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Improving The Forms of Green Entrepreneurship and The Mechanisms for Its Support

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Abstract: This article examines the role of green entrepreneurship in ensuring sustainable economic development and analyzes its main forms and support mechanisms. Particular attention is paid to the introduction of environmentally friendly technologies, resource-efficient production methods, and the reduction of negative environmental impacts. In the context of the transition to a green economy, institutional and economic tools for stimulating green entrepreneurship are explored. Based on the results of the study, proposals and recommendations are developed to improve financial, organizational, and institutional mechanisms for supporting green entrepreneurship.

Keywords: green economy, green entrepreneurship, sustainable development, environmental innovations, resource-efficient technologies, government support, green investment, ecological entrepreneurship

1. Introduction

Today, entrepreneurship is considered one of the main driving forces behind the development of market relations in Uzbekistan. Therefore, new forms of entrepreneurship associated with ecology, or "green" entrepreneurship, are attracting significant interest. This form of entrepreneurship is directly linked not only to solving economic problems but also to addressing social, environmental, and other developmental challenges at the regional and national levels [1].

According to the Decree of the President of the Republic of Uzbekistan No. PF-158 dated September 11, 2023, "On the Strategy 'Uzbekistan-2030'," the introduction of green economy principles, the widespread application of energy- and resource-saving technologies, and the development of environmentally friendly production are among the priority directions of New Uzbekistan's development.

Literature Review

The development of green entrepreneurship in Uzbekistan is largely influenced by international studies, which increasingly focus on environmental challenges and warn about the possibility of reaching irreversible ecological tipping points and facing various economic crises. Entrepreneurship serves as a foundation for sustainable economic development through activities aimed at creating markets for environmentally friendly goods, works, and services, as well as harmonizing the economic and environmental interests of society.

The development of ecological entrepreneurship is generally based on two approaches, which are presented in Figure 1.

Citation: Nematjonovich, S. N. Improving The Forms of Green Entrepreneurship and The Mechanisms for Its Support. American Journal of Economics and Business Management 2026, 9(6), 366-372

Received: 10th Mar 2026

Revised: 21th Apr 2026

Accepted: 08th May 2026

Published: 02th June 2026



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Thus, it can be argued that green entrepreneurs can help reduce existing market gaps by generating innovative ideas, encouraging the exploitation of emerging opportunities, and contributing to the ecological modernization of the country.

Based on the theory of economic development proposed by Joseph Schumpeter, some scholars argue that green entrepreneurship should satisfy the environmental and economic needs of end consumers through the production of goods and services whose value can be assessed not only through economic indicators but also through their overall environmental sustainability [2].

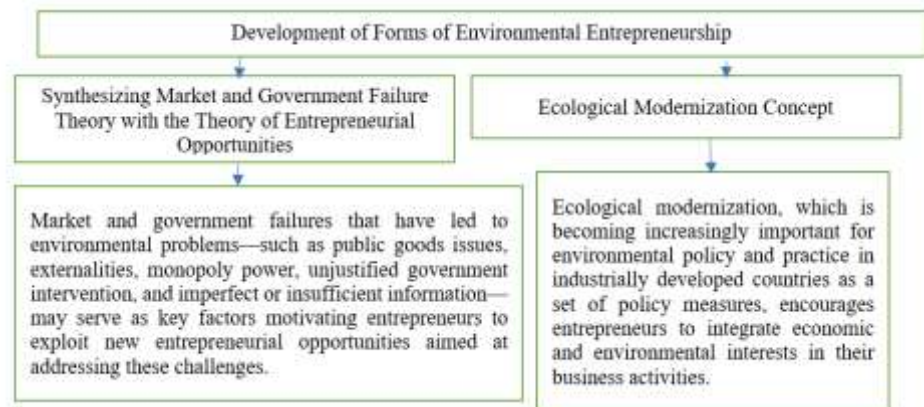


Figure 1. Development of Ecological Entrepreneurship

According to foreign scholars, market failures are considered one of the main factors contributing to the emergence of environmental problems. The more unfavorable market and economic conditions become, the more irresponsibly companies tend to behave. Such behavior may include polluting water bodies, uncontrolled exploitation of natural resources, and failure to pay fees for the use of natural resources and wildlife [3].

T. Dean and J. McMullen identified five major types of market failures that contribute to environmental degradation (Figure 2). These market failures create conditions under which economic actors may prioritize short-term profits over long-term environmental sustainability, thereby increasing the need for green entrepreneurship and environmentally responsible business practices.



Figure 2. Major Market Failures

Nevertheless, if we refer to the concept proposed by Joseph Schumpeter, all existing market failures should stimulate innovation, the development of new products, and the emergence of new forms of entrepreneurship. In other words, they should serve as drivers of economic growth. Global environmental and ecological changes create broad opportunities for the formation of green start-ups, while investors may expect substantial returns from such enterprises, thereby contributing to the achievement of sustainable economic development.

