



REGIONAL DIGITAL ECONOMY POLICY AND SMALL BUSINESS SUPPORT MECHANISMS: THE CASE OF KASHKADARYA REGION

Samarov Mirzohid Ulugbekovich

*Head of the Kashkadarya regional department of the Chamber of Commerce
and Industry of Uzbekistan
samarovmirzokhid@gmail.com*

Abstract: The development of the digital economy has become a central priority of state economic policy, particularly in regions seeking to enhance small business growth and competitiveness. This article examines regional digital economy policy and institutional mechanisms supporting small business development in the Kashkadarya region of Uzbekistan. The study analyzes state policy frameworks, regional development programs, digital infrastructure expansion, and the normative-legal environment shaping digital transformation. Using qualitative policy analysis and regional institutional assessment, the article demonstrates that targeted digitalization policies significantly improve access to markets, public services, and financial instruments for small businesses. At the same time, structural and institutional constraints continue to limit the full realization of digital economic potential. The findings contribute to the academic discourse on regional digital policy and provide practical implications for improving small business support mechanisms.

Keywords: digital economy, regional policy, small business, institutional mechanisms, Kashkadarya region.

Introduction

The rapid diffusion of digital technologies has fundamentally transformed modern economic systems, reshaping production, distribution, and governance processes. In this context, the digital economy has emerged as a strategic priority for governments seeking inclusive economic growth and enhanced competitiveness. For developing economies, regional digitalization plays a particularly important role in stimulating small business development, reducing territorial disparities, and expanding entrepreneurial opportunities.

In Uzbekistan, these priorities are explicitly reflected in the “**Digital Uzbekistan–2030**” Strategy, which defines digital transformation as a key driver of long-term socio-economic development. The strategy emphasizes the expansion of digital infrastructure, the digitalization of public administration, and the creation of favorable conditions for entrepreneurship through digital tools. In this regard, regional implementation is considered a decisive factor in achieving national development targets.



The Kashkadarya region, characterized by a diverse economic structure and a significant share of small business entities, provides an illustrative case for analyzing how regional digital economy policies support entrepreneurial activity within the framework of Uzbekistan–2030.

The purpose of this article is to examine the institutional and policy mechanisms of the digital economy at the regional level and assess their impact on small business development in the Kashkadarya region. The study addresses the following research questions: How is digital economy policy implemented at the regional level in line with Uzbekistan–2030? What institutional mechanisms support small businesses in the digital environment? What challenges constrain effective policy implementation?

State Policy Framework for Digital Economy Development

State policy plays a decisive role in shaping the institutional foundations of the digital economy. In Uzbekistan, the national digital development agenda is articulated through strategic documents that prioritize digital governance, digital infrastructure, and innovation-driven growth. A central role in this framework is played by the “Digital Uzbekistan–2030” Strategy, which establishes clear policy objectives for digital public services, e-government, and private sector digitalization.

At the regional level, state digital policy is operationalized through localized strategies and action plans aligned with national objectives. Regional authorities are responsible for adapting Uzbekistan–2030 priorities to local socio-economic conditions, ensuring that digital solutions address region-specific challenges. In Kashkadarya, state policy focuses on expanding digital public services, promoting digital entrepreneurship, and integrating small businesses into national digital platforms.

Digital government initiatives introduced under the Uzbekistan–2030 framework, including electronic licensing, online taxation, and digital reporting systems, significantly reduce administrative barriers for small businesses. By lowering transaction costs and improving transparency, these policies enhance the institutional environment for entrepreneurship and contribute to sustainable regional development.

Regional Digital Development Programs and Institutional Mechanisms

Regional digital development programs constitute a core element of institutional support for small businesses. Within the Uzbekistan–2030 Strategy, regional programs are tasked with translating national digital priorities into concrete institutional mechanisms that directly support entrepreneurship and innovation.



