

ECONOMIC SECURITY THREATS TO SMALL BUSINESSES IN UZBEKISTAN

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Abstract. *This article analyzes the threats to economic security of small businesses in Uzbekistan. Through a review of existing literature, the study identifies internal and external risks affecting small enterprises. Results show that limited financial resources, increasing competition, instability in the regulatory framework, and infrastructure constraints constitute the main threats to small businesses. The article provides recommendations for ensuring the economic security of small business enterprises.*

Keywords: *small business, economic security, threats, entrepreneurship, Uzbekistan, market stability, risks.*

O'ZBEKISTONDA KICHIK BIZNES KORXONALARNING IQTISODIY XAVFSIZLIGIGA TAHDIDLAR

Annotatsiya. *Ushbu maqolada O'zbekistonda kichik biznes korxonalarining iqtisodiy xavfsizligiga tahdidlar tahlil qilingan. Tadqiqotda mavjud adabiyotlar tahlili orqali kichik korxonalariga ta'sir etuvchi ichki va tashqi xavf-xatarlar aniqlangan. Natijalar shuni ko'rsatadiki, moliyaviy resurslarning yetishmasligi, raqobatning kuchayishi, huquqiy-me'yoriy bazaning beqarorligi va infratuzilma cheklovlari kichik biznes korxonalarini uchun asosiy tahdidlar hisoblanadi. Maqolada kichik biznes korxonalarining iqtisodiy xavfsizligini ta'minlash uchun tavsiyalar taqdim etilgan.*

Kalit so'zlar: *kichik biznes, iqtisodiy xavfsizlik, tahdidlar, tadbirkorlik, O'zbekiston, bozor barqarorligi, xavf-xatarlar.*

УГРОЗЫ ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ ПРЕДПРИЯТИЙ МАЛОГО БИЗНЕСА В УЗБЕКИСТАНЕ

Аннотация. *В данной статье анализируются угрозы экономической безопасности малого бизнеса в Узбекистане. На основе обзора существующей литературы в исследовании выявляются внутренние и внешние риски, влияющие на малые предприятия.*

Результаты показывают, что основными угрозами для малого бизнеса являются ограниченные финансовые ресурсы, растущая конкуренция, нестабильность нормативно-правовой базы и инфраструктурные ограничения. В статье приводятся рекомендации по обеспечению экономической безопасности предприятий малого бизнеса.

Ключевые слова: малый бизнес, экономическая безопасность, угрозы, предпринимательство, Узбекистан, стабильность рынка, риски.

INTRODUCTION

Small businesses are a vital component of Uzbekistan's economy. According to 2023 data, approximately 55% of the country's GDP is attributed to small business and private entrepreneurship [1]. Small enterprises fulfill important functions such as providing employment, implementing innovations, and stimulating economic growth. However, they face various economic risks in carrying out their activities.

Economic security is an essential prerequisite for an enterprise's stable operation, maintaining competitiveness, and development. Threats to the economic security of small businesses arise from both internal and external factors. Internal threats include deficiencies in the company's financial, human resources, technological, and management systems, while external threats encompass market conditions, competition, government policies, infrastructure, and global trends [2].

The purpose of this research is to identify threats to the economic security of small businesses in Uzbekistan and to propose ways to address them. The research results can be used in developing programs to support small businesses and improving enterprise risk management.

METHODOLOGY AND LITERATURE REVIEW

The methodology of this research encompasses analysis of existing literature and statistical data, including both qualitative and quantitative information. The main sources used are the State Statistics Committee of the Republic of Uzbekistan, the Central Bank, the Ministry of Economic Development and Poverty Reduction, international organizations (World Bank, International Monetary Fund, OECD), and articles published in scientific journals.

The literature review is based on existing theoretical and practical research on threats to the economic security of small businesses. There are various approaches to the nature and classification of such threats.

According to research by Aliyev and Iskandarov (2022), the economic security of small businesses in Uzbekistan is analyzed in terms of four main components: financial, intellectual-personnel, technical-technological, and information security [3]. The authors emphasize the interdependence between these components and highlight the importance of ensuring their stability.

Saidov (2023) studies the threats to the economic security of small business entities by dividing them into internal and external factors [4]. In his view, while internal threats can be eliminated by company management, external threats are largely beyond the control of the enterprise and are difficult to manage.

