

**STATE SUPPORT FOR SMALL AND MEDIUM-SIZED
ENTERPRISES AND THE IMPLEMENTATION OF EUROPEAN
UNION EXPERIENCE IN THE REPUBLIC OF UZBEKISTAN.**

*Independent Researcher at Tashkent Institute of Chemical Technology,
Baxtiyorova Maftuna Bahrom qizi.*

**ГОСУДАРСТВЕННАЯ ПОДДЕРЖКА МАЛОГО И СРЕДНЕГО
ПРЕДПРИНИМАТЕЛЬСТВА И ВНЕДРЕНИЕ ОПЫТА
ЕВРОПЕЙСКОГО СОЮЗА В РЕСПУБЛИКЕ УЗБЕКИСТАН.**

*Независимый исследователь Ташкентского химико-
технологического института
Baxtiyorova Maftuna Bahrom qizi.*

**KICHIK VA O'RTA BIZNESNI DAVLAT TOMONIDAN
QO'LLAB – QUVVATLASH HAMDA YEVRONA ITTIFOQI
TAJRIBASINI O'ZBEKISTONGA TARG'IB ETISH.**

*Toshkent kimyo – texnologiya instituti mustaqil tadqiqotchisi
Baxtiyorova Maftuna Bahrom qizi.*

baxtiyorova_maftuna@mail.ru

+99897 718-13-08

It is known that small and medium-sized businesses are an important component of the economic system. This type of business contributes significantly to the economic growth of countries, as it plays a crucial role in ensuring social and economic stability, creating jobs, enhancing competition, and developing innovations. Small and medium-sized businesses also have



several advantages and unique characteristics compared to large enterprises. Representatives of small and medium-sized businesses operate through small-scale production, services, and trade, creating many new jobs and significantly contributing to the development of local production.

In European Union countries, especially in Switzerland and Finland, the support systems for small and medium-sized businesses include advanced approaches. These countries have implemented various mechanisms of government support and developed strategies specific to the growth of small and medium-sized businesses. The EU countries, including Switzerland and Finland, have achieved high results in areas such as innovative startups, digital technologies, and export support. Organizations such as Sweden's Almi (Swedish Agency for Economic and Regional Growth) and Finland's Business Finland, in turn, implement government programs aimed at developing small and medium-sized businesses. In Switzerland, the share of small and medium-sized businesses in the economy exceeds 50%, which indicates the importance of this sector to the government.

Their experience and support mechanisms, including innovations, digital technologies, and financial programs, are of great significance for small businesses. Switzerland and Finland have created specific agencies, grants, loans, and tax incentives to support the development of small and medium-sized businesses. Through organizations like Almi in Switzerland and Business Finland in Finland, small businesses receive support to develop their activities. All of these initiatives help small businesses implement new technologies, enter global markets, and carry out digital transformation. Switzerland and Finland have advanced experience in implementing digital technologies and creating new business models. For example, Switzerland's Innovation Voucher program helps small businesses introduce innovative technologies. Finland is one of the leading countries in implementing 5G technologies, creating new opportunities for small and medium-sized



businesses to transition to digital trade. At the same time, Finland places significant emphasis on the development of startups and assists small businesses in adopting technologies through digital platforms.

Sweden and Finland have developed important laws, programs, and support mechanisms for the development of small and medium-sized businesses. These countries have expanded the types of support provided by the government, including financial assistance, technological incubators, grants, tax incentives, and other forms of support. Positive outcomes resulting from government support can be observed in various examples, including large companies. In Switzerland, one of the most famous startups supported by the government is Spotify, which has become a global leader in the music services industry. It is well known that Spotify benefited from Switzerland's government support. The government developed various financial programs, including grants and tax incentives, to support innovations. This company successfully introduced advanced technologies in Switzerland and expanded and developed its activities with the financial and legal assistance provided by the government.

One of the factors that contributed to Spotify's great success was the country's state policy focused on supporting digital technologies and startups, and it is no exaggeration to say so. Spotify helped improve the quality of produced products and services and introduced innovative solutions to enter the global market. As a result of government grants and startup support programs, Spotify strengthened its position in the global market.