When discussing ecological modernization, it is important to emphasize that it represents a process of integrating commercial and environmental elements. The fundamental principles of ecological modernization are based on the assumption that

simultaneously achieving environmental and economic objectives can generate positive outcomes. Innovations created within a capitalist society can be utilized to promote green entrepreneurship and address environmental challenges.

In Uzbekistan, research on the green economy and green entrepreneurship has primarily focused on the development of small businesses, green investments, renewable energy sources, and government support mechanisms. However, the forms of green entrepreneurship and the comprehensive institutional mechanisms required to support it have not yet been systematically studied in sufficient depth [4].

For example, in the study conducted by D. Abdullajonov, issues related to the development of small business and private entrepreneurship based on the green economy concept were analyzed. The author identified renewable energy, organic agriculture, and eco-tourism as the main forms of green entrepreneurship.

Similarly, the research of M. Umarov and R. Otamurodov demonstrated that state policy, financial incentives, environmental innovations, and institutional mechanisms are important factors in the development of green entrepreneurship [5].

Furthermore, U. Jiyanov and V. Ilhomova focused their research on issues related to the green transformation of the national economy, the efficient use of resources, and increasing the share of green energy in the country's energy balance. Their studies emphasize the importance of sustainable resource management and the transition toward environmentally friendly energy systems as key components of green economic development [6].

In their research, E.I. Ikromov and J. Safarova examined issues related to the introduction of the "Green Entrepreneur" platform, as well as the promotion of economic growth through the adoption of renewable energy sources and resource-efficient technologies.

U. Ahmedov and I. Bahromova emphasize that the green economy is creating new entrepreneurial opportunities for young people, highlighting the importance of environmental technologies and renewable energy projects in this field [7].

2. Materials and Methods

A number of general scientific and specialized research methods were employed in the course of this study. First, the methods of scientific abstraction and systems analysis were used to examine the economic essence of green entrepreneurship, its forms, and its developmental characteristics from a theoretical perspective. In addition, international and national scientific literature, regulatory and legal documents, and strategic development programs were analyzed to summarize existing scholarly views on the subject.

A comparative analysis method was also applied to investigate the practices and support mechanisms for green entrepreneurship in different countries. This approach made it possible to identify advanced international experiences that could be adapted to the conditions of Uzbekistan.

Furthermore, economic and statistical analysis was used to examine indicators related to the green economy, environmental innovations, and entrepreneurial activities within the country. This method facilitated the assessment of development trends and existing challenges in the sector.

The study also employed induction and deduction methods to derive general conclusions from specific cases and to connect theoretical concepts with practical applications. Moreover, generalization and logical analysis were utilized to develop scientific and practical recommendations aimed at improving mechanisms for supporting green entrepreneurship.

3. Result and Discussion

The transition to a green economy is unique for each country and largely depends on its level of development as well as the characteristics of its natural and human capital. Green entrepreneurship in Uzbekistan is shaped by several key factors:

1. **Growing public interest.** Increasing numbers of people are becoming concerned about environmental issues, health, and healthy lifestyles.
2. **Strengthening environmental legislation.** The enhancement of environmental regulations encourages businesses to adopt environmentally responsible practices.
3. **High returns on investments in environmental and social projects.** Investments in green and socially oriented initiatives are increasingly viewed as profitable and sustainable economic opportunities.

Thus, the mechanisms for the development of green entrepreneurship in Uzbekistan are based on the assumptions discussed above. To initiate the transition toward green entrepreneurship, it is essential to create favorable conditions “from above,” that is, through government institutions and administrative bodies. However, in the Republic of Uzbekistan, the primary mechanism for regulating green entrepreneurship remains administrative measures. International experience demonstrates that such an approach is generally less effective than market-based incentive mechanisms in promoting sustainable entrepreneurial development [8].

One of the key market mechanisms supporting the development of green entrepreneurship is the system of environmental taxes. This system includes not only payments for the use of water resources and wildlife but also taxes related to environmental pollution, the production of environmentally harmful products, waste generation and recycling, and other ecological impacts, as illustrated in Figure 3.



Figure 3. Mechanism for the Development of Green Entrepreneurship through the Environmental Tax System

Thus, it can be concluded from Figure 3 that the development of green entrepreneurship can be effectively promoted through the implementation of an environmental taxation system. It should be emphasized that such a system should not only serve punitive and restrictive functions but also provide incentives, which are essential for the preservation and improvement of environmental conditions [9].

This implies that businesses actively utilizing green technologies should be encouraged to continue and expand such activities. This can be achieved through measures such as reducing tax rates on environmentally friendly products, introducing accelerated depreciation of fixed assets used in environmentally sustainable business operations, and developing deposit-refund systems for recycled products [10].

Another important mechanism for the development of green entrepreneurship is economic support, particularly through a well-developed system of financial incentives for green entrepreneurs. Such support may include preferential loans for businesses whose production processes are environmentally sustainable or whose activities are directly aimed at environmental protection [11]. In addition, financial instruments and bank lending programs tailored to the development and production of environmentally friendly products can further stimulate green entrepreneurial activity.