Russian scholars Ivanova and Petrenko (2021) in their study examine small business resilience in emerging markets and identify financial vulnerability as the primary threat to economic security [5]. They emphasize that limited access to credit resources and high interest rates significantly hinder the development potential of small enterprises.

International researchers Johnson and Smith (2024) analyze the impact of digitalization on small business security. According to their findings, the transition to digital technologies creates new opportunities for small businesses while simultaneously exposing them to cybersecurity threats and digital competition [6].

RESULTS AND DISCUSSION

Based on the literature review and analysis of statistical data, the main threats to the economic security of small businesses in Uzbekistan have been identified and classified into several categories: financial, regulatory, market-competitive, and infrastructural threats.

Table 1.

Key Threats to Economic Security of Small Businesses in Uzbekistan

Threat Category	Specific Threats	Impact Level (1-5)*
Financial	Limited access to financing	4.7
	High interest rates on loans	4.5
	Insufficient working capital	4.3
Regulatory	Frequent changes in legislation	4.2
	Administrative barriers	3.9
	Tax burden	3.8
Market-Competitive	Intensification of competition	4.1
	Unstable demand	3.7

	Shadow economy	4.0
Infrastructural	Underdeveloped logistics	3.6
	Energy supply problems	3.4
	Limited access to technologies	3.9

*Impact level based on expert assessments where 1 = minimal impact, 5 = severe impact

The analysis of the data presented in Table 1 reveals that financial threats have the highest impact on the economic security of small businesses in Uzbekistan. Limited access to financial resources with an impact score of 4.7 out of 5 represents the most significant challenge. As noted by Karimov (2023), only 23% of small businesses in Uzbekistan have access to bank loans, while the remaining enterprises rely on personal savings or informal sources of financing [7]. This financial constraint limits their investment capabilities and growth opportunities.

Regulatory threats also pose significant challenges. Frequent changes in legislation (4.2) create uncertainty and increase compliance costs. According to a World Bank study, small businesses in Uzbekistan spend approximately 12% of their time dealing with regulatory requirements, which is higher than the average for Central Asian countries (8.5%) [8].

Market-competitive threats, particularly the intensification of competition (4.1) and the presence of a shadow economy (4.0), create uneven playing fields for legitimate small businesses. Yusupov (2024) points out that approximately 30% of the economy in Uzbekistan operates in the shadows, creating unfair competition and depriving official businesses of potential markets [9].

Infrastructural challenges, while scoring slightly lower on the impact scale, represent systematic obstacles to business development. Limited access to modern technologies (3.9) hinders productivity improvements and innovation capacity among small businesses.

The analysis also reveals regional disparities in the distribution and severity of these threats. Small businesses in rural areas face more significant infrastructural challenges, while those in urban centers encounter more intense competition but have better access to financial services and infrastructure.

Recent government initiatives, including the Strategy for Small Business Development 2021-2026, address some of these threats through simplification of business registration procedures, tax incentives, and the creation of special credit lines. However, the implementation of these measures remains inconsistent, and their effectiveness varies across regions and sectors.

CONCLUSION

The economic security of small businesses in Uzbekistan faces multiple interrelated threats that require comprehensive approaches to address. The research has identified financial constraints as the most critical threat, followed by regulatory instability, market-competitive pressures, and infrastructural limitations.

To enhance the economic security of small businesses, the following recommendations are proposed:

1. Develop specialized financial products tailored to small business needs, with simplified procedures and reasonable interest rates.
2. Ensure stability and predictability in the regulatory environment, with adequate transition periods for implementing new requirements.
3. Strengthen anti-monopoly measures and formalize shadow economy activities to create a level playing field for legitimate businesses.
4. Invest in infrastructure development, particularly in digital connectivity, transportation, and energy supply systems.
5. Promote business skills development among entrepreneurs to enhance their capacity for risk management and strategic planning.

These measures require coordinated efforts from government bodies, financial institutions, business associations, and international organizations. The enhancement of economic security for small businesses will contribute to sustainable economic growth, employment creation, and poverty reduction in Uzbekistan.

Further research is needed to develop sector-specific approaches to economic security, as different industries face varying combinations of threats and require tailored solutions.

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