



**THE FRAMEWORK FOR ENHANCING INNOVATION-LED  
DEVELOPMENT OF SMALL ENTERPRISES IN THE ERA OF  
ECONOMIC MODERNIZATION.**

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**Annotation.** The article examines small innovative entrepreneurship as a key structural component in the evolution of the digital economy, serving as a foundation for transformative changes in technology, digital infrastructure, and social relations. The most dynamic and successful small innovative enterprises play a dual role in the digital economy: on the one hand, they function as experimental platforms for testing new business ideas, and on the other, they act as essential building blocks from which both national and global companies emerge.

**Keywords:** Small innovative entrepreneurship, global companies, successful representatives.

**Аннотация.** В статье рассматривается малое инновационное предпринимательство как ключевой структурный элемент развития цифровой экономики, выступающий основой для трансформационных изменений в технологиях, цифровой инфраструктуре и социальных отношениях. Наиболее динамичные и успешные малые инновационные предприятия играют двойную роль в цифровой экономике: с одной стороны, они выступают в качестве экспериментальной площадки для апробации новых бизнес-идей, а с другой — являются важным «строительным материалом», из которого формируются национальные и глобальные компании.



**Ключевые слова:** Малое инновационное предпринимательство, глобальные компании, успешные представители.

**Annotatsiya.** Maqolada kichik innovatsion tadbirkorlik raqamli iqtisodiyot rivojlanishining muhim tarkibiy elementi sifatida ko‘rib chiqilib, u texnologiyalar, raqamli infratuzilma va ijtimoiy munosabatlardagi tub o‘zgarishlar uchun asos bo‘lib xizmat qilishi yoritilgan. Eng dinamik va muvaffaqiyatli kichik innovatsion korxonalar raqamli iqtisodiyotda ikki tomonlama rol o‘ynaydi: bir tomondan, ular yangi biznes g‘oyalarni sinovdan o‘tkazish uchun tajriba maydoni sifatida xizmat qiladi, ikkinchi tomondan esa, milliy va global kompaniyalar shakllanishi uchun muhim “qurilish material” hisoblanadi.

**Kalit so‘zlar:** Kichik innovatsion tadbirkorlik, global kompaniyalar, muvaffaqiyatli vakillar.

## INTRODUCTION

In the conditions of modern development, small business represents an essential part of the economy and integral element of a competitive market mechanism. Small businesses are of great socio-economic importance, as able to mitigate the effects of structural changes, faster adapt to changing market needs significant contribution to regional development, develop and introduction of technical, technological and organizational innovations. As a result, there is a widespread need development of the activities of these business entities in the direction modernization, which requires the intensification of state support with taking into account the innovative conjuncture. The main task of paramount importance in the formation and implementation of a strategy for the development of the digital economy in Uzbekistan is the prioritization of information innovation policy regarding stakeholders, industry and innovation market entities and target social groups, as well as an interdisciplinary approach to managing content and



activities that combines modern communication technologies, management and social engineering. However, for the sustainable development of small innovative enterprises, today it is necessary to solve the problems they face, which impede the sustainable development of small innovative enterprises, which are quite serious, and the solution has serious scientific significance. Under these conditions, the only real basis for intensive growth can be the significant, but not adequately demanded by the economy, potential of science, education and the high-tech, high-tech sector of the economy.

## LITERATURE REVIEW

Satalkina, L., & Steiner, G. In Digital Entrepreneurship and its Role in Innovation Systems: A Systematic Literature Review – The authors argue that digital entrepreneurship is a core driver of innovation systems, transforming business models, networks, and economic structures. They emphasize that digital technologies create both opportunities and systemic changes in entrepreneurship.<sup>1</sup>

Ramdani, B., Raja, S., & Kayumova, M. Digital Innovation in SMEs: A Systematic Review, Synthesis and Research Agenda - The study develops a theoretical framework showing that digital innovation in SMEs is driven by internal and external factors, проходит through stages, and leads to improved business performance and competitiveness.<sup>2</sup>

Kraus, S., Palmer, C., Kailer, N., Kallinger, F., & Spitzer, J. - Digital Entrepreneurship: An Interdisciplinary Structured Literature Review and Research Agenda. The authors highlight that digital entrepreneurship is a fundamental force

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<sup>1</sup> Satalkina, L., & Steiner, G. - Digital Entrepreneurship and its Role in Innovation Systems: A Systematic Literature Review. 2020. DOI: 10.3390/su12072764. Link: <https://doi.org/10.3390/su12072764>

<sup>2</sup> Ramdani, B., Raja, S., & Kayumova, - M. Digital Innovation in SMEs: A Systematic Review, Synthesis and Research Agenda. 2021. Link: <https://doi.org/10.1080/02681102.2021.1893148>



behind modern economic transformation, enabling new business models, platforms, and global enterprises. They stress its role in shaping innovation-driven economies.<sup>3</sup>

