

Article

Analysis of the Dynamics of Economic Development of Business Entities and Trends in Ensuring their Economic Security

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Abstract: The study examines the demographic dynamics of business entities in Uzbekistan during 2017–2025, the main indicators of their economic development, and the implications of these trends for economic security. Using official statistical data, trend, comparative, and structural analysis are applied to assess business registration, activity, birth and liquidation rates, as well as the contribution of business entities to GDP, industry, investment, construction, employment, exports, and imports. The results show that business demography generally strengthened through 2023, while 2024 was characterized by a sharp decline in the share of active enterprises to 67.8% and an increase in inactive entities to 32.2%, followed by a partial recovery in 2025. At the same time, the export share of business entities increased from 22.0% in 2017 to 36.6% in 2025, whereas their share in GDP declined from 65.3% to 50.2%. The discussion indicates that the high contribution of business entities to employment, compared with their contribution to GDP, reflects continuing productivity and value-added constraints. Regional disparities, limited access to finance and modern technologies, and uneven digitalization also remain important risks to sustainable development. The study concludes that strengthening business survival, productivity, innovation, financial access, digital transformation, and regionally balanced support mechanisms is essential for improving the economic security and long-term resilience of business entities in Uzbekistan.

Keywords: Entrepreneurial Code, business entities, industrial output, modernization, export, import, GDP, employment, cluster, macroeconomic environment.

Citation: Dadayev K. M. Analysis of the Dynamics of Economic Development of Business Entities and Trends in Ensuring their Economic Security. Companies: Problems and Solutions. American Journal of Economics and Business Management 2026, 9(8), 331-337.

Received: 10th May 2026

Revised: 11th Jun 2026

Accepted: 11th Jul 2026

Published: 22st Aug 2026



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1. Introduction

In recent years, Uzbekistan has adopted numerous laws and decrees aimed at supporting business entities, while comprehensive political and economic reforms have been implemented. In particular, Resolution No. PP-152 of May 17, 2023 established "Entrepreneurship Support Centers in the Regions," and in 2024 the "Unified Entrepreneurship Portal" was launched. These platforms have simplified the preparation of documents required to start a business and made it possible to submit online applications for loan and grant programs. The Entrepreneurial Code has been adopted. The Code consolidates more than 100 legislative acts, including 9 laws. In particular, it introduces a unified, comprehensive, and systematic approach to protecting the rights and interests of entrepreneurs [1]. Business entities are divided into small, medium, and large business categories. Under the Code, small business entities are those with up to 100 employees and annual aggregate income of up to 35,000 basic calculation values (BCVs); medium business entities are those with 101-250 employees and annual aggregate income from 35,000 to 350,000 BCVs; and large business entities are those with more than 250

employees and annual aggregate income above 350,000 BCVs. It is also established that individual entrepreneurs, microfirms, and small enterprises belong to the small business category. The document also contains provisions aimed at minimizing government interference in entrepreneurial activity and introduces a number of innovations in state supervision of business operations. Another important aspect of the Code is the inclusion of provisions concerning youth and women's entrepreneurship [2]. In particular, criteria for women's and youth entrepreneurship are defined.

2. Materials and Methods

The dynamics of business demography in Uzbekistan during 2017-2025 are one of the important indicators of the economic security of business entities, because the creation, operation, and liquidation of businesses make it possible to assess the country's business environment, institutional stability, and the economy's adaptability to external and internal shocks. According to World Bank approaches, business demography is one of the key indicators used to assess economic resilience, job creation, and private-sector competitiveness.[3]

Table 1. Demographic Indicators of Business Entities in Uzbekistan: Dynamics of Their Status