In Uzbekistan, the advancement of the green economy can be achieved through the improvement of state economic regulation mechanisms, as illustrated in Figure 4 [12].

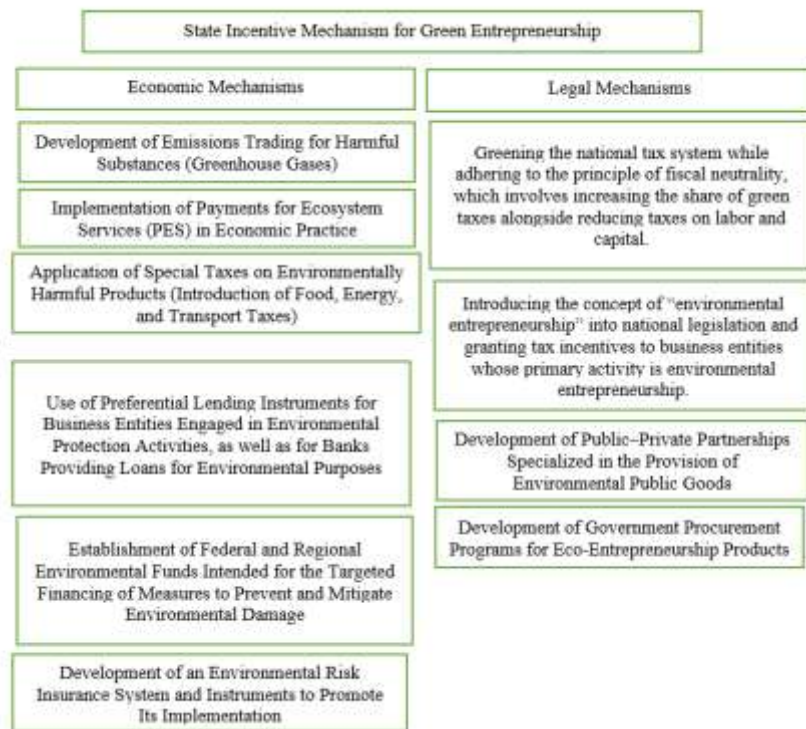


Figure 4. State Incentive Mechanism for the Development of Green Entrepreneurship

Thus, green entrepreneurship can be promoted through the economic stimulation of environmentally friendly production processes and the manufacture of eco-friendly products, as well as through the development of legislative mechanisms that support entrepreneurial activities [13].

At the same time, environmental entrepreneurship can be regarded as a specific form of entrepreneurial activity aimed at satisfying the economic and environmental needs of society through the production and sale of products that possess environmental value for consumers while also contributing to the formation of a sustainable national economic system [14].

The development of green entrepreneurship can be stimulated by market failures, which create new opportunities for the growth of green start-ups and venture capital investment. To actively promote eco-entrepreneurship, economic and legislative mechanisms are being developed that both encourage environmentally responsible business activities and limit the negative environmental impacts of certain enterprises, as illustrated in Figure 4 [15].

4. Conclusion

The findings of this study indicate that green entrepreneurship is one of the key factors in ensuring sustainable economic development, promoting the efficient use of natural resources, and reducing negative environmental impacts. International experience demonstrates that the integration of green economy principles into entrepreneurial activities expands opportunities for the adoption of energy- and resource-efficient technologies, the development of environmental innovations, and the creation of new green jobs.

The research confirmed that the principal forms of green entrepreneurship include businesses based on renewable energy sources, environmentally friendly production, resource-efficient manufacturing technologies, and environmental service industries. At the same time, improving the institutional environment, expanding financial support mechanisms, and encouraging environmental innovation are among the most important tasks for the further development of this sector.

Based on the research results, it is argued that Uzbekistan should enhance the economic, organizational, and institutional mechanisms of state support for green entrepreneurship. In particular, priority should be given to expanding the attraction of green investments, improving tax and financial incentive systems, encouraging entrepreneurial entities that implement environmental innovations, and developing the green skills of entrepreneurs.

The implementation of these measures will accelerate the country's transition to a green economy, ensure environmental sustainability, and enhance the competitiveness of the national economy.

In our opinion, the following practical recommendations should be implemented:

The following practical recommendations are proposed:

1. It is necessary to improve dedicated programs and institutional mechanisms aimed at promoting green entrepreneurship in the country, while also expanding cooperation between the public and private sectors.
2. It is advisable to broaden the system of preferential loans, subsidies, and grants for entrepreneurial entities that implement green technologies and environmental innovations.
3. Providing tax incentives to enterprises engaged in environmentally friendly production and encouraging businesses that utilize energy-efficient technologies are important measures for stimulating green entrepreneurship.
4. The development of green technologies and innovative solutions should be encouraged through stronger collaboration among research institutes, higher education institutions, and entrepreneurial entities.
5. It is recommended to introduce specialized educational programs and training courses on the green economy and environmental entrepreneurship within higher education institutions and entrepreneurship support centers.
6. It is important to promote the financing of green projects through the participation of international financial institutions and investors, as well as to encourage the use of financial instruments such as green bonds.

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