

**DEVELOPMENT OF INNOVATION, ENTREPRENEURSHIP, AND STARTUPS**

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**Abstract:** Innovation, entrepreneurship, and startups are among the most important growth factors of the modern economy, and supporting them can significantly enhance the effectiveness of national economic strategies. Innovative entrepreneurship strengthens market competitiveness and increases social welfare by creating new business approaches, products, and services. Startups are the most dynamic actors in this process, and their growth and development depend largely on the strength of the innovation ecosystem, financial support, education, and infrastructure. This article analyzes the concepts of innovation, entrepreneurship, and startups, their interrelationships, as well as the mechanisms for developing innovative entrepreneurship and startup ecosystems in Uzbekistan and the policies aimed at supporting them.

**Keywords:** Innovation, entrepreneurship, startups, innovative entrepreneurship, startup ecosystem, state policy, financial support, Uzbekistan.

**INTRODUCTION**

Innovation and entrepreneurship are among the main drivers of growth in the modern economy, and their effective integration plays a central role in ensuring national competitiveness and sustainable development. This article provides a scientific analysis of innovative entrepreneurship, startup ecosystems, and their development conditions and policy directions in the context of Uzbekistan. Innovation enriches entrepreneurship by introducing new technologies, business models, products, and services, thereby increasing economic efficiency, creating jobs, and meeting social needs. Startups represent a fast-growing, risk-oriented, and transformation-driven form of innovative entrepreneurship that aligns with global standards and enables them to gain competitive market positions<sup>1</sup>.

The Republic of Uzbekistan is actively promoting innovation through state policies aimed at strengthening the legal framework for startups and innovative entrepreneurship, developing infrastructure, and shaping digital economy strategies. For instance, the Law of the Republic of Uzbekistan “On Innovative Activity” defines the regulation of innovative entrepreneurship and startups, as well as mechanisms for their financial and institutional support, thereby forming the legal basis for implementing innovation strategies<sup>2</sup>.

**MAIN PART**

Entrepreneurship and startups are rapidly developing within Uzbekistan’s socio-economic environment. In particular, startups not only generate technological innovations but also contribute to economic diversification and job creation by introducing them into the market. A developing startup ecosystem expands investment opportunities and supports the integration of the country into the global market through information technologies, digital services, and innovative solutions. In this regard, the article systematically analyzes the essence of innovation, entrepreneurship, and startup concepts, the mechanisms for supporting them in Uzbekistan, as well as practical examples and recommendations<sup>1</sup>.

An analysis of existing scientific literature on innovative entrepreneurship and startups clearly demonstrates their significant contribution to economic development. Through innovation processes, entrepreneurs study market needs, improve products and services, and create new business models and technologies. This process increases economic efficiency and supports the sustainable growth of startups<sup>3</sup>.

In the context of Uzbekistan, the startup ecosystem is currently in a formative stage. An analysis based on a survey conducted by U-Enter and ERGO Analytics shows that many startups in the country remain at an early stage of development, facing key challenges such as insufficient investment, difficulties in attracting customers, and weak legal support<sup>4</sup>. At the same time, research indicates that these challenges can be addressed through improvements in education, financing mechanisms, and market institutions<sup>4</sup>.

Studies also show a growing role of venture capital activity in Uzbekistan. Venture capital serves as a crucial investment source for startups and plays an important role in financing innovation<sup>2</sup>. The structure of venture capital within Uzbekistan's financial system is expanding, which contributes to increasing the potential of startups<sup>2</sup>.

One of the most important elements of innovative entrepreneurship and startups is innovation infrastructure, which includes technoparks, innovation centers, and scientific and technological parks. Major cities such as Tashkent, Samarkand, and Bukhara are developing technology parks that create favorable conditions for innovative projects, thereby supporting the growth of startups and innovative entrepreneurship<sup>5</sup>.

An analysis of the innovative entrepreneurship process identifies several key stages: identification of innovative ideas, mobilization of resources, development of business models, market research, and practical implementation of technologies. Each stage influences startup growth strategies and plays a vital role in generating innovative solutions.

