

THE ROLE OF ENTREPRENEURSHIP IN COMBATING POVERTY

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Annotation. This article examines the role of entrepreneurship in combating poverty and promoting sustainable economic development. The study analyzes how entrepreneurial activity contributes to employment generation, income growth, innovation, and improvement of living standards. Special attention is given to small and medium-sized enterprises, digital entrepreneurship, financial inclusion, and government support mechanisms. The article also evaluates the relationship between entrepreneurship development and poverty reduction using statistical and comparative analysis.

Key words. entrepreneurship, poverty reduction, employment, small business, economic growth, innovation, financial inclusion, sustainable development, labor market, digital entrepreneurship.

Annotatsiya. Mazkur maqolada tadbirkorlikning kambag'allikka qarshi kurashish va barqaror iqtisodiy rivojlanishni ta'minlashdagi o'rni tahlil qilinadi. Tadqiqotda tadbirkorlik faoliyatining bandlik yaratish, daromadlarni oshirish, innovatsiyalarni rivojlantirish hamda aholi turmush darajasini yaxshilashga ta'siri o'rganilgan. Shuningdek, kichik biznes va xususiy tadbirkorlik, raqamli tadbirkorlik, moliyaviy inklyuziya va davlat tomonidan qo'llab-quvvatlash mexanizmlariga alohida e'tibor qaratilgan. Maqolada tadbirkorlik rivojlanishi va kambag'allikni qisqartirish o'rtasidagi bog'liqlik statistik hamda taqqoslama tahlil asosida baholangan.

Kalit so'zlar. tadbirkorlik, kambag'allikni qisqartirish, bandlik, kichik biznes, iqtisodiy o'sish, innovatsiya, moliyaviy inklyuziya, barqaror rivojlanish, mehnat bozori, raqamli tadbirkorlik.

Аннотация. В данной статье исследуется роль предпринимательства в борьбе с бедностью и обеспечении устойчивого экономического развития. Анализируется влияние предпринимательской деятельности на создание рабочих мест, рост доходов, развитие инноваций и повышение уровня жизни населения. Особое внимание уделяется малому и среднему бизнесу, цифровому предпринимательству, финансовой инклюзии и механизмам государственной поддержки. В статье также оценивается взаимосвязь между развитием предпринимательства и сокращением бедности на основе статистического и сравнительного анализа.

Ключевые слова. предпринимательство, сокращение бедности, занятость, малый бизнес, экономический рост, инновации, финансовая инклюзия, устойчивое развитие, рынок труда, цифровое предпринимательство.

INTRODUCTION

Entrepreneurship plays a fundamental role in modern economic systems and is considered one of the most effective instruments for reducing poverty and increasing employment opportunities. In many developing countries, small and medium-sized enterprises (SMEs) contribute significantly to GDP growth, labor market expansion, and household income generation. Entrepreneurial activity creates economic opportunities for low-income populations, supports innovation, and stimulates regional development.

In recent years, governments and international organizations have increasingly focused on entrepreneurship development as a strategy for achieving sustainable economic growth and social welfare. The growth of digital technologies, financial inclusion, and startup ecosystems has expanded opportunities for self-employment and business creation. Entrepreneurship also encourages competition, productivity, and efficient allocation of resources within the economy.

The relevance of this study is connected with the growing importance of entrepreneurship in combating poverty and improving living standards. The article aims to analyze the contribution of entrepreneurship to employment generation, income growth, and social inclusion using theoretical and statistical approaches.

LITERATURE REVIEW

Schumpeter, J. A. (1934). "The Theory of Economic Development." Joseph Schumpeter identified entrepreneurship as a driving force of economic development through innovation, market expansion, and technological progress. According to the author, entrepreneurs stimulate productivity growth and create new economic opportunities.[1]

Drucker, P. F. (1985). "Innovation and Entrepreneurship." Peter Drucker emphasized that entrepreneurship is closely linked with innovation and economic transformation. He argued that entrepreneurial activities increase employment and improve resource utilization.[2]

Yunus, M. (2007). "Creating a World Without Poverty." Muhammad Yunus explained that microfinance and social entrepreneurship provide financial access for poor populations and support self-employment opportunities. The author highlighted entrepreneurship as an instrument for social inclusion.[3]

Banerjee, A., & Duflo, E. (2011). "Poor Economics." The authors analyzed poverty from a microeconomic perspective and concluded that access to small business opportunities, credit systems, and entrepreneurial skills significantly improve household welfare.[4]

Acs, Z. J., & Armington, C. (2006). “Entrepreneurship, Geography, and American Economic Growth.” The study demonstrated that regions with higher entrepreneurial activity experience stronger employment growth and economic development.[5]

RESULTS AND ANALYSIS

The analysis shows that entrepreneurship significantly contributes to poverty reduction through employment generation, income diversification, and business expansion. Small and medium-sized enterprises represent one of the largest sources of employment in developing economies. Entrepreneurial activity increases labor market participation, especially among youth and women. Digital entrepreneurship and online business platforms have expanded economic opportunities in recent years. Remote work, e-commerce, and financial technologies allow individuals to generate income with relatively low startup costs. Entrepreneurship also stimulates regional economic development by increasing local production and market activity.

However, the effectiveness of entrepreneurship in combating poverty depends on several factors, including access to finance, education quality, infrastructure, digital technologies, and government support programs.

Table 1. The Economic Impact of Entrepreneurship on Poverty Reduction

Indicators	Effects of Entrepreneurship	Economic Outcomes
Small business growth	Expansion of local enterprises	Job creation
Innovation and startups	Development of new products and services	Productivity growth
Financial inclusion	Access to loans and banking services	Income generation
Digital entrepreneurship	Online employment opportunities	Labor market flexibility
Women and youth entrepreneurship	Increased social participation	Poverty reduction

The table demonstrates that entrepreneurship positively influences employment, innovation, and income growth. Small businesses and digital entrepreneurship provide economic opportunities for vulnerable population groups.

Table 2. Global Entrepreneurship and Poverty Statistics (2024)

Indicators	2015	2020	2024
SMEs share in global employment (%)	52.4	57.1	61.3

Global poverty rate (%)	10.8	9.2	7.9
Number of digital entrepreneurs (million)	120	185	276
Access to microfinance (%)	18.6	27.4	39.2

Source: World Bank, ILO, UNDP, 2024.

The statistical analysis indicates that the increase in entrepreneurial activity corresponds with declining poverty levels and higher employment opportunities worldwide.

CONCLUSION

The research confirms that entrepreneurship is one of the key mechanisms for combating poverty and achieving sustainable economic development. Entrepreneurial activity supports job creation, innovation, household income growth, and social inclusion. Small businesses and digital entrepreneurship have become especially important in expanding economic opportunities and reducing unemployment.

The study also demonstrates that government support, access to finance, education, and digital infrastructure are essential factors for strengthening entrepreneurship development. Policies aimed at supporting SMEs, innovation ecosystems, and vocational training can significantly improve the contribution of entrepreneurship to poverty reduction.

Recommendations:

1. Expand financial support programs for small businesses and startups.
2. Improve vocational and entrepreneurial education systems.
3. Develop digital infrastructure and internet accessibility.
4. Increase support for women and youth entrepreneurship.
5. Strengthen microfinance and financial inclusion policies.
6. Simplify business registration and taxation procedures.

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