Another successful company from Switzerland is Klarna, a global leader in online payment systems. Klarna's startup was also supported by the government, and through tax incentives and grants offered by the state, it achieved significant growth. Klarna began its operations in Switzerland but expanded globally through government support. Laws and government programs promoting digital transformation in Switzerland created

opportunities for companies like Klarna. The company made changes with its technological approaches and business models. The tax incentives and financial programs provided by the government resulted in positive outcomes for Klarna.

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Estimated Market Value (USD) in 2025	\$2.12 Billion
Forecasted Market Value (USD) by 2030	\$3.22 Billion
Compound Annual Growth Rate	8.7%
Regions Covered	Switzerland
No. of Companies Mentioned	8

Similarly, one of Finland's most famous and successful companies, Supercell, is a global leader in mobile game development. The Supercell company was supported by the Finnish government and expanded its operations through various grants, tax incentives, and financial assistance provided by the state. The success of Supercell was also aided by the financial support of Business Finland.

Through innovative financial programs aimed at supporting small and medium-sized businesses and the tax incentives for startups provided by Business Finland, Supercell became a successful leader in the global gaming industry. The company's technologies and innovative elements in its games expanded as a result of digital transformation and financial support.

Another successful Finnish company is Rovio Entertainment, famous for developing mobile games, including the best-selling Angry Birds game. Rovio was also supported by Business Finland and achieved success through government programs. Rovio created its global brand by leveraging state support for its innovative approaches, advertising, and marketing strategies.

The Finnish government's policies focused on developing startups and digital innovations, such as 5G technologies, provided significant assistance to companies like Rovio. The company benefited from grants and tax incentives provided by the government on its path to entering the global market.

Switzerland and Finland have developed several laws and programs aimed at supporting small and medium-sized businesses. Some of these include:

- **Swedish Innovation Agency (Vinnova):** The Swedish government created the Vinnova agency to support innovation and scientific research. This agency provides grants, financial assistance, and consulting services to startups and small businesses for the introduction of technological innovations.

- **Almi:** Sweden's state financial support agency, Almi, provides loans, credits, and financial assistance to startups and small businesses. Almi helps expand financial support provided by the state.

- **Tax Incentives for Startups:** In Sweden, tax incentives for small businesses create opportunities for new businesses to start and grow.

- **Business Finland:** The Finnish government established Business Finland to support innovative businesses and help them enter international markets. This organization provides financial assistance, grants, and tax incentives for startups.

- **Innovation Act:** Finland has developed specific laws to support the development of innovations and technologies. Through these laws, businesses can benefit from tax incentives and other forms of support when introducing new technologies.

- **Tax Incentives:** In Finland, small businesses receive help expanding their operations through tax incentives and investment incentives.

Switzerland and Finland have achieved great success in the development of small and medium-sized businesses through government support. Companies such as Spotify, Klarna, Supercell, and Rovio Entertainment expanded their operations and became successful in global markets through government programs and financial assistance. The laws, grants, tax incentives, and innovation programs developed by the Swiss and Finnish governments help small businesses grow. These experiences could be beneficial for Uzbekistan as it develops its own business ecosystem.

Based on the information provided above, it can be said that the experiences from the European Union are of great importance for Uzbekistan. Uzbekistan's economy is in a stage of development, and the system of supporting small and medium-sized businesses is going through a new formation period. The EU's policies for business development, especially in the areas of digital transformation and innovations, could be successfully applied in Uzbekistan as well.



The most popular form of company type in Finland are Limited liability company (42% or 288211 companies). Comparative analysis of the number of businesses by company type for January 2024 - 2020 can be found at the Finnish Trade Register.

Switzerland and Finland have developed various financial mechanisms to support small and medium-sized businesses, including programs such as grants, loans, and tax incentives. Finland's subsidies, grants, and tax incentives for startups play a significant role in the development of small businesses. Uzbekistan also needs to implement similar financial mechanisms, which would stimulate the growth of small and medium-sized businesses. The innovative financial programs provided by European Union countries can also help Uzbekistan in developing small businesses and adopting new technologies. To improve the financial and technological support provided by the government in Uzbekistan, it is necessary to strengthen the legal system, create innovation incubators, attract investments, and open new markets.

In recent years, Uzbekistan has shown growth in the small business and entrepreneurship sector, but there are still many areas where development opportunities are not as high. Several initiatives aimed at supporting small business and entrepreneurship are being implemented in Uzbekistan, but the sector could be further developed by applying the successful experiences of European Union countries more broadly.

