

# **ENHANCING THE IMPACT OF ENTREPRENEURIAL ENTITIES ON ECONOMIC DEVELOPMENT: GLOBAL EXPERIENCES AND APPROACHES (CASE STUDY OF SURKHANDARYA REGION)**

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## **Abstract**

This paper explores the role of entrepreneurship in fostering economic development in the Surkhandarya Region of Uzbekistan. It examines global best practices and approaches to enhancing the effectiveness of entrepreneurial entities and analyzes how these can be adapted to the regional context. The study utilizes statistical data, comparative analyses, and case studies to provide actionable recommendations for policymakers and stakeholders.

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**Keywords:** Entrepreneurship, Economic Development, Surkhandarya Region, Small and Medium Enterprises (SMEs), Global Best Practices, Policy Recommendations

Entrepreneurship plays a vital role in the economic development of any region. In the context of the Surkhandarya Region, where the Gross Regional Product (GRP) increased by 5.9% in 2023, small and medium-sized enterprises (SMEs) accounted for 75.9% of this growth. Despite this, several challenges remain, including limited access to finance, a complex regulatory environment, and insufficient infrastructure and training programs.

Global best practices reveal effective strategies that could be adapted to improve entrepreneurial impact in Surkhandarya. For example, Chile's

government-backed Start-Up Chile initiative provides equity-free grants and has significantly boosted local innovation and job creation. The Global Innovation through Science and Technology (GIST) initiative, led by the U.S. government, helps emerging entrepreneurs in science and tech fields in developing economies.

To bring similar successes to Surkhandarya, a comparative analysis suggests several key areas for development. First, simplifying business registration and tax policies will lower entry barriers. Second, increasing financial support through local credit institutions and venture capital will enable entrepreneurs to grow and scale their businesses. Third, establishing business incubators and training centers will equip young entrepreneurs with the necessary skills. Lastly, infrastructure development, especially in rural areas, will ensure broader economic engagement.

In 2023, the government allocated \$40 million to support youth entrepreneurship, offering loans of up to \$100,000 with flexible terms. Additionally, the region is expanding the Termez Special Economic Zone and developing youth industrial zones to foster entrepreneurship.

**Table 1: GRP Growth in Surkhandarya Region (2022-2023)**

Year	GRP (billion soums)	Growth Rate (%)
2022	51,300.0	—
2023	54,354.1	5.9

**Table 2: Number of Operating SMEs in Uzbekistan by Region (2023)**

Region	Number of SMEs	Share in Total (%)
Surkhandarya	32,000	7.7

Tashkent	85,000	20.4
Samarkand	48,000	11.5

As of October 1, 2023, there were 21.2 thousand small businesses and microfirms operating in Surkhandarya region.

The majority of them operate in the following sectors:

Trade: 1,156 enterprises

Industry: 576 enterprises

Agriculture, forestry, and fisheries: Exact number of enterprises not specified

#### Large-Scale Industrial Projects

Major industrial enterprises also operate in the region. For example:

- “Oravit Ceramic” LLC: Launched in 2021, this enterprise produces 48,000 units of household and decorative ceramic products annually. It has created 80 jobs.
- “Surkhandaryotaminbutlash” LLC: A project worth \$2.5 million is being implemented to produce laminated particle board (DSP) products.

These projects contribute significantly to the regional economy.

#### Family Entrepreneurship and Preferential Loans

Under the “Every Family is an Entrepreneur” program, preferential loans are being allocated to support the development of family businesses. These loans are formed from the repayment of previously issued loans. The regional administration is also taking measures to rehabilitate businesses and combat the shadow economy.

## Industrial and Entrepreneurial Zones

According to Presidential Decree No. PQ-400 dated December 21, 2023, a 4.0-hectare land plot in the “G‘alaba” SIU neighborhood, “Qo‘zichoq” MCG area of Denov district, has been allocated as a youth industrial and entrepreneurial zone. Additionally, a 17.0-hectare land area has been included in the “Termez” Free Economic Zone.

