

## The Impact of Modern Political Parties on Small Business and Entrepreneurship Development: Lessons from Uzbekistan

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**Abstract.** *This article examines the role of modern political parties in the development of small business and entrepreneurship in Uzbekistan. It analyzes the influence of political parties on economic reforms, their legislative initiatives, and their efforts to create a favorable business environment. The study highlights key challenges, such as the lack of institutionalized mechanisms for direct collaboration between political parties and entrepreneurs. Comparative analysis with developed countries reveals the need for systematic engagement and policy enhancements. The article concludes with recommendations for strengthening political parties' role in supporting entrepreneurship, fostering sustainable economic growth, and improving business-friendly policies.*

**Key words:** *political parties, small business, entrepreneurship, economic reforms, Uzbekistan, legislative initiatives, business environment.*

**Introduction.** Small business and entrepreneurship play a crucial role in ensuring the stable development and competitiveness of a country's economy. In particular, in a market economy, the growth of entrepreneurial entities is one of the key factors driving economic development. Small businesses not only contribute to job creation but also facilitate the implementation of innovative ideas, diversify the national economy, and improve the overall well-being of the population.

In Uzbekistan, political parties play an essential role in supporting small businesses and entrepreneurship during the ongoing economic reforms. Their election programs outline various goals and tasks aimed at encouraging entrepreneurship and improving the legal and economic environment. Additionally, political parties actively promote initiatives within the framework of state policy to support small businesses, protect their interests, and enhance the investment climate.

However, the involvement of political parties in the development of small businesses faces various challenges and limitations. Their role in strengthening the legal framework, fostering cooperation with business entities, and achieving practical results has not yet fully yielded the expected outcomes. Therefore, this article examines the role of political parties in the development of small businesses and entrepreneurship in Uzbekistan, analyzes the existing problems, and explores promising directions for improvement.

**Literature Review.** The issues related to small business and entrepreneurship development have been widely studied globally, with numerous theoretical and practical research conducted in this field. Various scholarly sources discuss the importance of supporting small businesses, establishing a legal framework, and improving the entrepreneurial environment in the process of economic liberalization.

Foreign researchers have extensively analyzed the role of small businesses in economic development and their connection to state policies. For instance, Schumpeter viewed entrepreneurship as a driver of innovative development and substantiated the role of small business entities in economic transformation processes [3]. Porter, in his competitiveness theory, emphasized the significance of

small businesses in the global economy, highlighting the importance of their independent and innovative activities [4].

Research conducted in Central Asian countries, particularly in Uzbekistan, has examined the factors influencing the growth and development of small businesses. Presidential decrees and resolutions of the Republic of Uzbekistan, as well as laws adopted by the Legislative Chamber of the Oliy Majlis, play a crucial role in fostering entrepreneurship and strengthening its legal protection. Notably, in recent years, political parties have introduced various initiatives to protect entrepreneurs' interests and provide them with financial and administrative support.

Analysis shows that there are relatively few scientific articles and studies on the role of political parties in the development of small businesses in Uzbekistan. Existing literature mainly focuses on economic reforms and improving the entrepreneurial environment. Some studies highlight the discrepancies between the promises made in political parties' electoral programs to support small businesses and entrepreneurship and their actual implementation.

**Research Methodology.** This article employs several methodological approaches to conduct an in-depth analysis of the socio-economic impact of political parties in supporting entrepreneurial activities. First, a systematic analysis method was used to examine the interconnections between political parties' activities in economic and social spheres, particularly in relation to entrepreneurship. This approach made it possible to comprehensively assess the factors influencing the entrepreneurial environment.

**Analysis and Results.** Throughout modern political history, it is evident that contemporary political parties originated in the West, particularly in countries that transitioned to democratic governance systems. Their primary functions include maintaining a balance of power in state governance, promoting the interests of their electorate and society at large, and developing alternative projects (programs) aimed at state and social development.

German political scientist Klaus von Beyme identifies the key functions of political parties as follows: defining their goals, developing their ideology, determining their action programs and direction; uniting and advocating for public interests; organizing the socialization and mobilization of citizens; and forming the country's governing elite and government structure [5]. Therefore, political parties ensure social integration by formulating various pathways and strategies for societal development.

When comparing the formation, development, and overall political thinking of societies in Western and Eastern countries, several differences can be observed. These differences are primarily influenced by the way of life in these societies, their attitudes toward democratic values, their mentality, and even their political mindset. This process is most evident during elections. However, despite this, several fundamental issues remain concerning the functioning of political parties in the country today and their transformation into fully-fledged civil society institutions.

Firstly, it is no exaggeration to say that the current political parties have become disconnected from society and their electorate in terms of their actions and activities. Their programs lack individuality and competitiveness. These parties are incapable of proposing alternative programs and models in response to the policies pursued by the official government. It should be noted that any political party can only survive as a political force if it keeps pace with the times and responds to its urgent demands [1].

Secondly, one of the main problems is that political parties have not yet fully formed their social base – their electorate. Moreover, there is no effective “feedback” system between political parties and the social groups they claim as their electorate. A striking factor in our social life is that, today, political parties seem to exist in their own world, while the electorate lives separately in its own reality.

Thirdly, the issue of personnel remains an urgent problem in political party organizations today. Many party organizers are still elderly and hold outdated views. Due to low salaries, the bureaucratic system within party organizations, and other factors, young, proactive, and modern professionals with knowledge and skills are not joining political parties.