The small business and entrepreneurship sector plays an important role in Uzbekistan's economy. In 2020, the share of small and medium-sized businesses in the country's Gross Domestic Product (GDP) was 56%. In 2021, more than 9 million entrepreneurial entities were operating. At the same time, in order for the small business and entrepreneurship sector to become a major contributor to economic growth, it must address several issues:

1. **Financial support:** Small businesses often do not have access to affordable loans and long-term investments.
2. **Tax system:** The tax system is still complex and, in some cases, creates difficulties for small entrepreneurs.
3. **Digital transformation:** Many small businesses are unable to fully implement digital technologies.

The Uzbek government is developing a number of decisions and laws to support the growth of small businesses and entrepreneurship:

1. **"State Program for the Development of Small Business"**: The government has developed special programs to support small businesses. Through this program, subsidies, loans, and state assistance are provided to small businesses. Tax incentives and affordable loans are also given special attention to support the development of entrepreneurship.

2. **"Simplification of Business Registration"**: Laws have been developed to simplify the process of business registration and introduce digital systems. This is expected to improve the legal and economic conditions for entrepreneurs.

3. **"Tax Incentives"**: The government of Uzbekistan has introduced tax incentives to support the development of small businesses. This helps ease the tax burden on entrepreneurs and allows them to attract more investments.

4. **"Implementation of Digital Technologies"**: The government of Uzbekistan has made the support of digital technologies a priority. As part of the "Digital Uzbekistan" program, digital systems are being introduced for small businesses.

5. **"Business Development in Rural Areas"**: State programs have been developed to promote small businesses in rural areas, with the goal of supporting rural entrepreneurs and creating opportunities for them to enter global markets.

The successful experiences of European Union countries in small business and entrepreneurship can be beneficial to Uzbekistan in the following areas: European Union countries have advanced systems for financial support for small businesses, such as grants and loans provided by organizations like Almi (Sweden) and Business Finland. Uzbekistan should create more opportunities for small businesses through similar financial assistance programs. Additionally, European Union countries have extensive

experience in developing startups and implementing innovations. Countries like Switzerland and Finland have startup incubators and accelerators that support new entrepreneurs. Uzbekistan should also create similar incubators and accelerators and increase support for startups. In European Union countries, the tax system for small businesses is more simplified. In Uzbekistan, the tax system is still complex and can be challenging for some small entrepreneurs. Taking into account the European Union's experience, it is necessary to simplify the tax system and create more favorable conditions for small businesses. European Union countries have expanded the implementation of digital technologies for small businesses. For example, through digital transformation processes in Finland and Switzerland, new opportunities have been created for small businesses. Uzbekistan should apply the European Union's experience more widely to digitize small businesses and expand digital services. European Union countries assist small businesses in accessing global markets, providing support for exports, grants, and aid programs for international trade. Uzbekistan should also encourage small businesses to engage in exports and provide support for international trade.

Currently, some companies in Uzbekistan's small and medium business sector have achieved significant success in 2023-2024. Some of them have gained success through innovative solutions and effective business models. Below is detailed information about two private companies and their economic indicators: **"Mobiuz" Mobile Communications Company:** Mobiuz is one of the successful companies operating in the small business and entrepreneurship sector in Uzbekistan's mobile communication industry. The company expanded its market share in 2023-2024 by offering innovative services and products. In 2023, the company's total revenue reached 2.5 trillion UZS. By the beginning of 2024, the number of its users reached 6 million due to the development of the 4G network. Additionally, the company increased its revenue by 15% by launching new mobile applications and

digital services. Through the development of mobile payment systems and digital platforms, it strengthened support for small businesses. Mobiuz provided convenient solutions for small and medium businesses, including mobile payment systems. By introducing innovative technologies, the company launched new services in the market. Mobiuz is included in state programs for the development of telecommunications and digital technologies and benefits from various tax incentives to foster the development of the private sector.

As can be seen, the small business and entrepreneurship sector in Uzbekistan is developing. However, applying the successful experiences of European Union countries can further enhance this sector. Adapting the financial support mechanisms, simplifying the tax system, implementing digital transformation, and developing startups from countries like Switzerland and Finland to Uzbekistan will help further develop small businesses. Implementing these practices will accelerate Uzbekistan's economic growth, help small businesses enter global markets, and expand new technologies.

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