**Table: Overview of Businesses, Industrial Zones, and Key Enterprises in Surkhandarya Region**

Category	Enterprise/ Zone Name	Details	Year of Establishment	Contribution to Economy
<b>Small Businesses (Micro and Small Enterprises )</b>	General Overview	21,200 micro and small businesses operating in the region. Main sectors include trade, industry, agriculture.	2023	Vital for local economic growth and employment in various sectors.
<b>Trade Sector</b>	Various Trade Enterprises	1,156 businesses engaged in wholesale and retail trade.	2023	Major contributor to regional GDP and employment.

<b>Category</b>	<b>Enterprise/ Zone Name</b>	<b>Details</b>	<b>Year of Establishment</b>	<b>Contribution to Economy</b>
<b>Agriculture , Forestry, Fisheries</b>	Various Agricultural and Forestry Entities	Exact number of businesses in agriculture and related fields not specified, but key sector for the region's economy.	2023	Major role in providing raw materials and contributing to food security.
<b>Large Industrial Projects</b>	Oravit Ceramic LLC	Produces 48,000 ceramic household and decorative items annually.	2021	Key to enhancing the regional manufacturing sector, creating jobs, and boosting exports.
<b>Industrial Projects</b>	Surkhandaryo ta'minot LLC	\$2.5 million project focused on the production of DSP laminated boards.	Ongoing	Significant investment in industrial infrastructure with a long- term

<b>Category</b>	<b>Enterprise/ Zone Name</b>	<b>Details</b>	<b>Year of Establishment</b>	<b>Contribution to Economy</b>
				economic impact.
<b>Youth Industrial Zone</b>	G'alaba SIU, Qo'zichoq MCG	4.0 hectares dedicated to youth entrepreneurship and small-scale industrial projects.	2023	Encouraging youth participation in economic activities, fostering innovation.
<b>Free Economic Zone</b>	Termiz Free Economic Zone (FEZ)	17.0 hectares allocated for business activities, benefiting from tax exemptions and customs privileges.	2023	Attracts foreign investment, enhances regional trade, and offers economic incentives.

**Key Insights:**

1. Small and Micro Businesses are central to Surkhandarya's economy, providing a broad base of employment and economic activity across various sectors such as trade, industry, and agriculture.

2. Large Industrial Projects like Oravit Ceramic and Surkhandaryota'minot are contributing to regional economic development through manufacturing and export-oriented products.
3. Industrial Zones such as the Termiz Free Economic Zone and the G'alaba SIU are being developed to attract investment and foster entrepreneurship, particularly targeting youth and family businesses.

## **Conclusion**

Globally, entrepreneurship is recognized as a key driver of economic growth, job creation, and innovation. Small and medium-sized enterprises (SMEs) play a critical role in ensuring economic stability and development. In the case of Surkhandarya, the region offers significant potential for boosting entrepreneurship through its rich agricultural resources, opportunities for tourism, and emerging industrial infrastructure.

Global best practices show that government support, access to financing, and fostering innovation are crucial in enabling the growth of entrepreneurial entities. For example, Japan's support for small and medium businesses, through financial assistance programs, and Germany's approach to promoting innovation through startup hubs, can be adopted to enhance Surkhandarya's entrepreneurial environment. Based on these global experiences, the following strategic areas should be prioritized for fostering entrepreneurship in Surkhandarya:

1. Financial Support and Credit Systems: Providing entrepreneurs with access to concessional loans, grants, and financial incentives to support business growth.

2. Entrepreneurial Education and Training: Offering business management courses and capacity-building programs for small and medium enterprises.
3. Technological Innovation: Encouraging the adoption of new technologies, promoting innovation, and integrating them into business operations.
4. Infrastructure and Logistics Development: Improving the local infrastructure, including transportation and communication systems, to support entrepreneurial activities.

By adapting global experiences to the local context, Surkhandarya can build a robust entrepreneurial ecosystem, which will contribute to sustainable economic growth and development in the region.

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