Fourthly, another key issue is the weak internal democracy within political parties. Despite declaring themselves as "democratic" parties, the practices within these political organizations often contradict democratic principles. This is evident in the election of party governing bodies, the nomination of candidates for parliamentary elections, and the deeply hierarchical relationships within party structures. Such issues undoubtedly damage the image of political parties, which are supposed to serve as institutions strengthening democracy in society.

Although a multi-party system has been established in our country and each party has 300,000–400,000 members, which is considered a great achievement [6], citizens' political activity and participation in governance remain insufficient. The pursuit of numbers, presenting false progress, lack of independent thinking and initiative, and indifference to social and individual problems could not fail to provoke dissatisfaction from our President.

President Sh. Mirziyoyev, while acknowledging certain positive efforts of political parties, emphasized that "for every political party, earning the full trust of our people is the most important and pressing task" [2]. Additionally, he supported the idea of the Uzbekistan Liberal Democratic Party establishing "People's Reception Offices" in every district, city, and region. "This is not just for formality. Rather, it is necessary to create opportunities and conditions so that our people feel involved in the state system. Without a doubt, properly implementing these initiatives will enhance our party's reputation among the population and voters. Most importantly, our people will benefit from this, and they will be satisfied with both the government and all of us" [2], he stated.

President Sh. Mirziyoyev continues to urge political parties to be closer to the people, reminding them that every action, initiative, and idea should foster a sense of civic involvement in governance. Political organizations are not established merely for appearances or to showcase democracy. In global political philosophy, it has long been recognized that political parties play an unparalleled role in modernizing society, shaping political positions, engaging with the government, and fostering pluralism of opinions [7, 8, 9].

Small businesses and entrepreneurial entities must evolve into a political force, paving the way for a middle-class property-owning society and utilizing their potential and initiatives to achieve national development and public welfare. From this perspective, small businesses and entrepreneurship should not remain merely economic activities but should take on a socio-political purpose and significance, aligning with the ongoing socio-political processes in our country. Consequently, small businesses and private entrepreneurship can no longer be viewed solely as economic activities; rather, they will emerge as socio-political forces with specific goals and responsibilities. The politicization or integration of entrepreneurial movements into politics is an inherent feature and necessity in the formation of civil society.

The Uzbekistan Liberal Democratic Party represents the interests of the property-owning class, small business representatives, farmers, and entrepreneurs. According to its program, every citizen who wishes to take the initiative in their work, implement business ideas and projects, and thereby achieve personal and family well-being can become a member of the party. They can expect support and opportunities to participate in managing society and state affairs. The party adheres to the principle of "From a strong state to a strong civil society," aiming to develop civil institutions, protect the interests of entrepreneurs at all levels of government, promote political democracy by supporting self-governing bodies, and enhance the role of non-governmental organizations, especially local communities (mahallas).

In the socio-economic sphere, the party advocates for a multi-sectoral economy in which private property is dominant. It works to ensure stability and prosperity for the middle class, prevent unlawful interference by state agencies in small business and entrepreneurial activities, and eliminate bureaucratic obstacles and administrative barriers that hinder business development. In summary, the Uzbekistan Liberal Democratic Party serves entrepreneurs and businesspeople by promoting economic liberalization and deepening market reforms in the country.

## The Establishment of the Uzbekistan Ecological Party.

In his address to the Oliy Majlis on December 22, 2017, the President of Uzbekistan stated:

*“Established in 2008, the Uzbekistan Ecological Movement has become a true political force. However, it must be acknowledged that allocating parliamentary seats to the movement based on a quota system has somewhat reduced its activity and initiative. I believe the time has come to create equal conditions for all political forces and to abandon the practice of reserving parliamentary seats for the Ecological Movement. This change will strengthen healthy competition in the political arena and help the movement establish itself as an independent political force”.*

As a practical outcome of this statement, on January 8, 2019, the founding congress of the Uzbekistan Ecological Party took place, and the country's fifth political party officially began its activities. One of the primary objectives of the newly formed party is to enhance the environmental awareness of the population and address social and ecological issues by initiating proposals and ensuring their implementation at the level of state policy.

The collaboration between entrepreneurship and political parties is based on the ongoing socio-economic and political transformations in society. Uzbekistan's strategic goal of building a civil society is the ultimate result of these transformations and, consequently, of the cooperation between entrepreneurs and political parties. Therefore, the emergence of entrepreneurship as a socio-political force in the political arena (as exemplified by UzLiDeP) and the cooperation between entrepreneurs and political parties align with this strategic objective.

**Conclusion.** The research findings indicate that political parties play a significant role in economic reforms by supporting small businesses, ensuring the legal protection of entrepreneurs, and improving the investment climate. During the economic reform process in Uzbekistan, political parties have introduced various initiatives to assist small business entities. Although political parties' election programs outline goals and objectives for entrepreneurship development, challenges remain in their practical implementation. Specifically, the extent to which legislative changes align with business interests and how well political parties address the real needs of entrepreneurs are still not entirely satisfactory.

Analyses suggest that further strengthening cooperation between political parties and small business representatives, improving parties' initiatives related to entrepreneurship, and ensuring the effective implementation of laws remain critical tasks. Therefore, enhancing dialogue between political parties and entrepreneurs in shaping state policies for small business development is essential. Future in-depth research on this topic and an analysis of the mechanisms through which political parties influence business entities can yield new scientific insights. Conducting practical studies in this area will contribute to strengthening the role of small businesses in economic development.

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