Year	Number of registered business entities	Number of active business entities	Number of inactive business entities	Number of newly established business entities	Number of liquidated business entities	Share of active businesses, %	Share of inactive businesses, %	Business birth rate, %	Liquidation rate, %	Net business birth rate, %
2017	225560	210594	14966	31279	25207	93.4	6.6	13.8	11.1	2.7
2018	242379	229666	12713	38167	21924	94.7	5.3	15.7	9.0	6.7
2019	276237	262930	13307	48922	15601	95.2	4.8	17.7	5.6	12.1
2020	353921	334767	19154	92874	15646	94.5	5.5	26.2	4.4	21.8
2021	436981	411203	25778	93214	9895	94.1	5.9	21.3	2.3	19.1
2022	488936	462834	26102	98886	46985	94.7	5.3	21.4	10.1	11.3
2023	555971	523556	32415	90177	23049	94.2	5.8	17.2	4.4	12.8
2024	614897	417080	19781	86030	30229	67.8	32.2	20.6	7.2	13.4
2025	656161	492993	16316	82412	24934	75.1	24.9	16.7	3.8	12.9

The table data show that business demography in Uzbekistan followed a steady positive trend in 2017-2023. An increase in the share of active entities, a rise in the number of newly established enterprises, and the maintenance of a positive net business birth rate indicate a strengthening of the economic security of business entities in the country. However, the sharp changes observed in 2024 (a decline in the share of active entities to 67.8% and an increase in the share of inactive entities to 32.2%) require a separate scientific explanation. If these changes are not related to modifications in the methodology of statistical calculations, the situation indicates growing institutional risks in the business environment, weakening business resilience, and the emergence of new threats to

economic security. Therefore, in line with World Bank recommendations, continuous monitoring of business survival rates, reasons for market exit, financial stability, and the quality of the institutional environment remains one of the priority areas for ensuring economic security.[4]

According to research findings, the net growth rate is one of the most important integral indicators from the perspective of economic security. The increase in this indicator to 12.1-21.8% in 2019-2020 demonstrates a significant improvement in the business environment. Maintaining this rate within the range of 11-13% in 2022-2025 indicates a high potential for the recovery and growth of small businesses.

Table 2. Key Indicators of the Economic Development of Business Entities in Uzbekistan (%) [5]

Indicators	GDP	Industry	Investment	Construction	Employment	Export	Import
2017	65.3	41.2	47.3	64.8	78.0	22.0	53.6
2018	62.4	37.4	42.0	73.2	76.3	27.2	56.2
2019	56.0	25.8	29.3	75.8	76.2	27.0	61.6
2020	55.7	27.9	40.8	72.5	74.5	20.5	51.7
2021	56.9	27.0	38.0	72.5	74.4	20	45.2
2022	54.6	26.0	36.0	71.5	73.9	31.2	49.5
2023	54.3	27	37.3	78.6	74.0	27.9	50.5
2024	54.3	32.4	38.4	76.5	74.3	33.3	48.6
2025	50.2	34.9	61.4	73.6	74.4	36.6	53.6

3. Results

According to Table 2, since 2017 there has been a relative decline in the share of business entities in GDP and industry. On the one hand, this has been influenced by the modernization of large industrial enterprises and structural changes in the economy; on the other hand, as a result of reforms in the tax and accounting systems, some business entities have moved into the large-business category. The main reasons for this decline are the consolidation of production in the republic, which began in 2018, and the development of the cluster system. For example, farms, which are the main business entities in agriculture, are being integrated into cotton-textile clusters. At the same time, the share of business entities in the construction sector remained consistently high during 2017-2025, increasing from 64.8% in 2017 to 73.6% by 2025, which confirms the leading role of business entities in the sector. Consequently, the development of entrepreneurial infrastructure and public investment in housing and infrastructure projects have created important opportunities for business entities.[6][7][8]

The export and import indicators of business entities show that their role in foreign economic activity is increasing. In particular, the export share rose from 22.0% in 2017 to 36.6% in 2025, indicating expanded opportunities for entering foreign markets. At the same time, the import share remaining at 53.6% indicates growing demand for technological equipment, raw materials, and intermediate goods in the activities of business entities. Overall, the analysis results provide scientific evidence that business entities are among the main drivers of Uzbekistan's sustainable economic growth, employment, and increasing export potential.