Research on Uzbekistan's startup ecosystem shows that the most critical areas for development include expanding funding sources, training qualified personnel, and strengthening inter-institutional cooperation<sup>4</sup>. At the same time, the role of legal support in managing startups' market entry processes is increasing. Appropriate regulatory mechanisms facilitate startup operations under market economy conditions<sup>6</sup>.

State strategies aimed at stimulating innovative entrepreneurship in Uzbekistan include initiatives to develop technological infrastructure, financial support mechanisms, access to venture capital, and strengthening startup ecosystems. These approaches increase startups' opportunities to enter digital service markets and prepare them for global competition<sup>4</sup>.

One of the key constraints in developing startups and innovative entrepreneurship is the insufficient level of financial infrastructure. Venture capital investments are a vital funding source for startups; however, venture capital activity in Uzbekistan remains underdeveloped<sup>2</sup>. This limits the implementation of high-tech approaches and global market expansion. Therefore, expanding venture investment systems and increasing investor confidence is of strategic importance.

Another critical component of the startup ecosystem is innovation infrastructure. Technoparks, innovation centers, and business incubators create systems for knowledge exchange, experience sharing, and resource access for entrepreneurs. In this regard, efforts to develop innovation infrastructure in Uzbekistan aim to create a favorable environment for startups<sup>8</sup>.

Uzbekistan's legislation has adopted several regulatory documents to strengthen the legal framework for supporting startups and innovative entrepreneurship. These include regulations on startup governance, promotion of technological innovation, and entrepreneurial support<sup>6</sup>. Through these documents, the state defines measures to expand investment opportunities, simplify market entry, and strengthen the innovative entrepreneurship ecosystem.

The development of education and training programs is also considered a key factor in ensuring the effective functioning of startup ecosystems. Scientific and practical initiatives aimed at fostering innovative thinking and entrepreneurial skills among youth and enhancing professional training in startup management are being implemented. This increases the capacity of startup teams to apply innovative solutions quickly and effectively<sup>3</sup>.

At the same time, network cooperation and the creation of investment platforms play an important role in startup development. Startup networks—linking startups, investors, mentors, and universities—accelerate the commercialization of innovative ideas and prepare startups for global markets. For startups and entrepreneurial climates to remain competitive, this complex mechanism must function effectively<sup>3</sup>.

Another success factor for innovative entrepreneurship and startups is the clarity and strategic direction of state support policies. Uzbekistan is developing strategic documents for innovation market development, including grants, subsidies, education programs, and knowledge centers to foster an innovative environment<sup>8</sup>.

The prospects for startup ecosystem development in Uzbekistan are positive, with knowledge centers, venture funds, technoparks, and business incubators identified as priority areas for strategic infrastructure development. Startups drive social transformation by introducing innovative solutions, creating new jobs, and modernizing the national economy<sup>3</sup>.

Uzbekistan's innovation strategy is oriented toward efficiency and rapid growth of startups, incorporating international experience while considering domestic conditions. This strategy aims to improve the effectiveness of innovative entrepreneurship, strengthen digital transformation, and expand startups' access to global markets<sup>6</sup>.

The integration of innovation, entrepreneurship, and startups contributes to the sustainable development of Uzbekistan's economy. Through startup ecosystems, innovative ideas are transformed into economic products and services, increasing diversification, tax revenues, and social efficiency<sup>3</sup>.

## **CONCLUSION**

Innovation, entrepreneurship, and startups are leading priority areas of the modern economy, driving economic growth, job creation, and competitiveness through integrated policies. The

effectiveness of startup ecosystems depends on a balanced combination of skilled human resources, financial foundations, legal frameworks, and market access opportunities. In the context of Uzbekistan, strengthening cooperation between state policies, the education system, and the private sector is essential for improving innovative entrepreneurship strategies.

In conclusion, innovative entrepreneurship and startups have become a central component of the country's economic strategy. The success of this process depends on the synergy between state policy, infrastructure, education, and an innovation-friendly environment, with each element contributing to the sustainable growth of startups.

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