ISSN:
2181-3906
2025

International scientific journal
«MODERN SCIENCE AND RESEARCH»
VOLUME 4 / ISSUE 10 / UIF:8.2 / MODERNSCIENCE.UZ

THE MACROECONOMIC IMPORTANCE OF SUPPORTING SMALL BUSINESSES AND STARTUPS

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https://doi.org/10.5281/zenodo.17492102

Abstract. *This article analyzes the role of small businesses and startups in national economic development and examines the macroeconomic impact of government support policies.*

It also highlights the positive effects of promoting these sectors on economic growth, employment, innovation, and competitiveness.

Keywords: *small business, startup, economic growth, innovation, employment, government support, macroeconomics.*

Аннотация. *В данной статье анализируется роль малого бизнеса и стартапов в национальном экономическом развитии, а также рассматривается макроэкономическое влияние государственных мер поддержки. Особое внимание уделяется положительным эффектам развития этих секторов на экономический рост, занятость, инновации и конкурентоспособность.*

Ключевые слова: *малый бизнес, стартап, экономический рост, инновации, занятость, государственная поддержка, макроэкономика.*

In recent years, supporting small businesses and startups has become one of the key priorities of economic policy worldwide. These sectors ensure flexibility, stimulate innovation, and create new jobs, thereby contributing to sustainable economic growth. Uzbekistan has also adopted an active approach in this regard. Through the initiatives of the President, broad reforms have been implemented to promote entrepreneurship, provide tax incentives, and develop a national startup ecosystem.

*The role of small businesses in economic growth***.** Small business entities contribute significantly to the Gross Domestic Product (GDP) by operating in various sectors of the economy. They play an essential role in expanding production capacity and diversifying goods and services. Compared to large enterprises, small businesses are more adaptive to changing market conditions and can maintain operations even during economic crises.

The importance of startups for innovation. Startups are enterprises based on new ideas aimed at applying innovative technologies in practice. Their development enhances the technological independence of a country and paves the way for emerging industries. Supporting startups also encourages scientific research and accelerates the creation of innovative solutions that drive national competitiveness.

Employment and social stability. Small businesses and startups help reduce unemployment by creating new job opportunities. This contributes to higher household income levels and social stability. In particular, programs promoting youth and women's entrepreneurship play a vital role in achieving social inclusion and sustainable development.

Tab 1. Analysis of government mechanisms for supporting small businesses and startups

№	Support Mechanism	Description	Purpose	Practical Impact	Examples in Uzbekistan
1	**Preferential loans**	Providing low-interest loans through banks and financial institutions	To facilitate access to financial resources for small business entities	Expands production and services, new enterprises are established	"Youth – Our Future" Fund, "Business Support Fund" programs
2	**Tax incentives**	Reduction of tax rates or temporary exemption from certain taxes	To stimulate entrepreneurial activity and attract investment	Increases company profits, reduces the shadow economy	Simplified taxation system for small enterprises
3	**Grants and subsidies**	Allocation of public funds to support innovative and startup projects	To promote startups and introduce new technologies into practice	Strengthens research activities and leads to new technological solutions	Innovation Development Agency's startup grant programs
4	**Business incubators and accelerators**	Centers providing office space, mentorship, and infrastructure support for new enterprises	To assist young entrepreneurs and strengthen business ideas in the market	Increases startup success rates and encourages knowledge exchange	"IT Park Uzbekistan," "Youth Startup Accelerator" programs
5	**Export promotion**	Providing marketing, certification, and logistics support to access foreign markets	To improve product competitiveness and increase foreign currency earnings	Expands export volume and develops internationally recognized brands	"Export Support Fund," "Made in Uzbekistan" program
6	**Consulting and training services**	Offering advisory and educational programs on business management, marketing, and legal issues	To enhance entrepreneurs' knowledge and management skills	Improves business efficiency and reduces mistakes	Training by the Chamber of Commerce and Youth Affairs Agency
7	**Digital platforms and e-services**	Online systems for obtaining loans, registering licenses, and submitting tax reports	To simplify business operations and promote digitalization	Reduces bureaucracy, saves time and administrative costs	"my.gov.uz" and "business.gov.uz" platforms
8	**Regional development programs**	Implementing local programs to support entrepreneurship in each region	To reduce regional economic disparities and ensure inclusive growth	Establishes new industrial zones and improves local infrastructure	"Entrepreneur in Every Family," "Mahalla Entrepreneur" programs

Tab 2. Analysis of the impact of small business and startup development on macroeconomic stability

№	Area of Impact	Mechanism of Influence	Macroeconomic Outcome	Explanation
1	**Ensuring GDP Growth**	Small businesses and startups expand production and increase the supply of goods and services	Sustainable growth of Gross Domestic Product (GDP)	Small enterprises stimulate economic activity and attract new resources into the economy
2	**Increasing Employment**	New enterprises create additional job opportunities	Reduced unemployment and higher household income	Especially positive impact on youth and women's employment
3	**Rising Tax Revenues**	Growth in the number of small businesses expands the tax base	Stable and increased government budget revenues	Temporary tax benefits lead to long-term fiscal stability
4	**Improving the Investment Climate**	Favorable conditions for entrepreneurship increase investor confidence	Growth in domestic and foreign investments	A transparent and predictable business environment reduces economic risks
5	**Strengthening Innovation Activity**	Startups develop and implement new technologies	Increased scientific and technological capacity, formation of an innovation-based economy	Innovation ensures technological independence and competitiveness
6	**Expanding Export Potential**	Small enterprises help local products enter foreign markets	Higher foreign currency inflows and improved trade balance	Government export support enhances ex

The development of small businesses and startups:

1. serves as a sustainable source of economic growth;
2. increases employment and income levels;
3. fosters innovation and competitiveness;
4. strengthens macroeconomic stability.

When these factors interact harmoniously, the national economy becomes more resilient to both internal and external shocks.

Conclusion

Supporting small businesses and startups is a crucial factor for ensuring economic independence and sustainable growth. These sectors not only create jobs but also foster innovation, strengthen competition, and enhance export potential. Therefore, prioritizing entrepreneurship and innovation in state policy serves as a guarantee of macroeconomic stability and long-term national development.

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