According to official data, business entities account for 75% of jobs, which is 50% less than in 2000, making small business the largest employer in the economy. In Uzbekistan,

more than three out of four jobs are provided by business entities, and more than 60% of them are located in rural areas [9]. Individual entrepreneurs account for more than 60% of employment, while small and microenterprises employ only 14% of the workforce. The effective use of the potential of monetary, investment, property, and other mechanisms, the creation of a favorable business environment for the development of business entities, the strengthening of economic and political mechanisms of state support for small enterprises and private entrepreneurship, and the development of favorable entrepreneurial infrastructure are of great importance in the global economy.[10][11]

The economic development indicators of business entities in Uzbekistan can be assessed by comparing them with those of developed countries. Figure 1 presents a comparative analysis of the participation of business entities in gross domestic product (GDP) formation and employment in the Russian Federation, the United States, Germany, Japan, Italy, China, and Uzbekistan. According to the analysis, business entities are an important factor in economic growth and employment in all countries. However, their contribution to GDP and participation in employment differ significantly depending on countries' levels of economic development, the institutional environment, and the effectiveness of state support policies.[12]

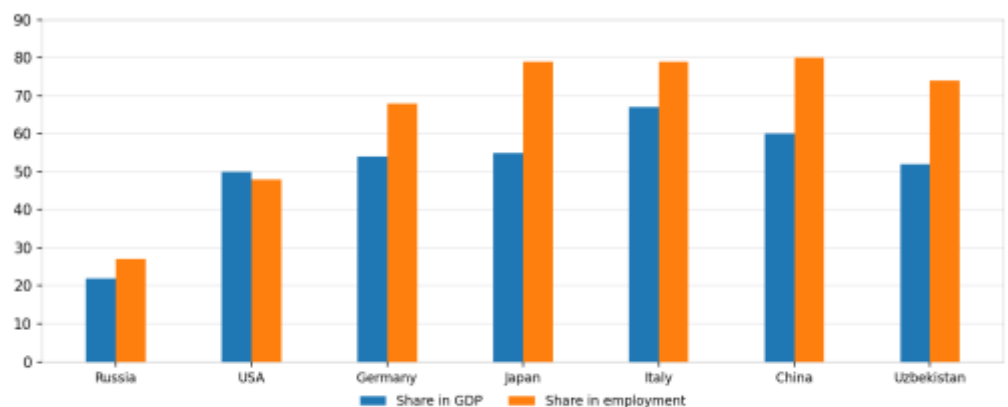


Figure 1. Share of Business Entities in GDP and Employment in Developed Countries and Uzbekistan (%)

In the Russian Federation, the share of business entities in GDP is approximately 22%, while their share in employment is 27%. These indicators show that the participation of business entities in the economy is limited compared with developed countries. This situation can be explained by the high participation of large enterprises and the state in the economy, as well as by institutional constraints affecting business entities. In the United States, the share of business entities in GDP is approximately 50%, while their employment share is 48%. The slight excess of the GDP share over the employment share indicates high labor productivity, the development of innovative entrepreneurship, and a large share of small enterprises in the economy that create high value added. This confirms that business entities are crucial for economic stability, innovation, and the creation of new jobs.[13]

In Uzbekistan, the share of business entities in GDP is approximately 52%, while their share in employment is 75%. These indicators show that business entities play a decisive role in supporting the national economy and employment. At the same time, the fact that the employment share is 23 percentage points higher than the GDP share indicates that labor productivity is lower than in developed countries. Therefore, although business entities create many jobs, there is scope for further increasing the value added generated by each employed worker. This situation can be explained by several factors:

- the predominance of labor-intensive sectors;
- an insufficient share of innovative and high-technology small enterprises;

- a relatively low level of digital technology adoption and automation;
- limited volumes of export-oriented production;
- insufficient access to financial resources and modern technologies.