In the Kashkadarya region, digitalization initiatives are embedded within broader regional development strategies that prioritize entrepreneurship, employment, and technological modernization. Key institutional mechanisms include digital business support centers, technology parks, and innovation hubs that provide advisory services, training, and access to digital tools in accordance with Uzbekistan–2030 targets.

These institutions function as intermediaries between state policy and private entrepreneurship, ensuring that the objectives of Uzbekistan–2030 are effectively implemented at the local level. By enhancing digital literacy, managerial capacity, and access to innovation ecosystems, regional programs strengthen the competitiveness of small businesses and facilitate their integration into digital value chains.

Development of Digital Infrastructure in the Region

Digital infrastructure is a critical prerequisite for the effective implementation of regional digital economy policies. The Uzbekistan–2030 Strategy identifies broadband connectivity, telecommunications networks, and data infrastructure as foundational pillars of digital transformation.

In the Kashkadarya region, public investment guided by Uzbekistan–2030 has contributed to the expansion of broadband internet coverage, mobile communication networks, and electronic payment systems. Improved infrastructure enhances access to digital services and reduces spatial inequalities between urban and rural areas, thereby supporting inclusive small business development.

For small businesses, the availability of reliable digital infrastructure enables participation in e-commerce, digital payments, and online service provision. Nevertheless, disparities in infrastructure quality persist in remote districts, highlighting the need for continued implementation of Uzbekistan–2030 infrastructure targets through coordinated public and private investment.

Normative-Legal Environment and Regulatory Support

The normative-legal environment constitutes an essential institutional dimension of the digital economy. Within the Uzbekistan–2030 Strategy, regulatory reform is recognized as a key instrument for fostering digital entrepreneurship, ensuring data security, and promoting trust in digital systems.

At the regional level, the implementation of national regulations is complemented by administrative practices that shape the business climate. Simplified digital registration procedures, electronic compliance systems, and legal support services introduced under Uzbekistan–2030 reduce regulatory burdens for small businesses and enhance institutional transparency.



Despite these advances, challenges remain, including limited awareness of digital regulations among entrepreneurs and uneven enforcement practices. Strengthening legal literacy and institutional coordination in line with Uzbekistan–2030 objectives is therefore critical for maximizing the benefits of the digital economy at the regional level.

Challenges and Constraints of Regional Digital Policy Implementation

Despite notable progress achieved under the Uzbekistan–2030 framework, the implementation of regional digital economy policy faces several constraints. Institutional capacity limitations, uneven digital skills, and financial barriers continue to hinder the full digitalization of small businesses in the Kashkadarya region.

Many entrepreneurs lack the technical knowledge and financial resources required to adopt advanced digital tools envisioned in Uzbekistan–2030. Additionally, coordination challenges between national and regional institutions can reduce policy coherence and delay the effective implementation of strategic initiatives.

Addressing these constraints requires targeted capacity-building programs, enhanced intergovernmental coordination, and adaptive policy mechanisms that reflect the inclusive development principles of Uzbekistan–2030.

Conclusion

This article has examined regional digital economy policy and institutional mechanisms supporting small business development in the Kashkadarya region within the framework of the Uzbekistan–2030 Strategy. The analysis demonstrates that national digital priorities, when effectively localized and institutionally supported, play a significant role in enhancing entrepreneurial activity and regional economic resilience.

State policy frameworks, regional development programs, digital infrastructure investments, and regulatory reforms associated with Uzbekistan–2030 collectively create an enabling environment for small businesses to adopt digital technologies. At the same time, persistent institutional, infrastructural, and human capital challenges underscore the need for continued policy refinement.

The findings suggest that strengthening institutional capacity, improving digital skills, and enhancing regulatory awareness in accordance with Uzbekistan–2030 objectives are critical for maximizing the impact of regional digital economy policies. Future research should focus on empirical assessments of policy outcomes and comparative regional analysis to support evidence-based digital development strategies.



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