Ardito, L., et al. - Digital Innovation in Entrepreneurial Firms: A Systematic Literature Review. The research emphasizes that digital innovation enhances value creation, supports sustainable growth, and reshapes entrepreneurial processes. However, SMEs face barriers such as lack of resources, skills, and networks.<sup>4</sup>

Recent empirical study, 2026 – “Influence of Digital Innovation on Entrepreneurial Performance in SMEs”. **Author’s idea:** The study proves that digital innovation significantly improves SME performance, especially when firms possess high digital readiness, allowing better integration of resources and increased competitiveness.<sup>5</sup>

The reviewed studies demonstrate that innovation-led development of small enterprises is closely linked to digital transformation, technological adoption, and entrepreneurial ecosystems. Modern research emphasizes the importance of digital readiness, innovation capabilities, and supportive infrastructure as key drivers of sustainable growth and competitiveness in the context of economic modernization.

## METHODOLOGY

This study is based on a mixed-methods approach combining qualitative and quantitative analysis to examine the framework for enhancing innovation-led development of small enterprises in the context of economic modernization. The research relies on secondary data sources, including scientific publications, international reports, and statistical databases, as well as comparative and structural analysis.

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<sup>3</sup> Kraus, S., Palmer, C., Kailer, N., Kallinger, F., & Spitzer, J. - Digital Entrepreneurship: An Interdisciplinary Structured Literature Review and Research Agenda.2019. Link: <https://doi.org/10.1016/j.techfore.2019.119735>

<sup>4</sup> Ardito, L., et al. - Digital Innovation in Entrepreneurial Firms: A Systematic Literature Review. 2023 . Link: <https://doi.org/10.1007/s11846-023-00638-9>

<sup>5</sup> Recent empirical study, 2026 – “Influence of Digital Innovation on Entrepreneurial Performance in SMEs”. 2026. Link: <https://doi.org/10.1016/j.stae.2026.100130>



**Table 1. Key Indicators for Assessing Innovation-Led Development of Small Enterprises**

Indicator	Description	Measurement Method
Digital Adoption Level	Use of digital technologies in business processes	% of digital tools implemented
R&D Activity	Investment in research and development	R&D expenditure (% of revenue)
Innovation Output	Number of new products/services introduced	Number per year
Market Performance	Business growth and competitiveness	Revenue growth (%)

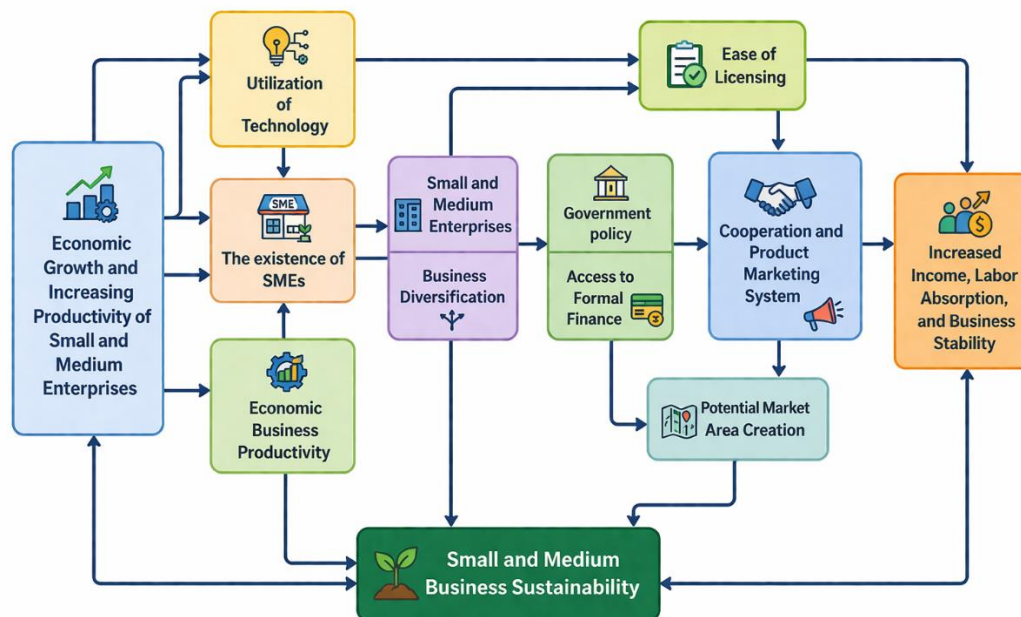
The table presents the main indicators used to assess the innovation-driven development of small enterprises. The digital adoption level reflects the degree of technological integration, while R&D activity measures the firm's commitment to innovation. Innovation output shows the practical results of innovative efforts, and market performance evaluates the economic effectiveness of these innovations. Together, these indicators provide a structured framework for analyzing how innovation contributes to the growth and modernization of small businesses.