The high share of business entities in employment in Uzbekistan indicates their social significance, while their relatively lower share in GDP points to the need to increase labor productivity. From this perspective, it is advisable to improve the economic efficiency of business entities through the broad introduction of innovative technologies, the development of cooperative ties based on cluster approaches, the expansion of digital-economy mechanisms, stronger investment activity, and further improvement of the institutional environment. These measures will further strengthen the contribution of business entities to economic growth by increasing labor productivity.[14]

4. Discussion

According to the National Statistics Committee of the Republic of Uzbekistan, as of October 1, 2025, there were on average 32.1 business entities per 1,000 inhabitants in the republic. This indicator reflects the level of business activity in the country and is one of the important indicators of the development of small business and private entrepreneurship. According to official statistics, the number of business entities per 1,000 inhabitants varies significantly across regions. The highest regional figures for the number of small business entities were recorded in Jizzakh Region - 61.0 units, Tashkent City - 45.3 units, Khorezm Region - 44.8 units, and Syrdarya Region - 37.5 units. These indicators show a gradual strengthening of entrepreneurial activity in the regions. This process is supported, in particular, by the development of services, trade, small-scale production, handicrafts, and family entrepreneurship.[15]

According to a sample survey conducted on the basis of business entities' operating results, analysis of the business environment showed that the share of enterprises assessing their overall economic situation as favorable in the current period was 33.9% in 2021 and reached 40.3% in 2025, an increase of 6.4 percentage points compared with 2021. The share of enterprises assessing the economic situation as satisfactory was 58.8% in 2021 and 53.5% in 2025. In turn, the share of enterprises considering their economic situation unsatisfactory was 7.3% in 2021 and 6.2% by 2025.[16][17]

Thus, the conclusion is that budgetary funding alone is insufficient for the development of business entities. A stable macroeconomic environment, low inflation, and favorable financial conditions are also important factors in the development of business entities. The research results clearly demonstrate the interrelationship of economic, organizational, and social factors in the process of developing and locating business entities. In Uzbekistan, business entities are emerging as a key sector supporting the resilience of the national economy; however, their territorial distribution remains unbalanced. This situation reduces the efficiency of resource use and leads to slower economic activity in some regions.[18]

Based on the research, it is advisable to implement the following measures to ensure the economic security and sustainable development of business entities:

First, modernization of infrastructure and transport and communication systems is a decisive factor in expanding regional opportunities for business entities.

Second, access to financial resources needs to be simplified. In the banking system, it is recommended to expand unsecured lending mechanisms for small businesses and introduce microfinance and venture-financing instruments. This, in turn, will increase the number of start-ups and innovative small enterprises.

Third, human capital development is one of the factors ensuring the sustainable growth of business entities.

Fourth, geographical constraints on business entities can be reduced by accelerating digital transformation. The expansion of online trade, electronic services, and digital management systems will become a modern instrument for promoting territorial equality. The creation of a "Digital Entrepreneurship Map" will enable small businesses to plan their areas of activity more clearly.

Fifth, public administration mechanisms need to be improved. Full digitalization of licensing and permitting processes and stronger implementation of the "one-stop shop" principle will produce practical results.

Sixth, a cluster-based location model should become a priority area of the country's regional economic policy.

Seventh, the development of a scientifically grounded territorial policy provides a long-term strategic approach to the location of business entities.

5. Conclusion

Overall, strengthening the economic and organizational foundations for the location of business entities remains a priority within Uzbekistan's Strategy for Regional Sustainable Development through 2030. Comprehensive reforms implemented in this area reduce economic disparities between regions, create new jobs, and increase the competitiveness of the national economy. The research results show that business entities hold a leading position in Uzbekistan's economy and that their contribution to GDP, employment, and the business environment is growing. However, alongside the achievements made in this area, systemic problems remain, and addressing them is one of the pressing tasks of public policy and economic reform. In conclusion, support for business entities is a key factor in ensuring not only economic but also social stability, reducing poverty, and achieving innovative development. Therefore, it is important to pursue a systematic, coordinated, and long-term policy in this area.

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