (ILO), micro, small and medium-sized businesses provide employment to about 2.3 billion people worldwide and have become an important factor in inclusive economic growth.

According to the latest analysis of the World Bank, small and medium-sized businesses in Uzbekistan are also considered the backbone of the economy, accounting for more than 90 percent of enterprises, creating about 55 percent of gross domestic product and employing 75 percent of the total employed population. Therefore, supporting entrepreneurship is considered one of the priority areas of the country's poverty reduction policy.

In recent years, large-scale reforms have been implemented in Uzbekistan to develop entrepreneurship. In particular, as a result of supporting family entrepreneurship, providing preferential loans, encouraging women and youth entrepreneurship, vocational training, and the introduction of a neighborhood work system, thousands of citizens have gained a permanent source of income. World Bank research shows that the incomes of citizens who have started their own businesses are stabilizing, and the risk of poverty is significantly decreasing.

In 2024–2025, a new approach to poverty reduction is being implemented in the country - the "From Poverty to Prosperity" program. Within the framework of this program, a register of low-income families is being formed, measures to ensure employment, develop entrepreneurship, and provide targeted social assistance have been strengthened. According to the World Bank, the poverty rate of 17 percent in 2021 decreased to 8.9 percent in 2024, with an important factor being the growth of business and agricultural incomes and an increase in employment.

At the same time, there are some problems in the development of small businesses. In particular, some entrepreneurs have limited access to financial resources, insufficient knowledge and skills in business management, and infrastructure and market opportunities in rural areas are not fully formed. The level of financing for women's entrepreneurship and startup projects is still not up to the mark. Therefore, improving lending mechanisms, expanding digital financial services, and developing business incubators are of great importance.

International experience shows that supporting entrepreneurship not only accelerates economic growth, but also serves to strengthen social protection, reduce informal employment, and improve the living standards of the population. In this regard, continuing the reforms being implemented in Uzbekistan, improving the business environment in the regions, expanding innovative and digital entrepreneurship, and encouraging business initiatives of youth and women are among the important conditions for further poverty reduction.

In conclusion, the consistent development of small businesses and private entrepreneurship is one of the most effective means of ensuring economic stability in the country, increasing employment, expanding sources of income, and reducing poverty. The reforms implemented by the state in this direction, cooperation with international organizations, and the use of modern financial instruments will continue to ensure inclusive economic growth in the future.

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