### ANALYSIS AND RESULTS

This potential is sharply disproportionate to the share of world production of high-tech products belonging to the republic, which indicates the insufficient efficiency of the mechanisms of its functioning and the absence of the necessary conditions designed to intensify innovative activity in industry and its high-tech sector. Taking into account the circumstances noted, the processes of transformation of the activity of small innovative enterprises into the digital economy of the republic, the development and analysis of forecasts for its development, the



formation of economically and socially justified options for its activation with the development of a set of models and methods of economic and mathematical tools seem relevant, important and significant.



**1-figure. Integrated Framework for Sustainable Development of Small and Medium Enterprises**

This scheme represents a comprehensive framework illustrating how various economic, institutional, and market factors interact to support the development and sustainability of SMEs. It begins with key drivers such as technology utilization, existence of SMEs, and business productivity, which form the foundation for enterprise growth and diversification. The framework highlights the critical role of government policy and access to formal finance in enabling business operations and reducing barriers through ease of licensing. These factors facilitate stronger business cooperation and product marketing systems, leading to the creation of new market opportunities.

As a result, SMEs achieve increased income, higher employment (labor absorption), and improved business stability. Ultimately, these outcomes contribute



to the long-term sustainability of small and medium enterprises, creating a continuous cycle of economic growth and development.

It is important to note the lack of a well-established doctrinal approach to the essence of the new legal institutions of the digital economy, which partly complicates the formation of an appropriate legal environment. Important arising in the polls during the formation of the legal doctrine, and in the future, the legal framework is: -firstly, the creation of clear ideas about industry regulation, which public relations will relate to the conduct of civil law, and which to financial law and other branches of law and legislation; -secondly, we must not forget about the need to create a single structure-forming legislative act, and digital law should be enshrined in this way, giving, first of all, definitions of new phenomena of digital life and regulating issues of transactions with digital money and rights, as well as solving taxation problems and financial discipline. I would like to note that the existing legal doctrines do not have the corresponding conceptual apparatus for the development of such active processes of digitalization of the economy. If amending legislative acts, as a rule, does not present special difficulties for the legislator, either organizationally or temporarily, then changing legal doctrines is a much more complicated process, therefore, legislative changes in accordance with modern realities are likely to come much earlier. There is currently a legal vacuum in the regulation of the digital economy. Any subjects of public relations with the use of digital technologies in the economy suffer from this. On the one hand, lawabiding and conscientious subjects of civil legal relations may suffer, on the other hand, the lack of clear financial and legal regulation leads to tax evasion. The problems of legal regulation of the digital economy are taking on an international scale, since it is not always easy to link the activities of their largest Internet platforms to a specific state, including due to the introduction of new digital business models in the economy. It is important to understand that digital objects are constantly evolving. As people, business and equipment become more closely connected in a single



digital space format, digitalization offers ample opportunities for new decision-making models, becoming the basis of ongoing global economic and social transformations that are changing business and consumer models, models of social services and economic activities of the population. The potential of small innovative enterprises in the context of digitalization creates the prerequisites for the emergence of competitive advantages of science and business both at the national and global levels.

## CONCLUSION AND RECOMMENDATIONS

In conclusion, the proposed framework demonstrates that the sustainable development of Small and Medium Enterprises (SMEs) is achieved through a coordinated interaction of technological, economic, institutional, and market factors. The model confirms that technology utilization, business productivity, supportive government policies, and access to finance are fundamental drivers that enhance SME performance. At the same time, effective business cooperation and marketing systems expand market opportunities, ultimately leading to increased income, employment generation, and business stability. These outcomes ensure the long-term sustainability of SMEs and contribute significantly to overall economic growth.

However, achieving these results requires not only the presence of these elements but also their systematic and balanced implementation. Based on the framework, the following recommendations are proposed:

- Enhance digital transformation: Governments and institutions should promote the adoption of modern technologies among SMEs through training programs and digital infrastructure development.
- Improve access to finance: Expand financial inclusion by simplifying lending procedures, offering low-interest loans, and supporting alternative financing mechanisms.



- Simplify regulatory procedures: Ensure transparency and efficiency in licensing processes to encourage business formalization.

- Strengthen public–private cooperation: Foster partnerships between SMEs, large enterprises, and government bodies to improve knowledge sharing and innovation.

- Develop marketing and export capabilities: Support SMEs in accessing new markets through improved marketing systems, branding, and participation in international trade.

Overall, the implementation of these measures will create a favorable ecosystem for SMEs, ensuring their resilience, competitiveness, and sustainable contribution to economic development.

## REFERENCES

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